



NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
November 2, 2021 – 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 Assembly Bill 361 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/82191971947> OR

Password: 466521

SIGN IN TO ZOOM:

Meeting ID: 821 9197 1947

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: 821 9197 1947#

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.

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

Est. Time	Item	Subject
6:00 p.m.	CALL TO ORDER	
	1.	APPROVE MINUTES FROM REGULAR MEETING , October 19, 2021
	2.	GENERAL MANAGER'S REPORT
	3.	OPEN TIME: (Please observe a three-minute time limit) 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.
	4.	STAFF/DIRECTORS REPORTS ACTION CALENDAR
	5.	Approve: Re-Authorizing Meetings by Teleconference of Legislative Bodies of North Marin Water District Resolution
	6.	Approve: Accept Outside Auditor's FY 20/21 Financial Report and Management Report
	7.	Approve: Gallagher Well No. 2 Installation – Approve Bid Advertisement
	8.	MISCELLANEOUS Disbursements – Dated October 21, 2021 Point Reyes Light – Salinity Notice for October 21, 2021 Point Reyes Light – Salinity Notice for October 28, 2021 NOAA Three Month Precipitation Outlook – November, December, January FY22 1 st Quarter Labor Cost Report Customer Email – Point Reyes Fill Station Cal OES – Emergency Action Plan Approval – Novato Creek Dam Marin IJ – Legal Notice – NMWD Summary of Emergency Water Conservation Ordinance 41 for the Novato Service Area Point Reyes Light – Legal Notice – NMWD Summary of Emergency Water Conservation Ordinance 39 for the West Marin Service Area <u>News Articles:</u> Marin IJ – Marin County Drought Tracker Marin IJ – Creating redundancy crucial for future of Marin water supply Marin IJ – Approve water pipeline, push for other ways Marin IJ – Marin rainfall year ends with dicey outlook ahead – DROUGHT Maven Reports – This Just In...Governor Newsom Expands Drought Emergency Statewide, Urges Californians To Redouble Water Conservation Efforts The Mendocino Voice – Powerhouse down at Potter Valley Project, creating more uncertainty about its future Point Reyes Light – Coastal commission rejects appeal of North Marin well Marin IJ – Edicts to save water stiffen – DROUGHT SFGATE – Top expert on California's atmospheric rivers: 'It can break the drought' Marin IJ – Rain lifts hopes for suppliers of water Marin IJ - MMWD tilts away from desal plant Point Reyes Light – Storm brakes records, fills waterways

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)

Est. Time	Item	Subject
	9.	CLOSED SESSION: Conference with Legal Counsel –Significant Exposure to Litigation Pursuant to California Government Code Section 54956.9(d)(2) One Potential Case
8:00 p.m.	10.	ADJOURNMENT

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

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 19, 2021

CALL TO ORDER

President Grossi announced that due to the Coronavirus outbreak and pursuant to the Brown Act as modified by Assembly Bill 361, this was a virtual meeting. President Grossi 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 Grossi 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 Grossi 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.

President Grossi 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 Grossi noted that due to the virtual nature of the meeting he will request a roll call of the Directors. A roll call was done, those in remote attendance established a quorum. Participating remotely were Directors Jack Baker, Rick Fraites, Jim Grossi, Michael Joly and Stephen Petterle.

President Grossi announced all public attendees will be invited to speak and will need to use the raised hand icon in Zoom or dial *9 to be called upon.

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), Tony Arendell (Construction/Maintenance Superintendent), Robert Clark (Operations/Maintenance Superintendent) and Ryan Grisso (Water Conservation Coordinator). Also participating remotely was IT consultant Kevin Cozart (Core Utilities).

President Grossi announced for those joining the virtual meeting from the public to identify themselves. Participating remotely was Ken Levin (Point Reyes Station Village Association).

MINUTES

On motion of Director Joly, and seconded by Director Petterle the Board approved the minutes from the October 5, 2021 Regular Board Meeting by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

GENERAL MANAGER'S REPORT

Gallagher Well No. 2 – October 15th Hearing

Mr. McIntyre announced the Coastal Commission unanimously voted to reject the appeal so the Marin County issued Coastal Permit stands. He added Engineering staff will be coming to the Board in November to request approval of bid advertisement for construction of Well No. 2. Mr. McIntyre stated now that the appeals are over NMWD has control of the project and can move forward with constructing and testing of the well so that it will be online in 2022.

Director Fraites asked if there was a chance this appeal could go further. Mr. McIntyre replied there is no other appeal process with the Coastal Commission.

Coalition of Sensible Taxpayers (COST)

Mr. McIntyre reported he, Mr. Williams and Mr. Ramudo provided a tour of the Administration Building and the lab in late September to three COST directors at their request. He stated the tour went well and he believed the need for the new lab and building renovation was well demonstrated.

Continued Virtual Meetings

Mr. McIntyre informed the Board that he will be having another agenda item at the next meeting to extend the need for virtual meetings for another thirty days.

Upcoming Meetings

Mr. McIntyre apprised the Board that on October 20th he and Director Baker have a WAC Potter Valley Project subcommittee meeting at 11 a.m. to review a WAC support letter to FERC. Additionally, he stated on October 21st he will be meeting with the Novato Managers, on October 26th with sewer agency managers as part of the Marin Association of Sanitary Sewer Agencies (MASS), and on Friday October 29th he has a Huffman Potter Valley Project Ad Hoc meeting. Mr. McIntyre added the next WAC/TAC meeting will be on Monday November 1st, noting Director Baker is the WAC representative and Director Grossi is the alternate.

Director Joly stated he is aware that the preliminary Sonoma County Water Agency (SCWA) study on Regional Water Resiliency options will be presented as part of the WAC/TAC

meeting on November 1st and asked when the NMWD Board will see SCWA's preliminary ideas to increase supply. Mr. McIntyre responded it will be discussed at the November 16th NMWD Board Meeting.

OPEN TIME

President Grossi asked if anyone from the public wished to bring up an item not on the agenda and there was no response.

STAFF/DIRECTORS REPORTS

President Grossi asked if any Directors or staff wished to bring up an item not on the agenda and the following were discussed.

Mr. Grisso reported on the third and final 2021 Drought Drop By event that was held on October 9th. He stated customer turn-out was good and staff handed out over three hundred water conservation kits. Mr. Grisso added the timeline was perfect since the fall Waterline Newsletter dropped just two days before. He added it was great to see a couple of our Board Members come to the event. Additionally, Mr. Grisso sent out an eblast and offered customers a chance to come to our office during office hours and pick up a kit.

Mr. Clark reported that with the cooler temperatures and rain on its way the recycled water program participation levels have significantly decreased, noting the number of gallons delivered per day has gone from 14,000 gallons to 7,000 gallons. He announced the program will close at the end of October.

Mr. Clark updated the Board on the Point Reyes low-saline water fill station. He stated currently the fill station is open two days per week and they are seeing about eight customers a day, each taking two to ten gallons of water.

Mr. Clark announced staff is working on the Emergency Operations Plan binders and requested the Board of Directors drop them off at the office so they can be updated.

MONTHLY PROGRESS REPORT

The Monthly Progress Report for September was reviewed. Mr. McIntyre reported that water production in Novato was down 5% from one year ago. He noted the July through September total using SCWA billing meters indicates that Novato water use is down 17%, however our tracking shows it is down 20+%. He added it appears the variation is based on SCWA's billing reading cycle not syncing up with each calendar month. In West Marin, water production was down 26% from one year ago and down 30% fiscal year to date. Recycled Water production was up 17% from one year ago and up 11% fiscal year to date. Stafford Treatment Plant production was down 31% fiscal year to date. Mr. McIntyre reported Recycled Water production was 89% of the Stafford Treatment Plant Production over the three-month period. The

Board was apprised that Stafford Lake is at 28% capacity, Lake Sonoma is at 44% and Lake Mendocino is at 23% capacity. In Oceana Marin effluent volume was 0.428 MG for September compared to 0.583 MG one year ago. Under Safety and Liability, we had 70 days without a lost time injury. On the Summary of Complaints and Service Orders, the Board was apprised that total numbers are up 14% from September one year ago. Mr. McIntyre attributed it to customer awareness during the drought and having more active customer involvement to evaluate water use patterns and leaks. Additionally, he reported on the customer questionnaire, noting 173 were sent out and 80 returned with a 94% positive response rate. Under Summary of COVID-19 costs, water bill impacts were up approximately \$1,500 from last month and water bill delinquency costs were down approximately \$10,000 from last month.

Ms. Blue reported on the September 2021 Investments, where the District's portfolio holds \$25.9M earning a 0.31% average rate of return. Ms. Blue noted that during September the cash balance increased by \$688,777. She also noted the LAIF rate is 0.21% . Ms. Blue noted two CD's matured earning approximately \$10,000 on a 1.75% rate and one CD was recently purchased with a .35% modest interest rate now offered.

Director Grossi asked if the District will be able to get some of the water bill delinquency costs paid for by the state. Ms. Blue confirmed, stating there is one billion dollars set aside by the State Water Resources Control Board, who recently did a survey of agencies and determined there is a total need of 400 million dollars. She stated the good news is we will request reimbursement since the time of March 2020 of an estimated amount of around \$120,000 of lost revenue. Ms. Blue added there is an application process and the money may be dispersed as soon as December, and in the meantime, staff continues to make collection calls.

Director Joly asked in reference to recycled water, do we have the capacity to get additional water in case there is redundancy in the system and the need next year. Mr. McIntyre replied the District has not tapped the sanitary district's capacity for delivery.

Director Joly asked if staff was planning on backfeeding Stafford Lake again as we did last year and wondered if we would be blocked from doing so. Mr. McIntyre confirmed staff is planning on backfilling this winter and he expects there will be excess natural flows in the Russian River to allow this to occur.

President Grossi asked if anyone from the public wished to bring up an item not on the agenda and there was no response.

CONSENT ITEMS

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

137 AYES: Director Baker, Fraites, Grossi, Joly and Petterle

138 NOES: None

139 ABSTAIN: None

140 ABSENT: None

141 **REDWOOD CREDIT UNION REMODEL, 1010 GRANT AVE. APNS 141-264-10, 141-264-26**
142 **AND 140-264-27**

143 The Board approved the Redwood Credit Union Remodel at 1010 Grant Avenue, Novato.
144 The Novato Fire Protection District required a dedicated 4-inch fire service and a fire hydrant be
145 installed for this project. Additionally, site landscaping is part of this project, however due to the
146 District's Emergency Water Conservation Ordinance No. 41 the applicant must defer potable
147 water irrigated landscape installation.

148 **RENEWAL OF HORIZON CATV LICENSE AGREEMENT (2021-2026)**

149 The Board approved the renewal of the Horizon CATV License Agreement (2021-2026).
150 This license agreement is for an existing forty-foot antenna located at PRE Tank Site #4. The
151 renewed license agreement will be for a five-year term beginning November 1, 2021 to October
152 31, 2026.

153 **ACTION ITEMS**

154 **CONSIDER APPROVAL OF RESOLUTION 21-24 AMENDING SECTION 6(b) OF**
155 **EMERGENCY WATER CONSERVATION ORDINANCE 41 IN THE NOVATO SERVICE AREA**

156 Mr. Grisso requested approval of Resolution 21-24 amending Section 6(b) of Emergency
157 Water Conservation Ordinance 41 in the Novato Service Area. Mr. Grisso stated given the State
158 Water Resource Control Board Order through December 10, 2021, the continuing drought and
159 lack of rainfall, Ordinance 41 has been updated to extend the applicable period of Stage 2 until
160 such time as the Board declares that Stage 2 actions are no longer required. He noted all
161 applicable Stage 2 non-essential water use prohibitions and subsequent drought surcharges will
162 remain in effect after November 1 with this approval.

163 Director Joly asked if there have been a lot of customer bills with surcharges on them. Mr.
164 Grisso replied yes, there has been more than a few. Director Joly inquired about the filling of
165 swimming pools and asked if this is no longer allowed as of July 1st. Mr. Grisso confirmed, noting
166 the prohibition is for any permits issued after July 1st. Director Joly asked if the AMI system could
167 monitor any violations. Mr. Grisso replied it might show, but most new pools are filled using
168 hydrant meters.

169 President Grossi asked if there were any comments from the public and there were none.

170 On the motion of Director Petterle, and seconded by Director Fraites the Board approved

Resolution 21-24 amending Section 6(b) of the Emergency Water Conservation Ordinance No. 41 in the Novato Service Area by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

CONSIDER APPROVAL OF RESOLUTION 21-25 AMENDING SECTION 6(B) OF EMERGENCY WATER CONSERVATION ORDINANCE 39 IN THE WEST MARIN SERVICE AREA

Mr. Grisso requested approval of Resolution 21-25 Amending Section 6(b) of the Emergency Water Conservation Ordinance 39 in the West Marin Service Area. Mr. Grisso stated given the continuing drought and lack of rainfall, Ordinance 39 has been updated to extend the applicable period of Stage 2 until such time as the Board declares that Stage 2 actions are no longer required. He noted all applicable Stage 2 non-essential water use prohibitions and subsequent drought surcharges will remain in effect after November 1 with this approval.

President Grossi asked if there were any comments from the public and there were none.

On the motion of Director Joly, and seconded by Director Petterle the Board approved Resolution 21-25 amending Section 6(b) of the Emergency Water Conservation Ordinance No. 39 in the West Marin Service Area by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

INFORMATION ITEMS

STRATEGIC PLAN PROGRESS REPORT – YEAR 3 REVIEW (FY 2020-21)

Mr. McIntyre provided a status report on the third-year review of the five-year 2018 Strategic Plan. Mr. McIntyre stated thirty-six of the thirty-nine objectives scheduled during the first three years have been completed or are in progress. He noted that completion of the 2020 Urban Water Management Plan and the start of the Local Water Supply Enhancement Study are big third-year objectives.

