



**NORTH MARIN WATER DISTRICT**  
**AGENDA - REGULAR MEETING**  
December 1, 2020 – 6:00 p.m.  
Location: Virtual Meeting  
Novato, California

Information about and copies of supporting materials on agenda items are available for public review at 999 Rush Creek Place, Novato, at the Reception Desk, or by calling the District Secretary at (415) 897-4133. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Secretary as soon as possible, but at least two days prior to the meeting.

**ATTENTION: This will be a virtual meeting of the Board of Directors pursuant to Executive Order N-29-20 issued by the Governor of the State of California.**  
There will not be a public location for participating in this meeting, but any interested member of the public can participate telephonically by utilizing the dial-in information printed on this agenda.

**Video Zoom Method**

**CLICK ON LINK BELOW:**

Go to: <https://us02web.zoom.us/j/8349174264>

Password: 466521

**SIGN IN TO ZOOM:**

Meeting ID: 8349174264

Password: 466521

**Call in Method:**

Dial: +1 669 900 9128  
+1 253 215 8782  
+1 346 248 7799  
+1 301 715 8592  
+1 312 626 6799  
+1 646 558 8656

Meeting ID: 834 917 4264#

Participant ID: #

Password: 466521#

For clarity of discussion, the Public is requested to MUTE except:

1. During Open Time for public expression item.
2. Public comment period on agenda items.

*Please note: In the event of technical difficulties during the meeting, the District Secretary will adjourn the meeting and the remainder of the agenda will be rescheduled for a future special meeting which shall be open to the public and noticed pursuant to the Brown Act.*

Est. Time 6:00 p.m.	Item	Subject
	<b>CALL TO ORDER</b>	
	1.	Oath of Office: Directors Baker, Joly and Petterle
	2.	<b>REORGANIZATION OF BOARD:</b> <ol style="list-style-type: none"> <li>1. Election of President</li> <li>2. Election of Vice President</li> <li>3. Establishment of Meeting Times and Place</li> <li>4. Establishes the Manner of Calling Special Meetings</li> <li>5. Appointment of District Officers</li> <li>6. Confirm Board Meeting Schedule for 2021</li> <li>7. Committee Appointments</li> </ol>
	3.	<b>APPROVE MINUTES FROM REGULAR MEETING</b> , November 17, 2020
	4.	<b>GENERAL MANAGER'S REPORT</b>
	5.	<b>OPEN TIME: (Please observe a three-minute time limit)</b>  This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.
	6.	<b>STAFF/DIRECTORS REPORTS</b>
	<div style="border: 1px solid black; padding: 5px;"> <p><b>CONSENT CALENDAR</b></p> <p>The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.</p> </div>	
	7.	<b>Consent - Approve:</b> Human Resources Consulting Contract Amendment – Darlene Rhodes
	<b>ACTION CALENDAR</b>	
	8.	<b>Approve:</b> Accept -Outside Auditor's FY20 Report and Management Report
	9.	<b>Approve:</b> GHD Consultant Services Agreement for Old Ranch Road (ORR) Tank No. 2 Project
	10.	<b>Approve:</b> Renew Declaration of Local Emergency Related to COVID-19 Pandemic
	<b>INFORMATION ITEMS</b>	
	11.	Initial Review – Salary, Terms and Conditions of Employment – General Manager
	12.	Draft Annual Report 2019-2020
	13.	FY20-21 Quarterly Progress Report – Engineering Department
	14.	FY20-21 Quarterly Progress Report – Water Quality
	15.	FY20-21 July-September Quarterly Progress Report – Operations and Maintenance
	16.	WAC/TAC Meeting – November 2, 2020

Est. Time	Item	Subject
	17.	<b>MISCELLANEOUS</b> Disbursements – Dated November 19, 2020 Disbursements – Dated November 25, 2020 Point Reyes Light - Salinity Notice – November 19, 2020 NOAA Three-Month Outlook Temperature and Precipitation Probability  <u>News Articles:</u> Point Reyes Light – New antennas bring better coho tracking Marin IJ – New delay in increase of water rate, fee – Marin Municipal Marin IJ – Point Reyes parks leader has personal ties to area – National Seashore Marin IJ – Case rise could lead to tighter virus rules - MARIN
7:30 p.m.	18.	<b>ADJOURNMENT</b>

All times are approximate and for reference only.  
The Board of Directors may consider an item at a different time than set forth herein.

(Continued)

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MEMORANDUM

November 25, 2020

To: Board of Directors

From: Terrie Kehoe, District Secretary



Subject: Oath of Office for Directors

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Recommended Action:

The District Secretary will administer the oath of office to Directors Baker, Joly and Petterle.

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## MEMORANDUM

To: Board of Directors  
From: Terrie Kehoe, District Secretary   
Subj: Reorganization of Board of Directors in an Election Year  
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November 25, 2020

Following is an outline of procedures that may be followed at the December 1, 2020 meeting to meet the requirements of the County Water District Law and the California Election Code concerning organization of the Board of Directors after the election of Directors.

The current President calls the meeting to order. He may conduct the nominations or may instruct the Secretary to assume the Chair.

The Secretary states that the Oaths of Office have been administered to Directors Baker, Joly and Petterle and will be filed with the Marin County Clerk in accordance with Section 30510 of the Water Code and Section 23556 of the Elections Code.

1. Election of President. Nominations are received for the office of President of the Board. Directors vote on nominated candidates for President. (Attachment 1)
2. Election of Vice President. The elected President assumes the Chair and presides over the election of Vice President. Nominations are received for the office of Vice President of the Board. Directors vote on the nominated candidates for Vice President.
3. Establishment of Meeting Times and Place. By motion, the Board establishes the time and place of holding its regular meetings: first and third Tuesdays of each month at 6:00 p.m. at District office, with one meeting to be held in West Marin at a place to be determined.
4. Establishing the Manner of Calling Special Meetings. By motion, the Board establishes the manner of calling special meetings (under provisions of Section 54956 of the Government Code).
5. Appointment of District Officers. By motion, the Board appoints a General Manager, Secretary, Auditor-Controller, and Chief Engineer and any other officers necessary and convenient to the District.
6. Confirmation of Board Meeting Schedule for 2021. By motion, the Board accepts the proposed meeting dates for the upcoming calendar year with the understanding that the calendar may be adjusted as needed. (Attachment 2)
7. Committee Appointments. Board review committee appointments recommended by the President. (Attachment 3)

NMWD BOARD OF DIRECTORS  
OFFICER ROTATION

<b>Year</b>	<b>President</b>	<b>Vice President</b>
2021	Jim Grossi	Steve Petterle
2022	Steve Petterle	Rick Fraites
2023	Rick Fraites	Jack Baker
2024	Jack Baker	Mike Joly
2025	Michael Joly	Jim Grossi



**2021 SCHEDULE**  
**NORTH MARIN WATER DISTRICT**  
**BOARD OF DIRECTORS MEETINGS**

MONTH	DATE	TIME
January	5	6:00 p.m.
	19	6:00 p.m.
February	2	6:00 p.m.
	16	6:00 p.m.
March	2	6:00 p.m.
	16	6:00 p.m.
April	6	6:00 p.m.
	20	6:00 p.m.
May	4	6:00 p.m.
	18	6:00 p.m.
June	1	6:00 p.m.
	15	6:00 p.m.
	22 (Point Reyes)	6:00 p.m.
July	20	6:00 p.m.
August	3	6:00 p.m.
	17	6:00 p.m.
September	7	6:00 p.m.
	21	6:00 p.m.
October	5	6:00 p.m.
	19	6:00 p.m.
November	2	6:00 p.m.
	16	6:00 p.m.
December	7	6:00 p.m.
	21	6:00 p.m.

All Board meetings are typically held the first and third Tuesday of the month at the District's headquarters, 999 Rush Creek Place, Novato, except one meeting to be scheduled in West Marin (and any others on an 'as-needed' basis).

If you would like information regarding agenda items, please contact District Secretary Terrie Kehoe at (415) 761-8921.

**NORTH MARIN WATER DISTRICT  
BOARD OF DIRECTORS  
COMMITTEE/ASSOCIATION ASSIGNMENTS  
2021**

<b><u>EXTERNAL Committees</u></b>	<b><u>NMWD Representative(s)/Alternate</u></b>
<b>North Bay Watershed Association</b> 1 meeting per month – Friday 9:30 a.m. – 11:30 a.m. Petaluma / Novato	<b>Rick Fraites/Jack Baker</b>
<b>Russian River Public Policy Facilitation Committee</b> (Russian River Biological Assessment/Opinion) 1 meeting per year – Friday 9:00 a.m. – Noon Santa Rosa/Ukiah	<b>Steve Petterle/Jim Grossi</b>
<b><u>Water Advisory Committee</u></b> 1 meeting per quarter – Monday 9:00 a.m. – Noon Santa Rosa	<b>Jack Baker/Michael Joly</b>
<b><u>North Bay Water Reuse Authority/NorthBay Water</u></b> 1 meeting per quarter – Monday 9:30 a.m. Novato Sanitary District/Novato City Hall	<b>Jack Baker/Jim Grossi</b>
<b><u>Novato Watershed Policy Advisory Committee</u></b> As needed	<b>Rick Fraites/Jack Baker</b>
<b><u>INTERNAL Committees</u></b>	
<b><u>Recycled Water Subcommittee</u></b> As needed	<b>Jack Baker/Steve Petterle</b>
<b><u>NMWD Public Outreach ad Hoc Committee</u></b> As needed	<b>Steve Petterle/Rick Fraites</b>
<b><u>NMWD Water Rate Study ad Hoc Committee</u></b> As needed	<b>Mike Joly/ Jim Grossi</b>

Note: ad Hoc Committees are deleted off the list once no longer in use

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DRAFT  
NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
November 17, 2020

**CALL TO ORDER**

President Joly announced that due to the Coronavirus outbreak and pursuant to Executive Order N-29-20 issued by the Governor of the State of California this was a virtual meeting. President Joly called the regular meeting of the Board of Directors of North Marin Water District to order at 6:00 p.m. and the agenda was accepted as presented. President Joly added that there was not a public location for participating in this meeting, but any interested members of the public could participate remotely by utilizing the video or phone conference dial-in method using information printed on the agenda.

President Joly welcomed the public to participate in the remote meeting and asked that they mute themselves, except during open time and while making comments on the agenda items. President Joly noted that due to the virtual nature of the meeting he will conduct a roll call from the Directors. A roll call was done, those in remote attendance established a quorum. Participating remotely were Directors Rick Fraites, Jim Grossi, Michael Joly and Stephen Petterle. Director Baker was absent.

President Joly announced in the event of technical difficulties during the meeting, the District Secretary will adjourn the meeting and the remainder of the agenda will be rescheduled for a future special meeting which shall be open to the public and noticed pursuant to the Brown Act.

Mr. McIntyre performed a roll call of staff, participating remotely were Drew McIntyre (General Manager), Tony Williams (Assistant GM/Chief Engineer), Terrie Kehoe (District Secretary), Julie Blue (Auditor-Controller), Robert Clark (Operations/Maintenance Superintendent), Ryan Grisso (Water Conservation Coordinator) and Monica Juarez (Cashier/Receptionist).

President Joly announced for those joining the virtual meeting from the public to identify themselves. District consultants Chris DeGabriele in addition to Scott Salge and Chris Noll from Noll and Tam were participating remotely and available for comments or questions on Action Item #7. West Marin residents Ken Levin and Peggy Day from the Point Reyes Village Association also participated.

**MINUTES**

On motion of Director Petterle seconded by Director Fraites the Board approved minutes from the November 3, 2020 meeting by the following vote:

AYES: Director Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Baker

#### **GENERAL MANAGER'S REPORT**

##### Gallagher Well No. 2

Mr. McIntyre apprised the Board that in addition to the action item later in the agenda to approve the consulting services contract with Wood Rogers for design of the well. Staff has submitted a preliminary Water Development Plan to the Gallagher family for review prior to submission to MALT. He added this Plan is required as part of the conditions of the MALT agricultural easement that was recorded on the Gallagher Ranch project in 2016.

##### West Marin Salinity Update

Mr. McIntyre reminded the Board at the first meeting in December, Water Quality Supervisor Pablo Ramudo will be providing a first quarter water quality update including a West Marin Service Area recap. He stated in advance of this report he wanted to inform the Board that salinity levels are continuing to drop in West Marin as expected due to the reduction of outside irrigation demands and a decrease in the need to operate the Coast Guard Wells. Mr. McIntyre added high salinity Coast Guard Wells have not been in operation for three days which is the longest idle period yet this fall. He stated we don't know yet what 2021 will bring, but he has been in communication with both Mr. Clark and Mr. Ramundo to work on development of options that could be implemented next year to address availability of low saline drinking water for those customers that are on low salt diet restrictions issued by their physicians. Mr. McIntyre added that Mr. Ramudo is in the lead on this report and staff will be submitting a draft report for the Board to review in January 2021.

##### COVID Impact Surveys

Mr. McIntyre announced in the past month or so NMWD has been selected to participate in two separate COVID-19 impact surveys for the water industry. He reported the first is a financial impact survey issued by the state Division of Drinking Water (DDW) and the second one is a federal survey by the Environmental Protection Agency regarding how COVID-19 has impacted operations and finances. Mr. McIntyre stated he, Ms. Blue and Mr. Clark have been working

collaboratively to answer the questions. Mr. McIntyre noted we can expect the results from the surveys will be summarized and made available in a future report.

Director Joly noted the fact that salinity is down and that we are on track to continue with the design of Gallagher Well No. 2 is exciting news.

Director Joly thanked Mr. Levin and Ms. Day for attending the meeting, and commended Director Grossi and staff for keeping an open line of communication as we transition into 2021. He added we have great customers in West Marin and they have had a hard year with the fire, salinity and water conservation.

#### **OPEN TIME**

President Joly asked if anyone from the public wished to bring up an item not on the agenda.

Mr. Levin stated although Mr. McIntyre covered the salinity issue quite adequately, on behalf of the Point Reyes Village Association he wanted to thank everyone connected, including the Directors in advance for responding to the issue in West Marin and addressing the needs to provide salinity free water for the folks in town. He stated interaction has been positive and mutually supportive. Mr. Levin expressed he hopes there will be community support during the permitting process of Gallagher Well No. 2. He added he has lived in West Marin for fifty years and appreciated the tour of the facilities and learning about the history of the system. Director Grossi reported he was invited to virtually attend a meeting with the Point Reyes Village Association and he had a nice discussion with the group. He stated he looks forward to working with them closely in the future to stay ahead of the problem. Director Grossi also wanted to thank Mr. Levin and Ms. Day for their interest. Ms. Day thanked the Board for allowing them to express their concerns, and stated she appreciates the help the District has provided with the salinity problem.

#### **STAFF/DIRECTORS REPORTS**

Ms. Kehoe apprised the Board that due to our current shelter in place requirements the Board reorganization will be a little different this year. She stated once she receives the official oath certificates from the County of Marin, Directors Baker, Petterle and Joly will need to come to the office separately and sign the certificate prior to the December 1<sup>st</sup> meeting.

Ms. Blue announced that she has been working with consultant Mark Hildebrand on the West Marin Rate Study. She reported last week Mr. Hildebrand, Mr. McIntyre, Mr. Williams and herself had a very productive meeting and plan on meeting again next month.

Ms. Blue reminded the Board that the District auditors will be presenting the FY19-20 audit at the December 1<sup>st</sup> Board Meeting.

101 **MONTHLY PROGRESS REPORT**

102 The Monthly Progress Report for October was reviewed. Mr. McIntyre reported that water  
103 production in Novato was up 8% from one year ago. In West Marin, water production was down  
104 15% from one year ago. Recycled Water production was down 14% from one year ago. Stafford  
105 Treatment Plant production for October was down 93% from one year ago. He noted this is lower  
106 than usual due to the low level of the lake and the current manganese issue. Additionally, there  
107 was a problem with the backwash valve and it took some time to get the repair parts. Mr. McIntyre  
108 noted staff is accelerating maintenance so the plant can have an early 2021 start up as soon as  
109 the wet weather conditions dictate. The Board was apprised that Stafford Lake is at 29% capacity,  
110 Lake Sonoma is at 70% and Lake Mendocino is at 63% capacity. In Oceana Marin effluent  
111 volume is up 39% from one year ago and irrigation field discharge was 0.528 MG compared to  
112 0.380 MG one year ago. Mr. McIntyre theorized that it could be from people living in their vacation  
113 homes while working remotely. Under Safety and Liability, we had 130 days without a lost time  
114 injury. On the Summary of Complaints and Service Orders, the Board was apprised that total  
115 numbers are down 26% from October one year ago and the numbers are down in all categories  
116 as compared to 2019, noting this could be a result of less field visits and customer calls due to  
117 COVID. Mr. McIntyre also noted the number of bill adjustments in October of this year are higher  
118 compared to last year because of the partial billing that was done to sync up with the new rates  
119 that took effect on October 1<sup>st</sup>.

120 Ms. Blue reported on the October 2020 Investments, where the District's portfolio holds  
121 \$26M earning a 0.93% average rate of return. Ms. Blue noted that during October the cash  
122 balance increased by \$2,342,945. She also noted the LAIF rate is 0.62.%.

123 **CONSENT ITEMS**

124 On the motion of Director Fraites, and seconded by Director Petterle the Board approved  
125 the following item on the consent calendar by the following vote:

126 AYES: Director Fraites, Grossi, Joly and Petterle

127 NOES: None

128 ABSTAIN: None

129 ABSENT: Director Baker

130 **CONTRACT AMENDMENT FOR ENGINEERING SERVICES – WHITE & PRESCOTT**

131 The Board authorized the General Manager to amend the Consulting Services Agreement  
132 with White and Prescott in the amount of \$30,000. Planned expenditures coupled with upcoming  
133 AEEP easement support and general on-going easement support made the amendment  
134 necessary.

135 **ACTION ITEMS**

136 **CONSULTING SERVICES AGREEMENT HEADQUARTERS UPGRADE A/E SERVICES**  
137 **SCOPE OF WORK – NOLL & TAM**

138 Mr. McIntyre summarize the history of work performed to-date on the Headquarters  
139 Upgrade project. Mr. McIntyre added that the Board most recently approved the NMWD  
140 Headquarters Upgrade Master Plan prepared by Noll & Tam Architects at the February 18, 2020  
141 Board Meeting. He noted the proposed renovation incorporates ADA access compliant  
142 components in all spaces in both the new and renovated areas. Additionally, Mr. McIntyre stated  
143 the City of Novato Planning Department have concurred that the District is the appropriate lead  
144 agency for the environmental review and District Counsel advised that a Notice of Exemption is  
145 appropriate for the project. He stated the current agreement will provide additional funds needed  
146 to proceed with design phase services for the NMWD Headquarters upgrade and expansion  
147 project.

148 Director Petterle questioned the architects about the interior design and how it relates to  
149 a situation such as COVID. Mr. Salge replied they have put a lot of thought into this and are  
150 looking closer into the balance of safety, health and cost. Mr. McIntyre responded that he plans  
151 on having that discussion and would like to look at not only the design of the buildings, but the  
152 HVAC filtration, air circulation, features like no-touch water fountains, noting there are many new  
153 options to address. Director Joly expressed the same concerns and asked Mr. Salge and Mr.  
154 Noll to keep the Board informed on the design. He also asked if COVID will have any impact on  
155 the timeline for their work. Mr. Noll replied they have maintained all of their staff and they are  
156 working remotely, adding he does not see any impact on their ability to stay on schedule next  
157 year.

158 Director Joly asked about the funding of the agreement, inquiring if Ms. Blue will come  
159 back to the Board with ideas of how to fund this project. Mr. McIntyre replied when we move  
160 forward on the design phase Ms. Blue will begin work on a parallel track and will come back to  
161 the Board at a future date with options. Director Joly asked; considering the uniqueness of the  
162 current environment, when rates are increasing and water consumption is down, is this an  
163 essential project to pursue now. Mr. McIntyre reminded the Board that staff did extensive  
164 outreach to customers about this project and was fully transparent during the process of the rate  
165 hearing. Director Joly agreed, and stated he was proud of the District's transparency. Mr.  
166 DeGabriele commented on Director Petterle's comment in reference to COVID and space  
167 requirements. He stated the lab is a big driver for the renovation and the sample drop off space  
168 will be separated from the lab performance area and the initial layout plan can be modified as



appropriate. Director Petterle asked if there has been consideration of establishing green building certification. Mr. Salge stated they have not established a certification for platinum or gold, but it is included in the green building standards. Mr. Noll added the building will be green built and have provisions for adding solar panels. Director Joly thanked Mr. Salge and Mr. Noll for participating in the meeting.

On the motion of Director Petterle, and seconded by Director Fraites the Board authorized the General Manager to enter into a consulting services agreement with Noll & Tam Architects for the design phase of the NMWD Headquarters Upgrade Project on a time and expense basis in an amount not to exceed \$1,132,070 plus a 10% contingency resulting in a total budget of \$1,245,000 by the following vote:

AYES: Director Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Baker

#### **CONSULTING SERVICES AGREEMENT – WOOD RODGERS (WR)**

Mr. McIntyre provided an overview of a proposed agreement with Wood Rodgers for engineering/hydrogeologic services for Gallagher Well No. 2. He noted the first task will be well design and the second task will be permitting with Marin County Environmental Health Services. He stated based on his outreach to other local water agencies, Wood Rodgers has the experience needed to help support the District on this important project and therefore is proposing to move forward with a general consulting services agreement with Wood Rodgers. Director Grossi asked what office Wood Rodgers staff was working out of. Mr. McIntyre replied they have offices in Oakland and Sacramento and he has communicated mostly with the well design group in Sacramento.

On the motion of Director Grossi, and seconded by Director Petterle the Board approved a consulting services agreement with Wood Rodgers with a not to exceed limit of \$30,000 by the following vote.

AYES: Director Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Baker

#### **RENEW DECLARATION OF LOCAL EMERGENCY RELATED TO COVID-19 PANDEMIC**

Mr. McIntyre requested the Board find that there still exists a need to continue the State of Emergency due to the COVID-19 pandemic as reflected by Resolution No. 20-07.

Mr. McIntyre reminded the Board that staff has been operating under partial Emergency Operations Center (EOC) activation. Mr. McIntyre explained that, contrary to his staff report, Governor Newsom just announced on November 16<sup>th</sup> that Marin County is being moved from Tier 3, moderate risk to the more restrictive Tier 2, substantial risk category as a result of the increasing number of cases both locally in Marin County and in the Bay Area. Mr. McIntyre was happy to report that no staff have been instructed to be isolated or are self-quarantined as a result of the coronavirus.

Mr. McIntyre added maximum workplace spacing continues and walk in services remain suspended. He added a summary of key emergency action items taken and resulting cost impacts were provided in Attachment 1.

On the motion of Director Fraites, and seconded by Director Joly the Board approved renewal of the Declaration of Local Emergency Related to COVID-19 Pandemic by the following vote:

AYES: Director Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Baker

#### **INFORMATION ITEMS**

#### **FY 20-21 QUARTERLY PROGRESS REPORT – WATER CONSERVATION (JULY – SEPTEMBER)**

Mr. Grisso reviewed the FY 20-21 Quarterly Water Conservation Progress Report for July thru September. He updated the Board on the water conservation program participation status, public outreach and conservation marketing.

Mr. Grisso stated participation in Water Smart is down since there are no in person visits, however staff still provides phone assistance. Toilet rebates are down, and water-based controller rebates went up and we also saw an uptick in clothes washer rebates. He noted we are holding steady considering the circumstance and believes once COVID is over we will see an increase in participation levels. Mr. Grisso announced the Flume Pilot Program was launched in West Marin and there have been ten devices purchased and two installed. He stated we are receiving more emails of interest and one of our customers got the word out by posting it on the West Marin Commons internet feed

In regards to outreach, Mr. Grisso said Kiosk has launched the website and launched a social media campaign. He noted the Board may have seen some of these postings in Miscellaneous on the agenda, adding in the future Kiosk will be providing a monthly report. Mr.

Grisso apprised the Board that we have been advertising the Board Meetings, and overall have had good response to all of all postings. He reminded the Board that the District still has a photographer scheduled but there has been some delay due to COVID. Director Joly asked when the photos are complete if we will be changing the pictures out regularly. Mr. Grisso commented that the facilities need better photos, and it should be more personalized with staff. Director Joly asked if Mr. Grisso is checking Nextdoor. Mr. Grisso replied that he cannot check Nextdoor because this site has restrictions on access. Director Joly said he saw a spill and water issue posted on Nextdoor and the people posted that NMWD was very cooperative and helpful. Mr. Grisso said that is typical, however it can be a roller-coaster sometimes. He added he does not hear the public comments unless someone tells him. Director Fraites commended Mr. Grisso on his report.

#### **STAFFORD LAKE WATER YEAR 2020 SPILL/RAINFALL HISTORY**

Mr. Clark reported on the Stafford lake Water Year 2020 Spill/Rainfall History. He reviewed the historical rainfall data for the Novato area and compared it to the annual rainfall data along with a six and ten-year rolling average. Director Joly thought the memo was very helpful.

#### **POINT REYES TREATMENT PLANT WATER LEAK REVIEW**

Mr. Clark reviewed the Point Reyes Treatment Plant water leak. He explained the root cause of the leak was determined to be a corroded ¾" threaded plug on the main filter pipe gallery. Essentially staff had to dry out the electrical equipment with fans which took several hours to dry. Mr. Clark stated this incident has reinstated the concern that there is no local SCADA control system. Mr. Clark reported he is currently working with Mr. Smedshammer with Core Utilities to see what improvements can be made and to provide a cost estimate. Director Joly commended Mr. Clark for a good memo and thorough update.

#### **NORTH BAY WATER REUSE AUTHORITY BOARD MEETING – OCTOBER 26, 2020**

Drew updated the Board on the North Bay Water Reuse Authority Board Meeting that was held on October 26, 2020. He reported Jake Spaulding from SCWA gave an update on the reconciliation and closeout activities for Phase 1, and stated Mr. Spaulding will provide a report on this in early 2021.

Mr. McIntyre stated Groundwater Sustainability, Drought Contingency Plans and Water Supply Resiliency were a main focus of discussion. He stated NWBRA is a worthwhile agency to continue on as an Associate Member since we have no future projects at this time.

#### **NBWA MEETING – NOVEMBER 6, 2020**

Director Fraites reported on the NBWA Meeting held on November 6, 2020. He stated improving weather forecasting and climate change were the main topics of discussion. Director

Fraites spoke about the San Francisco Bay Area Information System, and the radar flood control response that can help alert atmospheric rivers. Director Fraites emphasized the bottom line is we need clear forecasting of atmospheric rivers to help us predict possible flooding.

#### **MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements – Dated November 5, 2020, Disbursements – Dated November 12, 2020, Point Reyes Light -Salinity Notice – October 29, 2020, Point Reyes Light - Salinity Notice – November 5, 2020 and Historical Novato August Production vs. August High Temperature.

The Board received the following news articles: Marin IJ – Saturday Soapbox – Water directors should represent ratepayers; Marin IJ – Plan for biotech campus adopted, Marin IJ – Pension system forecast declines; Point Reyes Light – Seashore superintendent takes permanent post at Yosemite head; SF Chronicle – What California can learn from Cape Town about water policy; Point Reyes Light – NOAA says drought will likely continue in winter and Marin IJ - Unpaid bills for water soaring in Marin – MMWD.

The Board received the following social media posts: NMWD Web and Social Media Report – October 2020.

Mr. McIntyre commented on the graph comparing Novato water production versus highest summer temperatures. He noted this was prepared by Ryan Grisso at the request of Director Petterle at a previous Board Meeting. Mr. Grisso used the month of August, because it is generally the hottest month in the year. Mr. McIntyre added, we have seen a trend of higher temperatures in the last fifteen years however we do not see a similar correlation in water production. He believes it is attributed to NMWD's vast water conservation programs and customers' overall efficient use of water. Director Petterle thanked staff for the comparison. Director Joly found the information remarkable.

In reference to the article, "What California can learn from Cape Town about water policy", Mr. McIntyre noted a lesson learned was to encourage local water agencies to work cooperatively to develop new regional water solutions such as storm water capture and reuse.

Director Joly thanked staff for participation in the meeting. He also commended Mr. Levin and Ms. Day from the Point Reyes Village Association for being great community leaders.

#### **CLOSED SESSION**

President Joly adjourned the regular session at 7:25 p.m. and the Board began the closed session at 7:30 p.m. in accordance with California Government Code Section 54957, for Public Employee Performance Evaluation (One), Title (General Manager)

#### **OPEN SESSION**

305           Upon returning to regular session at 7:54 p.m., President Joly stated that no reportable  
306   action had been taken

307 **ADJOURNMENT**

308 President Joly adjourned the meeting at 7:50 p.m.

309 Submitted by

310

311

312 Theresa Kehoe  
313 District Secretary

314

4

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6



**7**

## MEMORANDUM

To: Board of Directors

November 25, 2020

From: Julie Blue, Auditor/Controller 

Subj: Human Resources Consulting Contract Amendment – Darlene Rhodes

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**RECOMMENDED ACTION:** Amend Contract with Darlene Rhodes to Provide Continued Human Resource (HR) Consulting Services**FINANCIAL IMPACT:** Not to Exceed \$26,250

At the January 8, 2019 meeting, the Board authorized a consulting agreement between the District and Darlene Rhodes for Human Resources (HR) services. At the August 6, 2019 and March 3, 2020 meetings the Board approved extensions of her contract. HR is an ongoing need of any organization and has been covered by the Auditor/Controller, with the assistance of legal counsel, HR consulting, and the accounting staff. The position of HR/Safety Manager was staffed in late July 2020 but will be vacant again in early December.

Darlene has worked with Management and staff since early 2019 to assist in HR day to day operations and special projects. Those tasks included executive coaching and assessment of the department needs of the Accounting Department. She is currently assessing the department needs of the Consumer Services Department since implementation of the AMI system has changed the tasks and workload of the department. The objective of this consulting services agreement is to provide continued assistance for current and upcoming HR matters.

The total fee for these tasks is estimated at a maximum of \$26,250 as shown in the attached proposal (Attachment 1). Total costs to date from January 2019 through November 2020 total \$50,425. Once the HR/Safety Manager is vacant a favorable variance of approximately \$10,000 per month will occur, for the time period that the position is vacant. Additionally, the operations budget includes an annual FY 20/21 HR support services budget of \$30,000.

Once approved by the Board, the consultant will continue her work with the Auditor/Controller and other members of Management and staff to assess and fulfill the department level needs of the District. The consultant will be available for additional tasks as outlined above or assigned specific tasks as directed by the Auditor/Controller or the General Manager. The term of the contract period is expected to span from December 1, 2020 through June, 2021.

Approved by GM Date 11/25/20

**RECOMMENDATION:**

Board to authorize an additional \$26,250 for HR Consultant Darlene Rhodes to provide continued Human Resources Consulting Services.

***North Marin Water District – Human Resources Project***  
***Executive Human Resources Consultation***  
***SCOPE OF SERVICES***  
***PROPOSAL***

In coordination with Drew McIntyre, General Manager, this scope of services is proposed to respond to identified Human Resources goals and needs within the North Marin Water District.

Services shall include: General Executive Human Resources consulting.

**GOALS**

1. To continue to provide Executive Human Resources consultation services related to continued departmental organizational assessments, updating/creating job classifications, recruitment and onboarding, performance management, coaching and other HR-related needs; as well as to develop any improvement goals, consistent with talent management development recommendations and departmental and/or organizational goals.

**PROPOSAL TIMELINE, EXPECTATIONS & DELIVERABLES**

December 2020 – June 2021	<b>GENERAL EXECUTIVE HR CONSULTING</b> General Executive Human Resources Consulting will be ongoing on an as-needed basis, as requested by Julie Blue or Drew McIntyre.
------------------------------	--

**OTHER TERMS**

**Consultant Presence/Onsite Requirements**

- For all requested meetings, Consultant will be on-site at the North Marin Water District located at 999 Rush Creek Place, Novato – unless otherwise agreed.
- Consultant will be available via telephone, email or text for all HR requests, not requiring an in-person meeting. No regular office hours will be established; this contract will be on an as-needed basis.

**Project Timeline Commitment:** Consultant commits to project for a time period up to 180 days (or approximately six months) with the option to extend, by mutual agreement of Consultant and North Marin Water District General Manager. Timeline would begin in **December 2020**. Project time period would conclude approximately **June 2021**. Extension requires formal amendment to agreement, executed by the General Manager or his designee.

## ***COSTS / FEES***

Executive HR Consultation\*

\$175 / hour

*\*Consultations include Consultant travel to/from Sonoma, CA*

### ***Estimated Costs***

Executive HR Consultation:

NTE 150 hours

\$ 26,250.00

***PROPOSAL TOTAL: \$ 26,250.00\*\****

---

*Drew McIntyre, General Manager for NMWD*

---

*Date*

---

*Darlene D. Rhodes, HR Consultant*

---

*Date*

*\*\*Billed bi-monthly; 10<sup>th</sup> and 25<sup>th</sup> of month*


8



## MEMORANDUM

To: Board of Directors

November 25, 2020

From: Julie Blue, Auditor/Controller 

Subject: Accept – Outside Auditor's FY20 Report and Management Report

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**RECOMMENDED ACTION:** Accept FY20 Financial Report and Management Letter**FINANCIAL IMPACT:** None with this Review. Annual Audit Cost is \$17,500.

Chris Brown of Fedak & Brown LLP will attend the meeting to present the Comprehensive Annual Financial Report (CAFR) (Attachment 1) and the Management Report (Attachment 2).

The key statement in the Independent Auditor's Report found on page 9 is that: "In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the North Marin Water District as of June 30, 2020 and 2019, respectively, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America." This "unmodified opinion" is the best, or highest, opinion that an outside auditor can issue on an entity's financial statements.

The Management Report (Attachment 2) states that the auditor did not identify any deficiencies in the District's internal control that might result in material misstatement of the District's financial statements. The independent auditor did not have any comments or recommendations regarding internal controls.

Accounting adjustments were made by staff after submitting the general ledger to the outside auditor and are disclosed on the last eight pages of the Management Report. The number of adjusting entries remained relatively stable from the prior fiscal year from 13 to 14 (8% increase). The following changes make up the majority of the adjusting entries:

- 1) A GASB 68 net pension expense of \$2,545,904 and an increase in the Pension Liability of \$1,093,027 to \$13,653,187.
- 2) A GASB 75 other post-employment benefits (OPEB) net expense of \$319,965 and an increase in the OPEB Liability of \$137,861 to \$4,658,025.
- 3) Recording of Marin Municipal Water District Loan Receivable with a balance due as of June 30, 2020 of \$2,079,140 for cost sharing of the Aqueduct Energy Efficiency Project. The original loan for \$3,600,000 was recorded as a prior period adjustment. The interest rate is 2.71% and final payment is due in July 2032.

Staff has reviewed the audited financial report and finds it acceptable.

**RECOMMENDATION**

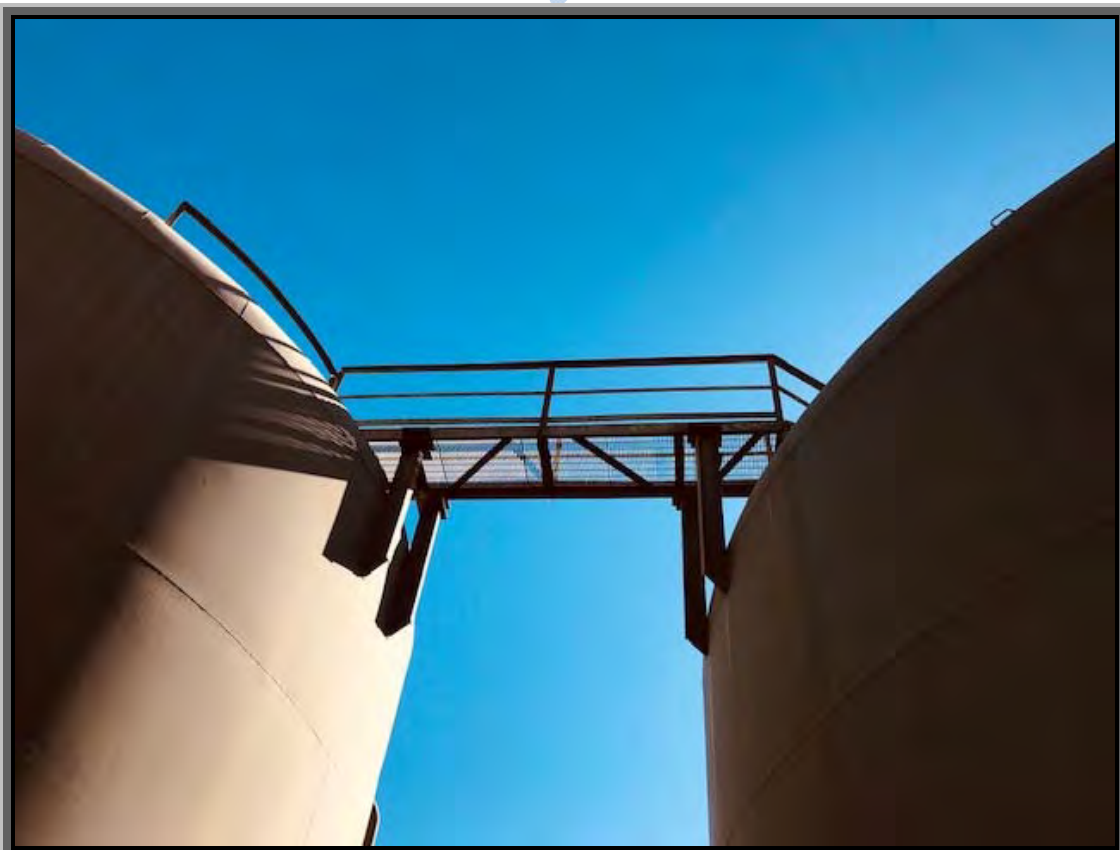
Accept the Outside Auditor's FY20 Financial Report and Management Letter.



# **NORTH MARIN WATER DISTRICT**

Novato, California

## **Comprehensive Annual Financial Report For the Fiscal Years Ended June 30, 2020 and 2019**







## **NORTH MARIN WATER DISTRICT**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>Current Term</b>
<b>Michael Joly</b>	<b>President</b>	<b>Appointed</b>	<b>02/17 - 12/20</b>
<b>James Grossi</b>	<b>Vice-President</b>	<b>Elected</b>	<b>12/18 - 12/22</b>
<b>Jack Baker</b>	<b>Director</b>	<b>Elected</b>	<b>12/15 - 12/20</b>
<b>Rick Fraites</b>	<b>Director</b>	<b>Elected</b>	<b>12/18 - 12/22</b>
<b>Stephen Petterle</b>	<b>Director</b>	<b>Elected</b>	<b>12/15 - 12/20</b>

**Drew McIntyre, General Manager  
North Marin Water District  
999 Rush Creek Place  
Novato, California 94945  
(415) 897-4133 – [www.nmwd.com](http://www.nmwd.com)**

**North Marin Water District**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**NORTH MARIN WATER DISTRICT**

999 Rush Creek Place  
Novato, California 94945

Prepared by:  
Finance Department  
*Julie Blue, Auditor-Controller*

**North Marin Water District  
Comprehensive Annual Financial Report  
For the Fiscal Years Ended June 30, 2020 and 2019**

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## **Introductory Section**

Draft Subject to Approval by BOD

Draft Subject to Approval by BOD



999 Rush Creek Place  
P.O. Box 146  
Novato, CA 94948-0146

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415-897-4133

**EMAIL**  
[info@nmwd.com](mailto:info@nmwd.com)

**WEB**  
[www.nmwd.com](http://www.nmwd.com)

December 1, 2020

Board of Directors  
North Marin Water District

It is our pleasure to submit the Annual Financial Report for the North Marin Water District (District) for the fiscal years ended June 30, 2020 and 2019, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared the data incorporated in this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that the Governmental Accounting Standards Board believes necessary to enhance your understanding of the District's financial position and activities.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found on page 11 of this report.

### **District Structure and Leadership**

The District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District has been providing water service to its customers since 1948. The District is governed by a five-member Board of Directors, with each Director elected from one of five geographical areas from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. As of June 30, 2020, the District employed 50 regular employees, plus temporary and seasonal employees as the workload dictates. There are currently 22 office positions and 30 field positions. The District's Board of Directors meets on the first and third Tuesday of each month. Meetings are publicly noticed and citizens are encouraged to attend.

### **District Services**

The District provides water service to the greater Novato area and to areas of West Marin (Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates). The District provides sewer service to the Oceana Marin subdivision adjacent to Dillon Beach.

The District provides water service to approximately 61,000 residents in the greater Novato area through 20,554 potable water service connections and 91 recycled water connections. The District also provides water service to approximately 1,800 residents in the Point Reyes service area of West Marin County through 782 service connections and sewer service to approximately 500 residents in the Oceana Marin service area of West Marin County through 235 service connections.

## **District Services, continued**

Residential customers comprise approximately 90% of the District's customer base and consume approximately 80% of the water produced annually by the District. The District purchases approximately 75% of its Novato water supply from the Sonoma County Water Agency (Agency) with the balance derived from the District's Stafford Lake Reservoir and some recycled water. The District purchased approximately 1.9 billion gallons of water in fiscal year 2020 and 1.9 billion gallons in 2019 from the Agency.

## **Economic Condition, Outlook and Major Initiatives**

The District carries out its Mission with a highly-motivated and competent staff empowered to conduct the District's business by placing customer needs and welfare first. Each day, District employees strive to carry out their work mindful of these basic principles: Good Water, Good Service, Good Value, and A Safe Place to Work.

Since March 2020, the economic condition for the District's service area has experienced some challenges with the onset of the COVID-19 pandemic. Local restaurants, educational, fitness and religious facilities, as well as local entertainment and recreation venues have been required to cease their operations in response to federal, state, and local government mandates in efforts to promote public health and safety and mitigate the risk of spreading the COVID-19 virus. This pandemic was never expected/anticipated to have occurred; therefore, a majority of the general population and local businesses were not prepared for the immediate effects and day-to-day adjustments.

On April 2, 2020, Governor Newsom issued Executive Order (EO) N-42-20. The District has complied with the order by suspending disconnection/shut off of water service of customer connections for nonpayment (Health and Safety Code: Section 116902, Subdivision (c)). Though the EO restricts water shutoffs due to nonpayment while the State responds to the COVID-19 health emergency, the obligation of water customers to pay for water service is not eliminated or reduced, nor is the District prevented from charging its customers for such ongoing services.

As a Special District, the risk/exposure of revenue loss, during these unprecedented times, for the District is minimal. Generation of revenue is a result of assessing Board of Director approved rates and charges rather than relying on voter approved tax assessments. It is the intent of the governing body to ensure the costs of providing goods and services to the general public on a continuing basis be recovered primarily through approved rates and charges.

The Russian River water delivery system operated by the Agency typically provides 75% of Novato's water supply. Novato rainfall in fiscal year 2020 totaled 18.95" which was about 70% of the historical average annual rainfall. In fiscal year 2020 ample water was available in Lake Sonoma for fish, agriculture and urban use on the lower Russian River system and no restrictions on the Russian River water deliveries were imposed. North Marin's Stafford Lake water treatment plant produced 686 million gallons of water to augment Russian River supplies with local water supply during the fiscal year. Recycled water treatment facilities at Novato Sanitary District, Las Gallinas Valley Sanitary District and North Marin's Deer Island treatment facilities combined to provide 229 million gallons of highly treated recycled wastewater to large landscape irrigation customers and various commercial car washes in Novato.

## **Economic Condition, Outlook and Major Initiatives, continued**

The Agency has deferred its plan to construct previously contemplated Russian River water production and delivery facilities (pumps and pipelines) to fulfill the Restructured Agreement contract requirements for increased Russian River water. The Agency is now focused on compliance with the Biological Opinion in the Russian River watershed issued by the National Marine Fisheries Service, laying out the requirements to preserve, protect and restore the fisheries and maintain the existing Russian River water supplies. Additionally, state legislation passed in November 2009 (SB7X-7) requires a 20% reduction in per capita water use by 2020. The District has already achieved the SB7X-7 goal, but continues to strive to achieve more water conservation and development of recycled water to further stretch its local source of supply in future years.

A 6% rate revenue increase for customers in the Novato service area was authorized by the Board of Directors effective October 1, 2020. At \$773 per year, the cost of water service for a typical Novato detached single-family home using 84,000 gallons of water a year remains a good value for Novato customers.

### **District Water Supply**

#### ***Stafford Lake – Local Source Provides 25% of the District's Supply***

Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 AF (acre-feet) (1,450 MG) of water. Water from Stafford Lake is fed into the 6 million gallons per day (mgd) treatment plant located just below the dam. In fiscal year 2020 and 2019, 2,105 AF (686 MG) and 1,740 AF (567 MG) respectively, was produced by the Stafford Lake Water Treatment Plant.

#### ***Russian River – Provides 75% of the District's Annual Supply***

Russian River water originates from both the Eel River and the Russian River watersheds northeast of the City of Ukiah (Lake Mendocino) and west of Healdsburg (Lake Sonoma). Lake Mendocino's Coyote Dam impounds the Eel River diversions and winter runoff from the local watershed. Lake Sonoma's Warm Springs Dam impounds winter runoff from the Dry Creek and Warm Springs watersheds. Lakes Mendocino and Sonoma combined can store 367,500 acre feet to meet the regions' water supply needs, which totaled 45,650 acre feet in fiscal year 2020. Releases from the lakes flow to a point about 10 miles upstream of Guerneville where six deep Ranney Collector wells collect river water that has been filtered through 60 to 90 feet of natural sand and gravel to perforated pipes located at the bottom of each well. The thick layer of sand and gravel through which the water must pass before reaching the intake pipes provides a highly-efficient, natural filtration process which, with chlorination treatment, produces a clear, potable, bacteria-free water. This water is then fed directly into the Agency's aqueduct system.

During the fiscal years 2020 and 2019, the District received 5,887 AF (1,918 MG) and 5,714 AF (1,862 MG) respectively, of Russian River water. The District has an agreement in place with the Agency to provide sufficient supply to meet the District's current and future water supply needs. There continues to be competing interests for Russian River water, principally to protect steelhead and salmon listed as threatened species under the Endangered Species Act. The Biological Opinion for water supply in the Russian River watershed has been issued by the National Marine Fisheries Service laying out the requirements to preserve, protect and restore the fisheries and maintain the existing Russian River water supplies. The District continues to actively support the necessary development of the Russian River water supply and protection of the Russian River fisheries.



## **Internal Control Structure**

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefit likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

## **Budgetary Control**

The District Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

## **Investment Policy**

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standard. The objective of the Investment Policy is safety, maturity and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund, US Treasury notes and time certificates of deposit.

## **Water Rates and District Revenues**

Revenue from user charges generated from District customers supports District operations. Accordingly, water and sewer rates are reviewed annually. Water and sewer rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are comprised of a commodity (water use) charge and a bi-monthly service charge; whereas, sewer rates are comprised exclusively of a fixed charge.

## **Audit and Financial Reporting**

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of Fedak and Brown LLP has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

## **Awards and Acknowledgements**

For the eleventh consecutive year, the District was awarded the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* for its 2019 and 2018 Consolidated Annual Financial Report (CAFR). To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for 2020.

### **Awards and Acknowledgements, continued**

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in planning and implementation of the North Marin Water District's fiscal policies.

Respectfully submitted,



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Drew McIntyre  
General Manager



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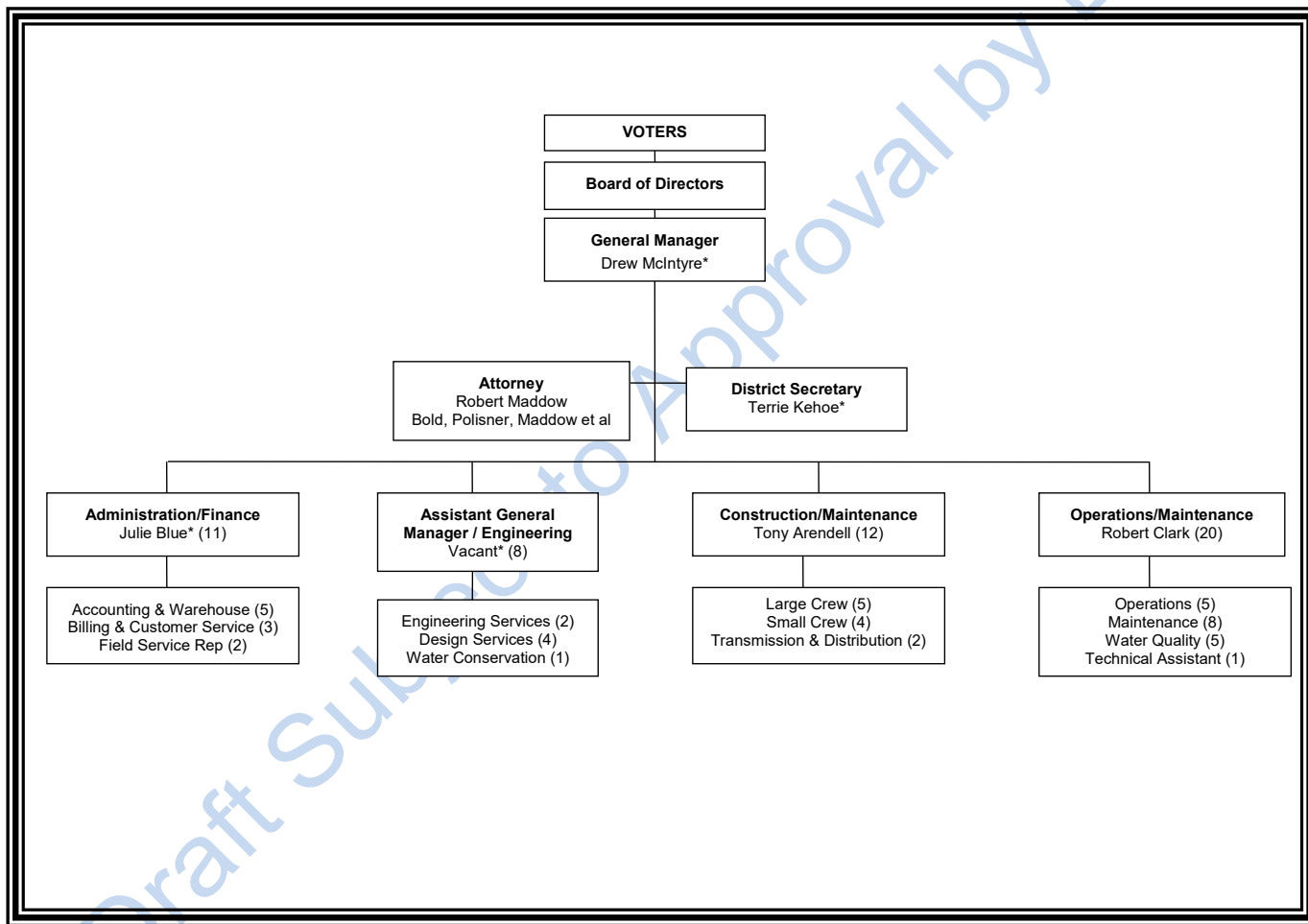
Julie Blue  
Auditor-Controller

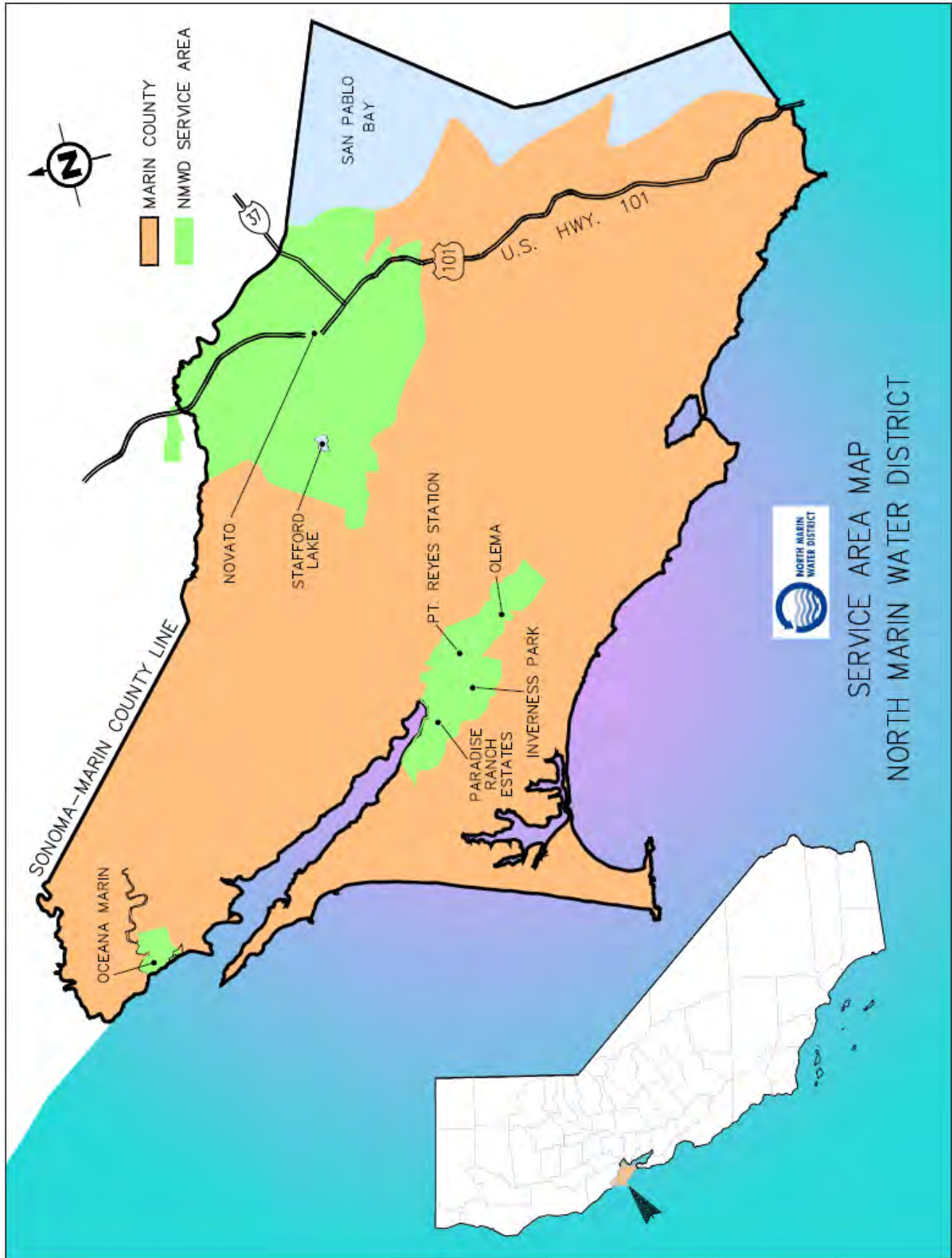
Draft Subject to Approval by BOD

# North Marin Water District Organizational Chart

As of  
June 30, 2020

Budgeted FTE: 54







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**North Marin Water District  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

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## **Financial Section**

Draft Subject to Approval by BOD

Draft Subject to Approval by BOD



## **Independent Auditor's Report**

Board of Directors  
North Marin Water District  
Novato, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the North Marin Water District (District), which comprises the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Marin Water District as of June 30, 2020 and 2019, respectively, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Independent Auditor's Report, continued**

### ***Emphasis of Matter***

#### ***Prior Period Restatement***

As described in note 13 to the financial statements, the District restated net position related to a loan receivable for the interconnection agreement with Marin Municipal Water District, for the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 11 through 17 and the required supplementary information on pages 64 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Matters***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 8, the supplementary information of combining schedules on pages 67 through 70, and the statistical section on pages 71 through 86 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplementary information of combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 87 and 88.

