

MEMORANDUM

To: Board of Directors

June 13, 2008

From: David L. Bentley, Auditor-Controller

Subj: Public Hearing/Approve – Proposed FY08/09 Equipment Budget

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RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: \$306,400

Presented for your third and final review, public hearing and approval is the proposed Equipment Expenditures Budget for FY08/09. There have been no changes to the proposed budget since your last review on May 20. The Proposed Equipment Budget totals \$306,400, up 4% from the Equipment Budget adopted last year.

Recommendation:

Approve the FY08/09 Equipment Budget as presented.

THEORY

The theory of the firm is a branch of economics that seeks to explain the behavior of firms in a market. It is concerned with the internal organization of the firm, the decision-making process, and the relationship between the firm and its environment. The theory of the firm is a central part of microeconomics and has a long history, dating back to the work of Adam Smith and Alfred Marshall.

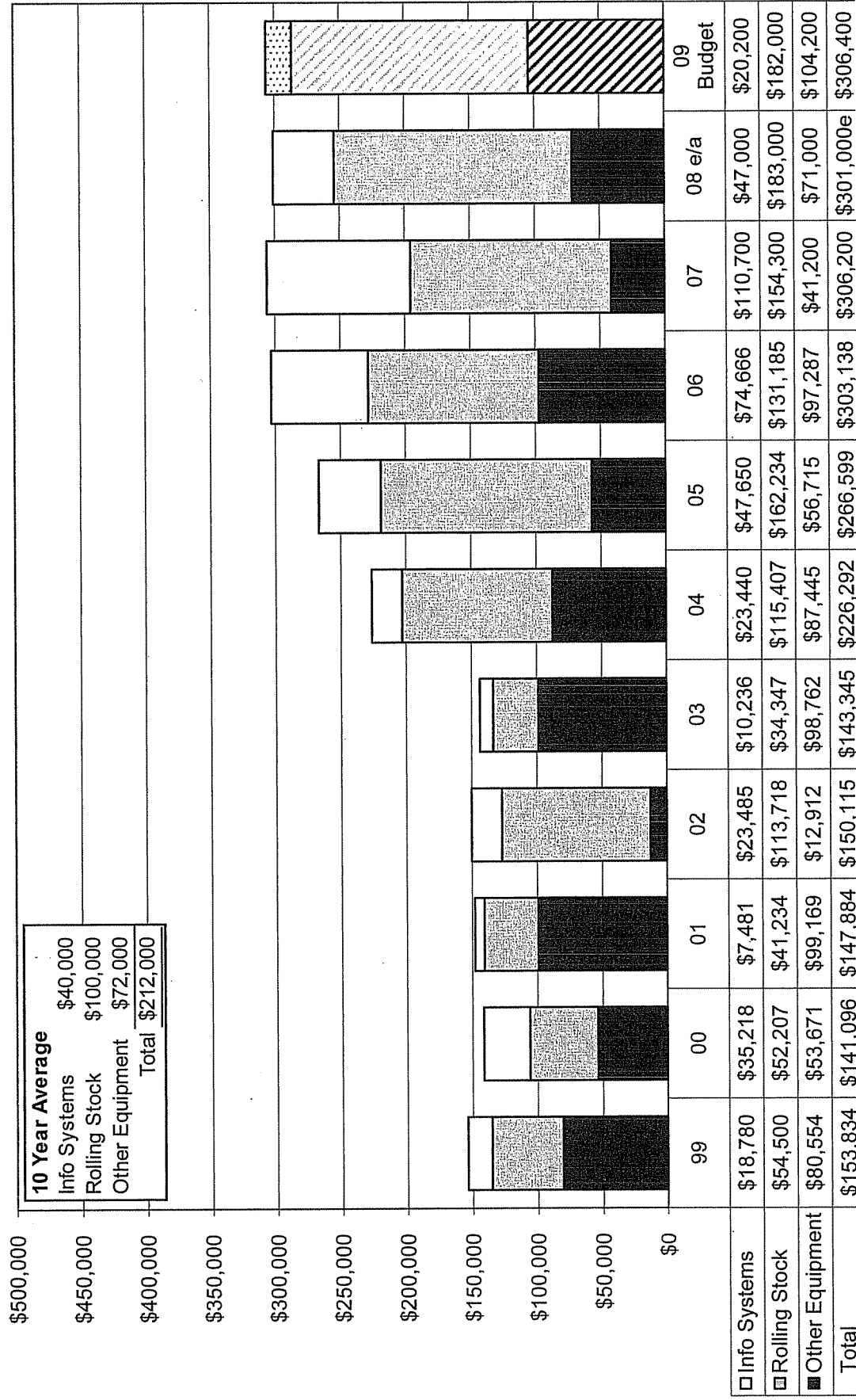
The theory of the firm is based on the assumption that firms are rational entities that seek to maximize profit. This assumption is derived from the basic economic principle of rational choice, which states that individuals will act in a way that maximizes their utility given the constraints they face.

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History of Equipment Purchases



Proposed

Equipment Expenditures Fiscal Year 2008/2009 Budget

6/12/08

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		Proposed	Notes
1 INFORMATION SYSTEMS			
Administration			
a.	Master Console - Info Sys Specialist	\$1,300	1 Allows control of 8 servers from 1 console & monitor - also allows secure offsite administration of network.
b.	Backup Tape Drive & Software	7,000	1 Higher capacity and faster backup of District servers.
c.	Battery Backup (UPS) for Servers	1,300	Additional UPS for power fluctuation protection
d.	Software for Backup of District Data	1,400	1 Software to allow backup of SQL servers - includes software licenses for 3 additional servers
e.	Auditor-Controller Laptop Computer	1,800	1 To replace outdated laptop - includes docking station
f.	Receptionist Desktop PC	1,400	1 To replace outdated computer
Engineering			
g.	Engr Tech IV Desktop PC	1,400	1 To replace outdated computer
h.	Junior Engineer Desktop PC	1,400	1 To replace outdated computer
i.	Assistant Engineer Desktop PC	1,400	1 To replace outdated computer
j.	Chief Engineer Laptop Computer	1,800	To allow work offsite - includes docking station
		\$20,200	
2 OPERATIONS			
a.	STP Dry Batch Auto Polymer System	35,000	Allows automated mixing of dry polymer to allow unattended operation of the plant
b.	STP UV Spectrophotometer	4,300	1 To measure dissolved organic carbon in raw, applied and finished waters
		\$39,300	
3 CONSTRUCTION			
a.	Generator/Light Tower	\$9,200	For night time emergency work and night projects
b.	4" & 6" Potable Water Hose (660') and Fittings	\$11,000	For portable pipeline system and work with Hale pump
		\$20,200	

Proposed

Equipment Expenditures

Fiscal Year 2008/2009 Budget

6/12/08

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	Proposed	Notes
4 ADMINISTRATION		
a. Automated Payment Remittance System	22,000	Payments are scanned & digitized, automatically posted to customer accounts, and electronically deposited
	<u><u>\$22,000</u></u>	
5 MAINTENANCE		
a. Electronic Meg Ohm Meter	\$2,000	1 Existing unit is failing and will cost \$300-600 to fix. More motors in the system justifies upgrading to a better unit.
b. ABS Diagnostic Scanner & Software	3,500	For trucks with Antilock Braking Systems & trailers. To diagnose codes before going to dealer for this service.
c. Broken Valve Nut Wrench	700	1 Current tool to remove broken valve nuts is worn-out and needs to be replaced.
d. Gas Monitor Upgrades	6,500	1 This completes the two-year gas monitor replacement program to replace the old high-cost monitor with new units that reduce the annual maintenance cost by 90%.
	<u><u>\$12,700</u></u>	
6 ENGINEERING		
a. Photocopier	6,000	1 If existing unit fails during FY
b. Workstation Furniture w/Chair	1,200	Temporary Work Area
c. Flow Data Logger	2,800	A second unit for pump station and PRV locations to obtain data when the primary unit is being used.
	<u><u>\$10,000</u></u>	

Proposed

Equipment Expenditures

Fiscal Year 2008/2009 Budget

6/12/08

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7 VEHICLE & ROLLING EQUIPMENT EXPENDITURES				Proposed	Notes
a.	25,000 GVW Cab & Chassis Diesel w/Service Body		1	\$117,000	Will replace crew truck #8, '93 F450 w/42,000 miles. #8 is at max GVW with no room for added weight, which contributes to excessive frame flexing causing the body floor to crack near the frame mounts.
b.	Tier II Diesel Compressor w/Dual Hose Reel		1	15,000	Will replace '92 Ingersoll Rand w/Tier 0 engine. The Ingersoll Rand can be rebuilt & serve as a low-hour spare preventing the need for a rental during hydropneumatic system quarterly maintenance. This replacement will help with the CARB Portable Emissions Compliance rule.
c.	30 KW Tier II Diesel Generator w/Cord & Plug		1	25,000	Will replace 25KW military generator. Existing generator does not have the proper voltage for our pumping systems. The new generator will also be used for small pump stations and in West Marin during power outages, freeing the larger generator for larger pump stations.
d.	Hybrid Car/SUV		1	25,000	Will replace #32, '99 Dodge 1/2 ton. #32 will replace #22, a '98 GMC Sonoma with w/66,000 miles (a lemon), which has had a lot of problems related to its age, including a major oil leak in the rear of the engine.
				\$182,000	
				Total \$306,400	

Notes:

c: Capital; e: Expense

1 Replacement item.

2 Excludes \$24,000 included in the approved budget detail but excluded from budget total due to an addition error.

RECAP				Proposed
	Adopted	Estimated	Actual	Budget
	Budget	2007/08	2007/08	2008/09
Equipment	\$148,200	\$118,000	\$124,400	
Vehicles	146,800 ²	183,000	182,000	
	\$295,000	\$301,000	\$306,400	

PC Purchase/Distribution Plan - FY09

3/17/08

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	<u>Division</u>	<u>New Computer</u>	<u>Existing Go To</u>	<u>Existing Go To</u>
Price: Type: Go To:	1 Admin	\$1,800 Laptop/2GB RAM Auditor-Controller	→ Laptop Pentium M 1.6 GHz/512MB RAM IT Wireless Diagnostic	→ No Existing
Price: Type: Go To:	2 Admin	\$1,400 3.4 GHz/2GB RAM Receptionist	→ AMD Duron 0.95 GHz/256MB RAM Surplus	
Price: Type: Go To:	3 Engr	\$1,400 3.4 GHz/2GB RAM Engr Tech IV	→ Celeron 2.7GHz/512MB RAM Surplus	
Price: Type: Go To:	4 Engr	\$1,400 3.4 GHz/2GB RAM Junior Engr	→ Celeron 2.7GHz/512MB RAM Warehouse Scanner II	No Existing
Price: Type: Go To:	5 Engr	\$1,400 3.4 GHz/2GB RAM Assist Engr	→ Celeron 2.7GHz/1.5GB RAM Account Cr Clerk I	→ AMD Athlon XP 1.5 GHz/256MB RAM Surplus
Price: Type: Go To:	6 Engr	\$1,800 Laptop/2GB RAM Chief Engr	→ Pentium 4 3.2GHz/1GB RAM Sr. EM Tech	→ Pentium 2 0.4GHz/256MB RAM Surplus

MEMORANDUM

To: Board of Directors

June 13, 2008

From: David L. Bentley, Auditor-Controller 

Subj: Public Hearing/Approve - Proposed FY08/09 & FY09/10 Improvement Projects Budget
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RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: FY09: \$5.7 million; FY10: \$3.9 million (both net outlay after loan funding)

Presented for your final review, public hearing and approval is the proposed Improvement Projects Budget for the Novato service area for both FY08/09 and FY09/10. No changes have been made since your last review on May 20.

The FY08/09 proposed budget totals \$6.7 million, and includes \$2,850,000 for construction of the 4 MG Palmer Drive Tank, and \$1.2 million for additional improvements to the Stafford Treatment Plant Outlet Tower Sluice Gate Repair. The net District outlay, after deducting \$1 million in State Revolving Fund monies for completion of the Sluice Gate Repair, stands at \$5.7 million for FY08/09, compared to \$6.0 million approved in FY07/08.

The FY09/10 proposed budget totals \$5.8 million, with a net District Outlay of \$3.9 million.