Director Joly stated Novato potable water is at 17% conservation and our readings show 20% or more, West Marin is at 37% reduction. He noted all the support we are getting from our customers in their effort to conserve water adding he is grateful they responded to our call.

Director Petterle stated he ran into a customer over the weekend who could say nothing but great things about NMWD and he commended staff from the bottom up for their excellent service. Director Grossi agreed, stating as a Board Member he feels lucky to have the staff we have.

Director Joly stated a neighbor of his who is a gardener has cut down their water use by 60%. He stated she has a brown lawn and has let some of her plants go because she felt the need to measure up. He thanked her for her effort adding he is impressed by our customers. Director Grossi agreed he is also impressed by the dedication to conserve.

President Grossi asked if there were any comments from the public and there were none.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated October 7, 2021, Disbursements – Dated October 14, 2021, Salinity Notice – Point Reyes Light - October 7, 2021, Salinity Notice – Point Reyes Light - October 14, 2021, Drought Drop By – October 9, 2021 and Vendor Letter.

The Board received the following news articles: Marin IJ, Marin Voice – North Marin Water District GM sets path amid drought; Marin IJ – Water sought for rural homes; North Coast Journal – A Moment of Opportunity; Press Democrat – Lake Mendocino level now about 75% of what water managers had hoped; Marin IJ – Water utilities support relief for rural areas; Marin IJ – Water pipeline could be limited; Marin IJ – W. Marin saltwater problem with wells; Marin IJ – Marin County Drought Tracker; Point Reyes Light – County will buy water for rural homes and KPIX CBS SF Bay Area – Salty Tap Water Forces Pt. Reyes Residents To Bottle And Tote Their Own.

The Board received the following social media posts: NMWD Web and Social Media Report – September 2021.

ADJOURNMENT

President Grossi adjourned the meeting at 6:51 p.m.

Submitted by

Theresa Kehoe
District Secretary

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MEMORANDUM

To: Board of Directors

October 29, 2021

From: Drew McIntyre, General Manager



Subject: Re-Authorizing – Meetings by Teleconference of Legislative Bodies of North Marin Water District

t:\gm\bod misc 2021\board of directors meetings by teleconference 10.29.2021 final.doc

RECOMMENDED ACTION: Adopt Resolution No. 21-XX: "Resolution Finding Proclaimed State of Emergency, That Local Officials Continue to Recommend Physical Distancing, and that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees; and Re-Authorizing Meetings by Teleconference of Legislative Bodies of North Marin Water District from November 2, 2021 through December 2, 2021 Pursuant to Brown Act Provisions".

FINANCIAL IMPACT: None

As authorized by the Governor's Executive Order N-29-20, Board meetings have been held virtually over the past eighteen months to protect attendees, including members of public, District employees, and Board members, from potential exposure to the novel coronavirus disease 2019 ("COVID-19"). On June 11, 2021, the Governor issued Executive Order N-08-21 which rescinded these temporary modifications to the Brown Act, effective September 30, 2021. On September 16, 2021, the Governor signed Assembly Bill 361 (2021) ("AB 361") amending the Brown Act to allow local legislative bodies to continue to conduct meetings virtually under specified conditions and pursuant to special rules on notice, attendance, and other matters. AB 361 took full effect on October 1, 2021.

AB 361 authorizes the Board of Directors to meet virtually during declared states of emergency without noticing the location of individual Board Members or requiring such locations to be open to the public if certain findings are made and certain procedures are followed. Where a virtual meeting is held pursuant to AB 361, the members of the public must be able to observe and participate during the meeting.

The Governor's March 4, 2021 declaration of a State of Emergency remains in effect and the State currently requires masks for all unvaccinated individuals and recommends all vaccinated individuals wear masks indoors. Marin County Health Orders currently require all people to wear masks in indoor public settings to slow the spread of the more contagious Delta variant. CDC,

Cal/OSHA, and OSHA continue to recommend physical distancing of at least six feet to protect against transmission of COVID-19. Marin County continues to recommend following CDC guidance on physical distancing as a layer of protection against transmission of COVID-19. On September 29, 2021, Marin County Public Health announced it has launched a COVID-19 booster dose vaccination clinic at Northgate Mall. Therefore, the current circumstances support a determination by the Board that meeting in person would continue to present imminent risks to the health and safety of attendees.

On October 5, 2021, the Board adopted Resolution 21-22, thereby finding a proclaimed state of emergency, that local officials continue to recommend physical distancing, and that meeting in person would present imminent risks to the health or safety of attendees; and authorizing meetings by teleconference of legislative bodies of North Marin Water District from October 5, 2021 through November 4, 2021 pursuant to Brown Act provisions.

If adopted, Resolution No. 21-XX will allow the Board to continue to meet virtually for another 30 days, after which the Board will need to reconsider its findings and confirm the need to hold virtual meetings. This reconsideration and confirmation will need to occur every thirty days until the Board determines it is safe to meet in person.

RECOMMENDED ACTION:

Adopt Resolution No. 21-XX: "Resolution Finding Proclaimed State of Emergency, That Local Officials Continue to Recommend Physical Distancing, and that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees; and Re-Authorizing Meetings by Teleconference of Legislative Bodies of North Marin Water District from November 2, 2021 through December 2, 2021 Pursuant to Brown Act Provisions".

RESOLUTION NO. 21-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF NORTH MARIN WATER DISTRICT FINDING PROCLAIMED STATE OF EMERGENCY, THAT LOCAL OFFICIALS CONTINUE TO RECOMMEND PHYSICAL DISTANCING, AND THAT MEETING IN PERSON WOULD PRESENT IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES; AND RE-AUTHORIZING MEETINGS BY TELECONFERENCE OF LEGISLATIVE BODIES OF NORTH MARIN WATER DISTRICT FROM NOVEMBER 2, 2021 THROUGH DECEMBER 2, 2021 PURSUANT TO BROWN ACT PROVISIONS

WHEREAS, all meetings of the legislative bodies of the North Marin Water District ("District") are open and public, as required by the Ralph M. Brown Act ("Brown Act"), Government Code Section 54950, *et seq.*, and any member of the public may observe, attend, and participate in the business of such legislative bodies; and

WHEREAS, on March 4, 2020, Governor Newsom declared a State of Emergency as a result of the rapid spread of the novel coronavirus disease 2019 ("COVID-19"); and

WHEREAS, on March 10, 2020, the Board of Supervisors of the County of Marin ratified proclamations of health and local emergency due to COVID-19; and

WHEREAS, on March 16, 2020, the City Council of the City of Novato ratified and confirmed a proclamation of local emergency due to COVID-19;

WHEREAS, on March 17, 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20 suspending certain provisions of the Brown Act in order to allow local legislative bodies to conduct meetings telephonically or by other means, after which District staff implemented virtual meetings for all meetings of legislative bodies within the District; and

WHEREAS, on June 11, 2021, Governor Newsom issued Executive Order N-08-21, which terminated the provisions of Executive Order N-29-20 that allows local legislative bodies to conduct meetings telephonically or by other means effective September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed Assembly Bill 361 (2021) ("AB 361"), which amended the Brown Act to allow local legislative bodies to continue to conduct meetings by teleconference under specified conditions and pursuant to special rules on notice, attendance, and other matters; and

WHEREAS, AB 361, pursuant to Executive Order N-15-21, took full effect on October 1, 2021, and requires the Board of Directors to make specific findings to continue meeting under special teleconference rules; and

WHEREAS, October 5, 2021, the Board of Directors previously adopted a Resolution No. 21-22 on finding that the requisite conditions exist for the legislative bodies of North Marin Water District to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in section 54953 (e), the Board of Directors must reconsider the circumstances of the state of emergency that exists in the District, and the Board of Directors has done so; and

WHEREAS, in addition to finding the State of Emergency declared by the Governor pursuant to Government Code section 8625 continues, such findings include that state or local officials recommend measures to promote physical distancing, and that the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, Governor Newsom has declared a State of Emergency due to COVID-19, state and local officials have imposed or recommended measures to promote physical distancing, and the Board of Directors have determined meeting in person would present imminent risks to the health and safety of attendees, including members of the public and District employees; and

WHEREAS, on August 3, 2021, in response to the emergence of the highly contagious Delta variant of COVID-19, which caused an increase in COVID-19 cases throughout the United States, State, and Marin County, the Marin County Health Officer issued an order for nearly all individuals to wear masks when inside public spaces; and

WHEREAS, the Centers for Disease Control and Prevention (“CDC”) and Marin County continue to recommend physical distancing of at least six feet from others outside of the household; and

WHEREAS, Title 8, Section 3205, subdivision (c)(5)(D) of the California Code of Regulations, promulgated by the Division of Occupational Safety and Health of the California Department of Industrial Relations (“Cal/OSHA”), employers to provide instruction to employees on using a combination of “physical distancing, face coverings, increased ventilation indoors, and respiratory protection” to decrease the spread of COVID-19; and

WHEREAS, “Protecting Workers: Guidance on Mitigating and Preventing the Spread of COVID-19 in the Workplace,” promulgated by the Occupational Safety and Health Administration (“OSHA”) under the United States Department of Labor, provides that “[m]aintaining physical distancing at the workplace for [unvaccinated and at-risk] workers is an important control to limit the spread of COVID-19” and recommends that employers train employees about the airborne nature of COVID-19 and importance of exercising multiple layers of safety measures, including physical distancing, and that employers implement “physical distancing in all communal work areas for unvaccinated and otherwise at-risk workers,” including physical distancing from members of the public, as a “key way to protect such workers”; and

WHEREAS, due to the continued threat of COVID-19, the District continues to implement multiple layers of protection against COVID-19, including physical distancing, for the safety of employees and members of the public; and

WHEREAS, the Board of Directors recognizes the recommendations by state and local officials to use physical distancing as a layer of protection against COVID-19 and desires to continue to provide a safe workplace for its employees and a safe environment for the open and public meetings of the District’s legislative bodies; and

WHEREAS, the Board of Directors hereby finds that the presence of COVID-19 and the increase of cases due to the Delta variant would present imminent risks to the health or safety of attendees, including members of the public and District employees, should meetings of the District's legislative bodies be held in person; and

WHEREAS, the Board of Directors and the General Manager shall ensure meetings of the District's legislative bodies comply with the special teleconference rules under the Brown Act, as amended by Assembly Bill 361.

THEREFORE, BE IT RESOLVED by the Board of Directors of the North Marin Water District as follows:

1. The above recitals are true and correct and hereby incorporated into this Resolution.
2. In compliance with the special teleconference rules of Section 54953 of the Government Code, as established by Assembly Bill 361 (2021), the Board of Directors hereby makes the following findings:
 - a. The Board of Directors has considered the circumstances of the state of emergency; and
 - b. The states of emergency, as declared by the Governor, County of Marin, and City of Novato, continue to impact directly the ability of the District's legislative bodies, as well as staff and members of the public, to safely meet in person;
 - c. The CDC, Cal/OSHA, OSHA, and the County of Marin continue to recommend physical distancing of at least six feet to protect against transmission of COVID-19; and
 - d. Meeting in person would continue to present imminent risks to the health and safety of members of the public, members of the District's legislative bodies, and District employees due to the continued presence and threat of COVID-19.
3. The District's legislative bodies may continue to meet remotely in compliance with the special teleconference rules of Section 54953 of the Government Code, as amended by Assembly Bill 361 (2021), in order to protect the health and safety of the public.
4. The Board of Directors will review these findings and the need to conduct meetings by teleconference within thirty (30) days of adoption of this resolution.

* * * * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the 2nd day of November 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Theresa Kehoe, Secretary
North Marin Water District

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MEMORANDUM

To: Board of Directors October 29, 2021
From: Julie Blue, Auditor/Controller *JB*
Subject: Accept – Outside Auditor's FY21 Financial Report and Management Report
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RECOMMENDED ACTION: Accept FY21 Financial Report and Management Report

FINANCIAL IMPACT: None with this Review. Annual Audit Cost is \$18,120.

Andy Beck of Fedak & Brown LLP will attend the meeting to present the Comprehensive Annual Financial Report (Attachment 1) and the Management Report (Attachment 2). The presentation is included as Attachment 3 to this memo.

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 respects, the financial position of the North Marin Water District as of June 30, 2021 and 2020, and the changes in net position and 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 nine pages of the Management Report. The number of adjusting entries increased from the prior fiscal year from 14 to 19 (35.7% increase). The increase in adjusting entries is due to the five entries posted for the Enterprise Fleet Management leases to recognize them as capital leases assets. The following changes make up the majority of the adjusting entries:

- 1) A GASB 68 net pension expense of \$815,408 and an increase in the Pension Liability of \$1,074,473 to \$14,727,660.
- 2) A GASB 75 other post-employment benefits (OPEB) net expense of \$372,446 and an increase in the OPEB Liability of \$280,006 to \$4,938,031.
- 3) Capital Lease entries to record Enterprise Fleet Management leased vehicles as capital assets. These entries recorded an lease asset of \$357,592 and a lease liability of \$268,052.

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

RECOMMENDATION

Accept the Outside Auditor's FY21 Financial Report and Management Report.