**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the North Marin Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In fiscal year 2020, the District's net position increased 3.1% or \$3,549,268 to \$116,713,765 due to ongoing operations in the amount of \$786,285, \$2,762,983 from capital contributions and the effect of a prior period adjustment to net position. See note 13 for further information. In fiscal year 2019, the District's net position increased 3.5% or \$3,811,841 to \$113,164,497. The increase of \$3,811,841 was primarily due to increases of \$1,890,132 from ongoing operations, and \$1,921,709 from capital contributions.
- In fiscal year 2020, the District's total revenues increased 9.1% or \$2,053,034 to \$24,665,442. In fiscal year 2019, the District's total revenues decreased by 0.3% or \$70,909 to \$22,612,408.
- In fiscal year 2020, the District's operating revenues decreased 9.3% or \$2,024,675 to \$23,796,921. In fiscal year 2019, the District's operating revenues decreased 1.5% or \$321,848 to \$21,772,246.
- In fiscal year 2020, the District's non-operating revenues increased by 3.4% or \$28,359 to \$868,521. In fiscal year 2019, the District's non-operating revenues increased by 42.6% or \$250,939 to \$840,162.
- In fiscal year 2020, the District's total expenses including depreciation increased 15.2% or \$3,156,881 to \$23,879,157. In fiscal year 2019, the District's total expenses including depreciation decreased 0.1% or \$15,156 to \$20,722,276.
- In fiscal year 2020, the District's operating expenses before depreciation increased 18.5% or \$3,035,813 to \$19,407,305. In fiscal year 2019, the District's operating expenses before depreciation decreased 0.5% or \$89,538 to \$16,371,492.
- In fiscal year 2020, the District's non-operating expenses increased by 22.9% or \$206,007 to \$1,105,636. In fiscal year 2019, the District's non-operating expenses increased by 6.8% or \$57,296 to \$899,629.
- In fiscal year 2020, the District's capital contributions increased by 43.8% or \$841,274 to \$2,762,983. In fiscal year 2019, the District's capital contributions decreased by 52.2% or \$2,098,332 to \$1,921,709.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period.

**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Required Financial Statements, continued**

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps the reader answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. One can think of the District's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, new or changed government legislation or accounting standards, as well as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 23 through 63.

**Statements of Net Position**

Condensed Statements of Net Position					
	2020	As Restated 2019	Change	As Restated 2018	Change
<b>Assets:</b>					
Current assets	\$ 26,114,495	21,264,146	4,850,349	19,850,154	1,413,992
Non-current assets	6,530,899	8,671,306	(2,140,407)	9,445,784	(774,478)
Capital assets, net	138,412,091	137,498,651	913,440	136,589,808	908,843
<b>Total assets</b>	<b>171,057,485</b>	<b>167,434,103</b>	<b>3,623,382</b>	<b>165,885,746</b>	<b>1,548,357</b>
<b>Deferred outflows of resources</b>	<b>3,137,492</b>	<b>2,788,721</b>	<b>348,771</b>	<b>3,538,325</b>	<b>(749,604)</b>
<b>Liabilities:</b>					
Current liabilities	6,781,505	5,707,594	1,073,911	6,218,548	(510,954)
Non-current liabilities	49,776,023	50,810,377	(1,034,354)	52,966,629	(2,156,252)
<b>Total liabilities</b>	<b>56,557,528</b>	<b>56,517,971</b>	<b>39,557</b>	<b>59,185,177</b>	<b>(2,667,206)</b>
<b>Deferred inflows of resources</b>	<b>923,684</b>	<b>540,356</b>	<b>383,328</b>	<b>886,238</b>	<b>(345,882)</b>
<b>Net position:</b>					
Net investment in capital assets	108,197,378	105,092,277	3,105,101	104,921,863	170,414
Restricted for capital projects and debt	-	71,715	(71,715)	2,186,164	(2,114,449)
Unrestricted	8,516,387	8,000,505	515,882	2,244,629	5,755,876
<b>Total net position</b>	<b>\$ 116,713,765</b>	<b>113,164,497</b>	<b>3,549,268</b>	<b>109,352,656</b>	<b>3,811,841</b>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of the District exceeded liabilities and deferred inflows by \$116,713,765 and \$113,164,497 as of June 30, 2020 and 2019, respectively.

**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Statements of Net Position, continued**

By far the largest portion of the District's net position (93% as of June 30, 2020 and 2019, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2020 and 2019, the District showed a positive balance in its unrestricted net position of \$8,516,387 and \$8,000,505. See note 12 for the amount of spendable net position that may be utilized in future years.

**Statements of Revenues, Expenses and Changes in Net Position**

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	2020	As Restated 2019	Change	2018	Change
<b>Revenue:</b>					
Operating revenue	\$ 23,796,921	21,772,246	2,024,675	22,094,094	(321,848)
Non-operating revenue	868,521	840,162	28,359	589,223	250,939
<b>Total revenue</b>	<b>24,665,442</b>	<b>22,612,408</b>	<b>2,053,034</b>	<b>22,683,317</b>	<b>(70,909)</b>
<b>Expense:</b>					
Operating expense	19,407,305	16,371,492	3,035,813	16,461,030	(89,538)
Depreciation and amortization	3,366,216	3,451,155	(84,939)	3,434,069	17,086
Non-operating expense	1,105,636	899,629	206,007	842,333	57,296
<b>Total expense</b>	<b>23,879,157</b>	<b>20,722,276</b>	<b>3,156,881</b>	<b>20,737,432</b>	<b>(15,156)</b>
<b>Net income(expense) before capital contributions</b>	<b>786,285</b>	<b>1,890,132</b>	<b>(1,103,847)</b>	<b>1,945,885</b>	<b>(55,753)</b>
<b>Capital contributions</b>	<b>2,762,983</b>	<b>1,921,709</b>	<b>841,274</b>	<b>4,020,041</b>	<b>(2,098,332)</b>
<b>Change in net position</b>	<b>3,549,268</b>	<b>3,811,841</b>	<b>(262,573)</b>	<b>5,965,926</b>	<b>(2,154,085)</b>
<b>Net position, beginning of year</b>	<b>113,164,497</b>	<b>109,352,656</b>	<b>3,811,841</b>	<b>100,697,886</b>	<b>8,654,770</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,688,844</b>	<b>(2,688,844)</b>
<b>Net position, beginning of year – as restated</b>	<b>113,164,497</b>	<b>109,352,656</b>	<b>3,811,841</b>	<b>103,386,730</b>	<b>5,965,926</b>
<b>Net position, end of year</b>	<b>\$ 116,713,765</b>	<b>113,164,497</b>	<b>3,549,268</b>	<b>109,352,656</b>	<b>3,811,841</b>

The statement of revenues, expenses and changes of net position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased 3.1% or \$3,549,268 to \$116,713,765 primarily due to increases of \$786,285 from ongoing operations, \$2,762,983 from capital contributions, and a prior period adjustment to net position in the amount of \$2,529,211 for a loan receivable related to the interconnection agreement with Marin Municipal Water District. See note 13 for further information. In 2019, the District's net position increased 3.5% or \$3,811,841 to \$113,164,497. The increase of \$3,811,841 was primarily due to increases of \$1,890,132 from ongoing operations, \$1,921,709 from capital contributions.

A closer examination of the sources of changes in net position:

In 2020, the District's total revenues increased 9.1% or \$2,053,034 to \$24,665,442. The District's operating revenues increased by 9.3% or \$2,024,675 to \$23,796,921 due primarily to increases of \$1,856,997 in water consumption sales and \$158,324 in bi-monthly meter service charges.

In 2020, the District's non-operating revenues increased by 3.4% or \$28,359 to \$868,521 due primarily to increases of \$66,487 in net investment earnings, \$18,816 in gain on sale of property and equipment, which were offset by a decrease of \$57,124 in other non-operating revenues.



**North Marin Water District**  
***Management's Discussion and Analysis***  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Statements of Revenues, Expenses and Changes in Net Position, continued**

In 2020, the District's capital contributions increased by 43.8% or \$841,274 to \$2,762,983 due primarily to increases of \$485,912 in developer contributions, \$316,207 in state and local capital grants, and \$39,155 in connection fees.

In 2019, the District's total revenues increased by 0.1% or \$14,458 to \$22,612,408. The District's operating revenues decreased by 1.5% or \$321,848 to \$21,772,246 due primarily to decreases of \$427,396 in water consumption sales and \$155,846 in water sales to other agency, which were offset by an increase of \$246,068 in bi-monthly service charges.

In 2019, the District's non-operating revenues increased by 42.6% or \$250,939 to \$840,162 due primarily to an increase of \$249,649 in net investment earnings.

In 2019, the District's capital contributions decreased by 52.2% or \$2,098,332 to \$1,921,709 due primarily to decreases of \$1,562,596 in developer contributions and \$548,615 in state and local capital grants.

In 2020, the District's total expenses including depreciation increased 15.2% or \$3,156,881 to \$23,879,157. The District's operating expenses increased 18.5% or \$3,035,813 to \$19,407,305 due primarily to increases of \$1,604,321 in source of supply, \$516,522 in water treatment, \$258,884 in transmission and distribution, \$194,214 in general and administrative, \$187,772 in pumping expense, \$183,624 in water facilities operations, \$48,595 in water conservation, \$24,211 in customer service, and \$17,670 in sewage and collection treatment.

In 2020, the District's depreciation and amortization decreased by 2.5% or \$84,939 to \$3,366,216 due primarily to the maturation of existing capital assets depreciation and additional depreciation for replacement assets.

In 2020, the District's non-operating expenses increased by 22.9% or \$206,007 to \$1,105,636 due primarily to an increase of \$305,711 in capital contribution to Novato Sanitation District for capital construction, which was offset by decreases of \$79,207 in interest expense on long-term debt and \$20,497 in other non-operating expenses.

In 2019, the District's total expenses including depreciation decreased 0.1% or \$15,156 to \$20,722,276. The District's operating expenses decreased 0.5% or \$89,538 to \$16,371,492 due primarily to decreases of \$435,980 in water treatment, \$231,823 in customer service, \$86,708 in water facilities operations, \$85,930 in transmission and distribution, \$77,442 in source of supply, and \$36,444 in sewage collection and treatment, which were offset by increases of \$837,641 in general and administrative and \$32,238 in pumping expense.

In 2019, the District's depreciation and amortization increased by 0.5% or \$17,086 to \$3,451,155 due primarily to the maturation of existing capital assets depreciation and additional depreciation for replacement assets.

In 2019, the District's non-operating expenses increased by 6.8% or \$57,296 to \$899,629 due primarily to an increase of \$128,236 in interest expense on long-term debt, offset by \$86,180 in prior year debt issuance costs.

**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Total District Revenues**

	<u>2020</u>	<u>As Restated 2019</u>	<u>Change</u>	<u>As Restated 2018</u>	<u>Change</u>
<b>Operating revenues:</b>					
Water consumption sales	\$ 18,194,168	16,337,171	1,856,997	16,764,567	(427,396)
Monthly meter service charge	4,968,620	4,810,296	158,324	4,564,228	246,068
Sewer service charges	264,372	252,720	11,652	239,890	12,830
Water sale to other agency	-	-	-	155,846	(155,846)
Other charges and services	369,761	372,059	(2,298)	369,563	2,496
<b>Total operating revenues</b>	<u>23,796,921</u>	<u>21,772,246</u>	<u>2,024,675</u>	<u>22,094,094</u>	<u>(321,848)</u>
<b>Non-operating revenues:</b>					
Property tax revenue	120,821	115,706	5,115	109,927	5,779
Investment earnings	549,477	436,684	112,793	182,169	254,515
Interest earnings from note receivable – BPGL	18,549	48,002	(29,453)	48,536	(534)
Interest earnings from loan receivable – MMWD	64,182	81,035	(16,853)	85,367	(4,332)
Rental revenue	86,597	91,532	(4,935)	105,406	(13,874)
Gain on sale of property and equipment	18,816	-	18,816	-	-
Other non-operating revenues	10,079	67,203	(57,124)	57,818	9,385
<b>Total non-operating revenues</b>	<u>868,521</u>	<u>840,162</u>	<u>28,359</u>	<u>589,223</u>	<u>250,939</u>
<b>Total revenues</b>	<u>\$ 24,665,442</u>	<u>22,612,408</u>	<u>2,053,034</u>	<u>22,683,317</u>	<u>(70,909)</u>

In 2020 and 2019, total District revenues increased \$2,053,034 and decreased \$70,909, respectively.

**Total District Expenses**

	<u>2020</u>	<u>As Restated 2019</u>	<u>Change</u>	<u>As Restated 2018</u>	<u>Change</u>
<b>Operating expenses including depreciation expense:</b>					
Source of supply	\$ 7,096,645	5,492,324	1,604,321	5,569,766	(77,442)
Pumping	646,366	458,594	187,772	426,356	32,238
Water facilities operations	1,176,833	993,209	183,624	1,079,917	(86,708)
Water treatment	2,647,688	2,131,166	516,522	2,567,146	(435,980)
Transmission and distribution	3,560,513	3,301,629	258,884	3,387,559	(85,930)
Sewage collection and treatment	145,183	127,513	17,670	163,957	(36,444)
Customer service	534,552	510,341	24,211	742,164	(231,823)
General and administrative	3,201,515	3,007,301	194,214	2,169,660	837,641
Water conservation	398,010	349,415	48,595	354,505	(5,090)
Depreciation and amortization	3,366,216	3,451,155	(84,939)	3,434,069	17,086
<b>Total operating expenses including depreciation expense</b>	<u>22,773,521</u>	<u>19,822,647</u>	<u>2,950,874</u>	<u>19,895,099</u>	<u>(72,452)</u>
<b>Non-operating expenses:</b>					
Interest expense – long-term debt	796,147	875,354	(79,207)	747,118	128,236
Capital contribution to Agency	305,711	-	305,711	-	-
Debt issuance costs	-	-	-	86,180	(86,180)
Other non-operating expenses	3,778	24,275	(20,497)	9,035	15,240
<b>Total non-operating expenses</b>	<u>1,105,636</u>	<u>899,629</u>	<u>206,007</u>	<u>842,333</u>	<u>57,296</u>
<b>Total expenses</b>	<u>\$ 23,879,157</u>	<u>20,722,276</u>	<u>3,156,881</u>	<u>20,737,432</u>	<u>(15,156)</u>

In 2020 and 2019, total District expenses increased \$3,156,881 and decreased by \$15,156, respectively.

**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Capital Asset Administration**

Changes in capital asset amounts for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2020</u>
Capital assets:				
Non-depreciable assets	\$ 25,353,552	4,002,970	(22,913,895)	6,442,627
Depreciable assets	173,097,983	23,190,581	(129,436)	196,159,128
Accumulated depreciation	(60,952,884)	(3,366,216)	129,436	(64,189,664)
Total capital assets, net	\$ <u>137,498,651</u>	<u>23,827,335</u>	<u>(22,913,895)</u>	<u>138,412,091</u>

Changes in capital asset amounts for 2019 were as follows:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2019</u>
Capital assets:				
Non-depreciable assets	\$ 25,964,598	4,405,064	(5,016,110)	25,353,552
Depreciable assets	168,132,910	4,971,044	(5,971)	173,097,983
Accumulated depreciation	(57,507,700)	(3,451,155)	5,971	(60,952,884)
Total capital assets, net	\$ <u>136,589,808</u>	<u>5,924,953</u>	<u>(5,016,110)</u>	<u>137,498,651</u>

At the end of fiscal year 2020 and 2019, the District's investment in capital assets amounted to \$138,412,091 and \$137,498,651, respectively (net of accumulated depreciation). This investment in capital assets includes land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, vehicles and construction-in-progress, etc. (See note 6 for further information)

**Debt Administration**

Changes in long-term debt amounts for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2020</u>
Long-term debt:				
Loans payable	\$ 35,236,198	-	(2,332,799)	32,903,399
Total long-term debt	\$ <u>35,236,198</u>	<u>-</u>	<u>(2,332,799)</u>	<u>32,903,399</u>

Changes in long-term debt amounts for 2019 were as follows:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2019</u>
Long-term debt:				
Bonds payable	\$ 72,000	-	(72,000)	-
Loans payable	37,513,463	-	(2,277,265)	35,236,198
Total long-term debt	\$ <u>37,585,463</u>	<u>-</u>	<u>(2,349,265)</u>	<u>35,236,198</u>

(See note 9 for further information)



**North Marin Water District**  
***Management's Discussion and Analysis***  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Conditions Affecting Current Financial Position**

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

Management is unaware of any other conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Auditor-Controller at 999 Rush Creek Place, Novato, California 94945, Telephone: (415) 897-4133.

Draft Subject to Approval by Board

# **Basic Financial Statements**

Draft Subject to Approval by BOD

**North Marin Water District  
Statements of Net Position  
June 30, 2020 and 2019**

	<b>2020</b>	<b>As Restated 2019</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 14,794,597	8,980,983
Restricted – cash and cash equivalents (note 2)	1,184,440	1,498,122
Restricted – investments (note 2)	3,479,480	4,715,320
Accrued interest receivable	81,874	88,871
Accounts receivable – water and sewer sales and services	4,402,160	4,221,181
Accounts receivable – governmental agencies	662,879	162,445
Accounts receivable – other	251,761	220,474
Notes receivable (note 3)	37,271	263,785
Loan receivable (note 3)	144,968	141,138
Notes receivable – employee housing assistance loans, net (note 4)	-	39,200
Materials and supplies inventory	628,948	701,952
Prepaid expenses and deposits	446,117	230,675
<b>Total current assets</b>	<b>26,114,495</b>	<b>21,264,146</b>
<b>Non-current assets:</b>		
Restricted – investments (note 2)	2,790,301	3,744,249
Notes receivable (note 3)	1,136,458	2,027,949
Loan receivable (note 3)	2,079,140	2,224,108
Notes receivable – employee housing assistance loans, net (note 4)	525,000	675,000
Capital assets, not being depreciated (note 6)	6,442,627	25,353,552
Depreciable capital assets, net (note 6)	131,969,464	112,145,099
<b>Total non-current assets</b>	<b>144,942,990</b>	<b>146,169,957</b>
<b>Total assets</b>	<b>171,057,485</b>	<b>167,434,103</b>
<b>Deferred outflows of resources:</b>		
Deferred other post-employment benefits outflows (note 10)	341,851	172,404
Deferred pension outflows (note 11)	2,795,641	2,616,317
<b>Total deferred outflows of resources</b>	<b>\$ 3,137,492</b>	<b>2,788,721</b>

*Continued on next page*

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Statements of Net Position, continued**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>As Restated 2019</u>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 2,899,318	1,265,960
Accrued wages and related payables	285,184	280,870
Accrued claims payable (note 7)	23,537	54,541
Customer advances and deposits	1,272,311	1,886,908
Accrued interest payable – long-term debt	157,614	166,595
Long-term liabilities – due within one year:		
Compensated absences (note 8)	176,238	136,644
Loans payable (note 9)	1,967,303	1,916,076
<b>Total current liabilities</b>	<u>6,781,505</u>	<u>5,707,594</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 8)	528,715	409,931
Loans payable (note 9)	30,936,096	33,320,122
Total other post-employment benefits liability (note 10)	4,658,025	4,520,164
Net pension liability (note 11)	13,653,187	12,560,160
<b>Total non-current liabilities</b>	<u>49,776,023</u>	<u>50,810,377</u>
<b>Total liabilities</b>	<u>56,557,528</u>	<u>56,517,971</u>
<b>Deferred inflows of resources:</b>		
Deferred other post-employment benefits inflows (note 10)	121,829	-
Deferred pension inflows (note 11)	801,855	540,356
<b>Total deferred inflows of resources</b>	<u>923,684</u>	<u>540,356</u>
<b>Net position: (note 12, 13)</b>		
Net investment in capital assets	107,946,623	105,092,277
Restricted for capital projects and debt service	-	71,715
Unrestricted	8,767,142	8,000,505
<b>Total net position</b>	<u>\$ 116,713,765</u>	<u>113,164,497</u>

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>As Restated 2019</u>
Operating revenues:		
Water consumption sales	\$ 18,194,168	16,337,171
Bi-monthly meter service charge	4,968,620	4,810,296
Sewer service charges	264,372	252,720
Other charges and services	369,761	372,059
Total operating revenues	<u>23,796,921</u>	<u>21,772,246</u>
Operating expenses:		
Source of supply	7,096,645	5,492,324
Pumping	646,366	458,594
Water facilities operations	1,176,833	993,209
Water treatment	2,647,688	2,131,166
Transmission and distribution	3,560,513	3,301,629
Sewage collection and treatment	145,183	127,513
Customer service	534,552	510,341
General and administrative	3,201,515	3,007,301
Water conservation	398,010	349,415
Total operating expenses	<u>19,407,305</u>	<u>16,371,492</u>
Operating income before depreciation	4,389,616	5,400,754
Depreciation expense – capital recovery	<u>(3,366,216)</u>	<u>(3,451,155)</u>
<b>Operating income</b>	<u>1,023,400</u>	<u>1,949,599</u>
Non-operating revenues(expenses):		
Property tax revenue	120,821	115,706
Investment earnings	549,477	436,684
Interest earnings from note receivable – BPGL	18,549	48,002
Interest earnings from loan receivable – MMWD	64,182	81,035
Rental revenue	86,597	91,532
Interest expense – long-term debt	(796,147)	(875,354)
Capital contribution to Agency	(305,711)	-
Gain on sale of property and equipment	18,816	-
Other non-operating revenues	10,079	67,203
Other non-operating expenses	<u>(3,778)</u>	<u>(24,275)</u>
Total non-operating revenues, net	<u>(237,115)</u>	<u>(59,467)</u>
<b>Net income before capital contributions</b>	<u>786,285</u>	<u>1,890,132</u>
Capital contributions:		
Developers and others	895,050	409,138
Connection fees	1,531,535	1,492,380
Capital grants – state and local	336,398	20,191
<b>Capital contributions</b>	<u>2,762,983</u>	<u>1,921,709</u>
<b>Change in net position</b>	<u>3,549,268</u>	<u>3,811,841</u>
Net position, beginning of year – as restated (note 13)	<u>113,164,497</u>	<u>109,352,656</u>
Net position, end of year	<u>\$ 116,713,765</u>	<u>113,164,497</u>

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>As Restated 2019</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 23,180,897	21,920,631
Cash paid to employees for salaries and wages	(5,608,011)	(4,844,737)
Cash paid to vendors and suppliers for materials and services	(11,529,616)	(11,734,384)
Net cash provided by operating activities	<u>6,043,270</u>	<u>5,341,510</u>
Cash flows from non-capital financing activities:		
Property tax revenue	120,821	115,706
Net cash provided by non-capital financing activities	<u>120,821</u>	<u>115,706</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(4,288,074)	(2,253,967)
Proceeds from capital contributions and connection fees	2,762,983	2,166,709
Principal paid on long-term debt	(2,332,799)	(2,349,265)
Interest paid on long-term debt	(805,128)	(845,093)
Net cash used in capital and related financing activities	<u>(4,663,018)</u>	<u>(3,281,616)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	4,688,518	6,336,267
Purchases of investments	(2,474,000)	(4,719,000)
Principal received on notes receivable	1,118,005	669,723
Principal received on loans receivable	141,138	163,965
Principal received on employee housing assistance loans	-	495,000
Investment earnings	525,198	422,034
Net cash provided by investing activities	<u>3,998,859</u>	<u>3,367,989</u>
<b>Net increase in cash and cash equivalents</b>	<u>5,499,932</u>	<u>5,543,589</u>
Cash and cash equivalents, beginning of year	10,479,105	4,935,516
Cash and cash equivalents, end of year	<u>\$ 15,979,037</u>	<u>10,479,105</u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 14,794,597	8,980,983
Restricted assets – cash and cash equivalents	1,184,440	1,498,122
Total cash and cash equivalents	<u>\$ 15,979,037</u>	<u>10,479,105</u>

**Continued on next page**

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Statements of Cash Flows, continued**  
**For the Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>As Restated 2019</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,023,400	1,949,599
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense – capital recovery	3,366,216	3,451,155
Rental revenue	86,597	91,532
Other non-operating revenue	10,079	67,203
Other non-operating expenses	(3,778)	(24,275)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – water and sewer sales and services	(180,979)	292,189
Accounts receivable – governmental agencies	(500,434)	(92,615)
Accounts receivable – other	(31,287)	(209,924)
Materials and supplies inventory	73,004	(237,238)
Prepaid expenses and other deposits	(215,442)	(160,247)
Decrease(Increase) in deferred outflows of resources		
Other post-employment benefits related	(169,447)	(172,404)
Pension related	(179,324)	922,008
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	1,633,358	(1,375,564)
Accrued wages and related payables	4,314	8,441
Accrued claims payable	(31,004)	(43,040)
Customer advances and deposits	(614,597)	820,808
Compensated absences	158,378	59,118
Other post-employment benefit liability	137,861	396,599
Net pension liability	1,093,027	(214,564)
(Decrease)Increase in deferred inflows of resources		
Other post-employment benefits related	121,829	-
Pension related	261,499	(187,271)
Total adjustments	5,019,870	3,391,911
Net cash provided by operating activities	\$ 6,043,270	5,341,510
Non-cash investing, capital and financing transactions:		
Change in fair value of investments	\$ 49,825	57,836
Change in capital contributions – grants	\$ -	2,270,095

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The North Marin Water District (District) is an independent special district formed in April 1948, which operates under the authority of Division 12 of the California Water Code. The District's service area includes the City of Novato, adjacent areas, plus annexed areas in West Marin County. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The District's operations are accounted for by the following service areas, some of which were originally established as Improvement Districts. Although the Improvement Districts are legally separate organizations, they are reported herein as if they were part of the primary government because the primary government controls the Improvement Districts and the Board of Directors serve as their governing board. The following service areas are reported as blended component units.

**Novato Water System** – The Novato Water System is the primary service division of the District and represents the basic primary component of the District.

**West Marin Water System** formally *Point Reyes Service Area*. – This service area began in 1970 as a separate voter-approved Improvement District. Point Reyes was consolidated with the Olema Improvement District in 1996 and the Paradise Ranch Estate Improvement District in 2002, forming the West Marin Water System.

**Oceana Marin Sewer Service** – By agreement with a private developer, this service area was formed to provide sewer service to area residents commencing in June 1973.

**Novato Recycled Water System** – This enterprise fund was formed by the District in 2007 to account for the operation of the District's recycled water treatment and distribution system.

**B. Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the cost of providing water or wastewater disposal to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and sewer service charges), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and sewer service charges, along with water purchases and wastewater disposal, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal value. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as grant funding, investment income and interest expense, result from non-exchange transactions, in which the District gives (receives) value without directly receiving (giving) value in exchange.



**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting**

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

The District has adopted the following GASB pronouncements in the current year:

*Governmental Accounting Standards Board Statement No. 95*

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period.

**2. Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on District and the duration cannot be estimated at this time.

**3. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**4. Investments and Investment Policy**

The District has adopted an investment policy directing the District's Auditor-Controller to deposit funds in financial institutions.

Changes in market value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in market value, and any gains or losses realized upon the liquidation or sale of investments.

**5. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position**

**5. Fair Value Measurements, continued**

- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

**6. Accounts Receivable**

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

**7. Property Taxes**

The County of Marin Assessor's Office assesses all real and personal property within the County each year. The County of Marin Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of Marin Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

**8. Restricted Assets**

Restricted assets are financial resources generated for a specific purpose such as capital projects or debt service. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

**9. Prepaid Expenses**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**10. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for capitalizing equipment purchases at \$5,000. Donated assets are recorded at estimated cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Dam – 100 years
- Transmission and distribution systems – 50 to 150 years
- Treatment plant – 20 to 50 years
- Sewer mains and pumps – 10 to 40 years
- Buildings and storage facilities – 35 to 50 years
- Equipment and vehicles – 5 to 10 years

**11. Deferred Outflows of Resources**

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following items that qualify for reporting in this category:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with post-employment benefits through the Plan.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**11. Deferred Outflows of Resources, continued**

*Pensions*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net change due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

**12. Compensated Absences**

The District's employees have a vested interest in accrued vacation time. All vacation hours will eventually be either used or paid-off by the District. Employees earn vacation time on a semi-monthly basis. Employees normally earn and use their current vacation time with a small portion being unused each year. As this occurs, the District incurs a future obligation to pay for these unused hours and accrues a liability for such accumulated and unpaid vacation time.

Full-time District employees earn sick leave at a rate of one day per month. District employees may elect to be paid for accumulated and unused sick leave in excess of 90 days, at a rate of one-half of the value of such accumulated amount. The District has accrued a liability for such excess amounts. Employees hired after 10/1/2000 may apply their unused sick leave credit to enhance CalPERS retirement benefits but are not eligible to receive any pay for accrued unused sick leave from the District.

**13. Post-Employment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: July 1, 2019
- Measurement Date: June 30, 2020
- Measurement Period: July 1, 2019 to June 30, 2020

**14. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**14. Pensions, continued**

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2018
- Measurement Date: June 30, 2019
- Measurement Period: July 1, 2018 to June 30, 2019

**15. Deferred Inflows of Resources**

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred inflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with post-employment benefits through the Plan.

*Pensions*

- Deferred inflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred inflow for the net difference in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

**16. Water and Sewer Sales**

Water sales are billed on a bi-monthly cyclical basis. Estimated unbilled water and sewer sales and service charges through June 30<sup>th</sup> have been accrued as of year-end.

**17. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

**18. Capital and Operating Grants**

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the statement of net position and as capital grant contribution or operating grant revenue, as appropriate, on the statement of revenues, expenses and changes in net position.

**19. Budgetary Policies**

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparison of actual revenue and expense with planned revenue and expense for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, continued**

**20. Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

**21. Reclassification**

The District has reclassified certain prior year information to conform to current year presentations.

**(2) Cash and Investments**

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 14,794,597	8,980,983
Restricted – cash and cash equivalents	1,184,440	1,498,122
Total cash and cash equivalents	\$ 15,979,037	10,479,105
Restricted – investments	\$ 3,479,480	4,715,320
Restricted – investments non-current	2,790,301	3,744,249
Total restricted investments	\$ 6,269,781	8,459,569
Total cash and investments	\$ 22,248,818	18,938,674

Cash and investments as of June 30 consist of the following:

	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 350	350
Deposits with financial institutions	617,814	288,046
Deposits with County of Marin Treasury	1,051,188	1,602,447
Investments	20,579,466	17,047,831
Total cash and investments	\$ 22,248,818	18,938,674

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(2) Cash and Investments, continued**

***Investments Authorized by the California Government Code and the District's Investment Policy***

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage Of Portfolio *</b>	<b>Maximum Investment in One Issuer</b>
State and Local Agency Bonds	5 years	100%	None
U.S. Treasury Obligations	5 years**	100%	None
U.S. Agency Securities	5 years**	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Non-negotiable Certificates of Deposit	1 year	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Repurchase agreements	30 days	100%	None
Money Market Mutual Funds	N/A	20%	10%
California Local Agency Investment Fund (LAIF)	N/A	100%	None
California Asset Management Program (CAMP)	N/A	100%	None

\* Excluding amounts held by bond trustee that are not subject to California Government Code.

\*\* Except when authorized by the District's legislative body in accordance with Government Code Section 53601

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and, the District's investment policy that requires no more than two-thirds of the District's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.



**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(2) Cash and Investments, continued**

***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Investments at June 30, 2020, consisted of the following:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 months or less	13 to 24 months	25-60 months
Local Agency Investment Fund	\$ 14,379,986	14,379,986	-	-
Certificates-of-deposit	5,193,000	2,473,000	2,720,000	-
U.S. Treasury note	1,006,480	1,006,480	-	-
Total	\$ 20,579,466	17,859,466	2,720,000	-

Investments at June 30, 2019, consisted of the following:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 months or less	13 to 24 months	25-60 months
Local Agency Investment Fund	\$ 8,602,964	8,602,964	-	-
Certificates-of-deposit	5,933,000	3,214,000	2,473,000	246,000
U.S. Treasury note	2,511,867	1,501,320	1,010,547	-
Total	\$ 17,047,831	13,318,284	3,483,547	246,000

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(2) Cash and Investments, continued**

***Credit Risk, continued***

Credit ratings at June 30, 2020, consisted of the following:

<b>Investment Type</b>	<b>Amount</b>	<b>Minimum Legal Rating</b>	<b>Exempt From Disclosure</b>	<b>Ratings AA+ to AA-</b>
Local Agency Investment Fund	\$ 14,379,986	N/A	14,379,986	-
Certificates-of-deposit	5,193,000	N/A	5,193,000	-
U.S. Treasury note	1,006,480	N/A	-	1,006,480
<b>Total</b>	<b>\$ 20,579,466</b>		<b>19,572,986</b>	<b>1,006,480</b>

Credit ratings at June 30, 2019, consisted of the following:

<b>Investment Type</b>	<b>Amount</b>	<b>Minimum Legal Rating</b>	<b>Exempt From Disclosure</b>	<b>Ratings AA+ to AA-</b>
Local Agency Investment Fund	\$ 8,602,964	N/A	8,602,964	-
Certificates-of-deposit	5,933,000	N/A	5,933,000	-
U.S. Treasury note	2,511,867	N/A	-	2,511,867
<b>Total</b>	<b>\$ 17,047,831</b>		<b>14,535,964</b>	<b>2,511,867</b>

***Fair Value Measurements***

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

**Investments at June 30, 2020:**

<b>Investment Type</b>	<b>Total</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Certificates-of-deposit	\$ 5,193,000	-	5,193,000	-
U.S. Treasury note	1,006,480	1,006,480	-	-
<b>Total investments measured at fair value</b>	<b>6,199,480</b>	<b>1,006,480</b>	<b>5,193,000</b>	<b>-</b>
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	14,379,986			
<b>Total</b>	<b>\$ 20,579,466</b>			

The District has the following recurring fair value measurements as of June 30, 2020:

- U.S. Treasury securities of \$1,006,480 are valued using quoted market prices (Level 1 inputs).
- Certificates of deposit of \$5,193,000 are valued using a matrix pricing model (Level 2 inputs).
- Local Agency Investment Fund of \$14,379,986 is valued at amortized cost.



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**(2) Cash and Investments, continued**

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

**Investments at June 30, 2019:**

Investment Type	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates-of-deposit	\$ 5,933,000	-	5,933,000	-
U.S. Treasury note	2,511,867	2,511,867	-	-
Total investments measured at fair value	8,444,867	2,511,867	5,933,000	-
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	8,602,964			
Total	\$ 17,047,831			

The District has the following recurring fair value measurements as of June 30, 2019:

- U.S. Treasury securities of \$2,511,867 are valued using quoted market prices (Level 1 inputs).
- Certificates of deposit of \$5,933,000 are valued using a matrix pricing model (Level 2 inputs).
- Local Agency Investment Fund of \$8,602,964 is valued at amortized cost.

**(3) Notes Receivable**

Changes in notes and loans receivable amounts for 2020 were as follows:

	As Restated Balance 2019	Additions	Principal Payments	Balance 2020	Current Portion	Long-term Portion
Notes receivable:						
Black Point Golf Links	\$ 1,081,103	-	(1,081,103)	-	-	-
Marin Country Club	1,210,631	-	(36,902)	1,173,729	37,271	1,136,458
Total notes receivable	2,291,734	-	(1,118,005)	1,173,729	37,271	1,136,458
Loans receivable:						
Marin Municipal Water District	2,365,246	-	(141,138)	2,224,108	144,968	2,079,140
Total notes and loans receivable	\$ 4,656,980	-	(1,259,143)	3,397,837	182,239	3,215,598

Changes in notes and loans receivable amounts for 2019 were as follows:

	As Restated Balance 2018	Additions	Principal Payments	As Restated Balance 2019	Current Portion	Long-term Portion
Notes receivable:						
Black Point Golf Links	\$ 1,302,617	-	(221,514)	1,081,103	226,884	854,219
Marin Country Club	1,658,840	-	(448,209)	1,210,631	36,901	1,173,730
Total notes receivable	2,961,457	-	(669,723)	2,291,734	263,785	2,027,949
Loans receivable:						
Marin Municipal Water District	2,529,211	-	(163,965)	2,365,246	141,138	2,224,108
Total notes and loans receivable - \$	5,490,668	-	(833,688)	4,656,980	404,923	4,252,057

**Black Point Golf Links**

The District has entered into a contractual agreement with Black Point Golf Links, which now goes by Stone Tree Golf Club, whereby the golf club agreed to reimburse the District for construction costs incurred for a new recycled water pipeline, in-lieu of connection fees. The reimbursement is collected in bi-monthly installments through February 2024, including interest at a rate of 2.40%. As of June 30, 2020 and 2019, the balance was paid-in-full and \$1,081,103, respectively.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
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**(3) Notes Receivable, continued**

***Marin Country Club***

On June 10, 2015, the District entered into a contractual agreement with the Marin Country Club, which whereby the Country Club agreed to reimburse the District for construction costs incurred for a new recycled water facility, in-lieu of connection fees. Marin Country Club is the primary customer of the Central Service Area pipeline of which this receivable contributes significantly to related District debt. (See note 9 for further information). The reimbursement is collected in bi-monthly installments through November 2047, including interest at a rate ranging from 1.00% to 2.80%. At June 30, 2020 and 2019, the remaining balance was \$1,173,729 and \$1,210,631, respectively.

As of June 30, the amount receivable under the contract is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 37,271	11,582	48,853
2022	37,646	11,208	48,854
2023	38,024	10,830	48,854
2024	38,406	10,448	48,854
2025	38,791	10,063	48,854
2026-2030	199,878	44,391	244,269
2031-2035	210,117	34,152	244,269
2036-2040	220,881	23,388	244,269
2041-2045	232,196	12,073	244,269
2046-2047	120,519	1,613	122,132
Total	1,173,729	169,748	1,343,477
Less: current portion:	(37,271)		
Total Long-term \$	<u>1,136,458</u>		

***Marin Municipal Water District – Interconnection Agreement AEEP***

In February 2019, the District entered into an agreement with Marin Municipal Water District (MMWD) for the purpose of providing the basis for and mechanism whereby Marin Municipal and North Marin can each, as a first priority, continue to meet the needs of their respective customers, and simultaneously, to the extent feasible, utilize their respective water systems and surplus system capacity in a coordinated manner for the benefit of the customers of both District's.

In recognition of the District's investment in the cost of construction of the Aqueduct Energy Efficiency Project (AEEP), MMWD made an initial contribution of \$480,000 and \$3,142,883 in loan payments as fair compensation of the AEEP capital cost. The reimbursement is collected in annual installments through July 1, 2032, including interest at a rate of 2.71%.

During the fiscal year 2020, the District determined the agreement should have been recorded in its records as a loan. A prior period adjustment has been recorded. Please see Note 13 for more information.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
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**(3) Notes Receivable, continued**

***Marin Municipal Water District – Interconnection Agreement AEEP, continued***

As of June 30, the amount receivable under the agreement is as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 144,968	60,352	205,320
2022	148,902	56,418	205,320
2023	152,942	52,378	205,320
2024	157,092	48,228	205,320
2025	161,355	43,965	205,320
2026-2030	874,878	151,722	1,026,600
2031-2033	583,971	31,989	615,960
Total	2,224,108	445,052	2,669,160
Less: current portion:	(144,968)		
Total Long-term \$	2,079,140		

**(4) Notes Receivable – Employee Housing Assistance Loans**

The District's Employer Assisted Housing Program (Program) allows up to \$300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District's service area. This will allow the employee to respond rapidly to customer calls or emergencies affecting the operation of the District. Repayment is due upon sale of the employee's residence, termination of employment, or other events as described in the Program documents. Interest earned on the loan is contingent upon and directly proportional to the appreciation in value occurring on the purchased property. The balance of the outstanding loans may be offset by an allowance representing the impairment in value due to the decline in market value of the homes financed since the loan inception date.

The following is a listing of employee housing assistance loans and their corresponding origination dates as follows:

<b>Origination</b>	<b>2020</b>	<b>2019</b>
Sept. 2004	\$ -	39,200
Nov. 2007	-	150,000
March 2015	250,000	250,000
June 2018	275,000	275,000
Total	525,000	714,200
Less: current portion:	-	(39,200)
Total Long-term \$	525,000	675,000

**(5) Internal Balances**

***Due To/From Other Funds and Transfers***

As of June 30, 2020 and 2019 there were no internal balances, respectively.

Transfers between funds as of June 30, 2020, were as follows:

<b>Purpose</b>	<b>Transfer From</b>	<b>Transfer To</b>	<b>Amount</b>
Capital Contribution	Novato Recycled	Novato Water	\$ 689,600

**North Marin Water District**  
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**(5) Internal Balances, continued**

In 2020, the Novato Recycled system transferred \$689,600, in net position to the Novato Water system for the purpose of transferring funds previously borrowed for the Recycled Water Central Expansion Project back to Novato after receiving an early loan payoff from Black Point Golf Links for the SRF Loan. (See the Supplementary Schedules on pages 67 through 68 for further information)

Transfers between funds as of June 30, 2019, were as follows:

<u>Purpose</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Capital Contribution	Novato Recycled	Novato Water	\$ <u>1,239,907</u>

In 2019, the Novato Recycled system transferred \$1,239,907, in net position to the Novato Water system for the purpose of transferring funds previously borrowed for the Recycled Water Central Expansion Project back to Novato after receiving a State revolving fund loan and grant funds. (See the Supplementary Schedules on pages 67 through 68 for further information)

**(6) Capital Assets**

***Construction-In-Progress***

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-progress balances at June 30 are as follows:

The balance of construction-in-progress at June 30 consists of the following projects:

	<u>2020</u>	<u>2019</u>
Developer construction – Novato Water	\$ 1,450,652	613,771
Other construction – Novato Water	1,430,935	6,880,431
Other construction – Novato Recycled	470,660	15,743,265
Other construction – West Marin Water	1,372,760	556,010
Other construction – Oceana Marin Sewer	<u>244,529</u>	<u>86,984</u>
Total construction-in-progress per year	\$ <u>4,969,536</u>	<u>23,880,461</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(6) Capital Assets, continued**

Changes in capital assets for the year were as follows:

	<u>Balance 2019</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-progress	23,880,461	4,002,970	(22,913,895)	4,969,536
Total non-depreciable assets	<u>25,353,552</u>	<u>4,002,970</u>	<u>(22,913,895)</u>	<u>6,442,627</u>
Depreciable assets:				
Distribution system	86,339,778	20,630,823	-	106,970,601
Treatment plant	22,056,723	547,903	-	22,604,626
Storage facilities	23,082,820	1,510,278	-	24,593,098
Transmission system	29,405,627	-	-	29,405,627
Source facilities	5,675,845	-	-	5,675,845
Sewer facilities	1,258,111	-	-	1,258,111
Structures and improvements	1,902,893	216,472	-	2,119,365
Other plant and equipment	3,376,186	285,105	(129,436)	3,531,855
Total depreciable assets	<u>173,097,983</u>	<u>23,190,581</u>	<u>(129,436)</u>	<u>196,159,128</u>
Accumulated depreciation:				
Distribution system	(32,431,350)	(1,567,781)	-	(33,999,131)
Treatment plant	(9,653,179)	(704,280)	-	(10,357,459)
Storage facilities	(7,464,309)	(469,226)	-	(7,933,535)
Transmission system	(4,221,080)	(254,255)	-	(4,475,335)
Source facilities	(2,295,793)	(107,411)	-	(2,403,204)
Sewer facilities	(657,503)	(29,060)	-	(686,563)
Structures and improvements	(1,345,281)	(41,273)	-	(1,386,554)
Other plant and equipment	(2,884,389)	(192,930)	129,436	(2,947,883)
Total accumulated depreciation	<u>(60,952,884)</u>	<u>(3,366,216)</u>	<u>129,436</u>	<u>(64,189,664)</u>
Total depreciable assets, net	<u>112,145,099</u>	<u>19,824,365</u>	<u>-</u>	<u>131,969,464</u>
Total capital assets, net	<u>\$ 137,498,651</u>	<u>23,827,335</u>	<u>(22,913,895)</u>	<u>138,412,091</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(6) Capital Assets, continued**

Changes in capital assets for the year were as follows:

	<u>Balance 2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2019</u>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-progress	24,491,507	4,405,064	(5,016,110)	23,880,461
Total non-depreciable assets	<u>25,964,598</u>	<u>4,405,064</u>	<u>(5,016,110)</u>	<u>25,353,552</u>
Depreciable assets:				
Distribution system	84,577,710	1,762,068	-	86,339,778
Treatment plant	21,184,413	872,310	-	22,056,723
Storage facilities	20,999,594	2,083,226	-	23,082,820
Transmission system	29,405,627	-	-	29,405,627
Source facilities	5,596,066	79,779	-	5,675,845
Sewer facilities	1,203,030	55,081	-	1,258,111
Structures and improvements	1,902,893	-	-	1,902,893
Other plant and equipment	3,263,577	118,580	(5,971)	3,376,186
Total depreciable assets	<u>168,132,910</u>	<u>4,971,044</u>	<u>(5,971)</u>	<u>173,097,983</u>
Accumulated depreciation:				
Distribution system	(30,703,189)	(1,728,161)	-	(32,431,350)
Treatment plant	(8,977,019)	(676,160)	-	(9,653,179)
Storage facilities	(7,005,381)	(458,928)	-	(7,464,309)
Transmission system	(3,972,992)	(248,088)	-	(4,221,080)
Source facilities	(2,184,117)	(111,676)	-	(2,295,793)
Sewer facilities	(630,923)	(26,580)	-	(657,503)
Structures and improvements	(1,303,856)	(41,425)	-	(1,345,281)
Other plant and equipment	(2,730,223)	(160,137)	5,971	(2,884,389)
Total accumulated depreciation	<u>(57,507,700)</u>	<u>(3,451,155)</u>	<u>5,971</u>	<u>(60,952,884)</u>
Total depreciable assets, net	<u>110,625,210</u>	<u>1,519,889</u>	<u>-</u>	<u>112,145,099</u>
Total capital assets, net	<u>\$ 136,589,808</u>	<u>5,924,953</u>	<u>(5,016,110)</u>	<u>137,498,651</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
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**(7) Accrued Claims Payable**

The District self-insures its workers' compensation obligation and established a risk financing internal service fund where assets are set aside for claim settlements associated with the risk of loss up to certain limits for workers' compensation claims.

Settled claims have not exceeded the accrued coverage amounts in any of the last three fiscal years. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The accrued claims payable balance includes an amount for claims that have been incurred but not paid.

The balance at June 30 consists of the following:

	<u>2020</u>	<u>2019</u>
Accrued claims payable, beginning of year	\$ 54,541	97,581
Current year claims recognized	-	11,911
Current year claims paid	-	(11,911)
Prior year claims incurred	-	-
Prior year claims paid	<u>(31,004)</u>	<u>(43,040)</u>
Accrued claims payable, end of year	<u>\$ 23,537</u>	<u>54,541</u>

**(8) Compensated Absences**

Compensated absences comprise unpaid vacation and sick leave which is accrued as earned.