Recommendation:

Approve the FY08/09 & FY06/10 Improvement Projects Budgets as presented.

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NMWD Improvement Project Expenditures

Thousands

\$12,000

\$10,000

\$8,000

\$6,000

\$4,000

\$2,000

\$0

Major Projects include Tank
Construction, STP, & RWF

Percentages Represent
% of Budget Expended

83%

68%

68%

51%

68%

45%

100%

100%

Major Projects	\$3,907	\$7,884	\$3,817	\$4,793	\$500	\$4,050	\$2,550
Ongoing Projects	\$2,134	\$2,314	\$1,804	\$2,546	\$2,028	\$2,625	\$3,218
Total	\$6,041	\$10,198	\$5,621	\$7,339	\$2,528	\$6,675	\$5,768

10 Budget

09 Budget

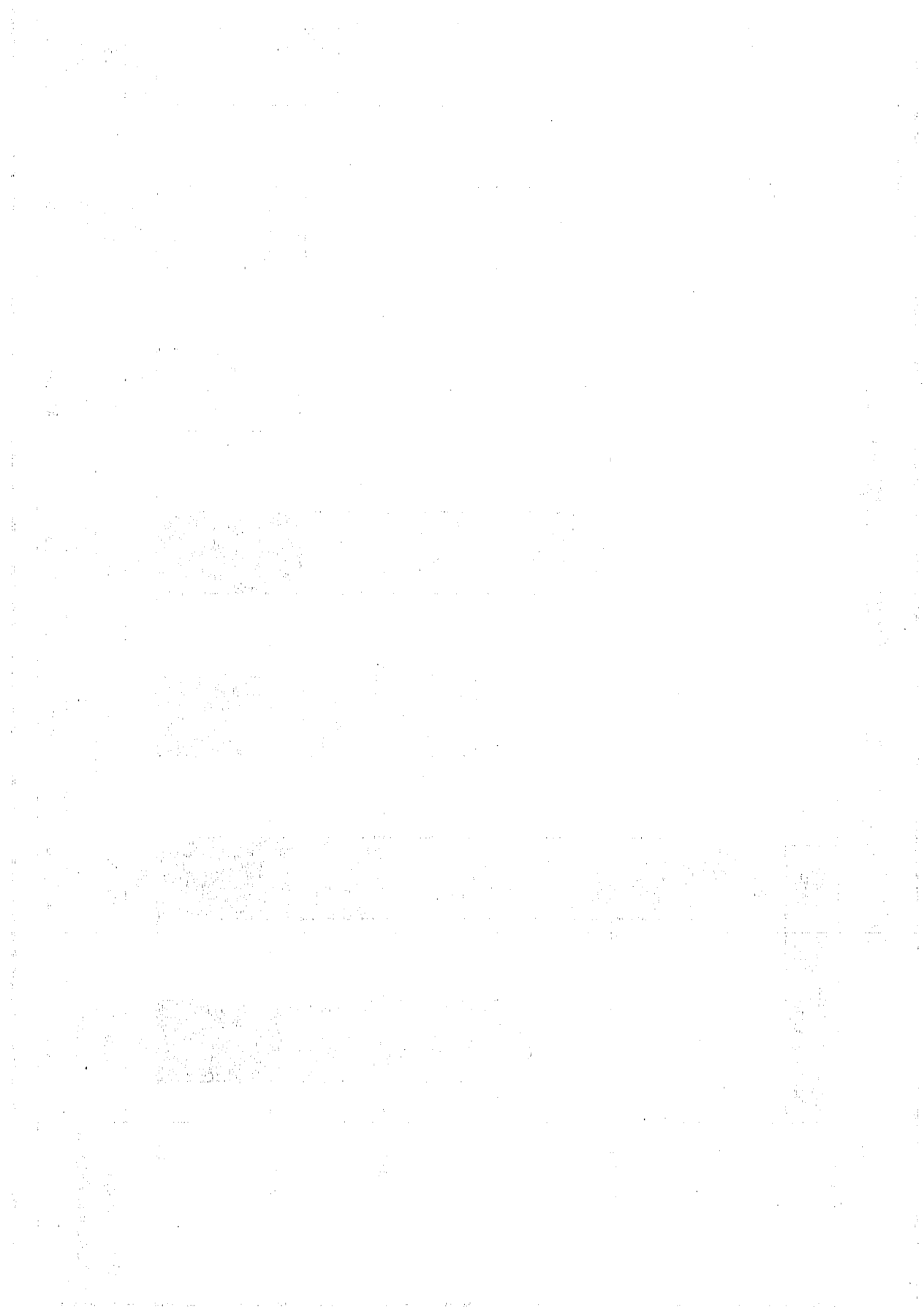
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NMWD Improvement Projects

	FY09	FY10
1. PIPELINE REPLACEMENTS/ADDITIONS		
a. Main/Pipeline Replacements		
4 Plaza DeMira/Plaza Loma Svc Saddle Replace (2)	56,000	
5 Sunset Parkway - Replace Service Saddles (20)	40,000	
6 Replace Topaz 2" Thin Wall PVC (Ph II - 42 Svcs)		150,000
	\$96,000	\$150,000
b. Main/Pipeline Additions		
1 2nd Feed to Amaroli Tank (16"@1,500')	\$550,000	
2 12" Extension to Aqueduct @ Novato Builders		90,000
	\$550,000	\$90,000
c. PB Service Line Replacements		
3 Park Crest Ct (8 Services)	16,000	
4 Santolina, Rockrose & Fontana (18 Services)	36,000	
5 Van Buren Ct (8 Services)	16,000	
6 Albion Court (15 Services)	30,000	
7 Orange Ave - West (12 Services)		24,000
8 Plaza Hermosa (16 Services)		36,000
	\$98,000	\$60,000
d. Relocations to Sync w/City & County C.I.P.		
1 City Paving Coordination (Measure B)	\$20,000	\$20,000
8 Redwood Blvd (Landing to Yukon)	10,000	
9 Novato Blvd (Grant to Eucalyptus)	10,000	
10 Warner Creek (Center Road & Wilmac)	100,000	
11 Redwood Blvd (Rowland to Oak Crest)		20,000
12 Mill Road (Wilson to Trumble)		20,000
13 Rush Creek		25,000
	\$140,000	\$85,000
	<u>\$884,000</u>	<u>\$385,000</u>
2. SYSTEM IMPROVEMENTS		
a. System & Tank Cathodic Protection Maint/Upgrade	\$50,000	\$50,000
b. Flushing Taps at DCVs or Zone Valves (12 biennially)		50,000
c. Detector Check Assembly Replacements (7 biennially)		50,000
d. RTU Installations		18,000
e. Replace Telemetry: Lynwood, SM Aq & Kastania PS	97,000	
l. Sampling Stations (6 biennially)	24,000	
m. Air Release Valve Upgrades (3 biennially)	36,000	
j. Meter Accuracy Testing		16,000
k. Inaccurate Meter Replacement Program		25,000
n. Anode Installations		30,000
p. Other System Improvements		30,000
	<u>\$207,000</u>	<u>\$269,000</u>
3. BUILDING, YARD, STP. IMPROVEMENTS		
a. Administration Building		
1 Logo Redesign/Website Improv (Consultant)	\$15,000	
4 Other Admin Bldg Improvements	30,000	30,000

NMWD Improvement Projects

	FY09	FY10
	\$45,000	\$30,000
b. Corp. Yard/Warehouse/Construction Office		
2 Other Yard Improvements	25,000	25,000
	\$25,000	\$25,000
c. Stafford Treatment Plant		
1 Outlet Tower Sluice Gate Repair (Note 1)	\$1,200,000	
6 HVAC Improvements	90,000	
7 Control Automation Customization (Consultant)	20,000	
10 Start-up Flushing Connection	30,000	
11 Solar Panel Design/Build		1,850,000
12 GAC Building Rehab		30,000
13 Replace Force Sewer Main		770,000
14 Replace Control Valves 350 & 351 w/Manual Valves		38,000
15 Automatic Lake Profiling System		73,000
16 Spillway Security Improvements		27,000
1. Straw Project	18,000	18,000
3. Watershed Improvements		58,000
18 Lake Sediment Survey and Dredging Specifications (In-house)		10,000
	\$1,358,000	\$2,874,000
	<u>\$1,428,000</u>	<u>\$2,929,000</u>
4. STORAGE TANKS/PUMP STATIONS		
a. Clear Tank Sites		
1 Loma Verde (200,000 gal, 1958)		\$50,000
	\$0	\$50,000
b. Tank Construction		
2 Palmer Drive Tank (4 MG) (Note 2)	2,850,000	
3 Crest Tank #2 (0.5 MG) (Note 2)	55,000	700,000
	\$2,905,000	\$700,000
c. Tank Rehabilitation		
1 Ponti Recoat/Seismic Upgrade (0.5 MG)	\$450,000	
3 Lynwood Recoat/Seismic Upgrade (0.5 MG)		1,000,000
	\$450,000	\$1,000,000
d. Trumbull PS Expansion/Tank Check Valve	\$150,000	
1 Lynwood Pump Station	88,000	
2 San Marin Pump Station	69,000	
g. Storage Tank Security and Overflow Controls	17,000	
h. Garner Hydro-pneumatic Pressure System Bypass Piping		20,000
	<u>\$3,679,000</u>	<u>\$1,770,000</u>
5. WATER CONSERVATION		
a. Residential	\$267,000	\$265,000
b. Commercial	6,000	30,000
c. Direct Mail Newsletter	23,000	25,000
d. Large Landscape	13,000	30,000
g. SCWA Regional Program	115,000	

NMWD Improvement Projects

	FY09	FY10
	\$424,000	\$350,000
6. PRELIMINARY PROJECT ENGINEERING & STUDY		
a. Facility Map Database	\$20,000	\$20,000
b. Renew Intertie with MMWD	3,000	
g. Energy Efficiency Study		15,000
h. Long Range Plan Update - Board Workshop		10,000
j. Energy Efficiency Implementation (In-house)	15,000	
k. Novato Creek Steelhead Survey/Enhancements		5,000
l. Retiree Health Benefit Actuarial Study		5,000
	<u>\$38,000</u>	<u>\$55,000</u>
8. LIABILITY/SAFETY MODIFICATIONS		
a. Misc. Security Enhancements	\$15,000	
b. Risk Audit		10,000
	<u>\$15,000</u>	<u>\$10,000</u>
GROSS PROJECT OUTLAY	<u>\$6,675,000</u>	<u>\$5,768,000</u>
12. LESS FUNDED BY LOANS/OTHER		
a. Stafford Treatment Plant SRF Loan	(\$1,000,000)	\$0
e. STP Solar Panel Loan Funding	0	(1,850,000)
	<u>(\$1,000,000)</u>	<u>(\$1,850,000)</u>
NET PROJECT OUTLAY	<u>\$5,675,000</u>	<u>\$3,918,000</u>
Total Number of Projects	39	41

Note 1 - Sluice Gate Repair & Security funded by SRF Loan.

Note 2 - Zone 1 Palmer Drive Storage & Crest Tank #2 funded by FRC funds.

DESCRIPTION OF PROPOSED FY 2008/09 BUDGETED IMPROVEMENT PROJECTS

1. PIPELINE REPLACEMENTS/ADDITIONS

- a. Main/Pipeline Replacements
 - 4. Plaza De Mira/Plaza Loma Service Saddle Replacement (28 services) - \$56,000
Ongoing asset management program to replace aging infrastructure susceptible to sudden failure.
 - 5. Sunset Pkwy Service Saddle Replacement (20 services) - \$40,000
Ongoing asset management program to replace aging infrastructure susceptible to sudden failure.
- b. Main/Pipeline Additions
 - 1. 2nd Feed to Amaroli Tank (16" @ 1,500') - \$550,000
Install 1,500 feet of 16" from end of Pamaron Way to existing 16" water main along Igloo Road (at the base of Ammo Hill). This project will improve water flow to the Amaroli Water Tank and increase fire protection in the Bel Marin Keys Commercial Area.
- c. PB Service Line Replacements
 - 3. Park Crest (8 services) - \$16,000
Ongoing program to replace polybutylene services.
 - 4. Santolina, Rockrose & Fontana (18 services) - \$36,000
Ongoing program to replace polybutylene services.
 - 5. Van Buren Ct (8 servs) - \$16,000
Ongoing program to replace polybutylene services.
 - 6. Albion Ct. (15 servs) - \$30,000
Ongoing program to replace polybutylene services.
- d. Relocations to Sync w/City & County C.I.P.
 - 1. City Paving Coordination (Measure B) - \$20,000
Provide the City of Novato with time and materials for locating and raising street valves.
 - 8. Redwood Blvd (Landing to Yukon) - \$10,000
Provide the City of Novato with time and materials for locating and raising street valves.
 - 9. Novato Blvd (Grant to Eucalyptus) - \$10,000
Provide the City of Novato with time and materials for locating and raising street valves.
 - 10. Warner Creek (Center Rd & Wilmac) - \$100,000
Relocate an existing 16" and 8" water main in Center Road resulting from a new bridge replacement project at Warner Creek. Project also requires a 6" water main lowering in Warner Creek near the McKeon Court cul-de-sac.