NORTH MARIN WATER DISTRICT

Novato, California

Comprehensive Annual Financial Report For the Fiscal Years Ended June 30, 2021 and 2020





NORTH MARIN WATER DISTRICT

Name	Title	Elected/ Appointed	Current Term
James Grossi	President	Elected	12/18 - 12/22
Stephen Petterle	Vice-President	Elected	12/20 - 12/24
Michael Joly	Director	Elected	12/20 - 12/24
Jack Baker	Director	Elected	12/20 - 12/24
Rick Fraites	Director	Elected	12/18 - 12/22

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

North Marin Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2021 and 2020

NORTH MARIN WATER DISTRICT

999 Rush Creek Place
Novato, California 94945

Prepared by:
Finance Department
Julie Blue, Auditor-Controller
Nancy Holton, Accounting Supervisor
Nancy Williamson, Senior Accountant

**North Marin Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2021 and 2020**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
Introductory Section	
Letter of Transmittal	1-5
Organizational Chart	6
District Service Area Map	7
GFOA's Certificate of Achievement for Excellence in Financial Reporting	8
Financial Section	
Independent Auditor's Report	9-10
Management's Discussion and Analysis	11-16
Basic Financial Statements:	
Statements of Net Position	17-18
Statements of Revenues, Expenses and Changes in Net Position	19
Statements of Cash Flows	20-21
Notes to the Basic Financial Statements	22-57
Required Supplementary Information:	
Schedules of Changes in the District Total OPEB Liability and Related Ratios	58
Schedules of the District's Proportionate Share of Net Pension Liability	59-60
Schedules of Pension Plan Contributions	61
Supplemental Information:	
Combining Schedule of Net Position	62-63
Combining Schedule of Revenues, Expenses and Changes in Net Position	64-65
Statistical Information Section:	
Statistical Section – Table of Contents	66
Changes in Net Position by Component – Last Ten Fiscal Years	67-68
Operating Revenues by Source – Last Ten Fiscal Years	69
Operating Expenses by Activity – Last Ten Fiscal Years	70
Non-Operating Revenue and Expenses – Last Ten Fiscal years	71
Revenue Base – Last Ten Fiscal Years	72
Customers by Type – Last Ten Fiscal Years	73
Novato Water Revenue Rates – Last Ten Fiscal Years	74
Ten Largest Water Customers by Revenue – Current Fiscal Year and Ten Years Ago	75
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	76
Pledged-Revenue Coverage – Last Ten Fiscal Years	77
Demographic and Economic Statistics – Last Ten Fiscal Years	78
Demographic and Economic Statistics – Ten Largest Employers – Current Year	79
Operating and Capacity Indicators – Total Employees – Last Ten Fiscal Years	80
Other Operating and Capacity Indicators – Last Ten Fiscal Years	81
Report on Internal Controls and Compliance	
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 <i>Government Auditing Standards</i>	82-83

Introductory Section

Board Presentation Version



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November 2, 2021

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, 2021 and 2020, 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, 2021, the District employed 50 regular employees, plus temporary and seasonal employees as the workload dictates. There were 54 full time positions budgeted, 24 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 the Dillon Beach Village community.

District Services, continued

The District provides water service to over 61,000 residents in the greater Novato area through 20,607 potable water service connections and 96 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 785 service connections and sewer service to approximately 500 residents in the Oceana Marin service area of West Marin County through 235 service connections.

Residential customers comprise approximately 90% of the District's customer base and consume approximately 80% of the water produced annually by the District. On average, 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 2.3 billion gallons of water in fiscal year 2021 and 1.9 billion gallons in fiscal year 2020 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 that meets or exceeds customer needs and expectations. Each day, District employees strive to carry out the mission of providing potable and recycled water and sewer services that are reliable, high-quality, environmentally responsible, and reasonably priced.

Since March 2020, the economic condition for the District's service area has experienced challenges with the continuation of the COVID-19 pandemic. Local restaurants, educational, fitness and religious facilities, as well as local entertainment and recreation venues have been required to adjust and, in some cases, 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)). Additionally, the Board of Directors approved temporary revisions to the District's shut-off policy extending shut-off due to non-payment for 90 days after the end of the EO. 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. This order expires September 30, 2021 and was subsequently extended by Senate Bill No. 155 through December 31, 2021.

As a Special District, the risk/exposure of revenue loss, during these unprecedented times, for the District is expected to be 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.

Economic Condition, Outlook and Major Initiatives, continued

The Russian River water delivery system operated by the Agency typically provides 75% of Novato's water supply. Novato rainfall in fiscal year 2021 totaled 8.63" which was about 32% of the historical average annual rainfall. As a result of the two-year drought, the District adopted Emergency Water Conservation Ordinance 41 in March, 2021. This Ordinance was revised later to enact Stage 1 20% voluntary reduction in water use from May 1 to June 30 and Stage 2 mandatory reduction in water use effective July 1. Ordinance 41, as modified, also enacted the drought surcharge as long as Stage 2 mandatory reductions remain in effect. In the Russian River Watershed due to worsening drought conditions, the State Water Resources Control Board (SWRCB) issued an order on June 14, 2021 that reduced minimum instream flow requirements in the lower Russian River from 85 cubic feet per second (cfs) to 35 cfs. The Temporary Urgency Change Order (TUCO) also required that the Agency and its water contractors reduce total diversions from the Russian River by 20% compared to the same period of 2020 from July 1 through October 31. The order, issued at the request of the Agency, will allow the Agency to preserve storage in Lake Sonoma, which is the primary source of drinking water for more than 600,000 people in Sonoma and Marin counties.

North Marin's Stafford Lake water treatment plant produced 211 million gallons of water to augment Russian River supplies with local water supply during the fiscal year. In FY 21, 364MG of backfeed water was purchased from Sonoma County Water Agency to supplement the diminished local water supply due to the drought conditions. This water was stored in Stafford Lake for use starting July 1, 2021. Recycled water treatment facilities at Novato Sanitary District, Las Gallinas Valley Sanitary District and North Marin's Deer Island treatment facilities combined to provided 259 million gallons of highly treated recycled wastewater to large landscape irrigation customers and various commercial car washes in Novato.

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 increase for customers in the Novato service area was authorized by the Board of Directors effective July 1, 2021. At \$750 per year, the cost of water service for a typical Novato detached single-family home using 91,000 gallons of water a year remains a good value for Novato customers. These rates are at the median when compared to 16 other Bay Area water suppliers.

In West Marin, dry year water supply conditions on Lagunitas Creek became effective on May 5, 2020 (FY20) when a water shortage was declared and Emergency Water Conservation Ordinance 39 was enacted. Dry year conditions continued in FY21 and Ordinance 39 restrictions remained in place including Stage 2 25% mandatory water use reductions and drought surcharges.

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 2021 and 2020, 648 AF (211 MG) and 2,105 AF (686 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 51,800 acre feet in fiscal year 2021. 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 2021 and 2020, the District received 7,306 AF (2,380 MG) and 5,887 AF (1,918 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 twelfth 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 2020 and 2019 Comprehensive Annual Financial Report. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

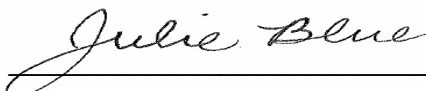
A Certificate of Achievement is valid for a period of one year. We believe that this Comprehensive Annual Financial Report meets the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for 2021.

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,



Drew McIntyre
General Manager

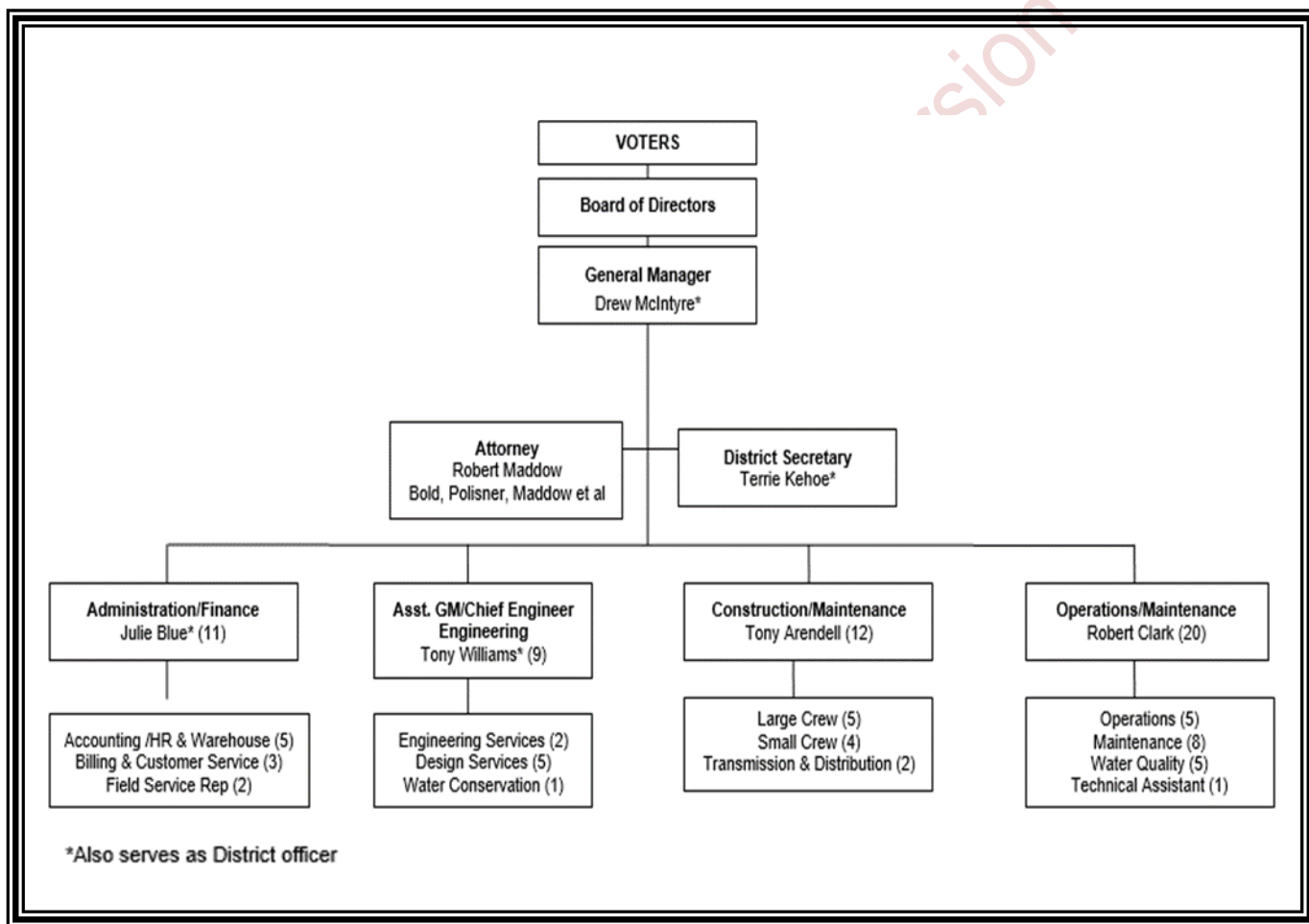


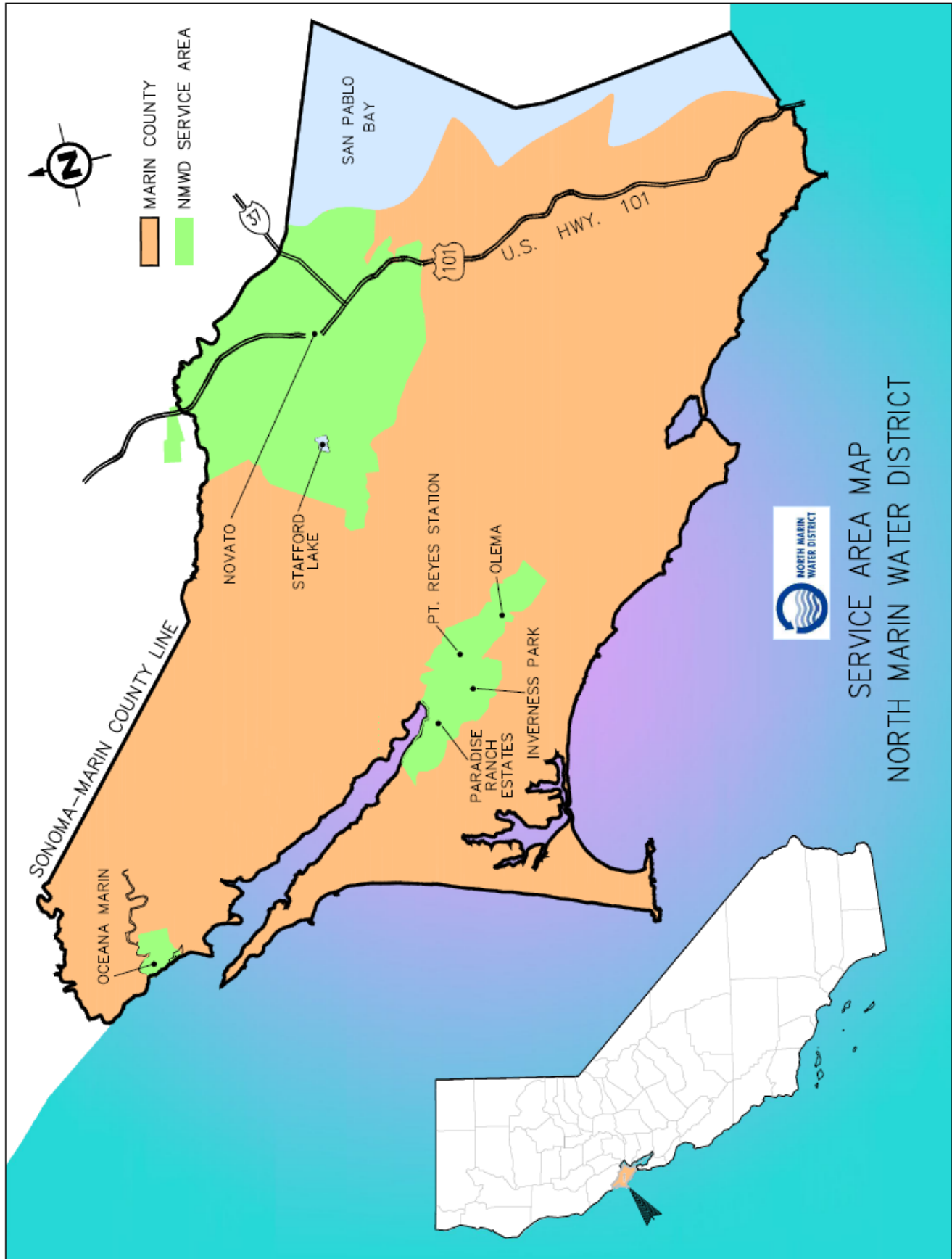
Julie Blue
Auditor-Controller

North Marin Water District Organizational Chart

As of
June 30, 2021

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, 2020

Christopher P. Morrell

Executive Director/CEO

Financial Section

Board Presentation Version

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, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years 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; the standards applicable to financial audits 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 audits 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 opinion.