Changes to compensated absences for 2020 were as follows:

<u>Balance 2019</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2020</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 546,575	906,745	(748,367)	704,953	176,238	528,715

Changes to compensated absences for 2019 were as follows:

<u>Balance 2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2019</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 487,457	929,401	(870,283)	546,575	136,644	409,931

**(9) Long-term Debt**

Changes in long-term debt amounts for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2020</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Long-term debt:						
Loans payable:						
2005 DWR loan – Novato Water	\$ 9,241,577	-	(828,522)	8,413,055	421,701	7,991,354
2005 SWRCB loan – Novato Recycled	1,968,463	-	(226,124)	1,742,339	231,551	1,510,788
2011-2012 SWRCB loans – Novato Recycled N & S	7,197,587	-	(443,323)	6,754,264	453,876	6,300,388
2011 B of M loan – Novato Water	4,844,924	-	(321,053)	4,523,871	332,634	4,191,237
2011 B of M loan – West Marin Water	711,182	-	(47,128)	664,054	48,827	615,227
2016 SWRCB Loan – Novato Recycled Central	6,912,465	-	(206,649)	6,705,816	208,714	6,497,102
2018 JP Morgan Chase Loan – Novato Water	4,360,000	-	(260,000)	4,100,000	270,000	3,830,000
Total loans payable	<u>35,236,198</u>	<u>-</u>	<u>(2,332,799)</u>	<u>32,903,399</u>	<u>1,967,303</u>	<u>30,936,096</u>
Total long-term debt	<u>\$ 35,236,198</u>	<u>-</u>	<u>(2,332,799)</u>	<u>32,903,399</u>	<u>1,967,303</u>	<u>30,936,096</u>



**North Marin Water District**  
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**(9) Long-term Debt, continued**

Changes in long-term debt amounts for 2019 were as follows:

	Balance 2018	Additions	Principal Payments	Balance 2019	Current Portion	Long-term Portion
Long-term debt:						
Bonds payable:						
1980 Revenue bonds – PRE-1	\$ 26,000	-	(26,000)	-	-	-
1981 Revenue bonds – PR-6	46,000	-	(46,000)	-	-	-
Total bonds payable	72,000	-	(72,000)	-	-	-
Loans payable:						
2005 DWR loan – Novato Water	10,050,647	-	(809,070)	9,241,577	411,801	8,829,776
2005 SWRCB loan – Novato Recycled	2,189,287	-	(220,824)	1,968,463	226,124	1,742,339
2011-2012 SWRCB loans – Novato Recycled N & S	7,630,605	-	(433,018)	7,197,587	443,323	6,754,264
2011 B of M loan – Novato Water	5,155,631	-	(310,707)	4,844,924	321,053	4,523,871
2011 B of M loan – West Marin Water	756,790	-	(45,608)	711,182	47,127	664,055
2016 SWRCB Loan – Novato Recycled Central	7,130,503	-	(218,038)	6,912,465	206,648	6,705,817
2018 JP Morgan Chase Loan – Novato Water	4,600,000	-	(240,000)	4,360,000	260,000	4,100,000
Total loans payable	37,513,463	-	(2,277,265)	35,236,198	1,916,076	33,320,122
Total long-term debt	\$ 37,585,463	-	(2,349,265)	35,236,198	1,916,076	33,320,122

**Bonds Payable**

**1980 Revenue Bonds – Issue PRE-1**

On August 22, 1980, the District issued revenue bonds totaling \$240,000 for the system rehabilitation of the Paradise Ranch Estates (PRE) water distribution system.

The bonds are scheduled to mature in 2020. Principal is payable annually on April 1<sup>st</sup> and interest is payable semi-annually on October 1<sup>st</sup> and April 1<sup>st</sup> at a rate of 5.000%. At June 30, 2019, the District had paid the bonds in-full.

**1981 Revenue Bonds – Issue PR-6**

On August 28, 1981, the District issued revenue bonds totaling \$217,800 to finance the further work needed to rehabilitate the Point Reyes and Inverness Park water systems including the addition of a 300,000 gallon tank in Point Reyes Station and a 100,000 gallon tank in Inverness Park.

The bonds are scheduled to mature in 2022. Principal is payable annually on July 1<sup>st</sup> and interest is payable semi-annually on July 1<sup>st</sup> and January 1<sup>st</sup> at a rate of 5.000%. At June 30, 2019, the District had paid the bonds in-full.



**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(9) Long-Term Debt, continued**

**Loans Payable**

**2005 DWR Loan – Novato Water segment**

In 2005, the District entered into an agreement with the California Department of Water Resources (DWR) for a loan in an amount not-to-exceed \$16,528,850 with an interest rate of 2.39% per annum for the reconstruction of the Stafford Water Treatment Plant. Principal and interest payments on the loan are due each year on January 1<sup>st</sup> and July 1<sup>st</sup>.

The loan is scheduled to mature in fiscal year 2030. The loan will be repaid semi-annually over a 20-year period based on the repayment schedule below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 421,701	100,536	522,237
2022	858,580	185,895	1,044,475
2023	879,223	165,251	1,044,474
2024	900,362	144,112	1,044,474
2025	922,010	122,465	1,044,475
2026-2030	4,431,179	268,956	4,700,135
Total	8,413,055	987,215	9,400,270
Less current portion	(421,701)		
Total non-current	\$ 7,991,354		

**2005 SWRCB Loan – Novato Recycled Water segment**

In 2005, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount of \$4,302,560 with an interest rate of 2.4% per annum for the construction of the Deer Island Recycled Water Facility.

As noted in note 3, the District entered into a contractual agreement with Black Point Golf Links whereby the golf course agreed to reimburse the District for construction costs incurred for the new recycled water facility, in-lieu of connection fees. Black Point Golf Links, as the major customer of the recycled water facility, contributes significantly to the repayment of this loan through the repayment of the note receivable to the District.

The loan is scheduled to mature in 2027. Principal and interest are payable annually on June 19<sup>th</sup> at a rate of 2.4%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 231,551	41,816	273,367
2022	237,108	36,259	273,367
2023	242,798	30,569	273,367
2024	248,626	24,741	273,367
2025	254,593	18,774	273,367
2026-2027	527,663	19,071	546,734
Total	1,742,339	171,230	1,913,569
Less current portion	(231,551)		
Total non-current	\$ 1,510,788		

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(9) Long-Term Debt, continued**

***Loans Payable, continued***

***2011-2012 SWRCB Loans – Novato Recycled Water segment – North and South Service Areas***

In fiscal year 2011, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$4,364,335 with an interest rate of 2.60% per annum for the construction of the Recycled Water Expansion project – North Service Area. As of June 30, 2013, eligible costs for reimbursement were \$4,364,335 plus \$11,270 in capitalized interest charges for a total loan of \$4,375,605. Principal and interest payments of \$281,892 are due and payable annually on the loan until fiscal year 2033.

In fiscal year 2012, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$5,480,740 with an interest rate of 2.20% per annum for the construction of the Recycled Water Expansion project – South Service Area. Principal and interest payments of \$332,407 are due and payable annually on the loan until fiscal year 2034. Future annual debt service payments on the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 453,876	160,423	614,299
2022	464,681	149,618	614,299
2023	475,745	138,554	614,299
2024	487,075	127,224	614,299
2025	498,676	115,623	614,299
2026-2030	2,677,378	394,117	3,071,495
2031-2034	1,696,833	80,531	1,777,364
<b>Total</b>	<b>6,754,264</b>	<b>1,166,090</b>	<b>7,920,354</b>
Less current portion	(453,876)		
<b>Total non-current</b>	<b>\$ 6,300,388</b>		

***2011 Bank of Marin Loan – Novato Water and West Marin Water segments***

In October 2013, the District entered into a loan agreement with the Bank of Marin for a 20-year \$8.0 million construction loan with an interest rate of 3.42% per annum for the North Marin Aqueduct Energy Efficiency Project and West Marin water improvements. The loan is scheduled to mature in September of fiscal year 2032. A principal and interest payment of \$46,067 is payable monthly on the 27<sup>th</sup> day of each month. Future annual debt service requirements on the loan are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 381,461	171,339	552,800
2022	394,701	158,099	552,800
2023	408,400	144,400	552,800
2024	422,223	130,577	552,800
2025	437,229	115,571	552,800
2026-2030	2,424,399	339,601	2,764,000
2031-2032	719,512	17,555	737,067
<b>Total</b>	<b>5,187,925</b>	<b>1,077,142</b>	<b>6,265,067</b>
Less current portion	(381,461)		
<b>Total non-current</b>	<b>\$ 4,806,464</b>		

**North Marin Water District**  
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**(9) Long-Term Debt, continued**

***Loans Payable, continued***

***2016 SWRCB Loan – Novato Recycled Water segment – Central Service Area***

In fiscal year 2016, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for financing the construction of the Recycled Water Expansion project – Central Service Area for an amount not-to-exceed \$10,450,708. Of this amount, \$7,130,503 is a 30-year loan at 1% interest and \$3,320,205 is grant funded.

As noted in note 3, the District entered into a contractual agreement with the Marin Country Club whereby the Country Club agreed to reimburse the District for construction costs incurred for a new recycled water pipeline, in-lieu of connection fees. Marin Country Club is the primary customer of the Central Service Area pipeline of which this receivable contributes significantly to the District's repayment of this loan.

Principal and interest payments on the loan are due each year on December 31<sup>st</sup> maturing in fiscal year 2048. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 208,714	67,058	275,772
2022	210,802	64,971	275,773
2023	212,910	62,863	275,773
2024	215,039	60,734	275,773
2025	217,189	58,584	275,773
2026-2030	1,118,963	259,901	1,378,864
2031-2035	1,176,041	202,823	1,378,864
2036-2040	1,236,031	142,833	1,378,864
2041-2045	1,299,082	79,784	1,378,866
2046-2048	811,045	16,275	827,320
Total	6,705,816	1,015,826	7,721,642
Less current portion	(208,714)		
Total non-current	\$ 6,497,102		

***2018 JP Morgan Chase Loan***

In fiscal year 2018, the District entered into an agreement with JP Morgan Chase Bank for a loan in an amount of \$4,600,000 with an interest rate of 2.69% per annum for financing the acquisition and construction of the automated meter information system throughout the District's Novato service area. Principal and interest payments on the loan are due semi-annually on September 1<sup>st</sup> and March 1<sup>st</sup> maturing in fiscal year 2033. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 270,000	110,290	380,290
2022	275,000	103,027	378,027
2023	280,000	95,630	375,630
2024	290,000	88,098	378,098
2025	300,000	80,297	380,297
2026-2030	1,610,000	276,801	1,886,801
2031-2033	1,075,000	58,238	1,133,238
Total	4,100,000	812,381	4,912,381
Less current portion	(270,000)		
Total non-current	\$ 3,830,000		

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(10) Other Post-employment Benefits (OPEB) Plan**

**General Information about the OPEB Plan**

*Plan Description*

The District's defined benefit OPEB plan (Plan) provides OPEB for all permanent full-time employees. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board of Directors has the authority to establish and amend the benefit terms and financing requirements of the Plan.

*Benefits Provided*

The District offers other post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits.

For retirees between the ages of 55 to 65 with a minimum of 12 years of service, who retired prior to January 1, 2013, the District's contribution toward the chosen medical plan will be 90% of the Kaiser Basic Medical Plan premium amount. For retirees between the ages of 55 to 65 with a minimum of 12 years of service, who retire on or after January 1, 2013, the District's contribution toward the chosen plan will be 85% of the Kaiser Basic Medical Plan premium amount. The District will make a monthly contribution toward the cost of health insurance coverage for all other retirees based on the contract effective at the time of their retirement. Employees hired after October 1, 2018 require a minimum of 20 years of service to be eligible.

**Employees Covered by Benefit Terms**

At June 30, the following employees were covered by the benefit terms:

	<b>2020</b>	<b>2019</b>
Inactive employees or beneficiaries currently receiving benefit payments	34	34
Inactive employees entitled to but not receiving benefit payments	4	4
Active employees	53	53
Total Plan membership	<u>91</u>	<u>91</u>

**Contributions**

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the District's contributions were \$229,722 which included \$186,221 of pay-as-you-go contributions and \$43,501 in an implicit subsidy. For the fiscal year ended June 30, 2019, the District's contributions were \$250,340 which included \$202,688 of pay-as-you-go contributions and \$47,652 in an implicit subsidy. At June 30, 2020 and 2019, the contributions were reclassified from expense to reduce the total OPEB liability, respectively.

**Total OPEB Liability**

The District's total OPEB liability was measured as of June 30, 2020 and 2019 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2019 and 2017, respectively. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(10) Other Post-employment Benefits (OPEB) Plan, continued**

***Total OPEB Liability, continued***

***Actuarial Assumptions***

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.45 percent
Healthcare cost trend rates	5.90 percent for 2020, 4.90 percent for 2021, 5.70 percent for 2022, and 5.00 percent for 2029 and later years
Retirees' share of benefit-related costs	10 percent of projected health insurance premiums for retirees between ages 55 to 65 with a minimum 12 years of service who retired prior to January 1, 2013. 15 percent of projected health insurance premiums for retirees between ages 55 to 65 with a minimum 12 years of service who retired after January 1, 2013. Employees hired after October 1, 2018 need a minimum of 20 years of service to be eligible.

**Notes:**

The discount rate was based on the Municipal Bond 20-Year High Grade Rate Index.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019. Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 4.00 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(10) Other Post-employment Benefits (OPEB) Plan, continued**

***Changes in the Total OPEB Liability***

	<b>Total OPEB Liability 2019-2020</b>	<b>Total OPEB Liability 2018-2019</b>
<b>Balance at Beginning of Year</b>	\$ 4,520,164	4,123,565
<b>Changes for the year:</b>		
Service cost	140,410	137,480
Interest	135,765	150,690
Changes in benefit terms	-	-
Difference between expected and actual experience	(272,373)	163,205
Changes in assumptions or other inputs	363,781	195,564
Benefit payments	(229,722)	(250,340)
<b>Net changes</b>	<b>137,861</b>	<b>396,599</b>
<b>Balance at End of Year</b>	\$ <b>4,658,025</b>	<b>4,520,164</b>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Sensitivity in the discount rate as of 2020 was as follows:

	<b>Discount Rate - 1% (1.45%)</b>	<b>Current Discount Rate (2.45%)</b>	<b>Discount Rate + 1% (3.45%)</b>
District's Total OPEB liability	\$ 5,162,694	4,658,025	4,226,748

Sensitivity in the discount rate as of 2019 was as follows:

	<b>Discount Rate - 1% (2.62%)</b>	<b>Current Discount Rate (3.62%)</b>	<b>Discount Rate + 1% (4.62%)</b>
District's Total OPEB liability	\$ 4,966,840	4,520,164	4,135,523

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Sensitivity in the healthcare trend rate as of 2020 was as follows:

	<b>1% Decrease (4.90% decreasing to 4.00%)</b>	<b>Healthcare Cost Trend Rates (5.90% decreasing to 5.00%)</b>	<b>1% Increase (6.90% decreasing to 6.00%)</b>
District's Total OPEB liability	\$ 4,432,386	4,658,025	4,926,524

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(10) Other Post-employment Benefits (OPEB) Plan, continued**

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates, continued***

Sensitivity in the healthcare trend rate as of 2019 was as follows:

	<b>1% Decrease (5.00% decreasing to 4.00%)</b>	<b>Healthcare Cost Trend Rates (6.00% decreasing to 5.00%)</b>	<b>1% Increase (7.00% decreasing to 6.00%)</b>
District's Total OPEB liability \$	<u>4,298,561</u>	<u>4,520,164</u>	<u>4,782,371</u>

For the year ended June 30, 2020 and 2019, the District recognized OPEB expense of \$319,965 and \$315,924, respectively.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 341,851	-
Differences between actual and expected experience	-	(121,829)
Total	\$ <u>341,851</u>	<u>(121,829)</u>

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 39,422	-
Differences between actual and expected experience	132,982	-
Total	\$ <u>172,404</u>	<u>-</u>



**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(10) Other Post-employment Benefits (OPEB) Plan, continued**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

As of June 30, 2020, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Actuarially Determined Deferred Outflows and (Inflows) - OPEB Plan</b>			
<b>Fiscal Year Ending June 30:</b>	<b>Net, Changes in Assumptions</b>	<b>Net, Differences between Expected and Actual Experience</b>	<b>Net, Deferred Outflows/(Inflows) of Resources</b>
2021	\$ 61,352	\$ (17,562)	43,790
2022	61,352	(17,562)	43,790
2023	96,166	(17,562)	78,604
2024	78,305	(35,695)	42,610
2025	44,676	(33,448)	11,228
Thereafter	-	-	-
Total	\$ 341,851	\$ (121,829)	220,022

As of June 30, 2019, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Actuarially Determined Deferred Outflows and (Inflows) - OPEB Plan</b>			
<b>Fiscal Year Ending June 30:</b>	<b>Net, Changes in Assumptions</b>	<b>Net, Differences between Expected and Actual Experience</b>	<b>Net, Deferred Outflows/(Inflows) of Resources</b>
2020	\$ (2,469)	\$ 30,223	27,754
2021	(2,469)	30,223	27,754
2022	(2,469)	30,223	27,754
2023	32,345	30,223	62,568
2024	14,484	12,090	26,574
Thereafter	-	-	-
Total	\$ 39,422	\$ 132,982	172,404

***Schedule of Changes in the District's Total OPEB Liability and Related Ratios***

See page 64 for the Required Supplementary Schedule.

**(11) Defined Benefit Pension Plan**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.



**North Marin Water District**  
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**For the Years Ended June 30, 2020 and 2019**

**(11) Defined Benefit Pension Plan, continued**

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. For employees hired prior to January 1, 2013, who are current members of CalPERS or a reciprocal agency as of December 31, 2012 and have not been separated from service from such agency for more than six months, the retirement benefit is 2.5% @ 55 years of age; highest single year of compensation. All other employees hired on or after January 1, 2013, the retirement benefit is 2.0% @ 62 years of age; 3 year final compensation.

The Plans' provision and benefits in effect at June 30, are summarized as follows:

	<b>2020</b>		<b>2019</b>	
	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 1</b>	<b>Tier 2</b>
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.951%	6.750%	7.948%	6.250%
Required employer contribution rates	11.432%	6.985%	10.609%	6.842%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30 the contributions for the Plan were as follows:

	<b>Miscellaneous Plan</b>	
	<b>2020</b>	<b>2019</b>
Contributions – employer	\$ 1,370,702	1,155,358

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
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**(11) Defined Benefit Pension Plan, continued**

***Net Pension Liability***

As of June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability</b>	
	<b>2020</b>	<b>2019</b>
Miscellaneous Plan	\$ 13,653,187	12,560,160

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the pool. The net pension liability of the Plan is measured as of June 30, 2019 and 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and 2017, rolled forward to June 30, 2019 and 2018, respectively, using standard update procedures. The Districts' proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2020 was as follows:

	<b>Miscellaneous</b>
Proportion – June 30, 2019	0.13034%
Proportion – June 30, 2020	0.13324%
Change – Increase (Decrease)	0.00290%

The District's change in the proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2019 was as follows:

	<b>Miscellaneous</b>
Proportion – June 30, 2018	0.12881%
Proportion – June 30, 2019	0.13034%
Change – Increase (Decrease)	0.00153%

***Deferred Pension Outflows (Inflows) of Resources***

As of June 30, 2020 and 2019, the District recognized pension expense of \$2,545,904 and \$1,675,531, respectively.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(11) Defined Benefit Pension Plan, continued**

***Deferred Pension Outflows (Inflows) of Resources, continued***

At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date at June 30	\$ 1,370,702	-	1,155,358	-
Net, differences between actual and expected experience	874,799	-	317,915	-
Net, changes in assumptions	420,256	-	1,080,951	-
Net differences between projected and actual earnings on plan investments	-	(238,700)	62,093	-
Net, differences between actual contribution and proportionate share of contribution	-	(563,155)	-	(514,716)
Net, change due to differences in proportion of net pension liability	129,884	-	-	(25,640)
Total	\$ 2,795,641	(801,855)	2,616,317	(540,356)

As of June 30 2020 and 2019, employer pension contributions of \$1,370,702 and \$1,155,358, were reported as deferred outflows of resources related to contributions subsequent to the measurement date were and will be recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2021 and 2020, respectively.

At June 30, 2020, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense (income) as follows.

**Actuarially Determined Deferred Outflows and (Inflows) - Miscellaneous Plan**

Fiscal Year	Net, Differences between Expected and Actual Experience	Net, Changes in Assumptions	Net, Differences between Projected and Actual Earnings Pension Plan Investments	Net, Differences between Actual Contribution and Proportionate Share of Contribution	Net, Changes Due to Differences in Proportions	Net, Deferred Outflows/(Inflows) of Resources
Ending June 30:						
2021	\$ 330,786	485,736	87,076	(286,107)	36,030	\$ 653,521
2022	360,699	(56,742)	(281,551)	(189,004)	41,179	(125,419)
2023	183,314	(8,738)	(73,138)	(88,044)	52,675	66,069
2024	-	-	28,913	-	-	28,913
2025	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
Total	\$ 874,799	420,256	(238,700)	(563,155)	129,884	\$ 623,084

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
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**(11) Defined Benefit Pension Plan, continued**

At June 30, 2019, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense (income) as follows.

***Deferred Pension Outflows (Inflows) of Resources, continued***

**Actuarially Determined Deferred Outflows and (Inflows) - Miscellaneous Plan**

<b>Fiscal Year Ending June 30:</b>	<b>Net, Differences between Expected and Actual Experience</b>	<b>Net, Changes in Assumptions</b>	<b>Net, Differences between Projected and Actual Earnings Pension Plan Investments</b>	<b>Net, Differences between Actual Contribution and Proportionate Share of Contribution</b>	<b>Net, Changes Due to Differences in Proportions</b>	<b>Net, Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 84,716	630,113	416,445	(259,715)	28,837	\$ 900,396
2021	101,643	496,658	58,163	(176,052)	(29,813)	450,599
2022	131,556	(45,820)	(310,464)	(78,949)	(24,664)	(328,341)
2023	-	-	(102,051)	-	-	(102,051)
2024	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
<b>Total</b>	<b>\$ 317,915</b>	<b>1,080,951</b>	<b>62,093</b>	<b>(514,716)</b>	<b>(25,640)</b>	<b>\$ 920,603</b>

***Actuarial Assumptions***

The total pension liability in the June 30, 2019 and 2018, actuarial valuation report was determined using the following actuarial assumptions:

Valuation dates	June 30, 2018 and 2017
Measurement dates	June 30, 2019 and 2018
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68

**Actuarial assumptions:**

Discount rate	7.15%
Inflation	2019 and 2018 – 2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2019 and 2018 – 1997–2015
Post Retirement Benefit	2019 and 2018 – Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

\* The mortality table used above was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

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**(11) Defined Benefit Pension Plan, continued**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<b>Asset Class</b>	<b>New Strategic</b>	<b>Real Return Years 1-10*</b>	<b>Real Return Year 11+**</b>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Infrastructure and Forestland	0.0%	0.00%	0.00%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

\* An expected inflation of 2.5% used for this period

\*\* An expected inflation of 3.0% used for this period

**North Marin Water District**  
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**(11) Defined Benefit Pension Plan, continued**

***Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate***

The table below presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

At June 30, 2020, the discount rate comparison was the following:

	<b>Discount Rate - 1% (6.15%)</b>	<b>Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
District's Net Pension Liability \$	<u>20,597,446</u>	<u>13,653,187</u>	<u>7,921,192</u>

At June 30, 2019, the discount rate comparison was the following:

	<b>Discount Rate - 1% (6.15%)</b>	<b>Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
District's Net Pension Liability \$	<u>19,203,695</u>	<u>12,560,160</u>	<u>7,076,031</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 65-66 for Required Supplementary Schedules.

***Payable to the Pension Plan***

At June 30, 2020 and 2019, the District reported no payables for the outstanding amount of contribution to the pension plan

**North Marin Water District**  
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**(12) Net Position**

Calculation of net position per fund as of June 30, 2020, was as follows:

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>Total</b>
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 4,250,459	470,660	1,476,171	245,337	6,442,627
Depreciable capital assets, net	94,438,500	31,535,583	4,970,472	1,024,909	131,969,464
Capital project loan proceeds unused	19,955	-	193,868	-	213,823
Loan receivable	2,224,108	-	-	-	2,224,108
Current:					
Loans payable	(1,024,335)	(894,141)	(48,827)	-	(1,967,303)
Non-current:					
Loans payable	(16,012,591)	(14,308,278)	(615,227)	-	(30,936,096)
Total net investment in capital assets	<u>83,896,096</u>	<u>16,803,824</u>	<u>5,976,457</u>	<u>1,270,246</u>	<u>107,946,623</u>
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	628,948	-	-	-	628,948
Prepaid expenses and deposits	444,316	-	752	1,049	446,117
Non-current:					
Notes receivable	-	1,136,458	-	-	1,136,458
Notes receivable – employee housing loans	525,000	-	-	-	525,000
Total non-spendable net position	<u>1,598,264</u>	<u>1,136,458</u>	<u>752</u>	<u>1,049</u>	<u>2,736,523</u>
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,123,565	-	-	-	4,123,565
Operating reserve (deficit)*	(4,668,097)	4,854,232	1,367,623	353,296	1,907,054
Total spendable net position (deficit)*	<u>(544,532)</u>	<u>4,854,232</u>	<u>1,367,623</u>	<u>353,296</u>	<u>6,030,619</u>
Total unrestricted net position	<u>1,053,732</u>	<u>5,990,690</u>	<u>1,368,375</u>	<u>354,345</u>	<u>8,767,142</u>
Total net position	<u>\$ 84,949,828</u>	<u>22,794,514</u>	<u>7,344,832</u>	<u>1,624,591</u>	<u>116,713,765</u>

\* Deficit is primarily due to recognition of GASBs 68 and 75.

**North Marin Water District**  
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**(12) Net Position, continued**

Calculation of net position per fund as of June 30, 2019, was as follows:

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>As Restated Total</b>
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 8,863,074	15,743,265	659,421	87,792	25,353,552
Depreciable capital assets, net	89,391,550	16,730,223	4,952,370	1,070,956	112,145,099
Capital project loan proceeds unused	26,650	-	437,928	-	464,578
Loan receivable	2,365,246	-	-	-	2,365,246
Current:					
Loans payable	(992,854)	(876,095)	(47,127)	-	(1,916,076)
Non-current:					
Loans payable	(17,453,648)	(15,202,419)	(664,055)	-	(33,320,122)
Total net investment in capital assets	<u>82,200,018</u>	<u>16,394,974</u>	<u>5,338,537</u>	<u>1,158,748</u>	<u>105,092,277</u>
Restricted net position:					
Connection fee reserve	-	-	71,181	-	71,181
Cash reserve for debt service	-	-	534	-	534
Total restricted net position	<u>-</u>	<u>-</u>	<u>71,715</u>	<u>-</u>	<u>71,715</u>
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	701,952	-	-	-	701,952
Prepaid expenses and deposits	226,384	-	-	4,291	230,675
Notes receivable – employee housing loans	39,200	-	-	-	39,200
Non-current:					
Notes receivable	-	2,027,949	-	-	2,027,949
Notes receivable – employee housing loans	675,000	-	-	-	675,000
Total non-spendable net position	<u>1,642,536</u>	<u>2,027,949</u>	<u>-</u>	<u>4,291</u>	<u>3,674,776</u>
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,123,565	-	-	-	4,123,565
Operating reserve	(6,431,902)	4,998,664	1,275,713	359,689	202,164
Total spendable net position	<u>(2,308,337)</u>	<u>4,998,664</u>	<u>1,275,713</u>	<u>359,689</u>	<u>4,325,729</u>
Total unrestricted net position	<u>(665,801)</u>	<u>7,026,613</u>	<u>1,275,713</u>	<u>363,980</u>	<u>8,000,505</u>
Total net position	<u>\$ 81,534,217</u>	<u>23,421,587</u>	<u>6,685,965</u>	<u>1,522,728</u>	<u>113,164,497</u>

\* Deficit is primarily due to recognition of GASBs 68 and 75.



**North Marin Water District**  
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**(13) Adjustment to Net Position**

**Loan Receivable – Marin Municipal Water District**

In fiscal year 2020, the District determined that its interconnection agreement between the District and Marin Municipal Water District (MMWD) in recognition of the District's investment in the cost of construction of the Aqueduct Energy Efficiency Project (AEEP) should have been recorded in its records as a loan. In March 2014, MMWD made an initial contribution of \$480,000 and agreed to \$3,142,883 in capital payments as fair compensation of the AEEP capital cost. The District recorded a prior period adjustment, an increase to net position, to record the initial loan receivable of \$3,142,883 and a decrease to net position for the payments made from inception of the loan in February 2014.

The adjustment to net position is as follows:

Net position at July 1, 2017, as previously stated	\$ 100,697,886
Effect of adjustment to record initial loan receivable	3,142,883
Effect of adjustment to record loan receivable payments from inception	<u>(454,039)</u>
Subtotal adjustments	<u>2,688,844</u>
Effect of adjustment to record loan receivable payment July 1, 2017	<u>(159,633)</u>
Total adjustment to net position	5,218,055
Change in net position at June 30, 2018, as previously stated	6,125,559
Net position at June 30, 2018, as restated	<u>\$ 112,041,500</u>
Net position at July 1, 2018, as previously stated	\$ 109,352,656
Effect of adjustment to record loan receivable payment July 1, 2018	<u>(163,965)</u>
Change in net position at June 30, 2019, as previously stated	3,975,806
Net position at June 30, 2019, as restated	<u>\$ 113,164,497</u>

**(14) Deferred Compensation Savings Plan**

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust at June 30, 2020 and 2019, were \$7,153,527 and \$6,736,623, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

**North Marin Water District**  
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**(15) Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance policies with a variety of coverage including a \$10.0 million excess general liability policy with a \$100.0 thousand deductible, a \$64,151,092 property and equipment policy with a \$25.0 thousand deductible, a \$1.0 million public official's liability policy with a \$100.0 thousand deductible, a \$1.0 million cyber liability policy with a \$5.0 thousand deductible, a \$674,909 vehicle physical damage policy with a \$5.0 thousand deductible, and a \$250.0 thousand to \$1.0 million employee fidelity bond policy with a \$100.0 thousand deductible. The District also purchased 1<sup>st</sup> dollar Workers' Compensation insurance with no deductible.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2020, 2019, and 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2020, 2019, and 2018.

**(16) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020, that has effective dates that may impact future financial presentations.

The following pronouncement implementation dates have been delayed due to the COVID-19 pandemic.

***Governmental Accounting Standards Board Statement No. 84***

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 87***

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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**(16) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

***Governmental Accounting Standards Board Statement No. 87, continued***

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 89***

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

***Governmental Accounting Standards Board Statement No. 90***

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

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**(16) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

***Governmental Accounting Standards Board Statement No. 90, continued***

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year.

Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

***Governmental Accounting Standards Board Statement No. 91***

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 92***

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

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**(16) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

***Governmental Accounting Standards Board Statement No. 93***

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 94***

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.



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**(16) Governmental Accounting Standards Board Statements**

**Newly Issued Accounting Pronouncements, But Not Yet Effective**

***Governmental Accounting Standards Board Statement No. 96***

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 97***

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(17) Commitments and Contingencies**

***Wohler/Collector No. 6 Agreement***

The District is party to an agreement with the Sonoma County Water Agency (SCWA) that provides, among other matters, that the District is obligated to pay for a prorated share of certain SCWA's costs to improve or expand the SCWA's water utility plant. The agreement expires on June 30, 2040 and is subject to renewal for 40-year terms. Under the agreement, the District is obligated to pay promptly all billings from the SCWA and may not withhold payment pending resolution of disputes, if any, which might exist between the District and SCWA. At June 30, 2020, the District's reserve balances for these obligations were \$0 (Wohler Pipeline) and \$0 (Collector #6).

***Novato Sanitary District***

The District has entered into a contract with the Novato Sanitary District (NSD) which requires NSD to supply secondary treated effluent of sufficient quantity to the District for the recycled water treatment operation. The District pays NSD \$20 per year for an annual lease of the site for the Deer Island Recycled Water Treatment Facility which is owned and operated by the District.

***Solar Power Services, Facilities and Site Agreement***

In February 2012, the District entered into a Solar Power Services Agreement to purchase all the solar power generated from the Solar Power Generating Facility constructed near the District's Stafford Treatment Plant facilities at a Take-or-Pay price of \$0.1700 per kilowatt hour escalating 3.0% annually to \$0.2981 per kilowatt hour over a 20-year contract period. Also, in February 2013, the District executed a 20-year lease with the Solar Services company to construct the Solar Power Generating Facility on District land for a land lease of \$100 for the period (or \$5 per year).

***Construction Contracts***

The District has a variety of agreements with developers and private parties relating to the installation, improvement or modification of transmission facilities and distribution systems within its service area. The financing of such improvements is provided primarily from advances for construction. The District also improves and modifies its existing infrastructure and finances such improvements from its reserves. The District has committed to approximately \$1,049,963 in remaining costs of existing District capital projects as of June 30, 2020.

***Grant Awards***

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

***Litigation***

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

***COVID-19 Pandemic***

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

**(18) Subsequent Events**

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of December 1, 2020, which is the date the financial statements were available to be issued.

Draft Subject to Approval by BOD



## **Required Supplementary Information**

Draft Subject to Approval by POD

Draft Subject to Approval by BOD

**North Marin Water District**  
**Schedule of Changes in the District Total OPEB Liability and Related Ratios**  
**As of June 30, 2020**  
**Last Ten Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 140,410	137,480	145,989
Interest	135,765	150,690	132,454
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(272,373)	163,205	-
Changes in assumptions or other inputs	363,781	195,564	(197,296)
Benefit payments	<u>(229,722)</u>	<u>(250,340)</u>	<u>(375,787)</u>
Net change in total OPEB liability	137,861	396,599	(294,640)
Total OPEB liability - beginning	<u>4,520,164</u>	<u>4,123,565</u>	<u>4,418,205</u>
Total OPEB liability - ending	<u>\$ 4,658,025</u>	<u>4,520,164</u>	<u>4,123,565</u>
Covered payroll	<u>\$ 5,699,559</u>	<u>5,434,109</u>	<u>5,635,521</u>
Total OPEB liability as a percentage of covered payroll	<u>81.73%</u>	<u>83.18%</u>	<u>73.17%</u>

**Notes:**

\* Historical information presented above follows the measurement periods for which GASB 74 & 75 were applicable. The fiscal year ended June 30, 2018, (valuation date of June 30, 2017) was the first year of implementation required by GASB 74 & 75, therefore only three years are shown.

**North Marin Water District**  
**Schedules of the District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2020**  
**Last Ten Years\***

Description	Fiscal Year 6/30/2020	Fiscal Year 6/30/2019	Fiscal Year 6/30/2018	Fiscal Year 6/30/2017	Fiscal Year 6/30/2016	Fiscal Year 6/30/2015
District's proportion of the net pension liability	0.13324%	0.13034%	0.12881%	0.12759%	0.12558%	0.10769%
District's proportionate share of the net pension liability \$	13,653,187	12,560,160	12,774,724	11,040,789	8,619,837	6,701,264
District's covered payroll \$	4,878,849	4,953,247	4,600,500	4,542,666	4,305,518	4,106,287
District's proportionate share of the net pension liability as a percentage of its covered payroll	279.84%	253.57%	277.68%	243.05%	200.20%	163.20%
Plan's fiduciary net position as a percentage of the total pension liability	73.56%	74.43%	72.80%	73.98%	78.63%	83.47%

**Notes:**

**Changes in Benefit Terms** – For the measurement date June 30, 2019, there were no changes in the benefit terms.

**Changes of Assumptions** – For the measurement date June 30, 2019, there were no changes in the assumptions.

\* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, was the first year of implementation required by GASB 68 & 71; therefore only six years are shown.

**North Marin Water District**  
**Schedules of Pension Plan Contributions**  
**As of June 30, 2020**  
**Last Ten Years\***

<b>Description</b>	<b>Fiscal Year 6/30/2020</b>	<b>Fiscal Year 6/30/2019</b>	<b>Fiscal Year 6/30/2018</b>	<b>Fiscal Year 6/30/2017</b>	<b>Fiscal Year 6/30/2016</b>	<b>Fiscal Year 6/30/2015</b>
Actuarially determined contribution	\$ 1,392,472	\$ 1,175,139	1,037,552	926,656	836,212	930,146
Contributions in relation to the actuarially determined contribution	(1,370,702)	(1,155,358)	(1,017,325)	(926,448)	(828,792)	(669,066)
Contribution deficiency (excess)	\$ 21,770	\$ 19,781	20,227	208	7,420	261,080
District's covered payroll	\$ 4,878,849	\$ 4,953,247	4,600,500	4,542,666	4,305,518	4,305,518
Contribution's as a percentage of covered payroll	28.09%	23.33%	22.11%	20.39%	19.25%	15.54%

**Notes:**

\* Historical information presented above follows the measurement periods for which GASB 68 & 71 were applicable. The fiscal year ended June 30, 2015, (valuation date of June 30, 2014) was the first year of implementation required by GASB 68 & 71; therefore only six years are shown.

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## **Supplemental Information**

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## **Combining Schedules**

Draft Subject to Approval by BOD

**North Marin Water District**  
**Combining Schedule of Net Position**  
**For the Year Ended June 30, 2020**

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
<b>Current assets:</b>					
Cash and cash equivalents	\$ 10,079,036	3,561,047	854,992	299,522	14,794,597
Restricted – cash and cash equivalents	-	890,072	292,753	1,615	1,184,440
Restricted – investments	3,479,480	-	-	-	3,479,480
Accrued interest receivable	81,874	-	-	-	81,874
Accounts receivable – water and sewer sales	3,833,018	392,067	177,075	-	4,402,160
Accounts receivable – governmental agencies	326,481	-	336,398	-	662,879
Accounts receivable – other	11,300	171,906	-	68,555	251,761
Notes receivable	-	37,271	-	-	37,271
Loan receivable	144,968	-	-	-	144,968
Materials and supplies inventory	628,948	-	-	-	628,948
Prepaid expenses and deposits	444,316	-	752	1,049	446,117
<b>Total current assets</b>	<b>19,029,421</b>	<b>5,052,363</b>	<b>1,661,970</b>	<b>370,741</b>	<b>26,114,495</b>
<b>Non-current assets:</b>					
Restricted – investments	2,790,301	-	-	-	2,790,301
Notes receivable	-	1,136,458	-	-	1,136,458
Loan receivable	2,079,140	-	-	-	2,079,140
Notes receivable – employee housing loans, net	525,000	-	-	-	525,000
Capital assets, not being depreciated	4,250,459	470,660	1,476,171	245,337	6,442,627
Depreciable capital assets, net	94,438,500	31,535,583	4,970,472	1,024,909	131,969,464
<b>Total non-current assets</b>	<b>104,083,400</b>	<b>33,142,701</b>	<b>6,446,643</b>	<b>1,270,246</b>	<b>144,942,990</b>
<b>Total assets</b>	<b>123,112,821</b>	<b>38,195,064</b>	<b>8,108,613</b>	<b>1,640,987</b>	<b>171,057,485</b>
<b>Deferred outflows of resources:</b>					
Deferred other post-employment benefits outflows	341,851	-	-	-	341,851
Deferred pension outflows	2,795,641	-	-	-	2,795,641
<b>Total deferred outflows of resources</b>	<b>3,137,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,137,492</b>
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	\$ 2,833,400	47,944	17,974	-	2,899,318
Accrued wages and related payables	209,664	28,194	34,236	13,090	285,184
Accrued claims payable	21,772	659	800	306	23,537
Customer advances and deposits	1,222,111	483	46,717	3,000	1,272,311
Accrued interest payable – long-term debt	36,763	120,851	-	-	157,614
Long-term liabilities – due within one year:					
Compensated absences	176,238	-	-	-	176,238
Loans payable	1,024,335	894,141	48,827	-	1,967,303
<b>Total current liabilities</b>	<b>5,524,283</b>	<b>1,092,272</b>	<b>148,554</b>	<b>16,396</b>	<b>6,781,505</b>
<b>Non-current liabilities:</b>					
Long-term liabilities – due in more than one year:					
Compensated absences	528,715	-	-	-	528,715
Loans payable	16,012,591	14,308,278	615,227	-	30,936,096
Other post-employment benefits liability	4,658,025	-	-	-	4,658,025
Net pension liability	13,653,187	-	-	-	13,653,187
<b>Total non-current liabilities</b>	<b>34,852,518</b>	<b>14,308,278</b>	<b>615,227</b>	<b>-</b>	<b>49,776,023</b>
<b>Total liabilities</b>	<b>40,376,801</b>	<b>15,400,550</b>	<b>763,781</b>	<b>16,396</b>	<b>56,557,528</b>
<b>Deferred inflows of resources:</b>					
Deferred other post-employment benefits inflows	121,829	-	-	-	121,829
Deferred pension inflows	801,855	-	-	-	801,855
<b>Total deferred inflows of resources</b>	<b>923,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>923,684</b>
<b>Net position:</b>					
Net investment in capital assets	83,902,791	16,803,824	6,220,517	1,270,246	108,197,378
Unrestricted	1,047,037	5,990,690	1,124,315	354,345	8,516,387
<b>Total net position</b>	<b>\$ 84,949,828</b>	<b>22,794,514</b>	<b>7,344,832</b>	<b>1,624,591</b>	<b>116,713,765</b>

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Combining Schedule of Net Position**  
**For the Year Ended June 30, 2019**

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>As Restated Total</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 3,799,851	3,793,104	1,079,642	308,386	8,980,983
Restricted – cash and cash equivalents	-	890,072	607,995	55	1,498,122
Restricted – investments	4,715,320	-	-	-	4,715,320
Accrued interest receivable	88,871	-	-	-	88,871
Accounts receivable – water and sewer sales	3,788,473	259,581	171,863	1,264	4,221,181
Accounts receivable – governmental agencies	162,445	-	-	-	162,445
Accounts receivable – other	155,155	-	-	65,319	220,474
Notes receivable	-	263,785	-	-	263,785
Loan receivable	141,138	-	-	-	141,138
Notes receivable – employee housing loans, net	39,200	-	-	-	39,200
Materials and supplies inventory	701,952	-	-	-	701,952
Prepaid expenses and deposits	226,384	-	-	4,291	230,675
<b>Total current assets</b>	<b>13,818,789</b>	<b>5,206,542</b>	<b>1,859,500</b>	<b>379,315</b>	<b>21,264,146</b>
<b>Non-current assets:</b>					
Restricted – investments	3,744,249	-	-	-	3,744,249
Notes receivable	-	2,027,949	-	-	2,027,949
Loan receivable	2,224,108	-	-	-	2,224,108
Notes receivable – employee housing loans, net	675,000	-	-	-	675,000
Capital assets, not being depreciated	8,863,074	15,743,265	659,421	87,792	25,353,552
Depreciable capital assets, net	89,391,550	16,730,223	4,952,370	1,070,956	112,145,099
<b>Total non-current assets</b>	<b>104,897,981</b>	<b>34,501,437</b>	<b>5,611,791</b>	<b>1,158,748</b>	<b>146,169,957</b>
<b>Total assets</b>	<b>118,716,770</b>	<b>39,707,979</b>	<b>7,471,291</b>	<b>1,538,063</b>	<b>167,434,103</b>
<b>Deferred outflows of resources:</b>					
Deferred other post-employment benefits outflows	172,404	-	-	-	172,404
Deferred pension outflows	2,616,317	-	-	-	2,616,317
<b>Total deferred outflows of resources</b>	<b>2,788,721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,788,721</b>
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	1,226,300	39,660	-	-	1,265,960
Accrued wages and related payables	215,040	24,577	29,843	11,410	280,870
Accrued claims payable	50,451	1,527	1,854	709	54,541
Customer advances and deposits	1,826,631	14,614	42,447	3,216	1,886,908
Accrued interest payable – long-term debt	39,095	127,500	-	-	166,595
Long-term liabilities – due within one year:					
Compensated absences	136,644	-	-	-	136,644
Loans payable	992,854	876,095	47,127	-	1,916,076
<b>Total current liabilities</b>	<b>4,487,015</b>	<b>1,083,973</b>	<b>121,271</b>	<b>15,335</b>	<b>5,707,594</b>
<b>Non-current liabilities:</b>					
Long-term liabilities – due in more than one year:					
Compensated absences	409,931	-	-	-	409,931
Loans payable	17,453,648	15,202,419	664,055	-	33,320,122
Total other post-employment benefits liability	4,520,164	-	-	-	4,520,164
Net pension liability	12,560,160	-	-	-	12,560,160
<b>Total non-current liabilities</b>	<b>34,943,903</b>	<b>15,202,419</b>	<b>664,055</b>	<b>-</b>	<b>50,810,377</b>
<b>Total liabilities</b>	<b>39,430,918</b>	<b>16,286,392</b>	<b>785,326</b>	<b>15,335</b>	<b>56,517,971</b>
<b>Deferred inflows of resources:</b>					
Deferred pension inflows	540,356	-	-	-	540,356
<b>Total deferred inflows of resources</b>	<b>540,356</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>540,356</b>
<b>Net position:</b>					
Net investment in capital assets	82,200,018	16,394,974	5,338,537	1,158,748	105,092,277
Restricted for capital projects and debt service	-	-	71,715	-	71,715
Unrestricted	(665,801)	7,026,613	1,275,713	363,980	8,000,505
<b>Total net position</b>	<b>\$ 81,534,217</b>	<b>23,421,587</b>	<b>6,685,965</b>	<b>1,522,728</b>	<b>113,164,497</b>

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2020**

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>Total</b>
Operating revenues:					
Water consumption sales	\$ 15,940,598	1,463,316	790,254	-	18,194,168
Bi-monthly meter service charge	4,709,222	66,859	192,539	-	4,968,620
Sewer service charges	-	-	-	264,372	264,372
Other charges and services	362,628	84	7,049	-	369,761
Total operating revenues	21,012,448	1,530,259	989,842	264,372	23,796,921
Operating expenses:					
Source of supply	6,718,848	354,861	22,936	-	7,096,645
Pumping	549,018	5,353	91,995	-	646,366
Water facilities operations	1,008,932	107,857	60,044	-	1,176,833
Water treatment	2,480,913	5,606	161,169	-	2,647,688
Transmission and distribution	3,442,219	20,415	97,879	-	3,560,513
Sewage collection and treatment	-	-	-	145,183	145,183
Customer service	506,690	1,326	24,374	2,162	534,552
General and administrative	2,980,570	64,113	117,324	39,508	3,201,515
Water conservation projects	382,764	-	15,246	-	398,010
Total operating expenses	18,069,954	559,531	590,967	186,853	19,407,305
Operating income before depreciation	2,942,494	970,728	398,875	77,519	4,389,616
Depreciation	(2,660,688)	(473,828)	(185,652)	(46,048)	(3,366,216)
<b>Operating income(loss)</b>	<b>281,806</b>	<b>496,900</b>	<b>213,223</b>	<b>31,471</b>	<b>1,023,400</b>
Non-operating revenues(expenses):					
Property tax revenue	5,252	-	55,952	59,617	120,821
Investment earnings	342,612	123,483	72,324	11,058	549,477
Interest earnings from note receivable – BPGL	-	18,549	-	-	18,549
Interest earnings from loan receivable – MMWD	64,182	-	-	-	64,182
Rental revenue	81,043	-	5,304	250	86,597
Interest expense – long-term debt	(491,822)	(280,694)	(23,631)	-	(796,147)
Capital contribution to Agency	-	(305,711)	-	-	(305,711)
Gain on sale of property and equipment	18,816	-	-	-	18,816
Other non-operating revenues	9,862	-	-	217	10,079
Other non-operating expenses	(2,325)	-	(703)	(750)	(3,778)
Total non-operating revenues, net	27,620	(444,373)	109,246	70,392	(237,115)
<b>Net income(loss) before capital contributions</b>	<b>309,426</b>	<b>52,527</b>	<b>322,469</b>	<b>101,863</b>	<b>786,285</b>
Capital contributions:					
Developers and others	885,050	10,000	-	-	895,050
Connection fees	1,531,535	-	-	-	1,531,535
Capital grants – state and local	-	-	336,398	-	336,398
<b>Capital contributions</b>	<b>2,416,585</b>	<b>10,000</b>	<b>336,398</b>	<b>-</b>	<b>2,762,983</b>
<b>Change in net position</b>	<b>2,726,011</b>	<b>62,527</b>	<b>658,867</b>	<b>101,863</b>	<b>3,549,268</b>
<b>Net position transfer (note 5)</b>	<b>689,600</b>	<b>(689,600)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net position, beginning of year – as restated	81,534,217	23,421,587	6,685,965	1,522,728	113,164,497
Net position, end of year	\$ 84,949,828	22,794,514	7,344,832	1,624,591	116,713,765

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2019**

	<b>Novato Water</b>	<b>Novato Recycled</b>	<b>West Marin Water</b>	<b>Oceana Marin Sewer</b>	<b>As Restated Total</b>
Operating revenues:					
Water consumption sales	\$ 14,510,861	1,120,488	705,822	-	16,337,171
Bi-monthly meter service charge	4,562,329	62,783	185,184	-	4,810,296
Sewer service charges	-	-	-	252,720	252,720
Other charges and services	364,134	148	7,777	-	372,059
Total operating revenues	19,437,324	1,183,419	898,783	252,720	21,772,246
Operating expenses:					
Source of supply	5,167,409	300,457	24,458	-	5,492,324
Pumping	389,149	3,930	65,515	-	458,594
Water facilities operations	711,175	222,749	59,285	-	993,209
Water treatment	1,945,958	15,503	169,705	-	2,131,166
Transmission and distribution	3,142,281	16,869	142,479	-	3,301,629
Sewage collection and treatment	-	-	-	127,513	127,513
Customer service	485,787	1,118	21,459	1,977	510,341
General and administrative	2,864,101	52,910	64,365	25,925	3,007,301
Water conservation projects	341,784	-	7,631	-	349,415
Total operating expenses	15,047,644	613,536	554,897	155,415	16,371,492
Operating income before depreciation	4,389,680	569,883	343,886	97,305	5,400,754
Depreciation	(2,752,213)	(473,826)	(186,922)	(38,194)	(3,451,155)
<b>Operating income(loss)</b>	<b>1,637,467</b>	<b>96,057</b>	<b>156,964</b>	<b>59,111</b>	<b>1,949,599</b>
Non-operating revenues(expenses):					
Property tax revenue	1,949	-	55,074	58,683	115,706
Investment earnings	296,310	76,542	58,210	5,622	436,684
Interest earnings from note receivable – BPGL	-	48,002	-	-	48,002
Interest earnings from loan receivable – MMWD	81,035	-	-	-	81,035
Rental revenue	86,132	-	5,150	250	91,532
Interest expense – long-term debt	(525,922)	(320,633)	(28,799)	-	(875,354)
Other non-operating revenues	66,521	-	682	-	67,203
Other non-operating expenses	(3,164)	(3,354)	(810)	(16,947)	(24,275)
Total non-operating revenues, net	2,861	(199,443)	89,507	47,608	(59,467)
<b>Net income(loss) before capital contributions</b>	<b>1,640,328</b>	<b>(103,386)</b>	<b>246,471</b>	<b>106,719</b>	<b>1,890,132</b>
Capital contributions:					
Developers and others	409,138	-	-	-	409,138
Connection fees	1,484,380	-	8,000	-	1,492,380
Capital grants – state and local	20,191	-	-	-	20,191
<b>Capital contributions</b>	<b>1,913,709</b>	<b>-</b>	<b>8,000</b>	<b>-</b>	<b>1,921,709</b>
<b>Change in net position</b>	<b>3,554,037</b>	<b>(103,386)</b>	<b>254,471</b>	<b>106,719</b>	<b>3,811,841</b>
<b>Net position transfer</b>	<b>1,239,907</b>	<b>(1,239,907)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net position, beginning of year – as restated	76,740,273	24,764,880	6,431,494	1,416,009	109,352,656
Net position, end of year – as restated	\$ 81,534,217	23,421,587	6,685,965	1,522,728	113,164,497

See accompanying notes to the basic financial statements

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## **Statistical Information Section**

Draft Subject to Approval by DOD

Draft Subject to Approval by BOD



## North Marin Water District Statistical Section

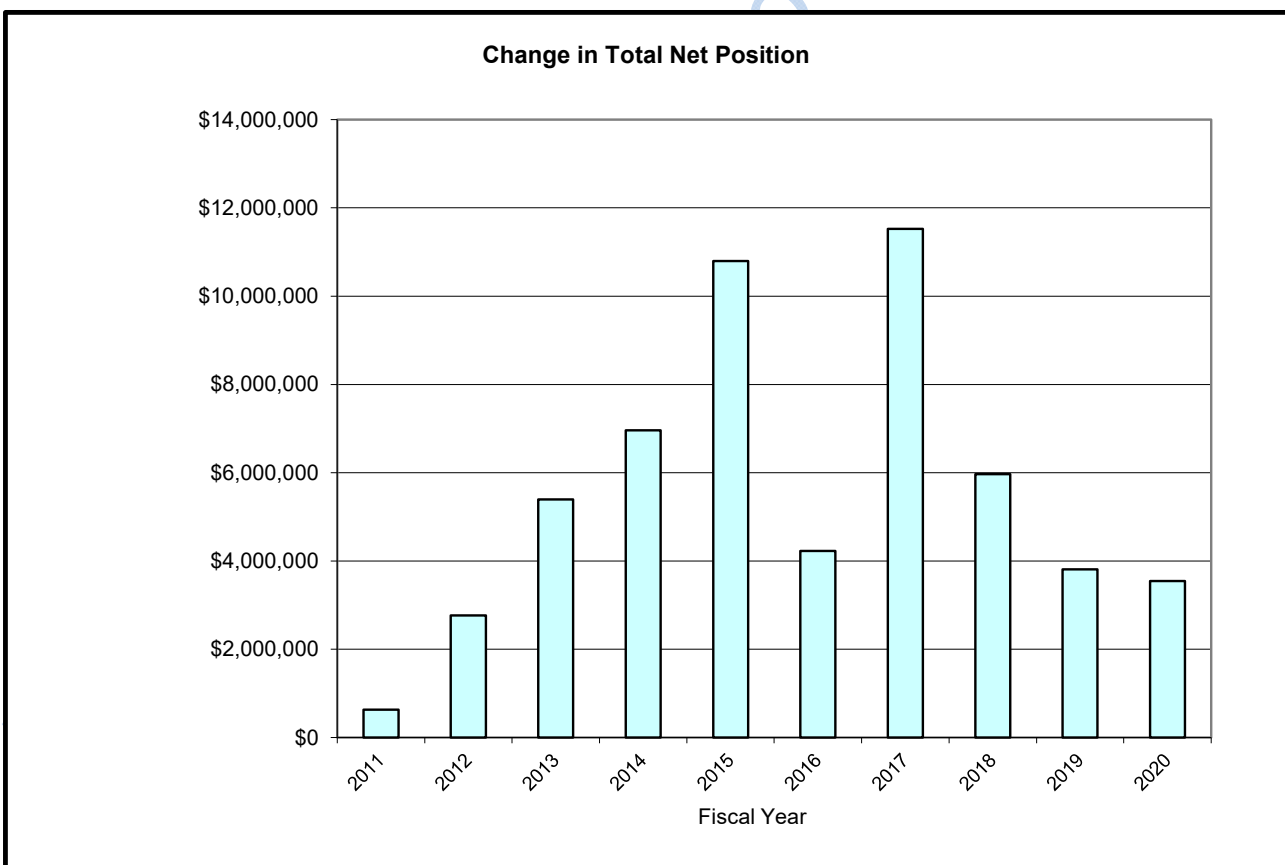
This part of the District's comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health.