2. SYSTEM IMPROVEMENTS

- a. System Cathodic Protection Maintenance/Upgrades - \$50,000
Miscellaneous cathodic upgrades are required to protect steel water mains (including NMWD aqueduct) from corrosion.
- e. Replace Telemetry: Lynwood, SM Aqueduct & Kastania PS - \$97,000
Replacement of the remote telemetry units at the Kastania & Lynwood Pump Stations as well as the Aqueduct Valve Control (near Fireman's Fund)
- l. Sampling Stations (3 per year) (6 biennially) -- \$24,000
Install sample stations to test for water quality. There are 51 permanent sampled stations in our system. There are 17 more locations that need a permanent

- station installed.
- m. Air Release Valve Upgrades (3 biennially) - \$36,000
Repair or replace ARVs for safe expulsion of unwanted air in system. There are currently 89 ARVs in our system. Approx. 13 ARVs are currently on the list to be replaced.

3. BUILDING, YARD, S.T.P. IMPROVEMENTS

- a. Administration Building
1. Logo Redesign/Website Improvements (consultant) - \$15,000
Refresh NMWD Logo and continue improvements to website.
 4. Other Admin Bldg Renovations - \$30,000
Minor repairs identified throughout the year,
- b. Corporation Yard/Warehouse/Construction Office
2. Other Yard Improvements - \$25,000
Minor repairs identified throughout the year
- c. Stafford Treatment Plant
1. Outlet Tower Sluice Gate Repair -- \$1,200,000
Design and construct new sluice gates to replace the existing corroded and deteriorated gates on the outlet tower. Once completed, this work will satisfy the requirements of the Division of Safety of Dams to replace the existing inoperable 30" scour gate.
 6. HVAC Improvements - \$90,000
Misc. improvement to the existing STP office ventilation system.
 7. Control Automation Customization - \$20,000
Project to complete the automation at STP. Will provide the final network tie-ins of the SCADA system to the plant SQL server and finalize the reporting formats for both automatic control operations.
 10. Start-Up Flushing Connection - \$30,000
Project to provide the means of flushing the Novato Blvd main from the Sutro intersection all the way back to the STP with Zone 2 water.
 16. Spillway Security Improvements - \$27,000
Address the spillway security issues.
 17. Watershed Erosion Control
 1. STRAW Project - \$18,000
Project is a set aside for monies to the STRAW program.

4. STORAGE TANKS/PUMP STATIONS

- b. Tank Construction
2. Palmer Drive Tank (4 MG) - \$2,850,000
The Novato Water System Master Plan identifies construction of additional required Zone 1 storage capacity (approx. 3-5,000,000 gals). The District acquired property from the Pell Development site along Palmer Dr. above Pt. Marin Phase I development, and completed a 16" transmission main through the Pt. Marin Phase I and the Summerhill Home developments in the old Pell property. Construction commenced in spring 2008 and will be completed by December 2008.

3. Crest Tank #2 - \$55,000
Initial planning and CEQA permitting for construction of a second water tank (500,000 gallon welded steel tank supported on a concrete ringwall foundation) to address the Master Plan identified Crest Zone water storage deficit.
- c. Tank Rehabilitation
 1. Ponti Recoat/Seismic Upgrade - \$450,000
Interior and exterior recoat along with installation of a flexible inlet/outlet connection. Tank anchorage is not required.
- d. Trumbull PS Expansion /Tank Check Valve - \$150,000
Expand the capacity of the Trumbull PS to address deficiencies identified in the Zone3-4 Study.
- f. Motor Control Center Replacements
 1. Lynwood Pump Station- \$88,000
Replace the motor controls at the Lynwood Pump Station combine with the removal of the surge control valves.
 2. San Marin Pump Station- \$69,000
Replace the motor controls at the San Marin Pump Station combine with the removal of the surge control valves.
- g. Storage Tank Security and Overflow Controls - \$17,000
Installation of latch access switches and high level overflow floats in the prime storage tanks in the Novato system.
- h. Garner Hydropneumatic Pressure System Bypass Pipe - \$20,000
Develop and install modifications to the Garner tank outlet supply piping to allow the water to bypass the hydropneumatic tank during extended power outages.

5. WATER CONSERVATION

- a. Residential -- \$267,000
Includes \$150,000 in staff time, \$15,000 in cash-for-grass rebates, \$10,000 for ET Controller Rebates, \$50,000 in SF HET rebates, \$7,500 in multi-family HET rebates, and \$10,000 for public outreach.
- b. Commercial -- \$6,000
Includes \$5,000 for commercial toilet rebates, \$1,000 for commercial audits.
- c. Direct Mail Newsletter -- \$23,000
Includes \$14,000 for the Spring Waterline and \$9,000 for the Fall Waterline.
- d. Large Landscape -- \$13,000
Includes \$1,000 for large landscape audits, \$1,000 for landscape budgets, \$5,000 for large landscape irrigation rebates, and \$6,000 for a new CIMIS Station.
- g. SCWA Regional Programs - \$115,000
Includes \$33,000 in washing machine rebates, \$17,000 for Water Smart Home Surveys (residential audits), \$14,000 for large landscape and commercial audits, and \$50,000 for conservation staff assistance.


6. PRELIMINARY PROJECT ENGINEERING & STUDY

- a. Facility Map Database - \$20,000
District staff time and outside consultant support fees to expand on development of a Novato System Geographic Information System (GIS) to improve information management contained within the facility maps, especially improving overall access and retrievability of important asset management information.
- b. Renew Intertie with MMWD - \$3,000
Staff and legal time to finalize a new Intertie agreement with MMWD.
- j. Energy Efficiency Implementation - \$15,000
This project will develop a method for the district to track all energy use in a comprehensive program based on the outline provided by the Climate Protection Campaign. We will list all aspects of our operations that contribute to greenhouse gas emissions, create a base-line for energy consumption and emission contributions, and produce a proposed roadmap for reduction.

9. LIABILITY/SAFETY MODIFICATIONS

- a. Misc. Security Enhancements - \$15,000
Yard security monitoring system.

MEMORANDUM

To: Board of Directors
From: David L. Bentley, Auditor-Controller 
Subj: Public Hearing/Approve – FY08/09 Novato Recycled Water Budget
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June 13, 2008

RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: \$659,000 Expenditure Plan for FY09

The District's Recycled Water Facility (RWF) budget projects demand of 63MG next fiscal year (see chart of historical water use attached), consistent with the projected current year demand. Extension to the Novato Fire Protection District this fall is expected to add about 300,000 gallons annually to demand. Budgeted operating expenditures are also consistent with the amounts projected for this year, though they are 14% over the FY08 budget.

Novato Sanitary District (NSD) has not yet rendered a bill for operating the facility. NSD estimates the cost will come in at \$86,000 for FY08, which includes one-time start-up costs. Contract operation for FY09 is projected at \$78,000.

The RWF fund presently carries a cash balance of \$450,000. However, the first State Revolving Fund debt service payment of \$273,000 is due June 19, and combined with the \$86,000 bill from NSD, will leave the fund with less than \$100,000 cash. A \$200,000 Proposition 50 Grant, derived through the District's participation in the Bay Area Clean Water Agencies Integrated Regional Water Management Plan, is budgeted to be received next fiscal year, and is needed to offset the cost of planned Improvement Projects (IP).

The IP plan for FY09 totals \$278,000. In order to avoid exhausting the RWF cash balance, we will forego the \$100,000 RWF Replacement Fund contribution in FY09, and resume it in FY10 when the IP plan totals a more affordable \$15,000.

RECYCLED WATER IMPROVEMENT PROJECTS	FY09	FY10
a. RWF Expansion to NFPD Station #2	\$50,000	
b. North Bay Reuse Authority EIR	138,000	
c. Pipeline Extension - Plum Tank to Summers (Developer Cr)	60,000	
d. Reservoir Hill Tank Property Transfer		5,000
e. RWF Communication Upgrade	30,000	
f. Spanish Housing Recycled Water Study		10,000
	<u>\$278,000</u>	<u>\$15,000</u>

Staff Recommendation:

Approve the FY08/09 Recycled Water Facility Budget as presented.

NOVATO WATER - RECYCLED WATER FACILITY
BUDGET SUMMARY
Fiscal Year 2008/09

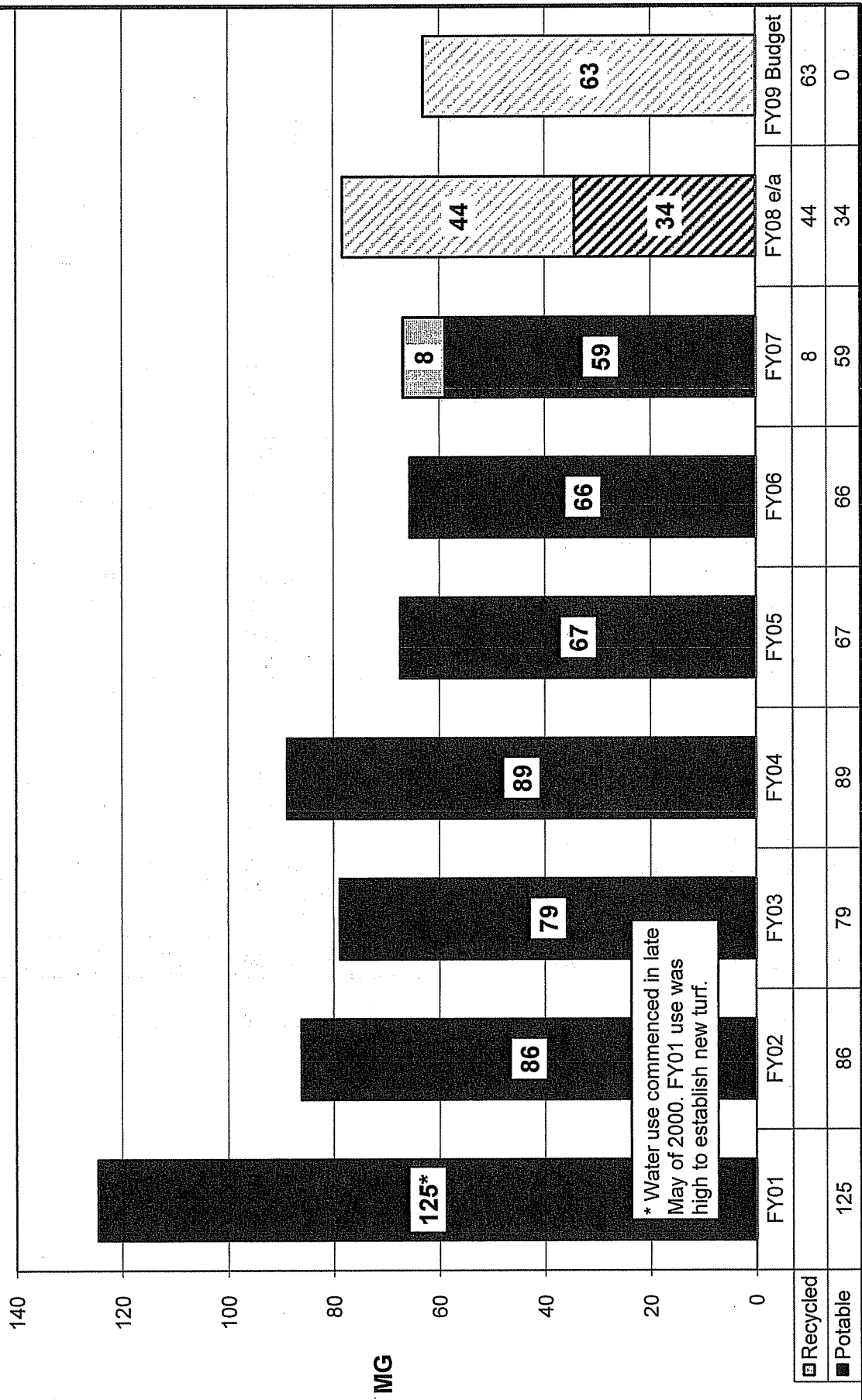
	<i>Proposed Budget 2008/09</i>	<i>Estimated Actual 2007/08</i>	<i>Adopted Budget 2007/08</i>
OPERATING INCOME			
1 Recycled Water Sales	\$175,000	\$111,000	\$167,000
2 Total Operating Income	\$175,000	\$111,000	\$167,000
OPERATING EXPENDITURES			
3 Operation of T&D System	\$13,000	\$9,000	\$6,000
4 Contract Operation - Novato Sanitary	78,000	86,000	75,000
5 General Administration	17,000	12,000	13,000
6 Total Operating Expenditures	\$108,000	\$107,000	\$94,000
7 NET OPERATING INCOME (LOSS)	\$67,000	\$4,000	\$73,000
OTHER SOURCES OF FUNDS			
8 Interest Revenue	\$4,000	\$17,000	\$23,000
9 SRF Loan Funds	0	707,000	300,000
10 IRWMP Grant	200,000	0	0
11 Black Point Partners Contribution	251,000	251,000	251,000
12 Total Other Sources	\$455,000	\$975,000	\$574,000
OTHER USES OF FUNDS			
13 Replacement Fund Contribution	\$0	\$101,000	\$100,000
14 Improvement Projects	278,000	300,000	415,000
15 Interest on Inter-District Loan	0	1,000	0
16 SRF Loan Debt Service	273,000	273,000	110,000
17 Total Other Uses	\$551,000	\$675,000	\$625,000
18 NET SURPLUS/(DEFICIT)*	(\$29,000)	\$304,000	\$22,000
19 Depreciation (not included above)	\$98,000	\$93,000	\$102,000