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, 2021 and 2020, and the changes in net position and 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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 16 and the required supplementary information on pages 58 through 61 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 audits 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section on pages 1 through 8, the supplementary information of combining schedules on pages 62 through 65, and the statistical section on pages 66 through 81 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information of combining schedules is 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. Such information has been subjected to the auditing procedures applied in the audits 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits 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 November 2, 2021, 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 82 and 83.

Fedak & Brown LLP

Cypress, California

November 2, 2021

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2021 and 2020

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, 2021 and 2020. 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 2021, the District's net position increased 4.3% or \$4,970,399 to \$121,684,164 due to income from ongoing operations of \$382,311 and capital contributions of \$4,588,088. In fiscal year 2020, the District's net position increased 3.1% or \$3,549,268 to \$116,713,765 due to income from ongoing operations of \$786,285 and capital contributions of \$2,762,983.
- In fiscal year 2021, the District's total revenues increased 4.7% or \$1,152,181 to \$25,817,623. In fiscal year 2020, the District's total revenues increased 9.1% or \$2,053,034 to \$24,665,442.
- In fiscal year 2021, the District's operating revenues increased 6.6% or \$1,581,614 to \$25,378,535. In fiscal year 2020, the District's operating revenues increased 9.3% or \$2,024,675 to \$23,796,921.
- In fiscal year 2021, the District's non-operating revenues decreased by 49.4% or \$429,433 to \$439,088. In fiscal year 2020, the District's non-operating revenues increased by 3.4% or \$28,359 to \$868,521.
- In fiscal year 2021, the District's total expenses including depreciation increased 6.5% or \$1,556,155 to \$25,435,312. 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 2021, the District's operating expenses, before depreciation, increased 6.9% or \$1,332,294 to \$20,737,073. In fiscal year 2020, the District's operating expenses, before depreciation, increased 18.5% or \$3,033,287 to \$19,404,779.
- In fiscal year 2021, the District's non-operating expenses decreased by 26.8% or \$297,019 to \$811,143. In fiscal year 2020, the District's non-operating expenses increased by 23.2% or \$208,533 to \$1,108,162.
- In fiscal year 2021, the District's capital contributions increased by 66.1% or \$1,825,105 to \$4,588,088. In fiscal year 2020, the District's capital contributions increased by 43.8% or \$841,274 to \$2,762,983.

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), deferred outflows resources, obligations to creditors (liabilities), and deferred inflows of resources. 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 the current year's revenues 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, 2021 and 2020

Required Financial Statements, continued

The Statement of Cash Flows reports cash receipts, cash payments, and the net change 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 22 through 57.

Statements of Net Position

Below is a summary of the statements of net position, and presents a comparison between June 30, 2021 and 2020, and June 30, 2020 and 2019.

Condensed Statements of Net Position					
	2021	2020	Change	2019	Change
Assets:					
Current assets	\$ 30,793,755	26,184,796	4,608,959	21,264,146	4,920,650
Non-current assets	3,804,490	6,460,598	(2,656,108)	8,671,306	(2,210,708)
Capital assets, net	139,341,932	138,675,093	666,839	137,498,651	1,176,442
Total assets	173,940,177	171,320,487	2,619,690	167,434,103	3,886,384
Deferred outflows of resources	3,497,233	3,137,492	359,741	2,788,721	348,771
Liabilities:					
Current liabilities	6,056,565	6,839,892	(783,327)	5,707,594	1,132,298
Non-current liabilities	48,957,580	49,980,638	(1,023,058)	50,810,377	(829,739)
Total liabilities	55,014,145	56,820,530	(1,806,385)	56,517,971	302,559
Deferred inflows of resources	739,101	923,684	(184,583)	540,356	383,328
Net position:					
Net investment in capital assets	110,643,664	107,946,623	2,697,041	105,092,277	2,854,346
Restricted	-	-	-	71,715	(71,715)
Unrestricted	11,040,500	8,767,142	2,273,358	8,000,505	766,637
Total net position	\$ 121,684,164	116,713,765	4,970,399	113,164,497	3,549,268

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2021 and 2020

Statements of Net Position, continued

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 \$121,684,164 and \$116,713,765 as of June 30, 2021 and 2020, respectively.

By far the largest portion of the District's net position (91% and 92% as of June 30, 2021 and 2020, 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 years 2021 and 2020, the District showed a positive balance in its unrestricted net position of \$11,040,500 and \$8,767,142. See note 11 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

Below is a summary of the statements of revenues, expenses, and changes in net position, and presents a comparison between the years ended June 30, 2021 and 2020, and June 30, 2020 and 2019.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2021	2020	Change	2019	Change
Revenue:					
Operating revenue	\$ 25,378,535	23,796,921	1,581,614	21,772,246	2,024,675
Non-operating revenue	439,088	868,521	(429,433)	840,162	28,359
Total revenue	25,817,623	24,665,442	1,152,181	22,612,408	2,053,034
Expense:					
Operating expense	20,737,073	19,404,779	1,332,294	16,371,492	3,033,287
Depreciation and amortization	3,887,096	3,366,216	520,880	3,451,155	(84,939)
Non-operating expense	811,143	1,108,162	(297,019)	899,629	208,533
Total expense	25,435,312	23,879,157	1,556,155	20,722,276	3,156,881
Net income(expense) before capital contributions	382,311	786,285	(403,974)	1,890,132	(1,103,847)
Capital contributions	4,588,088	2,762,983	1,825,105	1,921,709	841,274
Changes in net position	4,970,399	3,549,268	1,421,131	3,811,841	(262,573)
Net position, beginning of year	116,713,765	113,164,497	3,549,268	109,352,656	3,811,841
Net position, end of year	\$ 121,684,164	116,713,765	4,970,399	113,164,497	3,549,268

The statement of revenues, expenses and changes of net position shows how the District's net position changed during the fiscal year. In the case of the District, net position increased 4.3% or \$4,970,399 to \$121,684,164 due primary to income from ongoing operations of \$382,311 and capital contributions of \$4,588,088. In 2020, the District's net position increased 3.1% or \$3,549,268 to \$116,713,765 primarily due to income from ongoing operations of \$786,285 and capital contributions of \$2,762,983.

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

In 2021, the District's operating revenues increased 6.6% or \$1,581,614 due primarily to increases in water consumption sales of \$1,352,443 and bi-monthly meter service charges of \$241,542. In 2020, the District's operating revenues increased \$2,024,675 due primarily to increases in water consumption sales of \$1,856,997 and bi-monthly meter service charges of \$158,324.

In 2021, the District's non-operating revenues decreased 49.4% or \$429,433 due primarily to decreases in net investments earnings of \$417,139 and gain on sale of property and equipment of \$18,816. In 2020, the District's non-operating revenues increased by 3.4% or \$28,359 due primarily to increases in net investment earnings of \$66,487 and gain on sale of property and equipment of \$18,816, which were offset by a decrease in other non-operating revenues of \$57,124.

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2021 and 2020

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

In 2021, the District's capital contributions increased 66.1% or \$1,825,105 due primarily to increases in connection fees of \$1,964,554 and developer contributions of \$110,889; which were offset by a decrease in state and local capital grants of \$250,338. In 2020, the District's capital contributions increased by 43.8% or \$841,274 due primarily to increases in developer contributions of \$485,912, state and local capital grants of \$316,207, and connection fees of \$39,155.

In 2021, the District's operating expenses increased 6.9% or \$1,332,294 due primarily to increases in source of supply of \$1,527,623, general and administrative of \$459,754, transmission and distribution of \$63,891, and water facilities operations of \$41,257; which were offset by decreases in water treatment of \$729,902 and customer service of \$64,141. In 2020, the District's operating expenses increased 18.5% or \$3,033,287 due primarily to increases in source of supply of \$1,604,321, water treatment of \$516,522, transmission and distribution of \$258,884, general and administrative of \$191,839, pumping expense of \$187,772, water facilities operations of \$183,624, water conservation of \$48,595, customer service of \$24,211, and sewage and collection treatment of \$17,670.

In 2021, the District's non-operating expenses decreased 26.8% or \$297,019 due primarily to decreases in capital contribution to the Novato Sanitation District for capital construction of \$305,711 and interest expense on long-term debt of \$58,518; which were offset by an increase in other non-operating expenses of \$67,210. In 2020, the District's non-operating expenses increased by 23.2% or \$208,533 due primarily to an increase in capital contribution to the Novato Sanitation District for capital construction of \$305,711; which was offset by decreases in interest expense on long-term debt of \$76,832 and other non-operating expenses of \$20,346.

In 2021 the District's depreciation and amortization increased by 15.5% or \$520,880 due primarily to the capitalization of its distribution system, treatment plant, and other plant and equipment. In 2020, the District's depreciation and amortization decreased by 2.5% or \$84,939 due primarily to the maturation of existing capital assets.

Total District Revenues

Below is a detailed schedule of the District's total revenues segregated between operating revenues and non-operating revenues.

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Operating revenues:					
Water consumption sales	\$ 19,546,611	18,194,168	1,352,443	16,337,171	1,856,997
Monthly meter service charge	5,210,162	4,968,620	241,542	4,810,296	158,324
Sewer service charge	276,360	264,372	11,988	252,720	11,652
Other charges and services	345,402	369,761	(24,359)	372,059	(2,298)
Total operating revenues	<u>25,378,535</u>	<u>23,796,921</u>	<u>1,581,614</u>	<u>21,772,246</u>	<u>2,024,675</u>
Non-operating revenues:					
Property tax revenue	125,416	120,821	4,595	115,706	5,115
Investment earnings	143,166	549,477	(406,311)	436,684	112,793
Interest earnings from note receivable – BPGL	11,551	18,549	(6,998)	48,002	(29,453)
Interest earnings from loan receivable – MMWD	60,352	64,182	(3,830)	81,035	(16,853)
Rental revenue	80,443	86,597	(6,154)	91,532	(4,935)
Gain on sale of property and equipment	-	18,816	(18,816)	-	18,816
Other non-operating revenues	18,160	10,079	8,081	67,203	(57,124)
Total non-operating revenues	<u>439,088</u>	<u>868,521</u>	<u>(429,433)</u>	<u>840,162</u>	<u>28,359</u>
Total revenues	<u>\$ 25,817,623</u>	<u>24,665,442</u>	<u>1,152,181</u>	<u>22,612,408</u>	<u>2,053,034</u>

In 2021 and 2020, total revenues increased \$1,152,181 and \$2,053,034, respectively.

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2021 and 2020

Total District Expenses

Below is a detailed schedule of the District's total expenses segregated between operating revenues and non-operating revenues.

	2021	2020	Change	2019	Change
Operating expenses including depreciation expense:					
Source of supply	\$ 8,624,268	7,096,645	1,527,623	5,492,324	1,604,321
Pumping	642,477	646,366	(3,889)	458,594	187,772
Water facilities operations	1,218,090	1,176,833	41,257	993,209	183,624
Water treatment	1,917,786	2,647,688	(729,902)	2,131,166	516,522
Transmission and distribution	3,624,404	3,560,513	63,891	3,301,629	258,884
Sewage collection and treatment	184,329	145,032	39,297	127,513	17,519
Customer service	470,411	534,552	(64,141)	510,341	24,211
General and administrative	3,658,894	3,199,140	459,754	3,007,301	191,839
Water conservation	396,414	398,010	(1,596)	349,415	48,595
Depreciation and amortization	3,887,096	3,366,216	520,880	3,451,155	(84,939)
Total operating expenses including depreciation expense	24,624,169	22,770,995	1,853,174	19,822,647	2,948,348
Non-operating expenses:					
Interest expense – long-term debt	740,004	798,522	(58,518)	875,354	(76,832)
Capital contribution to Agency	-	305,711	(305,711)	-	305,711
Other non-operating expenses	71,139	3,929	67,210	24,275	(20,346)
Total non-operating expenses	811,143	1,108,162	(297,019)	899,629	208,533
Total expenses	\$ 25,435,312	23,879,157	1,556,155	20,722,276	3,156,881

In 2021 and 2020, total expenses increased \$1,556,155 and \$3,156,881, respectively.

