



**NORTH MARIN
WATER DISTRICT**

999 Rush Creek Place
PO Box 146
Novato, CA 94948
Phone 415.897.4133
www.nmwd.com

Adopted - June 23, 2020

BUDGETS

Novato & West Marin Service Areas

FISCAL YEAR

2020/21

Directors: Michael Joly * James Grossi * Jack Baker * Rick Fraites * Stephen Petterle

Officers: Drew McIntyre, General Manager/Acting Chief Engineer * Terrie Kehoe, Secretary * Julie Blue, Auditor-Controller

INTRODUCTION

This document contains the fiscal year 2020/21 budgets for North Marin Water District's various enterprise service districts located in Marin County. These are:

Potable Water Service:

Novato

West Marin (Point Reyes Station, Inverness Park, Olema, Bear Valley, Silver Hills & Paradise Ranch Estates)

Recycled Water Treatment, Transmission and Distribution:

Novato

Sewage Collection, Treatment & Reuse/Disposal:

Oceana Marin

Accompanying the operating budgets are capital improvement project expenditures for the fiscal year. Questions regarding these budgets may be directed to Julie Blue, Auditor-Controller, at jblue@nmwd.com or 415-761-8950.

MISSION STATEMENT

Our mission is to meet the expectations of our customers in providing potable and recycled water and sewer services that are reliable, high-quality, environmentally responsible, and reasonably priced.

VISION STATEMENT

We strive to optimize the value of services we provide to our customers and continually seek new ways to enhance efficiency and promote worker and customer engagement and satisfaction.

NMWD VALUES

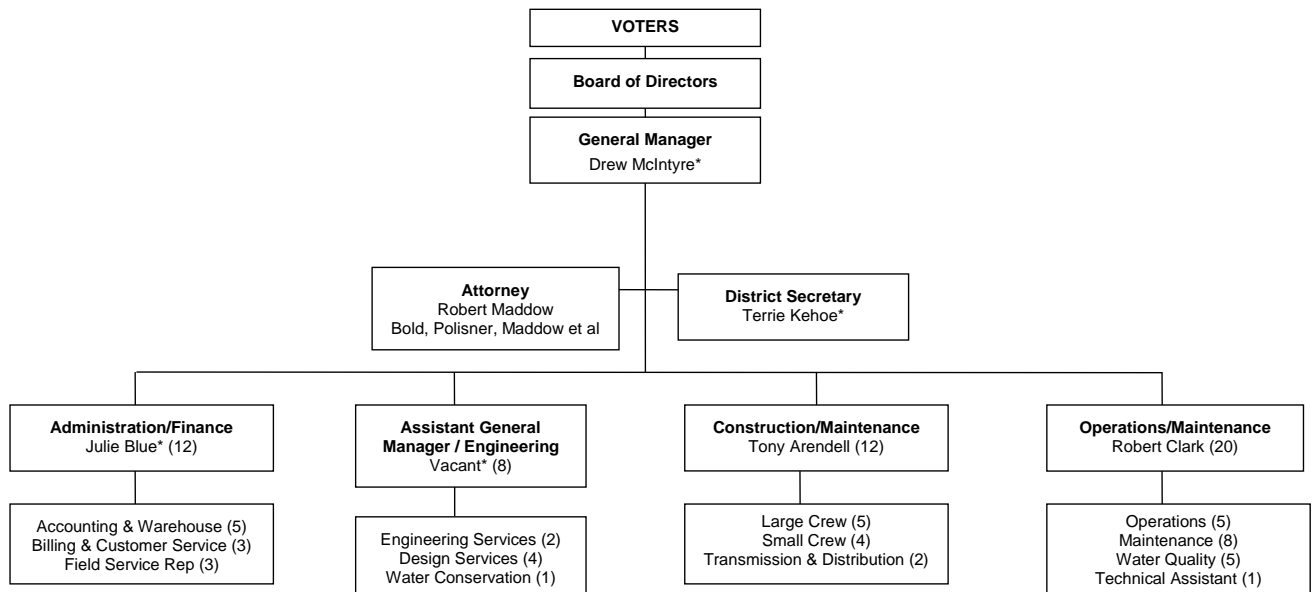
- Accountability – We work transparently and in full view of customers and take responsibility for our work.
- Integrity – Customers can count on quality and fair service from our staff and the District.
- Teamwork – We work cooperatively to accomplish our goals.
- Honesty – We always seek the truth in what we do.
- Respect – We value our customers and co-workers.

ORGANIZATION FACT SHEET

July 2020

Organization:

- 5 Directors elected By-Division for 4-year terms
 - Michael Joly (Division 3), President
 - James Grossi (Division 1), Vice-President
 - Jack Baker (Division 2)
 - Rick Fraites (Division 5)
 - Stephen Petterle (Division 4)
- 1 General Manager, Drew McIntyre (serves at the pleasure of the Board of Directors)
- 4 Departments
- 54 Employees (regular full-time-equivalent authorized)



Authority:

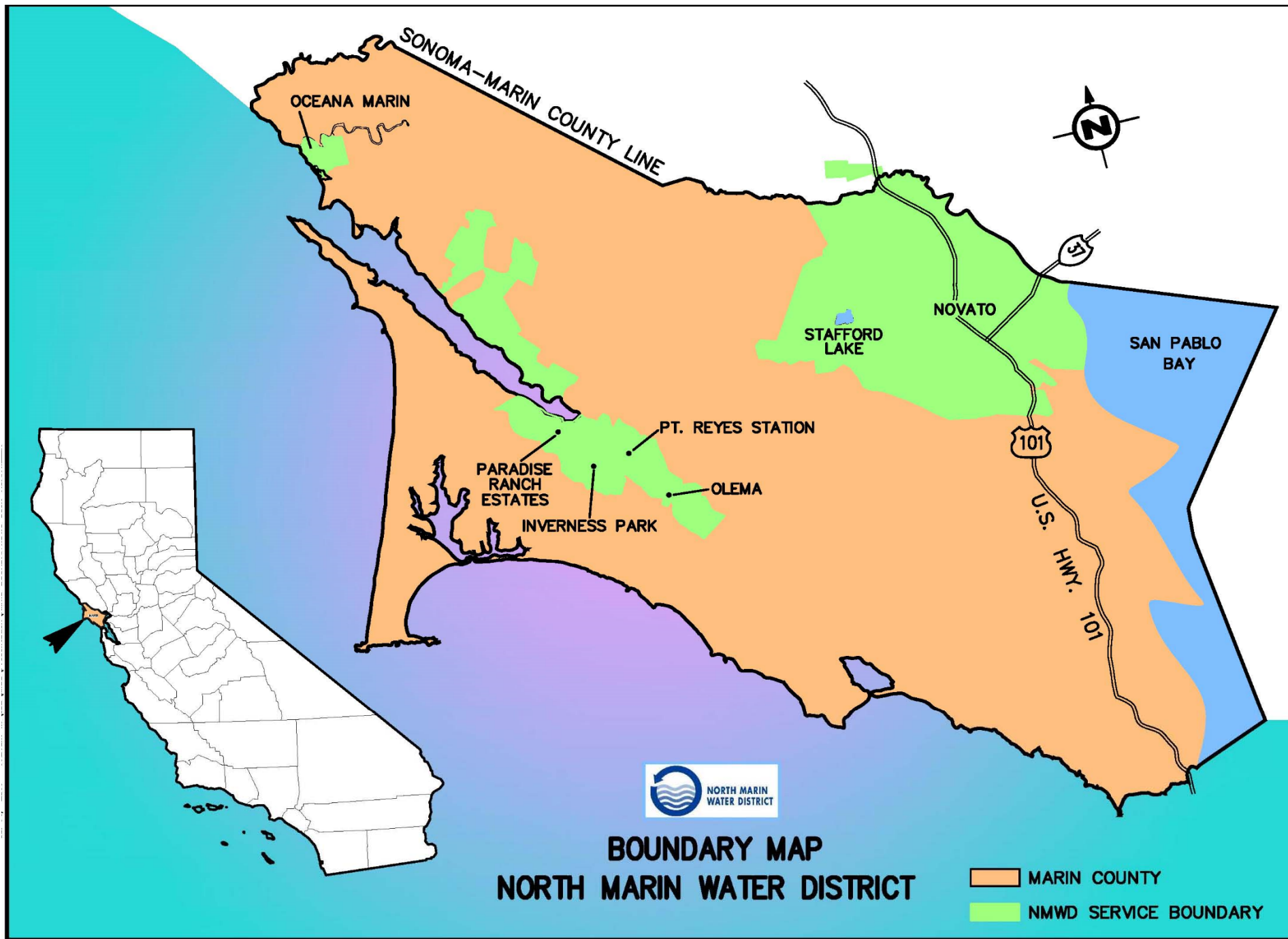
Formed by voter approval in April 1948 pursuant to provisions of the County Water District Law (refer Water Code - Division 12). A "voter-run" district.

Territory:

100 square miles (see attached map)

Distribution System Expansion Policy:

"Pay-as-you-go." Connection fees for typical single family units vary for each improvement district and are based on the policy that new growth pays the incremental cost to expand the utility plant allocable to said service.



**BOUNDARY MAP
NORTH MARIN WATER DISTRICT**

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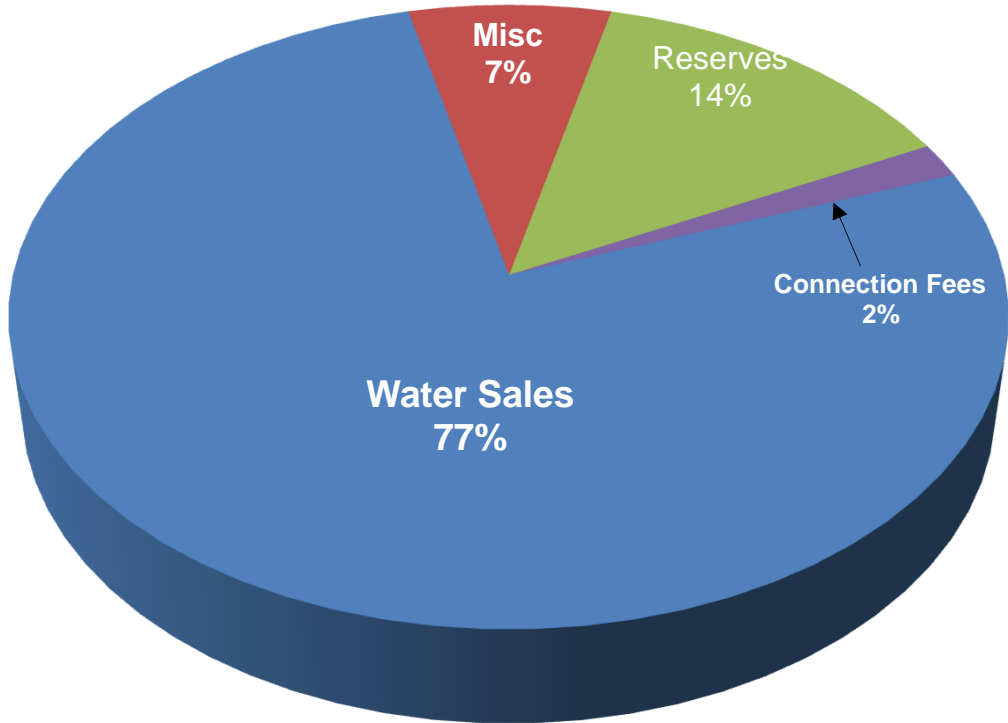
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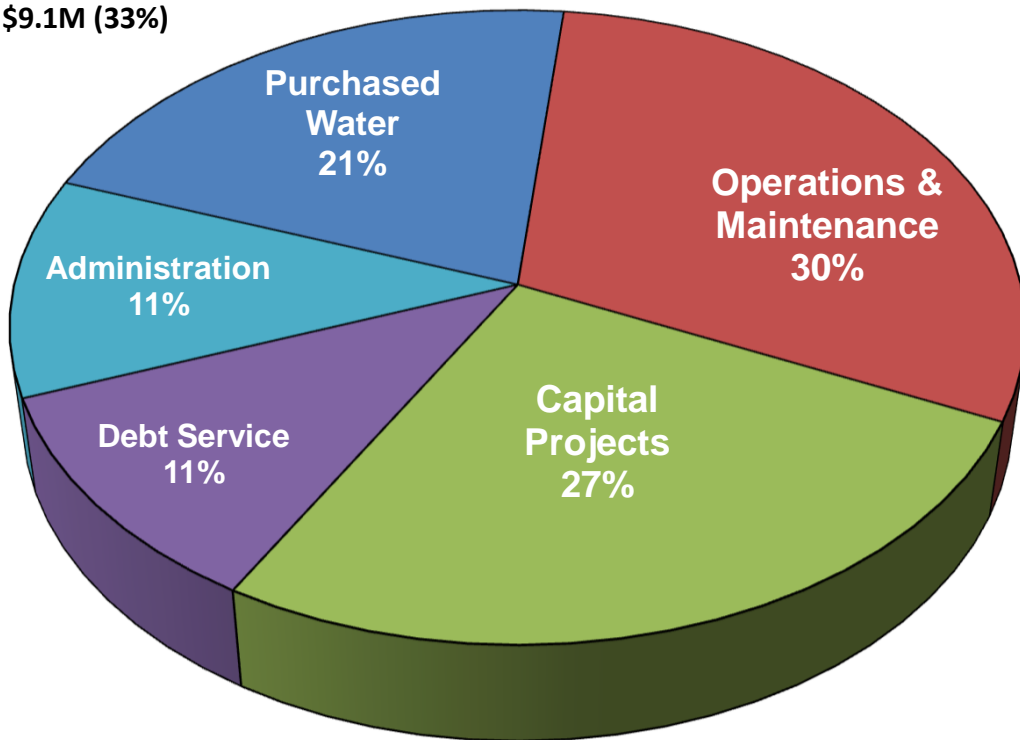
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NORTH MARIN WATER DISTRICT
FY20/21 BUDGET - ALL SERVICE AREAS COMBINED
SOURCES = \$28,545,000