### Table of Contents

	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	72-76
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	77-80
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	81-82
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	83-84
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides.	85-86

**North Marin Water District**  
**Changes in Net Position and Net Position by Component**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2011	2012	Restated 2013	Restated 2014
Change in net position:				
Operating revenues (see schedule 2)	\$13,797,012	\$15,435,733	\$18,256,638	\$20,772,429
Operating expenses (see schedule 3)	(11,878,612)	(12,610,862)	(13,140,845)	(13,309,833)
Depreciation and amortization	(2,660,418)	(2,726,598)	(2,793,360)	(3,128,302)
<b>Operating income(loss)</b>	<b>(\$742,018)</b>	<b>\$98,273</b>	<b>\$2,322,433</b>	<b>\$4,334,294</b>
Net non-op revenue(expense) (see schedule 4)	(414,563)	(531,318)	(285,490)	(518,474)
<b>Net income(loss) before capital contributions</b>	<b>(\$1,156,581)</b>	<b>(\$433,045)</b>	<b>\$2,036,943</b>	<b>\$3,815,820</b>
Capital contributions	1,785,475	3,200,979	3,357,870	3,144,256
<b>Change in net position</b>	<b>\$628,894</b>	<b>\$2,767,934</b>	<b>\$5,394,813</b>	<b>\$6,960,076</b>
Net position by component:				
Net investment in capital assets	\$63,542,479	\$61,882,478	\$65,839,724	\$71,538,168
Restricted	3,171,305	2,993,055	2,186,452	2,156,020
Unrestricted	6,579,672	11,185,857	2,404,385	3,696,449
<b>Total net position</b>	<b>\$73,293,456</b>	<b>\$76,061,390</b>	<b>\$70,430,561</b>	<b>\$77,390,637</b>



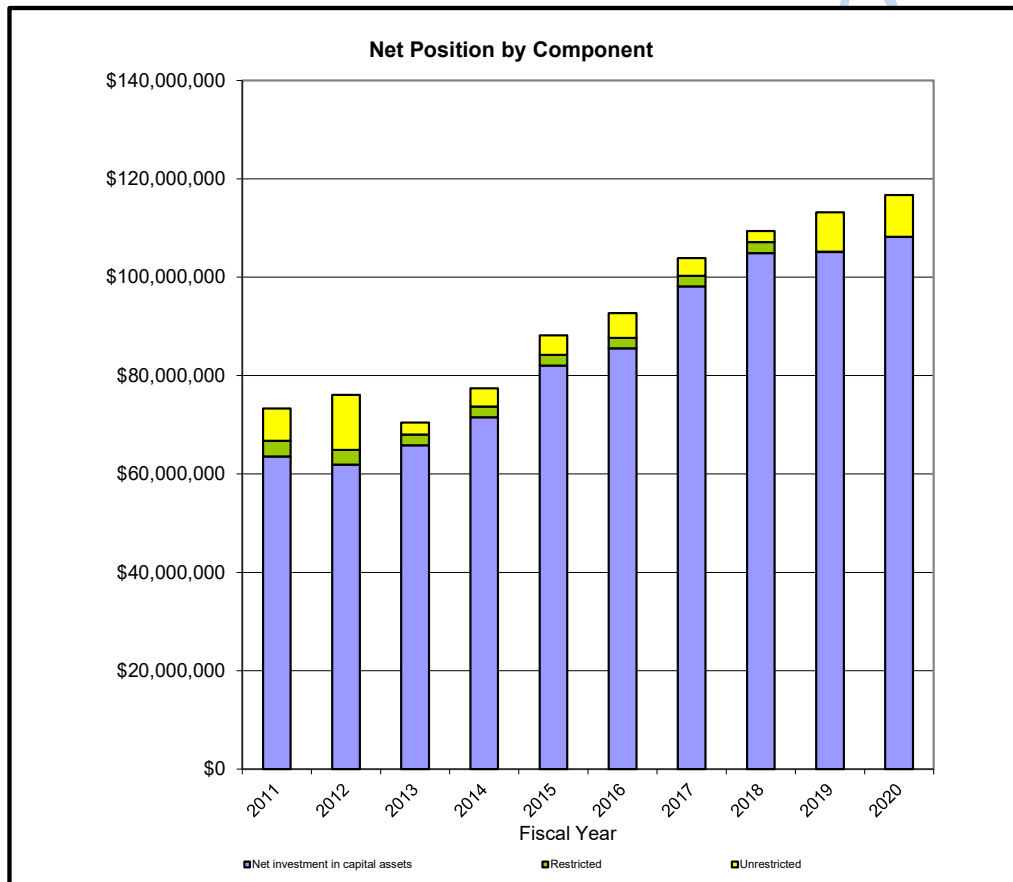
**Source:** North Marin Water District Audited Financial Statements

<sup>(1)</sup> Asset lives were adjusted in Fiscal Year 2009 which resulted in a large depreciation adjustment

**North Marin Water District**  
**Changes in Net Position and Net Position by Component**  
**Last Ten Fiscal Years, continued**

**Schedule 1**

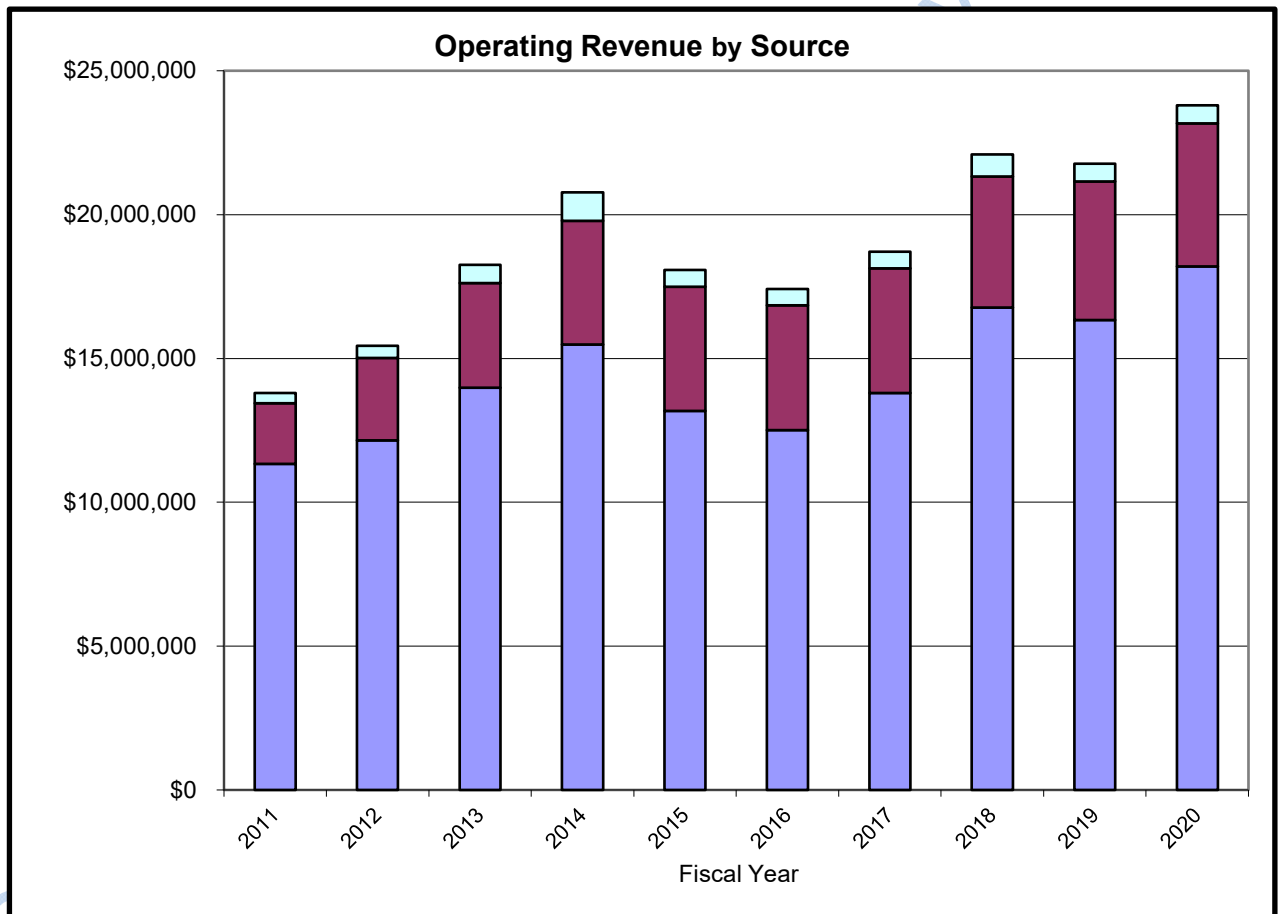
Fiscal Year					
2015	2016	2017	Restated 2018	Restated 2019	2020
\$18,081,308	\$17,411,543	\$18,703,476	\$22,094,094	\$21,772,246	\$23,796,921
(13,328,124)	(13,704,737)	(15,099,687)	(16,461,030)	(16,371,492)	(19,407,305)
(3,183,725)	(3,286,353)	(3,416,411)	(3,434,069)	(3,451,155)	(3,366,216)
\$1,569,459	\$420,453	\$187,378	\$2,198,995	\$1,949,599	\$1,023,400
(488,661)	(328,734)	(304,830)	(253,110)	(59,467)	(237,115)
\$1,080,798	\$91,719	(\$117,452)	\$1,945,885	\$1,890,132	\$786,285
9,714,111	4,139,047	11,643,388	4,020,041	1,921,709	2,762,983
\$10,794,909	\$4,230,766	\$11,525,936	\$5,965,926	\$3,811,841	\$3,549,268
\$82,037,287	\$85,542,035	\$98,131,574	\$104,921,863	\$105,092,277	\$108,197,378
2,170,429	2,122,980	2,140,681	2,186,164	71,715	-
3,977,830	5,007,769	3,639,717	2,244,629	8,000,505	8,516,387
\$88,185,546	\$92,672,784	\$103,911,972	\$109,352,656	\$113,164,497	\$116,713,765



**North Marin Water District  
Operating Revenue by Source  
Last Ten Fiscal Years**

**Schedule 2**

<b>Fiscal Year</b>		<b>Water Sales</b>	<b>Bi-Monthly Service Charges</b>	<b>Other Charges and Services</b>		<b>Total Operating Revenue</b>
2011	\$	11,334,728	2,109,255	353,029	\$	13,797,012
2012		12,156,765	2,860,630	418,338		15,435,733
2013		13,987,034	3,630,425	639,178		18,256,638
2014		15,480,438	4,308,584	983,407		20,772,429
2015		13,180,015	4,312,108	589,188		18,081,311
2016		12,508,927	4,331,899	570,717		17,411,543
2017		13,801,864	4,334,762	566,850		18,703,476
2018		16,764,567	4,564,228	765,299		22,094,094
2019		16,337,171	4,810,296	624,779		21,772,246
2020		18,194,168	4,968,620	634,133		23,796,921

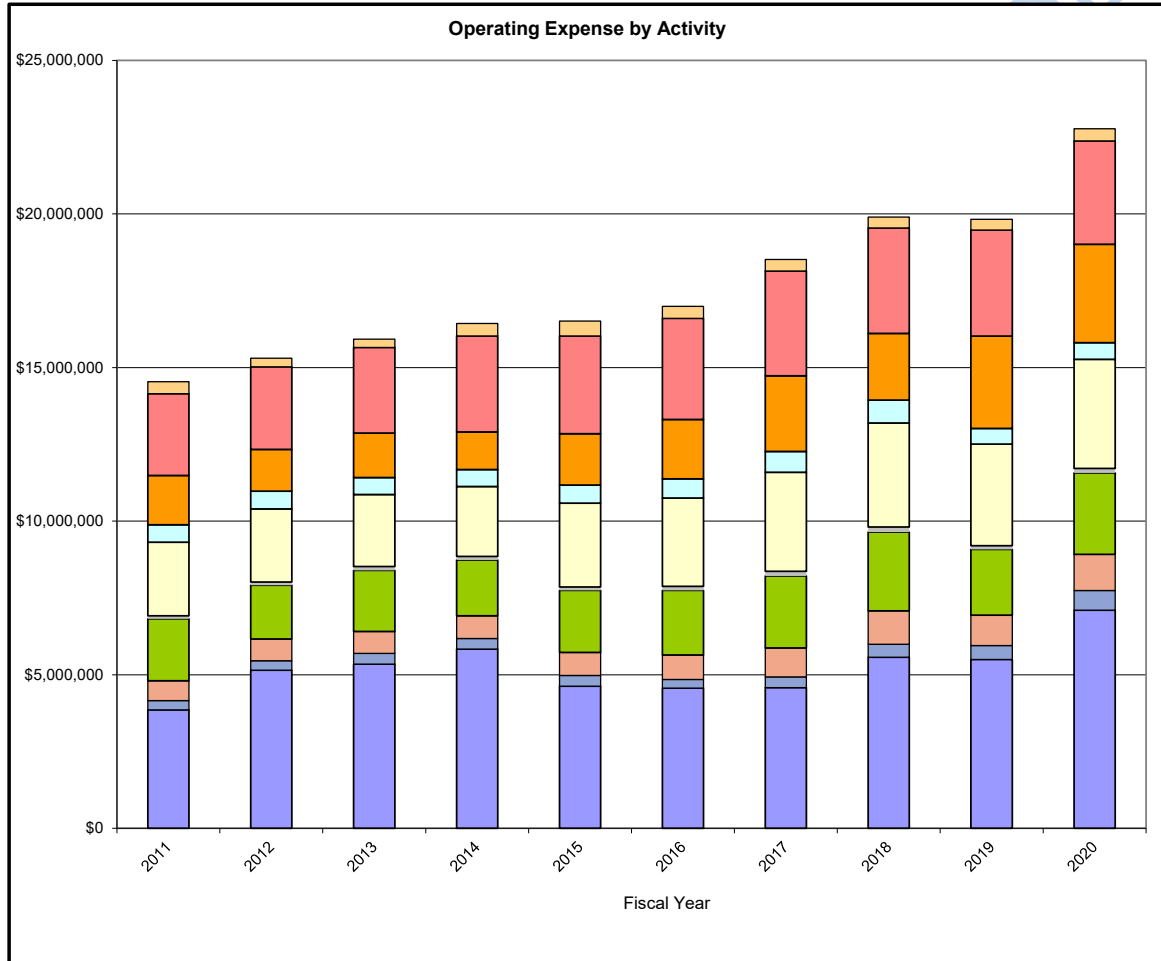


**Source:** North Marin Water District Audited Financial Statements

# North Marin Water District Operating Expenses by Activity Last Ten Fiscal Years

## Schedule 3

Fiscal Year	Source of Supply	Pumping	Operations	Water Treatment	Sewage Coll. & Treat.	Transmission & Distrib	Customer Service	General & Admin (2)	Other Op Expense	Deprec and Amortization (1)	Total Op Expense
2011	\$ 3,856,027	299,462	648,743	2,012,125	103,054	2,400,638	564,940	1,605,455	388,168	2,660,418	\$ 14,539,030
2012	5,150,183	304,075	708,570	1,747,166	112,801	2,373,132	580,534	1,358,682	275,719	2,690,535	15,301,397
2013	5,342,988	351,816	716,780	1,986,904	127,903	2,340,330	552,202	1,449,793	272,107	2,784,670	15,925,493
2014	5,834,854	341,597	742,706	1,815,429	120,548	2,270,764	550,709	1,221,849	411,377	3,128,302	16,438,135
2015	4,624,655	352,007	751,940	2,020,865	108,928	2,727,168	588,579	1,673,156	478,360	3,183,725	16,509,383
2016	4,565,833	281,255	797,806	2,099,887	134,193	2,871,290	628,981	1,934,011	391,481	3,286,353	16,991,090
2017	4,579,359	351,342	937,559	2,346,949	151,205	3,223,237	676,189	2,462,392	371,455	3,416,411	18,516,098
2018	5,569,766	426,356	1,079,917	2,567,146	163,957	3,387,559	742,164	2,169,660	354,505	3,434,069	19,895,099
2019	5,492,324	458,594	993,209	2,131,166	127,513	3,301,629	510,341	3,007,301	349,415	3,451,155	19,822,647
2020	7,096,645	646,366	1,176,833	2,647,688	145,183	3,560,513	534,552	3,201,515	398,010	3,366,216	22,773,521



Source: North Marin Water District Audited Financial Statements

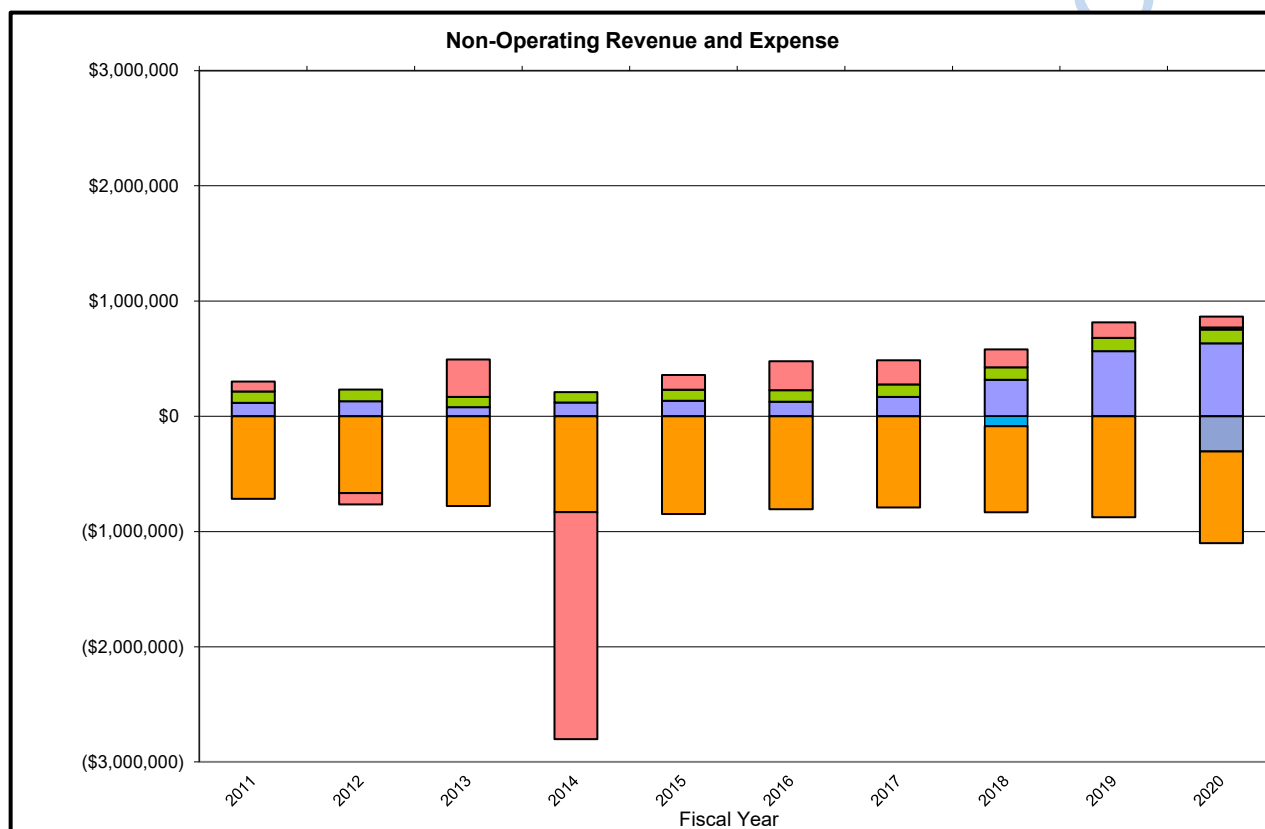
(1) FY09 Excludes \$7,691,033 depreciation due to change in asset lives

(2) Reduced by overhead absorption

# North Marin Water District Non-operating Revenues and Expenses Last Ten Fiscal Years

## Schedule 4

Fiscal Year	Investment Income <sup>(1)</sup>	Property Taxes	Gain/(Loss) on Asset Sales	Debt Issuance Costs	Cap Contribution to Agency	Interest Expense	Other Inc & Exp, net	Net Non-Op Rev/(Exp)
2011	\$ 118,410	96,768	-	-	-	(715,491)	85,750	\$ (414,563)
2012	130,974	101,559	-	-	-	(665,713)	(98,138)	(531,318)
2013	80,713	88,088	-	-	-	(778,762)	324,471	(285,490)
2014	120,671	90,071	-	-	-	(830,830)	(1,972,027) <sup>(2)</sup>	(2,592,115)
2015	135,307	94,391	-	-	-	(847,950)	129,591	(488,661)
2016	125,078	102,259	-	-	-	(807,035)	250,969	(328,729)
2017	168,766	107,210	-	-	-	(791,211)	210,405	(304,830)
2018	316,072	109,927	-	(86,180)	-	(747,118)	154,189	(253,110)
2019	565,721	115,706	-	-	-	(875,354)	134,460	(59,467)
2020	632,208	120,821	18,816	-	(305,711)	(796,147)	92,898	(237,115)



### Notes:

(1) Includes interest income and realized and unrealized gains and losses on investments.

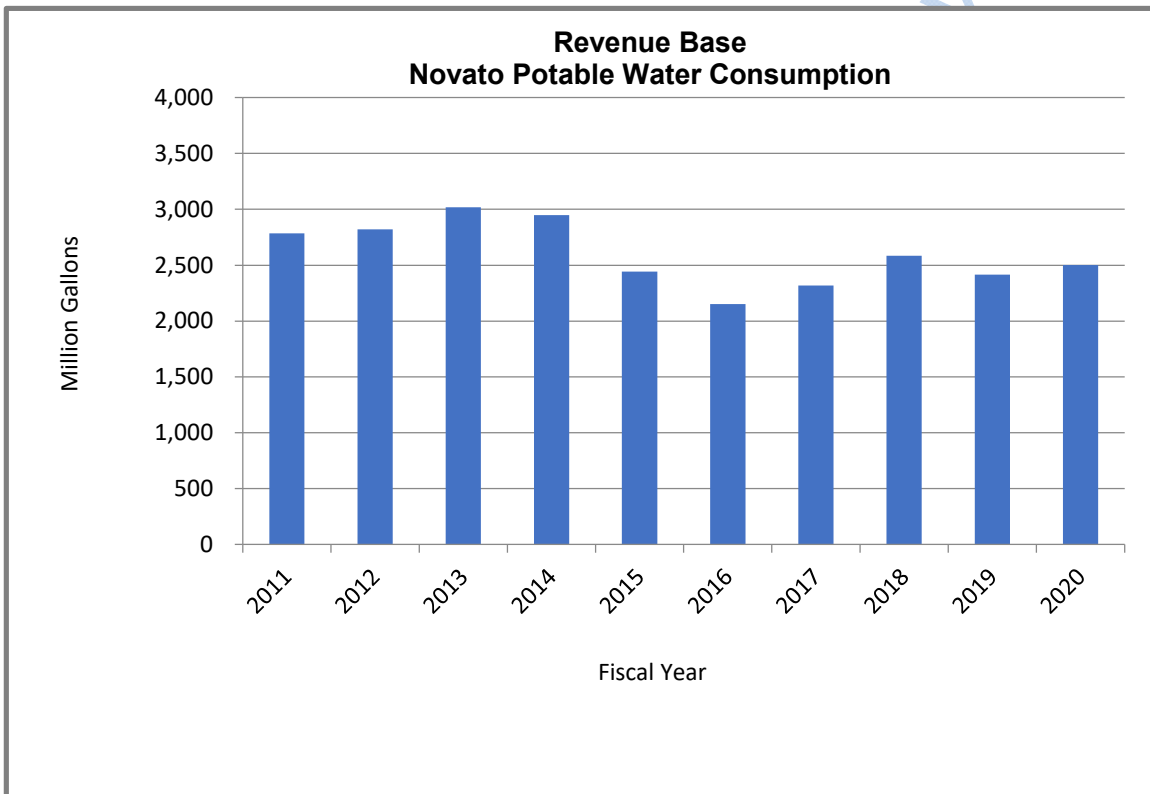
(2) Includes CalPERS Side Fund Payoff (\$2,073,701).

Source: North Marin Water District Audited Financial Statements

**North Marin Water District  
Revenue Base  
Last Ten Fiscal Years**

**Schedule 5**

<b>Fiscal Year</b>	<b>Novato Potable Water Consumption (Million Gallons)</b>
2011	2,786
2012	2,820
2013	3,018
2014	2,948
2015	2,444
2016	2,152
2017	2,317
2018	2,584
2019	2,416
2020	2,502



**Note:** See Schedule 2 "Revenue by Source" for information regarding water sales.

**Source:** Novato Water District Billing System

**North Marin Water District  
Customers by Type  
Last Ten Fiscal Years**

**Schedule 6**

Fiscal Year	Customer Type						West Marin Water	Oceana Marin Sewer	Total
	Novato Potable & Recycled								
	Single-Family Residential	Multi-Family Residential	Commerical/ Business	Government	Recycled				
2011	18,239	715	1,280	230	3	770	227	21,464	
2012	18,298	720	1,246	226	2	777	227	21,496	
2013	18,350	687	1,222	233	17	776	227	21,512	
2014	18,491	699	1,222	231	44	776	229	21,692	
2015	18,541	698	1,226	230	44	778	229	21,746	
2016	18,561	704	1,239	232	44	780	230	21,790	
2017	18,631	700	1,254	229	47	780	231	21,872	
2018	18,449	699	1,217	220	53	785	232	21,655	
2019	18,387	701	1,210	233	91	783	234	21,639	
2020	18,398	711	1,213	232	91	782	235	21,662	

Source: North Marin Water District - Finance Department



**North Marin Water District  
Novato Water Revenue Rates  
Last Ten Fiscal Years**

**Schedule 7**

Bimonthly Service Charge										
Meter Size	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20
5/8" & 3/4"	\$ 20.00	\$ 25.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 31.50	\$ 33.00	\$ 34.15	\$ 34.15
1"	40.00	50.00	60.00	60.00	60.00	60.00	63.00	66.00	68.30	68.30
1 1/2"	49.00	61.00	73.00	73.00	73.00	73.00	77.00	80.50	83.30	83.30
2"	76.00	95.00	114.00	114.00	114.00	114.00	120.00	125.50	129.90	129.90
3"	151.00	189.00	227.00	227.00	227.00	227.00	238.00	248.50	257.20	257.20
4"	242.00	303.00	364.00	364.00	364.00	364.00	382.00	399.00	413.00	413.00
6"	507.00	634.00	761.00	761.00	761.00	761.00	799.00	835.00	864.00	864.00
8"	756.00	945.00	1,134.00	1,134.00	1,134.00	1,134.00	1,191.00	1,244.50	1,288.00	1,288.00

Water Use Rate (per 1,000 Gallons)										
User Type	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20
<u>Residential Zone A</u>										
Base Rate <sup>(1)</sup>	\$ 3.49	\$ 3.73	\$ 4.03	\$ 4.29	\$ 4.46	\$ 4.77	\$ 5.01	\$ 5.24	\$ 5.42	\$ 5.42
Tier 1: 616-1845 gpd	5.55	5.94	6.42	6.84	7.11	7.61	7.99	8.35	8.64	8.64
Tier 2: >1845 gpd	9.66	10.34	11.17	11.90	12.38	13.25	13.91	14.54	15.05	15.05
<u>Non-Residential Zone A</u>										
Base Rate <sup>(1)</sup>	3.84	4.11	4.44	4.73	4.92	5.26	5.52	5.77	5.97	5.97
Seasonal Rate	4.13	4.42	4.77	5.08	5.28	5.65	5.93	6.20	6.42	6.42

**Notes:**

(1) Rates shown exclude additional elevation rate applicable to customers in upper elevation zones

N/A - Rate class was not established during the period

**Source:** North Marin Water approved rates

**North Marin Water District  
Ten Largest Water Customers by Revenue  
Current Fiscal Year and Ten Years Ago**

**Schedule 8**

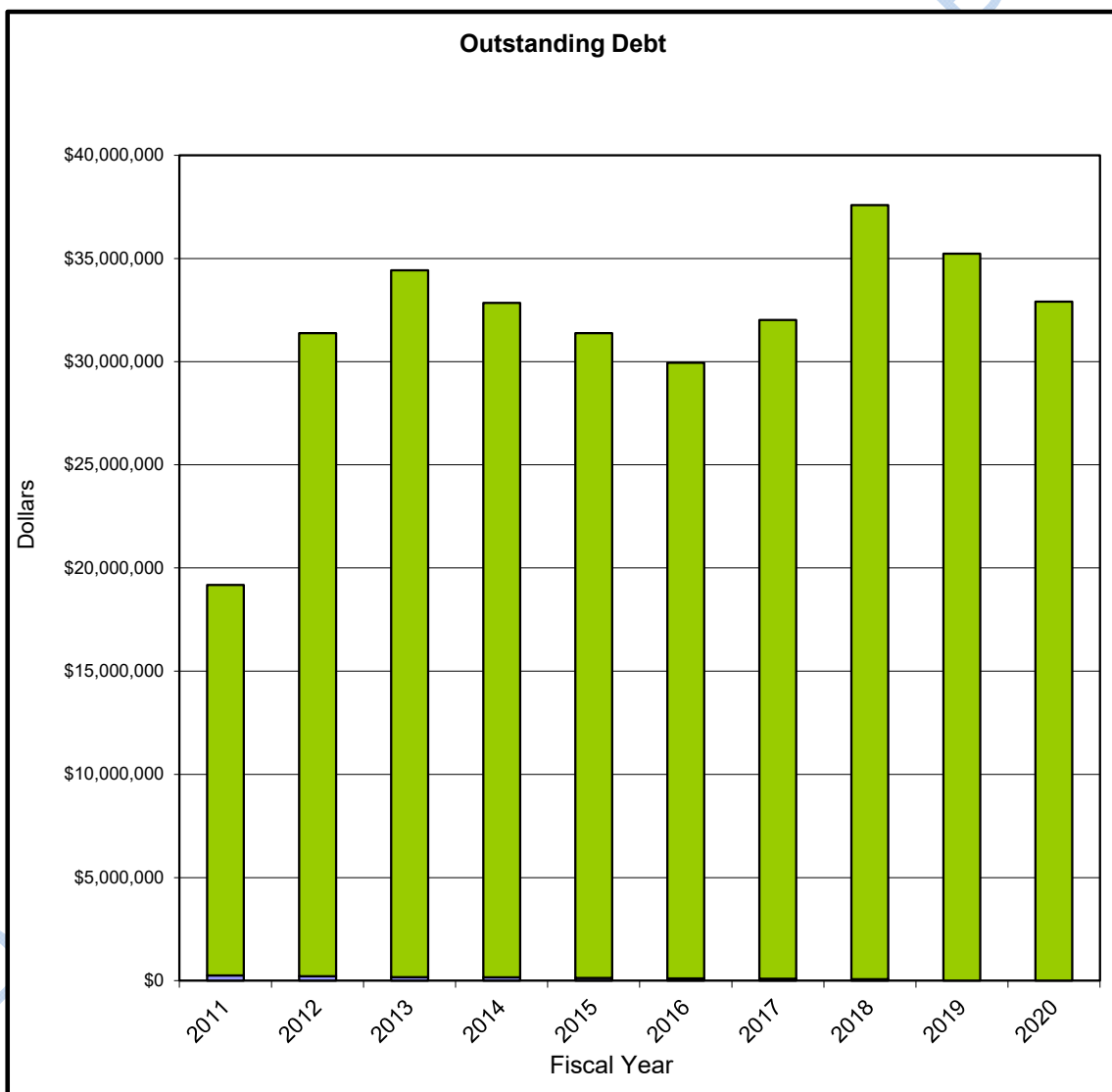
	<b>FY 2019/20</b>	<b>% of Total</b>	<b>FY 2008/09</b>	<b>% of Total</b>
1	City of Novato	1.7%	Novato Unified School District	2.0%
2	StoneTree Golf	1.5%	City Of Novato	1.8%
3	Novato Unified School District	1.1%	StoneTree Golf	1.7%
4	BioMarin Pharmaceutical	0.8%	Coast Guard Spanish Housing	1.0%
5	Meadow Park Hamilton	0.6%	Fireman's Fund	0.7%
6	Indian Valley Golf	0.6%	Indian Valley Golf	0.7%
7	Coast Guard Spanish Housing	0.4%	Meadow Park Hamilton	0.7%
8	Bay Vista Apartments	0.3%	BioMarin Pharmaceutical	0.6%
9	Marin Country Club	0.3%	Marion Park Apts	0.5%
10	Marin Valley Mobile	0.2%	Western Oaks Village Hoa	0.4%
		<u>7.5%</u>		<u>10.0%</u>
	Total Water Service Revenue	\$23,163,000		\$11,999,000

Source: NMWD CORE billing system (t:\ac\excel\wtr use\[top revenue 2007\_2017.xlsx]top 10

**North Marin Water District  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Schedule 9**

Fiscal Year	Bonds Payable	Loans Payable	Total		
			Debt	Per Capita	As a Share of Personal Income <sup>(1)</sup>
2011	\$ 250,587	18,924,944	\$ 19,175,531	\$ 314.35	0.32%
2012	209,203	31,173,317	31,382,520	514.47	0.50%
2013	181,652	34,241,715	34,423,367	564.32	0.53%
2014	159,916	32,687,391	32,847,307	538.48	0.51%
2015	136,000	31,237,390	31,373,390	514.32	0.47%
2016	116,000	29,823,693	29,939,693	490.81	0.44%
2017	94,000	31,922,939	32,016,939	524.87	0.46%
2018	72,000	37,513,463	37,585,463	616.16	0.53%
2019	-	35,236,198	35,236,198	577.64	0.48%
2020	-	32,903,399	32,903,399	534.84	0.49%



**Source:** North Marin Water District Audited Financial Statements

<sup>(1)</sup> Per Capita/Personal Income per Capita (See Schedule 11)

**North Marin Water District  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

**Schedule 10**

Fiscal Year	Revenue <sup>(1)</sup>	Expense <sup>(2)</sup>	Net Available		Debt Service		Coverage Ratio
			Revenue	Principal	Interest	Total	
2011	\$ 14,506,888	(11,905,026)	\$ 2,601,862	644,740	740,416	\$ 1,385,156	1.88
2012	16,789,744	(12,610,862)	4,178,882	1,116,410	654,484	1,770,894	2.36
2013	19,761,431	(13,284,705)	6,476,726	1,337,041	778,762	2,115,803	3.06
2014	21,364,965	(13,437,213)	7,927,752	1,618,138	830,830	2,448,968	3.24
2015	19,308,316	(13,424,517)	5,883,799	1,686,523	847,951	2,534,474	2.31
2016	18,191,410	(13,727,613)	4,463,797	1,721,904	807,034	2,528,938	1.77
2017	20,209,860	(15,118,535)	5,091,325	1,769,239	757,781	2,527,020	2.01
2018	22,506,537	(16,470,065)	6,036,472	1,814,680	747,118	2,561,798	2.36
2019	22,496,702	(16,395,767)	6,100,935	2,349,265	875,354	3,224,619	1.89
2020	26,057,340	(19,411,083)	6,646,257	2,332,799	796,147	3,128,946	2.12

**Notes:**

- (1) Revenues includes Connection Fee Revenue, Interest Revenue, Rent & Lease Revenue, other non-operating revenue  
(2) Expense excludes depreciation and interest expense.

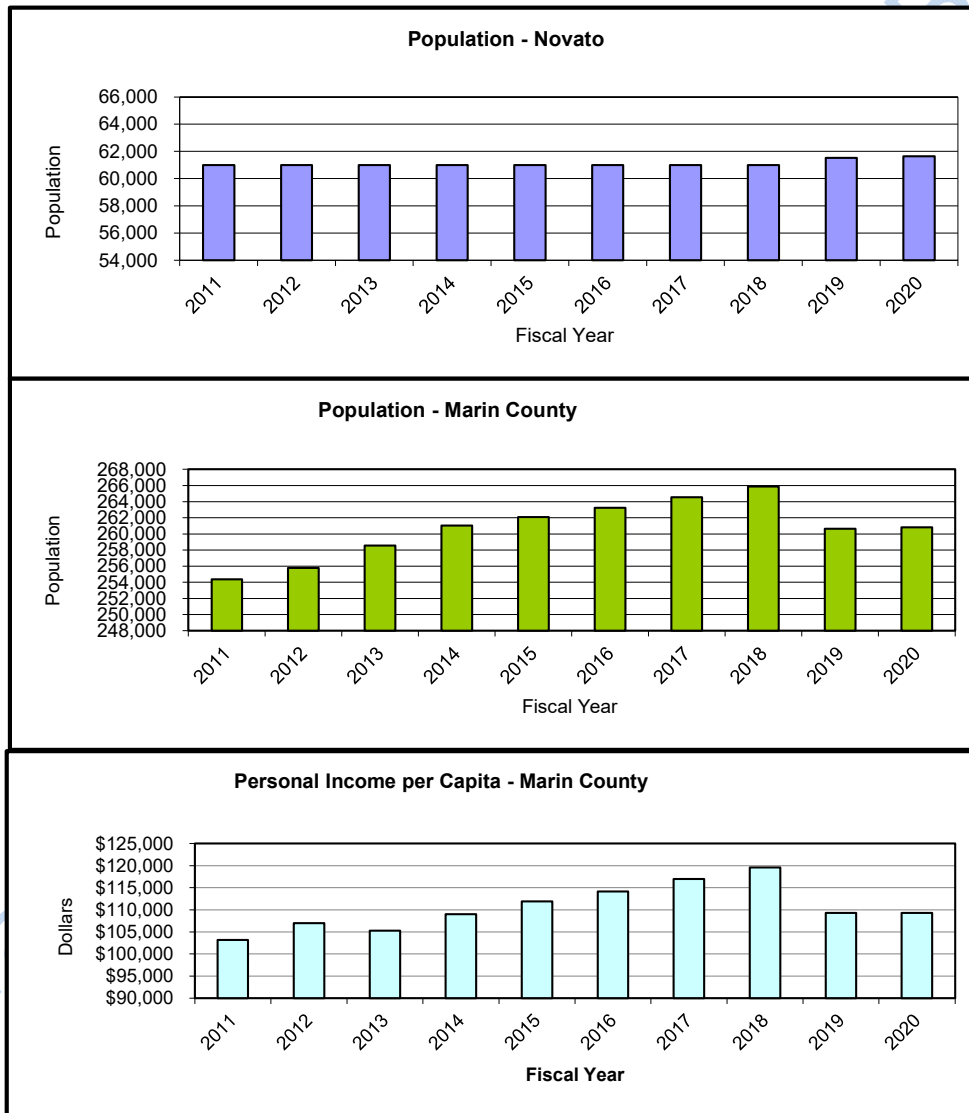
**Source:** North Marin Water District Audited Financial Statements

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# North Marin Water District Demographics and Economics Statistics Last Ten Fiscal Years

Schedule 11

Year	Novato Service Area <sup>(1)</sup>		County of Marin		
	Estimated Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2011	61,000	7.4%	254,389	\$ 26,250,147	\$ 103,189
2012	61,000	6.5%	255,765	27,360,972	106,977
2013	61,000	5.3%	258,569	27,220,334	105,273
2014	61,000	4.1%	261,033	28,455,468	109,011
2015	61,000	3.5%	262,105	29,332,433	111,911
2016	61,000	3.5%	263,257	30,059,737	114,184
2017	61,000	3.1%	264,535	30,945,833	116,982
2018	61,000	2.6%	265,891	31,803,488	119,611
2019	61,520	2.5%	260,651	28,492,803	109,314
2020	61,640	7.4%	260,814	28,510,622	109,314



## Sources:

<https://census.ca.gov/wp-content/uploads/sites/4/2019/06/Marin-County.pdf>

<https://census.ca.gov/wp-content/uploads/sites/4/2019/06/Novato.pdf>

<https://www.labormarketinfo.edd.ca.gov/serp.html?q=Novato>

Personal Income per Capita for 2020 was unavailable. Previous year's amount was used.

**North Marin Water District**  
**Demographics and Economics Statistics – Ten Largest Employers**  
**Current Year** **Schedule 12**

FY 2019/2020			FY 2009/2010		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
1 BioMarin Pharmaceutical	1,005	3.56%	Fireman's Fund	953	3.49%
2 Novato Unified School District	803	2.85%	Novato Unified School District	841	3.08%
3 2K/Visual Concepts Entertainment	660	2.34%	BioMarin Pharmaceutical	607	2.22%
4 Bradley Electric	342	1.21%	ImageMovers Digital	412	1.51%
5 Costco Wholesale	316	1.12%	Novato Community Hospital	335	1.23%
6 Novato Community Hospital	304	1.08%	Target Store	291	1.07%
7 City of Novato	290	1.03%	Safeway Stores	277	1.01%
8 Ultragenix	275	0.98%	Buck Institute	265	0.97%
9 Safeway Stores	250	0.89%	Costco Wholesale	259	0.95%
10 Novato Healthcare Center	233	0.83%	Brayton Purcell, LLP	230	0.84%
	<u>4,478</u>	15.88%		<u>4,470</u>	16.37%

Source: City of Novato

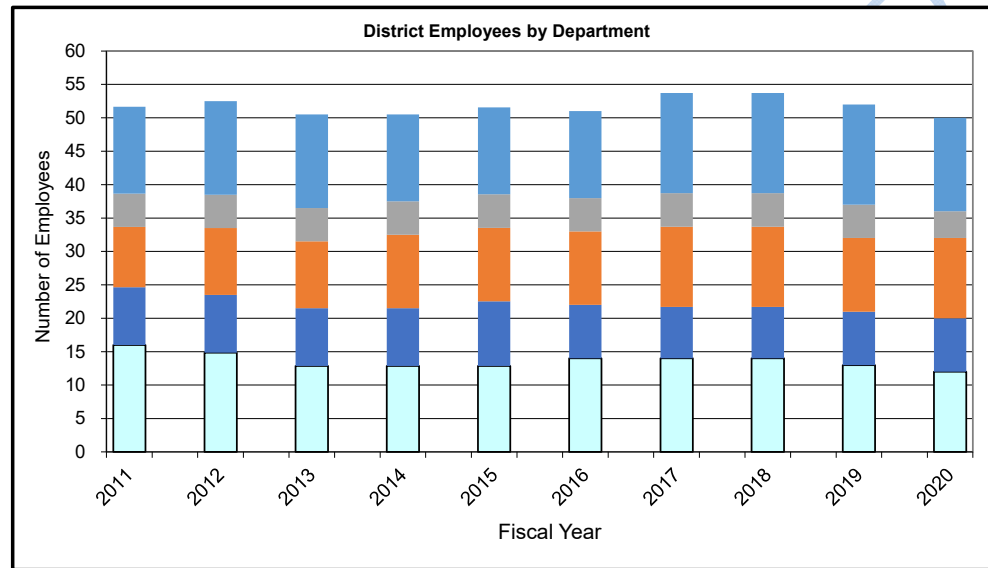
<https://www.labormarketinfo.edd.ca.gov/serp.html?q=Novato>

2019/2020 Largest Employers was not available. The previous year's list was used but the labor force calculation was updated.

# North Marin Water District Operating and Capacity Indicators – Total Employees Last Ten Fiscal Years

Schedule 13

Department	Fiscal Year End									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administrative Services	16	15	13	13	13	14	14	14	13	12
Engineering Services	9	9	9	9	10	8	8	8	8	8
Construction /Maintenance	9	10	10	11	11	11	12	12	11	12
Water Quality	5	5	5	5	5	5	5	5	5	4
Operations / Maintenance	13	14	14	13	13	13	15	15	15	14
	52	53	51	51	52	51	54	54	52	50



Source: North Marin Water District Overheaded Payroll Worksheets for Pay Periods Ending June 30

Note: Excludes temporary employees

**North Marin Water District  
Other Operating and Capacity Indicators  
Last Ten Fiscal Years**

**Schedule 14**

<b>Other Operating and Capacity Indicators</b>				
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Miles of Pipeline</b>	<b>Number of Fire Hydrants</b>	<b>System Storage Capacity (MG)</b>
2011	100	346	2,785	38
2012	100	348	2,785	38
2013	100	356	2,797	39
2014	100	356	2,805	39
2015	100	357	2,808	39
2016	100	358	2,814	39
2017	100	364	2,824	39
2018	100	364	2,842	40
2019	100	364	2,852	40
2020	100	365	2,862	40

**Source:** North Marin Water District - Engineering Department



# **Report on Internal Controls and Compliance**

Draft Subject to Approval by BOD

Draft Subject to Approval by BOD

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

Board of Directors  
North Marin Water District  
Novato, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the North Marin Water District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 1, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*, continued**

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Fedak & Brown LLP**  
Cypress, California  
December 1, 2020

**North Marin Water District**

**Management Report**

**June 30, 2020**

Final Draft for BOD Presentation

**North Marin Water District**

**Management Report**

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Board of Directors  
North Marin Water District  
Novato, California

**Dear Members of the Board:**

In planning and performing our audit of the financial statements of North Marin Water District (District) as of and for the years ended June 30, 2020 and 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and may not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the board of directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Our observations, comments and recommendations, all of which have been discussed with the appropriate members of management, are summarized as follows:

### **Summary of Current Year Observations, Comments and Recommendations**

#### ***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

### **Summary of Current Year Observations, Comments and Recommendations, continued**

#### ***Management's Response***

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2020.

### **Summary of Prior Year Observations, Comments and Recommendations**

#### ***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

#### ***Management's Response***

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2019.



\*\*\*\*\*

This communication is intended solely for the information and use of management, the board of directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

**Fedak & Brown, LLP**  
Cypress, California  
December 1, 2020

Final Draft for BOD Presentation

**APPENDIX**

**North Marin Water District**

**Audit/Finance Committee Letter**

**June 30, 2020**

Final Draft for BOD Presentation

Board of Directors  
North Marin Water District  
Novato, California

We have audited the basic financial statements of the North Marin Water District (District) for the years ended June 30, 2020 and 2019 and have issued our report thereon dated December 1, 2020. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

#### **Auditor's Responsibility under United States Generally Accepted Auditing Standards**

As stated in our Audit Engagement Letter dated February 10, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audits of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

#### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing requirements previously communicated to the board and management in our Communication to Those Charged with Governance through our Audit Engagement Letter dated February 10, 2020.

## **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted transactions entered into by the District during fiscal year 2020 for which there is a lack of authoritative guidance or consensus. Please see our Summary of Current Year Observations, Comments and Recommendations. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

## **Management's Judgments, Accounting Estimates and Financial Disclosures**

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the position in the basic financial statements are:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits plan; deferred outflows or resources, total OPEB liability, and deferred inflows of resources are based on an actuarial evaluation of this liability that was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements are:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 6 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits plan in Note 10 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the District's defined benefit pension plan in Note 11 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

### **Corrected and Uncorrected Misstatements**

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were fourteen (14) total audit adjustments to the original trial balance presented to us. Four (4) of the adjustments related to the sixth year implementation of GASB Pronouncement No. 68 which were proposed by both the auditor and the District. Three (3) of the adjustments related to the third year implementation of GASB Pronouncement No. 75 which were proposed by both the auditor and the District. Two (2) of the audit adjusting entries were proposed by the auditor. Five (5) of the audit adjusting entries were proposed by the District. There was (1) one audit adjustment determined to be immaterial and proposed but not posted to the District's books and records. The audit adjustments are noted in the schedule of audit adjusting entries attached to the end of this report.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principal to the District's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit processes and testwork.