* Line 7+12-17

6/12/08

t:\excel\wtruse\bppl use.xls chart1

Stone Tree Golf Course **Annual Irrigation Water Use History**



MEMORANDUM

To: Board of Directors

June 13, 2008

From: David L. Bentley, Auditor-Controller

Subj: Public Hearing/Approve - FY 2008/2009 Proposed Novato Operations Budget

t:\aclword\budget\09\ops hearing 09.doc

RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: \$10,320,000 in Operating Expenditures plus Budgeted Equipment, Improvement Projects and Debt Service Result in a Total Expenditure Plan of \$18,146,000.

A water rate hearing notice was printed on every Novato customer's water bill at least 45 days in advance of the hearing in accordance with Proposition 218, as follows:

A public hearing will be held at the District office at 8:00 PM on June 17, 2008, to consider an increase of 15% in water rates and charges, equivalent to \$4/month for the typical residential customer. Call for additional details.

A detailed notice was also published in the Novato Advance (Attachment A) and individual letters were written to irrigation water customers Indian Valley Golf Club and Marin County Parks and Open Space (Attachments B&C). One response was received in the form of a letter to the Novato Advance from Robert Hemphill (Attachment D).

We received two phone calls. Lawrence Lee left a voicemail message on March 27 saying, in summary:

Happy with my bill - happy that I am conserving. 159 this year vs. 257 gal/day a year ago. Concerned about public hearing proposing a 15% increase. It is counter-intuitive. Help me understand. Santa Rosa is raising rates because people are using less water. If you are raising rates because people are using less water, that just doesn't seem right.

A phone call to Mr. Lee was not returned.

Si Timberman called on April 14 and advised, in summary, that:

I have a big yard, nice grass, looks good - worried that we will have no lawns. The tier rate is hitting me hard. Will see you at the public hearing.

No other verbal or written comments were received in response to our outreach efforts.

Budget Summary

The fiscal year 08/09 budget proposed herein projects a net "bottom line" deficit of \$5,230,000. An across-the-board rate and charge increase of 11% has been factored into the

budget effective July 1, 2008. The proposed increase was reduced from 15% to 11% after the Board directed staff to reduce the cost of the \$27 million 5-year Improvement Projects (IP) plan, which is the principal water rate driver. Staff reduced the cost by \$8.9 million, accomplished by reducing the assumed IP expenditure rate to 65% (from 70%), proposing that four projects be financed if necessary or warranted, and deferring one project. The proposed 11% increase adds \$850,000 to budgeted revenue during fiscal year 2008/09.

The \$5.2 million deficit, which will be funded from reserves, compares to a FY07/08 budgeted deficit of \$3.7 million. The FY08/09 deficit again arises from the aggressive Improvement Project program. Looking simply at operating revenue (water sales) less operating expenditures, we project a surplus of \$638,000 (before depreciation expense).

Total budgeted expenditures, at \$18.1 million, compare to \$18 million budgeted in FY07/08. Budgeted expenditures net of Improvement Project outlays total \$11.5 million, up 7% from the FY07/08 budget, and up 4% from the current year's estimated actual expenditures.

Under the proposed budget, all customers would see a water cost increase of 11%, which equates to \$41 annually for the typical residential customer (\$3.42 per month, or \$6.84 per bimonthly bill).

Budget Detail

Water Sales - Water sales volume is budgeted at 3.2 billion gallons, down 1% from the current fiscal year estimated actual, and 5% below the 10-year average. See the chart on page 7 of the budget document for a history of billed consumption. The sales volume decrease is premised upon continued effort toward conservation.

The proposed 11% increase will generate \$1,077,000 per year, but will add only \$850,000 to revenue during FY08/09 as the increase will not appear on water bills until statements are rendered in September 2008. To be consistent, staff recommends an increase for untreated water drawn directly from Stafford Lake by 11¢/1,000 (to \$1.14/1,000 gallons), equivalent in percentage to the increase levied on all other accounts. Based on average water use over the past ten years, the annual increase to Indian Valley Golf will be about \$7,000, and the increase to Marin County Parks about \$1,400. A historical chart of Stafford Lake Irrigation Water Use is shown on page 9. The untreated rate will be reviewed again next year after we obtain additional operating cost data from the new treatment plant to reassess the value of the raw water.

Water demand within the Conservation Incentive Tier (Tier I), implemented January 1, 2007, was down 62 million gallons (19%)¹ during its first year in effect, and generated \$250,000 in additional revenue. Similarly, water demand subject to the Conservation Incentive Rate (Tier II), was down 14 million gallons (33%)¹ during the same 12 month period, and generated \$85,000 in additional revenue. Both of these rates (\$1.34 and \$4.01 per thousand gallons) are proposed to increase 11%.

Other Revenue – Connection Fee revenue is budgeted at \$325,000 based upon the District's development forecast. This revenue projection compares with \$1,350,000 estimated actual revenue for the current fiscal year.

PROJECT	Description	DU	Sq Ft	EDU	Projected FRC Contribution
1112 4th St Homes	SF Residential	10		10	\$86,000
Hanf-Oleander L/D	SF Residential	4		4	\$34,400
Hamilton Firehouse Museum	Commercial		5,600	2	\$17,200
Misc Unidentified	SF Residential	9		9	\$77,400
Misc Unidentified	Govt/Commercial		46,000	13	\$111,800
		23	51,600	38	\$325,000

The new agreement with Sonoma County Water Agency (SCWA) discontinues reimbursement of Water Conservation Program expenditures, a source of funds averaging \$300,000+ annually over the past several years. Wheeling charges to Marin Municipal Water District are budgeted at \$80,000 (\$10/AF for 8,000AF). Funds in the District's treasury are budgeted to earn an average interest rate of 3.5%. Rental income includes the Indian Valley Golf Club lease (\$9,100), three grazing leases (\$2,500), rental of the District's security apartment (\$9,800), rental of the Point Reyes home (\$24,400 – includes in-lieu labor), and rental of the Pacheco Valle tennis courts (\$1,800).

State Revolving Fund Loan monies totaling \$1,000,000 are budgeted to finance most of the Stafford Lake Outlet Tower repair.

¹ 1 March 2006 through February 2007 demand compared to 2004 through 2007 average demand within Tier I (37,400-112,200 gallons bimonthly) and Tier II (112,200+ gallons bimonthly).

Operating Expenditures

Total Operating Expenditures are projected to increase 5% over the FY07/08 budget, and 4% over the FY07/08 estimated actual operating expenditures. Details of some of the individual components of the Operating Expenditure Budget follow.

Source of Supply is budgeted to increase 7% (\$241,000) from this year's estimated actual. Volume purchased from SCWA will remain consistent with FY07/08 purchases at 2,470 MG. The wholesale water rate will increase \$83 per MG (6%), adding \$210,000 to the District's cost of purchased water. Stafford production, at 750 MG (2,300 acre-feet), will make up the balance of demand, resulting in a total budgeted potable production of 3,220 MG.

Water Treatment is budgeted to increase 1% from this year's estimated actual. When compared to the FY07/08 budget, expenses are up 13% (\$180,000). Operating costs for the new plant are beginning to settle. Laboratory expense to assure water quality continues to rise, up 15% from last year's budgeted amount. With the lake full going into the summer, production of 750 MG is budgeted.

General Administration is budgeted to increase 8% (\$131,000) from this year's estimated actual and 10% over the FY07/08 budget. Expenditures for training and conferences are budgeted to increase \$54,000 over the current budget as the push for additional staff training continues. Insurance & claims expense is budgeted to decrease \$54,000 now that the employment practices liability claim filed by a retired employee has settled, and the softening insurance market has yielded lower insurance premiums. Retiree health expense is budgeted to increase \$6,000 as the impact of the District's cafeteria plan continues to retard the increase in benefit expenditures. Finally, 2009 is an off-year for elections, which will save over \$50,000 in election expense.

Staffing - The proposed budget includes a staffing level of 58.2 full-time equivalent (FTE) employees, down 0.9 FTE from the current year budget.

<u>FTE Staffing</u>	<u>FY09</u>	<u>FY08</u>
Administration	8.6	8.6
Customer Accounting	7.3	7.0
Construction/Maintenance	13.0	14.0
Engineering	9.7	9.7
Operations/Maintenance	15.0	16.0
Water Quality	4.6	3.8
	<u>58.2</u>	<u>59.1</u>

Temporary staffing has been decreased by 650 hours (\$7,000) to 6,500 hours. Temporary hours are budgeted as follows:

<u>Temporary Staffing Hours</u>	<u>FY09</u>	<u>FY08</u>	<u>Reason for Change</u>
Administration	500	0	Document Scanning
Customer Accounting	1,000	1,000	
Construction	1,000	1,000	
Engineering	1,500	1,500	
Maintenance	1,400	1,400	
Operations	850	850	
Water Quality	<u>250</u>	<u>1,400</u>	Increase in FTE Staffing
	<u>6,500</u>	<u>7,150</u>	

For budgeting purposes, a 4% cost-of-living salary increase has been factored into the budget effective October 1, 2008. Total salaries are budgeted to increase \$119,000, pushing up the total overheaded cost of payroll by \$159,000.

The CalPERS Board is scheduled to approve group health insurance rates for 2009 on June 17, 2008. For budgeting purposes a 10% increase (\$62,000 annually) is assumed, consistent with the 9.9% average annual increase experienced over the last three years. The market value of the District's worker's compensation insurance is projected at \$150,000. The workers' comp insurance market continues to soften, and staff is recommending a return to standard first-dollar workers' comp coverage and to suspend our four-year-old self-insurance program. The CalPERS retirement contribution rate will remain constant at 22% of payroll (\$905,000 annually).

Total budgeted operating expenditures are up \$455,000 compared to the FY07/08 budget. An analysis of the significant differences between the FY07/08 budget and the proposed FY08/09 operating budget follows, listed in decreasing order of magnitude.