Labor = \$9.1M (33%)



USES = \$28,545,000

Excludes Depreciation Expense & Developer Funded Costs

Summary

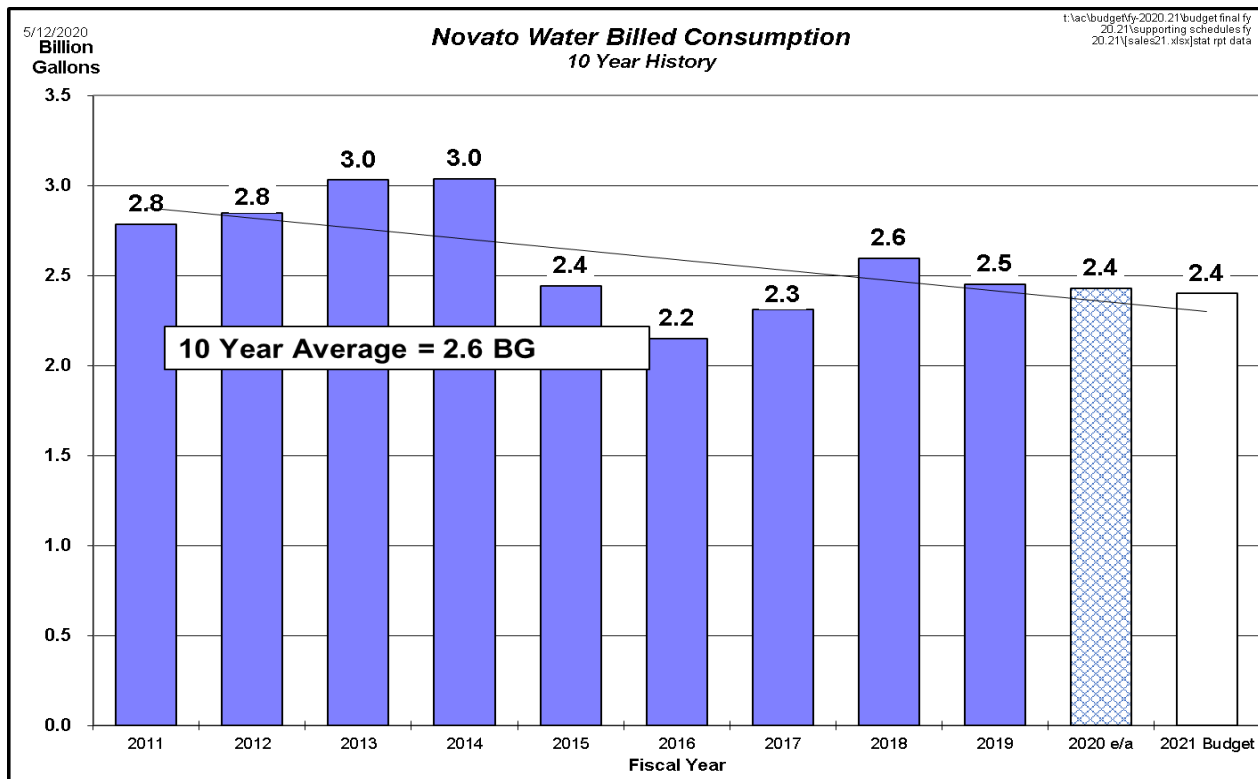
The \$28.5 million consolidated budget projects operating revenue of \$22.6 million and a net income of \$849,000. The FY 20/21 budget incorporates \$6.3 million in internally funded capital improvement projects and \$6 million in water purchases. After payment of \$3.1 million in debt service, the consolidated budget projects a decrease in cash for the fiscal year of \$4 million.

Novato Water

The Novato Potable Water System budget projects a \$3.5 million cash decrease over the fiscal year. Incorporated in the budget are proposed structural and rate changes to the commodity and bimonthly service charge which will generate an additional 6% in revenue. The 6% rate change, effective October 1, 2020, was approved by the Board of Directors at a public hearing on June 16, 2020. The original effective date was July 1, 2020 but due to concern about the impact caused by Coronavirus to our customers and the economy, the Board decided to postpone the approved rate increase effective date for three months. Total budget outlay, which includes \$5 million in capital improvement projects, is projected at \$24.6 million which is \$0.9M higher than the FY 19/20 budget.

Operating Revenue

Water Sales - Water sales volume is budgeted at 2.4 billion gallons (BG) which is consistent with the FY 19/20 projections and consistent with FY 18/19 actual sales. The 6% rate increase, effective October 1, 2020 is projected to increase revenues by \$777,000 but is highly dependent on water sales volume. The below chart shows a 10-year history of billed consumption for the Novato Potable Water System.



Other Revenue – Connection Fee revenue is budgeted at \$486,000. Connection fee revenue of \$1.5 million for 52 Equivalent Dwelling Units (EDUs) was collected in FY 18/19. The annual average connections have been 34 EDUs (FY 14/15 through FY 18/19). Included in the projections is annual connection fee revenue equivalent to 17 EDUs or half of the actual five-year average.

The wheeling charge to Marin Municipal Water District is budgeted at \$98,000. This is based on and equal to the projected revenue estimate to be received for the current fiscal year. In addition, MMWD will pay the annual fixed AEEP capital contribution of \$205,000 in accord with the terms of the 2014 Interconnection Agreement. Miscellaneous Revenue includes \$94,000 in combined income from the rental of the Point Reyes home, the Little Mountain cell phone tower lease, Indian Valley Golf Club lease, two grazing leases, rental of the District's security apartment, and rental of the Pacheco Valle tennis courts.

Operating Expenditures

Operating expenses (excluding depreciation) are budgeted to increase 2.5% or \$403,000 from the FY 19/20 budget. The increase is primarily due to an increase in the cost to purchase water and increases in personnel costs. More details are outlined in this budget report.

Source of Supply – The purchase price of water from Sonoma Water (SW) (AKA Sonoma County Water Agency) is projected to increase 6.79% in FY 20/21. This change will result in a cost per acre-foot of \$1,001 for FY 20/21 versus \$937.34 for the current fiscal year and is estimated to increase the cost to purchase water by \$360,000. This increase in the cost to purchase water is offset by a slight decrease in estimated water sales.

Stafford Treatment Plant (STP) Water Production – STP water production is projected at 650 MG in FY 20/21 which is lower than the average annual production of 665 MG over the past 10 years. The cost of production at the end of FY 18/19 was \$3,464/MG and varies depending on the volume and length of production.

Although the cost of STP water production is higher than purchases from SW, the benefits of having a local water supply for resiliency and emergency preparedness outweighs the additional costs in operating the plant.

Personnel Costs - The budget includes a staffing level of 54 full-time equivalent (FTE) employees consistent with the current year budget (chart below).

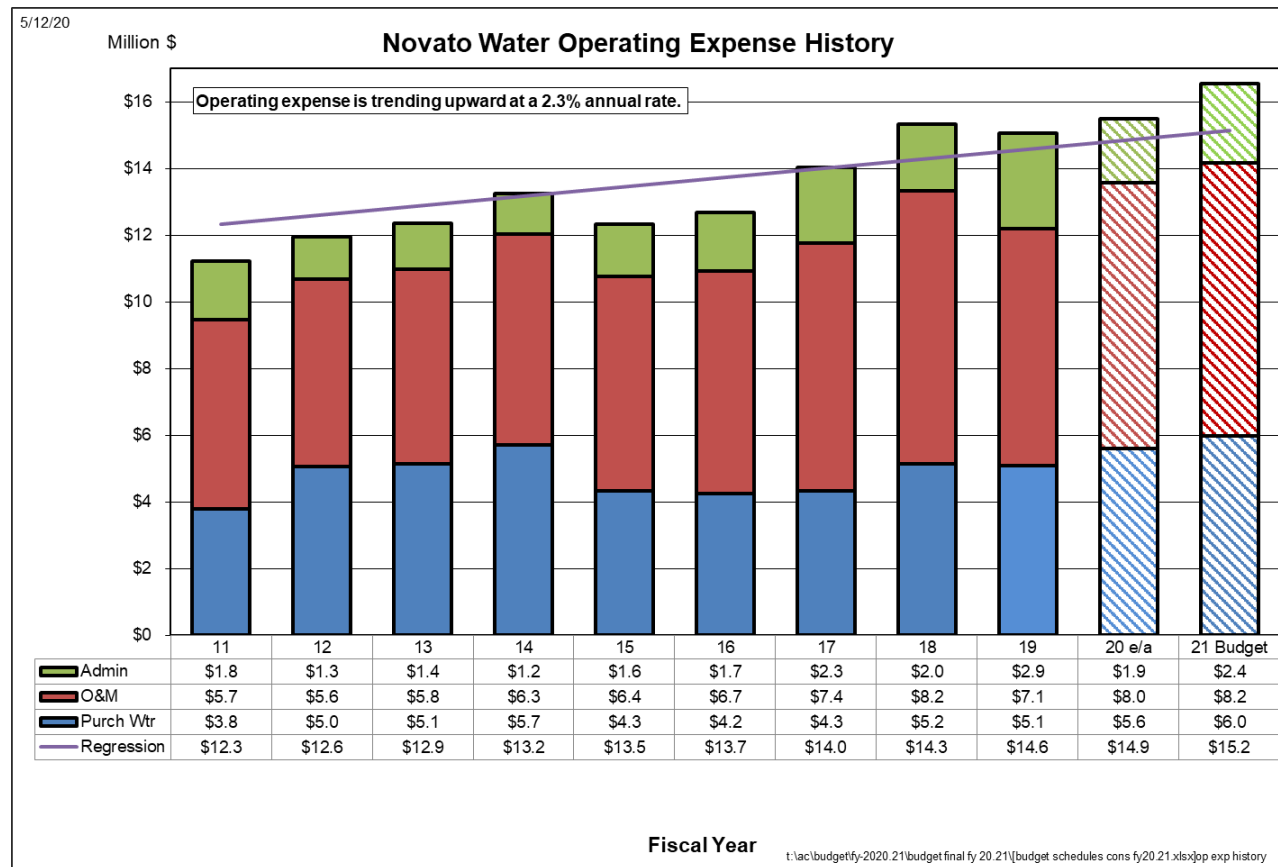
<u>FTE Staffing</u>	<u>FY21</u>	<u>FY20</u>
Administration	8.0	8.0
Consumer Services	6.0	6.0
Construction/Maintenance	12.0	12.0
Engineering	8.0	8.0
Maintenance	9.0	9.0
Operations	6.0	6.0
Water Quality	<u>5.0</u>	<u>5.0</u>
	<u>54.00</u>	<u>54.00</u>

The temporary staffing budget will decrease by 425 hours from the prior year's budget to 7,480 hours. The decrease is due to a reduction in administration hours needed for assistance on special projects.

In accordance with the Employee Association and NMWD's Memorandum of Understanding (MOU), a 3.0% cost-of-living salary increase, has been factored into the budget effective October 1, 2020. The MOU links an annual cost-of-living adjustment (COLA) to the change in the Consumer Price Index (CPI). The District entered into a 5-year MOU with the NMWD Employee Association beginning on October 1, 2018. The current MOU established a COLA minimum of 2.0% and a maximum of 4%. The 3.0% cost-of-living increase is staff's best projection at this time.

The District's average CalPERS retirement contribution rate will increase 2.2% (to 28.6%) from the amount budgeted last year. All employees now pay 100% of the CalPERS employee contribution. For budgeting purposes, group health insurance rates remained constant. This cost remained constant in 2020 and was a minimal increase in prior years.

The below chart shows the past 10-years of operating expense (excluding depreciation) for Novato Water.



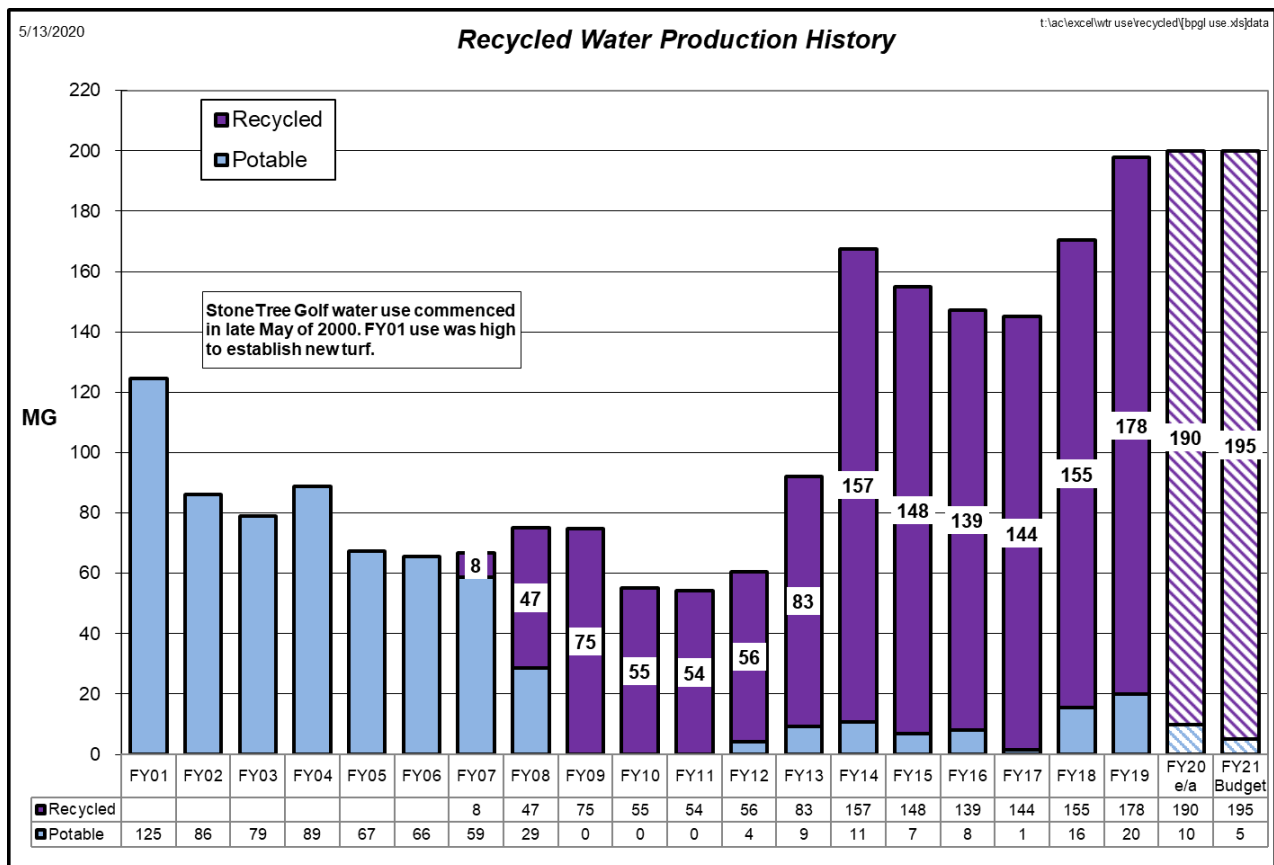
Recycled Water

The FY 20/21 Recycled Water (RW) System Budget projects demand of 200MG which is consistent with the volume budgeted in FY19/20. Over the past few years, sales have increased primarily due to the Central expansion project completed in FY 17/18. The budget projects purchase of 145MG of tertiary treated water from Novato Sanitary District and 40MG from Las Gallinas Valley Sanitary District, at an average rate of \$1,500/MG. The Deer Island Plant is budgeted to produce 5MG during the summer, to keep it operating, and will serve as a back-up facility. Potable water used to supply water to RW customers is estimated at 5MG which is an average of the past year's actual use.