### **Disagreements with Management**

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

### **Management Representations**

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated December 1, 2020

## **Conclusion**

We appreciate the cooperation extended to us by Drew McIntyre, General Manager, Julie Blue, Auditor-Controller, Nancy Holton, Senior Accountant, Nancy Williamson, Senior Accountant, and the rest of the District staff in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified, parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

**Fedak & Brown, LLP**  
Cypress, California  
December 1, 2020

**North Marin Water District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2020**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
GASB 68 Entry #1 - To reclassify 2019 contributions to NPL at June 30, 2020.			
21502.01	Net Pension Liability	1,155,358.00	
16100.01	Deferred Outflows - Pension		1,155,358.00
<b>Total</b>		<b>1,155,358.00</b>	<b>1,155,358.00</b>
<b>Adjusting Journal Entries JE # 2</b>			
GASB 68 Entry #2 - To reclassify 2020 contributions to Deferred Outflows of Resources at June 30, 2020.			
13509.02	Unrestricted Cash:West Marin:GM	50,031.00	
13509.05	Unrestricted Cash	7,949.00	
13509.08	Unrestricted Cash	11,513.00	
16100.01	Deferred Outflows - Pension	1,370,702.00	
13509.01	Unrestricted Cash		69,493.00
51400.01	GASB68 Adjustment - Source		8,224.00
51400.02	GASB68 Adjustment - Source		548.00
52309.01	GASB68 Adjustment - Pumping		15,489.00
52309.02	GASB68 Adjustment - Pumping		6,168.00
52309.05	GASB68 Adjustment - Pumping		274.00
52700.01	GASB68 Adjustment - Operations		148,173.00
52700.02	GASB68 Adjustment - Operations		7,539.00
52700.05	GASB68 Adjustment - Operations		4,523.00
53800.01	GASB68 Adjustment - Water Treatment		264,546.00
53800.02	GASB68 Adjustment - Water Treatment		17,545.00
53800.05	GASB68 Adjustment - Water Treatment		274.00
54598.01	GASB68 Adjustment - T&D		458,500.00
54598.02	GASB68 Adjustment - T&D		14,667.00
54598.05	GASB68 Adjustment - T&D		2,878.00
54699.08	GASB68 Adjustment - Sewage Collection		6,716.00
54799.08	GASB68 Adjustment - Sewage Treatment		2,056.00
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin		2,741.00
55999.01	GASB68 Adjustment - Consumer Accounting		61,133.00
55999.02	GASB68 Adjustment - Consumer Accounting		1,645.00
57000.01	GASB68 Adjustment - G&A		307,723.00
58100.01	GASB68 Adjustment - Water Conservation		37,421.00
58100.02	GASB68 Adjustment - Water Conservation		1,919.00
<b>Total</b>		<b>1,440,195.00</b>	<b>1,440,195.00</b>

**North Marin Water District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2020**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 3</b>			
GASB 68 Entry #3 - To record changes in pension liability and related deferrals during FY18/19 at June 30, 2020.			
13509.01	Unrestricted Cash	73,141.00	
16100.01	Deferred Outflows - Pension	250,204.00	
16100.01	Deferred Outflows - Pension	870,743.00	
23100.01	Deferred Inflows - Pension	25,640.00	
23100.01	Deferred Inflows - Pension	62,093.00	
23100.01	Deferred Inflows - Pension	144,565.00	
51400.01	GASB68 Adjustment - Source	8,655.00	
51400.02	GASB68 Adjustment - Source	577.00	
52309.01	GASB68 Adjustment - Pumping	16,301.00	
52309.02	GASB68 Adjustment - Pumping	6,492.00	
52309.05	GASB68 Adjustment - Pumping	289.00	
52700.01	GASB68 Adjustment - Operations	155,943.00	
52700.02	GASB68 Adjustment - Operations	7,934.00	
52700.05	GASB68 Adjustment - Operations	4,761.00	
53800.01	GASB68 Adjustment - Water Treatment	278,419.00	
53800.02	GASB68 Adjustment - Water Treatment	18,465.00	
53800.05	GASB68 Adjustment - Water Treatment	289.00	
54598.01	GASB68 Adjustment - T&D	482,545.00	
54598.02	GASB68 Adjustment - T&D	15,436.00	
54598.05	GASB68 Adjustment - T&D	3,029.00	
54699.08	GASB68 Adjustment - Sewage Collection	7,069.00	
54799.08	GASB68 Adjustment - Sewage Treatment	2,164.00	
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin	2,885.00	
55999.01	GASB68 Adjustment - Consumer Accounting	64,339.00	
55999.02	GASB68 Adjustment - Consumer Accounting	1,731.00	
57000.01	GASB68 Adjustment - G&A	323,860.00	
58100.01	GASB68 Adjustment - Water Conservation	39,383.00	
58100.02	GASB68 Adjustment - Water Conservation	2,020.00	
13509.02	Unrestricted Cash:West Marin:GM		52,655.00
13509.05	Unrestricted Cash		8,368.00
13509.08	Unrestricted Cash		12,118.00
16100.01	Deferred Outflows - Pension		25,640.00
16100.01	Deferred Outflows - Pension		62,093.00
16100.01	Deferred Outflows - Pension		41,504.00
21502.01	Net Pension Liability		2,248,385.00
23100.01	Deferred Inflows - Pension		418,209.00
<b>Total</b>		<b>2,868,972.00</b>	<b>2,868,972.00</b>



**North Marin Water District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2020**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 4</b>			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY18/19 at June 30, 2020.			
13509.01	Unrestricted Cash	55,939.00	
23100.01	Deferred Inflows - Pension	369,770.00	
51400.01	GASB68 Adjustment - Source	6,619.00	
51400.02	GASB68 Adjustment - Source	441.00	
52309.01	GASB68 Adjustment - Pumping	12,467.00	
52309.02	GASB68 Adjustment - Pumping	4,965.00	
52309.05	GASB68 Adjustment - Pumping	221.00	
52700.01	GASB68 Adjustment - Operations	119,269.00	
52700.02	GASB68 Adjustment - Operations	6,068.00	
52700.05	GASB68 Adjustment - Operations	3,641.00	
53800.01	GASB68 Adjustment - Water Treatment	212,940.00	
53800.02	GASB68 Adjustment - Water Treatment	14,122.00	
53800.05	GASB68 Adjustment - Water Treatment	221.00	
54598.01	GASB68 Adjustment - T&D	369,060.00	
54598.02	GASB68 Adjustment - T&D	11,806.00	
54598.05	GASB68 Adjustment - T&D	2,317.00	
54699.08	GASB68 Adjustment - Sewage Collection	5,406.00	
54799.08	GASB68 Adjustment - Sewage Treatment	1,655.00	
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin	2,207.00	
55999.01	GASB68 Adjustment - Consumer Accounting	49,208.00	
55999.02	GASB68 Adjustment - Consumer Accounting	1,324.00	
57000.01	GASB68 Adjustment - G&A	247,695.00	
58100.01	GASB68 Adjustment - Water Conservation	30,121.00	
58100.02	GASB68 Adjustment - Water Conservation	1,545.00	
13509.02	Unrestricted Cash:West Marin:GM		40,271.00
13509.05	Unrestricted Cash		6,400.00
13509.08	Unrestricted Cash		9,268.00
16100.01	Deferred Outflows - Pension		619,191.00
16100.01	Deferred Outflows - Pension		313,859.00
16100.01	Deferred Outflows - Pension		94,680.00
23100.01	Deferred Inflows - Pension		445,358.00
<b>Total</b>		<b>1,529,027.00</b>	<b>1,529,027.00</b>
<b>Adjusting Journal Entries JE # 5</b>			
CPE - Batch 10694 - To adjust recycled water deliveries accrual @ June 30, 2020.			
51306.05	Purchased Water - LGVSD	3,286.58	
22200.05	Accounts Payable - Accrued		3,286.58
<b>Total</b>		<b>3,286.58</b>	<b>3,286.58</b>

**North Marin Water District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2020**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 6</b>			
CPE - Batch 10697 & 10698 - Interest accrual June 2020 (Adjust to Analysis Spreadsheet for amount receivable at 6/30/20) and balance cash.			
13509.01	Unrestricted Cash	8.25	
13509.02	Unrestricted Cash:West Marin:GM	3.67	
13509.05	Unrestricted Cash	32.03	
49200.01	Interest Earned - General Funds	15,452.79	
49200.05	Interest Earned - BPGL Recycled Water Facility	19.58	
49200.08	Interest Earned - General Funds	8.43	
49226.02	Interest Earned-Bank of Marin Project Fund	2.45	
13509.01	Unrestricted Cash		32.03
13509.01	Unrestricted Cash		3.67
13509.08	Unrestricted Cash		8.25
13750.01	Accrued Interest Receivable - General Funds		15,288.78
49200.02	Interest Earned - General Funds		5.63
49211.01	Interest Earned-Future Retiree Med Benefits Res		121.31
49213.01	Interest Earned - Workers' Compensation Fund		14.84
49213.02	Interest Earned - Workers' Compensation Fund		0.49
49213.05	Interest Earned - Workers' Compensation Fund		0.25
49213.08	Interest Earned - Workers' Compensation Fund		0.18
49224.05	Interest Earned-RWF Replacement Fund		51.36
49226.01	Interest Earned - AEEP Fund		0.41
<b>Total</b>		<b>15,527.20</b>	<b>15,527.20</b>
<b>Adjusting Journal Entries JE # 7</b>			
CPE - Batch 10699 - Clear Payroll OH Accounts 6/20.			
41162.01	Gain On Overhead Operations	9,436.17	
25330.01	Compensatory Time		9,436.17
<b>Total</b>		<b>9,436.17</b>	<b>9,436.17</b>
<b>Adjusting Journal Entries JE # 8</b>			
CPE - Batch 10700 - Adjust Taxes Receivable for PR2 & OM1/OM3 at 6/30/20.			
12623.02	Tax Proceeds - County Of Marin (PR-2)	238.23	
12623.08	Tax Proceeds - County Of Marin (OM-1/OM-3)	253.89	
12623.08	Tax Proceeds - County Of Marin (OM-1/OM-3)	1,305.72	
13710.08	Accounts Receivable - Sewer Charges		1,305.72
49300.02	Tax Proceeds:West Marin:Admin		238.23
49300.08	Tax Proceeds:OM Sewer:Admin		253.89
<b>Total</b>		<b>1,797.84</b>	<b>1,797.84</b>
<b>Adjusting Journal Entries JE # 9</b>			
CPE - Batch 10703 - To accrue water by Marin Country Club in FY18, FY19 & FY20 that was not billed to Marin Country Club due to error when the 6" AMI meter was set up on their billing account.			
13720.05	Accounts Receivable: Miscellaneous	171,905.95	
41100.05	Water Sales		171,905.95
<b>Total</b>		<b>171,905.95</b>	<b>171,905.95</b>

**North Marin Water District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2020**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 10</b>			
GASB 75 Entry #1 - To reclassify 2020 contributions to a reduction in Total OPEB Liability at June 30, 2020.			
13509.02	Unrestricted Cash:West Marin:GM	8,385.00	
13509.05	Unrestricted Cash	1,332.00	
13509.08	Unrestricted Cash	1,930.00	
21503.01	OPEB Liability	229,722.00	
13509.01	Unrestricted Cash		11,647.00
51401.01	GASB75 Adjustment - Source of Supply		1,378.00
51401.02	GASB75 Adjustment - Source of Supply		92.00
52310.01	GASB75 Adjustment - Pumping		2,596.00
52310.02	GASB75 Adjustment - Pumping		1,034.00
52310.05	GASB75 Adjustment - Pumping		46.00
52701.01	GASB75 Adjustment - Operations		24,833.00
52701.02	GASB75 Adjustment - Operations		1,263.00
52701.05	GASB75 Adjustment - Operations		758.00
53801.01	GASB75 Adjustment - Water Treatment		44,336.00
53801.02	GASB75 Adjustment - Water Treatment		2,940.00
53801.05	GASB75 Adjustment - Water Treatment		46.00
54596.01	GASB75 Adjustment - T&D		76,865.00
54596.02	GASB75 Adjustment - T&D		2,458.00
54596.05	GASB75 Adjustment -T&D		482.00
54698.08	GASB75 Adjustment - Sewage Collection		1,126.00
54798.08	GASB75 Adjustment - Sewage Treatment		345.00
54898.08	GASB75 Adjustment - Sewage Disposal		459.00
55998.01	GASB75 Adjustment - Consumer Accounting		10,246.00
55998.02	GASB75 Adjustment - Consumer Accounting		276.00
57001.01	GASB75 Adjustment - G&A		51,550.00
58101.01	GASB75 Adjustment - Water Conservation		6,271.00
58101.02	GASB75 Adjustment - Water Conservation		322.00
<b>Total</b>		<b>241,369.00</b>	<b>241,369.00</b>

**North Marin Water District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2020**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 11</b>			
GASB 75 Entry #2 - To record changes in OPEB liability during FY19/20 in the current year.			
13509.01	Unrestricted Cash	14,000.00	
16200.01	Deferred Outflows - OPEB	363,781.00	
23200.01	Deferred Inflows:OPEB	132,982.00	
51401.01	GASB75 Adjustment - Source of Supply	1,658.00	
51401.02	GASB75 Adjustment - Source of Supply	110.00	
52310.01	GASB75 Adjustment - Pumping	3,121.00	
52310.02	GASB75 Adjustment - Pumping	1,243.00	
52310.05	GASB75 Adjustment - Pumping	55.00	
52701.01	GASB75 Adjustment - Operations	29,855.00	
52701.02	GASB75 Adjustment - Operations	1,519.00	
52701.05	GASB75 Adjustment - Operations	911.00	
53801.01	GASB75 Adjustment - Water Treatment	53,302.00	
53801.02	GASB75 Adjustment - Water Treatment	3,535.00	
53801.05	GASB75 Adjustment - Water Treatment	55.00	
54596.01	GASB75 Adjustment - T&D	92,408.00	
54596.02	GASB75 Adjustment - T&D	2,955.00	
54596.05	GASB75 Adjustment -T&D	580.00	
54698.08	GASB75 Adjustment - Sewage Collection	1,353.00	
54798.08	GASB75 Adjustment - Sewage Treatment	414.00	
54898.08	GASB75 Adjustment - Sewage Disposal	552.00	
55998.01	GASB75 Adjustment - Consumer Accounting	12,317.00	
55998.02	GASB75 Adjustment - Consumer Accounting	331.00	
57001.01	GASB75 Adjustment - G&A	61,974.00	
58101.01	GASB75 Adjustment - Water Conservation	7,540.00	
58101.02	GASB75 Adjustment - Water Conservation	387.00	
13509.02	Unrestricted Cash:West Marin:GM		10,080.00
13509.05	Unrestricted Cash		1,601.00
13509.08	Unrestricted Cash		2,319.00
16200.01	Deferred Outflows - OPEB		132,982.00
21503.01	OPEB Liability		367,583.00
23200.01	Deferred Inflows:OPEB		272,373.00
<b>Total</b>		<b>786,938.00</b>	<b>786,938.00</b>

**North Marin Water District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2020**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 12</b>			
GASB 75 Entry #3 - To record changes in the deferred outflows and deferred inflows (amortization) at June 30, 2020.			
13509.01	Unrestricted Cash	2,224.00	
23200.01	Deferred Inflows:OPEB	17,562.00	
51401.01	GASB75 Adjustment - Source of Supply	262.00	
51401.02	GASB75 Adjustment - Source of Supply	18.00	
52310.01	GASB75 Adjustment - Pumping	494.00	
52310.02	GASB75 Adjustment - Pumping	197.00	
52310.05	GASB75 Adjustment - Pumping	9.00	
52701.01	GASB75 Adjustment - Operations	4,733.00	
52701.02	GASB75 Adjustment - Operations	241.00	
52701.05	GASB75 Adjustment - Operations	145.00	
53801.01	GASB75 Adjustment - Water Treatment	8,451.00	
53801.02	GASB75 Adjustment - Water Treatment	561.00	
53801.05	GASB75 Adjustment - Water Treatment	9.00	
54596.01	GASB75 Adjustment - T&D	14,652.00	
54596.02	GASB75 Adjustment - T&D	469.00	
54596.05	GASB75 Adjustment -T&D	92.00	
54698.08	GASB75 Adjustment - Sewage Collection	215.00	
54798.08	GASB75 Adjustment - Sewage Treatment	66.00	
54898.08	GASB75 Adjustment - Sewage Disposal	88.00	
55998.01	GASB75 Adjustment - Consumer Accounting	1,953.00	
55998.02	GASB75 Adjustment - Consumer Accounting	53.00	
57001.01	GASB75 Adjustment - G&A	9,826.00	
58101.01	GASB75 Adjustment - Water Conservation	1,195.00	
58101.02	GASB75 Adjustment - Water Conservation	61.00	
13509.02	Unrestricted Cash:West Marin:GM		1,600.00
13509.05	Unrestricted Cash		255.00
13509.08	Unrestricted Cash		369.00
16200.01	Deferred Outflows - OPEB		61,352.00
<b>Total</b>		<b>63,576.00</b>	<b>63,576.00</b>
<b>Adjusting Journal Entries JE # 13</b>			
PPA - To record initial loan balance at June 30, 2015, reduction of loan for period 2015-2018, 2019 portion at June 30, 2020.			
13726.01	Loan Receivable-MMWD Interconnection	3,142,883.00	
31100.01	Earned Surplus	163,965.00	
31100.01	Earned Surplus	613,672.00	
13726.01	Loan Receivable-MMWD Interconnection		613,672.00
13726.01	Loan Receivable-MMWD Interconnection		163,965.00
31100.01	Earned Surplus		3,142,883.00
<b>Total</b>		<b>3,920,520.00</b>	<b>3,920,520.00</b>

**North Marin Water District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2020**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 14</b>			
AJE - To reclassify contribution revenue recorded to loan receivable-MMWD and interest earned at June 30, 2020.			
49402.01	Capital Contribution-MMWD AEEP Capital Cost	141,138.00	
49402.01	Capital Contribution-MMWD AEEP Capital Cost	64,182.00	
13726.01	Loan Receivable-MMWD Interconnection		141,138.00
49229.01	Interest Earned-MMWD Interconnection Loan		64,182.00
<b>Total</b>		<b>205,320.00</b>	<b>205,320.00</b>
<b>Total Adjusting Journal Entries</b>			
		<b>12,413,228.74</b>	<b>12,413,228.74</b>
<b>Proposed Journal Entries</b>			
<b>Proposed Journal Entries JE # 100</b>			
AJE - To correct cash for bank payment / transfer which did not occur until June 30, 2020.			
22207.02	Retainage	8,463.51	
13110.02	Piazza Construction Escrow Account-WM		8,463.51
<b>Total</b>		<b>8,463.51</b>	<b>8,463.51</b>
<b>Total Proposed Journal Entries</b>			
		<b>8,463.51</b>	<b>8,463.51</b>
<b>Total All Journal Entries</b>			
		<b>12,421,692.25</b>	<b>12,421,692.25</b>

**Legend:**

AJE	Audit Adjusting Journal Entry
CPE	District Prepared Audit Adjusting Journal Entry
PPA	Prior Period Adjusting Journal Entry
GASB 68 Entry	GASB 68 Implementation Journal Entry
GASB 75 Entry	GASB 75 Implementation Journal Entry
PAJE	Proposed Audit Adjustment - Not Posted to District's General Ledger

9



## MEMORANDUM

To: Board of Directors Date: November 25, 2020

From: Tony Williams, Chief Engineer/Assistant GM 

Subject: Approve GHD Consultant Services Agreement for Old Ranch Road (ORR) Tank No. 2 Project

R:\Folders by Job No\5000 jobs\5207.20 Old Ranch Rd Tank Repl\BOD Memos\Dec 1 item\ORR Tank2 Consult Services Agreement 12-1-20 BOD.doc

**RECOMMENDED ACTION:** Authorize General Manager to execute an agreement with GHD for the ORR Tank No. 2 Project

**FINANCIAL IMPACT:** \$110,287.50 which is included in the current FY20/21 budget

Background

North Marin Water District's (District) ORR Tank No. 2 Project consists of constructing a new above grade potable water welded water storage tank of 100,000-gallon capacity off Old Ranch Road, to be situated several hundred feet north of the existing ORR Tank No. 1 site as shown on the attached Map (Attachment 1). The proposed Tank No. 2 will replace the existing 50,000-gallon redwood water Tank No. 1, which was built in the 1960's and has reached the end of its useful life. Once the new tank is completed and in service, the District will dismantle Tank No. 1 and salvage or sell the redwood materials under a separate contract. The District's 2018 Novato Water System Master Plan Update identified upsizing the replacement tank to 100,000 gallons to address the deficient fire flows for this subzone. Any future development may warrant additional storage which could be addressed with construction of an additional tank at the Tank No. 1 site.

At the October 20, 2020 meeting, the Board adopted a resolution certifying the Project's Initial Study and Mitigated Negative Declaration and approved the companion Mitigation Monitoring and Reporting Program for the Project. A Notice of Determination was filed with the County of Marin and the State in late October, 2020. The Project design will include specifications and provisions that incorporate the applicable requirements in the Mitigation Monitoring and Reporting Program as well as pre- and post-construction assessment of the pavement condition and repairs of any construction related impacts on Old Ranch Road, as discussed at the October 20 Board meeting.

Now that the environmental compliance documentation is completed for the project and a new deed and necessary easements are in place for the new tank site, the next phase of the project is to complete the design and prepare construction documents. The District released a Request for Proposals (RFP) on October 30, 2020 which was posted on the District's website as well as posted on an online electronic "bid board". Proposals were due on November 16, 2020.



A total of 4 proposals were received and evaluated by a review panel consisting of three members of the Engineering Department staff. The review was based on the following criteria and associated numeric scoring system: Personnel Qualifications, Experience of the Team, Project Approach, Project Schedule, Labor Hours and Rates, and Contract Compliance (total of 100 points for all criteria). The results of the ranking are provided below:

Engineering Consultant	Office Submitting	Overall Rank
GHD	Santa Rosa	1
BKF Engineers	San Rafael	2
Brelje & Race Consulting Engineers	Santa Rosa	3
CSW/Stuber-Stroeh Engineering Group	Novato	4

Discussions with the highest ranked firm, GHD, were conducted on November 19 and 20 to establish a final scope of services required for the project and the associated fee.

#### Consulting Agreement

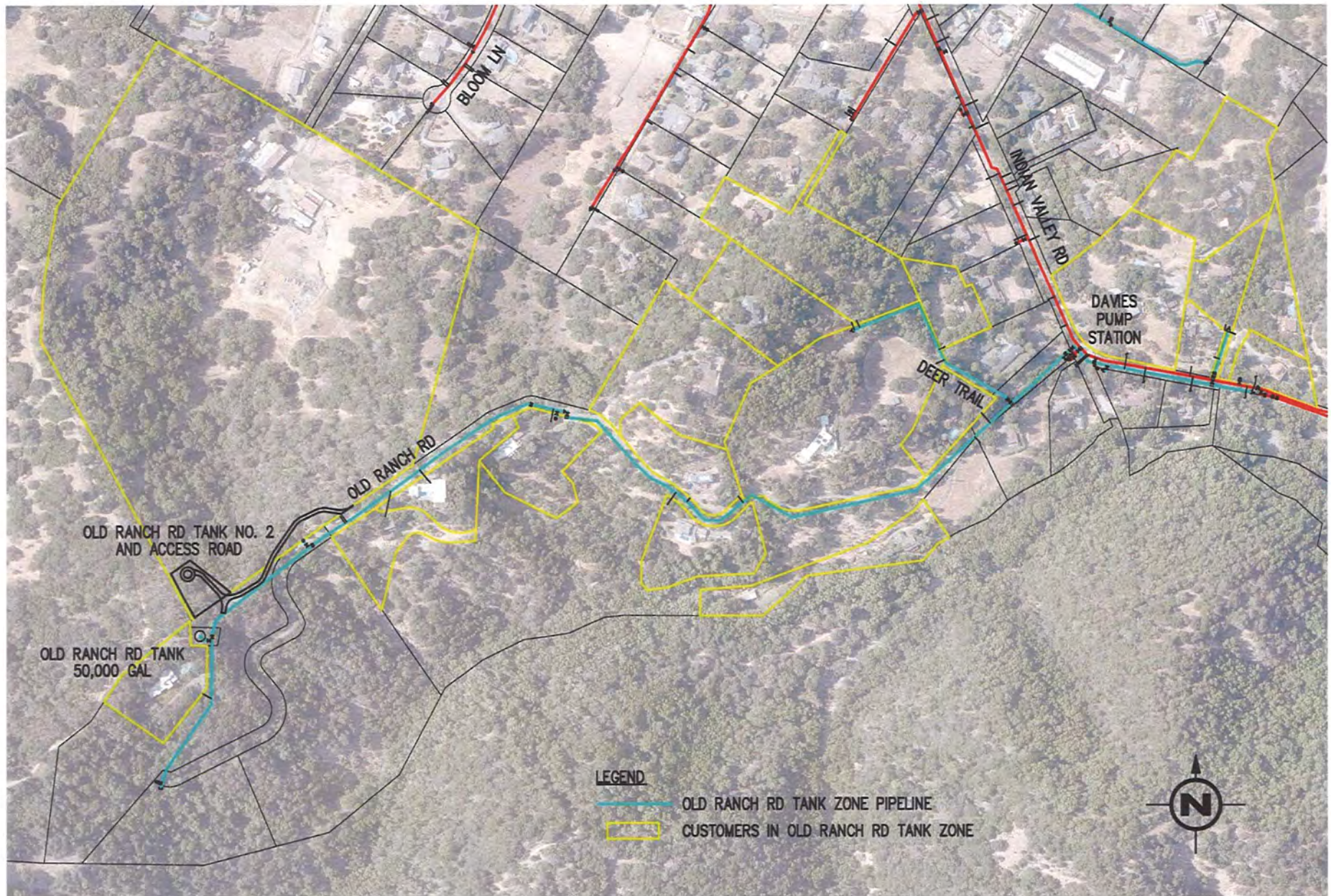
Staff recommends GHD to provide the required engineering services to complete the project design and prepare final construction documents, including drawings, specifications and cost estimate. Staff has thoroughly reviewed the attached agreement, including GHD's scope of services, schedule and fee (Attachment 2) and is recommended for approval by the Board of Directors. GHD is an experienced engineering firm with experience in water storage tank design and has provided professional services to the District in the past, including for storage tanks.

#### RECOMMENDATION

That the Board authorize the General Manager to execute an agreement with GHD of Santa Rosa, California for the ORR Tank No. 2 Project for a not to exceed fee of \$110,287.50, to be charged on an approved hourly basis.



## SITE MAP - OLD RANCH ROAD TANK NO. 1 AND PROPOSED TANK NO. 2





## AGREEMENT FOR CONSULTING SERVICES

The following is an agreement between **North Marin Water District**, hereinafter "**NMWD**", and **GHD**, hereinafter, "**Consultant**".

**WHEREAS**, Consultant is a duly qualified consulting firm, experienced in the planning, design, and construction management of water facilities.

**WHEREAS**, in the judgment of the Board of Directors of the NMWD, it is necessary and desirable to employ the services of the Consultant for the Old Ranch Road Tank No. 2 project.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

### PART A -- SPECIFIC PROVISIONS:

**1. DESCRIPTION OF SERVICES AND PAYMENT:** Except as modified in this agreement, the services to be provided and the payment schedule are:

- a. The scope of work and fee amount covered by this agreement shall be that specified in the proposal dated November 20, 2020 and included in Exhibit A of this agreement.
- b. The fee for the work shall utilize the fee schedule included in Exhibit B of this agreement and shall not exceed \$110,290 without prior written authorization by NMWD.

### PART B -- GENERAL PROVISIONS

**1. ASSIGNMENT/DELEGATION:** Except as above, neither party hereto shall assign, sublet or transfer any interest in or duty under this agreement without written consent of the other, and no assignment shall be of any force or effect whatsoever unless and until the other party shall have so consented.

**2. STATUS OF CONSULTANT:** The parties intend that the Consultant, in performing the services hereinafter specified, shall act as an independent contractor and shall have the control of the work and the manner in which it is performed. The Consultant is not to be considered an agent or employee of NMWD, and is not entitled to participate in any pension plan, insurance, bonus or similar benefits NMWD provides its employees.

**3. INDEMNIFICATION:** NMWD is relying on the professional ability and training of the Consultant as a material inducement to enter into this agreement. The Consultant hereby warrants that all its work will be performed in accordance with generally accepted professional practices and standards, as well as the requirements of applicable federal, state and local laws, it being understood that neither acceptance of the Consultant's work by NMWD nor Consultant's failure to perform shall operate as a waiver or release.

- a. With respect to design professional services provided under this agreement, Consultant shall assume the defense of and defend NMWD, its directors, officers, agents, and employees in any action at law or in equity to the extent that liability is claimed or alleged to arise out of, pertain to, or relate to, either directly or indirectly, the intentional or willful

misconduct, recklessness, or negligent act, error, or omission of Consultant (or any person or organization for whom Consultant is legally liable) in the performance of the activities necessary to perform the services for District and complete the task provided for herein. In addition, Consultant shall indemnify, hold harmless, and release NMWD, its directors, officers, agents, and employees from and against any and all actions, claims, damages, disabilities or expenses, including attorney's fees and witness costs, that may be asserted by any person or entity including the Consultant, to the extent arising out of, pertaining to, or relating to, the negligent acts, errors or omissions, recklessness, or intentional or willful misconduct of the Consultant (or any consultant or subcontractor of Consultant) in connection with the activities necessary to perform the services and complete the task provided for herein, but excluding liabilities due to the sole negligence or willful misconduct of NMWD.

- b. With respect to all services other than design professional services provided under this agreement, Consultant shall indemnify, hold harmless, release and defend NMWD, its agents and employees from and against any and all actions, claims, damages, disabilities or expenses, including attorney's fees and witness costs that may be asserted by any person or entity, including the Consultant, arising out of or in connection with the activities necessary to perform those services and complete the tasks provided for herein, but excluding liabilities due to the sole negligence or willful misconduct of NMWD.

This indemnification is not limited in any way by any limitation on the amount or type of damages or compensation payable by or for the NMWD or its agents under workers' compensation acts, disability benefit acts or other employee benefit acts.

**4. PROSECUTION OF WORK:** The execution of this agreement shall constitute the Consultant's authority to proceed immediately with the performance of this contract. Performance of the services hereunder shall be completed by March 15, 2021, provided, however, that if the performance is delayed by earthquake, flood, high water or other Act of God or by strike, lockout or similar labor disturbance, the time for the Consultant's performance of this contract shall be extended by a number of days equal to the number of days the Consultant has been delayed.

**5. METHOD AND PLACE OF GIVING NOTICE, SUBMITTING BILLS AND MAKING PAYMENTS:** All notices, bills and payment shall be made in writing and may be given by personal delivery or by mail. Notices, bills and payments sent by mail should be addressed as follows:

North Marin Water District  
P.O. Box 146  
Novato, CA 94948  
Attention: Tony Williams

Consultant:  
GHD  
2235 Mercury Way, Suite 150  
Santa Rosa, CA 95407  
Attention: Matt Kennedy

and when so addressed, shall be deemed given upon deposit in the United States Mail, postage prepaid. In all other instances, notices, bills and payments shall be deemed given at the time of actual

delivery. Changes may be made in the names and addresses of the person to whom notices, bills and payments are to be given by giving notice pursuant to this paragraph.

**6. MERGER:** This writing is intended both as the final expression of the agreement between the parties hereto with respect to the included terms of the agreement, pursuant to California Code of Civil Procedure Section 1856 and as a complete and exclusive statement of the terms of the agreement. No modification of this agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties.

**7. SEVERABILITY:** Each provision of this agreement is intended to be severable. If any term of any provision shall be determined by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such provision shall be severed from this agreement and shall not affect the validity of the remainder of the agreement.

**8. TERMINATION:** At any time and without cause the NMWD shall have the right in its sole discretion, to terminate this agreement by giving written notice to the Consultant. In the event of such termination, NMWD shall pay the Consultant for services rendered to such date.

**9. TRANSFER OF RIGHTS/OWNERSHIP OF DATA:** The Consultant assigns to NMWD all rights throughout the work in perpetuity in the nature of copyright, trademark, patent, and right to ideas, in and to all versions of any plans and specifications, reports and document now or later prepared by the Consultant in connection with this contract.

The Consultant agrees to take such actions as are necessary to protect the rights assigned to NMWD in this agreement, and to refrain from taking any action which would impair those rights. The Consultant's responsibilities under this contract will include, but not be limited to, placing proper notice of copyright on all versions of any plans and specifications, reports and documents as NMWD may direct, and refraining from disclosing any versions of the reports and documents to any third party without first obtaining written permission of NMWD. The Consultant will not use, or permit another to use, any plans and specifications, reports and document in connection with this or any other project without first obtaining written permission of NMWD.

All materials resulting from the efforts of NMWD and/or the Consultant in connection with this project, including documents, reports, calculations, maps, photographs, computer programs, computer printouts, digital data, notes and any other pertinent data are the exclusive property of NMWD. Re-use of these materials by the Consultant in any manner other than in conjunction with activities authorized by NMWD is prohibited without written permission of NMWD.

Consultant shall deliver requested materials to NMWD in electronic format including but not limited to engineering calculations, plans (AutoCad, current edition) and specifications (MS Word, current edition).

**10. COST DISCLOSURE:** In accordance with Government Code Section 7550, the Consultant agrees to state in a separate portion of any report provided NMWD, the numbers and amounts of all contracts and subcontractors relating to the preparation of the report.

**11. NONDISCRIMINATION:** The Consultant shall comply with all applicable federal, state and local laws, rules and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition or physical handicap.

**12. EXTRA (CHANGED) WORK:** Extra work may be required. The Consultant shall not proceed nor be entitled to reimbursement for extra work unless it has been authorized, in writing, in advance, by NMWD. The Consultant shall inform the District as soon as it determines work beyond the scope of this agreement may be necessary and/or that the work under this agreement cannot be completed for the amount specified in this agreement. Said review shall occur before consultant incurs 75% of the total fee approved for any phase of the work. Failure to notify the District shall constitute waiver of the Consultant's right to reimbursement.

**13. CONFLICT OF INTEREST:** The Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. The Consultant further covenants that in the performance of this contract no person having any such interest shall be employed.

**14. INSURANCE REQUIREMENTS FOR CONSULTANTS**

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the consultant, his agents, representatives, employees or subcontractors.

**Minimum Scope of Insurance**

Coverage shall be at least as broad as:

1. Commercial General Liability coverage
2. Automobile Liability
3. Workers' Compensation insurance as required by the State of California.
4. Professional Liability insurance appropriate to the consultant's profession. Architects' and engineers' coverage is to be endorsed to include contractual liability.

**Minimum Limits of Insurance**

Consultant shall maintain limits no less than:

1. General Liability (including operations, products and completed operations.): **\$1,000,000** per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: **\$1,000,000** per accident for bodily injury and property damage.
3. Workers' Compensation Insurance: as required by the State of California.
4. Professional Liability, **\$1,000,000** per occurrence.

**Verification of Coverage**

Consultant shall furnish the District with original certificates and amendatory endorsements effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require at any time complete and certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications.

## **Subcontractors**

Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor to the District for review and approval. All coverage for subcontractors shall be subject to all of the requirements stated herein.

## **Self-Insured Retentions**

Any self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Consultant shall provide a financial guarantee satisfactory to the District (such as a surety bond) guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

## **Other Insurance Provisions**

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The District, its officers, officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant.
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.

## **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

**15. DISPUTE RESOLUTION:** Any dispute or claim in law or equity between District and Consultant arising out of this agreement, if not resolved by informal negotiation between the parties, shall be mediated by referring it to the nearest office of Judicial Arbitration and Mediation Services, Inc. (JAMS) for mediation. Mediation shall consist of an informal, non-binding conference or conferences between the parties and the judge-mediator jointly, then in separate caucuses wherein the judge will seek to guide the parties to a resolution of the case. If the parties cannot agree to mutually acceptable member from the JAMS panel of retired judges, a list and resumes of available mediators numbering one more than there are parties will be sent to the parties, each of whom will strike one name leaving the remaining as the mediator. If more than one name remains, JAMS arbitrations administrator will choose a mediator from the remaining names. The mediation process shall continue until the case is resolved or until such time as the mediator makes a finding that there is no possibility of resolution.

At the sole election of the District, any dispute or claim in law or equity between District and Consultant arising out of this agreement which is not settled through mediation shall be decided by neutral binding arbitration and not by court action, except as provided by California law for judicial review of arbitration proceedings. The arbitration shall be conducted in accordance with

the rules of Judicial Arbitration Mediation Services, Inc. (JAMS). The parties to an arbitration may agree in writing to use different rules and/or arbitrators.

**16. BILLING AND DOCUMENTATION:** The Consultant shall invoice NMWD for work performed on a monthly basis and shall include a summary of work for which payment is requested. The invoice shall state the authorized contract limit, the amount of invoice and total amount billed to date. The summary shall include time and hourly rate of each individual, a narrative description of work accomplished, and an estimate of work completed to date.

**17. REASONABLE ASSURANCES:** Each party to this agreement undertakes the obligation that the other's expectation of receiving due performance will not be impaired. When reasonable grounds for insecurity arise, with respect to performance of either party, the other may, in writing, demand adequate assurance of due performance and until the requesting party receives such assurance may, if commercially reasonable, suspend any performance for which the agreed return has not been received. "Commercially reasonable" includes not only the conduct of the party with respect to performance under this agreement but also conduct with respect to other agreements with parties to this agreement or others. After receipt of a justified demand, failure to provide within a reasonable time, not to exceed 30 days, such assurance of due performance as is adequate under the circumstances of the particular case is a repudiation of this agreement. Acceptance of any improper delivery, service, or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance.

**18. PREVAILING WAGE REQUIREMENTS:** Prevailing Wage Rates apply to all Consultant personnel performing work under the Agreement for which wage determinations have been made by the Director of Industrial Relations pursuant to California Labor Code Sections 1770– 1782,. Consultant shall comply with all applicable prevailing wage labor code requirements.

**NORTH MARIN WATER DISTRICT  
"NMWD"**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Drew McIntyre, General Manager

**GHD  
"CONSULTANT"**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Matt Kennedy



## **Scope of Work (11-20-2020)**

The Scope of Work below is based on the requirements in the RFP and follow-up discussions with NMWD staff.

### **Task 1. Project Management**

#### *1.1 Project Initiation*

The Project Manager will prepare a Project Work Plan and staff assignments. We will schedule and attend a kick-off meeting and site visit with the District to observe and document the existing site conditions and identify any constructability or other issues. During the kick-off meeting, we will confirm project requirements and details with the District in a mini design workshop so the design team has a clear understanding of District expectations for all project elements and systems before we initiate design. We will also request any information needed to begin design, such as the CAD survey mapping. GHD will prepare an agenda and distribute minutes after the meeting.

#### *1.2 Project Coordination*

GHD's Project Manager will oversee the design team and coordinate with the District during the entire course of the project, including phone calls, email and other correspondence necessary to successfully deliver the design and support the District during construction. This task includes preparing a monthly progress report and invoice. Our monthly project reporting will include a narrative summary of task accomplishments during the reporting period, problems encountered or anticipated, activities scheduled for the next reporting period, and quality control program outcomes. Each month you will also receive a cost report organized by task showing the current period and cumulative expenditures to date, the approved budget, and the budget balance remaining. Our budget and schedule have the same task structure so that budget expenditures can be readily tracked verses the project schedule and included with monthly project reports.

#### *1.3 Project Meetings*

GHD's Project Manager will coordinate all project and design review meetings with the District to discuss the review comments and receive feedback on the 90% PS&E and 100% PS&E deliverables. Any meeting for the 100% PS&E deliverable would be in the form of ongoing design coordination and "over the shoulder" reviews. Our key goals during these meetings are to receive District feedback, clearly understand the comments and concerns, and make sure the construction estimate is aligned with the District's available funding. During the ongoing COVID-19 pandemic we can utilize MS Teams video conferencing with screen sharing for meetings that cannot be attended in person, and propose to leverage this powerful collaboration tool and other digital resources to deliver this project in a safe and efficient manner and to protect the health and safety of all involved.

#### *1.4 Design Quality Management*

The Quality Manager will develop a Project Quality Plan (PQP) documenting the QA and QC process that will be followed for the project. This task includes an internal 15% project QA review, periodic design checks, QA/QC reviews, quality review meetings, and quality process documentation. Project quality documentation will be included with each deliverable.

#### **Deliverables:**

- Project Work Plan (pdf)
- Project Quality Plan (pdf)
- Meeting agenda and minutes (pdf)
- Monthly invoices



## Task 2. 90% PS&E (Pre-Final)

The design team will prepare a draft basis of design memo, 90% set of plans, specifications and estimate for the project. The intent is that this deliverable will be essentially complete and address all of the project requirements and details. The basis of design will provide a brief comparative analysis of tank material types including benefits and drawbacks. Our surveyor will review all of the easement documents and add easement and property boundaries to the topographic survey map to make sure all improvements are located within the District's legal easement and property boundaries. The drawings will include plans, road and pipeline profiles, cross-sections, tank foundation, tank plans and elevations, details, schedules and a single-line diagram. Our design approach assumes retaining walls can be avoided with thoughtful grading. We will notify the District immediately if we determine a retaining wall is necessary. We will utilize the District's Standard specifications and standard details, and make "tracked change" edits to the specifications as necessary to incorporate project-specific requirements. We will develop additional specification sections and details as needed for the project to clearly describe the construction requirements. Project specific details, layouts and specifications will be included for all systems. We will develop an Engineer's Opinion of Probable Construction Cost in a bid schedule format with an appropriate construction contingency and including bid item payment descriptions. We will also incorporate the District's front-end specifications if received prior to the submittal. Following submission we will schedule and attend a design review meeting, as described in Task 1.3.

Deliverables A (3 weeks ahead of Deliverables "B"):

- Draft Basis of Design Memo: Three (3) hard copies and electronic (pdf and docx)

Deliverables B:

- 90% Drawings: Three (3) half-size (11"x17") hard copies and electronic (pdf)
- 90% Specifications: Three (3) hard copies and electronic (pdf and docx)
- 90% Estimate: Three (3) hard copies and electronic (pdf)
- 90% Design QC Review Documentation (pdf)

## Task 3. 100% PS&E (Final)

Following the 90% design review meeting and receipt of comments GHD will finalize the plans, basis of design, specifications and estimate for bidding. The intent of the 100% PS&E is to address all District comments from the 90% (pre-final) submittal. The basis of design technical memorandum and drawings will be finalized, tracked change specification edits will be incorporated and any new edits will be shown with "tracked changes" for ease of quick confirmation with the District. The technical specifications will incorporate all project requirements, include the District provided front-end specifications, and be consistent and thorough. We will also finalize the Engineer's Opinion of Probable Construction Cost (bid schedule) to address comments, and incorporate finalized quantities and unit prices. Any remaining questions or reviews will be managed in close coordination with the District as "over the shoulder" reviews. The finalized plans and specifications will be stamped and signed by the discipline engineers in responsible charge.

Deliverables:

- 100% Drawings: One (1) full-size (22"x34") hard copy (stamped and signed), three (3) half-size (11"x17") hard copies and electronic (pdf)
- 100% Specifications: One (1) camera ready hard copies and electronic (pdf and docx)
- 100% Estimate: One (1) hard copies and electronic (pdf)
- 100% Basis of Design Memo: One (1) hard copies and electronic (pdf and docx)
- 100% Design QC Review Documentation (pdf)

#### *4.1 Bid Phase Assistance*

GHD will be available during the bid period to assist the District with any technical questions related to the design and to prepare any technical bid document revisions which may need to be issued by addenda. We assume that questions will be received by and subsequent responses will be communicated through the District. Questions from prospective bidders that are directed to GHD will be re-directed to the District for proper documentation. We have budgeted to respond to up to five (5) RFIs.

GHD will assist the District with preparing Addenda as appropriate to clarify, correct, or change design-related items in the Bid Documents in response to questions and clarification requests received during the project's bid phase. It is assumed that the District will issue all Addenda to prospective bidders. This scope item assumes assistance in the preparation of up to two (2) addenda.

#### *4.2 Engineering Services During Construction*

During construction, GHD will review key technical submittals and shop drawings, respond to Contractor Requests for Information (RFIs), and attend Project meetings and site visits as indicated below. We recognize that the final scope of this task may change as the Project design is finalized. As requested in the RFP, for purposes of this proposal we have included the following:

- Review of 10 submittals (including 1 resubmittal of each)
- Responding to 15 RFIs
- Attending five (5) on-site construction meetings

#### *District Provided Information*

1. District standard specifications.
2. Topographic survey in AutoCAD format.
3. One set of consolidated design review comments for each submittal.

#### *Assumptions and Exclusions*

1. Power for the new RTU will be provided by PV array and battery system.
2. Design of retaining walls is excluded. Based on our review of the project site and anticipated grading design, we intend to avoid the need for retaining walls through thoughtful site grading design. Should one or more retaining walls be needed, we will immediately notify the District.
3. Scope of work for construction period services will be confirmed with the District after completion of final design. Services would be by contract amendment.
4. The District will retain the Geotechnical Engineer of Record to review the 90% plans and specifications for general compliance with the recommendations in the Geotechnical Investigation Report, and to perform soil inspections and concrete testing during construction under a separate contract.



# GHD - PROJECT FEE ESTIMATING SHEET

Project Name: Old Ranch Road Tank No. 2 Design

Prepared by: Matt Kennedy

Job Number: 11220451

Client: North Marin Water District

Date: November 20, 2020

		LABOR COSTS															FEE COMPUTATION		
Task / Item	LABOR CATEGORY > RATE >	PIC \$280 /Hr	PM \$245 /Hr	QA/QC Mngr \$270 /Hr	Sr. Civil \$200 /Hr	Civil Eng. \$145 /Hr	Struct Eng. \$180 /Hr	Corrosion Eng. \$240 /Hr	Sr. Elec. Eng. \$220 /Hr	Elec. Eng. \$130 /Hr	Land Surveyor \$175 /Hr	CAD Designer \$155 /Hr	CAD Drafter \$75 /Hr	WP \$110 /Hr	PA \$110 /Hr	TOTAL HOURS	*OTHER DIRECT COSTS	Sub- con- sultant(s)	TOTAL FEE
<b>TASK- 1.0 Project Management</b>																			
1.1 Project Initiation		1	6		2	4	1	1	1	4					1	21	\$136.50		\$4,136.50
1.2 Project Coordination		1	4													5	\$32.50		\$1,292.50
1.3 Project Meetings			4		1	1	1	1	1	1						10	\$65.00		\$2,160.00
1.4 Design Quality Management				2												2	\$13.00		\$553.00
<b>SUBTOTAL TASK 1.0</b>		2	14	2	3	5	2	2	2	5	0	0	0	0	1	38	\$247.00	\$0.00	\$8,142.00
<b>TASK- 2.0 90% PS&amp;E (Pre-Final)</b>																			
2.1 Basis of Design			1	1	4	2	4	2	1	2				1		18	\$117.00		\$3,512.00
2.2 Plans			1	1	44	56	48	28	10	24	4	28	128		1	373	\$2,424.50		\$55,289.50
2.3 Specifications			1	1	4	4	8	8	2	12					1	41	\$266.50		\$7,631.50
2.4 Estimate			1		2	3	2	2	1	2						13	\$84.50		\$2,484.50
<b>SUBTOTAL TASK 2.0</b>		0	4	3	54	65	62	40	14	40	4	28	128	1	2	445	\$2,892.50	\$0.00	\$68,917.50
<b>TASK- 3.0 100% PS&amp;E (Final)</b>																			
3.1 Basis of Design			1	1	1	1	1	1	1	1						8	\$52.00		\$1,682.00
3.2 Plans			1	1	12	24	20	16	2	12		16	40		1	145	\$942.50		\$22,367.50
3.3 Specifications			1	1	6	6	5	5	2	9					1	36	\$234.00		\$6,639.00
3.4 Estimate			1		1	2	3	2	2	2						13	\$84.50		\$2,539.50
<b>SUBTOTAL TASK 3.0</b>		0	4	3	20	33	29	24	7	24	0	16	40	0	2	202	\$1,313.00	\$0.00	\$33,228.00
<b>TASK- 4.0 Construction Phase Services (NIC)</b>																			
4.1 Bid Phase Assistance																0	\$0.00		\$0.00
4.2 Engineering Services During Construction																0	\$0.00		\$0.00
<b>SUBTOTAL TASK 4.0</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0.00	\$0.00	\$0.00
<b>PROJECT TOTALS</b>		2	22	8	77	103	93	66	23	69	4	44	168	1	5	685	\$4,452.50	\$0.00	\$110,287.50



## EXHIBIT B

### US West Region Fee Schedule \*

<b>Principals:</b>	\$245.00 - \$280.00	<b>Geologists/Hydrogeologists:</b>	
<b>Associates:</b>	\$175.00 - \$250.00	♦ Level A	\$120.00 - \$135.00
<b>Specialist:</b>	\$225.00 - \$275.00	♦ Level B	\$135.00 - \$145.00
<b>Engineers:</b>		♦ Level C	\$145.00 - \$175.00
♦ Level A	\$120.00 - \$135.00	♦ Level D	\$175.00 - \$200.00
♦ Level B	\$135.00 - \$155.00	♦ Level E	\$200.00 - \$225.00
♦ Level C	\$155.00 - \$175.00	♦ Level F	\$225.00 - \$250.00
♦ Level D	\$175.00 - \$195.00	<b>Technicians/Technologists:</b>	
♦ Level E	\$195.00 - \$230.00	♦ Level A	\$ 70.00 - \$100.00
♦ Level F	\$230.00 - \$260.00	♦ Level B	\$100.00 - \$120.00
<b>Environmental Chemists/Scientists/Planners:</b>		♦ Level C	\$120.00 - \$135.00
♦ Level A	\$105.00 - \$125.00	♦ Level D	\$135.00 - \$160.00
♦ Level B	\$125.00 - \$145.00	♦ Level E	\$160.00 - \$190.00
♦ Level C	\$145.00 - \$165.00	♦ Level F	\$190.00 - \$235.00
♦ Level D	\$165.00 - \$185.00	<b>Draft/CADD:</b>	
♦ Level E	\$185.00 - \$215.00	♦ Level A	\$ 90.00 - \$100.00
♦ Level F	\$215.00 - \$245.00	♦ Level B	\$100.00 - \$110.00
<b>Industrial Hygienists/Safety Professionals:</b>		♦ Level C	\$110.00 - \$120.00
♦ Level A	\$120.00 - \$135.00	♦ Level D	\$120.00 - \$130.00
♦ Level B	\$135.00 - \$150.00	♦ Level E	\$130.00 - \$140.00
♦ Level C	\$150.00 - \$175.00	♦ Level F	\$140.00 - \$150.00
♦ Level D	\$175.00 - \$200.00	<b>Technical Apprentices:</b>	\$75.00 - \$115.00
♦ Level E	\$200.00 - \$230.00	<b>Administrative Support:</b>	\$75.00 - \$125.00
♦ Level F	\$230.00 - \$260.00	<b>Expert Witness Testimony:</b>	\$280.00



## US West Region Fee Schedule \*

Employee time will be billed in accordance with the fees listed above. These rates are subject to change on a semi-annual basis. For other than professional employees, time spent over 8 hours per day, time spent on swing shifts, and time spent on Saturdays will be charged at 1.5 times the hourly billing rate. Work on Sundays will be charged at 2.0 times the hourly billing rate and holiday work will be charged at 2.5 times the hourly billing rate. All field personnel charges are portal to portal. Professional employees will not be charged out at premium charge rates for overtime work.

Expenses and other similar project related costs are billed out at cost plus 15%. The cost of using equipment and specialized supplies is billed on the basis of employee hours dedicated to projects. Our rates are:

- A. Office consumables: \$6.50/hr
- B. Environmental Dept/Construction Inspector consumables: \$11.00/hr
- C. Survey Field consumables: \$15.00/hr
- D. Various Environmental, Construction and Land Surveying equipment: At market B. C. D.

Payment for work and expenses is due and payable upon receipt of our invoice. Amounts unpaid thirty (30) days after the issue date of our invoice shall be assessed a service charge of one and one half (1.5) percent per month.

(\*) These rates do not apply to forensic-related services, or to work for which Prevailing Wage obligations exist. It is the responsibility of the client to notify GHD Inc in writing if Prevailing Wage obligations are applicable, in which case the fees will be adjusted proportionate to the increase in labor cost.