Budget Component	Increase vs. FY08 Budget
Labor Charge to Novato Operations.....	\$187,000
Purification Chemicals.....	171,000
Other misc. increases/(decreases) (less than +/- \$10,000).....	143,000
STP Materials & Supplies	47,000
Hydrant & DCV Replacement Parts.....	25,000
Power Cost.....	21,000
Purchased Water Cost.....	-40,000
Election Cost.....	-45,000
Insurance Premiums and Claims.....	-54,000
Net increase.....	<u>\$455,000</u>

Staff Recommendation:

- 1) Approve Resolution XXX amending Regulation 54 to increase rates and charges applicable to the Novato Service Area by 11% effective July 1, 2008;
- 2) Approve the FY08/09 Novato Operating Budget as presented;
- 3) Authorize the General Manager to pay demands arising from execution of the budgeted expenditure plan

DRAFT

**NORTH MARIN WATER DISTRICT
REGULATION 54
WATER RATES**

a. Rates for Domestic, Commercial and Industrial Users, Novato Service Area

- (1) The following minimum service charge and water quantity rates shall be paid for domestic, commercial and industrial water service for each meter once every two months:

MINIMUM SERVICE CHARGE

Effective 7/1/04-08

For 5/8 x 3/4-inch meter	\$10.00 \$11.00
For 1-inch meter (see paragraph f)	\$20.00 \$22.00
For 1 1/2-inch meter	\$24.00 \$27.00
For 2-inch meter	\$38.00 \$42.00
For 3-inch meter	\$75.00 \$83.00
For 4-inch meter	\$120.00 \$133.00
For 6-inch meter	\$251.00 \$279.00
For 8-inch meter	\$375.00 \$416.00

PLUS A QUANTITY CHARGE

Residential Rate for Each 1,000 Gallons Per Dwelling Unit

Effective

8/1/077/1/08

First 37,400 gallons bimonthly	\$2.27 2.52
37,401-112,200 gallons bimonthly	\$3.64 4.04
Bimonthly use in excess of 112,200 gallons	\$6.28 6.97

Rate Per 1,000 Gallons for All Other Accounts

Commercial, Institutional & Irrigation Accounts	\$2.64 2.90
Recycled Water	\$2.90

PLUS AN ELEVATION ZONE CHARGE FOR EACH 1,000 GALLONS

<u>Zone</u>	<u>Elevation Zone</u>	<u>Effective 8/1/0708</u>
A	0 through 60 feet	\$0.00
B	60 feet – 200 feet	\$0.27 \$0.30
C	200 feet – 400 feet	\$0.87 \$0.97
D*	400 feet +	\$1.55 \$1.72

*Any ~~customer~~consumer receiving water through a District owned and maintained hydro-pneumatic system shall be assigned to Zone D irrespective of said ~~customer~~consumer's actual elevation.

- (2) Effective August 1, ~~2007-2008~~ untreated water provided from Stafford Lake shall be paid once every two months at the following rate:

~~\$1.03~~1.14 per 1,000 gallons

- (3) ~~Customer~~Consumers in the Hamilton Field area who previously received water service from Marin Municipal Water District and prior to July 1, 2002, will receive water service from North Marin Water District, shall pay the minimum service charge

and water quantity rate applicable to ~~customer~~consumers Within Improvement District provided for in this Regulation, and shall also pay a temporary special rate component of \$1.19 per 1,000 gallons for water service provided. The temporary special rate component shall expire on June 30, 2009.

- (4) ~~Customer~~Consumers outside the Improvement District boundary shall pay an additional ~~2022¢~~1,000 gallons.

b. Rates for Service to Privately Owned Fire Protection Systems, All Service Areas

The rates for service through detector check assemblies owned by the District to privately owned and maintained systems supplying sprinklers, hydrants or other facilities exclusively for fire fighting are as follows:

<u>Size of Detector Assembly</u>	<u>Bi-monthly Rates</u>
2 inches or less	\$5.00 \$5.50
4 inches	\$9.00 \$10.00
6 inches	\$18.00 \$20.00
8 inches	\$27.00 \$30.00
10 inches	\$36.00 \$40.00

c. Rates for Domestic, Commercial and Industrial Users, West Marin Service Area:

- (1) The following minimum service charge and water quantity rates shall be paid for domestic, commercial and industrial water service for each meter once every two months:

MINIMUM SERVICE CHARGE

Effective 8/1/04

For 5/8 x 3/4-inch meter	\$10.00
For 1-inch meter	\$20.00
For 1 1/2-inch meter	\$24.00
For 2-inch meter	\$38.00
For 3-inch meter	\$75.00
For all meters in Paradise Ranch Estates	\$34.00

PLUS A QUANTITY CHARGE

Residential Rate for Each 1,000 Gallons Per Dwelling Unit

Effective 8/1/07

First 56,100 gallons bi-monthly	\$4.37
Bi-monthly use in excess of 56,100 Gallons	\$9.72

Rate Per 1,000 Gallons for All Other Accounts

Commercial, Industrial and Irrigation Accounts	\$4.37
--	--------

PLUS A HYDRAULIC ZONE CHARGE FOR EACH 1,000 GALLONS

<u>Zone</u>	<u>Hydraulic Zone</u>	<u>Effective 8/1/07</u>
1	Point Reyes Station	\$0.00
2	Bear Valley, Silver Hills & Inverness Park	\$0.12
3	Lower Paradise Ranch Estates (Elevation 0' – 365')	\$0.12
4	Olema	\$0.44
5	Upper Paradise Ranch Estates (Elevation 365' +)	\$2.91

- (2) Effective, August 1, 2004, charge for raw water delivered from Lagunitas Creek shall be paid once every two months at the following rate:

\$77.00 per acre foot (\$0.24 per 1,000 gallons)

- (3) ~~Customer~~Consumers outside the Improvement District boundary shall pay an additional \$1.74 per 1,000 gallons.

d. Rates for Water Service from Hydrants

The following rates shall be paid for water delivered via hydrant meter or pursuant to permit issued by the District from hydrants for uses other than fire fighting or fire prevention:

	<u>Effective</u> <u>8/1/07</u>
Novato Service Area, for each 1,000 gallons	\$4.16 <u>\$4.62</u>

	<u>Effective 8/1/07</u>
West Marin Service Area Zone 1, 2, 3, 4 for each 1,000 gallons.....	\$6.55
West Marin Service Area Zone 5 for each 1,000 gallons.....	\$9.02

The quantity of water delivered as aforesaid shall be determined by the District.

e. Service Arrangements Requiring Assessment of Additional Minimum Service Charges, All Service Areas

A minimum service charge established by this regulation, equal to ~~\$10.00~~\$11.00 bi-monthly shall be paid for each dwelling unit which includes a kitchen and which is metered pursuant to Regulation 4.b.(5).

f. Minimum Service Charge for Residential Connections with Fire Fighting Equipment

Where a 1-inch meter is installed solely to provide capacity for private fire sprinklers or other fire fighting equipment in residential connections, the minimum bi-monthly service charge shall be ~~\$11.00~~\$12.00.

**North Marin Water District
WATER RATE HEARING**

Purpose: Consider Proposed Rate Increase
Impact Area: Greater Novato Area
Date and Time: Tuesday, June 17, 2008 at 7:30 p.m.
Place: 999 Rush Creek Place, Novato

BACKGROUND: Water meters are read and customers receive a bill bimonthly. The bill is comprised of 1) "Water Usage Charge" that is determined by multiplying a commodity rate per 1,000 gallons times water use; and 2) fixed bimonthly "Service Charge" – currently \$10 for the typical residential water meter. The Novato water service area is comprised of approximately 20,000 metered services distributed over four elevation zones through Novato. Customers residing within a higher elevation zone pay a correspondingly higher commodity rate, or "zone differential," designed to recover the incremental cost of energy and maintenance for pumping water into each elevation zone. Median water use for a single-family detached home in Novato is 129,404 gallons annually.

NEED FOR INCREASE: The water rate increase is necessary to cover the cost of planned improvement projects, and increases in the cost of purchased water, power and labor.

PROPOSAL: It is proposed that the rates and charges be increased by 11% for all customers (\$41 per year for the typical single-family residence).

IMPACT: The annual impact on the typical single-family residence is shown below:

Annual Impact for typical single-family detached residence (based on 129,404 gallons annual water use)							
		Commodity Rate / 1,000 Gal	Annual Cost		Annual Service Charge	Total Annual	Annual Increase \$ %
Weighted Avg	Current	\$2.49	\$322.22		\$60.00	\$382.22	
	Proposed	\$2.76	\$357.16		\$66.00	\$423.16	\$40.94 11%
Bimonthly Impact by Elevation Zone							
Elevation Zone		Commodity Rate	Avg Cost Two Months		Minimum Charge	Total Bimonthly	Bimonthly Increase \$ %
A (0-60')	Current	\$2.27	\$48.96	+	\$10.00	= \$58.96	
	Proposed	\$2.52	\$54.35	+	\$11.00	= \$65.35	\$6.39 11%
B (60'-200')	Current	\$2.54	\$54.78	+	\$10.00	= \$64.78	
	Proposed	\$2.82	\$60.82	+	\$11.00	= \$71.82	\$7.04 11%
C (200'-400')	Current	\$3.14	\$67.72	+	\$10.00	= \$77.72	
	Proposed	\$3.49	\$75.27	+	\$11.00	= \$86.27	\$8.55 11%
D (400'+)	Current	\$3.82	\$82.39	+	\$10.00	= \$92.39	
	Proposed	\$4.24	\$91.45	+	\$11.00	= \$102.45	\$10.06 11%

Note: About 90% of Novato water use is equally divided between Elevation Zones A and B. Zones C and D use 8% and 2% respectively. Thus, while the commodity rates for Zones C and D are higher than those in the lower elevation zones, they apply to only 10% of the District's customers. Note also that summer bills will be higher than the average bill and winter bills lower. In addition, the impact on multi-family unit dwellings may be different as metering arrangements are different.

TIER RATES: Residential tier-rates are also proposed to increase 11%. Note that the Tier 2 rate applies to only 30% of customers – those who use more than 37,400 gallons in a bimonthly billing period. Similarly, only 2% of customers use in excess of 112,200 gallons in a bimonthly billing period, and are thereby subject to the Tier 3 rate.

Proposed Residential Tier-rate Structure						
Tier	Bimonthly Gal/ Dwelling Unit	Existing Rate ¹ per 1,000 Gallons	Proposed Rate ¹ per 1,000 Gallons	% Increase	% of Customers Impacted	Basis
1	0-37,400	\$2.49	\$2.76	11%	100%	Base Rate (Tier 1)
2	37,401-112,200	\$3.83	\$4.25	11%	30%	Tier 1 plus \$1.49/1,000
3	112,201+	\$6.50	\$7.22	11%	2%	Tier 1 plus \$4.45/1,000
¹ Weighted Average Commodity Rate						

EFFECTIVE DATE: The 11% increase in rates and charges are proposed to be effective July 1, 2008 and would first appear in bills mailed commencing September 1, 2008.

INVITATION / INFORMATION: You are cordially invited to attend the hearing or mail your written comments. Should you have any questions or wish more detailed information, please call 897-4133 and ask for Renee.

#11396 Published 6/11/08



NORTH MARIN WATER DISTRICT

999 RUSH CREEK PLACE • POST OFFICE BOX 146 • NOVATO, CALIFORNIA 94948 • (415) 897-4133 • FAX (415) 892-8043

June 5, 2008

Mr. Jeff McAndrew
Indian Valley Golf Course
P.O. Box 351
Novato, CA 94948

Re: Proposed Irrigation Water Rate Increase

Dear Mr. McAndrew:

The Board of Directors will consider rate increases for water service in the Novato area that will also affect the cost of irrigation water to the Indian Valley Golf Course. An 11% increase is being considered for Novato service area customers. The charge for irrigation water from Stafford Lake is currently \$1.03/1,000 gallons. An 11¢/1,000 gallon increase in the cost of irrigation water is also proposed, increasing the rate to \$1.14/1,000 gallons.

District staff proposes this increase become effective July 1 and would appear on bills rendered after September 1, 2007. The Board is holding a hearing on Tuesday, June 17, 2008 to consider the proposed rate increases. Enclosed is the public hearing notice that includes additional information.

You are invited to attend the public hearing or submit your written comments.