Consistent with the potable water increase, a 6% commodity rate and bimonthly service charge increase is effective October 1, 2020. Like Novato Water, the rate increase effective date was delayed by three months when approved at the June 16, 2020 Board meeting. The increase is projected to generate \$55,000 in additional revenue next fiscal year.

Operating expenses (excluding depreciation) are budgeted to increase 3% or \$17,000 from the FY 19/20 budget. This increase is primarily due to the increase in the cost to purchase water from the local Sanitary Districts. The RW system is projected to show an increase of cash for the year of \$121,000.

The below chart shows historical production for the Recycled Water System.

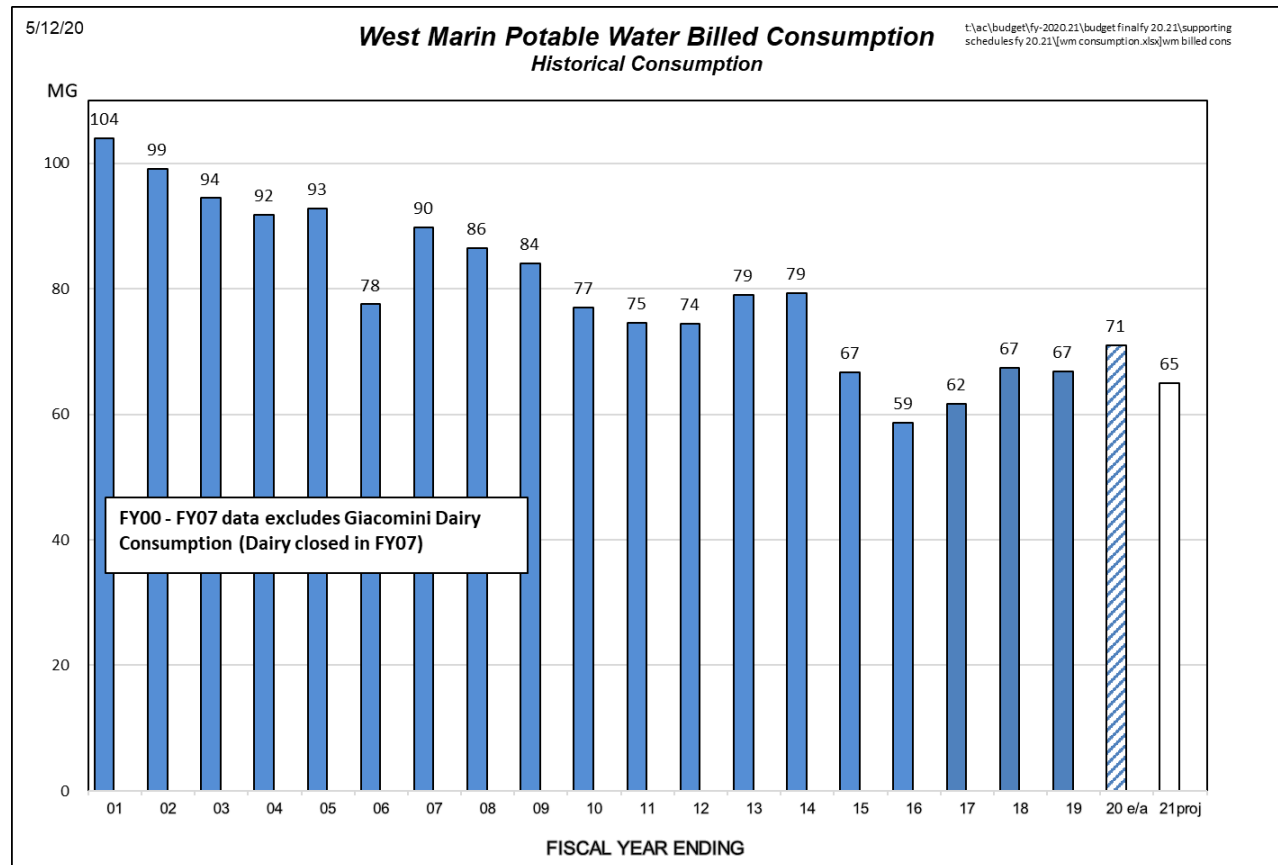


West Marin Water

The 4.5% rate increase for West Marin (WM) Water customers is effective October 1, 2020. The rate increase effective date was delayed by three months with an effective date of October 1, 2020. The delay was approved by the Board at the June 23, 2020 meeting in recognition of the potential financial impact of the Coronavirus pandemic to the WM customers. The increase is for both the commodity rate and the bimonthly service charge and is projected to generate \$21,000 in additional revenue annually. Growth in the past three years has remained stable. There is one connection fee budgeted for FY 20/21. Included in the 5-year financial forecast is revenue for one connection every other year.

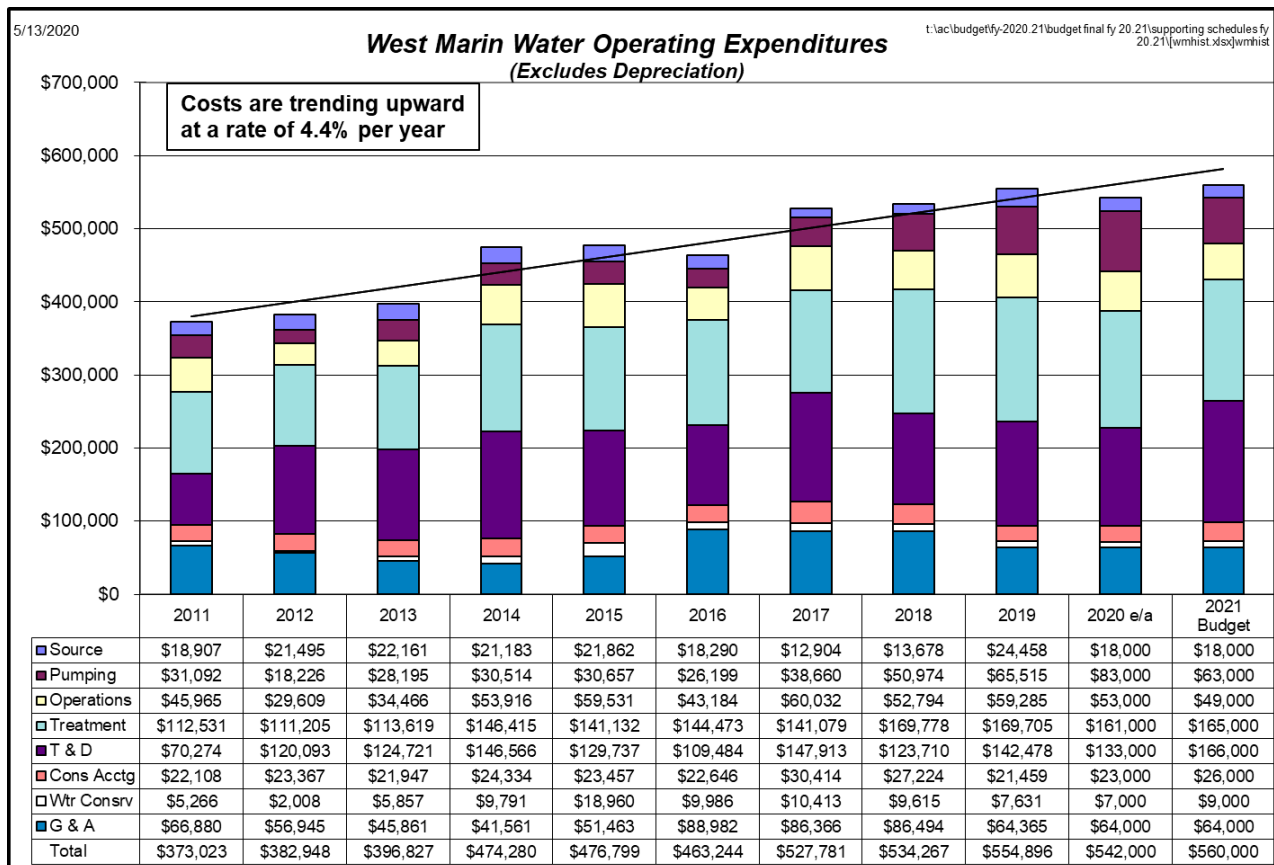
Significant Capital Improvement Projects budgeted for the year include continued work on the \$1.6 million project to replace the Paradise Ranch Estates Tank 4A which is scheduled to be completed in FY 20/21. Additional projects include \$100K towards the Lagunitas Creek Bridge Pipe Replacement project, \$75K for the Gallagher Well #2 project, and \$260,000 for the balance of the work for the Gallagher Ranch Streambank Stabilization Project which is substantially funded by outside sources.

FY 20/21 water sales volume is budgeted at 65MG and is based on the average of five years of actual sales (FY 14/15-FY 18/19) adjusted for the potential impact of the declaration of water shortage emergency effective May 5, 2020. See the below chart for the historical consumption for the WM service area.



WM operating expenditures, before depreciation, are budgeted at \$560,000 which is an increase of \$12,000 or 2.2% from the FY 19/20 adopted budget of \$548,000. The budget projects a net operating income of \$191,000 and, after capital outlay and debt service, the system is projected to show a cash decrease for the year of \$701,000.

The below chart shows the past 10-years of operating expense for West Marin Water.



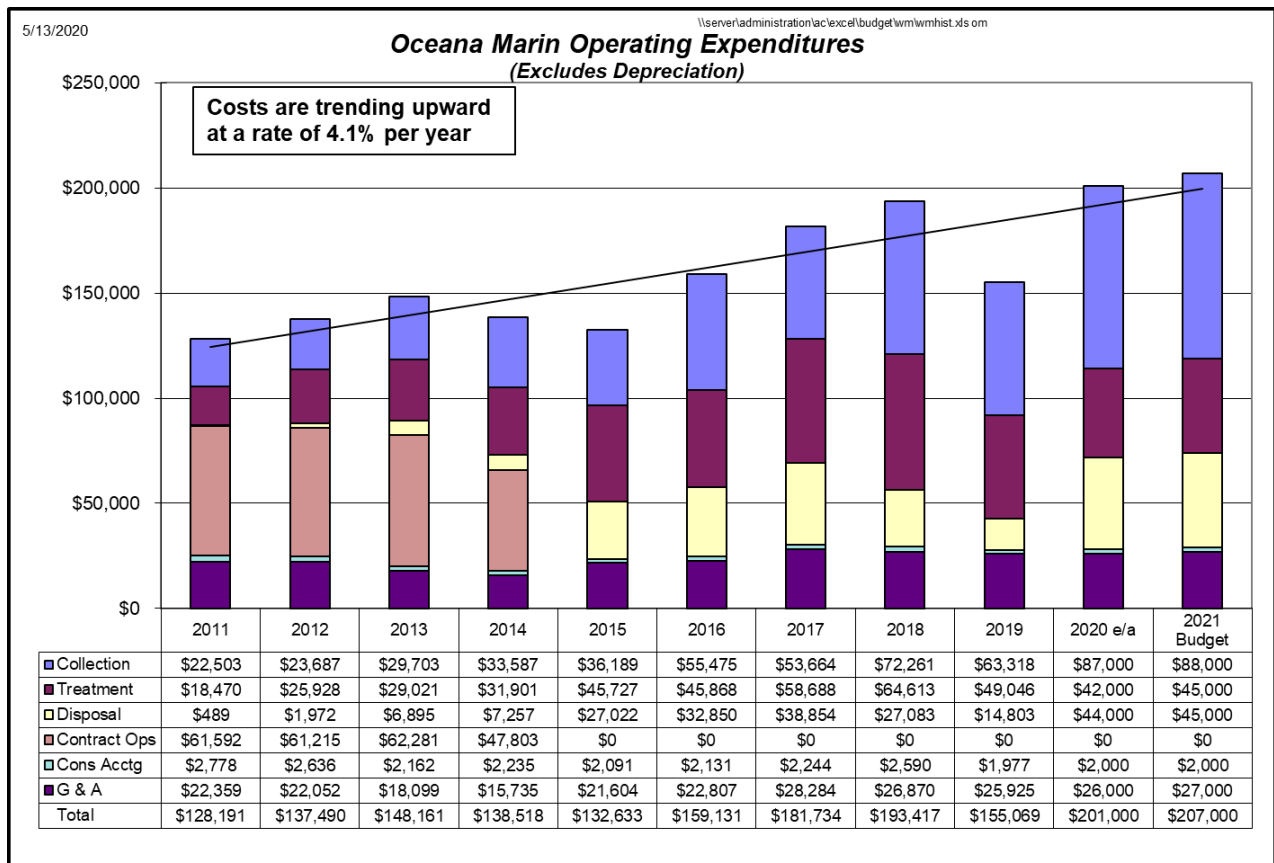
Oceana Marin Sewer

A 5% increase (\$5/month - to \$1,176/year) in the Oceana Marin Sewer service charge is effective July 1, 2020, is projected to add \$14,000 in additional annual revenue. Growth in the past three years has remained relatively stable so conservatively there are no connection fees budgeted for FY 20/21. Included in the 5-year financial forecast is revenue for one connection every other year.