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## MEMORANDUM

To: Board of Directors  
 From: Drew McIntyre, General Manager   
 Subject: Renew Declaration of Local Emergency Related to COVID-19 Pandemic  
t:\gm\bod misc 2020\renew covid emergency declaration #16 12\_1\_20.doc

November 25, 2020

**RECOMMENDED ACTION:** Approve continuation of the local emergency resulting from the COVID-19 pandemic as declared in District Resolution No. 20-07

**FINANCIAL IMPACT:** ~\$94,247 as of Oct. 31, 2020 (total fiscal impacts are currently unknown)

On March 4, 2020, the Governor of the State of California declared a State of Emergency as a result of the coronavirus (COVID-19) pandemic. On March 13, 2020, the President of the United States declared a National Emergency as a result of the threat of COVID-19.

On March 16, 2020, the County of Marin by Order of the Health Officer issued a Shelter in Place Order limiting the travel of all county residents and ordering county businesses to cease all non-essential activities and to take further actions as described in said Order through April 7, 2020. The order limits activity, travel and business functions to most essential needs.

On March 16, 2020 the General Manager, as the District's Emergency Manager activated the District's Emergency Operations Plan.

On March 19, 2020, Governor Newsom issued Executive Order N-33-20 ordering all individuals living in California to stay home at their place of residence, with certain exceptions for critical services and other qualifying exceptions. This shelter-in-place order has no specified termination date.

On March 31, 2020, the County of Marin by Order of the Health Officer issued an extended Shelter in Place Order through May 3, 2020 that is more restrictive than the original order. The new order continues to provide an exception for the operations and maintenance of "Essential Infrastructure," which includes, but is not limited to, water, wastewater, and recycled water service. Exemptions are also in place for Essential Government Functions, for certain "Minimum Basic Operations," for emergency management functions, for certain narrowly prescribed "Essential Business" functions, and for certain qualifying private construction, such as housing projects meeting low-income needs.

On April 29, 2020, Marin County and the other six Bay Area Public Health Officers issued a new order effective May 4, 2020 through May 31, 2020. Marin's public health order concerning use of face coverings does not have an end date and will remain in place until further notice. Under the May 4th Shelter-In-Place order, construction activities, certain businesses that operate primarily



outdoors, and some outdoor activities will be allowed to resume with specific conditions.

On May 15, 2020, Marin County issued a new order allowing a limited number of additional businesses and activities to resume operations subject to specified conditions. In particular, office spaces were allowed to resume operation on June 1, 2020 subject to strict compliance with specific Marin County requirements. This new order has no end date and is to remain in effect until rescinded or superseded.

On July 13, 2020 Governor Newsom issued a statewide order to dial back on recent loosening of restrictions due to a significant increase in the number of confirmed cases. As a result, various activities in Marin County were once again closed down, including: office space for non-essential operations, indoor malls, hair salons/barbershops and indoor seating at restaurants.

On September 15, 2020, Marin County successfully appealed to the California Department of Public Health (CDPH) to move into Tier 2 in the state's COVID-19 response framework. Moving from Tier 1, or "widespread" COVID-19 community risk (or purple) status, to the Tier 2 "substantial" (or red) status risk category allowing more businesses to reopen. Per state regulations, Tier 2 counties that maintain Tier 2 data for at least two consecutive weeks may reopen schools to classroom-based learning, with modification.

On October 27, 2020 Marin County was notified that California was moving the county from Tier 2 or "substantial risk" status to the Tier 3 or "moderate risk" level. Fewer daily cases, and a reduction in the proportion of positive tested. The primary changes allowed under the state order at Marin moves in Tier 3: (1) Allowed indoors at full capacity: retail establishments; indoor malls; libraries, office space (although continued telework is encouraged), (2) Allowed indoors at 50% capacity or 200 people (whichever is fewer); restaurants; museums; places of worship; movie theaters, (3) Allowed indoors at 25% capacity or 100 people (whichever is fewer): gyms and fitness centers (and can utilize indoor pools); family entertainment centers; wineries; card rooms and (4) Allowed outdoors only: bars and breweries.

On November 16, Governor Gavin Newsom announced that CDPH officially moved Marin County from orange Tier 3 ("moderate risk") to the more restrictive red Tier 2 ("substantial risk") on its Blueprint for a Safer Economy. The step back comes just three days after the Marin County Department of Health and Human Services (HHS) notified local businesses and agencies about preemptive restrictions to stem the virus' spread locally. Marin County is one of 40 California counties tightening restrictions per State of California mandates in response to a surge of COVID-19 cases across the state and region. Marin is now one of 11 counties out of 58 in red Tier 2 status; 41 are in purple Tier 1.

The primary restrictions for Tier 2 beginning Tuesday, November 17 are: (1) Retail establishments and indoor malls are allowed at 50% capacity, (2) Office workspaces are allowed for essential workers; nonessential workers should work remote only, (3) Restaurants are allowed outdoor service only, (4) Bars and breweries closed unless serving full meals outdoors, (5) Wineries are allowed outdoor service only, (6) Personal care services are allowed indoors, (7) Museums, places of worship and movie theaters are allowed at 25% capacity, (8) Libraries are allowed at 50% capacity and (9) Gyms and fitness centers are allowed at 10% capacity.

On April 7<sup>th</sup>, the Board of Directors approved Resolution No. 20-07 proclaiming the existence of a local emergency, granting the General Manager to take actions necessary for emergency response due to the COVID-19 pandemic until the State of Emergency is terminated.

Since April 21, 2020, the Board of Directors has, at every regular meeting, approved continuation of the local emergency resulting from the COVID-19 pandemic as declared in District Resolution No. 20-07.

District emergency planning has been aggressively implemented since March 16, 2020. Initially approximately 50% of the District's staff were physically separated as much as possible by rotating shifts and having some employees work from home, but all critical operations needed to maintain essential services continue. Relocation of additional staff back to the District buildings, and certain other projects and activities has occurred and the District is now operating with 86% of staff on-site or in the field full time. The balance of staff are teleworking from home with most coming into the office at least one day each week. Walk-in customer service is still suspended. A summary of key emergency actions taken and current estimated costs is provided in Attachment 1.

As the COVID-19 emergency continues in our service area, Staff is requesting the Board find that there still exists a need to continue the State of Emergency reflected by Resolution No. 20-07.

RECOMMENDED ACTION:

Approve continuation of the local emergency resulting from the COVID-19 pandemic as declared in District Resolution No. 20-07.

## **Emergency Actions Summary**

### **Emergency Operations Team Actions**

- Water treatment plants have been closed to all non-essential staff and the public; expanded social distancing and safety measures for essential plant staff.
- Public lobby in the District Administration building has been closed and customers have been provided with alternative methods for communicating with District staff.
- Developed guidelines for social distancing in the office and in the field; distributed guidance to all employees and posted social distancing protocol at facility entrances.
- Developed an initial rotational schedule for operations and maintenance staff to reduce staffing density on-site and minimize the number of employees on duty while completing essential work. (This approach reduced productivity, but improved the likelihood of healthy backup staff.)
- During initial response, shifted ~50 percent of employees to rotating schedule and/or rotating work currently ~15% of employees are on full or partial temporary telework assignments.
- Procured additional District cell phones for field staff to have better access to District communications and direct contact with supervisors.
- Disinfected District vehicles and reconfigured vehicle assignments to accommodate single occupancy to allow for social distancing, including re-deployment of vehicles scheduled for auction
- Suspended discretionary water service turn-offs for the duration of the emergency declaration.
- Continuing coordination with local agency, county and state contracts to share information and implement best practices.
- Participating in weekly multi agency coordination calls through Marin County Office of Emergency Services (OES).
- Updating public website, messaging and social media posts as necessary including messages on suspension of walk-in services and water safety and reliability.
- Spring 2020 Waterline newsletter, direct mailed to all customers, included COVID-19 messaging with information on water safety and reliability.
- Posted magnetic signage on vehicles to inform public to respect distancing around crews.
- Issued guidance on face coverings in compliance with Centers for Disease Control and Prevention and County recommendations; revised to address April 29 County order generally requiring members of the public and workers to wear face coverings.
- Developed and rolled out an employee self-assessment screening questionnaire for use by any District employee or vendor prior to entering a District workspace; self-assessment questions are reviewed and updated as needed.
- Continue to procure necessary face coverings and personal protective equipment, including disposable masks, face covering and N95 equivalent masks.
- Tracking customer delinquency and comparing to last year to assess potential revenue impacts.

- Developing a living “lessons learned” document.
- Installed hand disinfecting stations at District facilities.
- Expanded use of District’s on-call requirements to ensure construction crew staff maintain their work “bubbles” to ensure adequate back-up staff availability.
- Increased janitorial services to include disinfection of frequently touched areas (door handles, knobs, etc.).
- Modified work spaces to improve physical separation between staff.
- Developed a COVID-19 Preparedness and Response Plan and provided training.
- Implemented a daily self-assessment reporting program for all staff reporting to work.
- Modifying District office front lobby in preparation of re-opening walk-in services (Date to be determined.).
- Installed “No Touch” drinking fountains in both Administration Building and Construction Building.

#### **General Manager Authorizations**

- Extended vacation accrual maximums from July 1, 2020 to September 30, 2020.
- Extended FY 2019/20 vision insurance reimbursement eligibility from July 1 to August 31, 2020.

## COVID Cost Summary

### PROCUREMENT EXPENSES

Vendor Purchases	Procurement Type	Total Purchase Order Amount	Date
Durkin Signs & Graphics	Magnetic "Social Distance" Signs	\$1,077	4/14/2020
Winzer Corporation	Surgical Masks (2,000)	\$3,751	4/15/2020
Boucher Law	COVID Protection Plan	\$3,250	5/26/2020
JCA Construction	Misc. Office Social Distancing Modifications	\$12,427	6/30/2020
Winzer Corporation	Surgical Masks (2,000)	\$1,573	7/6/2020
Novato Glass	Plexiglass	\$3,969	6/9/2020
<b>Total Procurement Amount To-Date</b>		<b>\$26,047</b>	

### Internal Labor Expenses

Increased on-call labor costs: ~\$52,700, thru October 31, 2020

Families First Coronavirus Response Act (FFCRA)  
Allows employees to take time off for COVID medical reasons and/or childcare. ~\$15,500 thru October 31, 2020.

### Water Bill Delinquency Impacts

	<u>10/2019</u>	<u>10/2020</u>
Customer Accounts Past Due (count)	1.7%	6.2%
Delinquent Balances Due on Account	3.8%	8.9%

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MEMORANDUM

To: Board of Directors November 25, 2020  
From: Michael Joly, Board President (2020)  
Subj: Initial Review - Salary, Terms and Conditions of Employment – General Manager  
(Board Resolution 20-XX amending Prior Board Resolution 19-19)  
t:\gm\staff\2020\gm conditions of employment memo 11.25.20.docx

**RECOMMENDED ACTION: Information**

**FINANCIAL IMPACT: \$4,700 + \$1,328 in benefits (per year)**

The Board has recently met to discuss the General Manager's performance review and the terms and conditions of the General Manager's employment. The Board recognizes that the General Manager's most recent salary increase was in October 2019 and desires to authorize a base salary increase, retroactively effective on October 1, 2020, in the amount of \$4,700 (or equivalent to 2% of the General Manager's current base salary).

In addition to an annual salary increase of \$4,700, payroll costs that are a function of salary, including employer retirement contributions will increase by approximately \$1,260 annually and employer payroll taxes will increase by \$68.

The increase of 2% is consistent with the increases approved by the Board on October 6, 2020 for all other District employees in accordance with the Memorandum of Understanding with the North Marin Water District Employee Association (MOU)<sup>1</sup> as well as for the Unrepresented Employees.

In accordance with applicable CalPERS' regulations, 2 CCR § 570.5, authorization is also requested from the Board to approve Resolution 20-XX (Attachment 1) to update the publicly available pay schedule for the General Manager position. After factoring in the above adjustments, the annual base salary for the General Manager position will be \$239,700, effective October 1, 2020.

For procedural purposes, this agenda item was initially presented to the Board at its December 1, 2020 meeting for discussion, and the Board will subsequently consider approval of the item at the December 17 meeting.

**Recommendation:**

No Action at this time but to consider the above changes to the General Manager's Salary.

<sup>1</sup> Specifically, Section 22 of the 2018-2023 MOU provides for a cost of living adjustment (COLA) equal to the percentage change in the CPI as measured by the CPI-U San Francisco Bay Area (September 1 of the previous year through August 31 of the current year), with a minimum (Floor) of 2.0% and a maximum (Ceiling) of 4.0%. The SF Bay Area All Urban Consumers Index at 08/31/20 = 300.182; at 08/31/19 = 295.490;  $300.182 / 295.490 = 1.6\%$ .

RESOLUTION No. 20-XX  
OF  
THE NORTH MARIN WATER DISTRICT  
CONDITIONS OF EMPLOYMENT - GENERAL MANAGER

---

WHEREAS: Drew Douglas McIntyre was hired as Chief Engineer of the District on October 12, 1998; and

WHEREAS: Mr. McIntyre was appointed Assistant General Manager/Chief Engineer of the District by unanimous vote of the Board of Directors on July 21, 2015; and

WHEREAS: Mr. McIntyre's appointment as General Manager became effective by unanimous vote of the Board of Directors on May 2, 2017; and

WHEREAS: as appropriate, the Board may amend the terms and conditions of Mr. McIntyre's employment as General Manager: and

WHEREAS: the Board desires to amend Mr. McIntyre's terms and conditions of employment as provided for under prior Board Resolution No. 19-19: and

WHEREAS: Effective October 1, 2020 the following provisions apply:

WHEREAS: Mr. McIntyre serves at the pleasure of the Board and shall:

- a. Have full charge and control of the maintenance, operation and construction of the water and wastewater systems of the District,
- b. Have full power and authority to employ and discharge all employees (excluding the District Secretary, Auditor and Chief Engineer),
- c. Be designated as the District's Director of Emergency Services for the purposes of disaster management pursuant to the California Emergency Services Act, Government Code section 8630.
- d. Have full power to determine the duties of employees,
- e. Set the compensation of employees subject to Board policy,
- f. Represent the District at various public entities/private groups and perform other duties as requested by the Board, and
- g Report to the Board in accordance with Board policy.

NOW, THEREFORE, BE IT RESOLVED that the conditions of Mr. McIntyre's employment, remuneration and benefits are:

1. Annual base salary of \$239,700 per year to be paid in semi-monthly installments, effective October 1, 2020. Said salary shall be reviewed annually.

2. Reimbursement of business or business related mileage incurred on privately owned vehicle at the normal rate per mile authorized by the District plus payment by District of \$338 per month. General Manager's use of privately owned vehicle is for the convenience of the District and required as a condition of employment. General Manager shall maintain in force liability insurance on private vehicle of not less than \$250,000 for one individual and \$500,000 per accident.

3. Reimbursement of all reasonable expenses incurred in connection with the conduct or furtherance of District business and affairs.



# DRAFT

4. Other benefits as are from time to time afforded all District unrepresented employees with the exception of overtime compensation. Except for vacation, such benefits, which are a function of time in service, shall be calculated from the date first employed by the District.

5. The right to reside in any area within the District territorial boundaries.

6. The General Manager will schedule a "closed session" meeting on the Board's agenda each year for the purpose of his performance evaluation.

\* \* \* \* \*

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted/amended by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the 15th day of December, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

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Theresa Kehoe, District Secretary  
North Marin Water District


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12

MEMORANDUM

To: Board of Directors

November 25, 2020

From: Terrie Kehoe, District Secretary 

Subj: Draft Annual Report

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**RECOMMENDED ACTION:** Information Only

**FINANCIAL IMPACT:** None at this time

Attached is the Draft Annual Report for Fiscal Year 2019-20 for your review. Please submit comments for incorporation into the annual report to me by Thursday, December 10, 2020. After which comments will be incorporated and the finished product will be submitted for approval at the December 15, 2020 Board meeting.



**DRAFT**  
**NORTH MARIN**  
**WATER DISTRICT**  
**ANNUAL REPORT**  
**FISCAL YEAR 2019-20**

# **NORTH MARIN WATER DISTRICT**

## **BOARD OF DIRECTORS**

Jack Baker, served since 1983 (Division 2)  
Rick Fraites, served since 2003 (Division 5)  
James Grossi, served since 2017 (Division 1)  
Michael Joly, served since 2017 (Division 3)  
Steve Petterle, served since 2001 (Division 4)

## **OFFICERS**

Drew McIntyre, General Manager, appointed 1998  
Terrie Kehoe, District Secretary, appointed 2018  
Julie Blue, Auditor-Controller, appointed 2018  
Tony Williams, Assistant General Manager/Chief Engineer, appointed 2020

## **DEPARTMENT MANAGERS**

Administration & Finance ..... Julie Blue  
Construction/Maintenance ..... Tony Arendell  
Engineering ..... Tony Williams  
Operations/Maintenance ..... Robert Clark

## **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.

## **BOARD MEETINGS**

Regular Board meetings are held on the first and third Tuesday of each month at 6:00 p.m. Meetings are normally held at North Marin Water District headquarters, 999 Rush Creek Place, Novato. For meeting agendas, contact the District Secretary at 415-761-8921 or visit the website at [www.nmwd.com](http://www.nmwd.com)

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(Front cover photo: Crew under COVID-19 conditions)

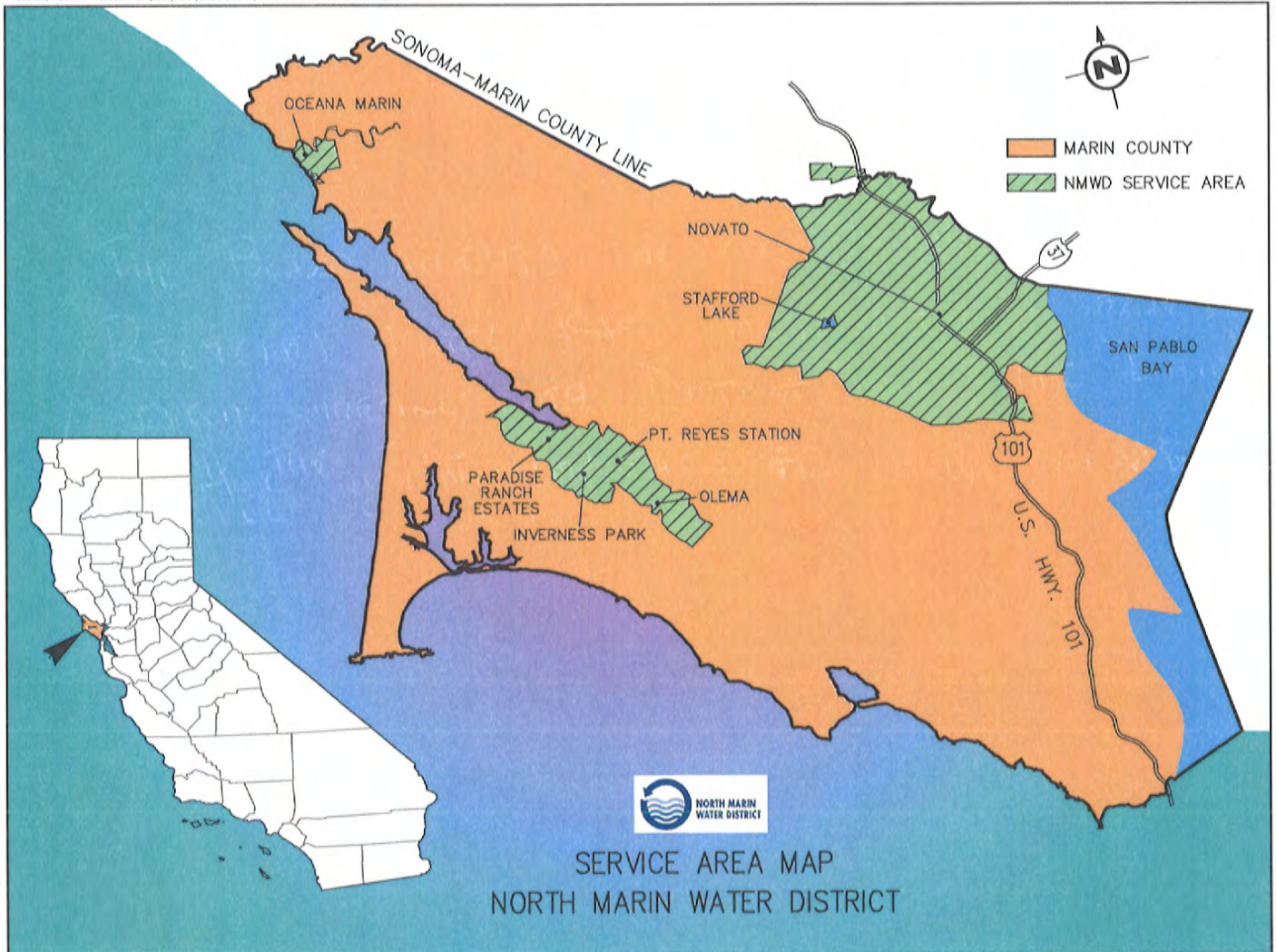
## HISTORICAL HIGHLIGHTS

- 1948** The Novato community approves formation of North Marin Water District and purchase of the Novato Water Company.
- 1949** Novato voters impose a significant tax upon themselves (77¢/\$100 assessed value) to finance a \$2 million bond issue to purchase and upgrade the private water system and to construct a dam at Stafford Lake and build a water treatment plant.
- 1951** Contractor T.E. Connolly of San Francisco constructs Stafford Lake Dam, designed by Kennedy Engineers, to impound 560 million gallons (MG) of water.
- 1952** Stafford Water Treatment Plant, designed by Kennedy Engineers and built by C. Norman Peterson, goes into operation. It has a capacity of 3.75 million gallons per day (mgd).
- 1954** The spillway at Stafford Lake is raised to increase the reservoir capacity to 1.45 billion gallons, boosting the annual safe yield of Stafford Lake to 620MG.
- 1960** Voters approve a \$3.79 million bond issue to finance system improvements, Notably construction an aqueduct connecting Novato to the Russian River.
- 1961** The North Marin Aqueduct, a 9.4-mile, 30" pipeline from Petaluma to Novato is completed.
- 1963-66** Multiple water storage tanks are constructed, increasing storage from 2MG to 16MG.
- 1970s** Five small West Marin improvement districts are annexed into NMWD at the request of West Marin citizens: Oceana Marin Sewer in 1969; Point Reyes Station/Inverness Park Water in 1970; Olema Water in 1973; Tomales Sewer in 1975; and Paradise Ranch Estates Water in 1979.
- 1973-75** System storage capacity is increased to 26MG with construction of the Atherton (5MG welded steel) and Pacheco (5MG concrete) Tanks.
- 1974** Stafford Treatment Plant is modified to increase production capacity to 6.3 mgd.
- 1980s** North Marin assumes a leadership role in the water conservation field, pioneering programs such as connection fee discounts for installation of xeriscapes in new residential construction and "Cash-For-Grass" rebates for existing customers who replace irrigated turf with xerophytic plants.
- 1983** The US Army Corps of Engineers completes the construction of the Warm Springs Dam, creating a water supply pool in Lake Sonoma of 69 billion gallons.
- 1990s** Marin United Taxpayers twice touts NMWD as the Best Managed Public Agency in Marin County.
- 1998** The District celebrated 50 Golden Years of Quality, Excellent Service and Tradition.
- 2001** Marin Municipal Water District agrees to reorganize boundaries at Hamilton AFB to be coincident with Novato city limits, enabling NMWD to serve areas within Novato formerly served by MMWD.
- 2002** Amaroli Tank, a 4.5MG buried concrete tank adjacent to Highway 101 on Ammo Hill, is completed and increases total Novato area storage capacity to 33MG.
- 2005** A 180,000-gallon concrete storage tank is constructed in Point Reyes Station to replace a 36-year-old 100,000-gallon redwood tank serving the West Marin community.
- 2006** The Restructured Agreement for Water Supply with Sonoma County Water Agency (SCWA) is executed, authorizing SCWA to construct facilities to increase North Marin's water delivery entitlement to meet Novato's future needs consistent with the community general plan.
- 2006** The Stafford Water Treatment Plant \$16 million reconstruction project is completed enabling Stafford Lake water to meet anticipated future water quality standards.
- 2007** The 0.5 mgd Deer Island Recycled Water Facility, located adjacent to Highway 37 immediately south of Deer Island, commenced operation in June 2007 serving Stone Tree Golf Course.
- 2008** The 500,000-gallon Center Road Tank in west Novato is completed.
- 2009** Palmer Drive Tank is completed adding 3MG of first-zone storage in southern Novato, and increasing total Novato area storage capacity to 37MG.
- 2013** Expansion of the recycled water distribution system to north and south Novato is completed. Utilizing federal grant and loan funds and recycled water from both Novato & Las Gallinas Valley Sanitary Districts, the project will provide 130MG annually to large-landscape customers.
- 2015** The Gallagher Well Pipeline is completed principally with state grant financing, connecting the West Marin system to a new well located further upstream of Point Reyes Station in Lagunitas Creek, which is less susceptible to salt water intrusion.
- 2016** The \$22 million "Aqueduct Energy Efficiency Project" is completed, replacing the North Marin Aqueduct 30" diameter pipeline with a 42" pipeline from South Petaluma to Redwood Landfill, thereby eliminating the need for the Kastania Pump Station.
- 2017** To improve water use efficiency, accuracy and customer service, the District implemented an Advance Meter Information System (AMI) pilot project. The AMI project replaces the mechanical water meter register with an electronic register that transmits water use data securely to NMWD headquarters.
- 2018** Expansion of the recycled distribution system to Central Novato is completed. Using federal and state grant and loan funds and recycled water from Novato Sanitary District the project will provide at least 65 MG annually to large-landscape customers, including Marin Country Club Golf Course.

- 2019** During a series of public hearings held between April and June 2019, the District established five electoral Divisions in order to transition to a Division-based election in which each Board member is elected by a specific Division within the District. All five board members will continue to participate and vote on district wide matters regardless of what division they represent.
- 2020** The Board accepted the 2020 Novato and Recycled Water Rate Study after a series of several meetings with District Staff, the Board's Ad Hoc Subcommittee and two public workshops. This is the first comprehensive water rate study for Novato in over twenty years.

For a narrative description of North Marin Water District history of formation and expansion in Novato and West Marin, please visit our website at [www.nmwd.com](http://www.nmwd.com) and click on Service Area.







## **MESSAGE FROM THE GENERAL MANAGER ... *Drew McIntyre***

The North Marin Water District (North Marin) carries out its Mission with a highly-motivated and competent staff empowered to meet the expectations of our customers in providing services that are reliable, high-quality, environmentally responsible and reasonably priced. Each day, District employees strive to carry out their work mindful of these basic principles: Good Water, Good Service, Good Value, and A Safe Place to Work. This annual report updates customers on North Marin accomplishments in Fiscal Year (FY) 2019-20 and provides a snapshot of our current efforts and financial performance.

FY 2019-20 has presented many challenges, including low winter rainfall, regional wildfires, ongoing power shut-offs and a global health pandemic due to COVID-19. This year local water supply from Stafford Lake totaled 686 MG and provided up to 41% of peak summer demand on a monthly basis and 26% of annual demand. Rainfall in Novato totaled 19.0" which was 70% of average and Stafford Lake did not reach its maximum storage capacity this year peaking at El. 191.2' (76% capacity) in early April 2020. The Russian River water delivery system from Sonoma County Water Agency (SCWA) typically provides 70-80% of Novato's annual water supply. SCWA continues to focus on the 2008 Biological Opinion (BiOp) for water supply in the Russian River watershed issued by the National Marine Fisheries Service. The BiOp establishes requirements to preserve, protect and restore the fisheries and to maintain the existing Russian River water supply.

State legislation passed in November 2009 (SB7X-7) required a 20% reduction in per capita water use by 2020. North Marin Water District's current total water use of 115 gallons per day per capita (GPCD) represents a 35% reduction in water use, which is well below the state's 20% reduction target of 139 GPCD. Moving forward, the state is developing long-term water use efficiency measurements based on legislation passed in 2018. On May 31, 2018, Governor Brown signed two bills, SB 606 (Hertzberg) and AB 1668 (Friedman) to make California more resilient to impacts of future droughts. This legislation creates new efficiency standards for indoor water use, outdoor irrigation use and water loss. By 2023, North Marin will have a new water use objective based on these efficiency standards. In the meantime, North Marin customers continue to be efficient in their water use. Ample water was available in the Russian River system for fish, agriculture and urban deliveries. North Marin's Stafford Lake Water Treatment Plant was utilized to augment Russian River supplies with local potable water supply. In cooperation with Novato Sanitary and Las Gallinas Valley Sanitary Districts, North

Marin significantly expanded its distribution of recycled water, which supplies large landscape irrigation customers and various commercial car washes in Novato.

Recycled water customers have increased from 44 to 91 over the last six years. In total at 229 MG, recycled water delivery capacity is quickly approaching 35% of Stafford Treatment Plant Capacity. This directly addresses the District's 2018 Strategic Plan Goal No. 1: to increase local control and long-term water supply reliability.

To improve water, use efficiency, accuracy and customer service, North Marin has also implemented an Advanced Meter Information (AMI) project. With the AMI system, the customer's mechanical water meter register is replaced with an electronic register allowing digital meter data to be transmitted securely to North Marin's headquarters via wireless communication.

In West Marin, dry year water supply conditions on Lagunitas Creek prevailed, with total rainfall of 24" well short of the normal year minimum threshold of 28". Consequently, a water shortage emergency was declared and an emergency water conservation ordinance was approved by the Board at the May 5<sup>th</sup>, 2020 Meeting. With respect to capital improvement projects, construction is underway for replacement of the Paradise Ranch Estates Tank 4A, and planning continues for a second upstream well on Lagunitas Creek that is free from salinity intrusion.

On October 1, 2020, a 6% Novato revenue rate increase became effective. At \$740 per year, the cost of water service for a typical Novato single family home using 84,000 gallons of water a year is at the median of Bay Area urban area water agencies (see chart on page 18). Water remains a good value for Novato customers.

## **WATER SUPPLY**

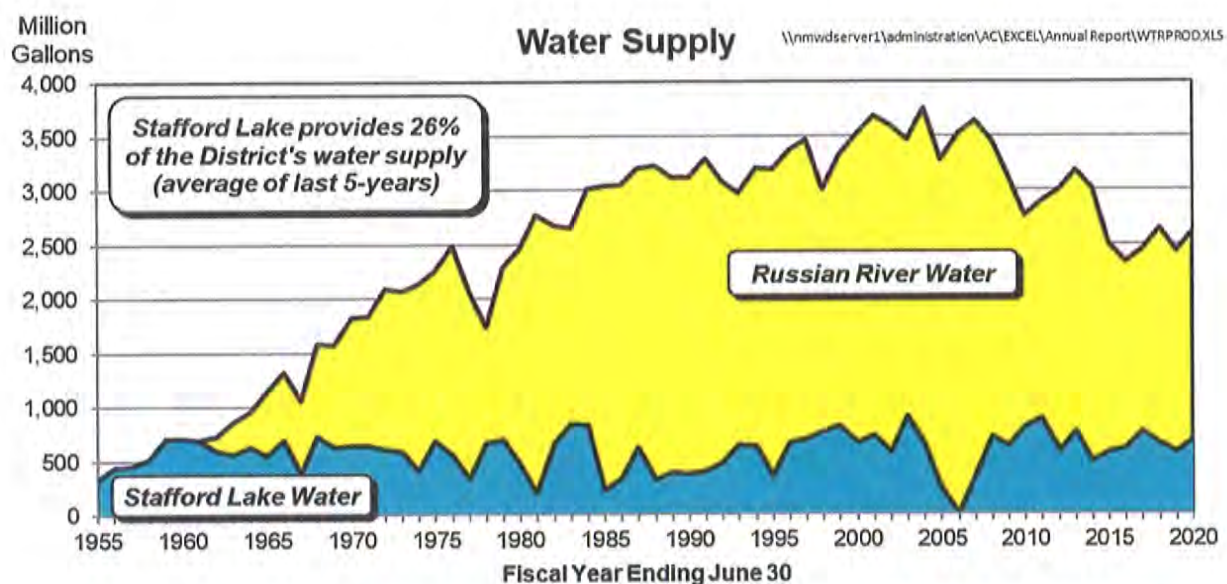
### **STAFFORD LAKE – Local Source Provides 25% of North Marin's Supply**

Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450-acre feet or 1,450 million gallons (MG) of water. Water from Stafford Lake is fed into the Stafford Lake Water Treatment Plant, (located just below the dam) at a maximum rate of 6 million gallons per day (MGD). In FY 2019-20, 2,105-acre feet (686 MG) of water was produced from the facility.

## RUSSIAN RIVER – Provides 75% of North Marin’s Annual Supply

Russian River water originates from both the Eel River and the Russian River watersheds northeast of the City of Ukiah (Lake Mendocino) and west of Healdsburg (Lake Sonoma). The Coyote Dam at Lake Mendocino impounds the Eel River diversions and winter runoff from the local watershed. Warm Springs Dam at Lake Sonoma impounds winter runoff from the Dry Creek and Warm Springs local watersheds. Lakes Mendocino and Sonoma combined can store 367,500-acre feet to meet regional water supply needs, which totaled 46,200-acre feet in FY 2019-20. Releases from the lakes flow to a point about 10 miles upstream of Guerneville (see map on page 17 of this report), where six collector wells draw river water that has been filtered through 60 to 90 feet of natural sand and gravel to perforated pipes located at the bottom of each well. The thick layer of sand and gravel through which the water must pass before reaching the intake pipes provides a highly-efficient, natural filtration process which, with chlorination treatment, produces a clear, potable, bacteria-free water. This water is then fed directly into the SCWA aqueduct system.

In FY 2019-20, North Marin received 5,887-acre feet (1,918 MG) of Russian River water. North Marin has an agreement in place with SCWA to provide sufficient supply and meet Novato’s current and future water supply needs. There continues to be competing interests for Russian River water, principally to protect steelhead and salmon listed as threatened or endangered species under the Endangered Species Act.



## **ADMINISTRATION**

The Administration Department is comprised of the Administrative Services, Consumer Services, Finance, Human Resources and Information Systems.

## **CONSUMER SERVICES**

Consumer Services is responsible for accurate and timely meter reading and billing of approximately 167,000 bills and reminder notices annually. During the year, field staff responded to 1,174 customer calls for water service assistance and received a 97% positive response from customers related to the services provided.

- A rate study for Novato Potable and Recycled Water was approved in March, 2020. Resulting rate and structure changes are estimated to provide a 6% increase in annual revenue. The proposed changes were based on detailed engineering, financial, and legal evaluations carried out with the assistance of recognized experts in water rate setting. The rates conform to California Law requiring that each class of customer (residential and commercial) pay their proportionate share of the cost to serve them. In recognition of the COVID-19 pandemic the Board of Directors delayed the effective date of the rate increases from July 2020 to October 2020.
- In March, the District's 2020 Monthly Water Bill Survey for Single Family Homes (see chart on page 18) showed that North Marin's cost of water service ranked 9<sup>th</sup> out of the seventeen urban agencies serving the greater San Francisco Bay Area.

## **ACCOUNTING**

The Accounting Department is responsible for general accounting and budgeting, payroll, purchasing, treasury management, risk management, materials inventory and human resources. The accounting staff completes a full financial statement monthly with extensive cost-accounting detail allowing District managers to closely monitor revenue and expenditures relative to the adopted budget.

The Government Finance Officers Association (GFOA) has awarded the District a Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report (CAFR) for fiscal year ended June 30, 2019. This is the eleventh consecutive year the District has received this award. The GFOA states that this Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its

attainment represents a significant accomplishment by a government and its management. The following staff members made significant contributions to this CAFR: General Manager Drew McIntyre, Julie Blue, Nancy Holton, and Nancy Williamson.

**Fiscal Year 2020 financial highlights include:**

- The District, on a consolidated basis, received 103% of budgeted operating revenue and expended 109% of budgeted operating expenditures, resulting in a net income of \$786 thousand. Three million (56%) of the Capital Improvement Project Budget was expended. The year ended with a cash balance of \$22.2 million, an increase of \$3.3 million from the prior year.
- Novato potable water consumption increased 4% from the prior year. Stafford Lake Water Treatment Plant produced 686 MG, up 21% from the prior year. The net income of \$309 thousand fell short of the \$1.4 million budgeted net income, and compares to a net income of \$1.6 million the prior year. Novato Water ended the fiscal year with a cash balance of \$16.3 million. A 6% rate increase applicable to Novato water customers was approved effective October 1, 2020.
- The Novato Sanitary District and Las Gallinas Valley Sanitary District, along with the Deer Island Recycled Facility combined to produce 229 MG of Recycled Water, up 20% from the prior year. The fiscal year net income of \$53 thousand was slightly lower than the \$54 thousand budgeted income. Recycled Water ended the fiscal year with a cash balance of \$4.5 million. A 6% rate increase applicable to Recycled water customers was approved effective October 1, 2020.
- West Marin Water consumption was down 6% from the prior year. The \$322 thousand net income compares to a budgeted net income of \$254 thousand and to net income of \$247 thousand from the prior year. West Marin Water ended the fiscal year with a cash balance of \$1.1 million. A 4.5% increase applicable to West Marin water customers was approved effective October 1, 2020.
- Oceana Marin Sewer's net income of \$102 thousand compares to a budgeted net income of \$92 thousand and to net income of \$122 thousand from the prior year. Oceana Marin ended the year with a \$301 thousand cash balance. A 5% increase applicable to Oceana Marin Sewer customers was approved effective July 1, 2020.



## ENGINEERING



Cherry Hill Tank Recoating

facilities are also provided by the Engineering Department to support North Marin's wastewater collection, treatment and disposal system in Oceana Marin. Property owners or developers desiring new water or wastewater service or an upgrade to their existing service are assisted by the Engineering Department pursuant to North Marin regulations.

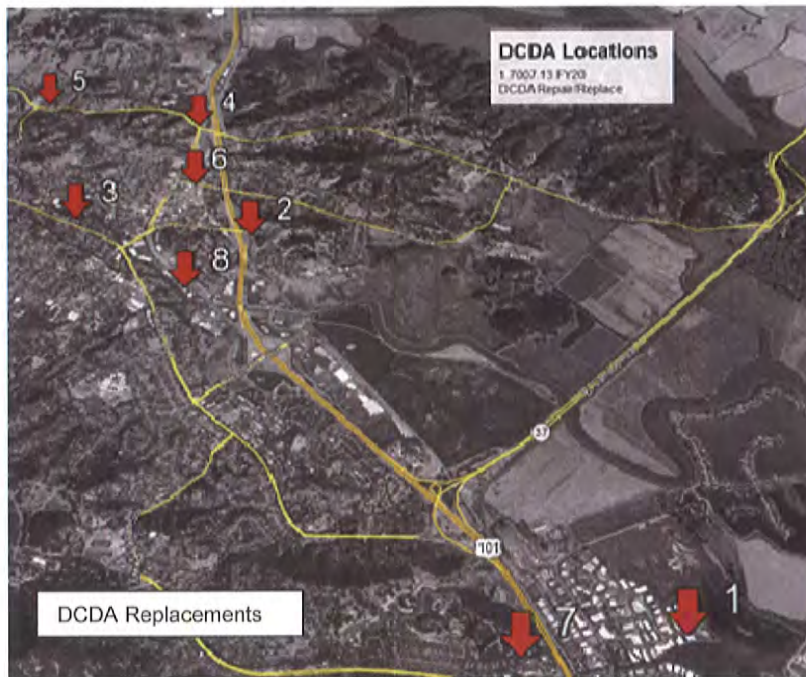
In the Novato service area, twenty-five capital projects were originally budgeted. An



STP Backup Generator

additional seven projects were added, three projects were carried over from the previous fiscal year, and no projects were deferred, resulting in an adjusted total of thirty-five projects. The Engineering Department oversaw seventeen of the thirty-five projects, and twenty-four of the total number of projects were completed within the fiscal year. Total expenditures equaled \$1,918,449. Some of the

significant projects included STP Backup Generator, DCDA Replacements, and Cherry Hill Tank #2 Recoating.



In the West Marin service area, including Oceana Marin, nine projects were originally budgeted, four projects were added, one was carried over and none were deferred, resulting in a total of fourteen projects. The Engineering Department oversaw seven of the fourteen projects, and combined fiscal year expenditures equaled \$1,181,027. The most significant project in West Marin was the Drakes View Drive Polybutylene (PB) Service Connections Replacement Project.



## **WATER CONSERVATION AND PUBLIC INFORMATION**

North Marin Water District implements a comprehensive and innovative Water Conservation Program aimed at both residential and non-residential customers (commercial and large landscape). Each program element is analyzed to assure that it will efficiently produce long-lasting water savings mutually worthwhile to the customer and the District.



Residential activities include residential water use surveys (152), high-efficiency washing machine (HEW) rebates (7 rebates), high-efficiency toilet (HET) replacements (125 rebates), a Cash-for-Grass Program (12 rebates), flapper rebates, weather-based irrigation controller rebates, landscape efficiency rebates, a plumbing retrofit-on-resale program (toilets, showerheads, and bathroom sink faucets) and rainwater collection

and gray water rebates. Hot Water Circulation and Pool Cover rebates were added in recent years along with the "Lawn Be Gone" program aimed at promoting the sheet mulching technique. Water conservation programs for non-residential customers include HET rebates, high-efficiency washing machine rebates, and free water audits/surveys. Large landscape audits and landscape efficiency upgrade rebates are also offered to mixed-use accounts and dedicated metered sites.



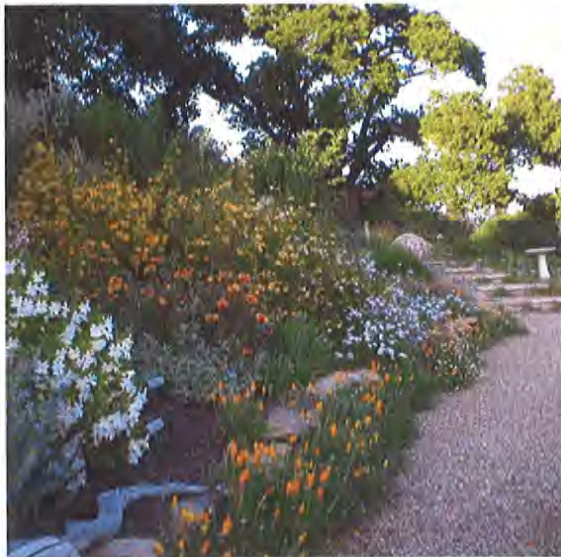
The Public Information Program includes a School Education Program (in cooperation with SCWA) and comprehensive Communications Program. In FY20, the District hired Kiosk to develop of a public communications plan (or public outreach plan) in response to a goal from the 2018 Strategic Plan. Kiosk completed the public outreach plan which recommended a series of communications actions aimed at achieving more comprehensive communications to the District customers. The District then

hired Kiosk to assist with the implementation a series of recommendations from the plan. To kick-off these recommended actions the Fall 2019 issue of the Novato "*Waterline*" (distributed in November 2019) was completely redesigned by Kiosk. This was followed up with Kiosk's redesign of the Spring "*Waterline*" newsletter for both Novato (distributed in June 2020) and



West Marin (distributed in May 2020). Kiosk was also tasked with the re-design of the District's website to include a fresh and modern design along with ADA complaint and mobile configuration attributes. Other communications actions implemented in the fiscal year included the redevelopment of the District "Brand" documents including logo and Brand guidelines, new photography of the Board (for the website and other outreach efforts), initiation of refreshment and redesign of District communications materials, and the initiation (currently in development) of a year-long social media campaign aimed at increasing the quality and frequency of the social media posts on Facebook, Instagram and Twitter.

The District actively maintains a Facebook, Nextdoor, Twitter and Instagram page with regular updates on water use efficiency, construction projects and other appropriate District outreach material. During the Fall 2019 power shutoff event, the District was able to communicate our efforts to provide uninterrupted water service to our customers through our social media platforms and received an excellent and favorable response from our customer base. Staff also used the WaterSmart AMI dashboard and customer portal as a public outreach tool to help inform customers on water use patterns and leaks and to also get information to the customers on the Rate Study process and related public workshops and hearings.



Model Water Efficient Landscape Ordinance.

Finally, the District requires new development to meet stringent water-use efficiency standards, including: installation of a high-efficiency washing machine, high-efficiency toilets, weather-based irrigation controllers, a maximum of 600 square feet of turf for new residential development and no turf for new commercial development, soil amendment and mulching requirements, drip or other subsurface irrigation for all irrigated non-turf areas, and other landscape irrigation efficiency measures that exceed the requirements of the updated State

## **OPERATIONS AND MAINTENANCE DEPARTMENT**

The Operations and Maintenance Department is comprised of three groups –Operations, Maintenance and Water Quality – which work together to provide Novato and West Marin customers with good water and good service at good value while continuing to provide a safe place to work. Along with these groups, the O&M Technical Assistant provides document control for the Cross-Connection Control, Maintenance Management and Asset Management programs, as well as managing the District's Recycled Water Monitoring and water loss Programs. Additional programs managed by the O&M staff include Safety, Environmental, Water Treatment and Distribution operational permits and Water Quality compliance reporting.

### **OPERATIONS**

The Operations Group is comprised of six staff that are certified in Water Distribution and Treatment Operations as well as two that are certified to operate our waste water collection and treatment facilities in Oceana Marin. This staff works closely with the Water Quality Group, sharing the responsibility of monitoring the Stafford Lake watershed and working cooperatively with landowners, the Indian Valley Golf Course and the Marin County Parks and Open Space District. The Group manages the potable water supply and distribution systems for Novato and West Marin communities and the waste water system in Ocean Marin as well as the Novato recycled water transmission and distribution system in Novato. Also, in Novato, this department balances the tasks of treating and distributing water from Stafford Lake and imported Russian River water while maintaining appropriate water storage and pressure levels to reliably meet all water system demands and fire protection requirements.

This is a photo of the Stafford Treatment Plant chemical storage tank replacement. Staff decommissioned and removed the old tank and installed the new tank.



In Novato, the group manages storage of 28 million gallons (MG) of potable finished water in 35 tanks through four hydraulic pressure zones with 27 pump stations. There are 1.5 million gallons of recycled water storage and 17 miles of distribution mains providing 92



customer sites with recycled water from the Deer Island, Novato Sanitary District and the Las Gallinas Valley Sanitary District Recycled Water Treatment Facilities. In fiscal year 2019-20 recycled water was 8% of the water supplied to our Novato customers with 24% from Stafford Treatment Plant and the remaining 68% from Sonoma Water.

In West Marin, the group operates the Lagunitas Creek wells, Point Reyes Treatment Plant, six pump stations and thirteen storage tanks in Point Reyes Station, Olema, Inverness Park, Paradise Ranch Estates, and Bear Valley. Additionally, the department operates and maintains nine miles of sewer collection piping and a 90,000 gallon per day facultative waste water treatment pond with an eight-acre irrigation field for the wastewater system in Oceana Marin.

Operations activities and accomplishments during 2019-20 included improvement projects during the winter shutdown and over 800 routine maintenance tasks throughout the year. Including Stafford Treatment Plant efficiency study and implementation of improved chemical mixing, chlorine dioxide mixing efficiency, and coagulation sand waste stream efficiencies. Stafford Replacement of the 6,000-gallon ferric chloride chemical storage tank.

## **MAINTENANCE**

The Maintenance Group is comprised of seven technicians including Electrical/Mechanical, Building/Grounds, Fleet, Distribution Cross Connection Control and a Technical Program Administrator and are responsible for all maintenance tasks throughout the Novato, West Marin and Oceana Marin service areas.

Maintenance works closely with Engineering and Construction on new projects for electrical and mechanical installations and with Operations to ensure proper operation of Treatment and Distribution facilities for continuous service to our customers. Throughout the service area the E/M team maintains the Supervisory Control and Data Accusation (SCADA), Advanced Meter Infrastructure (AMI) and computer network communication systems.

In Novato, this includes the Stafford Lake Water Treatment plant, Deer Island Recycled Water Treatment Facility, pump stations, tanks, pressure regulators and cross connection devices while also maintaining the Office and Corporation yard facilities.

In West Marin, the Maintenance group maintains the Lagunitas Creek wells, Point Reyes treatment plant, tanks and pump stations. Additionally, the group maintains the collection and wastewater treatment operations in Oceana Marin.

Maintenance accomplishments during 2019-20 included five facilities improvement projects and over 500 routine maintenance tasks. Staff continued to execute the day-to-day activities while performing projects on PG&E Public Safety Power Shutoff planning and execution, Stafford Treatment Plant Generator installation, Main District Office roof replacement, COVID-19 remodel and employee separation, apartment remodel and Facilities site tree removal and trimming.



COVID-19 Office Modifications



Office Roof Replacement

## **WATER QUALITY**

The Water Quality Group is comprised of five employees, chemists and lab technicians providing oversight to all aspects of North Marin operations to ensure that water quality is protected, using a multi-barrier approach. Surveillance and monitoring is performed at multiple points from source to tap. North Marin's laboratory performs thousands of water quality tests each year (as required under state and federal drinking water regulations) to support the work performed by other District departments. Annually, a water quality report is sent to all District customers in both Novato and West Marin. In addition, Water Quality staff responds to customer calls with specific information on water quality.

The primary goal of North Marin Water District is for water at every tap to be safe and taste good. The objectives toward meeting this goal, collaboratively established by the District's Board of Directors and staff, are to meet or exceed all regulatory standards, work to control or prevent all taste and odors and work with appropriate agencies to protect water quality.

North Marin Water District's Water Quality Division prides itself on providing exceptional customer service based on a commitment to public health and a safe water supply. The District's Water Quality laboratory is certified by the California Department of Health Services to perform analyses for both regulated and unregulated contaminants. The laboratory staff

provides testing services for other District divisions for quality control of the water supply as well as testing in response to customer concerns. Monitoring is from source to tap. Staff provides the Novato Sanitary District with sample collection, lab analysis and reporting.

Routine tests are performed on the bacterial, algal and chemical conditions of the source water in Stafford Lake and the Point Reyes wells. Tests are also conducted on the water purchased from Sonoma County Water Agency. High nutrient levels can increase algal growth, which can result in taste and odor problems. Source monitoring in the Point Reyes system focuses on a well quality. Salinity levels continue to rise above the notification level (chlorides – 100mg/L) despite the blending of the Gallagher well water with the Coast Guard wells. The laboratory staff supports the Operations staff with monitoring of Stafford Treatment plant to evaluate the effectiveness of the various treatment processes.

This is a photo of the tank aeration system installed at the Paradise Ranch Estates tank number two. This aids in the removal of disinfection by products created when additional disinfection is done at the Paradise Ranch Estates tank number one site.



The quality of water in the Novato and Point Reyes distribution system met all regulatory requirements. Operational controls to maintain chlorine residuals were effective in maintaining low heterotrophic bacteria counts, even when chlorine residuals were below detection. The distribution water quality programs including flushing and cross-connection control were performed. Storage tanks were inspected by the Maintenance staff, and Operations has slated collection of tank water for routine annual testing, which helps determine tank-cleaning priorities. During the year, Water Quality staff assisted the Department of Drinking Water on the West Marin system inspection and the Novato Sanitary District on the inspection of the Stafford Lake Treatment Plant discharge permit.



## CONSTRUCTION/MAINTENANCE DEPARTMENT

The Construction/Maintenance Department installs repairs and replaces water main pipelines and their appurtenances (valves, hydrants, services and meters, etc.) in upgrading and maintaining our facilities. The Construction/Maintenance Department may be contracted by developers to install new water mains, services, fire hydrants and fire services. In addition, staff upgrades  $\frac{3}{4}$ " service lines to 1" and 2" to comply with the Novato Fire Protection District's requirements for sprinklers in new building construction. Staff is on call at all times and may be the first to respond to emergencies such as service leaks, main breaks, or knocked-over hydrants. Construction/Maintenance staff work hand-in-hand with the public, City and developers to install high-quality and reliable facilities to serve North Marin customers.