Sincerely yours,

Chris DeGabriele
General Manager

Enclosure
- Hearing Notice

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ATTACHMENT B





NORTH MARIN WATER DISTRICT

999 RUSH CREEK PLACE • POST OFFICE BOX 146 • NOVATO, CALIFORNIA 94948 • (415) 897-4133 • FAX (415) 892-8043

June 5, 2008

Mr. Ron Paolini, Deputy Director Parks Department
Marin County Parks and Open Space
3501 Civic Center Drive, Room 417
San Rafael, CA 94903

Re: Proposed Irrigation Water Rate Increase

Dear Mr. Paolini:

The Board of Directors will consider rate increases for water service in the Novato area that will also affect the cost of irrigation water to the Stafford Lake Park. An 11% increase is being considered for Novato service area customers. The charge for irrigation water from Stafford Lake is currently \$1.03/1,000 gallons. An 11¢/1,000 gallon increase in the cost of irrigation water is also proposed, increasing the rate to \$1.14/1,000 gallons.

District staff proposes this increase become effective July 1 and would appear on all bills rendered after September 1, 2008. The Board is holding a hearing on Tuesday, June 17, 2008 to consider the proposed rate increases. Enclosed is the public hearing notice that includes additional information.

You are invited to attend the public hearing or submit your written comments.

Sincerely yours,

Chris DeGabriele
General Manager

Enclosure
- Hearing Notice

cc:

Supervisor Judy Arnold, Fifth District
Marin County Civic Center
3501 Civic Center Drive, #329
San Rafael, CA 94903

Sharon McNamee, General Manager
Marin County Parks and Open Space
3501 Civic Center Drive, Room 417
San Rafael, CA 94903

Supervisor Steve Kinsey, Fourth District
Marin County Civic Center
3501 Civic Center Drive, #315
San Rafael, CA 94903

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ATTACHMENT C



Renee Roberts

From: Chris DeGabriele
Sent: Wednesday, March 19, 2008 2:12 PM
To: David Bentley
Cc: Renee Roberts
Subject: RE: Letter to the Board

Please give to Renee for the next agenda.
 Chris

From: David Bentley
Sent: Wednesday, March 19, 2008 2:00 PM
To: Chris DeGabriele
Subject: FW: Letter to the Board

From: Robert Hemphill [mailto:roberthemphill@nsdweb.com]
Sent: Wednesday, March 19, 2008 12:28 PM
To: David Bentley
Cc: advanceletters@novatoadvance.com
Subject: Letter to the Board

North Marin Water District Board of Directors,

Please do not raise the costs of water again. You ask us to conserve during the lack of water and we do. You raise the rates to in the effort to have the community save water and the community responds during last year's lack of water. Now it appears that we will have enough water for the upcoming year; a normal amount of rainfall if not more. If you are concerned about not generating enough funds this upcoming year, then please revert back to the old lower rates and you will sell more water and bring you the income you were accustomed to prior to last year's income with the rate increases. I suggest that you have a rate fee for "drought years" and a separate rate fee for "normal or better than normal years". The community could relate to your actions with such a plan. If you increase rates during the non-drought years, that is not fair.

However, knowing the history of the board, the board will basically ignore input from the community. Thus you will automatically raise the rates no matter what anyone from the community says. Will you raise the rates at all price levels? Since you have proven that the high users of water are an extreme small percentage of the overall consumers, please do not raise the rates at the mid level or high tiers. Please play fair this time.

It is a shame to feel that whatever I write to the North Marin Water Board will make no difference. It makes no difference to even show up at your public hearings. As you know, I have attended several of your meetings and hearings. You do not let the people talk over 3 minutes on a serious topic. The Board continues to shut the door on the community. I feel the Board will do the same again on this topic.

Robert Hemphill

Proposed
BUDGET

Public Hearing/Approve

Novato
Operating Budget
FISCAL YEAR
2008-09

NORTH MARIN WATER DISTRICT

999 RUSH CREEK PLACE, NOVATO, CA

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NORTH MARIN WATER DISTRICT
PROPOSED 2008/09 OPERATING BUDGET

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NOVATO WATER
BUDGET SUMMARY
Fiscal Year 2008/09

	<i>Proposed Budget 2008/09</i>	<i>Estimated Actual 2007/08</i>	<i>Adopted Budget 2007/08</i>
OPERATING INCOME			
1 Water Sales	\$10,760,000	\$9,900,000	\$10,200,000
2 Wheeling & Misc Service Charges	198,000	200,000	193,000
3 Total Operating Income	\$10,958,000	\$10,100,000	\$10,393,000
OPERATING EXPENDITURES			
4 Source of Supply	\$3,565,000	\$3,332,000	\$3,637,000
5 Pumping	332,000	336,000	345,000
6 Operations	411,000	492,000	446,000
7 Water Treatment	1,523,000	1,502,000	1,343,000
8 Transmission & Distribution	2,244,000	2,212,000	2,013,000
9 Consumer Accounting	487,000	439,000	478,000
10 General Administration	1,758,000	1,627,000	1,603,000
11 Total Operating Expenditures	\$10,320,000	\$9,940,000	\$9,865,000
12 NET OPERATING INCOME (LOSS)	\$638,000	\$160,000	\$528,000
OTHER SOURCES OF FUNDS			
13 Interest Revenue	\$355,000	\$530,000	\$505,000
14 Connection Fees	325,000	1,350,000	1,760,000
15 SCWA Water Conservation Reimb.	0	330,000	350,000
16 SRF Loan Funds	1,000,000	425,000	950,000
17 Miscellaneous	278,000	577,000	370,000
18 Total Other Sources	\$1,958,000	\$3,212,000	\$3,935,000
OTHER USES OF FUNDS			
20 Equipment Expenditures	\$306,000	\$301,000	\$295,000
21 Improvement Projects	6,675,000	2,918,000	7,224,000
22 Bond & Loan Debt Service	825,000	814,000	590,000
23 Miscellaneous	20,000	10,000	20,000
24 Total Other Uses	\$7,826,000	\$4,043,000	\$8,129,000
25 NET SURPLUS/(DEFICIT)*	(\$5,230,000)	(\$671,000)	(\$3,666,000)
26 Depreciation (not included above)	\$1,600,000	\$1,530,000	\$1,500,000

* Line 12+19-24

NOVATO WATER OPERATING BUDGET DETAIL**Fiscal Year 2008/09**

	Proposed Budget 08/09	Estimated Actual 07/08	Adopted Budget 07/08	Actual 06/07	Actual 05/06	Actual 04/05	Actual 03/04	Actual 02/03
STATISTICS								
1 Total Meters	20,740	20,640	20,850	20,571	20,485	20,097	19,386	19,161
2 Active Meters	20,500	20,400	20,590	20,325	20,193	19,739	19,130	18,619
3 Active Dwelling Units	23,830	23,730	23,950	23,698	23,522	22,801	22,130	21,594
OPERATING INCOME								
4 Water Sales	\$10,760,000	\$9,900,000	\$10,200,000	\$10,601,455	\$9,351,911	\$8,796,521	\$7,834,683	\$7,076,768
5 Miscellaneous Service Revenue	118,000	123,000	113,000	111,913	103,104	100,212	121,071	76,340
6 Wheeling Charges-MMWD	80,000	77,000	80,000	74,962	71,292	78,533	77,921	83,112
7 TOTAL OPERATING INCOME	\$10,958,000	\$10,100,000	\$10,393,000	\$10,788,330	\$9,526,307	\$8,975,266	\$8,033,675	\$7,236,220
OPERATING EXPENSE								
SOURCE OF SUPPLY								
8 Supervision & Engineering	\$8,000	\$3,000	\$20,000	\$15,420	\$20,736	\$20,494	\$17,764	\$9,188
9 Operating Expense - Source	6,000	3,000	13,000	6,709	11,695	9,952	15,088	22,386
10 Maintenance/Monitoring of Dam	20,000	6,000	15,000	5,768	7,816	1,951	5,658	10,851
11 Maintenance of Lake & Intakes	13,000	0	10,000	28	975	3,953	1,405	7,359
12 Maintenance of Watershed	35,000	11,000	28,000	12,506	12,213	6,466	7,932	2,982
13 Water Quality Surveillance	7,000	9,000	15,000	9,659	7,955	7,345	8,640	21,782
14 Contract Water - SCWA	3,720,000	3,510,000	3,760,000	4,452,190	4,546,147	3,701,562	3,931,167	3,042,890
15 Reserve Fund Contribution	(244,000)	(210,000)	(224,000)	(107,123)	(107,123)	(101,032)	(89,747)	
16 TOTAL SOURCE OF SUPPLY	\$3,565,000	\$3,332,000	\$3,637,000	\$4,502,280	\$4,500,414	\$3,650,691	\$3,897,907	\$3,117,438
PUMPING								
17 Operating Expense	\$11,000	\$17,000	\$20,000	\$27,117	\$24,516	\$20,985	\$15,931	\$15,071
18 Maintenance of Structures/Grounds	37,000	16,000	31,000	17,736	25,120	15,528	13,935	14,389
19 Maintenance of Pumping Equipment	37,000	76,000	43,000	16,966	33,072	15,395	19,026	27,949
20 Electric Power - Pumping	247,000	227,000	251,000	245,797	215,135	206,611	201,346	268,933
21 TOTAL PUMPING	\$332,000	\$336,000	\$345,000	\$307,616	\$297,843	\$258,519	\$250,238	\$326,342
OPERATIONS								
22 Supervision & Engineering	\$120,000	\$188,000	\$134,000	\$155,660	\$146,525	\$150,125	\$115,993	\$94,390
23 Operating Expense	146,000	125,000	163,000	172,985	170,162	183,534	123,688	108,247
24 Maintenance Expense	74,000	118,000	73,000	108,197	83,182	70,465	56,212	49,527
25 Leased Line Expense	22,000	19,000	22,000	41,809	51,094	20,605	30,231	17,811
26 Telemetry Equipment/Controls Maint	49,000	42,000	54,000	19,979	20,201	49,041	17,948	44,101
27 TOTAL OPERATIONS	\$411,000	\$492,000	\$446,000	\$498,630	\$471,164	\$473,770	\$344,072	\$314,076

NOVATO WATER OPERATING BUDGET DETAIL**Fiscal Year 2008/09**

	Proposed Budget 08/09	Estimated Actual 07/08	Adopted Budget 07/08	Actual 06/07	Actual 05/06	Actual 04/05	Actual 03/04	Actual 02/03
WATER TREATMENT								
28 Supervision & Engineering	\$35,000	\$101,000	\$98,000	\$101,646	\$105,468	\$90,468	\$95,150	\$55,318
29 Operating Expense	341,000	368,000	374,000	363,204	278,396	171,346	235,229	234,746
30 Purification Chemicals	285,000	173,000	114,000	63,179	61,336	54,858	90,104	125,996
31 Sludge Disposal	54,000	46,000	66,000	34,844	2,713	47,456	91,733	119,228
32 Maintenance of Structures/Grounds	63,000	87,000	39,000	79,359	96,146	70,156	29,105	35,076
33 Purification Equipment Maintenance	99,000	203,000	99,000	90,608	115,003	70,760	64,285	61,172
34 Electric Power - Treatment	129,000	122,000	104,000	88,596	43,077	47,223	82,221	92,872
35 Laboratory Expense (net)	517,000	402,000	449,000	401,520	417,745	339,809	308,375	274,745
36 TOTAL WATER TREATMENT	\$1,523,000	\$1,502,000	\$1,343,000	\$1,222,956	\$1,119,884	\$892,076	\$996,202	\$999,153
TRANSMISSION & DISTRIBUTION								
37 Supervision & Engineering	\$546,000	\$509,000	\$501,000	\$522,663	\$490,471	\$462,815	\$353,273	\$332,750
38 Maps & Records	93,000	85,000	108,000	48,957	53,594	70,115	44,098	57,969
39 Operation of T&D System	477,000	474,000	415,000	395,866	401,962	350,274	275,441	310,444
40 Storage Facilities Expense	157,000	114,000	156,000	115,457	122,069	119,328	94,586	74,315
41 Maintenance of Valves & Reliefs	142,000	102,000	124,000	165,842	131,770	88,487	79,108	58,809
42 Maintenance of Mains	111,000	165,000	104,000	119,713	158,048	102,953	65,827	64,679
43 Backflow Prevention Program	88,000	142,000	65,000	76,174	64,245	49,165	44,770	49,191
44 Maintenance of Copper Services	185,000	197,000	162,000	233,355	223,527	181,593	116,579	122,768
45 Maintenance of PB Service Lines	176,000	259,000	157,000	258,788	164,930	96,720	104,815	108,436
46 Detector Check Assembly Maint	53,000	3,000	19,000	34,177	16,798	14,391	17,406	12,577
47 Maintenance of Meters	153,000	133,000	142,000	125,337	113,891	106,745	102,672	128,362
48 Maintenance of Hydrants	63,000	29,000	60,000	42,474	42,936	34,422	24,658	50,868
49 TOTAL TRANSMISSION & DISTRIB	\$2,244,000	\$2,212,000	\$2,013,000	\$2,138,803	\$1,984,241	\$1,677,008	\$1,323,233	\$1,371,168
CONSUMER ACCOUNTING								
50 Meter Reading & Collection	\$157,000	\$128,000	\$151,000	\$146,286	\$133,744	\$131,222	\$122,349	\$105,187
51 Billing & Accounting	249,000	229,000	250,000	221,764	219,236	202,692	151,045	178,578
52 Contract Billing	19,000	18,000	18,000	18,292	17,649	17,763	16,913	18,491
53 Postage & Supplies	55,000	49,000	49,000	49,729	44,136	43,436	41,009	45,935
54 Uncollectible Accounts	12,000	12,000	12,000	10,412	16,280	15,663	6,757	5,843
55 Office Equipment Expense	10,000	17,000	13,000	17,208	8,459	5,298	3,437	4,338
56 Distributed to West Marin	(15,000)	(14,000)	(15,000)	(14,200)	(13,218)	(12,914)	(9,985)	(11,050)
57 TOTAL CONSUMER ACCOUNTING	\$487,000	\$439,000	\$478,000	\$449,491	\$426,286	\$403,160	\$331,525	\$347,322