Capital Improvement Projects budgeted for the year include the Treatment Pond Rehab with a projected cost in FY 20/21 of \$225,000 and a total cost of \$1.9M. This project is expected to be 75% grant funded. It is also planned to have the Tahiti Way Lift Pumps Replaced with a projected cost in FY 20/21 of \$25,000 and a total cost of \$125,000. Additionally, \$40,000 is budgeted for the ongoing Capital work to identify and repair collection pipelines to prevent inflow and infiltration.

FY 20/21 OM operating expenditures, before depreciation, are budgeted at \$207,000 which is an increase of \$7,000 or 3.5% from the FY 19/20 adopted budget of \$200,000. The increase is primarily due to an increase in staff labor to maintain the system. The budget projects a net operating income of \$17,000 and, after capital outlay and debt service, the system is projected to show a cash increase for the year of \$64,000.

The below chart shows the past 10-years of operating expense for Oceana Marin Sewer.



Capital Improvement Project Budget (CIP)

The Fiscal Year 20/21 and FY 21/22 Capital Improvement Project (CIP) budget includes projects recommended for Novato Water, Recycled Water, West Marin Water, and Oceana Marin Sewer. Also included is a debt service schedule detailing the principal and interest payment required to fund prior CIPs.

Below is a summary identifying the significant projects (totaling \$400,000 or more) to be undertaken over the next two fiscal years. The below table also includes the total cost of the projects which adds all costs occurring within and outside of the two-year budget period.

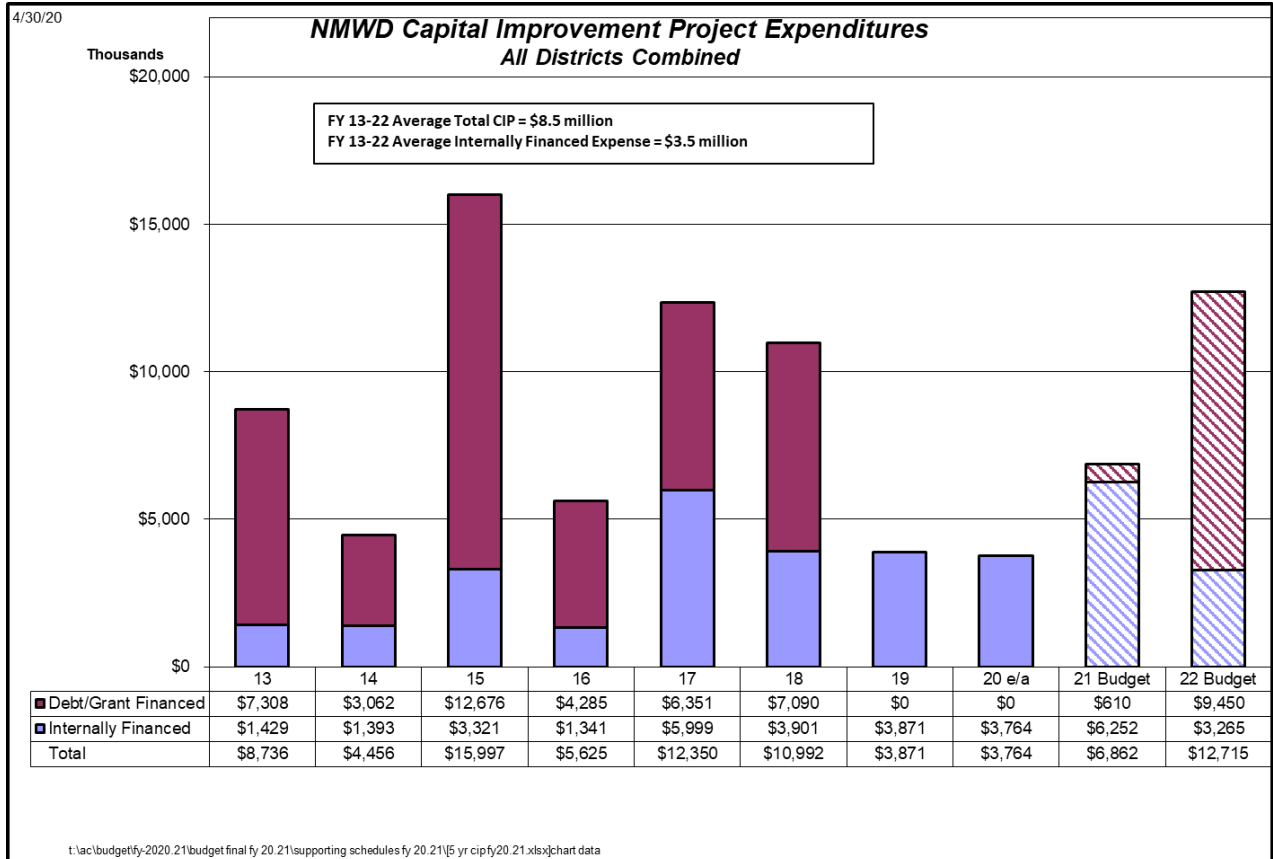
<u>Project</u>	FY 20/21	FY 21/22	Total Project Costs
Office/Yard Building Refurbish ¹	\$1,000,000	\$7,000,000	\$15,100,000
Replace PRE Tank 4A	1,000,000	-	1,600,000
San Mateo 24" Inlet/Outlet Pipe (2,200')	910,000	-	1,070,000
Crest PS/Relocate School Rd PS	550,000	-	765,000
Old Ranch Rd. Tank #2	500,000	-	701,000
Lynwood P.S. Motor Control Center	400,000	-	535,000
OM Treatment Pond Rehab	225,000	1,600,000	1,900,000
Lagunitas Creek Bridge Pipe Replacement	100,000	400,000	620,000
New Gallagher Well #2	75,000	335,000	510,000
Other Projects	2,102,000	1,645,000	-
Gross Project Outlay	6,862,000	12,715,000	22,801,000
Less Loan/Grant Funding	(610,000)	(9,450,000)	(9,450,000)
Net Project Outlay (internally funded)	\$6,252,000	\$3,265,000	\$13,351,000

1. This project is scheduled to be completed with an additional \$7M budget in FY 22/23

The two-year combined total project outlay, net of grant/loan funding, totals \$9.5 million, which is \$1.1 million higher than the \$8.4 million combined two-year budget adopted last year. The CIP budget includes 33 projects in FY 20/21 and 28 projects in FY 21/22. This comprehensive plan is developed to confirm that adequate funding and staffing exists to accomplish the budgeted projects planned for FY 20/21.

	Net Outlay		
<u>District</u>	Approved FY21 & FY22	Adopted FY20 & FY21	Increase (Decrease)
Novato Water	\$7,522,000	\$6,006,000	\$1,516,000
Recycled Water	200,000	240,000	(40,000)
WM Water	1,440,000	1,990,000	(550,000)
OM Sewer	355,000	132,000	223,000
Total	\$9,517,000	\$8,368,000	\$1,149,000

The below chart shows the District wide 10-year history of capital improvement projects which averages \$8.5M per year including \$3.5M of internally (or "Pay-Go") financed projects.

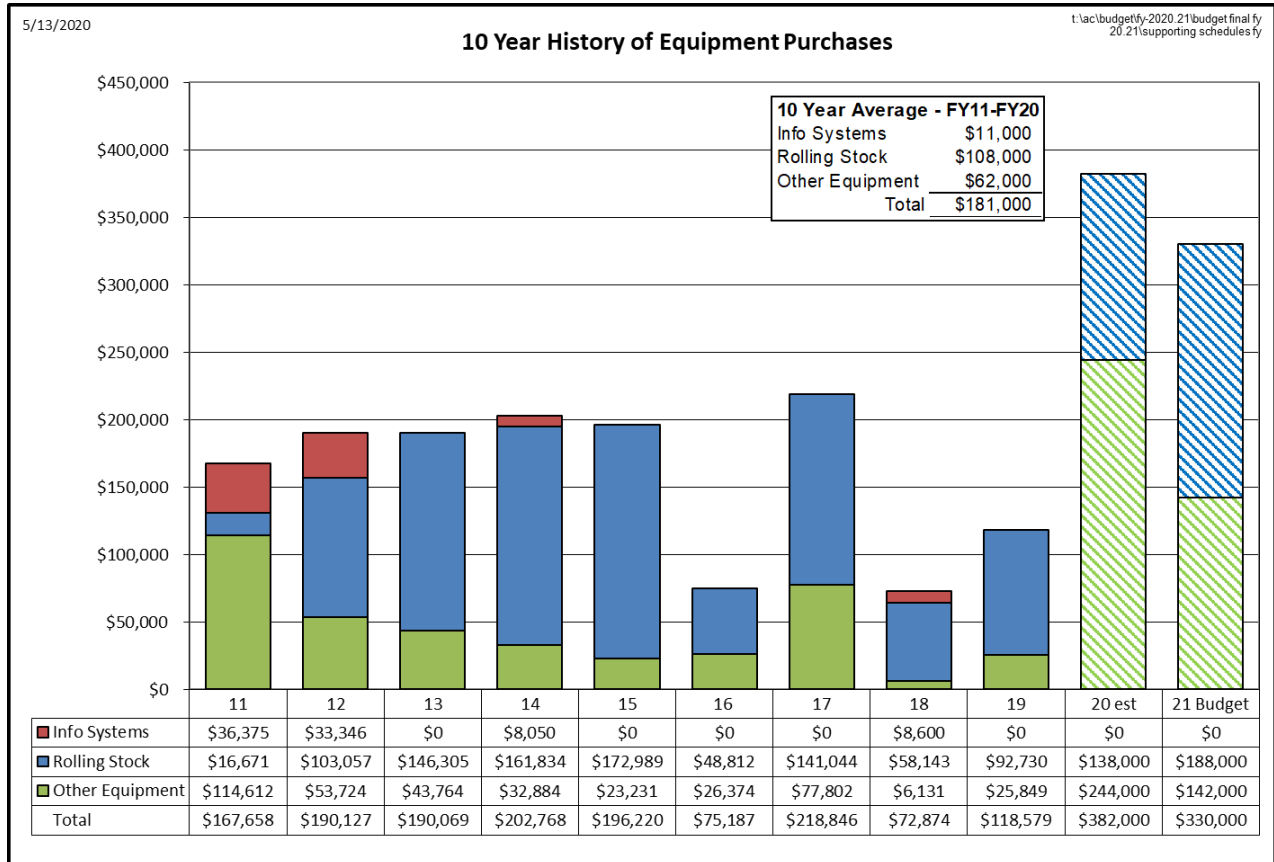


Novato Potable Water's CIP expenditure plan, when viewed over the current fiscal year and the next five years, averages \$3.5 million annually in internally funded projects, which is within the budget constraints of the five-year plan as established with the Board approved 2020 Novato and Recycled Water Rate Study.

Equipment Budget

The FY 20/21 Equipment Budget totals \$330,000. This is \$103,000 lower than the FY 19/20 Equipment Budget of \$433,000. FY 19/20 estimated actual expenditures are forecast to come in at \$382,000 which is \$51,000 below budget. Due to equipment needs the amount not spent in FY 19/20 has been allocated to FY 20/21.

A significant purchase included in the budget is \$135,000 for a 5-yard Dump Truck. Additionally, a metals analyzer for \$85,000 is budgeted to replace a 20-year old piece of equipment for the lab. The following chart shows the ten-year history of equipment purchases.