Crew working on air valve testing and repair.

During FY 2019/20, North Marin Water District's Construction crews, replaced 73 polybutylene water services, and 15 copper water service laterals because of leaks in Novato and West Marin service areas. The Crews upsized 20 service laterals for residential fire service. The Crews replaced 8 fire DCDA Fire service for commercial buildings.

The Construction Crews work with developers on jobs, including Atherton Place, Park-a-Pup, McPhails Commercial Ph 1, IVC Organic farms and Oakmont Senior Living.

Crews worked on the following Capital Improvement Projects in the Novato, Point Reyes, and Oceana Marin systems. Crews replaced PB services during the annual PB replacement projects. In Novato services on Hach Rd and Marin Country Club Estates at the end of Fairway Dr. In Point Reyes on Drakes View Dr and State Route 1.



Crews working on Stafford Treatment Plant replacing a failing 30" Butterfly Valve to the Recovery Pond.

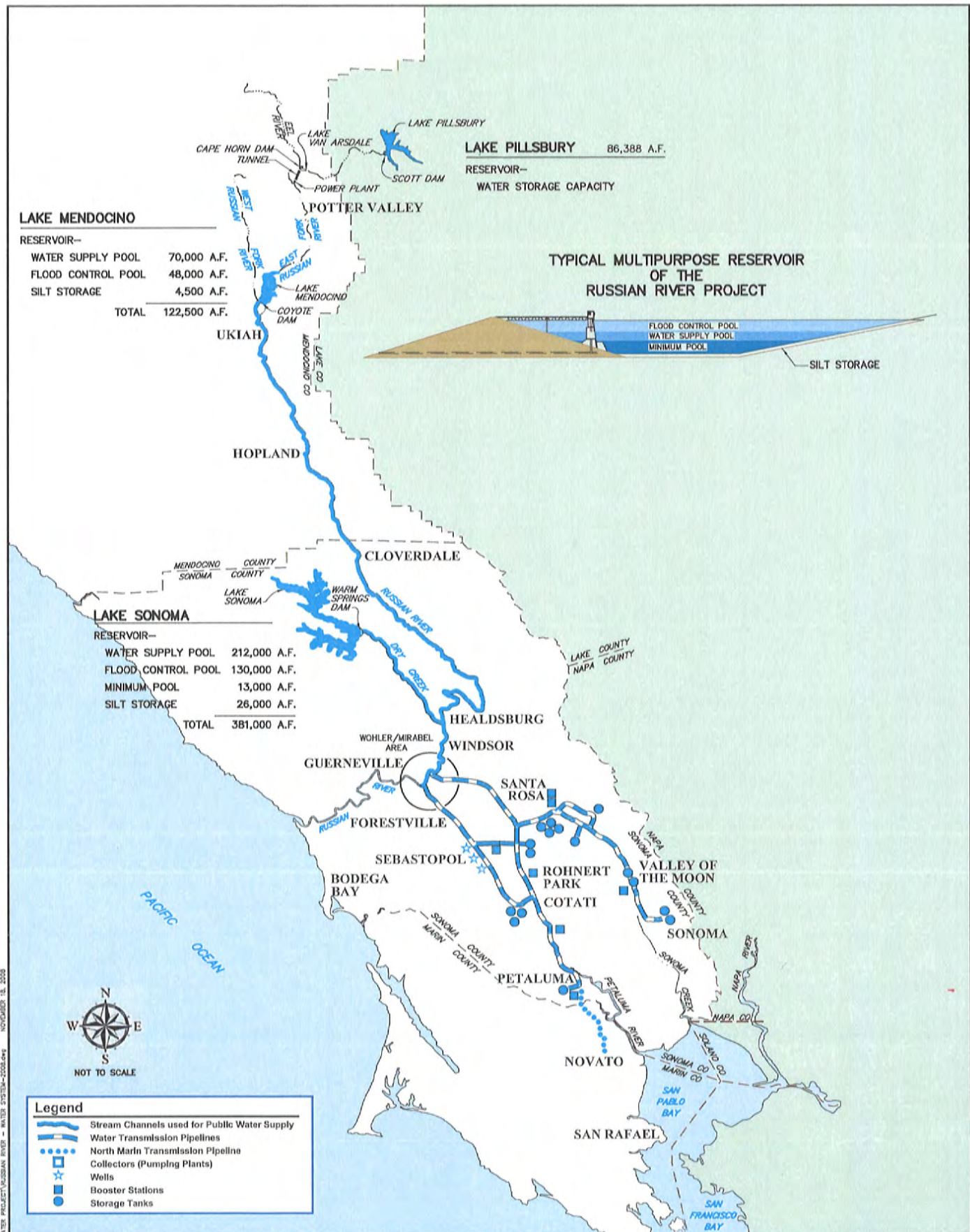


The Crews work on all types of leaks in the water and wastewater systems of NMWD, some of the more notable leaks are the following mains: the 12" Main on Olive Ave at Railroad Ave, a broken Tee on Del Oro Lagoon, 4" steel main on Bear Valley Rd. in Point Reyes, and 8" AC main on Devonshire Rd at Eucalyptus Ave.



Crews working to repair a 12" CI Water Main on Olive Ave at Railroad Ave the Crew installed a 12" Full Circle Repair clamp to stop the leak.





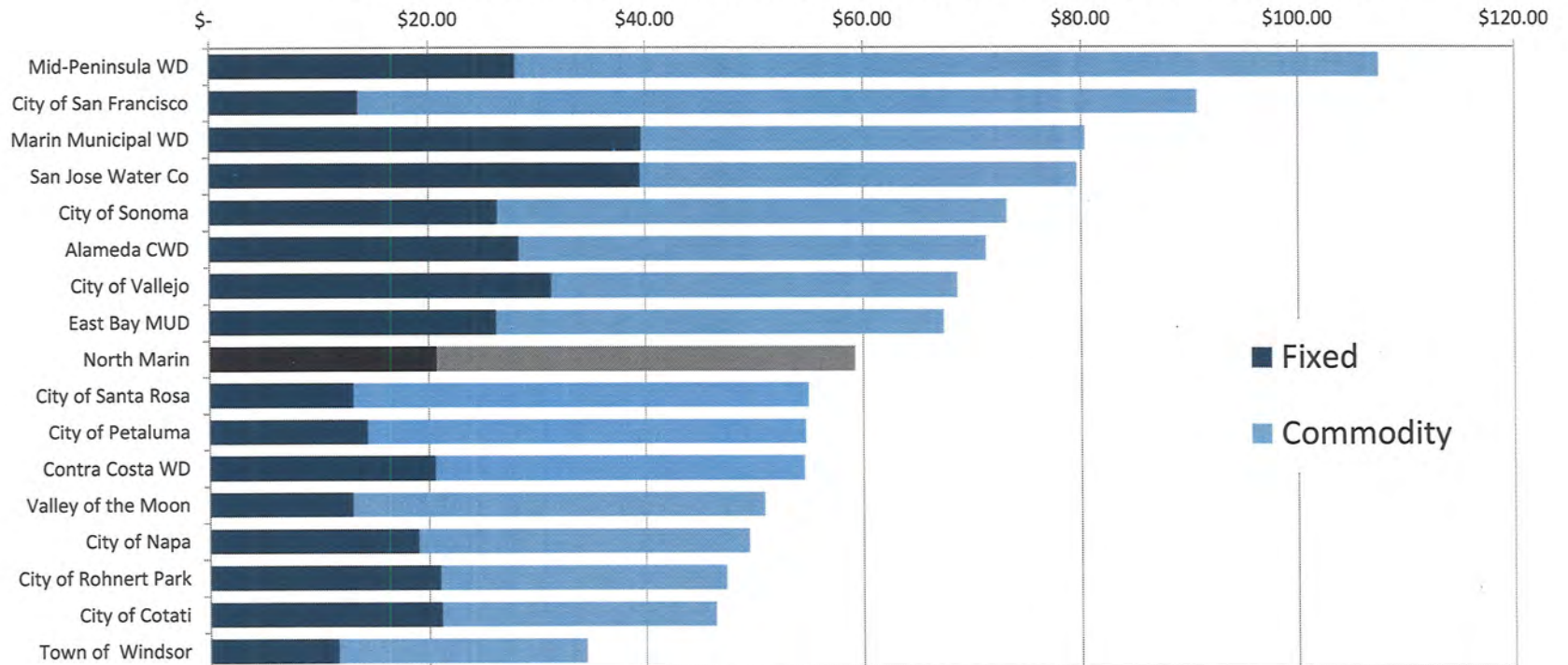
WATER TRANSMISSION PROJECT'S WATER PROJECT RUSSIAN RIVER - WATER SYSTEM-2008.dwg NOVEMBER 18, 2008

**SONOMA COUNTY WATER AGENCY**

**Disclaimer**  
This map document and associated data are distributed for informational purposes only "AS IS" at the published scale and provided without warranty of any kind expressed or implied. The positional accuracy of the data is approximate and not intended to represent survey map accuracy. The Sonoma County Water Agency assumes no responsibility arising from use of this information.

## Russian River Water System

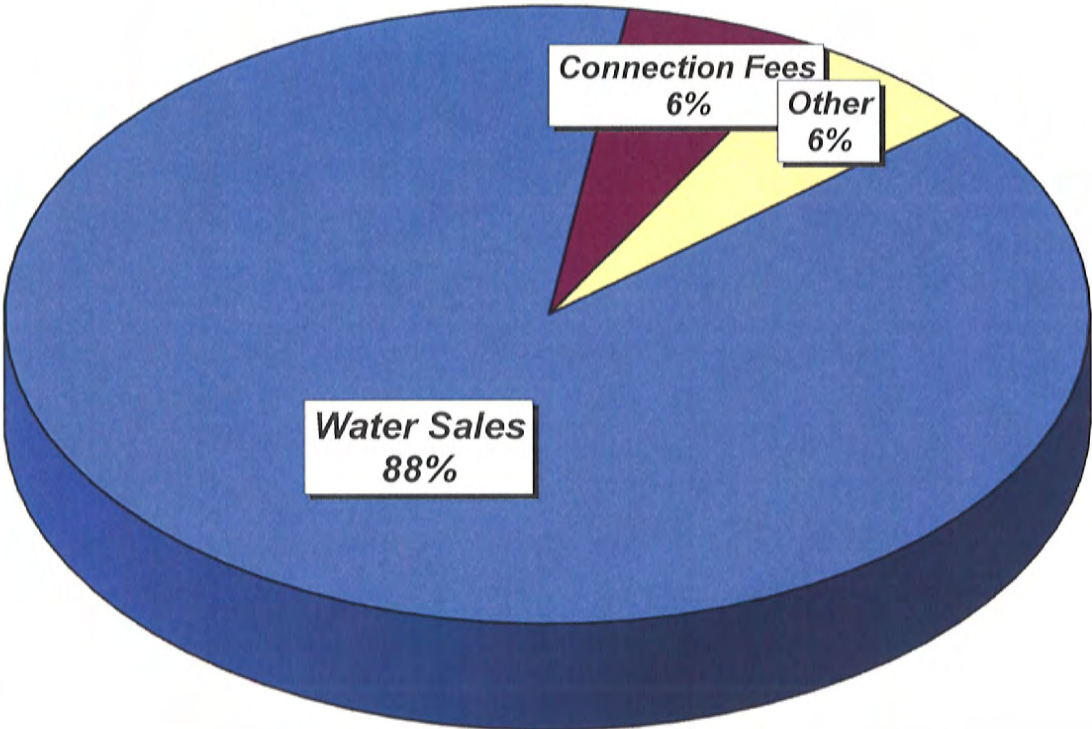
Monthly Water Bill Survey for Single Family Homes with Median Usage (7,000 gallons per month)



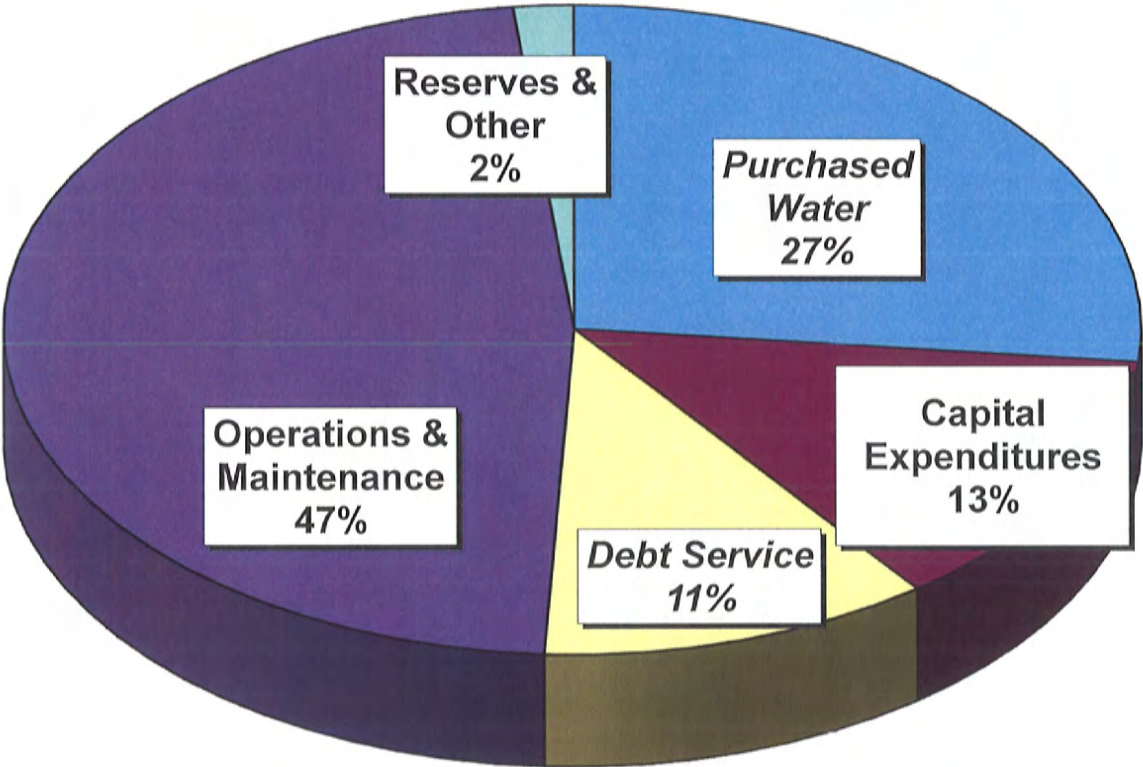


**North Marin Water District - Fiscal Year 2019-20**

**Source of Funds: \$26.2 Million**



**Use of Funds: \$26.2 Million**



## CHARACTERISTICS OF SERVICE AREAS

<b>Statistics</b> (at June 30, 2020)	<b>Water</b>		<b>Sewer</b>	<b>Total</b>
	<b>Novato Potable &amp; RW</b>	<b>West Marin Service Area</b>	<b>Oceana Marin</b>	
Service Area (Square Miles)	75	24	1	100
Active Connections	20,645	782	235	21,662
Dwelling Units	24,085	832	235	25,152
Estimated Population	61,640	1,800	500	63,940
Average Household Size (People)	2.6	2.2	2.1	2.5
FTE Employees	50.0	-	-	50.0
Fire Hydrants	2,690	172	-	2,862
Miles of Pipeline	334	26	5	365
Storage (million gallons)	39.0	1.0	-	40.0

### **Annual Water Volumes (MG) (FY2019-20)**

Russian River Water Purchases	1,919			1,919
Stafford Water Treatment Plant	686			686
Recycled Water	229			229
Point Reyes Water Treatment Plant		76		76
Oceana Marin Wastewater Treatment			6	6
Total Water Production	2,833	76	6	2,915
RR Water Wheeled to MMWD	1,800			1,800

### **Annual Budget - FY2019-20**

Operating Revenue	\$21,818,000	\$919,000	\$261,000	\$22,998,000
Connection Fees/Misc	1,137,000	94,000	68,000	1,299,000
Grant/Loan Proceeds	0	0	69,000	69,000
Contribution (To)/From Reserves	1,628,000	836,000	(143,000)	2,321,000
Total Sources	\$24,583,000	\$1,849,000	\$255,000	\$26,687,000
Operating Labor	\$6,222,000	\$236,000	\$53,000	\$6,511,000
Other Operating Expense (less Deprec)	10,437,000	312,000	142,000	10,891,000
Capital Expenditures	4,861,000	1,230,000	55,000	6,146,000
Debt Service & Other Expenditures	3,068,000	71,000	0	3,139,000
Total Outlays	\$24,588,000	\$1,849,000	\$250,000	\$26,687,000

### **Annual Water/Sewer Cost (FY2019-20)**

to Typical Single-Family Detached Residence			
Service Charge	\$34.15/2 mo.	\$34.15/2 mo.	\$93.00/mo.
Annual Consumption (Typical)	84,000 gal	48,700 gal	
Wt'd Avg Water Rate / 1,000 gal <sup>1</sup>	\$6.37	\$10.94	
Typical Annual Cost:			
Service Charge	\$205	\$205	\$1,116
Commodity Charge	\$535	\$533	\$0
Allocated Tax <sup>2</sup>	\$0	\$74	\$251
Total Annual Cost	\$740	\$812	\$1,367

### **Notes**

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1 FY20 weighted average commodity rate. Rates vary by elevation zone to reflect different energy, pumping and storage costs. Novato rates ranged from \$5.42 to \$7.50 per 1,000 gallons, and in West Marin from \$9.24 to \$15.42. Average excludes tier rate charges as typical residential consumption is below tier threshold.

2 FY20 allocated share of Marin County 1% ad valorem tax per active connection. Tax is collected by the County and allocated by formula to the West Marin districts.

## SUMMARY FINANCIAL INFORMATION

June 30, 2020

### NET ASSETS

	Total	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer
<b>Assets</b>					
Cash & Investments	\$22,248,818	\$16,348,817	\$4,451,119	\$1,147,745	\$301,137
Receivables & Other Assets	13,534,069	11,212,537	1,737,703	514,225	69,604
Construction-in-Progress	4,969,536	2,881,588	470,660	1,372,760	244,528
Property, Plant & Equipment (net)	133,442,554	95,807,371	31,535,583	5,073,883	1,025,717
<b>Total Assets</b>	<b>\$174,194,977</b>	<b>\$126,250,313</b>	<b>\$38,195,065</b>	<b>\$8,108,613</b>	<b>\$1,640,986</b>
<b>Liabilities</b>					
Current Liabilities	\$7,310,222	\$6,052,999	\$1,092,272	\$148,555	\$16,396
Long-Term Debt	50,170,990	35,247,486	14,308,277	615,227	-
<b>Total Liabilities</b>	<b>\$57,481,212</b>	<b>\$41,300,485</b>	<b>\$15,400,549</b>	<b>\$763,782</b>	<b>\$16,396</b>
<b>Net Assets</b>					
Invested in Capital Assets	\$139,252,944	\$105,327,775	\$25,705,229	\$6,848,479	\$1,371,461
Restricted & Designated Reserves	10,499,383	5,862,128	4,347,953	414,755	(125,453)
Earned Surplus	(33,038,562)	(26,240,076)	(7,258,665)	81,597	378,582
<b>Net Assets</b>	<b>\$116,713,765</b>	<b>\$84,949,827</b>	<b>\$22,794,517</b>	<b>\$7,344,831</b>	<b>\$1,624,590</b>

### REVENUE & EXPENSE

Operating Revenue	\$23,796,921	\$21,012,449	\$1,530,259	\$989,841	\$264,372
Operating Expense	22,773,370	20,730,643	1,033,357	776,619	232,750
Operating Income/(Loss)	\$1,023,551	\$281,806	\$496,902	\$213,222	\$31,622
Non-Operating Revenue/(Expense)	(237,270)	27,616	(444,373)	109,246	70,241
<b>Net Income/(Loss)</b>	<b>\$786,281</b>	<b>\$309,422</b>	<b>\$52,529</b>	<b>\$322,468</b>	<b>\$101,863</b>

### CASH FLOW

Net Income/(Loss)	\$786,281	\$309,422	\$52,529	\$322,468	\$101,863
Add Back Depreciation	3,366,215	2,660,688	473,828	185,652	46,047
<b>Cash Generated</b>	<b>\$4,152,496</b>	<b>\$2,970,110</b>	<b>\$526,357</b>	<b>\$508,120</b>	<b>\$147,910</b>
<b>Other Sources/(Uses)</b>					
Connection Fees	\$1,531,535	\$1,531,535	\$0	\$0	\$0
Capital Asset Acquisition	(3,419,819)	(2,232,209)	(6,584)	(1,023,482)	(157,544)
Principal Paid on Debt	(2,124,083)	(1,409,575)	(667,381)	(47,127)	-
Grant Proceeds	0	-	-	-	-
Caltrans Capital Contributon	20,510	20,510	-	-	-
Connection Fee Transfer	-	689,600	(689,600)	-	-
Working Capital & Miscellaneous	3,149,505	2,519,426	605,151	22,597	2,331
<b>Total Other Sources/(Uses)</b>	<b>(\$842,352)</b>	<b>\$1,119,287</b>	<b>(\$758,414)</b>	<b>(\$1,048,011)</b>	<b>(\$155,214)</b>
<b>Net Cash Generated/(Used)</b>	<b>\$3,310,144</b>	<b>\$4,089,397</b>	<b>(\$232,056)</b>	<b>(\$539,891)</b>	<b>(\$7,306)</b>

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## HISTORICAL STATISTICS

Fiscal Year Ending June 30:		2020	2019	2018	2017	2016
Active Services	-Novato Water	20,554	20,546	20,543	20,544	20,535
	-Novato Recycled	91	91	66	47	44
	-West Marin Water	782	783	783	780	780
	-Oceana Marin Sewer	235	234	234	231	230
	Total Active Services	21,662	21,654	21,626	21,602	21,589
Full-Time Equivalent (FTE) Employees		50.0	52.0	53.0	53.7	50.7
FTE Employees per 1,000 Active Services		2.3	2.4	2.5	2.5	2.3
Property, Plant and Equipment (millions)		\$202.6	\$198.5	\$194.1	\$182.8	\$165.1
FTE Employees per \$1M Capital Assets		0.25	0.26	0.27	0.29	0.31
Miles of Pipeline		365	364	364	364	358
Storage (MG)		40.0	40.0	40.0	39.4	39.4
<b>Water Production (MG)</b>						
Point Reyes Treatment Plant		76	81	81	66	65
Stafford Treatment Plant		686	567	646	756	601
Recycled Water		229	191	155	144	139
Russian River Water Purchases		1,919	1,863	1,947	1,681	1,687
Total Water Production		2,910	2,702	2,829	2,647	2,492
Wheeled to Marin Municipal WD		1,800	1,728	1,683	1,670	1,725
<b>Novato Service Area Average Day Potable Water Production (MG)</b>						
Annual		7.1	6.7	7.1	6.7	6.3
Peak Month		14.5	11.9	10.7	10.0	10.2
Peak Week		16.2	11.4	10.3	10.6	11.1
Peak Day		18.1	13.7	13.2	15.6	12.2
<b>Financial History</b>						
Source of Funds						
Water Sales		\$23,162,788	\$21,147,467	\$21,328,795	\$18,136,626	\$16,840,826
Investment Earnings		632,208	484,686	243,752	156,662	125,078
Tax Revenue		120,821	115,706	109,908	107,089	102,259
Grant Proceeds		336,398	20,191	592,907	5,061,105	532,248
Connection Fees		1,531,535	1,492,380	1,455,400	1,034,585	278,690
Loan Proceeds		-	-	6,393,836	1,899,538	-
Other Sources		3,718,247	1,698,238	1,413,583	5,981,896	3,944,898
Reserves		(3,310,144)	(2,058,410)	(5,011,576)	2,937,250	1,155,661
		\$26,191,853	\$22,900,258	\$26,526,605	\$35,314,751	\$22,979,660
Use of Funds						
Purchased Water		\$6,978,395	\$5,383,444	\$5,350,855	\$4,469,632	\$4,189,723
Operation & Maintenance		12,428,759	10,987,701	11,110,175	10,630,056	9,228,266
Debt Service		2,920,230	2,749,713	2,201,451	2,527,022	2,528,938
Capital Expenditures		3,419,820	3,989,561	11,270,831	12,488,621	5,594,631
Other Uses		444,649	(210,161)	(3,406,707)	5,199,420	1,438,102
		\$26,191,853	\$22,900,258	\$26,526,605	\$35,314,751	\$22,979,660
Net Assets						
Assets		\$174,194,976	\$167,702,424	\$166,351,644	\$159,886,280	\$136,897,391
Liabilities		57,481,213	56,903,171	59,528,196	55,974,308	44,224,607
Net Assets		\$116,713,763	\$110,799,253	\$106,823,448	\$103,911,972	\$92,672,784

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13



## MEMORANDUM

To: Board of Directors

Date: November 25, 2020

From: Tony Williams, Chief Engineer/Assistant GM *ABW*

Subject: FY20-21 Quarterly Progress Report – Engineering Department

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The purpose of this memo is to provide a first quarter status report to the Board on the District's performance in completing budgeted FY20-21 Capital Improvements Projects (CIP) with a primary emphasis on planned (i.e., baseline) versus actual performance. The following information supplements the progress report summary provided to the Board each month.

SUMMARY

<u>Service Areas</u>	<u>Project Costs (\$)</u>		<u>% Complete</u>		<u>Earned Value (\$)</u>	
	Budget (\$)	Forecast (\$)	Planned	Actual	Planned	Actual
Novato Water	4,987,000	4,400,248	6	6	276,606	277,223
Novato Recycled	100,000	100,000	0	0	0	0
West Marin	1,775,000	1,697,703	35	42	595,000	719,605
<b>TOTAL</b>	<b>6,682,000</b>	<b>6,197,951</b>	<b>14</b>	<b>16</b>	<b>871,606</b>	<b>996,828</b>

The above table summarizes the detailed tabulation of CIPs for both Novato and West Marin (including Oceana Marin) systems provided in Attachment A. In summary, CIP expenditures for the Novato Water, Novato Recycled Water and West Marin service areas are forecasted to be just below the approved FY20-21 budget level. With respect to planned versus actual completion for the first quarter, the Novato Water, Novato Recycled Water and West Marin service areas (including Oceana Marin) are generally on track with planned progress.

Performance Status for Improvement Projects

As shown on the following table (Page 3), a total of twenty-three (23) projects (versus 34 in FY19-20) were originally budgeted in FY20-21 for the Novato, West Marin and Oceana Marin service areas. Eight (8) new projects have been added, six (6) have been carried over and no projects have been deferred resulting in a new total of thirty-seven (37) projects. Of the thirty-seven Capital Improvement Projects budgeted, 18 (versus 22 in FY19-20) are under the lead responsibility of the Engineering Department for completion (14 in Novato and 4 in West Marin). The remaining 19 (versus 12 in FY19-20) CIP projects are under the responsibility of the other departments (i.e., 12 – Operations, 1 - Maintenance, and 6 - Admin) (Refer to the tabulation in Attachment A for a complete line item listing).



#### Novato Service Area Project Costs Variances

As shown in Attachment A, all of the FY20-21 Novato CIPs all are currently projected to be completed at or below original budget.

Five new projects have been added: Loop Southern and Northern Zone 2 at Indian Valley College, Polybutylene Replacements: Vivian and Verissimo (21), Replace Plastic Thin Walled Pipe <4-Inch – Wilson, Watershed Property – Vineyard Fence, and STP – Upgrade Plant Water Booster Pump Station. Six projects have been carried over: Plastic Thin Walled Pipe <4-Inch – Scown Ln, Replace CI Pipe – Grant Ave., MSN B2 – Utility Agreement Costs, AEEP Post Construction Costs, Asset Management Software Procurement/Implementation, and STP – Replace Chlorine Control System.

#### West Marin Service Area (including Oceana Marin) Project Costs Variances

As shown in Attachment A, all but two of the FY20-21 West Marin CIPs expenditures are currently projected to be within the original budget (exceptions are New Gallagher Well #2 and Gallagher Ranch Streambank Stabilization). Three projects have been added: Polybutylene Replacements: State Route 1 Pt. Reyes – Caltrans, Olema Pump Station Wireless to Tank, and PRE Pump Station #2 Pumping Equipment. No projects have been carried over or deleted/deferred.

#### Engineering Department Labor Hours

The Engineering Department provides a multitude of functions supporting overall operation, maintenance and expansion of water facilities. The major work classifications are: (1) General Engineering, (2) Developer Projects and (3) District (i.e., CIP) Projects. Out of the approximately 14,900 engineering labor hours available annually (less Conservation), the FY20-21 labor budget for Developer Projects and District Projects is 1,504 (10% of total) and 2,722 (18% of total), respectively. A chart of actual hours expended versus budgeted hours for both Developer and District projects during FY20-21 is provided in Attachment B. At the end of the first quarter, actual engineering labor hours expended for Developer work was 27% (549 hours) versus 25% (376 hours) budgeted. With respect to District Projects, 709 engineering labor hours (38% of budget) have been expended on Capital Improvement Projects.

FY 20-21  
CAPITAL IMPROVEMENTS PROJECTS

PROJECTS BUDGETED	NOVATO SERVICE AREA	WEST MARIN/ OCEANA MARIN	TOTAL
Original Budget	16	7	23
Added	5	3	8
FY 19-20 Carryover	6	0	6
Deferred/Dropped	0	0	0
Adjusted Budget	27	10	37

**FY19-20 CARRYOVER**

Novato

Replace Plastic Thin Walled Pipe <4-Inch – Scown Ln  
Replace CI Pipe – Grant Ave  
MSN B2 – Utility Agreement Costs  
AEEP Post Construction Costs  
Asset Management Software Procurement/Implementation  
STP - Replace Chlorine Control System

**Date Brought to Board**

First Quarter Report  
First Quarter Report  
First Quarter Report  
First Quarter Report  
First Quarter Report  
First Quarter Report

West Marin  
None

**DEFERRED/DROPPED**

Novato

None

West Marin  
None

**PROJECTS ADDED**

Novato

Replace Plastic Thin Walled Pipe <4-Inch – Wilson  
Loop Southern and Northern Zone 2 at IVC  
PB Replacements: Vivian, Verissimo (21)  
Watershed Property – Vineyard Fence  
STP – Upgrade Plant Water Booster Pump Station

First Quarter Report  
First Quarter Report  
First Quarter Report  
First Quarter Report  
First Quarter Report

West Marin

PB Replacements: SR 1 Pt Reyes – Caltrans  
Olema Pump Station Wireless to Tank  
PRE PS #2 Pumping Equipment

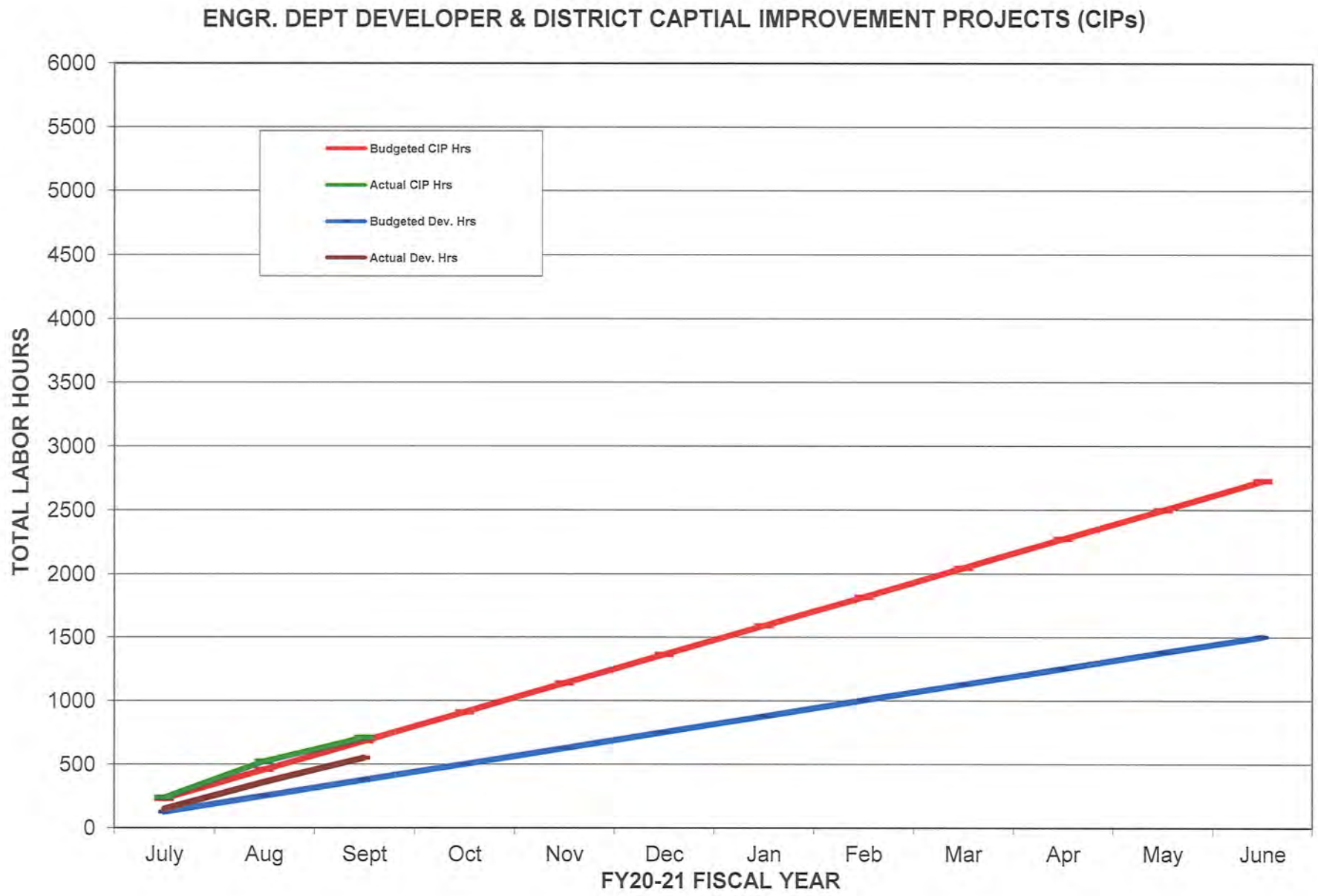
First Quarter Report  
First Quarter Report  
First Quarter Report

**NOVATO SYSTEM CAPITAL IMPROVEMENT PROJECTS SUMMARY FY20-21  
AS OF SEPTEMBER 30, 2020**

STATUS	DEPT	ITEM #	PROJECT NO.	DESCRIPTION	PROJECT COSTS		% COMPLETE		EARNED VALUE	
					Budget	Forecast	Baseline	Actual	Planned	Actual
				1. PIPELINE REPLACEMENTS/ADDITIONS						
	Eng	1	1.a.1	Replace 12" CI Pipe (785lf) S. Novato Blvd (betw Rowland/Adele)	\$100,000	\$100,000	0	0	\$0	\$0
			1.a.2	Replace Plastic Thin Walled Pipe <4-inch	\$150,000	\$0				
PC	Eng	2	1.a.3	<Replace Plastic Thin Walled Pipe <4-inch - Scown Ln>	\$0	\$117,636	75	90	\$88,227	\$82,812
C	Eng	3	1.a.4	Replace Plastic Thin Walled Pipe <4-inch - Wilson	\$0	\$15,793	100	100	\$0	\$15,793
			1.1.6	Other Main Replacements (60+ yrs old)	\$200,000	\$50,000				
PC	Eng	4	1.a.5	<Replace CI Pipe - Grant Ave>	\$0	\$170,000	5	10	\$8,500	\$1,452
PC	Eng	5	1.b.1	San Mateo 24" Inlet/Outlet Pipe	\$910,000	\$910,000	5	3	\$45,500	\$26,305
			1.b.3	Other Main/Pipeline Additions	\$150,000	\$150,000				
	Eng	6	1.b.2	Loop Southern and Northern Zone 2 at IVC	\$0	\$8,612	100	100	\$0	\$8,612
			1.c.1	Replace PB in Sync w/City Paving	\$70,000	\$35,000				
			1.c.2	Other PB Replacements	\$80,000	\$0				
C	Eng	7	1.c.3	PB Repl: Vivian, Verissimo (21)	\$0	\$40,000	100	100	\$0	\$38,824
			1.d.1	Other Relocations to Sync w/City & County CIP	\$70,000	\$70,000				
				SubTotal	\$1,730,000	\$1,667,041				
	Admin	8	1.e.1	<MSN B2 - Utility Agreement Costs>	\$0	\$15,000	50	50	\$7,500	\$8,100
C	Admin	9	1.e.2	<AEEP Post Construction Costs>	\$0	\$2,000	100	100	\$2,000	\$2,160
				SubTotal	\$0	\$17,000				
				2. SYSTEM IMPROVEMENTS						
PC	Eng	10	2.a	DCDA Repair/Replace	\$100,000	\$99,515	25	10	\$24,879	\$18,139
	Eng	11	2.b	Anode Installations	\$10,000	\$10,000	0	0	\$0	\$0
	Ops	12	2.c	<Asset Management Software Procurement/Implementation>	\$0	\$6,239	0	100	\$0	\$6,239
	Ops	13	2.d	Facilities Security Enhancements	\$25,000	\$25,000	0	0	\$0	\$0
	Eng	14	2.e	San Marin Aqueduct Valve Pit (STP to Zone 2)	\$110,000	\$110,000	0	5	\$0	\$5,500
C	Admin	15	2.f	Watershed Property - Vineyard Fence	\$0	\$35,453	100	100	\$0	\$35,453
				SubTotal	\$245,000	\$286,207				
				3. BUILDINGS, YARD, & S.T.P. IMPROVEMENTS						
	Admin	16	3.a.1	Office/Yard Building Renovation	\$1,000,000	\$600,000	0	0	\$0	\$3,855
PC	Eng	17	3.c.1	Leveroni Creek Embankment Repair	\$192,000	\$0	0	0	\$0	\$0
			3.c.2	Other TP Improvements	\$100,000	\$100,000				
	Ops	18	3.c.3	Efficiency Improvements	\$100,000	\$100,000	25	0	\$100,000	\$0
PC	Ops	19	3.c.4	STP Chemical System Upgrades (Tank R&R)	\$75,000	\$75,000	0	0	\$0	\$0
	Ops	20	3.c.5	STP - High Service Pump #3 Replacement	\$20,000	\$20,000	0	0	\$0	\$0
	Ops	21	3.b.6	Filter Underdrain/Media R&R	\$20,000	\$20,000	0	0	\$0	\$0
C	Ops	22	3.b.7	STP - Upgrade Plant Water Booster Pump Station	\$0	\$5,000	100	100	\$0	\$5,000
C	Ops	23	3.c.8	<STP - Replace Chlorine Control System>	\$0	\$5,000	100	100	\$0	\$5,000
				SubTotal	\$1,507,000	\$925,000				
				4. STORAGE TANKS & PUMP STATIONS						
PC	Eng	24	4.a.1	Old Ranch Rd Tank No. 2	\$500,000	\$500,000	0	0	\$0	\$3,152
	Maint	25	4.b.1	Hydropneumatic Tank Repairs	\$30,000	\$30,000	0	0	\$0	\$0
PC	Eng	26	4.c	Lynwood PS Motor Control Center	\$400,000	\$400,000	0	0	\$0	\$0
PC	Eng	27	4.d	Crest PS (design/const)/Reloc School Rd PS	\$550,000	\$550,000	0	1	\$0	\$10,827
			4.e	Other Tank & PS Improvements	\$25,000	\$25,000				
				SubTotal	\$1,505,000	\$1,505,000				
				Novato Water Total	4,987,000	\$4,400,248	6	6	\$276,606	\$277,223
				5. RECYCLED WATER FACILITY						
			5.a	Other Recycled Water Expenditures	\$100,000	\$100,000				
				Novato Recycled Total	\$100,000	\$100,000	0	0	\$0	\$0
				Total Novato	\$5,087,000	\$4,500,248	6	5	\$276,606	\$277,223

**WEST MARIN CAPITAL IMPROVEMENT PROJECT SUMMARY FY20-21**  
**AS OF SEPTEMBER 30, 2020**

STATUS	DEPT	ITEM #	PROJECT NO.	DESCRIPTION	PROJECT COSTS		% COMPLETE		EARNED VALUE	
					Budget	Forecast	Baseline	Actual	Planned	Actual
			6. West Marin Water System							
			System Improvements							
PC	Eng	28	6.a	Replace PRE Tank #4A	\$1,000,000	\$510,000	30	60	\$300,000	\$304,152
PC	Admin	29	6.b	New Gallagher Well #2 (1st of 2 years)	\$75,000	\$550,000	10	15	\$7,500	\$10,953
			6.c	PB Replace in Sync w/County Paving	\$50,000	\$25,000	0	0	\$0	\$0
C	Admin	30	6.d	Gallagher Ranch Streambank Stabilization	\$260,000	\$335,440	100	100	\$260,000	\$335,440
	Eng	31	6.e	Lagunitas Creek Bridge Pipe Replacement (Caltrans)	\$100,000	\$0	0	0	\$0	\$514
C	Eng	32	6.f	PB Repl: SR1 Pt. Reyes - Caltrans	\$0	\$37,652	100	100	\$0	\$37,652
C	Ops	33	6.g	Olema PS Wireless to Tank	\$0	\$0	100	100	\$0	\$168
C	Ops	34	6.h	PRE PS #2 Pumping Equipment	\$0	\$8,361	100	100	\$0	\$8,361
				SubTotal	\$1,485,000	\$1,466,453				
			7. Oceana Marin Sewer System							
	Ops	35	7.a	Infiltration Repair	\$40,000	\$0	25	0	\$10,000	\$0
C	Ops	36	7.b	Tahiti Way Lift Pump 1 Assembly	\$25,000	\$6,250	25	100	\$6,250	\$6,250
	Eng	37	7.c	OM Treatment Pond Rehab	\$225,000	\$225,000	5	5	\$11,250	\$16,115
				SubTotal	\$290,000	\$231,250				
				Total West Marin	\$1,775,000	\$1,697,703	35	42	\$595,000	\$719,605
				FY20-21 TOTAL	\$6,862,000	\$6,197,951	14	16	\$871,606	\$996,828
C - Completed				PROJECT FORECAST REVISED						
PC - Partially completed				Baseline projects with revised forecast budget increases (indicated by shaded box)						
				Baselined projects to be deferred (indicated in strikeout)						
				New projects added (indicated in bold)						
				Prior year projects carried over indicated in italics						



**14**

## MEMORANDUM

To: Board of Directors  
From: Pablo Ramudo, Water Quality Supervisor *PR*  
Subject: FY 20-21 Quarterly Progress Report– Water Quality  
P:\LAB\WQ Supv\WQ Reports\2021\1st Qtr FY21 WQ Rpt.doc

November 25, 2020

**RECOMMENDED ACTION:** Information**FINANCIAL IMPACT:** \$0

The water served to the communities of Novato and Point Reyes met federal and state primary water quality standards during the first quarter of fiscal year 2020-2021.

Following is a review of the activities and water quality issues in regards to:

- Source Water
- Treatment Performance
- Distribution System Water Quality
- Novato Recycled Water

**NOVATO SYSTEM****Source Water: Stafford Lake**

Stafford Lake water was used as a source of drinking water throughout the first quarter. Water quality was monitored on a weekly basis for chemical and mineral components as well as microbiological activity.

Algae and plankton from the raw water intake were identified and enumerated on only a monthly basis due to staffing level making it more difficult to see trends and detect blooms with the less frequent surveillance. Diversity appeared lower with 6 genera recorded in appreciable numbers. One sizeable bloom was observed in the sample from August consisting of two genera of cyanobacteria and one green algae.

Total organic carbon in the raw water increased during the quarter and ranged from 7.6 to 8.7 mg/L.

**Treatment Performance: Stafford Treatment Plant**

Total organic carbon (TOC) removal ranged from 74-76% and was well above the 35 to 40% required by regulation. TOC concentrations in the treatment plant effluent were 1.9 - 2.1mg/L, comparable with the district's goal of a finished water concentration of 2.0 mg/L. There were no occurrences of taste or odor attributable to algae blooms in treated water.

### **Distribution System: Novato**

Of 252 samples collected for compliance with the Total Coliform Rule there were no coliform positive samples in the Novato System. Chlorine throughout the distribution system was adequate to maintain disinfection while keeping its aesthetic qualities as low as possible.

Disinfection byproducts were moderate for the quarter and well within standards of the Stage 2 Disinfection Byproduct Rule.

## **POINT REYES SYSTEM**

### **Source Water: Coast Guard Wells**

Raw water quality was generally good by most measures, however water quality parameters affected by salt water intrusion increased to record highs during the quarter. The sodium concentration ranged from 53 – 420 mg/L, chloride ranged from 51 – 1380 mg/L, and bromide ranged from 0.190 – 4.85 mg/L.

### **Source Water: Gallagher Well**

Raw water quality was good throughout the quarter. Water quality parameters associated with saltwater are very low and stable from this source and are not prone to intrusion from seawater. The sodium concentration was around 10 mg/L, chloride was around 13 m/L, and bromide was at 0.07 mg/L.

### **Treatment Performance: Point Reyes Treatment Plant**

Treatment was optimal throughout the quarter and finished water quality was good. Iron and manganese removal were excellent; neither of the metals were detected in the treated water.

### **Distribution System: Point Reyes**

There were 23 samples collected for routine monitoring and compliance with the Total Coliform Rule. None of the samples were positive for coliform bacteria. Chlorine residual concentrations throughout our distribution system were actively managed to provide adequate disinfection while keeping the potential for formation of disinfection by products as low as possible.

There was a pronounced salty or metallic taste reported by many of our customers due to the increased salt levels throughout the quarter. The water served was, at least part of the time, above the secondary standards (aesthetics) for chloride, total dissolved solids, and/or conductivity.



**Distribution System: Point Reyes (continued from page 2)**

Disinfection byproducts increased in this quarter due to the higher concentration of available bromide in treated water. One of the two samples had a trihalomethane (THM) concentration just above the level of the maximum contaminant limit (MCL) of 80ug/L and the other sample was just below this value. Compliance with the disinfection byproduct rule is based on a running annual average at each location so it is not anticipated that there will be a violation resulting from higher THM concentrations in this and the second quarter attributable to salinity intrusion.

**NOVATO RECYCLED WATER****Deer Island Recycled Water Facility**

The Deer Island plant produced water for 16 days in August and September to provide recycled water to the North area of Novato. Recycled water quality from the Deer Island facility was good, with detectable coliform bacteria in two samples. All test results were well within regulations and guidance.

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## MEMORANDUM

To: Board of Directors November 25, 2020  
From: Robert Clark, Operations / Maintenance Superintendent *RC*  
Subject: FY 20-21 July-September Quarterly Progress Report - Operations and Maintenance  
x:\maint sup\2021\bod\q1 20-21 o&m update.doc

**RECOMMENDED ACTION:** Information

**FINANCIAL IMPACT:** None

Safety Summary

Staff did complete our COVID-19 program response plan and rolled out to all staff during the period. Thanks to all of The NMWD Staff for working through these difficult times of uncertainty from the COVID-19 virus.

Maintenance Summary

Staff stayed on schedule with routine maintenance tasks, completing 312 work orders this period including 19 unplanned work orders. Project work included Lobby Entry modifications for COVID-19 and lighting impacts to communications in Novato and Point Reyes. The E/M Technician resigned during the period and one of the Apprentice E/M Technician was injured and out for much of the period. The Maintenance Supervisor and remaining Apprentice E/M Technician did an outstanding job keeping up with the routine tasks along with the unplanned issues and the Aqueduct outage planning.

Operations Summary

The Stafford Treatment Plant (STP) began the period under typical late summer production conditions producing 203 MG of water. Novato received 914 MG in total water produced with a peak day of 13.8 MG on July 20<sup>th</sup>. The Stafford Treatment Plant produced 22% of the Novato water supply during the period. The Point Reyes Treatment plant produced 24.2 MG with a peak day of 514,910 gallons on August 21<sup>st</sup>. The recycled water facilities delivered 111.6 MG to our Novato customers and Deer Island produced 3.0 million gallons of water for the Stone Tree golf course. Staff coordinated with SCWA on various issues including the SCWA aqueduct shutdown for freeway crossing tie-in and wildfire impacts. Regular communications with MMWD Operations Staff continued.

### Water Quality Summary

With the assistance of Operations' staff, Construction/Maintenance staff and additional contract vendors, the District is on track to complete all the required annual backflow testing by mid-December. Annual inspection of the waste discharge facilities at STP by the Novato Sanitary District (NSD) staff resulted in satisfactory findings. Laboratory staff continued to monitor the Point Reyes Coast Guard well salinity intrusion levels and provide community updates.

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\*DRAFT Minutes of Water Advisory Committee and Technical Advisory Committee  
Virtual Meeting – No Physical Location  
November 2, 2020

Attendees: Easter Ledesma, City of Santa Rosa  
Roberta Atha, City of Santa Rosa  
Susan Harvey, City of Cotati  
Dave King, City of Petaluma  
Jake Mackenzie, City of Rohnert Park  
Dick Dowd, City of Santa Rosa  
Jack Baker, North Marin Water District  
Jon Foreman, Valley of The Moon Water District  
Jack Gibson, Marin Municipal Water District  
Craig Scott, City of Cotati  
Kent Carothers, City of Petaluma  
Mary Grace Pawson, City of Rohnert Park  
Jennifer Burke, City of Santa Rosa  
Colleen Ferguson, City of Sonoma  
Drew McIntyre, North Marin Water District  
Sandi Potter, Town of Windsor  
Matt Foreman, Valley of The Moon Water District

Staff/Alternates: David Rabbitt, SCWA Director Liaison  
Grant Davis, SCWA  
Jay Jasperse, SCWA  
Don Seymour, SCWA  
Paul Piazza, SCWA  
Steven Hancock, SCWA  
Jessica Lamb Martini, SCWA  
Barry Dugan, SCWA  
Michelle Maxwell, SCWA  
Brad Sherwood, SCWA  
Lynne Rosselli, SCWA  
Brian Lee, SCWA  
Peter Martin, City of Santa Rosa  
Colin Close, City of Santa Rosa  
Claire Nordlie, City of Santa Rosa  
Elizabeth Cargay, Town of Windsor  
Chelsea Thompson, City of Petaluma  
Tony Williams, NMWD  
Larry Russell, Marin Municipal Water District Director  
James Grossi, North Marin Water District Director

Public  
Veronica Blette, EPA WaterSense  
Cristian Goulart  
David Keller, FOER  
Mark Millan, Data Instincts  
James Downey, Penngrove/Kenwood Water Co.  
Andrea Rodriguez

1. Check-in  
Susan Harvey, WAC Chair, called the meeting to order at 9:07 a.m.
2. Public Comments  
No public comments.
3. Recap from the August 3, 2020 WAC/TAC Meeting and Approval of Minutes  
Moved by Jake Mackenzie, City of Rohnert Park, seconded by Jon Foreman, Valley of the Moon Water District; unanimously approved.
4. Recap from the October 5, 2020 TAC Meeting and Approval of Minutes (TAC)  
Moved by Jennifer Burke, City of Santa Rosa, seconded by Sandi Potter, Town of Windsor; unanimously approved.
5. Water Supply Coordination Council  
Susan Harvey, WAC Chair- The Water Supply Coordination Council met remotely October 19 to develop this agenda
6. Approve 2021 WAC/TAC Meeting Schedule  
Susan Harvey, WAC Chair- no objections, approved
7. Sonoma Marin Saving Water Partnership (TAC)
  - a. 2020 Water Production Relative to 2013 Benchmark  
Drew McIntyre, North Marin Water District. Refer to handout. Year-to-Date water deliveries were 11% below 2013 benchmark year.
  - b. 2020 Urban Water Management Plan Update  
Colin Close, City of Santa Rosa. Water Suppliers that have 3,000 or more connections or deliver 3,000-acre feet a year or more are under the State requirement to complete an Urban Water Management Plan Update every five years. There are number of new requirements this year driven by the drought that occurred in 2014-16 and climate change concerns. Nine principal water contractors worked together in the Partnership to use one consultant to develop a common methodology to determine future water demands over the next 25 years. Demand projections have been submitted to Sonoma Water through 2045. Consultant EKI is also looking at water conservation measures of each agency and have a draft report for each agency. On November 12, the group will meet and be able to ask EKI questions and will have until November 20 to submit final comments to EKI which will then be submitted to Sonoma Water. July 1, 2021 is the deadline to submit Urban Water Management Plans online through the State's portal. Prior to July 1, 2021, there is a 60-day letter that must go out stating that the Urban Water Management Plan is being worked on, there must be a public review process and adoption by a governing body.
  - c. EPA WaterSense Excellence Awards  
Paul Piazza, SCWA and Veronica Blette, EPA WaterSense. Sonoma Marin Saving Water Partnership was recognized for Sustained Excellence as an Irrigation Professional Certifying Organization and Excellence award for Promoting Labeled Products. Sonoma Marin Saving Water Partnership has been awarded 13 awards since 2013.
  - d. FY2019-20 SMSWP Annual Report



Paul Piazza, SCWA. Refer to handout. Summer ad campaign combined practical outdoor water tips, money saving rebates and shared the message of how saving water helps balance the need of people and aquatic species. Digital campaign was more than double the nation's average click through rate for this type of campaign. Summer in person programs were adjusted due to Covid-19 and shelter in place orders. Regional water use remains down significantly on a gallon per capita per day basis (down 37% from baseline GPCD). Sonoma Marin Saving Water Program was awarded the 2020 Outstanding Education and Outreach award by Smart Water Application Technology program for the GardenSense program.