Capital Asset Administration

Changes in capital asset amounts for 2021 were as follows:

	Balance 2020	Additions	Transfers/ Deletions	Balance 2021
Capital assets:				
Non-depreciable assets	\$ 6,442,627	4,388,484	(1,954,253)	8,876,858
Depreciable assets	196,453,956	2,119,704	-	198,573,660
Accumulated depreciation	(64,221,490)	(3,887,096)	-	(68,108,586)
Total capital assets, net	\$ 138,675,093	2,621,092	(1,954,253)	139,341,932

Changes in capital asset amounts for 2020 were as follows:

	Balance 2019	Additions	Transfers/ Deletions	Balance 2020
Capital assets:				
Non-depreciable assets	\$ 25,353,552	4,002,970	(22,913,895)	6,442,627
Depreciable assets	173,180,839	23,402,553	(129,436)	196,453,956
Accumulated depreciation	(60,953,344)	(3,397,582)	129,436	(64,221,490)
Total capital assets, net	\$ 137,581,047	24,007,941	(22,913,895)	138,675,093

At the end of fiscal years 2021 and 2020, the District's investment in capital assets (net of accumulated depreciation) totaled \$139,341,932 and \$138,675,093, respectively. This investment in capital assets (net of accumulated depreciation) includes land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, vehicles and construction-in-progress. See note 6 for further information.

North Marin Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2021 and 2020

Debt Administration

Changes in long-term debt amounts for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2021</u>
Long-term debt:				
Capital lease	\$ 263,002	63,438	(58,388)	268,052
Loans payable	<u>32,903,399</u>	<u>-</u>	<u>(2,394,043)</u>	<u>30,509,356</u>
Total long-term debt	<u>\$ 33,166,401</u>	<u>63,438</u>	<u>(2,452,431)</u>	<u>30,777,408</u>

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:				
Capital lease	\$ 82,403	211,298	(30,699)	263,002
Loans payable	<u>35,236,198</u>	<u>-</u>	<u>(2,332,799)</u>	<u>32,903,399</u>
Total long-term debt	<u>\$ 35,318,601</u>	<u>211,298</u>	<u>(2,363,498)</u>	<u>33,166,401</u>

See note 8 for further information.

Conditions Affecting Current Financial Position

The COVID-19 outbreak in the United States has caused business disruption from shortages in the workforce, and through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the availability of the workforce and unexpected business closings. Consequently, the related financial impact on the District 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.

Basic Financial Statements

Board Presentation Version

North Marin Water District
Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 20,613,991	14,864,898
Restricted – cash and cash equivalents (note 2)	991,585	1,184,440
Restricted – investments (note 2)	2,741,536	3,479,480
Accrued interest receivable	23,168	81,874
Accounts receivable – water and sewer sales and services	4,490,430	4,402,160
Accounts receivable – governmental agencies	532,602	662,879
Accounts receivable – other	87,413	251,761
Note receivable (note 3)	37,646	37,271
Loan receivable (note 3)	148,902	144,968
Materials and supplies inventory	687,346	628,948
Prepaid expenses and deposits	439,136	446,117
Total current assets	<u>30,793,755</u>	<u>26,184,796</u>
Non-current assets:		
Restricted – investments (note 2)	250,440	2,720,000
Note receivable (note 3)	1,098,812	1,136,458
Loan receivable (note 3)	1,930,238	2,079,140
Notes receivable – employee housing assistance loans, net (note 4)	525,000	525,000
Capital assets, not being depreciated (note 6)	8,876,858	6,442,627
Depreciable capital assets, net (note 6)	130,465,074	132,232,466
Total non-current assets	<u>143,146,422</u>	<u>145,135,691</u>
Total assets	<u>173,940,177</u>	<u>171,320,487</u>
Deferred outflows of resources:		
Deferred other post-employment benefits outflows (note 9)	489,891	341,851
Deferred pension outflows (note 10)	3,007,342	2,795,641
Total deferred outflows of resources	<u>\$ 3,497,233</u>	<u>3,137,492</u>

Continued on next page

See accompanying notes to the basic financial statements

North Marin Water District
Statements of Net Position, continued
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,710,455	2,899,318
Accrued wages and related payables	304,520	285,184
Accrued claims payable	23,440	23,537
Customer advances and deposits	1,584,319	1,272,311
Accrued interest payable – long-term debt	148,400	157,614
Long-term liabilities – due within one year:		
Compensated absences (note 7)	199,978	176,238
Capital lease payable (note 8)	71,321	58,387
Loans payable (note 8)	2,014,132	1,967,303
Total current liabilities	<u>6,056,565</u>	<u>6,839,892</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)	599,934	528,715
Capital lease payable (note 8)	196,731	204,615
Loans payable (note 8)	28,495,224	30,936,096
Total other post-employment benefits liability (note 9)	4,938,031	4,658,025
Net pension liability (note 10)	14,727,660	13,653,187
Total non-current liabilities	<u>48,957,580</u>	<u>49,980,638</u>
Total liabilities	<u>55,014,145</u>	<u>56,820,530</u>
Deferred inflows of resources:		
Deferred other post-employment benefits inflows (note 9)	104,267	121,829
Deferred pension inflows (note 10)	634,834	801,855
Total deferred inflows of resources	<u>739,101</u>	<u>923,684</u>
Net position: (note 11)		
Net investment in capital assets	110,643,664	107,946,623
Restricted	-	-
Unrestricted	11,040,500	8,767,142
Total net position	<u>\$ 121,684,164</u>	<u>116,713,765</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Water consumption sales	\$ 19,546,611	18,194,168
Bi-monthly meter service charge	5,210,162	4,968,620
Sewer service charges	276,360	264,372
Other charges and services	345,402	369,761
Total operating revenues	<u>25,378,535</u>	<u>23,796,921</u>
Operating expenses:		
Source of supply	8,624,268	7,096,645
Pumping	642,477	646,366
Water facilities operations	1,218,090	1,176,833
Water treatment	1,917,786	2,647,688
Transmission and distribution	3,624,404	3,560,513
Sewage collection and treatment	184,329	145,032
Customer service	470,411	534,552
General and administrative	3,658,894	3,199,140
Water conservation	396,414	398,010
Total operating expenses	<u>20,737,073</u>	<u>19,404,779</u>
Operating income before depreciation	4,641,462	4,392,142
Depreciation expense – capital recovery	(3,887,096)	(3,366,216)
Operating income	<u>754,366</u>	<u>1,025,926</u>
Non-operating revenues(expenses):		
Property tax revenue	125,416	120,821
Investment earnings	143,166	549,477
Interest earnings from note receivable – BPGL	11,551	18,549
Interest earnings from loan receivable – MMWD	60,352	64,182
Rental revenue	80,443	86,597
Interest expense – long-term debt	(740,004)	(798,522)
Capital contribution to Agency	-	(305,711)
Gain on sale of property and equipment	-	18,816
Other non-operating revenues	18,160	10,079
Other non-operating expenses	(71,139)	(3,929)
Total non-operating revenues, net	<u>(372,055)</u>	<u>(239,641)</u>
Net income before capital contributions	<u>382,311</u>	<u>786,285</u>
Capital contributions:		
Developers and others	1,005,939	895,050
Connection fees	3,496,089	1,531,535
Capital grants – state and local	86,060	336,398
Total capital contributions	<u>4,588,088</u>	<u>2,762,983</u>
Change in net position	<u>4,970,399</u>	<u>3,549,268</u>
Net position, beginning of year	<u>116,713,765</u>	<u>113,164,497</u>
Net position, end of year	<u>\$ 121,684,164</u>	<u>116,713,765</u>

See accompanying notes to the basic financial statements

North Marin Water District
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 25,784,781	22,980,137
Cash paid to employees for salaries and wages	(5,695,977)	(5,608,011)
Cash paid to vendors and suppliers for materials and services	(15,428,162)	(10,912,644)
Net cash provided by operating activities	<u>4,660,642</u>	<u>6,459,482</u>
Cash flows from non-capital financing activities:		
Property tax revenue	125,416	120,821
Net cash provided by non-capital financing activities	<u>125,416</u>	<u>120,821</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(4,553,935)	(4,542,658)
Proceeds from the sale of capital assets	-	18,816
Proceeds from capital contributions and connection fees	4,718,365	2,262,549
Cost of capital assets contributed to Agency	-	(305,711)
Principal paid on long-term debt	(2,388,993)	(2,069,797)
Interest paid on long-term debt	(749,218)	(807,503)
Net cash used in capital and related financing activities	<u>(2,973,781)</u>	<u>(5,444,304)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	3,456,504	4,734,089
Purchases of investments	(249,000)	(2,474,000)
Principal received on notes receivable	37,271	1,118,005
Principal received on loans receivable	144,968	141,138
Principal received on employee housing assistance loans	-	189,200
Investment earnings	354,218	725,802
Net cash provided by investing activities	<u>3,743,961</u>	<u>4,434,234</u>
Net increase in cash and cash equivalents	5,556,238	5,570,233
Cash and cash equivalents, beginning of year	16,049,338	10,479,105
Cash and cash equivalents, end of year	<u>\$ 21,605,576</u>	<u>16,049,338</u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 20,613,991	14,864,898
Restricted assets – cash and cash equivalents	991,585	1,184,440
Total cash and cash equivalents	<u>\$ 21,605,576</u>	<u>16,049,338</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 754,366	1,025,926
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense – capital recovery	3,887,096	3,366,216
Other non-operating revenue	18,160	10,079
Other non-operating expenses	(71,139)	(3,929)
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	(88,270)	(180,979)
Accounts receivable – other	164,348	(31,287)
Materials and supplies inventory	(58,398)	73,004
Prepaid expenses and other deposits	6,981	(215,442)
(Increase)Decrease in deferred outflows of resources:		
Other post-employment benefits related	(148,040)	(169,447)
Pension related	(211,701)	(179,324)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(1,188,863)	1,633,358
Accrued wages and related payables	19,336	4,314
Accrued claims payable	(97)	(31,004)
Customer advances and deposits	312,008	(614,597)
Compensated absences	94,959	158,378
Other post-employment benefit liability	280,006	137,861
Net pension liability	1,074,473	1,093,027
Increase(Decrease) in deferred inflows of resources:		
Other post-employment benefits related	(17,562)	121,829
Pension related	(167,021)	261,499
Total adjustments	<u>3,906,276</u>	<u>5,433,556</u>
Net cash provided by operating activities	<u>\$ 4,660,642</u>	<u>6,459,482</u>
Non-cash investing, capital, and financing transactions:		
Change in fair value of investments	<u>\$ (51,674)</u>	<u>49,825</u>

See accompanying notes to the basic financial statements

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2021 and 2020

(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 Standards Board Statement 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 (formerly *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, continued
For the Years Ended June 30, 2021 and 2020

(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:

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.

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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

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

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, deferred outflows, liabilities, and deferred inflows and disclosures of contingent assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the changes in net position during the reporting period.

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption from shortages in the workforce, and through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the availability of the workforce and unexpected business closings. Consequently, the related financial impact on the District 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.
- **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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

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

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

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 statements 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 change in assumptions which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with post-employment benefits.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(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 difference between the actual and expected experience which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.
- Deferred outflow for the net difference between the projected and actual earnings on investments of the pension plan's fiduciary net position. This amount is amortized over a five year period.
- Deferred outflow as a result of the net change in proportions of the net pension liability which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.

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. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, 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.

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 Dates: June 30, 2019 and 2018
- Measurement Date: June 30, 2020 and 2019
- Measurement Period: July 1, 2019 to June 30, 2020 and July 1, 2018 to June 30, 2019

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

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

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

14. Deferred Inflows of Resources

The statements 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.

Pensions

- Deferred inflow for the net change in assumptions which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pensions.
- Deferred inflow for the net difference between actual contributions and the proportionate share of employer contribution which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension.

15. 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 30th have been accrued as of year-end.

16. 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.

17. 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 statements of net position and as capital grant contribution or operating grant revenue, as appropriate, on the statements of revenues, expenses and changes in net position.

18. 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, continued
For the Years Ended June 30, 2021 and 2020

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

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

19. 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** – 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** – This component of net position consists of net position that does not meet the definition of *net investment in capital assets* or *restricted* components of net position.

20. 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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 20,613,991	14,864,898
Restricted – cash and cash equivalents	991,585	1,184,440
Total cash and cash equivalents	<u>21,605,576</u>	<u>16,049,338</u>
Restricted – investments	2,741,536	3,479,480
Restricted – investments non-current	250,440	2,720,000
Total restricted investments	<u>2,991,976</u>	<u>6,199,480</u>
Total cash and investments	<u>\$ 24,597,552</u>	<u>22,248,818</u>

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

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 350	350
Deposits with financial institutions	1,324,649	617,814
Deposits with County of Marin Treasury	1,054,044	1,051,188
California Local Agency Investment Fund	19,226,533	14,379,986
Investments	<u>2,991,976</u>	<u>6,199,480</u>
Total cash and investments	<u>\$ 24,597,552</u>	<u>22,248,818</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio *	Maximum Investment in One Issuer
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

The custodial credit risk for *deposits* is the risk that, in the event of 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 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). In addition, the District's investment policy requires that no more than two-thirds of the District's deposits in a depository to be collateralized by mortgage-backed securities and the remainder to be collateralized 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 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 secured public deposits. As of June 30, 2021 and 2020, bank balances are federally insured up to \$250,000. The remaining balance is collateralized in accordance with the Code; however, collateralized securities are not held in the District's name.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(2) Cash and Investments, continued

Deposit in California Local Agency Investment Fund

The District is a voluntary participant in the California 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 fair value factor for LAIF is reported on a quarterly basis. The balance available for withdrawal is based on the accounting records maintained by LAIF, which is 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.