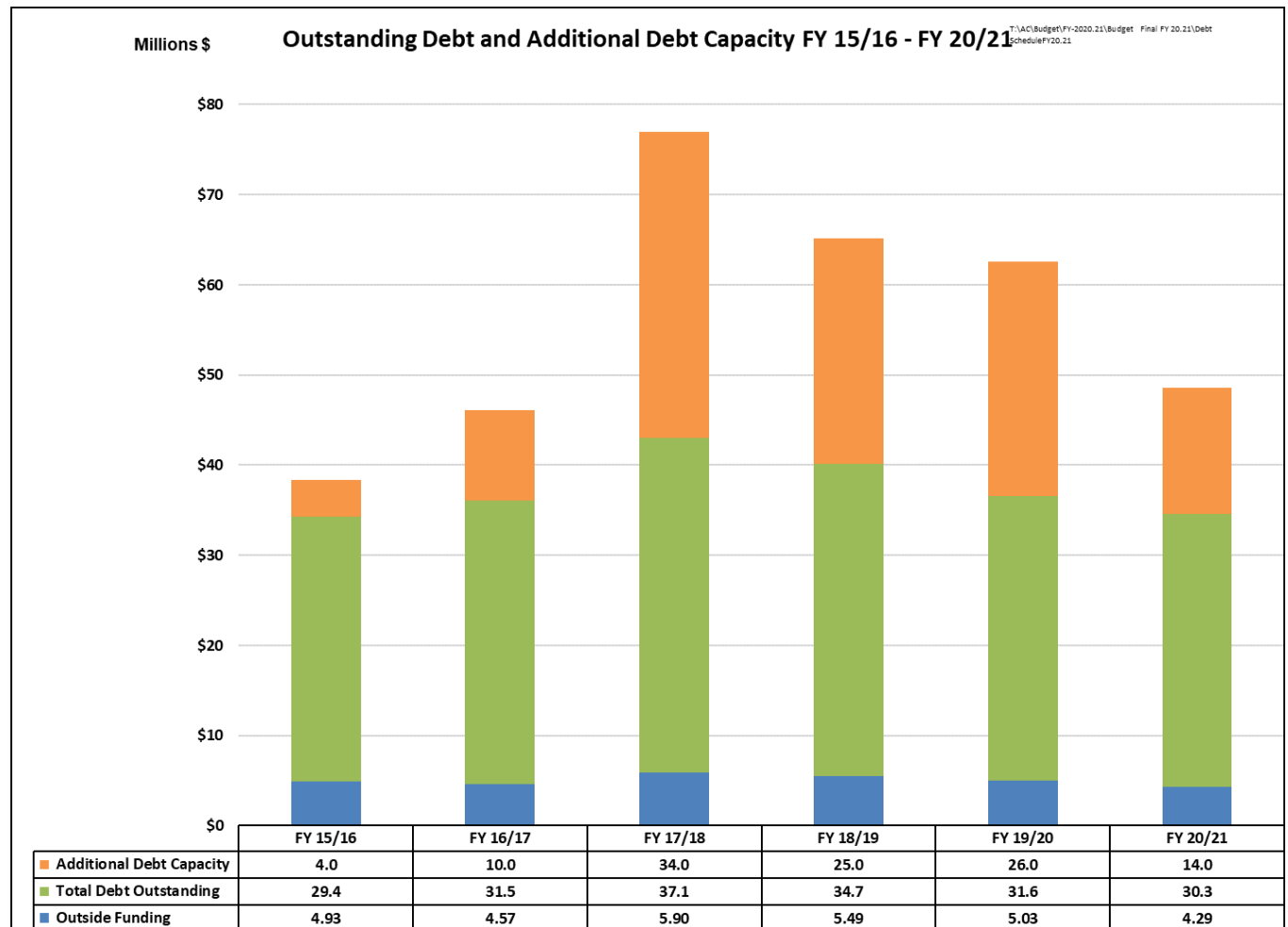


Debt Service

Principal and interest payments totaling \$3.1 million are budgeted as the annual obligation on \$32.9 million in outstanding debt (as of June 30, 2020), comprised of:

- 1.) \$4.1 million at 2.7% for a bank loan used to fund the Advanced Meter Information (AMI) project;
- 2.) \$8.4 million at 2.4% State Revolving Fund (SRF) loan used to finance the Stafford Water Treatment Plant Rehabilitation;
- 3.) \$13.5 million in SRF loans (with interest varying from 1%-2.6%) used to finance the recycled water distribution system;
- 4.) \$5.2 million at 3.5% bank loan used to finance the Aqueduct Energy Efficiency Project and West Marin Treatment Plant Solids-Handling Facility;
- 5.) \$1.7 million at 2.4% SRF loan used to finance the Deer Island Recycled Water Facility.

The below chart outlines the District's total outstanding debt and additional debt capacity for the budget year FY 20/21 and five-years prior. The additional debt capacity keeps the District below the debt service ratio of 1.5 as included in the Board approved Debt Policy. As shown below the total debt is partially funded by outside entities related to partnered projects.



NORTH MARIN WATER DISTRICT
BUDGET SUMMARY - ALL SERVICE AREAS COMBINED
Fiscal Year 2020/21

	<i>Approved Budget 2020/21</i>	<i>Estimated Actual 2019/20</i>	<i>Adopted Budget 2019/20</i>
OPERATING INCOME			
1 Water Sales	\$21,940,000	\$21,347,000	\$22,345,000
2 Sewer Service Charges	276,000	262,000	261,000
3 Wheeling & Misc Service Charges	430,000	423,000	392,000
4 Total Operating Income	\$22,646,000	\$22,032,000	\$22,998,000
OPERATING EXPENDITURES			
5 Source of Supply	\$6,286,000	\$5,891,000	\$6,186,000
6 Pumping	567,000	628,000	438,000
7 Operations	857,000	1,029,000	808,000
8 Water Treatment	2,628,000	2,530,000	2,697,000
9 Sewer Service	178,000	173,000	171,000
10 Transmission & Distribution	3,694,000	3,447,000	3,656,000
11 Consumer Accounting	683,000	574,000	644,000
12 Water Conservation	408,000	373,000	399,000
13 General & Administrative	2,520,000	2,089,000	2,383,000
14 Depreciation Expense	3,777,000	3,380,000	3,486,000
15 Total Operating Expenditures	\$21,598,000	\$20,114,000	\$20,868,000
16 NET OPERATING INCOME (LOSS)	\$1,048,000	\$1,918,000	\$2,130,000
NON-OPERATING INCOME/(EXPENSE)			
17 Tax Proceeds	\$118,000	\$116,000	\$116,000
18 Interest Revenue	316,000	591,000	277,000
19 Miscellaneous Revenue	135,000	132,000	133,000
20 Interest Expense	(748,000)	(805,000)	(806,000)
21 Miscellaneous Expense	(20,000)	(2,000)	(20,000)
22 Total Non-Operating Income/(Expense)	(\$199,000)	\$32,000	(\$300,000)
NET INCOME/(LOSS)	\$849,000	\$1,950,000	\$1,830,000
OTHER SOURCES/(USES) OF FUNDS			
23 Add Depreciation Expense	\$3,777,000	\$3,380,000	\$3,486,000
24 Connection Fees	509,000	1,446,000	340,000
25 Caltrans AEEP Reimbursement	1,000	13,000	1,000
26 MMWD AEEP Capital Contribution	205,000	205,000	205,000
27 Loans/Grants	610,000	-	69,000
28 Stone Tree Golf Principal Repayment	37,000	1,118,000	227,000
29 Transfers Out from Capital Expansion Fund	(369,000)	(305,700)	-
30 Capital Equipment Expenditures	(330,000)	(382,000)	(433,000)
31 Capital Improvement Projects	(6,862,000)	(3,763,500)	(5,713,000)
32 Debt Principal Payments	(2,395,000)	(2,333,000)	(2,333,000)
33 Total Other Sources/(Uses)	(\$4,817,000)	(\$622,200)	(\$4,151,000)
34 CASH INCREASE/(DECREASE)	(\$3,968,000)	\$1,327,800	(\$2,321,000)

NOVATO POTABLE WATER
BUDGET SUMMARY
Fiscal Year 2020/21

	Approved Budget 2020/21	Estimated Actual 2019/20	Adopted Budget 2019/20
OPERATING INCOME			
1 Water Sales	\$19,774,000	\$19,184,000	\$20,239,000
2 Wheeling & Misc Service Charges	365,000	370,000	342,000
3 Total Operating Income	\$20,139,000	\$19,554,000	\$20,581,000
OPERATING EXPENDITURES			
4 Source of Supply	\$5,984,000	\$5,589,000	\$5,896,000
5 Pumping	497,000	540,000	384,000
6 Operations	734,000	888,000	685,000
7 Water Treatment	2,432,000	2,362,000	2,494,000
8 Transmission & Distribution	3,466,000	3,276,000	3,432,000
9 Consumer Accounting	654,000	548,000	613,000
10 Water Conservation	399,000	366,000	390,000
11 General Administration	2,368,000	1,934,000	2,237,000
12 Depreciation Expense	2,868,000	2,674,000	2,788,000
13 Total Operating Expenditures	\$19,402,000	\$18,177,000	\$18,919,000
14 NET OPERATING INCOME (LOSS)	\$737,000	\$1,377,000	\$1,662,000
NON-OPERATING INCOME/(EXPENSE)			
15 Interest Revenue	\$150,000	332,000	150,000
16 Miscellaneous Revenue	135,000	132,000	133,000
17 Interest Expense	(456,000)	(494,000)	(495,000)
18 Miscellaneous Expense	(20,000)	(\$2,000)	(20,000)
19 Total Non-Operating Income/(Expense)	(\$191,000)	(\$32,000)	(\$232,000)
20 NET INCOME/(LOSS)	\$546,000	\$1,345,000	\$1,430,000
OTHER SOURCES/(USES) OF CASH			
21 Add Depreciation Expense	\$2,868,000	\$2,674,000	\$2,788,000
22 Connection Fees	486,000	1,446,000	340,000
23 Caltrans AEEP Capital Contribution	1,000	13,000	1,000
24 MMWD AEEP Capital Contribution	205,000	205,000	205,000
25 Capital Equipment Expenditures	(330,000)	(382,000)	(433,000)
26 Capital Improvement Projects	(4,987,000)	(2,523,000)	(4,308,000)
27 Debt Principal Payments	(1,451,000)	(1,410,000)	(1,410,000)
28 Connection Fee Transfer from (to) RWS	(794,000)	(843,000)	(910,000)
29 Working Capital Increase/(Decrease)	-	-	-
30 Total Other Sources/(Uses)	(\$4,002,000)	(\$820,000)	(\$3,727,000)
31 CASH INCREASE/(DECREASE)	(\$3,456,000)	\$525,000	(\$2,297,000)

NOVATO POTABLE WATER
FY 20/21-Five-Year Financial Forecast

Fiscal Year Ending June 30 >		Approved 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
SERVICES						
1	Active Meters @ Fiscal Year End	20,558	20,568	20,578	20,588	20,598
2	Increase for Year - Active Meters	10	10	10	10	10
WATER PRODUCTION (MG)						
3	Stafford Production	650	650	650	650	650
4	Russian River Purchases	1,880	1,880	1,880	1,880	1,880
5	Total Water Production	2,530	2,530	2,530	2,530	2,530
REVENUE & EXPENSE (\$ in 000's)						
OPERATING REVENUE						
6	Potable Water Sales	\$19,774	\$20,960	\$22,218	\$23,551	\$24,964
7	Wheeling & Other Misc Service Charges	365	380	395	411	427
8	Total Operating Revenue	\$20,139	\$21,340	\$22,613	\$23,962	\$25,391
OPERATING EXPENSE						
9	Russian River Water	\$5,740	\$6,084	\$6,449	\$6,836	\$7,247
10	Overheaded Operating Labor	7,220	7,437	7,660	7,889	8,126
11	Purification Chemicals	425	438	451	464	478
12	Electric Power	496	511	526	542	558
13	Other Operating Expenses	2,653	2,733	2,815	2,899	2,986
14	Depreciation	2,868	2,900	2,930	2,960	2,990
15	Total Operating Expense	\$19,402	\$20,102	\$20,831	\$21,591	\$22,385
NON-OPERATING REVENUE/(EXPENSE)						
16	Interest Revenue	\$150	\$150	\$150	\$150	\$150
17	Interest Expense	(456)	(724)	(961)	(959)	(958)
18	Misc Other Revenue/(Expense)	115	118	122	126	129
19	Total Non-Op Revenue/(Expense)	(\$191)	(\$456)	(\$689)	(\$683)	(\$679)
20	Net Income	\$546	\$782	\$1,093	\$1,687	\$2,327
OTHER SOURCES/(USES) OF FUNDS						
21	Add Depreciation Expense	\$2,868	\$2,900	\$2,930	\$2,960	\$2,990
22	Connection Fees	486	486	486	486	486
23	MMWD/Caltrans AEEP Capital Contribution	206	206	206	206	206
24	Loans/Grants	-	8,000	7,000	-	-
25	Capital Equipment Purchases	(330)	(250)	(250)	(250)	(250)
26	Capital Improvement Projects	(4,987)	(9,835)	(9,610)	(3,180)	(4,330)
27	Debt Principal Payments	(1,451)	(1,629)	(1,788)	(1,790)	(1,800)
28	FRC Funds Transferred to Recycled Water	(794)	(747)	(714)	(687)	(656)
29	Working Capital Increase	-	-	-	-	-
30	Total Other Sources/(Uses)	(\$4,002)	(\$869)	(\$1,740)	(\$2,255)	(\$3,354)
31	Cash Increase/(Decrease)	(\$3,456)	(\$87)	(\$647)	(\$568)	(\$1,027)
32	Ending Reserve Balance	\$13,079	\$12,993	\$12,346	\$11,778	\$10,751
33	Target Reserve Balance (90% Op Exp)	\$14,881	\$15,482	\$16,111	\$16,768	\$17,456
34	% Rate Increase¹	6.0%	6.0%	6.0%	5.0%	5.0%
35	Median Monthly Single-Family Residential Bill	\$61	\$65	\$69	\$72	\$76

36 ¹Fiscal year 2021 Rate increase approved by the Board on June 16, 2020. FY 2022 through 2021 are projections for financial forecasting purposes only - not yet approved by the Board of Directors.