8. Water Supply Conditions and Temporary Urgency Change Order

Don Seymour and Jay Jasperse, SCWA. Refer to handout. Major deviation allowed by the Corps to operate in the FIRO Major Deviation Buffer Pool and store the water under their discretion and use the forecast tools to manage the flow. The benefit was over 11,000-acre ft of additional storage Lake Mendocino storage in February and March. Lake Mendocino storage is at 35,000-acre ft and Lake Sonoma is just under 173,000-acre ft. Flows: Healdsburg is at 78 cfs, Hacienda Bridge 120 cfs, the estuary had been closed for some time, but it is now open and are now trying to optimize current for fish passage through the lower river. Public comment: David Keller, FOER wanted to give appreciation to the Water Agency and other agencies for work with FIRO and water demand reduction efforts. He is looking forward to seeing the FIRO paper when it is published and would like the link shared.

9. Biological Opinion Status Update

Jessica Martini Lamb, SCWA-

Fish Flow-Draft EIR is recirculating with updates and initial discussions are taking place about public workshops in a virtual environment. Dry Creek Habitat Enhancement Project- Hanford is wrapping up work this week on Phase III sites for in stream work. Staff was able to get extensions to work past the October 15 above the water line for Reach 5 work. They also completed maintenance on Reaches 4, 7 and 8. Staff continues to work with Army Corps of Engineers on Phases IV-VI. Fish Monitoring- Focused on monitoring Chinook salmon through video monitoring at Mirabel Dam fish ladders and only 14 Chinook have been observed so far due to the mouth of Russian River closing in late September. With more rain, they expect to start spawner surveys soon. Russian River Estuary Management- Season ended October 15. The river mouth closed September 28 but self-breached October 26 and it currently open. Interim Flow Changes- They are continuing to prepare weekly hydrologic status reports and supplemental reports are posted on the Sonoma Water Temporary Urgency Change Petition website page.

10. Potter Valley Relicensing Update

a. Overview of Two-Basin Partnership Sept. 14, 2020 Initial Study Report (ISR) and Oct. 14, 2020 ISR Meeting Summary FERC Submittals

Grant Davis, SCWA. On May 13, 2020, NOI Parties submitted a feasibility study with a project plan to FERC. September 29, an Initial Study Report meeting was held, and detailed analysis was provided. FERC was sent the Initial Study Report Meeting summary in mid-October and now will be hearing any disagreements and study requests. The new study will take it beyond what PG&E was going to do: AQ12 (Scott Dam Removal) and study SE1 on social economics of Scott Dam removal. All the information can be found at [www.twobasinsolution.org](http://www.twobasinsolution.org)

b. Approve WAC Comment Letter for PVP Socioeconomic (SE-1) Study

Drew McIntyre, North Marin Water District. The WAC in November, 2018 set up a subcommittee (WAC Potter Valley Project Ad Hoc Subcommittee) recognizing the need to respond quickly to various actions associated with the Potter Valley relicensing project. The Subcommittee has met periodically. The letter today is the third WAC PVP response letter and it focuses on one of the two new studies, SE1, in an effort to make sure the Socioeconomic study is properly structured to provide meaningful information. David Keller, FOER asked for clarification on page 2 first paragraph letter to FERC, "no water user or class of water users will be obligated to pay any cost that is disproportionate to the benefit to be received." What is the thinking of how public trust values and instream uses would be covered in obligation to pay for benefits? Drew McIntyre responded that SE1 study consultants can best answer this question. David Keller also asked if there has been any significant outreach to grape growers in Mendocino County and Sonoma County and if they will participate in the cost of the studies. Suggested on comment number 5 on page D5-D6, if the draft fish flow DIR is to be included, so should all the comments received with that as well as ISRP Report. There were no objections by the WAC to submit the letter to FERC as written.

11. Summary of LNU Fire Complex & COVID-19 after-action review with water contractors- presentation of results from online survey

Barry Dugan and Michelle Maxwell, SCWA. Water Contractor Coordination calls were being held during Covid-19, fires and PSPS periods to talk about situational awareness. The calls reinforce the need and value in establishing the Emergency Training and Coordinating Subcommittee and strengthens the communication between water contractors and the Agency. An After-Action review was conducted for both Covid-19 and LNU Wildfire responses, the main findings were to continue to hold regular meetings and also to develop a formal mutual aid agreement. Areas to improve upon: adding more risk analysis to capacity and demand issues, mitigation tactics, general fire vulnerability of sites and facilities and improved weather reporting and flood monitoring. They would also like to develop a training and exercise program with water contractors.

12. Integrated Regional Water Management Plan(s) Update

Grant Davis, SCWA. Asked for support and continued involvement in a \$19 million dollar radar program with the potential of 6. The radar communication systems will be placed around the Bay Area and will assist with emergency response for potential flooding. On a related front, Director Rabbitt as Chair of the North Bay Water Reuse Authority continues to follow future federal funding opportunities for drought contingency, resiliency planning as well as groundwater planning. Public comment: Mark Millan wanted to express agreement with Grant's comments regarding competitive times in the State and the more regional efforts that are made helps get funding for projects.

13. Items for Next Agenda

WAC Meeting next year-New WAC member orientation binders

February Meeting- update from the TAC Budget Subcommittee on the draft Sonoma County Water Agency Water Transmission Budget for Fiscal year 2021-2022

14. Check Out

Meeting adjourned at 11:17am

**17**

**DISBURSEMENTS - DATED NOVEMBER 19, 2020**

Date Prepared 11/17/20

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
EFT*	US Bank	October Bank Analysis Charge (Lockbox \$912 & Other \$380, Less Interest \$105)	\$1,187.01
1	Alpha Analytical Labs	Lab Testing (W.M. & Novato)	310.00
2	Analytical Services	Microparticulate Analysis Test to Determine Adequacy of New Gallagher Well Site	851.00
3	Arrow Benefits Group	October Dental Expense	7,254.40
4	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 109 of 240) Aqueduct Energy Efficiency Project	46,066.67
5	Bearings & Hydraulics	Drawbar Eye	39.97
6	Building Supply Center	Pens	5.62
7	California Water Service	Water Service (O.M.) (9/1/20-10/29/20) (0 CCF)	49.99
8	Cummings Trucking	Rock (\$6,465) (149 yds) & Sand (\$4,051) (63 yds)	10,515.69
9	Dani, Joseph	Refund Overpayment on Closed Account	10.26
10	Ditch Witch West	Repairs ('19 Ditch Witch Vac)	1,190.40
11	Environmental Express	Filters (100) (Lab)	98.48
12	ETS	Prog Pymt#1: Provide Environmental Testing Services on Fill Materials (Balance Remaining on Contract \$1,395)	105.00
13	Evoqua Water Technologies	Service on Deionization System	292.77
14		Vision Reimbursement	184.00
15	Fedak & Brown	October Progress Billing (FY20 Financial Audit) (Balance Remaining on Contract \$4,625)	1,500.00
16	Ferguson Waterworks	1 1/2" Meters (80) (Landsea Homes)	64,492.40
17	Friedman's Home Improvement	N95 Respirators (40)	99.57

Seq	Payable To	For	Amount
18	Frontier Communications	Leased Lines	1,433.77
19	George, Martha	Refund Overpayment on Closed Account	22.00
20	Grainger	Knee Pads, Tips for Pressure Washer (\$133), Signs for Equipment, Dry Wipes (10) (STP) & Pressure Washer for Yard (\$904)	1,215.94
21	Hardy Diagnostics	Control Organisms (Lab)	186.65
22	HERC Rentals	Generator Rentals to Power Pump Stations During Power Outages (4 weeks) (\$9,949) & Fuel Tank Rental (4 weeks) (\$611)	10,559.93
23	Hildebrand Consulting	Prog Pymt#1: West Marin Water Rate Study 2021 (Balance Remaining on Contract \$29,820)	9,030.00
24	International Dioxide	Annual Service & Replacement Parts for Chlorine Dioxide Generator @ STP (Balance Remaining on Contract \$4,768)	4,400.93
25	Joshua Tree Home	Refund of Deposit/New Development/WC Restriction-Novato	1,000.00
26	Kiosk Creative	Prog Pymt#13: Implement District Directed Communication Actions (\$1,513) (Balance Remaining on Contract \$33,270) & Design Fall Novato Waterline (\$1,605)	3,117.50
27	LeBrun, Kent	Exp Reimb: D3 Renewal Fees	120.00
28	Marin Landscape Materials	Rebar & Landscaping Materials (Front Office) (\$116)	136.82
29	McPhail Fuel	Propane Tank Lease (25 Giacomini Rd)	64.95
30	Metrohm USA	Parts for Ion Chromatography (Lab)	3,310.48
31	North Bay Gas	Nitrogen (STP) (\$724), Nitrogen & Breathing Air (STP) & October Cylinder Rental	905.55
32	North Bay Watershed Assoc.	FY20/21 Dues (Watershed Stewardship Plans) (Budget \$6,400) (7/20-6/21)	5,837.16
33	Novato Builders Supply	Lumber, Concrete & Cement Supplies (\$70)	91.44
34	Office Depot	Toner	136.23

Seq	Payable To	For	Amount
35	Pace Supply	Corp Stops (12) (\$561), Gaskets (36) (\$133), STP Valve Parts (\$245), Service Saddles (55) (\$6,550), Nuts (100) (\$80), Couplings (25) (\$432), Nipples (5), Plugs (5), Valves (5) (\$1,850), STP Air Valve Rebuild Kits (8) (\$489) & 12" Tapping Sleeve (\$782)	11,162.81
36	Parkinson Accounting Systems	September Accounting Software Support	877.50
37	Pini Hardware	Miscellaneous Maintenance/Construction Tools & Supplies	310.15
38	Point Reyes Light	Legal Notice on 10/29: Salinity Intrusion into Pt. Reyes Well Supply	105.00
39	Pollard Water	Hydrant Pressure Logger (STP)	722.64
40	Prandi Property Mgmt	Refund Overpayment on Closed Account	61.23
41	R & B	Valves (20)	85.72
42	Red Wing Shoe Store	Safety Boots (Ocodhain)	181.47
43	Roy's Sewer Service	Clean Out O.M. Lift & North Street Lift Station	3,100.00
44	SCP Science	Standards (Lab)	184.55
45	Soiland	Asphalt Recycling (6 tons)	58.60
46	S-Scapes	Annual Backflow Testing	8,700.00
47	Telstar Instruments	Annual Flow Meter Calibration (O.M. Lift & Ponds)	1,295.00
48	Tjosvold, James	Refund Overpayment on Closed Account	191.04
49	TPx Communications	November Telephone Charges	683.29
50	USA BlueBook	Wooden Plugs (\$100) & Hand Sanitizer (20-12 oz Bottles) (\$208)	308.28
51	US Bank	October Safekeeping Treasury Securities	85.00
52	Vail, Stan & Gay	Refund Overpayment on Closed Account	36.23
53	VWR International	Cleaning Solution, Reagent Alcohol & Conductivity Standard (\$164) & Buffer Solution (Lab)	231.14

Seq	Payable To	For	Amount
54	White, Van S.	Novato "Toilet Rebate" Ultra High Efficiency	150.00
		<b>TOTAL DISBURSEMENTS</b>	<b><u>\$204,347.57</u></b>

The foregoing payroll and accounts payable vouchers totaling \$204,347.57 are hereby approved and authorized for payment.

Julie Blue 11/17/2020  
Auditor-Controller Date

[Signature] 11/18/2020  
General Manager Date



## **DISBURSEMENTS - DATED NOVEMBER 25, 2020**

Date Prepared 11/24/20

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 11/15/20	\$150,158.49
90331*	Internal Revenue Service	Federal & FICA Taxes PPE 11/15/20 PPE	61,885.73
90332*	State of California	State Taxes & SDI PPE 11/15/20	13,780.70
90333*	CalPERS	Pension Contribution PPE 11/15/20	39,805.77
90334*	CalPERs	December Health Insurance Premium (Employer \$50,226, Retirees \$12,840 & Employee Contribution \$10,721)	73,786.77
1	Allied Electronics	Radios for San Antonio Tank (2)	2,231.74
2	American Family Life Ins	November AFLAC Employee Paid Benefit	3,027.83
3	Athens Administrators	September & October Indemnity Review Fee	210.00
4	AT&T	Leased Lines	66.18
5	Backflow Distributors	Parts for Backflow Repairs	489.14
6	Boucher Law	September Labor & Employment Law Matters	476.30
7	CDW-Government	Adobe Acrobat Standard Software	239.00
8	E. Navarina & R. Cheek	Refund Overpayment on Closed Account	49.40
9	Clipper Direct	December Commuter Benefit Program	49.00
10	Comcast	November Internet Connection	144.92
11	Core Utilities	Consulting Services: October IT Support (\$6,000), SCADA Programming for Novato, West Marin, Radio Cell Modem Sites & Black Point Regulator Station (\$2,675), Utility Billing Support (\$800), Core Maintenance (\$700), West Marin Water Rate Study (\$450) & Server Upgrade (\$550)	11,175.00
12	CWEA	Membership Renewal (Nommsen) (10/20-10/21) (Budget \$190)	192.00

Seq	Payable To	For	Amount
13	Diesel Direct West	Diesel (291 gal) (\$921) & Gasoline (511 gal) (\$1,520)	2,441.22
14	Environmental Resource Assoc	Annual Performance Testing Study (\$2,613) & Minerals (Lab)	2,771.55
15	Environmental Collaborative	Prog Pymt#1: Perform Two Surveys & Provide Plant List for Old Ranch Road Tank & Access Road (Balance Remaining on Contract \$9,955)	3,497.50
16	Fishman Supply	Safety Glasses (36) & Brief Relief Urine Bags (200) (\$519)	729.56
17	GHD	Prog Pymt#28: Water Tank PRE 4A Replacement (\$1,072) (Balance Remaining on Contract \$14,507) & Prog Pymt#14: O.M. Treatment & Storage Pond Rehab Design (\$567) (Balance Remaining on Contract \$20,227)	1,639.00
18	Grainger	Plumbing Supplies (STP) (\$216), Flashlights (5) (\$339) & Tarps (10) (\$169) (Less Credit of \$222 Received for Returned Materials)	502.01
19	Hart, Sharon	Novato "Toilet Rebate" Program	100.00
20	InfoSend	October Processing Fee for Water Bills (\$2,359), Postage (\$6,284) & Monthly Support Fee (\$1,624)	10,267.25
21	Jeffries Public Safety Consulting	Prog Pymt#1: Public Safety Consulting for Dam Emergency Action Plan (EAP) (Balance Remaining on Contract \$4,667)	333.00
22	Kane, Shawn	Exp Reimb: Breakfast for Onsite Excavation & Trenching Training Class	131.45
23	Kehoe, Theresa	Exp Reimb: Umbrella for Patio	71.43
24	Lincoln Life	Deferred Compensation PPE 11/15/20	7,839.74
25	Mutual of Omaha	December Group Life Insurance Premium	987.85
26	Nationwide Retirement Solution	Deferred Compensation PPE 11/15/20	920.00
27	Novato Sanitary District	Treatment & Disposal of Discharge from STP (July - Sept 2020) (\$3,543) & Semi-Annual Billing for Yard/Office Sewer Service Charges (FY 20/21) (\$2,316)	5,859.13

Seq	Payable To	For	Amount
28	NSI Solutions	QC Sample (Lab)	81.00
29	Parkinson Accounting Systems	October Accounting Software Support	2,340.00
30	Point Reyes Prop Mgmt Assn	November HOA Fees (25 Giacomini Rd)	75.05
31	Quadient	December Postage Meter Rental (12/1/20-12/31/20)	143.09
32	Randall Bros. Automotive	Smog Tests (4) ('10 F150, '08 F250, '99 F350 & '10 F150)	290.00
33	Scott Technology Group	Monthly Maintenance on Engineering Copier (11/21/20-12/20/20) (\$183) & Contract Overage Charge	190.00
34	Service Station Systems	Repair Costs for 2 Fuel Tanks	894.53
35	Sherman, Tony & Rachel	Refund Excess Advance for Construction Over Actual Job Cost-Petaluma Blvd So Self Storage	22,580.58
36	Sonoma County Water Agency	October Contract Water	921,773.15
37	SPG Solar	October Energy Delivered Under Solar Services Agreement	9,990.58
38	SRT Consultants	Prog Pymt#12: Consulting Services to Complete Stafford Lake Sanitary Survey (Balance Remaining on Contract \$14,376)	3,315.00
39	State Water Resources Control	Clean Water SRF Loan Principal & Interest-RW North Segment 1 (Pymt #9 of 20) (\$40,196), RW South PH1B (Pymt #8 of 20) (\$166,575), RW South PH1A (Pymt #8 of 20) (\$65,599) & RW North Segment 1 (Pymt #3 of 20) (\$275,773)	548,143.20
40	Tamagno Green Products	Sludge Removal @ STP (15 yds)	525.00
41	Township Building Services	Oct Janitorial Services	2,035.48
42	Trattoria Ghiringhelli Catering	Balance Due for Employee Lunches Delivered Holiday Party	148.47
43	Urciuoli, Nathaniel	Novato "Washer Rebate" Program	50.00
44	US Postal Service	Meter Postage	1,000.00
45	Walmisley, Andrew	Refund of Deposit/New Development/WC Restriction-WM	1,000.00

Seq	Payable To	For	Amount
46	Waste Management	Green Waste Disposal	379.72
		<b>TOTAL DISBURSEMENTS</b>	<b><u>\$1,910,813.51</u></b>

The foregoing payroll and accounts payable vouchers totaling \$1,910,813.51 are hereby approved and authorized for payment.

  
Auditor-Controller

11/23/2020  
Date

  
General Manager

11/23/2020  
Date

**Notice:**

Salinity intrusion into the Point Reyes well supply serving the West Marin communities of Point Reyes, Olema, Inverness Park, and Paradise Ranch Estates has occurred and has caused sodium levels to increase from background levels of 15-30 milligrams per Liter (mg/L). While there is no direct health concern from the salt for most people at this concentration, it does affect the taste. Customers that are on sodium restricted diets should consult their physicians to see if the additional sodium is a concern for them. The table below lists the most recent concentrations for sodium in the West Marin water supply:

Date	Sodium	Chloride	Units
10/22/20	144	419	mg/L
10/27/20	165	467	mg/L
11/3/20	152	485	mg/L
11/10/20	102	277	mg/L

\*milligrams per liter

# Three-Month Outlooks

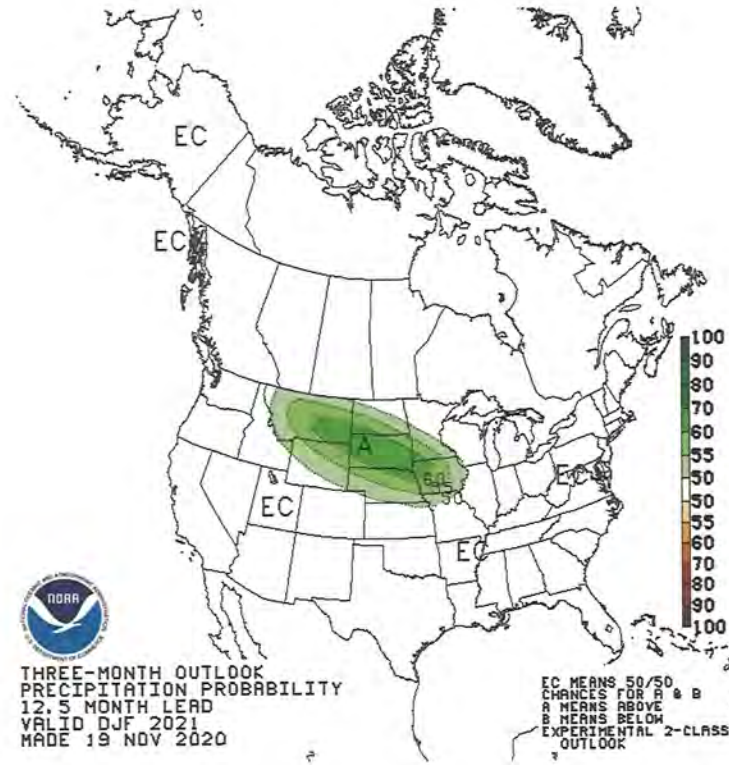
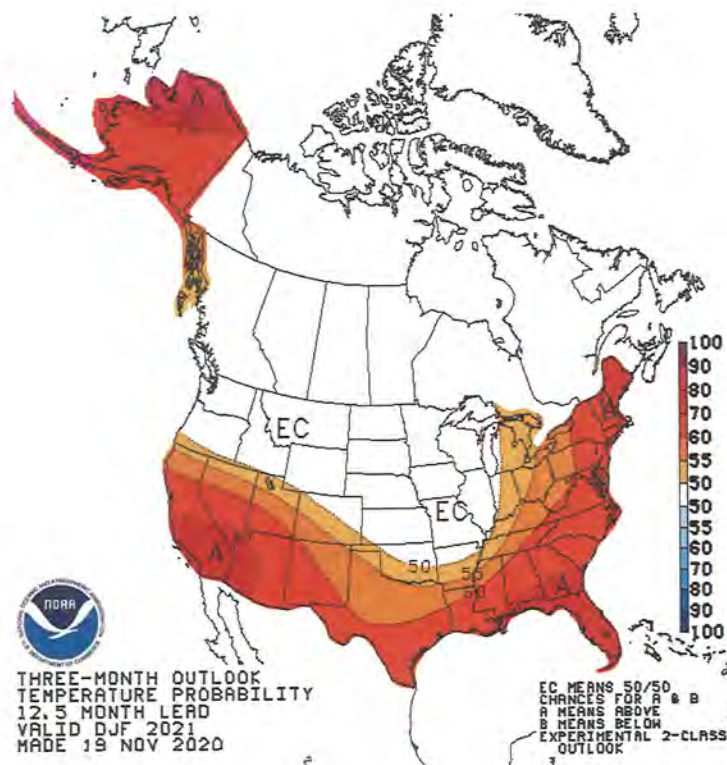
Revised OFFICIAL Forecasts

November 2020

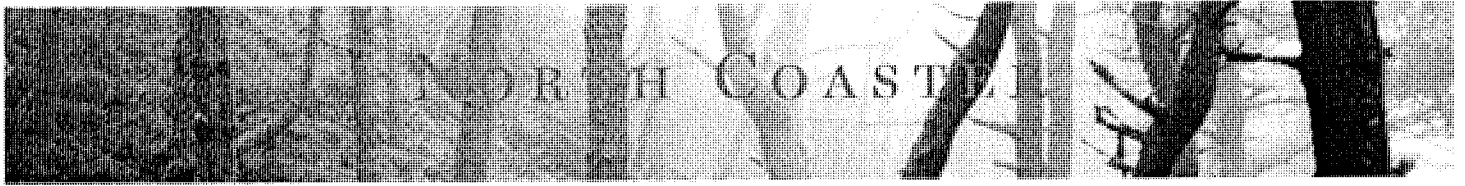
Precipitation Probability

(Dec-Jan-Feb\_2020/21)

[https://www.cpc.ncep.noaa.gov/products/predictions/long\\_range/two\\_class.php](https://www.cpc.ncep.noaa.gov/products/predictions/long_range/two_class.php)



**[UPDATED MONTHLY FORECASTS SERVICE CHANGE NOTICE]**  
**[EXPERIMENTAL TWO-CLASS SEASONAL FORECASTS]**



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# POINT REYES LIGHT

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## New antennas bring better coho tracking

By Braden Cartwright  
11/11/2020

A new and improved tool that tracks salmon survival in Lagunitas Creek was installed on ranchlands west of Point Reyes Station last month, potentially changing the way the Marin Municipal Water District manages the watershed.

Every year, ecologists implant a rice-sized microchip in hundreds of juvenile coho salmon. Now, antennas anchored at the mouth of the creek will register their passage when they swim to or from the ocean. Scientists will use the data to understand the relationship between where salmon grew up and how they fared in the sea.

“This tool will answer some questions that will hopefully take our environmental enhancement work in a different direction,” the district’s aquatic ecologist, Eric Ettlinger, said. “We know a lot more than we used to, but there’s still a lot we don’t understand.”

The antennas replace a makeshift system built in 2012 that was inaccurate and easily damaged. Funded by \$27,000 from Trout Unlimited, Marin County and the Marin Agricultural Land Trust, the new system was built on the Gallagher Ranch, a mile upstream from Tomales Bay. Its two antennas were covered in pipes and placed in shallow waters outside the range of interference by a nearby power transformer, which hindered the previous iteration. The upgraded antennas are stronger and more reliable.

How salmon survive in the Lagunitas Creek watershed is a puzzle for ecologists like Mr. Ettlinger, and the monitoring system could confirm or disprove some of his theories.

One factor blamed for salmon mortality is a lack of slow-water habitat, so restoration projects involve placing logs and woody debris to slow creek flows. But a more important factor could be a lack of access to smaller tributaries when streams flood, meaning the removal of blockages to such tributaries could be equally important. How much streamside construction plays into survival is another critical yet unanswered question.

The National Oceanic and Atmospheric Administration uses the same technology to track coho in the Russian River watershed, where nearly 100 antennas are deployed. With the region now using the same technology, researchers will also begin to understand how often fish drift from their natal streams.

“The more antennas there are out there, the clearer the picture gets for us as to what these fish are doing,” said William Boucher, a biologist with the Russian River Salmon and Steelhead Monitoring Program.

Salmon born in Lagunitas Creek spend a year and a half in freshwater before migrating to the Pacific Ocean through Tomales Bay. After another year or two, they return to their birthplace to spawn. In the watershed's best seasons, ocean survival reaches 10 percent; in recent years, it has averaged 4 percent.

Land managers are resigned to the idea that ocean survival lies mostly outside their control. "The best we can do is allow the fish to survive and grow as much as possible while they're in the creek. Then they're on their own when they go to the ocean," Mr. Ettlinger said.

Todd Steiner, the executive director of the Salmon Protection and Watershed Network, agrees. His organization uses many tools in the conservation toolbox: research and monitoring, the repair of land-use mistakes, land acquisition and policy advocacy to protect streambanks.

Coho salmon on the California coast are endangered, pushed to the edge by habitat loss, ocean fishing and a changing climate. NOAA estimates the population was in the hundreds of thousands in the 1940s, but by the 1980s the species was on the brink of extinction, with fewer than 3,000 wild fish spawning each year. Since then, the species has just barely recovered, thanks to hatchery programs, fishing protections and habitat improvements.

"At best, we're treading water in allowing them to be extant here," Mr. Steiner said.

Marin carries roughly 10 percent of the state's population of coho, and both public and private sectors have spent millions of dollars on heavy-duty construction projects to promote their survival. But the fish continue to struggle. NOAA set a recovery target of 1,300 nests in the watershed; biologists have surveyed an average of 250 nests since 1995. Only 50 were counted last year.

The Marin Municipal Water District was required to steward the watershed after damming the creek to form Kent Lake in 1953. The district oversees annual fish counts, with scientists and volunteers perusing the bank and looking for salmon at each stage of their life.

So far, this year is looking good for a healthy run. The cohort that migrated a year and a half ago and is set to return was abundant, and fishermen have reported accidentally catching coho while casting for chinook or halibut. "That's a really good sign," Mr. Ettlinger said. "It sounds like there are a lot of coho in Tomales Bay waiting for the rain to make their trip up to Lagunitas Creek, so I'm pretty optimistic."



# New delay in increase of water rate, fee

MARIN MUNICIPAL

District already facing a surge of unpaid bills

## Marin Independent Journal

By Will Houston

[whouston@marinij.com](mailto:whouston@marinij.com)

The Marin Municipal Water District is delaying a water rate and fee hike again in light of the coronavirus pandemic's continued strain on the economy.

The district's decision to delay the 4% rate and fee hike from January to April — having previously delayed it from its original effective date of July 1 — is expected to result in a \$3 million loss for the district that would have gone toward repairing and replacing aging pipes.

"It will have an impact," Jack Gibson, president of the utility's board, said after the unanimous vote Tuesday evening. "As the state's oldest municipal water district, many of our pipes are more than 100 years old, and the treatment and delivery of safe, high-quality drinking water comes with a cost."

"There will be tough choices to make as we decide what we can do with the limited revenue we have," he said. "But we are an important part of this community and we have a responsibility to do what we can so that we get through this pandemic together."

The 4-0 vote came a week after district staff reported a surge in customers who are behind on their bills. As of Oct. 1, 6,400 customers — or about 10% of the district's customers — were delinquent for 60 days or more and owed a collective \$1.8 million. At the same time last year, 3,500 customers owed nearly \$500,000.

District staff and board members are exploring options to recoup the unpaid funds whenever the economy begins to reopen and the pandemic is brought under control.

The board adopted the controversial four-year rate and fee hike plan in mid-2019 as a way to address rising employee costs as well as to keep up with inflation. It also adopted a new capital maintenance fee, which is based on customers' water meter size over five years.

The fee, which is also subject to the 4% annual increase, was expected to generate about \$16.5 million or more annually to pay for \$241 million in planned equipment repairs during the next decade. Most customers pay either a \$163 or \$409 fee per year depending on their meter size.

The rate delay adopted this week will likely stall some projects such as replacing and upgrading aging tanks, pipes and pumps before they break and become more expensive to fix.

“You can accept a slowdown, but it’s really not the direction long-term that we’d want to be in,” Ben Horenstein, the district’s general manager, said Wednesday.

While some work will continue — such as reducing fire fuels on the district’s 22,000-acre watershed on Mount Tamalpais — other work will be put on hold, Horenstein said. That includes a study on how algae blooms are affecting the district’s seven reservoirs and the taste and odor of the water.

No layoffs are being considered at this time, according to Horenstein and Gibson, but vacant positions won’t be filled unless they are deemed critical. This could mean more work for the staff and more overtime, Horenstein said.

“We really are not an agency that is resourced in a way of being easily able to absorb these certain things,” Horenstein said. “Again, this is a crazy time, a pandemic. We’re going to keep the water running.”

The district might also need to tap into its \$9.4 million rate stabilization fund, which is typically reserved for long periods of drought. If used, the fund would need to be replenished, according to district communications manager Jeanne Mariani-Belding.

The utility is preparing for a potential drought this winter through an aggressive water purchase from Sonoma Water. The move is expected to extend the supply from reservoirs but also increase costs. Larry Minikes, a member of the district citizens’ advisory committee, said the board’s decision to delay the rate increases is understandable, but stressed that there will be consequences.

“To the long-term benefit of the community, the preference would have been to carve out a program for those ratepayers finding themselves in financial difficulty due to COVID,” Minikes said. “For many in Marin, the additional financial burden is quite moderate. Most ratepayers would have been minimally impacted.”

Under the district’s rate plan, rates were scheduled to rise about 4% each year in July starting in 2019. Still undecided is whether the district will increase rates again in July, just a few months after the April rate hike is set to take effect.

Gibson said he does not see that happening.

“It almost defeats the benefit of putting it off to April,” Gibson said Wednesday. “I don’t know the downside of that. The staff may say we may not want to do that, and they may change my opinion 100%. But it seems to me that we can’t have them back-to-back like that.”

The district is preparing for its next two-year budget. Delaying the July rate hike would likely affect service, Horenstein said.

“We are planning and preparing our budget to reflect those rate increases really understanding the alternative is making cuts,” he said. “And for us, in my view, there is no fat to cut here. Really it’s muscle and bone.”

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Thursday, 11/19/2020 Page .A01

# Point Reyes parks leader has personal ties to area

## NATIONAL SEASHORE

New superintendent recalls his early appreciation for the land

## Marin Independent Journal

By Will Houston

[whouston@marinij.com](mailto:whouston@marinij.com)

The National Park Service announced Thursday that it has appointed a new superintendent for the Point Reyes National Seashore.

Craig Kenkel is superintendent of the Cuyahoga Valley National Park near Cleveland. He has held several posts in the Bay Area during his 37-year park service career.

Kenkel will start his new job in January. He will also oversee the management of 15,000 acres of the Golden Gate National Recreation Area in Marin north of Bolinas- Fairfax Road.

Kenkel held several jobs for the GGNRA between 2005 and 2017, including acting superintendent in 2017. Prior to taking the Cuyahoga Valley National Park post in 2014, he was superintendent of the San Francisco Maritime National Historical Park from 2010-2014 and a national park historical architect in San Francisco from 1989-1992.

“I first experienced Point Reyes early in my career, and instantly connected with its dramatic wildness, ruralness and small communities,” Kenkel said. “When I was a San Francisco resident, the park was often my respite from city life. I’m both excited and honored to join the incredible team of employees and partners who care for Point Reyes and serve all who live in and visit the park.”

The 71,000-acre national seashore might be near the implementation of a controversial management plan. The plan, which had yet to be approved by the regional director as of Thursday, would allow park officials to shoot some tule elk to prevent conflicts with private ranching operations in the park. It would also extend private ranching leases from five-year to 20-year terms.

The 33,000-acre Cuyahoga Valley National Park has some similarities to Point Reyes. Both lease land to private agricultural operations, are near heavily urbanized areas and are visited by about 2.2 million people each year.

In 1999, Cuyahoga Valley National Park and a nonprofit organization agreed to rehabilitate 14 farmsteads that had existed in the park. Ten farms are being leased through a competitive process

and grow crops, flowers and livestock. Point Reyes National Seashore leases land to 24 working dairy and cattle ranches.

“That’s really at the crux of the future management of Point Reyes and that is combining the need to preserve and protect cultural resources along with the rich natural resources that we find at Point Reyes,” said Nona Dennis, a board member with the Marin Conservation League environmental group. “(Kenkel) comes highly respected from National Park Service employees and brings this pretty unique experience of balancing different resources to Point Reyes.”



Point Reyes National Seashore visitors spend some time at Drakes Beach near Inverness.

ALAN DEP — MARIN INDEPENDENT JOURNAL, FILE



Craig Kenkel was named the new superintendent of the Point Reyes National Seashore.

NATIONAL PARK SERVICE PHOTO

Donna Faure, executive director of the seashore’s nonprofit partner, the Point Reyes National Seashore Association, said Kenkel’s experience working with the agricultural sector will be a benefit to Point Reyes. In speaking with her counterpart at the Conservancy of Cuyahoga Valley National Park, Faure said Kenkel has built strong partnerships and has experience working to promote environmental education as well as equity, inclusion and diversity in the park.



The new management plan is expected to create new opportunities to build new trails within the park and other amenities, Faure said.

“I think his experience in the Bay Area means that he will be up to speed really quickly,” Faure said. “What I’ve read is how much he’s loved Point Reyes, as we all do. I’m just excited to have a permanent superintendent. There’s been a lot of transition and I think it’s going to be really good for the park and our partnership.”

Point Reyes’ proposed management plan faced strong opposition and could become the target of litigation by environmental groups. The Mill Valleybased Resource Renewal Institute was among the groups that advocated for the seashore to remove private ranching altogether in favor of giving the park’s nearly 750 tule elk more room to roam.

“The appointment of this superintendent — the fourth in as many years — suggests that, despite overwhelming public support for phasing out ranching and preserving native wildlife, protecting the climate and restoring public access to 28,000 acres of parklands, the conversion of our national seashore to commercial ranching was a foregone conclusion,” said Deborah Moskowitz, the institute’s executive director. “It’s hard to believe that the government paid two dozen ranchers tens of millions of dollars for their land so that this national park could remain their own private Idaho. But the ranchers and their allies have been setting the priorities at Point Reyes for decades.”

Kenkel also joins the park as it works to recover from the Woodward fire, which burned nearly 5,000 acres of wilderness earlier this year and was the worst fire since the Mount Vision fire in 1995, which burned 12,300 acres.

Kenkel will replace the seashore’s 10-year superintendent Cicely Muldoon, who in October became the second woman appointed superintendent at Yosemite National Park.

“I’ve known him for years, and he is one of the best in the business,” Muldoon said of Kenkel. “He has deep experience in managing complex park issues, knows and loves the Bay Area and Point Reyes well, and brings intellect, empathy and great sense of humor to everything. I know the staff and the community will really enjoy working with him.”

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# Case rise could lead to tighter virus rules

MARIN

## **Marin Independent Journal**

**By Matthew Pera and Evan Webeck**

*[mpera@marinij.com](mailto:mpera@marinij.com) and*

Coronavirus infections in Marin are rising at a rate that threatens to rival the record-setting summer surge, which could thrust the county back into the state's most restrictive tier for reopening as early as next week, the county's public health officer said Tuesday.

"My concern is that if this trend goes unabated, we would start seeing surges into our hospitals in December, which is around the same time we start to see flu cases coming in," said Public Health Officer Dr. Matt Willis.

The county recorded an average of about 10 new COVID-19 cases per day throughout October and about 20 new daily cases at the beginning of this month, Willis said.

But over the past several days, the average number of new infections has jumped to 30 or more, representing a steep increase that could foreshadow a more troubling surge, he said.

"If the current rate of new infections continues, we would be in the purple tier as early as next Monday," Willis said, referring to the highest of the four tiers in California's economic reopening blueprint.

Marin on Tuesday remained in the red tier, which is one step below purple, even as California officials moved more counties to tighter restrictions on business and activities. The move came as the state set new records of daily infections amid a relentless autumn surge that has left health officials pleading with people to avoid Thanksgiving gatherings outside their households this week. Health departments around the state reported 20,554 new coronavirus cases Monday, shattering the previous single-day record of 16,521 that followed the July 4 weekend. That brought the state's daily average of new cases to a record 12,442 over the past week, doubling in the span of 12 days.

Marin County health officials reported 90 new cases on Monday, which included infections recorded over the weekend, and another 26 on Tuesday. The county recorded its highest one-day case count on July 16, with 106 new infections.

California Health and Human Services Secretary Dr. Mark Ghaly said Tuesday the new infections around the state generally are linked to social gatherings in which people remove face masks and are close to others outside their households. All counties report that private gatherings

are significant drivers of infections, though not necessarily the biggest, he said, while others point to restaurants.

“We are truly in the midst of a surge here in California,” Ghaly said. “I can’t put my finger on the exact source of transmission. The truth is, because of the way people gather, any activity that allows us to take our guard down is going to become a potential transmission risk.”

Seven counties moved to higher-tier restrictions Tuesday: Colusa, Humboldt, Del Norte and Lassen bumped up to the highest purple tier for widespread infections, Calaveras to the red tier for substantial cases, and Alpine and Mariposa to the orange tier for moderate spread. No counties remain in the yellow tier for minimal transmission.

**The state processed more than 283,000 tests on Monday, and has seen its two-week average rate of positive test results rise 51% since Nov. 10 — from 3.7% to 5.6%.**

Statewide, 45 of 58 counties that are home to 95% of Californians now are under the purple-tier restrictions — including most of the Bay Area — with retailers limited to 25% capacity and indoor activity banned at gyms, theaters, museums and worship places.

In addition to Marin, San Francisco and San Mateo counties avoided a move to the purple tier Tuesday, but officials warned that outbreaks remain dire and urged people not to become complacent. Dr. Grant Colfax, San Francisco’s public health director, said the city is “fast approaching the case count to be reassigned to the purple tier,” with an infection rate expected to surpass its summer peak “in the coming weeks.”

“While this is still lower than the national and state average, we are at a critical moment,” Colfax said. “We can’t let the virus get so far ahead of us that we can’t catch up.”

San Mateo County Health Officer Dr. Scott Morrow was far less gentle in a statement Monday, urging residents to abide by public health orders to avoid new infections and restrictions.

“Right now, enough people are acting like they are individuals, carelessly, thoughtlessly, and I would add quite selfishly, whether by intent or not, resulting in a surge in new cases,” Morrow said. “Because of these actions, everyone’s lives are disrupted, schools will not function properly, and your favorite businesses will close, likely forever. The holidays are going to be a super critical time.”

San Francisco had advanced to the least restrictive yellow tier for minimal outbreaks Oct. 20, the only urban county to do so. At the time, only a dozen California counties remained under the purple restrictions for widespread outbreaks — in Los Angeles, as well as counties with significant agriculture in the Central Valley, Inland Empire and Central Coast, including Sonoma and Monterey.

But since then, the turnaround in infections, hospitalizations and now COVID related deaths has been dramatic. The state processed more than 283,000 tests on Monday, and has seen its two-week average rate of positive test results rise 51% since Nov. 10 — from 3.7% to 5.6%, Ghaly



said. Hospitalizations have risen more than 81% over the last two weeks to 5,844, Ghaly said. Intensive care hospitalizations, he said, are up 57% over two weeks to 1,397.

“Hospitals are stretched,” Ghaly said.

Those figures are only likely to worsen with rising cases, Ghaly said. The state’s daily reported case totals differ slightly from numbers that news organizations compile from county health departments but follow the same trends.

Ghaly repeated his plea for Californians to avoid indoor Thanksgiving gatherings beyond their households to avoid making the case surge worse, even suggesting, with fair weather in the forecast, that they consider an outdoor Thanksgiving lunch instead.

“I, like many of you, am disappointed at how this Thanksgiving will look compared to years past,” Ghaly said. “This year it will look different for me and my family, I’m hoping it will look different for you and yours as well. The safest way to celebrate is at home with members of your household.”



Marin Public Health Officer Dr. Matt Willis said the county would be in the highest of the four tiers in California’s economic reopening blueprint if the current rate of new infections continues.

SHERRY LAVARS — MARIN INDEPENDENT JOURNAL

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**SUPPLEMENTAL  
INFORMATION  
PROVIDED AT  
MEETING**

# **North Marin Water District**

**Board of Directors**

**Presentation of 2020 Audit Results**

**Fedak & Brown LLP**



# **The Audit**

- **The Audit was Performed in Accordance with Auditing Standards Generally Accepted in the United States of America**
  - **The Audit Includes:**
    - **Assessing the District's Internal Controls**
    - **Agree Balances to Supporting Documentation**
    - **Perform Analysis of Key Relationships**

# The CAFR

## Comprehensive Annual Financial Report



Government Finance Officers Association

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in Financial  
Reporting

Presented to

**North Marin Water District  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# **The Auditor's Opinion**

## **Independent Auditor's Report**

- **Independent Auditor's Report on the Financial Statement – Unmodified Opinion**
  - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **North Marin Water District** as of June 30, 2020....

# **The Management Report**

## **Our Findings**

- **We did not Identify Material Weakness Within the District's Internal Control Structure**

# Financial Highlights

## Condensed Statements of Net Position

	2020	As Restated 2019	Change
<b>Assets:</b>			
Current assets	\$ 26,114,495	21,264,146	4,850,349
Non-current assets	6,530,899	8,671,306	(2,140,407)
Capital assets, net	138,412,091	137,498,651	913,440
<b>Total assets</b>	<b>171,057,485</b>	<b>167,434,103</b>	<b>3,623,382</b>
<b>Deferred outflows of resources</b>	<b>3,137,492</b>	<b>2,788,721</b>	<b>348,771</b>
<b>Liabilities:</b>			
Current liabilities	6,781,505	5,707,594	1,073,911
Non-current liabilities	49,776,023	50,810,377	(1,034,354)
<b>Total liabilities</b>	<b>56,557,528</b>	<b>56,517,971</b>	<b>39,557</b>
<b>Deferred inflows of resources</b>	<b>923,684</b>	<b>540,356</b>	<b>383,328</b>
<b>Net position:</b>			
Net investment in capital assets	107,946,623	105,092,277	2,854,346
Restricted for capital projects and debt	-	71,715	(71,715)
Unrestricted	8,767,142	8,000,505	766,637
<b>Total net position</b>	<b>\$ 116,713,765</b>	<b>113,164,497</b>	<b>3,549,268</b>



# Financial Highlights

## Condensed Statements of Revenues, Expenses and Changes in Net Position

	2020	As Restated 2019	Change
<b>Revenue:</b>			
Operating revenue	\$ 23,796,921	21,772,246	2,024,675
Non-operating revenue	868,521	840,162	28,359
<b>Total revenue</b>	<b>24,665,442</b>	<b>22,612,408</b>	<b>2,053,034</b>
<b>Expense:</b>			
Operating expense	19,407,305	16,371,492	3,035,813
Depreciation and amortization	3,366,216	3,451,155	(84,939)
Non-operating expense	1,105,636	899,629	206,007
<b>Total expense</b>	<b>23,879,157</b>	<b>20,722,276</b>	<b>3,156,881</b>
<b>Net income(expense) before capital contributions</b>	<b>786,285</b>	<b>1,890,132</b>	<b>(1,103,847)</b>
<b>Capital contributions</b>	<b>2,762,983</b>	<b>1,921,709</b>	<b>841,274</b>
<b>Change in net position</b>	<b>3,549,268</b>	<b>3,811,841</b>	<b>(262,573)</b>
<b>Net position, beginning of year – as restated</b>	<b>113,164,497</b>	<b>109,352,656</b>	<b>3,811,841</b>
<b>Net position, end of year</b>	<b>\$ 116,713,765</b>	<b>113,164,497</b>	<b>3,549,268</b>

# Financial Highlights

	<u>2020</u>	<u>As Restated 2019</u>	<u>Change</u>
<b>Operating revenues:</b>			
Water consumption sales	\$ 18,194,168	16,337,171	1,856,997
Monthly meter service charge	4,968,620	4,810,296	158,324
Sewer service charges	264,372	252,720	11,652
Water sale to other agency	-	-	-
Other charges and services	369,761	372,059	(2,298)
<b>Total operating revenues</b>	<u>23,796,921</u>	<u>21,772,246</u>	<u>2,024,675</u>
<b>Non-operating revenues:</b>			
Property tax revenue	120,821	115,706	5,115
Investment earnings	549,477	436,684	112,793
Interest earnings from note receivable – BPGL	18,549	48,002	(29,453)
Interest earnings from loan receivable – MMWD	64,182	81,035	(16,853)
Rental revenue	86,597	91,532	(4,935)
Gain on sale of property and equipment	18,816	-	18,816
Other non-operating revenues	10,079	67,203	(57,124)
<b>Total non-operating revenues</b>	<u>868,521</u>	<u>840,162</u>	<u>28,359</u>
<b>Total revenues</b>	<u>\$ 24,665,442</u>	<u>22,612,408</u>	<u>2,053,034</u>

# Financial Highlights

	<u>2020</u>	<u>As Restated 2019</u>	<u>Change</u>
<b>Operating expenses including depreciation expense:</b>			
Source of supply	\$ 7,096,645	5,492,324	1,604,321
Pumping	646,366	458,594	187,772
Water facilities operations	1,176,833	993,209	183,624
Water treatment	2,647,688	2,131,166	516,522
Transmission and distribution	3,560,513	3,301,629	258,884
Sewage collection and treatment	145,183	127,513	17,670
Customer service	534,552	510,341	24,211
General and administrative	3,201,515	3,007,301	194,214
Water conservation	398,010	349,415	48,595
Depreciation and amortization	<u>3,366,216</u>	<u>3,451,155</u>	<u>(84,939)</u>
<b>Total operating expenses including depreciation expense</b>	<u>22,773,521</u>	<u>19,822,647</u>	<u>2,950,874</u>
<b>Non-operating expenses:</b>			
Interest expense – long-term debt	796,147	875,354	(79,207)
Capital contribution to Agency	305,711	-	305,711
Other non-operating expenses	<u>3,778</u>	<u>24,275</u>	<u>(20,497)</u>
<b>Total non-operating expenses</b>	<u>1,105,636</u>	<u>899,629</u>	<u>206,007</u>
<b>Total expenses</b>	<u>\$ 23,879,157</u>	<u>20,722,276</u>	<u>3,156,881</u>

# Financial Highlights

## In 2020:

**Net Position** - Increased by 3,549,268 to \$116,713,765 primarily due to increases of \$786,285 from ongoing operations, \$2,762,983 from capital contributions, and a prior period adjustment to net position in the amount of \$2,529,211 for a loan receivable related to the interconnection agreement with Marin Municipal Water District.

**Total Revenues** - Increased by \$2,053,034 to \$24,665,442.

- **Operating Revenues** - Increased by \$2,024,675 to \$23,796,921 due primarily to increases of \$1,856,997 in water consumption sales and \$158,324 in bi-monthly meter service charges.
- **Non-operating Revenues** - Increased by \$28,359 to \$868,521 due primarily to increases of \$66,487 in net investment earnings, \$18,816 in gain on sale of property and equipment, which were offset by a decrease of \$57,124 in other non-operating revenues.
- **Capital Contributions** - Increased by \$841,274 to \$2,762,983 due primarily to increases of \$485,912 in developer contributions, \$316,207 in state and local capital grants, and \$39,155 in connection fees.

**Total Expenses (including depreciation)** - Increased by \$3,156,881 to \$23,879,157.

- **Operating Expenses** - Increased by \$3,035,813 to \$19,407,305 due primarily to increases of \$1,604,321 in source of supply, \$516,522 in water treatment, \$258,884 in transmission and distribution, \$194,214 in general and administrative, \$187,772 in pumping expense, \$183,624 in water facilities operations, \$48,595 in water conservation, \$24,211 in customer service, and \$17,670 in sewage and collection treatment.
- **Depreciation and Amortization** - Decreased by \$84,939 to \$3,366,216 due primarily to the maturation of existing capital assets depreciation and additional depreciation for replacement assets.
- **Non-operating Expenses** - Increased by \$206,007 to \$1,105,636 due primarily to an increase of \$305,711 in capital contribution to Novato Sanitation District for capital construction, which was offset by decreases of \$79,207 in interest expense on long-term debt and \$20,497 in other non-operating expenses.

# Pension & OPEB Liabilities

## Pension Liability

	<b>Proportionate Share of Net Pension Liability</b>	
	<b>2020</b>	<b>2019</b>
Miscellaneous Plan	\$ <u>13,653,187</u>	<u>12,560,160</u>

## OPEB Liability

	<b>Total OPEB Liability 2019-2020</b>	<b>Total OPEB Liability 2018-2019</b>
Balance at End of Year	\$ <u>4,658,025</u>	<u>4,520,164</u>