As of June 30, 2021, the District's investments are scheduled to mature as follows:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 months or less	13 to 24 months	25-60 months
Certificates-of-deposit	\$ 2,991,976	2,741,536	250,440	-
Total	\$ 2,991,976	2,741,536	250,440	-

As of June 30, 2020, the District's investments are scheduled to mature as follows:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 months or less	13 to 24 months	25-60 months
Certificates-of-deposit	\$ 5,193,000	2,473,000	2,720,000	-
U.S. Treasury note	1,006,480	1,006,480	-	-
Total	\$ 6,199,480	3,479,480	2,720,000	-

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 the California Government Code (where applicable), the District's investment policy, or debt agreements, and the actual rating as of the years end for each investment type.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(2) Cash and Investments, continued

Credit Risk, continued

Credit ratings as of June 30, 2021, were as follows:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings AA+ to AA-
Certificates-of-deposit	\$ 2,991,976	N/A	2,991,976	-
Total	\$ 2,991,976		2,991,976	-

Credit ratings as of June 30, 2020, were as follows:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings AA+ to AA-
Certificates-of-deposit	\$ 5,193,000	N/A	5,193,000	-
U.S. Treasury note	1,006,480	N/A	-	1,006,480
Total	\$ 6,199,480		5,193,000	1,006,480

Fair Value Measurements

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2021, are as follows:

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	\$ 2,991,976	-	2,991,976	-
Total investments measured at fair value	\$ 2,991,976	-	2,991,976	-

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2020, are as follows:

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	\$ 5,193,000	-	5,193,000	-
U.S. Treasury note	1,006,480	1,006,480	-	-
Total investments measured at fair value	\$ 6,199,480	1,006,480	5,193,000	-

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(2) Cash and Investments, continued

Inputs and valuations methods used for each of the District's investment classes are as follows:

- U.S. Treasury securities – The fair value U.S. Treasury securities is generally based on quoted market prices in active markets (Level 1).
- Certificates-of-deposit – The fair value of certificate-of-deposit is generally determined using a market-based model in which valuation consideration is given to yield or price of comparable securities, coupon rate, maturity, credit quality, and dealer-provided prices (Level 2).

(3) Note and Loan Receivable

Changes in note and loan receivable for 2021 were as follows:

	Balance 2020	Additions	Principal Payments	Balance 2021	Current Portion	Long-term Portion
Note receivable:						
Marin Country Club	\$ 1,173,729	-	(37,271)	1,136,458	37,646	1,098,812
Total notes receivable	1,173,729	-	(37,271)	1,136,458	37,646	1,098,812
Loan receivable:						
Marin Municipal Water District	2,224,108	-	(144,968)	2,079,140	148,902	1,930,238
Total loans receivable	2,224,108	-	(144,968)	2,079,140	148,902	1,930,238
Total notes and loans receivable \$	3,397,837	-	(182,239)	3,215,598	186,548	3,029,050

Changes in notes and loan receivable for 2020 were as follows:

	Balance 2019	Additions	Principal Payments	Balance 2020	Current Portion	Long-term Portion
Note 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
Loan receivable:						
Marin Municipal Water District	2,365,246	-	(141,138)	2,224,108	144,968	2,079,140
Total loans receivable	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

Black Point Golf Links

The District has entered into a contractual agreement with Stone Tree Golf Club (Stone Tree) (previously Black Point Golf Links), whereby Stone Tree agreed to reimburse the District for construction costs incurred for a new recycled water pipeline in-lieu of connection fees. The terms of the agreement require Stone Tree to reimburse the District in bi-monthly installments through February 2024, and bear an interest rate of 2.40%. As of June 30, 2020, the balance was paid-in-full.

Marin Country Club

On June 10, 2015, the District entered into a contractual agreement with the Marin Country Club (Country Club), whereby the Country Club agreed to reimburse the District for construction costs incurred for a new recycled water facility in-lieu of connection fees. The Country Club is the primary customer of the Central Service Area pipeline and the receivable from this agreement contributes significantly to the related District debt (see note 8 for further information). The terms of the agreement require the Country Club to reimburse the District in bi-monthly installments through November 2047, and bear an interest rate of 1.00%.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(3) Note and Loan Receivable, continued

Marin Country Club, continued

Future payments to be received under the agreement as of June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	39,181	9,673	48,854
2027-2031	201,885	42,384	244,269
2032-2036	212,227	32,042	244,269
2037-2041	223,099	21,170	244,269
2042-2046	234,527	9,742	244,269
2047	72,672	607	73,279
Total	1,136,458	158,167	1,294,625
Current	(37,646)		
Non-current	\$ 1,098,812		

Marin Municipal Water District – Interconnection Agreement AEEP

In February 2019, the District entered into an agreement with Marin Municipal Water District (MMWD) for MMWD to fund a portion of the cost to replace 24,000 feet of the District's aqueduct (Aqueduct Energy Efficiency Project). MMWD uses the District's aqueduct to take water delivery from the Sonoma County Water Agency. On an annual basis, MMWD utilizes 51% of water flowing through the aqueduct. MMWD benefits from the continued use of the aqueduct through 2040 in exchange for funding a portion of the cost. The District received an initial payment of \$480,000 and financed the remaining \$3,142,883. The loan bears an interest rate of 2.71% and matures on July 2032. Principal and interest payments of \$205,320 are due annually on July 1.

Future payments to be received under the agreement as of June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	165,734	39,586	205,320
2027-2031	898,618	127,982	1,026,600
2032-2033	394,497	16,143	410,640
Total	2,079,140	384,700	2,463,840
Current	(148,902)		
Non-current	\$ 1,930,238		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(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 allows an 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 based on the amount of interest foregone using the District's investment portfolio yield.

The following schedule lists the loans for employee housing assistance and their corresponding origination dates as of June 30, 2021 and 2020:

<u>Origination</u>	<u>Note Receivable</u>
March 2015	\$ 250,000
June 2018	275,000
Total	<u>\$ 525,000</u>

(5) Transfer

In 2021, the Novato Water system transferred \$890,074 to the Novato Recycled system to assist the Novato Recycled system's operations.

In 2020, the Novato Recycled system received the remaining balance of a note receivable from the Black Point Golf Links. Accordingly, the Novato Recycled system transferred \$689,600 to the Novato Water system which the Novato Recycle system previously borrowed for the Recycled Water Central Expansion Project.

(6) Capital Assets

Construction-In-Progress

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

	<u>2021</u>	<u>2020</u>
Developer construction – Novato Water	\$ 1,362,797	1,450,652
Other construction – Novato Water	2,520,374	1,430,935
Other construction – Novato Recycled	470,660	470,660
Other construction – West Marin Water	2,768,124	1,372,760
Other construction – Oceana Marin Sewer	281,812	244,529
Total construction-in-progress	<u>\$ 7,403,767</u>	<u>4,969,536</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(6) Capital Assets, continued

The change in capital assets for 2021 are as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-progress	4,969,536	4,388,484	(1,954,253)	7,403,767
Total non-depreciable assets	6,442,627	4,388,484	(1,954,253)	8,876,858
Depreciable assets:				
Distribution system	106,970,601	1,514,190	-	108,484,791
Treatment plant	22,604,626	145,606	-	22,750,232
Storage facilities	24,593,098	-	-	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	2,119,365	-	-	2,119,365
Other plant and equipment	3,826,683	459,908	-	4,286,591
Total depreciable assets	196,453,956	2,119,704	-	198,573,660
Accumulated depreciation:				
Distribution system	(33,999,131)	(1,970,879)	-	(35,970,010)
Treatment plant	(10,357,459)	(730,267)	-	(11,087,726)
Storage facilities	(7,933,535)	(501,948)	-	(8,435,483)
Transmission system	(4,475,335)	(254,256)	-	(4,729,591)
Source facilities	(2,403,204)	(107,411)	-	(2,510,615)
Sewer facilities	(686,563)	(27,383)	-	(713,946)
Structures and improvements	(1,386,554)	(53,529)	-	(1,440,083)
Other plant and equipment	(2,979,709)	(241,423)	-	(3,221,132)
Total accumulated depreciation	(64,221,490)	(3,887,096)	-	(68,108,586)
Total depreciable assets, net	132,232,466	(1,767,392)	-	130,465,074
Total capital assets, net	\$ 138,675,093	2,621,092	(1,954,253)	139,341,932

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(6) Capital Assets, continued

The change in capital assets for 2020 are 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	25,353,552	4,002,970	(22,913,895)	6,442,627
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	3,459,042	497,077	(129,436)	3,826,683
Total depreciable assets	173,180,839	23,402,553	(129,436)	196,453,956
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	(2,884,849)	(224,296)	129,436	(2,979,709)
Total accumulated depreciation	(60,953,344)	(3,397,582)	129,436	(64,221,490)
Total depreciable assets, net	112,227,495	20,004,971	-	132,232,466
Total capital assets, net	\$ 137,581,047	24,007,941	(22,913,895)	138,675,093

(7) Compensated Absences

The change in compensated absences for 2021 was as follows:

	<u>Balance 2020</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	704,953	897,385	(802,426)	799,912	199,978	599,934

The change in compensated absences for 2020 was 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

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(8) Long-term Debt

The change in long-term debt for 2021 was as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Long-term debt:						
Capital lease payable:						
Enterprise vehicle lease	\$ 263,002	63,438	(58,388)	268,052	71,321	196,731
Total capital lease	263,002	63,438	(58,388)	268,052	71,321	196,731
Loans payable:						
<i>Novato Water</i>						
2005 DWR loan	8,413,055	-	(848,441)	7,564,614	431,840	7,132,774
2011 B of M loan	4,523,871	-	(332,634)	4,191,237	344,179	3,847,058
2018 JP Morgan Chase Loan	4,100,000	-	(270,000)	3,830,000	275,000	3,555,000
<i>Novato Recycled</i>						
2005 SWRCB loan	1,742,339	-	(231,551)	1,510,788	237,108	1,273,680
2011-2012 SWRCB loans	6,754,264	-	(453,875)	6,300,389	464,681	5,835,708
2016 SWRCB Loan	6,705,816	-	(208,715)	6,497,101	210,802	6,286,299
<i>West Marin Water</i>						
2011 B of M loan	664,054	-	(48,827)	615,227	50,522	564,705
Total loans payable	32,903,399	-	(2,394,043)	30,509,356	2,014,132	28,495,224
Total long-term debt	\$ 33,166,401	63,438	(2,452,431)	30,777,408	2,085,453	28,691,955

The change in long-term debt for 2020 was 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:						
Capital lease payable:						
Enterprise vehicle lease	\$ 82,403	211,298	(30,699)	263,002	58,387	204,615
Total capital lease	82,403	211,298	(30,699)	263,002	58,387	204,615
Loans payable:						
<i>Novato Water</i>						
2005 DWR loan	9,241,577	-	(828,522)	8,413,055	421,701	7,991,354
2011 B of M loan	4,844,924	-	(321,053)	4,523,871	332,634	4,191,237
2018 JP Morgan Chase Loan	4,360,000	-	(260,000)	4,100,000	270,000	3,830,000
<i>Novato Recycled</i>						
2005 SWRCB loan	1,968,463	-	(226,124)	1,742,339	231,551	1,510,788
2011-2012 SWRCB loans	7,197,587	-	(443,323)	6,754,264	453,876	6,300,388
2016 SWRCB Loan	6,912,465	-	(206,649)	6,705,816	208,714	6,497,102
<i>West Marin Water</i>						
2011 B of M loan	711,182	-	(47,128)	664,054	48,827	615,227
Total loans payable	35,236,198	-	(2,332,799)	32,903,399	1,967,303	30,936,096
Total long-term debt	\$ 35,318,601	211,298	(2,363,498)	33,166,401	2,025,690	31,140,711

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(8) Long-term Debt, continued

Enterprise Capital Lease

In May 2019, the District entered into an agreement with Enterprise Fleet Management Trust (Enterprise) to lease vehicles from time to time, commencing on the delivery date of each vehicle. As of June 30, 2021, the District maintains leases for 12 vehicles with delivery dates from June 2019 through June 2021. Each vehicle has a term of 60 months, with an interest rate ranging from -0.29% to 2.49% per annum. Principal and interest payments on the lease are due monthly through 2026.

Annual lease payments are as follows:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	71,321	1,621	72,942
2023		71,873	1,065	72,938
2024		71,969	507	72,476
2025		40,693	57	40,750
2026		12,196	(20)	12,176
Total		268,052	3,230	271,282
Current		(71,321)		
Non-current	\$	196,731		

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. The proceeds from the loan were used for the reconstruction of the Stafford Water Treatment Plant. Principal and interest payments on the loan are due semi-annually on January 1st and July 1st and matures in 2030.

Annual debt service requirements for the loan are as follows:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	431,840	90,398	522,238
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		944,177	100,297	1,044,474
2027-2030		3,487,002	168,659	3,655,661
Total		7,564,614	791,182	8,355,796
Current		(431,840)		
Non-current	\$	7,132,774		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(8) Long-term Debt, continued

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 2.40% per annum. The proceeds from the loan were used to construct the Deer Island Recycled Water Facility. Principal and interest are payable annually on June 19th and matures in 2027.

As noted in note 3, the District entered into a contractual agreement with Stone Tree whereby Stone Tree agreed to reimburse the District for construction costs incurred for the new recycled water facility in-lieu of connection fees. As the major customer of the recycled water facility, Stone Tree contributed a significant amount towards the District's repayment of this loan.

Annual debt service requirements for the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	260,703	12,664	273,367
2027	266,960	6,407	273,367
Total	1,510,788	129,414	1,640,202
Current	(237,108)		
Non-current	\$ 1,273,680		

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

In 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. The proceeds from the loan were used to construct the Recycled Water Expansion project – North Service Area. As of June 30, 2013, the loan totaled \$4,375,605 consisting of eligible reimbursement cost of \$4,364,335 and capitalized interest charges of \$11,270. Principal and interest payments of \$281,892 are payable annually and matures in 2033.

In 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. The proceeds from the loan were used to construct the Recycled Water Expansion project – South Service Area. Principal and interest payments of \$332,407 are payable annually and matures in 2034.