NOVATO POTABLE WATER OPERATING BUDGET DETAIL

Fiscal Year 2020/21

	Approved Budget 20/21	Estimated Actual 19/20	Adopted Budget 19/20	Actual 18/19	Actual 17/18	Actual 16/17	Actual 15/16	Actual 14/15
STATISTICS								
1 Active Meters	20,558	20,548	20,553	20,546	20,543	20,544	20,535	20,498
2 Avg Commodity Rate/1,000 Gal (Net)	\$6.34	\$6.25	\$6.25	\$6.00	\$6.00	\$5.40	\$5.25	\$4.87
3 Potable Consumption (BG)	2.40	2.43	2.60	2.42	2.58	2.31	2.15	2.44
OPERATING INCOME								
4 Water Sales	\$19,846,000	\$19,256,000	\$20,320,000	\$19,145,251	\$19,645,814	\$16,772,060	\$15,489,903	\$16,101,706
5 Bill Adjustments	(72,000)	(72,000)	(81,000)	(72,061)	(143,395)	(130,587)	(64,461)	(82,790)
6 Sales to MMWD	-	-	-	-	155,846	-	-	-
7 Wheeling Charges-MMWD	98,000	98,000	75,000	97,866	92,977	91,374	90,217	119,144
8 Miscellaneous Service Revenue	267,000	272,000	267,000	266,268	268,563	252,038	277,479	276,388
9 TOTAL OPERATING INCOME	\$20,139,000	\$19,554,000	\$20,581,000	\$19,437,324	\$20,019,805	\$16,984,885	\$15,793,138	\$16,414,448
OPERATING EXPENSE								
SOURCE OF SUPPLY								
10 Supervision & Engineering	\$11,000	\$12,000	\$11,000	\$7,564	\$9,303	\$11,264	\$10,586	\$11,641
11 Operating Expense - Source	14,000	10,000	14,000	9,195	6,236	8,513	11,928	11,044
12 Maintenance/Monitoring of Dam	128,000	41,000	67,000	33,686	22,203	24,059	22,796	11,635
13 Maintenance of Lake & Intakes	20,000	19,000	20,000	24,172	10,690	7,575	6,299	511
14 Maintenance of Watershed	45,000	25,000	50,000	4,446	29,646	36,218	17,325	15,151
15 Water Purchased for Resale to MMWD	-	-	-	-	111,891	-	-	-
16 Water Quality Surveillance	15,000	2,000	14,000	1,669	6,728	3,513	3,137	7,467
17 Contract Water - SCWA	5,740,000	5,470,000	5,710,000	5,082,987	5,151,516	4,320,623	3,997,030	4,333,100
18 GASB 68 Adjustment	11,000	10,000	10,000	3,690	8,535	5,682	-	-
19 TOTAL SOURCE OF SUPPLY	\$5,984,000	\$5,589,000	\$5,896,000	\$5,167,409	\$5,356,748	\$4,417,447	\$4,069,101	\$4,390,549
PUMPING								
20 Operating Expense	\$3,000	\$0	\$3,000	\$0	\$0	\$0	\$0	\$237
21 Maintenance of Structures/Grounds	32,000	31,000	32,000	56,801	32,611	28,514	26,347	51,544
22 Maintenance of Pumping Equipment	113,000	171,000	53,000	41,304	39,435	30,354	13,507	51,013
23 Electric Power - Pumping	340,000	330,000	288,000	285,772	293,588	246,869	212,207	213,909
24 GASB 68 Adjustment	9,000	8,000	8,000	5,272	6,967	3,496	-	-
25 TOTAL PUMPING	\$497,000	\$540,000	\$384,000	\$389,149	\$372,601	\$309,233	\$252,061	\$316,703
OPERATIONS								
26 Supervision & Engineering	\$163,000	\$230,000	\$158,000	\$215,732	\$253,594	\$234,870	\$256,231	\$241,264
27 Operating Expense	256,000	409,000	238,000	306,774	400,138	343,890	304,897	244,900
28 Maintenance Expense	56,000	40,000	57,000	38,570	50,339	47,202	34,755	37,667
29 Telemetry Equipment/Controls Maint	95,000	64,000	87,000	84,979	94,523	101,568	68,674	86,544
30 Leased Line Expense	20,000	17,000	17,000	16,678	17,414	17,592	17,704	17,986
31 GASB 68 Adjustment	144,000	128,000	128,000	48,442	107,728	63,553	-	-
32 TOTAL OPERATIONS	\$734,000	\$888,000	\$685,000	\$711,175	\$923,736	\$808,675	\$682,261	\$628,361

NOVATO POTABLE WATER OPERATING BUDGET DETAIL

Fiscal Year 2020/21

	Approved Budget 20/21	Estimated Actual 19/20	Adopted Budget 19/20	Actual 18/19	Actual 17/18	Actual 16/17	Actual 15/16	Actual 14/15
WATER TREATMENT								
33 Supervision & Engineering	\$149,000	\$186,000	\$143,000	\$156,176	\$169,851	\$168,945	\$130,358	\$112,433
34 Operating Expense	324,000	279,000	322,000	228,878	276,795	349,671	313,024	333,020
35 Purification Chemicals	425,000	400,000	475,000	376,960	438,348	247,260	378,562	358,907
36 Sludge Disposal	123,000	108,000	124,000	88,352	100,305	107,942	90,043	72,720
37 Maintenance of Structures/Grounds	106,000	115,000	122,000	53,090	50,913	78,910	68,351	79,728
38 Purification Equipment Maintenance	186,000	233,000	191,000	162,714	212,385	186,246	150,989	104,290
39 Electric Power - Treatment	156,000	151,000	156,000	122,831	157,374	129,652	113,223	120,592
40 Laboratory Expense (net)	679,000	636,000	707,000	649,647	758,936	768,965	705,212	691,990
41 GASB 68 Adjustment	284,000	254,000	254,000	107,310	212,624	150,494	-	-
42 TOTAL WATER TREATMENT	\$2,432,000	\$2,362,000	\$2,494,000	\$1,945,958	\$2,377,531	\$2,188,085	\$1,949,762	\$1,873,680
TRANSMISSION & DISTRIBUTION								
43 Supervision & Engineering	\$596,000	\$579,000	\$591,000	\$534,500	\$659,085	\$569,303	\$559,007	\$562,934
44 Maps & Records	189,000	128,000	160,000	132,053	159,512	168,267	110,877	108,956
45 Operation of T&D System	590,000	775,000	607,000	720,417	594,175	582,483	509,160	404,243
46 Storage Facilities Expense	139,000	110,000	143,000	107,033	110,077	155,641	150,066	167,362
47 Maintenance of Valves & Regulators	186,000	171,000	192,000	87,285	173,762	196,162	189,372	151,691
48 Maintenance of Mains	170,000	164,000	177,000	167,959	190,307	149,584	215,077	149,898
49 Backflow Prevention Program	216,000	174,000	220,000	231,822	186,692	155,536	150,298	156,590
50 Maintenance of Copper Services	159,000	121,000	146,000	182,789	157,337	159,769	142,083	202,193
51 Maintenance of PB Service Lines	466,000	396,000	481,000	558,788	471,527	473,695	532,436	432,820
52 Maintenance of Meters	133,000	112,000	141,000	113,810	126,985	66,356	100,402	100,401
53 Detector Check Assembly Maint	83,000	74,000	84,000	80,416	46,056	72,208	54,586	65,749
54 Maintenance of Hydrants	72,000	55,000	73,000	25,607	18,087	51,020	34,311	25,655
55 GASB 68 Adjustment	467,000	417,000	417,000	199,802	349,390	228,385	-	-
56 TOTAL TRANSMISSION & DISTRIB	\$3,466,000	\$3,276,000	\$3,432,000	\$3,142,281	\$3,242,992	\$3,028,409	\$2,747,675	\$2,528,492
CONSUMER ACCOUNTING								
57 Meter Reading & Collection	\$141,000	\$41,000	\$142,000	\$99,549	\$190,554	\$182,663	\$189,262	\$166,919
58 Billing & Accounting	215,000	247,000	213,000	210,805	280,268	289,503	281,010	269,054
59 Contract Billing	18,000	15,000	18,000	15,484	16,395	16,692	17,160	16,946
60 Postage & Supplies	55,000	49,000	55,000	51,267	52,735	56,373	58,903	60,032
61 Credit Card Fees	60,000	69,000	60,000	55,709	46,678	29,685	24,592	23,893
62 Lock Box Service	11,000	11,000	11,000	10,944	10,944	10,944	10,944	10,080
63 Uncollectible Accounts	5,000	9,000	5,000	14,994	12,352	12,709	15,382	14,818
64 Office Equipment Expense	63,000	34,000	35,000	12,675	45,256	11,350	23,091	16,743
65 Distributed to Other Operations	(15,000)	(17,000)	(16,000)	(15,104)	(19,008)	(17,161)	(16,959)	(16,233)
66 GASB 68 Adjustment	101,000	90,000	90,000	29,463	75,257	49,950	-	-
67 TOTAL CONSUMER ACCOUNTING	\$654,000	\$548,000	\$613,000	\$485,786	\$711,431	\$642,708	\$603,385	\$562,252

NOVATO POTABLE WATER OPERATING BUDGET DETAIL

Fiscal Year 2020/21

	Approved Budget 20/21	Estimated Actual 19/20	Adopted Budget 19/20	Actual 18/19	Actual 17/18	Actual 16/17	Actual 15/16	Actual 14/15
WATER CONSERVATION								
68 Residential	\$243,000	\$200,000	\$255,000	\$246,347	\$235,438	\$270,150	\$320,620	\$410,154
69 Commercial	20,000	7,000	20,000	7,983	5,818	1,702	3,711	5,352
70 Public Outreach/Information	60,000	96,000	44,000	51,040	33,789	30,618	32,287	34,148
71 Large Landscape	28,000	20,000	28,000	19,839	33,662	36,818	24,877	10,747
72 GASB 68 Adjustment	48,000	43,000	43,000	16,575	36,183	21,754	-	-
73 TOTAL WATER CONSERVATION	\$399,000	\$366,000	\$390,000	\$341,784	\$344,890	\$361,042	\$381,495	\$460,401
GENERAL & ADMINISTRATION								
74 Director's Expense	\$41,000	\$37,000	\$41,000	\$36,815	\$37,111	\$34,384	\$34,222	\$30,400
75 Legal Fees	21,000	13,000	21,000	20,853	20,173	28,043	20,488	9,956
76 Human Resources	55,000	47,000	52,000	96,677	62,348	31,451	25,036	33,977
77 Auditing Services	26,000	21,000	21,000	22,731	19,706	16,220	18,770	18,380
78 Consulting Services/Studies	318,000	160,000	195,000	304,645	223,041	51,567	138,735	107,015
79 General Office Salaries	1,250,000	1,090,000	1,211,000	1,083,904	1,441,496	1,492,719	1,309,502	1,191,792
80 Office Supplies	45,000	29,000	47,000	31,761	33,753	35,048	37,709	36,877
81 Employee Events	12,000	12,000	12,000	10,664	10,123	9,726	10,143	7,379
82 Other Administrative Expense	15,000	7,000	15,000	7,289	12,528	13,960	10,427	13,390
83 Election Cost	35,000	-	-	18,915	0	2,077	250	-
84 Dues & Subscriptions	99,000	98,000	95,000	79,986	59,362	59,046	59,271	53,296
85 Vehicle Expense	8,000	8,000	8,000	8,112	8,634	9,325	8,112	8,112
86 Meetings, Conf & Training	192,000	129,000	189,000	107,583	149,670	186,436	139,858	136,863
87 Telephone, Water, Gas & Electricity	48,000	47,000	49,000	38,758	40,595	45,355	42,458	38,580
88 Building & Grounds Maintenance	59,000	55,000	60,000	58,884	75,130	62,856	63,344	48,891
89 Office Equipment Expense	140,000	140,000	129,000	109,014	97,003	95,465	87,141	97,868
90 Insurance Premiums & Claims	155,000	146,000	146,000	99,040	92,292	87,319	140,366	102,073
91 Retiree Medical Benefits	200,000	190,000	172,000	197,855	174,528	164,969	168,935	175,580
92 (Gain)/Loss on Overhead Charges	(140,000)	(162,000)	(120,000)	905,403	(357,925)	(19,931)	(89,626)	(85,682)
93 G&A Distributed to Other Operations	(145,000)	(130,000)	(146,000)	(140,526)	(157,976)	(161,036)	(126,771)	(113,218)
94 G&A Applied to Construction Projects	(477,000)	(399,000)	(326,000)	(374,552)	(346,105)	(290,813)	(359,689)	(353,998)
95 GASB45/75 Adjustment (OPEB)	-	-	-	15,707	(35,788)	120,988	-	-
96 GASB68 Adjustment (Pension Liability)	411,000	396,000	366,000	124,583	342,715	207,182	-	-
97 TOTAL GENERAL & ADMINISTRATION	\$2,368,000	\$1,934,000	\$2,237,000	\$2,864,101	\$2,002,414	\$2,282,356	\$1,738,681	\$1,557,531
98 Depreciation Expense	\$2,868,000	2,674,000	\$2,788,000	2,752,212	\$2,730,867	\$2,710,627	\$2,577,081	\$2,507,124
99 TOTAL OPERATING EXPENSE	\$19,402,000	\$18,177,000	\$18,919,000	\$17,799,855	\$18,063,210	\$16,748,582	\$15,001,502	\$14,825,093
100 NET OPERATING INCOME/(LOSS)	\$737,000	\$1,377,000	\$1,662,000	\$1,637,470	\$1,956,595	\$236,303	\$791,636	\$1,589,355

NOVATO RECYCLED WATER
BUDGET SUMMARY
Fiscal Year 2020/21

	Approved Budget 2020/21	Estimated Actual 2019/20	Adopted Budget 2019/20
OPERATING INCOME			
1 Recycled Water Sales	\$1,234,000	\$1,194,000	\$1,194,000
2 Bimonthly Service Charge	58,000	43,000	43,000
3 Total Operating Income	\$1,292,000	\$1,237,000	\$1,237,000
OPERATING EXPENDITURES			
4 Purchased Water - NSD	\$213,000	\$213,000	\$212,000
5 Purchased Water - LGVSD	71,000	71,000	63,000
6 Pumping	7,000	5,000	6,000
7 Operations	74,000	88,000	74,000
8 Water Treatment	31,000	7,000	30,000
9 Transmission & Distribution	62,000	38,000	62,000
10 Consumer Accounting	1,000	1,000	1,000
11 General Administration	61,000	65,000	55,000
12 Depreciation	673,000	474,000	474,000
13 Total Operating Expenditures	\$1,193,000	\$962,000	\$977,000
14 NET OPERATING INCOME (LOSS)	\$99,000	\$275,000	\$260,000
NON-OPERATING INCOME/(EXPENSE)			
15 Interest Revenue	\$140,000	\$153,000	\$45,000
16 Stone Tree Golf/MCC Interest Payments	12,000	22,000	36,000
17 Deer Island SRF Loan Interest Expense	(42,000)	(47,000)	(47,000)
18 Distrib System SRF Loans Interest Exp	(228,000)	(240,000)	(240,000)
19 Total Non-Operating Income/(Expense)	(\$118,000)	(\$112,000)	(\$206,000)
20 NET INCOME/(LOSS)	(\$19,000)	\$163,000	\$54,000
OTHER SOURCES/(USES) OF FUNDS			
21 Add Depreciation Expense	\$673,000	\$474,000	\$474,000
22 Connection Fees Transferred from (to) Novato	794,000	843,000	910,000
23 Transfers Out from Capital Expansion Fund	(369,000)	(305,700)	-
24 Stone Tree Golf/MCC Principal Repayment	37,000	1,118,000	227,000
25 Capital Improvement Projects	(100,000)	(23,000)	(120,000)
26 Deer Island SRF Loan Principal Payments	(232,000)	(226,000)	(226,000)
27 Distrib System SRF Loan Principal Pmts	(663,000)	(650,000)	(650,000)
28 Total Other Sources/(Uses)	\$140,000	\$1,230,300	\$615,000
29 CASH INCREASE/(DECREASE)	\$121,000	\$1,393,300	\$669,000