NOVATO WATER OPERATING BUDGET DETAIL**Fiscal Year 2008/09**

	Proposed Budget 08/09	Estimated Actual 07/08	Adopted Budget 07/08	Actual 06/07	Actual 05/06	Actual 04/05	Actual 03/04	Actual 02/03
GENERAL & ADMINISTRATION								
58 Director's Expense	\$16,000	\$15,000	\$16,000	\$14,300	\$17,400	\$15,700	\$12,850	\$11,600
59 Legal Fees	11,000	7,000	14,000	34,013	15,395	18,320	10,517	7,114
60 Auditing Services	30,000	22,000	22,000	15,250	15,250	9,950	9,950	10,850
61 Human Resources	23,000	26,000	20,000	25,220	5,718	39,319	19,558	5,198
62 General Office Salaries	1,154,000	986,000	952,000	980,772	940,318	754,693	695,350	629,089
63 Office Supplies	47,000	32,000	37,000	37,525	29,941	24,843	22,958	22,417
64 Employee Events	10,000	5,000	0					
65 Recruitment Expense	6,000	1,000	7,000	11,831	7,252	7,809	13,339	5,245
66 Other Administrative Expense	20,000	19,000	23,000	23,149	19,675	21,034	20,657	13,133
67 Election Cost	0	51,000	45,000	0	250	0	35,445	0
68 Dues & Subscriptions	43,000	42,000	33,000	32,203	29,357	36,363	22,627	25,801
69 Vehicle Expense	8,000	8,000	8,000	8,112	8,112	8,788	8,120	8,138
70 Meetings, Conf & Training	213,000	116,000	159,000	108,228	109,126	140,448	103,981	68,091
71 Telephone, Water, Gas & Electricity	31,000	30,000	31,000	35,324	29,073	27,569	30,268	29,613
72 Building & Grounds Maintenance	45,000	45,000	33,000	41,312	44,193	41,204	34,837	21,483
73 Office Equipment Expense	99,000	77,000	131,000	98,577	83,557	51,590	55,171	29,752
74 Insurance Premiums & Claims	119,000	261,000	173,000	182,754	113,664	110,569	132,633	98,118
75 Retiree Medical Benefits	191,000	181,000	185,000	180,771	158,631	126,946	113,163	81,897
76 G&A Distributed to West Marin	(102,000)	(86,000)	(92,000)	(73,004)	(65,249)	(60,208)	(51,850)	(39,480)
77 G&A Applied to Construction Projects	(206,000)	(211,000)	(194,000)	(172,336)	(202,956)	(176,265)	(213,499)	(201,268)
78 TOTAL GENERAL & ADMIN.	\$1,758,000	\$1,627,000	\$1,603,000	\$1,584,001	\$1,358,707	\$1,198,672	\$1,076,075	\$826,791
79 TOTAL OPERATING EXPENSE	\$10,320,000	\$9,940,000	\$9,865,000	\$10,703,777	\$10,158,539	\$8,553,896	\$8,219,252	\$7,302,290
80 OPERATING INCOME/(LOSS) BEFORE DEPRECIATION	\$638,000	\$160,000	\$528,000	\$84,553	(\$632,232)	\$421,370	(\$185,577)	(\$66,070)
81 Non-budgeted Depreciation	\$1,600,000	\$1,530,000	\$1,500,000	\$1,377,612	\$968,939	\$908,004	\$912,581	\$744,013

NOVATO WATER RECAP**Budgeted Revenue/Expense Recap Fiscal Year 2008/2009
Compared To Estimated Actual For Fiscal Year 2007/2008**

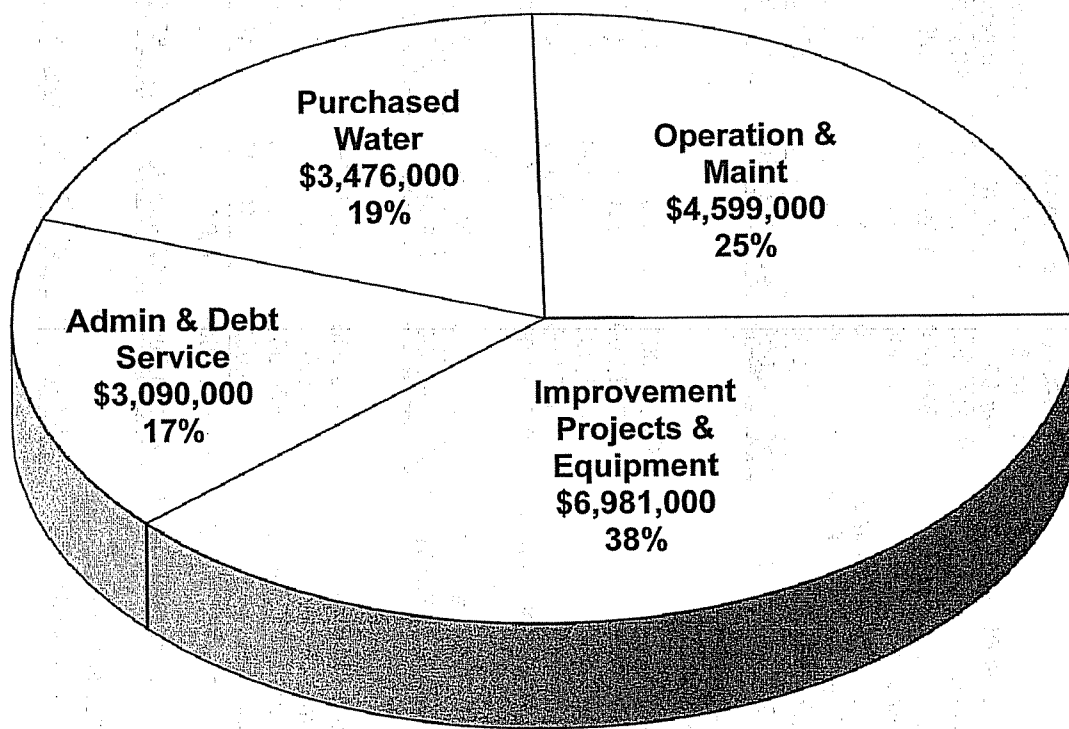
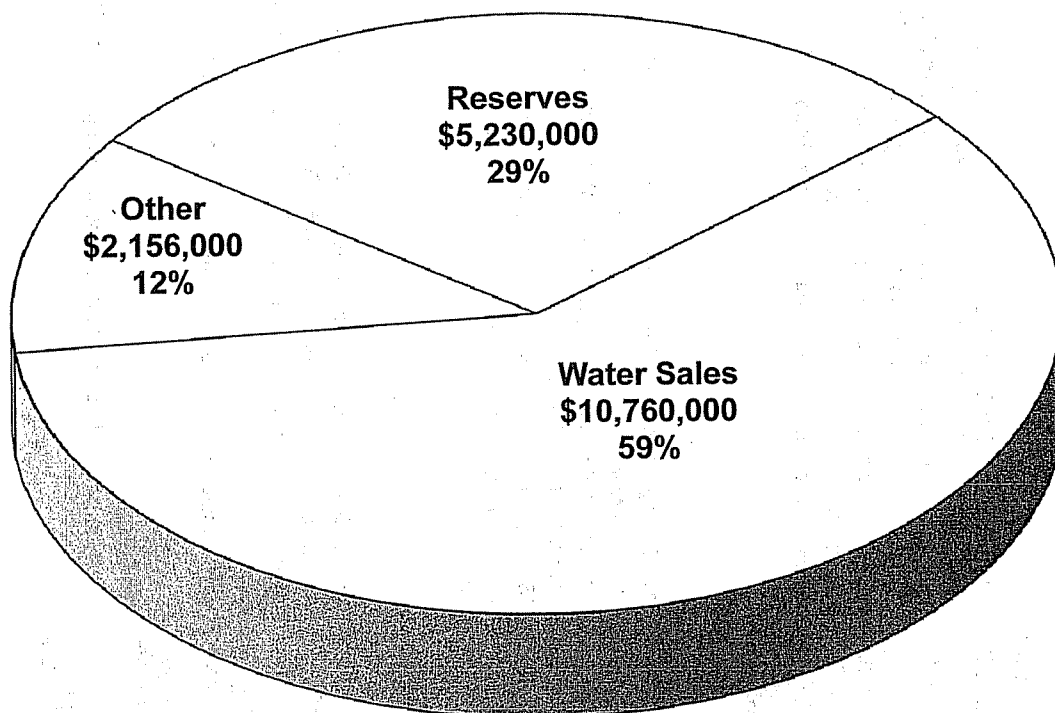
SOURCE OF FUNDS	Proposed Budget 08-09	Estimated Actual 07-08	Increase (Decrease)	Percentage Change	Comments on Budget
Water Sales	\$10,760,000	\$9,900,000	\$860,000	9%	3.2 billion gal w/15¢ rate increase for all customers
Connection Fees	325,000	1,350,000	(1,025,000)	(76%)	Assumes 23 SF homes and 50,000 sq ft of commercial development
Interest Revenue	355,000	530,000	(175,000)	(33%)	Estimated available funds invested at average rate of 3.5%.
SCWA Wtr Conserv Reimb	0	330,000	(330,000)	(100%)	Reimb for Water Conservation expense discontinued
RWF & STP SRF Loan Fund	1,000,000	425,000	575,000	135%	Stafford Outlet Tower Repair Loan Funds
Miscellaneous	476,000	777,000	(301,000)	(39%)	Wheeling Charges, Rents, Leases, Vehicle Recover & Misc.
TOTAL SOURCE OF FUNDS	\$12,916,000	\$13,312,000	(\$396,000)	(3%)	
USE OF FUNDS					
OPERATIONS					
Source of Supply	\$3,565,000	\$3,332,000	\$233,000	7%	2,470 MG @ \$1,506/MG (\$244K offset by debt amortization reserve fund)
Pumping	332,000	336,000	(4,000)	(1%)	1.9 Million Kwh at 13¢/Kwh
Operations	411,000	492,000	(81,000)	(16%)	Reduction in supervision & general maintenance expense
Water Treatment	1,523,000	1,502,000	21,000	1%	Budgeted for 750 MG production
Transmission & Distribution	2,244,000	2,212,000	32,000	1%	\$365K budgeted to replace copper & polybutylene services
Consumer Accounting	487,000	439,000	48,000	11%	FY08 E/A includes prolonged leave without pay
General Administration	1,758,000	1,627,000	131,000	8%	FY08 budget includes 4% COLA
TOTAL OPERATIONS	\$10,320,000	\$9,940,000	\$380,000	4%	
OTHER OUTLAYS					
Equipment Expenditures	\$306,000	\$301,000	\$5,000	2%	Includes \$182K in vehicle expenditures, \$20K in Info Sys expenditures
Improvement Projects	6,675,000	2,918,000	3,757,000	129%	Includes \$2.9M for Palmer Dr Tank & \$1.2M for Outlet Tower Repair
Bond Interest & Redemption	825,000	814,000	11,000	1%	Includes \$390K for SRF loan pmts & \$200K final boundary reorg pmt
Miscellaneous	20,000	10,000	10,000	100%	Misc.
TOTAL OTHER OUTLAYS	\$7,826,000	\$4,043,000	\$3,783,000	94%	Largest factor is increase in planned Improvement Projects
TOTAL EXPENDITURES	\$18,146,000¹	\$13,983,000	\$4,163,000	30%	
REVENUE LESS EXPENDITURES	(\$5,230,000)	(\$671,000)	(\$4,559,000)	679%	