Annual debt service requirements for the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	510,556	103,743	614,299
2027-2031	2,741,190	330,304	3,071,494
2032-2034	1,122,466	40,602	1,163,068
Total	6,300,389	1,005,668	7,306,057
Current	(464,681)		
Non-current	\$ 5,835,708		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(8) Long-term Debt, continued

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. The proceeds of the loan were used for the North Marin Aqueduct Energy Efficiency Project and West Marin water improvements. Principal and interest payments of \$46,067 are payable monthly on the 27th day of each month and matures in September 2031.

Annual debt service requirements for the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	452,405	100,395	552,800
2027-2031	2,508,545	255,455	2,764,000
2032	182,961	1,306	184,267
Total	4,806,464	905,803	5,712,267
Current	(394,701)		
Non-current	\$ 4,411,763		

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

In 2016, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for an amount not-to-exceed \$10,450,708. The amount consists of a 30-year loan totaling \$7,130,503 with an interest rate of 1.00% per annum and capital grant totaling \$3,320,205. The proceeds of the loan were used to construct the Recycled Water Expansion project – Central Service Area. Principal and interest are payable annually on December 31st and matures in 2048.

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

Annual debt service requirements for the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	219,361	56,412	275,773
2027-2031	1,130,153	248,712	1,378,865
2032-2036	1,187,802	191,063	1,378,865
2037-2041	1,248,392	130,473	1,378,865
2042-2046	1,312,072	66,792	1,378,864
2047-2048	543,381	8,164	551,545
Total	6,497,101	948,768	7,445,869
Current	(210,802)		
Non-current	\$ 6,286,299		

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(8) Long-term Debt, continued

2018 JP Morgan Chase Loan

In 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. The proceeds of the loan were used to finance 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 1st and March 1st and matures in 2033.

Annual debt service requirements for the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	305,000	72,227	377,227
2027-2031	1,655,000	233,492	1,888,492
2032-2033	725,000	29,321	754,321
Total	3,830,000	702,092	4,532,092
Current	(275,000)		
Non-current	\$ 3,555,000		

(9) 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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.

The District contributes up to \$319.22 to PEMHCA on behalf of each retiree eligible for PEMHCA. The District makes supplemental contributions towards certain retirees' PEMHCA premiums if the retiree has attained age 55 and has completed at least 12 years of service with the District at the time of retirement. For employees hired on or after October 1, 2018, the retiree must be at least age 55 at the date of retirement with a minimum of 20 years of full-time equivalent service.

The District's contribution varies by group and retirement date, as follows:

(1) Retiring on or after January 1, 2013, all groups: Up to 85% of the Kaiser 2-party rate each year, offset by the District's basic contribution of \$319.22/month to PEMHCA. If there is no covered spouse, or once the spouse has attained age 65, this changes to 85% of the Kaiser 1-party rate. The supplement ends upon the retiree's attainment of age 65*.

(2) Retiring on or after June 1, 2005, but before January 1, 2013, all groups: Up to 90% of the Kaiser 2-party rate each year, offset by the District's basic contribution of \$319.22/month to PEMHCA. If there is no covered spouse, or once the spouse has attained age 65, this changes to 90% of the Kaiser 1-party rate. The supplement ends upon the retiree's attainment of age 65*.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(9) Other Post-employment Benefits (OPEB) Plan, continued

General Information about the OPEB Plan, continued

(3) Retiring before June 1, 2005:

- *Represented* – Up to 100% of the Kaiser 2-party rate (or 1-party rate if single or if spouse has attained age 65) until retiree's age 65; after age 65, the dollar amount is capped at a flat \$409.91/month. All amounts are offset by the District's basic \$319.22/month to PEMHCA.
- *Unrepresented* – Up to 90% of the Kaiser 2-party rate (or 1-party rate if single or if spouse has attained age 65) until retiree's age 65; after age 65, the dollar amount is capped at a flat \$364.87/month. All amounts are offset by the District's basic \$319.22/month to PEMHCA.
- Coverage terminates for the spouse when the spouse becomes eligible for Medicare, or for both the retiree and spouse when the retiree becomes eligible for Medicare.

* If a retiree covered under the medical plan dies before age 65, his/her spouse may continue District-paid group health coverage until age 65 if ineligible for other health insurance coverage, i.e., through employment or remarriage.

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

	<u>2021</u>	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefit payments	38	34
Inactive employees entitled to but not receiving benefit payments	-	4
Active employees	<u>53</u>	<u>53</u>
	<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. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The District's total OPEB liability of \$4,938,031 and \$4,658,025 was measured as of June 30, 2021 and 2020, respectively, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions and other inputs – The total OPEB liability measured based on the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, 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	2021: 1.92 percent 2020: 2.45 percent
Healthcare cost trend rates	2021: 5.80 percent for 2021, decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years 2020: 5.90 percent for 2020, decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(9) Other Post-employment Benefits (OPEB) Plan, continued

Total OPEB Liability, continued

As of and for the years ended June 30, 2021 and 2020, the discount rates were based on the Fidelity GO AA 20-Years Municipal Index of 1.92% and 2.45%, respectively.

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.

Changes in the Total OPEB Liability

	Total OPEB Liability 2021	Total OPEB Liability 2020
Balance at beginning of year	\$ 4,658,025	4,520,164
Changes for the year:		
Service cost	166,020	140,410
Interest	115,047	135,765
Difference between expected and actual experience	-	(272,373)
Changes in assumptions or other inputs	256,981	363,781
Benefit payments	(258,042)	(229,722)
Net change	280,006	137,861
Balance at end of year	\$ 4,938,031	4,658,025

There were no changes in benefit terms.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.45% in 2020 to 1.92% in 2021.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District as of June 30, 2021, 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:

	Discount Rate - 1% (0.92%)	Current Discount Rate (1.92%)	Discount Rate + 1% (2.92%)
District's total OPEB liability	\$ 5,486,320	4,938,031	4,470,353

The following presents the total OPEB liability of the District as of June 30, 2020, 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:

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

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(9) Other Post-employment Benefits (OPEB) Plan, continued

Changes in the Total OPEB Liability, continued

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 of June 30, 2021, 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:

	1% Decrease (4.80%) decreasing to 4.00%)	Healthcare Cost Trend Rates (5.80%) decreasing to 5.00%)	1% Increase (6.80%) decreasing to 6.00%)
District's total OPEB liability	\$ 4,670,501	4,938,031	5,259,051

The following presents the total OPEB liability of the District as of June 30, 2020, 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:

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

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

For the year ended June 30, 2021 and 2020, the District recognized OPEB expense of \$372,446 and \$319,965, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	2021		2020	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 489,891	-	341,851	-
Differences between actual and expected experience	-	(104,267)	-	(121,829)
Total	\$ 489,891	(104,267)	341,851	(121,829)

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(9) Other Post-employment Benefits (OPEB) Plan, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

As of June 30, 2021, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year June 30:	Net Changes in Assumptions	Net Differences between Expected and Actual Experience	Net Deferred Outflows/(Inflows) of Resources
2022	\$ 108,940	(17,562)	91,378
2023	143,757	(17,562)	126,195
2024	125,897	(35,696)	90,201
2025	92,263	(33,448)	58,815
2026	19,035	-	19,035
Total	\$ 489,892	(104,268)	385,624

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:

Fiscal Year June 30:	Net Changes in Assumptions	Net Differences between Expected and Actual Experience	Net Deferred Outflows/(Inflows) of Resources
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
Total	\$ 341,851	(121,829)	220,022

(10) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (PERF C) administered by the California Public Employees' Retirement System (CalPERS). The PERF C consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans respectively. Benefit provisions under the Plan are established by State Statute and the District's 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 at 400 P Street, Sacramento, California 95814.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(10) 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, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. 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 2.0% at 60 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% at 55 years of age; highest single year of compensation. All other employees hired on or after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA based on the average annual compensation for the last three years of employment.

The District participates in the PERF C miscellaneous risk pool. The provision and benefits for the PERF C miscellaneous pool in effect at June 30, are summarized as follows:

	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	monthly for life	
Retirement age	50 - 55	57 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	2021: 7.953%	2021: 6.750%
	2020: 7.951%	2020: 6.750%
Required employer contribution rates	2021: 12.361%	2021: 7.732%
	2020: 11.432%	2020: 6.985%

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 an actuary and shall be effective on July 1, following notice of the change in rate. Funding contributions for the Plan are 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 years ended June 30, the contributions recognized as part of pension expense for the plan were as follows:

	Miscellaneous Plan	
	2021	2020
Contributions – employer	\$ 1,370,702	1,155,358

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(10) 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:

	<u>2021</u>	<u>2020</u>
Proportionate share of net pension liability	\$ 14,727,660	13,653,187

The District's net pension liability for the PERF C is measured as the proportionate share of the net pension liability for the miscellaneous pool. As of June 30, 2021 and 2020, the net pension liability of the Plan is measured as of June 30, 2020 and 2019 (the measurement dates), respectively. The total pension liability for the PERF C's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018 (valuation dates), rolled forward to June 30, 2020 and 2019, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's 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, 2021 and 2020, was as follows:

	<u>Proportionate Share</u>
Proportion – June 30, 2018	0.12881 %
Change in proportion	<u>0.00443</u>
Proportion – June 30, 2019	0.13324
Change is proportion	<u>0.00212</u>
Proportion – June 30, 2020	<u>0.13536 %</u>

Deferred Pension Outflows (Inflows) of Resources

For the years ended June 30, 2021 and 2020, the District recognized pension expense of \$815,408 and \$2,545,904, respectively.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(10) 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	2021		2020	
	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	\$ 1,490,360	-	1,370,702	-
Net difference between actual and expected experience	758,960		874,799	-
Net change in assumptions	-	(105,044)	420,256	-
Net difference between projected and actual earnings on plan investments	437,508	-	-	(238,700)
Net difference between actual contribution and proportionate share of contribution	-	(529,790)	-	(563,155)
Net change due to differences in proportion of net pension liability	320,514	-	129,884	-
Total	\$ 3,007,342	(634,834)	2,795,641	(801,855)

As of June 30 2021 and 2020, the District reported \$1,490,360 and \$1,370,702, respectively, as deferred outflows of resources related to contributions subsequent to the measurement dates. Pension contributions subsequent to the measurement date for the year ended June 30, 2021, will be recognized as a reduction of the net pension liability for the year ended June 30, 2022. Pension contributions subsequent to the measurement date for the year ended June 30, 2020, were recognized as a reduction of the net pension liability for the year ended June 30, 2021.

At June 30, 2021, other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized as pension expense as follows:

Fiscal Year	Net Difference between Expected and Actual	Net Change in Assumptions	Net Difference between Projected and Actual Earnings on Pension Plan Investments	Net Difference between Actual Contribution and Proportionate Share of Contribution	Net Change due to Differences in Proportions	Net, Deferred Outflows/(Inflows) of Resources
June 30,	Experience		Investments	of Contribution		
2022	\$ 437,469	(70,872)	(90,729)	(279,269)	122,124	118,723
2023	260,084	(22,868)	117,684	(178,309)	133,620	310,211
2024	61,407	(11,304)	219,735	(72,212)	64,770	262,396
2025	-	-	190,818		-	190,818
Total	\$ 758,960	(105,044)	437,508	(529,790)	320,514	882,148

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(10) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

At June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized as pension expense as follows:

Fiscal Year	Net Difference	Net Change	Net Difference	Net Difference	Net Change	Net, Deferred
June 30,	between	in Assumptions	between Projected	between	due to	Outflows/(Inflows)
	Expected and		and Actual	Actual	Differences	of Resources
	Actual		Earnings on	Contribution and	due to	
	Experience		Pension Plan	Proportionate Share	in Proportions	
			Investments	of Contribution		
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
Total	\$ 874,799	420,256	(238,700)	(563,155)	129,884	623,084

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 and 2018, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2019 and 2018
Measurement dates	June 30, 2020 and 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data
Period upon which actuarial Experience survey assumptions were based	1997 – 2015
Post-retirement benefit increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter

* The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(10) Defined Benefit Pension Plan, continued

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2020 and 2019, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 and forecasted information for all funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class	New Strategic Allocation	Real Return Years 1–10*	Real Return Year 11+**
Global Equity	50.00 %	4.80 %	5.98 %
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.93
Infrastructure and Forestland	0.00	0.00	0.00
Liquidity	1.00	0.00	-0.92
	<u>100.00 %</u>		

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

As June 30, 2021, 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:

	Discount Rate - 1% (6.15%)	Current Discount Rate	Discount Rate + 1% (8.15%)
District's net pension liability	\$ <u>21,791,736</u>	<u>14,727,660</u>	<u>8,890,836</u>

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(10) Defined Benefit Pension Plan, continued

As June 30, 2020, 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:

	Discount Rate - 1% (6.15%)	Current Discount Rate	Discount Rate + 1% (8.15%)
District's net pension liability	\$ 20,597,446	13,653,187	7,921,192

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 59 and 61 for Required Supplementary Schedules.