NOVATO RECYCLED WATER
FY 20/21-Five-Year Financial Forecast

Fiscal Year Ending June 30 >		Approved 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
1	Active Services @ Fiscal Year End	95	95	95	95	95
2	Commodity Rate/1,000 Gal	\$6.17	\$6.64	\$7.04	\$7.39	\$7.76
3	Consumption (MG)	200	200	200	200	200
OPERATING REVENUE						
4	Recycled Water Sales	\$1,234	\$1,328	\$1,407	\$1,478	\$1,552
5	Bimonthly Service Charge	58	61	65	69	72
6	Total Operating Revenue	\$1,292	\$1,389	\$1,472	\$1,547	\$1,624
OPERATING EXPENSE						
7	Purchased Water - NSD	\$213	\$219	\$226	\$233	\$240
8	Purchased Water - LGVSD	71	73	75	77	79
9	Overheaded Operating Labor	103	106	109	112	115
10	Electric Power	6	6	6	6	6
11	Other Operating Expenses	128	130	133	136	139
12	Depreciation	673	673	673	673	673
13	Total Operating Expense	\$1,193	\$1,207	\$1,222	\$1,237	\$1,252
NON-OPERATING REVENUE/(EXPENSE)						
14	Interest Revenue	\$152	\$67	\$70	\$70	\$70
15	Interest Expense	(270)	(231)	(212)	(212)	(212)
16	Total Non-Op Revenue/(Expense)	(\$118)	(\$164)	(\$142)	(\$142)	(\$142)
17	NET INCOME/(LOSS)	(\$19)	\$18	\$108	\$168	\$230
OTHER SOURCES/(USES) OF FUNDS						
18	Add Depreciation Expense	\$673	\$673	\$673	\$673	\$673
19	Marin CC Principal Repayment	37	79	81	81	81
20	Novato Potable FRC Fund Trsf	794	747	714	687	665
21	Transfers Out from Capital Expansion Fund	(369)	(416)	(449)	(477)	(507)
22	Capital Improvement Projects	(100)	(100)	(100)	(100)	(100)
23	Deer Island TP Loan Principal Pmt	(232)	(237)	(243)	(243)	(243)
24	Distrib Sys Exp Loan Principal Pmt	(663)	(710)	(722)	(722)	(722)
25	Total Other Sources/Uses	\$140	\$36	(\$46)	(\$101)	(\$153)
26	Cash Increase/(Decrease)	\$121	\$54	\$62	\$67	\$77
27	Ending Reserve Balance	\$4,683	\$4,737	\$4,799	\$4,866	\$4,943
28	% Rate Increase¹	6.0%	6.0%	6.0%	5.0%	5.0%

¹Fiscal year 2021 Rate increase approved by the Board on June 16, 2020. FY 2022 through 2025 are projections for financial forecasting purposes only - not yet approved by the Board of Directors.

WEST MARIN WATER
BUDGET SUMMARY
Fiscal Year 2020/21

	Approved Budget 2020/21	Estimated Actual 2019/20	Adopted Budget 2019/20
OPERATING INCOME			
1 Water Sales	\$932,000	\$969,000	\$912,000
2 Misc Service Charges	7,000	7,000	7,000
3 Total Operating Income	\$939,000	\$976,000	\$919,000
OPERATING EXPENDITURES			
4 Source of Supply	\$18,000	\$18,000	\$15,000
5 Pumping	63,000	83,000	48,000
6 Operations	49,000	53,000	49,000
7 Water Treatment	165,000	161,000	173,000
8 Transmission & Distribution	166,000	133,000	162,000
9 Consumer Accounting	26,000	23,000	28,000
10 Water Conservation	9,000	7,000	9,000
11 General Administration	64,000	64,000	64,000
12 Depreciation Expense	188,000	186,000	187,000
13 Total Operating Expenditures	\$748,000	\$728,000	\$735,000
14 NET OPERATING INCOME (LOSS)	\$191,000	\$248,000	\$184,000
NON-OPERATING REVENUE/(EXPENSE)			
15 PR-2 County Tax Allocation	\$57,000	\$56,000	\$56,000
16 Interest Revenue	11,000	73,000	38,000
17 Bond & Loan Interest Expense	(22,000)	(24,000)	(24,000)
18 Total Non-Operating Income/(Expense)	\$46,000	\$105,000	\$70,000
19 NET INCOME/(LOSS)	\$237,000	\$353,000	\$254,000
OTHER SOURCES/(USES) OF FUNDS			
20 Add Depreciation Expense	\$188,000	\$186,000	\$187,000
21 Connection Fees	23,000	-	-
22 Grant/Loan Proceeds	385,000	-	-
23 Capital Improvement Projects	(1,485,000)	(1,093,000)	(1,230,000)
24 Bond & Loan Principal Payments	(49,000)	(47,000)	(47,000)
25 Total Other Sources/(Uses)	(\$938,000)	(\$954,000)	(\$1,090,000)
26 CASH INCREASE/(DECREASE)	(\$701,000)	(\$601,000)	(\$836,000)

WEST MARIN WATER

FY 20/21-Five-Year Financial Forecast

	Approved 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25
BASIC DATA					
1 Active Meters	784	784	785	785	786
2 Avg Commodity Rate/1,000 Gal	\$11.28	\$11.94	\$12.48	\$13.04	\$13.63
3 Potable Consumption (MG)	65.0	67.0	67.0	67.0	67.0
OPERATING REVENUE					
4 Commodity Charge	\$733,000	\$800,000	\$836,000	\$874,000	\$913,000
5 Bimonthly Service Charge	199,000	208,000	218,000	228,000	238,000
6 Miscellaneous Service Charges	7,000	7,000	7,000	7,000	7,000
7 Total Operating Revenue	\$939,000	\$1,015,000	\$1,061,000	\$1,109,000	\$1,158,000
8 Operating Expenditures	\$560,000	\$577,000	\$594,000	\$612,000	\$630,000
9 Depreciation Expense	188,000	213,000	230,000	233,000	243,000
10 Total Operating Expense	\$748,000	\$790,000	\$824,000	\$845,000	\$873,000
11 NET OPERATING INCOME	\$191,000	\$225,000	\$237,000	\$264,000	\$285,000
NON-OPERATING REVENUE/(EXPENSE)					
12 Interest Revenue	\$11,000	\$4,000	\$5,000	\$7,000	\$6,000
13 Interest Expense	(22,000)	(20,000)	(18,000)	(38,000)	(38,000)
14 PR-2 County Tax Allocation	57,000	58,000	59,000	60,000	61,000
15 Miscellaneous	-	-	-	-	-
16 Total Non-Op Revenue/(Expense)	46,000	42,000	46,000	29,000	29,000
17 Net Income	\$237,000	\$267,000	\$283,000	\$293,000	\$314,000
OTHER SOURCES/(USES)					
18 Add Depreciation Expense	\$188,000	\$213,000	\$230,000	\$233,000	\$243,000
19 Connection Fees	23,000	-	23,000	-	23,000
20 Capital Improvement Projects	(1,485,000)	(1,040,000)	(200,000)	(575,000)	(775,000)
21 Grant/Loan Proceeds	385,000	-	-	-	-
22 Loan from Novato Water	-	700,000	(50,000)	(50,000)	(50,000)
23 Debt Principal Payments	(49,000)	(51,000)	(52,000)	(54,000)	(56,000)
24 Total Other Sources/(Uses)	(\$938,000)	(\$178,000)	(\$49,000)	(\$446,000)	(\$615,000)
25 Cash Increase/(Decrease)	(\$701,000)	\$89,000	\$234,000	(\$153,000)	(\$301,000)
26 Operating Reserve	\$186,700	\$192,300	\$198,000	\$204,000	\$178,300
27 System Expansion Reserve	100,300	183,700	412,000	253,000	(54,000)
28 Liability Contingency Reserve	99,000	99,000	99,000	99,000	99,000
29 ENDING CASH BALANCE	\$386,000	\$475,000	\$709,000	\$556,000	\$255,000
% Rate Increase¹	4.5%	4.5%	4.5%	4.5%	4.5%

¹Fiscal year 2021 Rate approved by the Board on June 23, 2020. FY 2022 through 2025 are projections for financial forecasting purposes only - not yet approved by the Board of Directors.

OCEANA MARIN SEWER
BUDGET SUMMARY
Fiscal Year 2020/21

	Approved Budget 2020/21	Estimated Actual 2019/20	Adopted Budget 2019/20
OPERATING INCOME			
1 Monthly Sewer Service Charge	\$276,000	\$262,000	\$261,000
2 Misc Service Charges	-	\$3,000	-
3 Total Operating Income	\$276,000	\$265,000	\$261,000
OPERATING EXPENDITURES			
4 Sewage Collection	\$88,000	\$87,000	\$79,000
5 Sewage Treatment	45,000	42,000	46,000
6 Sewage Disposal	45,000	44,000	46,000
7 Consumer Accounting	2,000	2,000	2,000
8 General Administration	27,000	26,000	27,000
9 Depreciation Expense	48,000	46,000	37,000
10 Total Operating Expenditures	\$255,000	\$247,000	\$237,000
11 NET OPERATING INCOME (LOSS)	\$21,000	\$18,000	\$24,000
NON-OPERATING REVENUE/(EXPENSE)			
12 OM-1/OM-3 Tax Allocation	\$61,000	\$60,000	\$60,000
13 Interest Revenue	3,000	11,000	8,000
14 Total Non-Op Income/(Expense)	\$64,000	\$71,000	\$68,000
NET INCOME/(LOSS)	\$85,000	\$89,000	\$92,000
OTHER SOURCES/(USES) OF FUNDS			
15 Add Depreciation Expense	\$48,000	\$46,000	\$37,000
16 Grant/Loan Proceeds	225,000	-	69,000
17 Capital Improvement Projects	(290,000)	(124,500)	(\$55,000)
18 Total Other Souces/(Uses)	(\$17,000)	(\$78,500)	\$51,000
19 CASH INCREASE/(DECREASE)	\$68,000	\$10,500	\$143,000

OCEANA MARIN SEWER

FY 20/21-Five-Year Financial Forecast

	Approved 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24	Projected 2024/25
BASIC DATA					
1 Number of Connections	235	236	236	237	237
2 Monthly Service Charge	\$98.00	\$103.00	\$108.00	\$113.00	\$119.00
OPERATING REVENUE					
3 Service Charge	\$276,000	\$292,000	\$306,000	\$321,000	\$338,000
4 Miscellaneous Service Charges		-	-	-	-
5 Total Operating Revenue	\$276,000	\$292,000	\$306,000	\$321,000	\$338,000
OPERATING EXPENSE					
6 Operating Expenditures	\$207,000	\$213,000	\$219,000	\$225,000	\$231,000
7 Depreciation Expense	48,000	53,000	82,000	83,000	89,000
8 Total Operating Expense	\$255,000	\$266,000	\$301,000	\$308,000	\$320,000
9 NET OPERATING INCOME	\$21,000	\$26,000	\$5,000	\$13,000	\$18,000
NON-OPERATING REVENUE/(EXPENSE)					
10 Interest Revenue	\$3,000	\$4,000	\$3,000	\$4,000	\$2,000
11 Interest Expense	-	(9,000)	(8,000)	(7,000)	(21,000)
12 OM-1/OM-3 Tax Allocation	61,000	62,000	63,000	64,000	65,000
13 Total Non-Op Revenue/(Expense)	\$64,000	\$57,000	\$58,000	\$61,000	\$46,000
# Net Income	\$85,000	\$83,000	\$63,000	\$74,000	\$64,000
OTHER SOURCES/(USES)					
15 Add Depreciation Expense	\$48,000	\$53,000	\$82,000	\$83,000	\$89,000
16 Connection Fees	-	30,000	-	30,000	-
17 Capital Improvement Projects	(290,000)	(1,740,000)	(40,000)	(340,000)	(440,000)
18 Grant/Loan Proceeds	225,000	1,450,000	-	-	400,000
19 Debt Principal Payments	-	-	(9,000)	(9,000)	(24,000)
20 Total Other Sources/(Uses)	(\$17,000)	(\$207,000)	\$33,000	(\$236,000)	\$25,000
21 Cash Increase/(Decrease)	\$68,000	(\$124,000)	\$96,000	(\$162,000)	\$89,000
22 ENDING CASH BALANCE	\$387,000	\$263,000	\$359,000	\$197,000	\$286,000
% Rate Increase¹	5.0%	5.0%	5.0%	5.0%	5.0%

¹Fiscal year 2021 Rate increase approved by the Board on June 23, 2020. FY 2022 through 2025 are projections for financial forecasting purposes only - not yet approved by the Board of Directors.