NOTES

1. This compares to \$17,994,000 expense budgeted for 2007/08

**NORTH MARIN WATER DISTRICT - NOVATO WATER
FISCAL YEAR 2008-09**

SOURCE OF FUNDS = \$18,146,000



USE OF FUNDS = \$18,146,000

6/13/08

t:\acexcel\budget\08\sales.xls salesC

Novato Water Billed Consumption **10 Year History** **Net of Stone Tree Golf Course Potable Irrigation Water**

Million
Gal

4,000

3,500

3,000

2,500

2,000

1,500

1,000

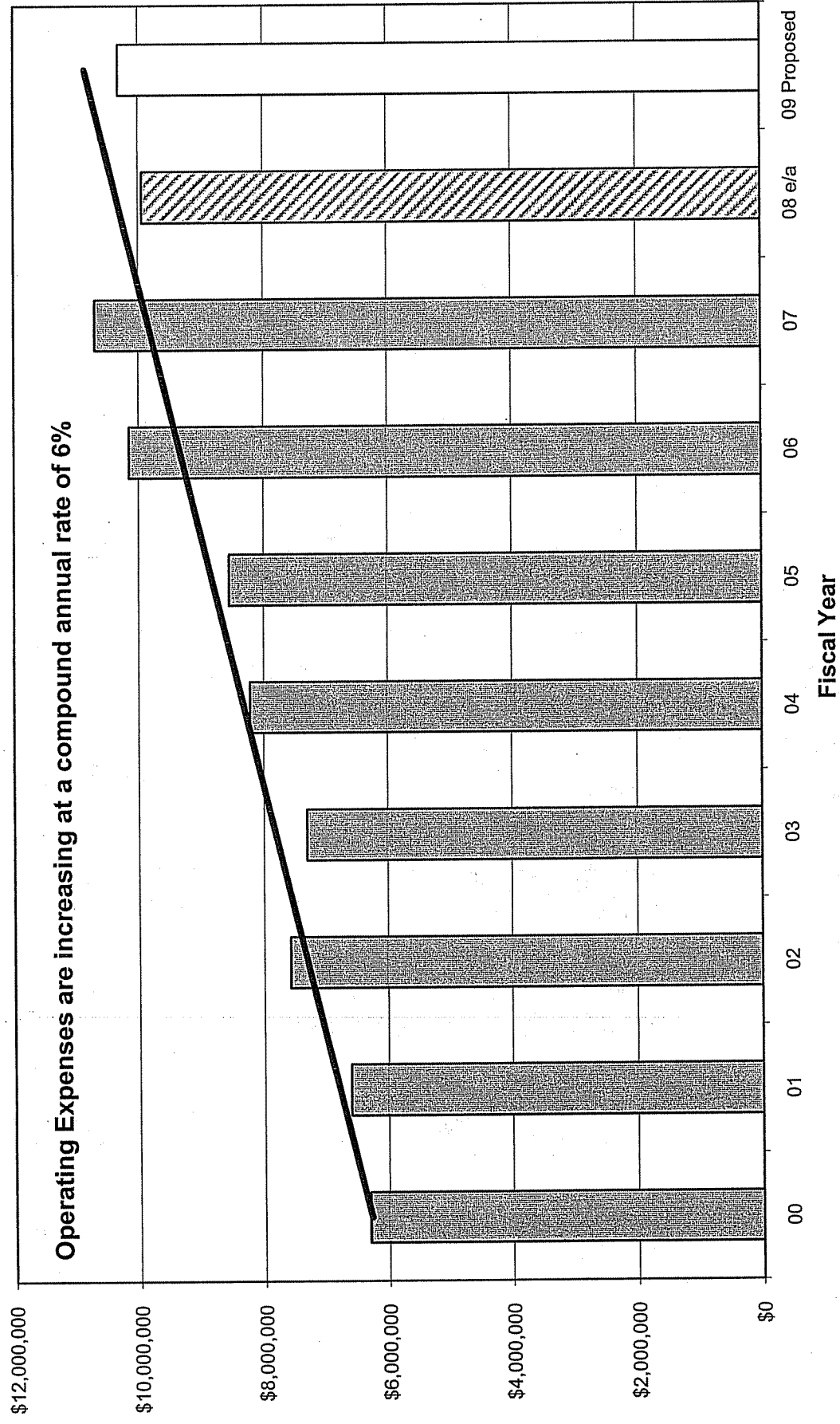
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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008e/a	2009 Budget
Million Gal	3,067	3,367	3,419	3,475	3,510	3,587	3,339	3,254	3,536	3,240	3,200

Fiscal Year

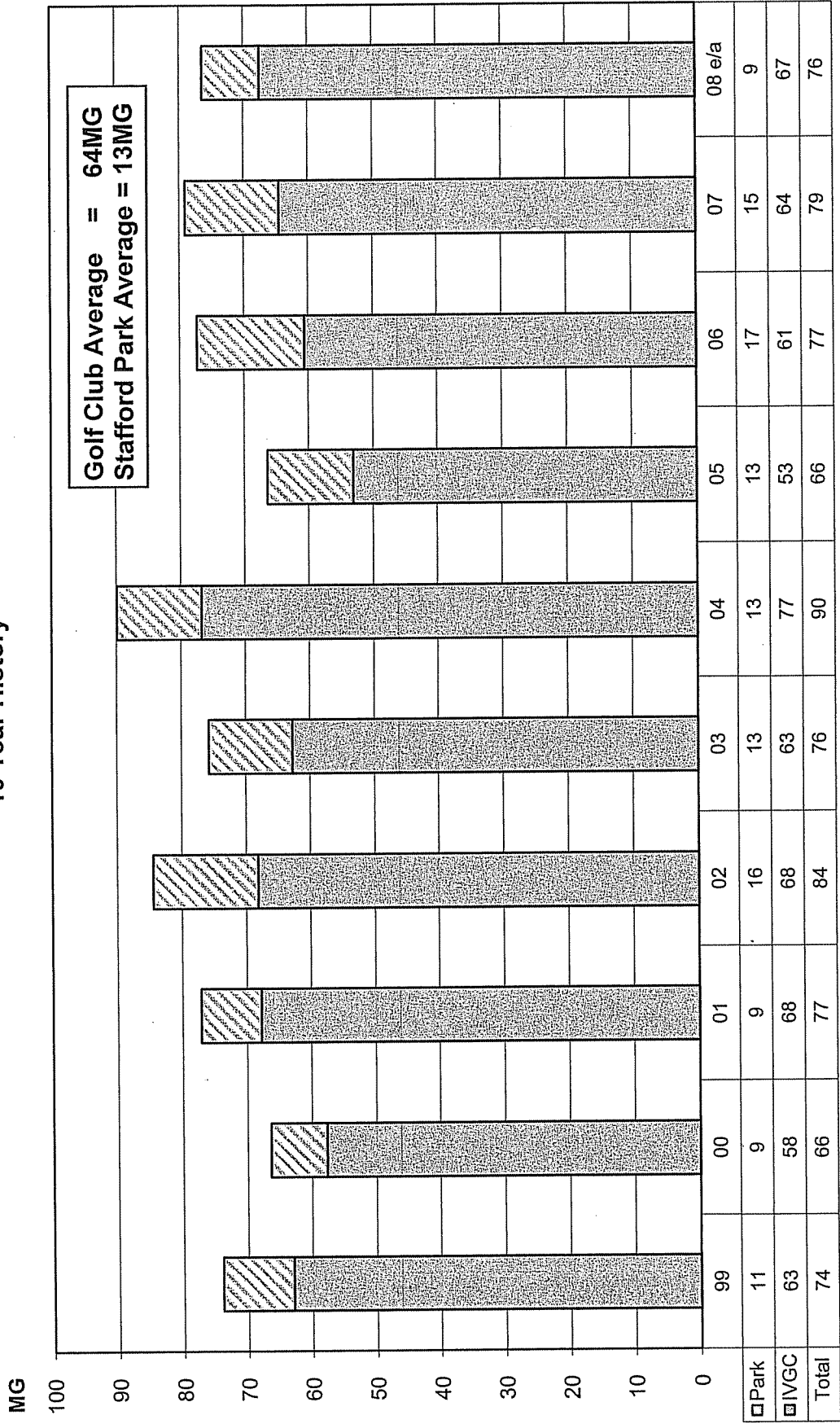
Novato Water Operating Expense History



4/24/08

\\server\\administration\\ac\\excel\\wtr use\\raw water use.xls] chart1

Stafford Lake Irrigation Water Use Indian Valley Golf Club & Stafford Lake Park 10 Year History



1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The text also mentions the need for regular audits and the importance of having a clear chain of custody for all documents.

2. The second part of the document focuses on the role of the auditor in ensuring the accuracy of the financial statements. It describes the various procedures that auditors use to verify the information provided by the company, including reviewing documents, interviewing personnel, and performing analytical procedures. The text also discusses the importance of the auditor's independence and the need for a high level of professional skepticism.

3. The third part of the document discusses the importance of internal controls in preventing errors and fraud. It describes the various types of internal controls that a company can implement, such as segregation of duties, authorization requirements, and physical controls. The text also mentions the need for regular testing and monitoring of internal controls to ensure their effectiveness.

4. The fourth part of the document discusses the importance of transparency and disclosure in financial reporting. It emphasizes that companies should provide clear and concise information about their financial performance and position, and that they should disclose any potential risks or uncertainties. The text also mentions the need for companies to follow the relevant accounting standards and to provide a clear explanation of any deviations from these standards.

5. The fifth part of the document discusses the importance of the auditor's report in providing assurance to the users of the financial statements. It describes the various types of audit opinions that an auditor can issue, such as unqualified, qualified, and adverse opinions. The text also mentions the need for the auditor to provide a clear explanation of the basis for their opinion and to disclose any limitations on the scope of the audit.

6. The sixth part of the document discusses the importance of the auditor's communication with the company's management and the board of directors. It emphasizes that the auditor should maintain an open and honest dialogue with these parties, and that they should provide timely and accurate information about the results of the audit. The text also mentions the need for the auditor to be transparent about any potential conflicts of interest and to disclose any fees or other arrangements that may be in place.

7. The seventh part of the document discusses the importance of the auditor's independence and the need for a high level of professional skepticism. It describes the various factors that can threaten the auditor's independence, such as self-interest, familiarity, and intimidation. The text also mentions the need for the auditor to maintain a high level of professional skepticism throughout the audit process, and to be prepared to challenge the company's management when necessary.

8. The eighth part of the document discusses the importance of the auditor's adherence to the relevant ethical standards and the need for a high level of integrity. It describes the various ethical principles that the auditor should follow, such as honesty, objectivity, and confidentiality. The text also mentions the need for the auditor to be transparent about any potential conflicts of interest and to disclose any fees or other arrangements that may be in place.

9. The ninth part of the document discusses the importance of the auditor's communication with the public and the need for a high level of transparency. It emphasizes that the auditor should provide clear and concise information about the results of the audit, and that they should disclose any potential risks or uncertainties. The text also mentions the need for the auditor to be transparent about any potential conflicts of interest and to disclose any fees or other arrangements that may be in place.

10. The tenth part of the document discusses the importance of the auditor's communication with the regulatory authorities and the need for a high level of transparency. It emphasizes that the auditor should provide clear and concise information about the results of the audit, and that they should disclose any potential risks or uncertainties. The text also mentions the need for the auditor to be transparent about any potential conflicts of interest and to disclose any fees or other arrangements that may be in place.