CAPITAL IMPROVEMENT PROJECTS

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		FY21	FY22	FY21 Project Description
1.	PIPELINE REPLACEMENTS/ADDITIONS			
	a. Main/Pipeline Replacements			
1.7189.00	1 Replace 12" CI Pipe (785LF) S. Novato Bl (btwn Rowland/Adele)	\$100,000	\$240,000	Replace 60 year old Cast-Iron-Pipe that has a high frequency of breaks and is at the end of its useful life.
1.7183.00	2 Replace Plastic Thin Walled Pipe < 4-inch	\$150,000	\$150,000	Ongoing systematic replacement of all plastic TW pipe < 4-inch.
	3 Other Main Replacements (60+ years old)	\$200,000	\$650,000	Unplanned repairs/replacements for failing mains.
		\$450,000	\$1,040,000	
	b. Main/Pipeline Additions			
1.7150.00	1 San Mateo 24" Inlet/Outlet Pipe (2,200')	\$910,000	-	Multiyear project to install 1,600 feet of 24-inch pipe from San Mateo Tank to the end of San Mateo Way to improve northern Zone 2 fire flow.
	2 Loop Mariner Way to Redwood Bl.	-	\$125,000	
	3 Other Main/Pipeline Additions	\$150,000	\$150,000	Misc. Projects to loop dead end mains
		\$1,060,000	\$275,000	
	c. Polybutylene Service Line Replacements			
1.7139.xx	1 Replace PB in Sync w/City Paving (30 Services)	\$70,000	\$70,000	Ongoing systematic replacement of PB services in advance of City paving projects.
1.7123.xx	2 Other PB Replacements (40 Services)	\$80,000	\$80,000	Ongoing systematic replacement of PB services.
		\$150,000	\$150,000	
	d. Relocations to Sync w/City & County CIP			
1.8737.xx	1 Other Relocations	\$70,000	\$70,000	Relocate facilities for yet to be identified City/County Projects.
		\$70,000	\$70,000	
	TOTAL PIPELINE REPLACEMENTS/ADDITIONS	\$1,730,000	\$1,535,000	

CAPITAL IMPROVEMENT PROJECTS

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		FY21	FY22	FY21 Project Description
2.	SYSTEM IMPROVEMENTS			
1.7007.14	a. DCA Repair/Replace-FY21 (~14/yr)	\$100,000	\$100,000	
1.7090.04	b. Anode Installations-FY21 (150/yr)	\$10,000	\$10,000	Place anodes on copper laterals for corrosion protection.
1.7136.00	c. Facilities Security Enhancements	\$25,000	-	Tanks & PS security improvements.
1.7190.00	d. San Marin Aqueduct Valve Pit (STP to Zone 2)	\$110,000	-	Piping/Valve modifications to allow downtown Zone 1 water (from STP) to supply San Marin pump station.
	e. Other System Improvements	-	\$200,000	
	TOTAL SYSTEM IMPROVEMENTS	\$245,000	\$310,000	
3.	BUILDING, YARD, STP IMPROVEMENTS			
	a. Administration Building			
1.6501.44	1 Office/Yard Building Renovation (Note 1)	\$1,000,000	\$7,000,000	50-year-old building requires significant upgrading.
		\$1,000,000	\$7,000,000	
	b. Stafford Treatment Plant			
1.6600.69	1 Dam Concrete Repair (Apron)	-	\$50,000	Ongoing patch repairs as needed.
1.6600.96	2 Leveroni Creek Embankment Repair (Note 2)	\$192,000	-	Repair/stabilize culvert embankment under access road to STP/IVGC.
1.6600.xx	3 Other Treatment Plant Improvements	\$100,000	\$50,000	Miscellaneous plant improvements.
1.6600.97	4 Efficiency Improvements	\$100,000	-	Improvement of sludge treatment process as suggested in the Efficiency Study.
1.6600.92	5 STP - Chemical System Upgrades (Tank R&R)	\$75,000	\$75,000	Ongoing replacement of original chemical storage tanks (circa 2006) that are at the end of their useful life.
1.6600.34	6 HSPS #3 Motor R&R	\$20,000	-	Purchase and install new motor for High Service Pump Station Unit #3.
1.6600.83	7 Filter Underdrain/Media R&R	\$20,000	\$20,000	Filter underdrain inspection and media replacement for each filter unit (one per year).
		\$507,000	\$195,000	
	TOTAL BUILDING, YARD, STP IMPROVEMENTS	\$1,507,000	\$7,195,000	

CAPITAL IMPROVEMENT PROJECTS

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		FY21	FY22	FY21 Project Description
4.	STORAGE TANKS/PUMP STATIONS			
	a. Tank Construction			
1.6207.20	1 Old Ranch Rd Tank No. 2 (100k gal)	\$500,000	-	Replace and upsize existing redwood tank due to the current tank approaching end of useful life.
		\$500,000	\$0	
	b. Tank Rehabilitation			
1.7170.00	1 Hydropneumatic Tank Repairs	\$30,000	\$30,000	Ongoing program to inspect/Repair the 7 tanks in compliance with State Code.
	2 Garner Tank Recoat (0.1 MG)	-	\$340,000	
		\$30,000	\$370,000	
1.6112.24	c. Lynwood P.S. Motor Control Center	\$400,000	-	Move motor controls above-ground.
1.6141.00	d. Crest PS (Design/Const) /Reloc School Rd PS	\$550,000	-	Replace School Rd PS with new facility on Bahia Drive.
	e. Davies PS Upgrade	-	\$225,000	
	f. Fire Flow Backfeed Valve Nunes Tank	-	\$200,000	
	g. Other Tank & PS Improvements	\$25,000	-	New portable tank cleaning pumping system.
		\$975,000	\$425,000	
	TOTAL STORAGE TANKS/PUMP STATIONS	\$1,505,000	\$795,000	
5.	RECYCLED WATER			
5.7162.xx	a. Other Recycled Water Expenditures	\$100,000	\$100,000	Retrofit existing potable irrigation customers to RW.
	TOTAL RECYCLED WATER PROJECTS	\$100,000	\$100,000	

CAPITAL IMPROVEMENT PROJECTS

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		FY21	FY22	FY21 Project Description
6.	WEST MARIN WATER SYSTEM			
2.6263.20	a. Replace PRE Tank #4A (25K gal w/125K gal)	\$1,000,000	-	Replace and upsize redwood tank destroyed in Vision Fire with concrete tank.
2.6609.20	b. New Gallagher Well #2	\$75,000	\$335,000	Permit and construct 2nd well at Gallagher Ranch.
2.8829.xx	c. PB Replace in Sync w/ County Paving	\$50,000	\$50,000	For 25 replacements.
2-7185-00	d. Gallagher Ranch Streambank Stabilization (Note 3)	\$260,000	-	Hazard mitigation project to stabilize a section of Lagunitas Creek upstream of Gallagher Ranch bridge to protect NMWD well and pipeline from flooding damage.
2.8912.00	e. Lagunitas Creek Bridge Pipe Replacement (Caltrans)	\$100,000	\$400,000	Relocate/replace 8-inch water main across Lagunitas Creek Bridge.
2.8737.07	f. Olema Creek Bridge Pipe Replacement (County)	-	\$255,000	
	TOTAL WEST MARIN WATER SYSTEM PROJECTS	<u>\$1,485,000</u>	<u>\$1,040,000</u>	
7.	OCEANA MARIN SEWER SYSTEM			
8.8672.28	a. Infiltration Repair (Manhole Relining)	\$40,000	\$40,000	Ongoing work to identify and repair collection pipelines to prevent rainwater from leaking into the system.
8.7085.05	b. Tahiti Way Lift Pumps Replacement	\$25,000	\$100,000	Replacement of Lift Pumps
8.7173.00	c. OM Treatment Pond Rehab (Note 5)	\$225,000	\$1,600,000	Hazard mitigation project to armor the existing earthen treatment pond berms to minimize storm erosion and damage due to earthquakes.
	TOTAL OCEANA MARIN SEWER SYSTEM PROJECTS	<u>\$290,000</u>	<u>\$1,740,000</u>	

CAPITAL IMPROVEMENT PROJECTS

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	FY21	FY22	FY21 Project Description
<u>SUMMARY - GROSS PROJECT OUTLAY</u>			
Novato Water	\$4,987,000	\$9,835,000	
Recycled Water	\$100,000	\$100,000	
West Marin Water	\$1,485,000	\$1,040,000	
Oceana Marin Sewer	\$290,000	\$1,740,000	
GROSS PROJECT OUTLAY	<u>\$6,862,000</u>	<u>\$12,715,000</u>	
LESS FUNDED BY LOANS/GRANTS/OTHER			
a. Office/Yard Building Refurbish (Note 1)	-	(\$8,000,000)	
b. Gallagher Ranch Streambank Stabilization (Note 3)	(\$385,000)	-	
c. WM Novato Water Loan to WM (Note 4)	-	(\$700,000)	
d. WM Novato Water Loan to WM (Note 4)	-	\$700,000	
e. OM Treatment Pond Rehab (Note 5)	(\$225,000)	(\$1,450,000)	
TOTAL LOAN/GRANT FUNDS	<u>(\$610,000)</u>	<u>(\$9,450,000)</u>	
<u>SUMMARY - NET PROJECT OUTLAY</u>			
Novato Capital Improvement Net Project Outlay	\$4,987,000	\$2,535,000	
Recycled Water	\$100,000	\$100,000	
West Marin Water	\$1,100,000	\$340,000	
Oceana Marin Sewer	\$65,000	\$290,000	
NET PROJECT OUTLAY	<u>\$6,252,000</u>	<u>\$3,265,000</u>	
Total Number of District Projects	33	28	
5-Year Average of Internally Funded Projects FY20/21-FY24/25	3,530,000		

CAPITAL IMPROVEMENT PROJECTS

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	FY21	FY22	FY21 Project Description
NOVATO POTABLE WATER DEBT SERVICE			
a. STP SRF Loan	\$1,045,000	\$1,044,000	
b. AEEP Bank Loan	\$483,000	\$482,000	
c. Advanced Meter Info Retrofit Loan	\$380,000	\$378,000	
d. Admin Building Renovation Loan (Note 1)	-	\$563,000	
	\$1,908,000	\$2,467,000	
NOVATO RECYCLED WATER DEBT SERVICE			
e. Deer Island Facility SRF Loan	\$274,000	\$273,000	
f. RW North Expansion SRF Loan	\$282,000	\$282,000	
g. RW South Expansion SRF Loan	\$332,000	\$332,000	
h. RW Central Exp SRF Loan (Net of MCC)	\$276,000	\$227,000	
	\$1,164,000	\$1,114,000	
WEST MARIN WATER DEBT SERVICE			
i. TP Solids Handling Bank Loan	\$71,000	\$71,000	
	\$71,000	\$71,000	
OCEANA MARIN SEWER DEBT SERVICE			
j. CIP Financing	-	\$18,000	
	\$0	\$18,000	
TOTAL DEBT SERVICE			
	\$3,143,000	\$3,670,000	
NET PROJECT OUTLAY & DEBT SERVICE			
	\$9,395,000	\$6,935,000	

CAPITAL IMPROVEMENT PROJECTS

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		FY21	FY22	FY21 Project Description
STUDIES & SPECIAL PROJECTS				
1.4057.00	a	Local Water Supply Enhancement Study	\$25,000	\$100,000
1.7039.02	b	Novato Water Master Plan Update	-	\$95,000
1.4059.00	c	Stafford Lake Water Rights Update	-	\$50,000
1.4077.00	d	Potter Valley FERC Relicensing	\$10,000	-
1.7140.01	e	Stafford Dam EAP & Inudation Mapping Updates	\$10,000	-
1.4050.00	f	Urban Water Management Plan (every 5 yrs)	\$50,000	-
1.6501.43	g	Electronic Document Management System	\$60,000	\$80,000
	h	Oceana Marin Sewer System Management Plan	\$50,000	-
	i	Stafford Lake Sediment Survey (every 10 yrs)	\$60,000	-
	j	West Marin Water Rate Study	\$35,000	-
	k	Design Report (Eagle Dr. & Hayden Hydro-P System Upgrades)	\$20,000	-
	l	Lynwood/San Marin Zone 2 Pumping Study	-	\$30,000
	m	Pump Efficiency/Hydraulic Study	-	\$30,000
			<u>\$320,000</u>	<u>\$385,000</u>

Note 1 - \$15M Office/Yard Renovation is proposed to be funded by 20 year 3.5% Bank Loan.

Note 2 - Project developed as part of October 2017 Feasibility Assessment prepared by Prunuske Chatham, Inc.

Note 3 - \$385K funded by others (\$310K NRCS, \$50K MALT, \$25K MMWD)

Note 4 - Loan from Novato Water - to be paid back with interest.

Note 5 - Project to be funded at 75% by grants. Eligible project costs are budgeted at \$2.2M (75%=\$1.425M). Also includes loans for capital projects of \$250K in FY22.

EQUIPMENT EXPENDITURES

Fiscal Year 20/21 Budget

		Approved	Description
1 OPERATIONS/MAINTENANCE			
12106.01.00	a. Metals Analyzer	\$85,000	Replace 20-year old metals analyzer as its repair components are no longer available.
12109.01.00	b. Meter Maintenance Program	\$57,000	Equipment to test meters up to 2".
		\$142,000	
2 VEHICLE & ROLLING EQUIPMENT EXPENDITURES			
		<u>Rolling Stock to be Transferred & Auctioned or Description</u>	
12104.01.00	a. 5-Yard Dump Truck	\$135,000	Replace #44 Dump Truck (over 110K miles and non-CA exhaust compliant).
12104.01.00	b. 9,000 GVWR Hyd Dump Trailer	\$11,000	Needed for building and grounds maintenance.
12104.01.00	c. 14,000 GVWR Tilt Deck Trailer	\$17,000	Needed for Construction Department to transport BobCat track loader.
12104.01.00	d. Cart-Away 1 Yard Concrete Mixer	\$25,000	Needed for Construction Department for more reliable transport of cement.
		\$188,000	
Total		\$330,000	

	Adopted Budget	Estimated Actual	Proposed Budget
RECAP	2019/20	2019/20	2020/21
Equipment	\$247,000	\$244,000	\$142,000
Rolling Stock	\$186,000	\$138,000	\$188,000
	\$433,000	\$382,000	\$330,000