(11) Net Position

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 5,251,244	470,660	2,872,364	282,590	8,876,858
Depreciable capital assets, net	93,867,241	30,730,706	4,886,590	980,537	130,465,074
Loan receivable	2,079,140	-	-	-	2,079,140
Current:					
Bonds payable	(71,321)	-	-	-	(71,321)
Loans payable	(1,051,019)	(912,591)	(50,522)	-	(2,014,132)
Non-current:					
Bonds payable	(196,731)	-	-	-	(196,731)
Loans payable	(14,534,832)	(13,395,687)	(564,705)	-	(28,495,224)
Total net investment in capital assets	85,343,722	16,893,088	7,143,727	1,263,127	110,643,664
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	687,346	-	-	-	687,346
Prepaid expenses and deposits	437,477	-	559	1,100	439,136
Non-current:					
Notes receivable	-	1,098,812	-	-	1,098,812
Notes receivable – employee housing loans	525,000	-	-	-	525,000
Total non-spendable net position	1,649,823	1,098,812	559	1,100	2,750,294
Spendable net position are designated as follows:					
Other post-employment benefits reserve	4,658,025	-	-	-	4,658,025
Operating reserve (deficit)	(2,627,979)	5,640,903	192,912	426,345	3,632,181
Total spendable net position (deficit)	2,030,046	5,640,903	192,912	426,345	8,290,206
Total unrestricted net position	3,679,869	6,739,715	193,471	427,445	11,040,500
Total net position	\$ 89,023,591	23,632,803	7,337,198	1,690,572	121,684,164

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(11) Net Position, continued

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
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	94,701,502	31,535,583	4,970,472	1,024,909	132,232,466
Capital project loan proceeds unused	19,955	-	193,868	-	213,823
Loan receivable	2,224,108	-	-	-	2,224,108
Current:					
Capital lease	(58,387)	-	-	-	(58,387)
Loans payable	(1,024,335)	(894,141)	(48,827)	-	(1,967,303)
Non-current:					
Capital lease	(204,615)	-	-	-	(204,615)
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	4,520,164	-	-	-	4,520,164
Operating reserve (deficit)	(5,064,696)	4,854,232	1,367,623	353,296	1,510,455
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>

(12) 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. 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 statements of net position. As of June 30, 2021 and 2020, the assets of the deferred compensation savings plan totaled \$8,533,293 and \$7,153,527, respectively.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(13) 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.

At June 30, 2021, the District coverage with various insurance carriers are as follows:

- General liability coverage includes general aggregate and products and completed operations aggregate of \$10 million; personal and advertising injury and damage to premises rented by the District of \$1 million; and medical expenses of \$10,000. Each claim is subject to a deductible of \$100,000.
- Property insurance coverage is as follows: 1) Real property and business personal property blanket coverage up to \$70,653,000 and coverage extension blanket up to \$2 million subject to a \$25,000 deductible; and mobile equipment coverage up to \$659,000 for scheduled, \$100,000 for unscheduled, and \$250,000 for borrowed, rented, or leased subject to a \$25,000 deductible; 2) Vehicle coverage up to \$1 million for bodily injury, property damage, hired auto, non-owned auto, and uninsured/underinsured motorist; \$100,000 for hired physical damage; and \$5,000 for medical payments subject to a comprehensive and collision deductible of \$5,000.
- Crime coverage includes employee theft of \$1 million; and forgery or alteration, theft of money and securities, robbery and safe burglary, crime outside the premises, computer fraud and money orders, and funds transfer fraud of \$250,000. Each claim is subject to a deductible of \$100,000.
- Public officials and management liability against wrongful acts, employment practices, and employee benefit plans of \$1 million. Each claim is subject to a deductible of \$100,000.
- Workers' compensation insurance coverage up to \$1 million per accident per employee.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ended June 30, 2021 and 2020.

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the report date, that have effective dates that may impact future financial presentations.

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.

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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

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. 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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

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.

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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

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.

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.

North Marin Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2021 and 2020

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 97, continued

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.

(15) Commitments and Contingencies

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 facility 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. In addition, 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 commitments of approximately \$2,213,128 and \$1,049,963 in capital expenditures as of June 30, 2021 and 2020, respectively.

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.

(16) Subsequent Events

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of November 2, 2021, which is the date the financial statements were available to be issued.

Required Supplementary Information

Board Presentation Version

North Marin Water District
Schedule of Changes in the District Total OPEB Liability and Related Ratios
As of June 30, 2021
Last Ten Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 166,020	140,410	137,480	145,989
Interest	115,047	135,765	150,690	132,454
Differences between expected and actual experience	-	(272,373)	163,205	-
Changes in assumptions or other inputs	256,981	363,781	195,564	(197,296)
Benefit payments	<u>(258,042)</u>	<u>(229,722)</u>	<u>(250,340)</u>	<u>(375,787)</u>
Net change in total OPEB liability	280,006	137,861	396,599	(294,640)
Total OPEB liability - beginning	<u>4,658,025</u>	<u>4,520,164</u>	<u>4,123,565</u>	<u>4,418,205</u>
Total OPEB liability - ending	\$ <u>4,938,031</u>	<u>4,658,025</u>	<u>4,520,164</u>	<u>4,123,565</u>
Covered-employee payroll	\$ 5,685,912	5,699,559	5,434,109	5,635,521
Total OPEB liability as a percentage of covered-employee payroll	<u>86.85%</u>	<u>81.73%</u>	<u>83.18%</u>	<u>73.17%</u>

Notes to Schedule:

Changes of benefit terms – No changes were noted.

Changes of assumptions – Change of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2021	1.92%
2020	2.45%
2019	3.13%
2018	3.62%

* 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 four years are shown.

North Marin Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2021
Last Ten Years*

Description	Measurement Dates						
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of the net pension liability	0.13536%	0.13324%	0.13034%	0.12881%	0.12759%	0.12558%	0.10769%
District's proportionate share of the net pension liability \$	14,727,660	13,653,187	12,560,160	12,774,724	11,040,789	8,619,837	6,701,264
District's covered payroll \$	5,128,723	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	287.16%	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	75.10%	73.56%	74.43%	72.80%	73.98%	78.63%	83.47%

Notes to Schedule:

Changes in Benefit Terms – Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Changes of Assumptions – The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The

inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

North Marin Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2021
Last Ten Years*

Notes to Schedule, continued:

* 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 seven years are shown.

Board Presentation Version

North Marin Water District
Schedules of Pension Plan Contributions
As of June 30, 2021
Last Ten Years*

Description	Fiscal Years						
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	\$ 1,490,360	1,370,702	1,155,358	1,017,325	926,448	828,792	669,066
Contributions in relation to the actuarially determined contribution	(1,490,360)	(1,370,702)	(1,155,358)	(1,017,325)	(926,448)	(828,792)	(669,066)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
District's covered payroll	\$ 5,128,723	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	29.06%	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 seven years are shown.

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Board Presentation Version

Supplemental Information

Board Presentation Version

Combining Schedules

Board Presentation Version

North Marin Water District
Combining Schedule of Net Position
For the Year Ended June 30, 2021

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Current assets:					
Cash and cash equivalents	\$ 15,670,430	4,390,675	112,495	440,391	20,613,991
Restricted – cash and cash equivalents	-	890,072	98,885	2,628	991,585
Restricted – investments	2,741,536	-	-	-	2,741,536
Accrued interest receivable	23,168	-	-	-	23,168
Accounts receivable – water and sewer sales	3,914,215	382,601	193,614	-	4,490,430
Accounts receivable – governmental agencies	532,602	-	-	-	532,602
Accounts receivable – other	-	87,413	-	-	87,413
Note receivable	-	37,646	-	-	37,646
Loan receivable	148,902	-	-	-	148,902
Materials and supplies inventory	687,346	-	-	-	687,346
Prepaid expenses and deposits	437,477	-	559	1,100	439,136
Total current assets	24,155,676	5,788,407	405,553	444,119	30,793,755
Non-current assets:					
Restricted – investments	250,440	-	-	-	250,440
Notes receivable	-	1,098,812	-	-	1,098,812
Loan receivable	1,930,238	-	-	-	1,930,238
Note receivable – employee housing loans, net	525,000	-	-	-	525,000
Capital assets, not being depreciated	5,251,244	470,660	2,872,364	282,590	8,876,858
Depreciable capital assets, net	93,867,241	30,730,706	4,886,590	980,537	130,465,074
Total non-current assets	101,824,163	32,300,178	7,758,954	1,263,127	143,146,422
Total assets	125,979,839	38,088,585	8,164,507	1,707,246	173,940,177
Deferred outflows of resources:					
Deferred other post-employment benefits outflows	489,891	-	-	-	489,891
Deferred pension outflows	3,007,342	-	-	-	3,007,342
Total deferred outflows of resources	3,497,233	-	-	-	3,497,233
Current liabilities:					
Accounts payable and accrued expenses	1,662,214	-	48,241	-	1,710,455
Accrued wages and related payables	224,300	32,312	34,539	13,369	304,520
Accrued claims payable	21,682	656	797	305	23,440
Customer advances and deposits	1,452,336	478	128,505	3,000	1,584,319
Accrued interest payable – long-term debt	34,342	114,058	-	-	148,400
Long-term liabilities – due within one year:					
Compensated absences	199,978	-	-	-	199,978
Capital lease	71,321	-	-	-	71,321
Loans payable	1,051,019	912,591	50,522	-	2,014,132
Total current liabilities	4,717,192	1,060,095	262,604	16,674	6,056,565
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	599,934	-	-	-	599,934
Capital lease	196,731	-	-	-	196,731
Loans payable	14,534,832	13,395,687	564,705	-	28,495,224
Other post-employment benefits liability	4,938,031	-	-	-	4,938,031
Net pension liability	14,727,660	-	-	-	14,727,660
Total non-current liabilities	34,997,188	13,395,687	564,705	-	48,957,580
Total liabilities	39,714,380	14,455,782	827,309	16,674	55,014,145
Deferred inflows of resources:					
Deferred other post-employment benefits inflows	104,267	-	-	-	104,267
Deferred pension inflows	634,834	-	-	-	634,834
Total deferred inflows of resources	739,101	-	-	-	739,101
Net position:					
Net investment in capital assets	85,343,722	16,893,088	7,143,727	1,263,127	110,643,664
Unrestricted	3,679,869	6,739,715	193,471	427,445	11,040,500
Total net position	\$ 89,023,591	23,632,803	7,337,198	1,690,572	121,684,164

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
Current assets:					
Cash and cash equivalents	\$ 10,149,337	3,561,047	854,992	299,522	14,864,898
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
Note 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
Total current assets	19,099,722	5,052,363	1,661,970	370,741	26,184,796
Non-current assets:					
Restricted – investments	2,720,000	-	-	-	2,720,000
Note 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	94,701,502	31,535,583	4,970,472	1,024,909	132,232,466
Total non-current assets	104,276,101	33,142,701	6,446,643	1,270,246	145,135,691
Total assets	123,375,823	38,195,064	8,108,613	1,640,987	171,320,487
Deferred outflows of resources:					
Deferred other post-employment benefits outflows	341,851	-	-	-	341,851
Deferred pension outflows	2,795,641	-	-	-	2,795,641
Total deferred outflows of resources	3,137,492	-	-	-	3,137,492
Current liabilities:					
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
Capital lease	58,387	-	-	-	58,387
Loans payable	1,024,335	894,141	48,827	-	1,967,303
Total current liabilities	5,582,670	1,092,272	148,554	16,396	6,839,892
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	528,715	-	-	-	528,715
Capital lease	204,615	-	-	-	204,615
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
Total non-current liabilities	35,057,133	14,308,278	615,227	-	49,980,638
Total liabilities	40,639,803	15,400,550	763,781	16,396	56,820,530
Deferred inflows of resources:					
Deferred other post-employment benefits inflows	121,829	-	-	-	121,829
Deferred pension inflows	801,855	-	-	-	801,855
Total deferred inflows of resources	923,684	-	-	-	923,684
Net position:					
Net investment in capital assets	83,896,096	16,803,824	5,976,457	1,270,246	107,946,623
Unrestricted	1,053,732	5,990,690	1,368,375	354,345	8,767,142
Total net position	\$ 84,949,828	22,794,514	7,344,832	1,624,591	116,713,765

North Marin Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Operating revenues:					
Water consumption sales	\$ 17,174,412	1,594,471	777,728	-	19,546,611
Bi-monthly meter service charge	4,921,137	91,653	197,372	-	5,210,162
Sewer service charges	-	-	-	276,360	276,360
Other charges and services	338,531	-	6,871	-	345,402
Total operating revenues	22,434,080	1,686,124	981,971	276,360	25,378,535
Operating expenses:					
Source of supply	8,289,856	309,398	25,014	-	8,624,268
Pumping	549,914	4,525	88,038	-	642,477
Water facilities operations	892,993	245,921	79,176	-	1,218,090
Water treatment	1,617,471	15,450	284,865	-	1,917,786
Transmission and distribution	3,403,372	95,099	125,933	-	3,624,404
Sewage collection and treatment	-	-	-	184,329	184,329
Customer service	441,993	1,600	24,950	1,868	470,411
General and administrative	3,356,534	71,917	168,002	62,441	3,658,894
Water conservation projects	352,057	-	44,357	-	396,414
Total operating expenses	18,904,190	743,910	840,335	248,638	20,737,073
Operating income before depreciation	3,529,890	942,214	141,636	27,722	4,641,462
Depreciation	(2,857,337)	(786,073)	(199,315)	(44,371)	(3,887,096)
Operating income(loss)	672,553	156,141	(57,679)	(16,649)	754,366
Non-operating revenues(expenses):					
Property tax revenue	6,273	-	57,678	61,465	125,416
Investment earnings	87,258	43,028	8,714	4,166	143,166
Interest earnings from note receivable – BPGL	-	11,551	-	-	11,551
Interest earnings from loan receivable – MMWD	60,352	-	-	-	60,352
Rental revenue	74,729	-	5,464	250	80,443
Interest expense – long-term debt	(455,568)	(262,505)	(21,931)	-	(740,004)
Other non-operating revenues	18,011	-	72	77	18,160
Other non-operating expenses	(969)	-	(782)	(69,388)	(71,139)
Total non-operating revenues(expense), net	(209,914)	(207,926)	49,215	(3,430)	(372,055)
Net income(loss) before capital contributions	462,639	(51,785)	(8,464)	(20,079)	382,311
Capital contributions:					
Developers and others	1,005,109	-	830	-	1,005,939
Connection fees	3,496,089	-	-	-	3,496,089
Capital grants – state and local	-	-	-	86,060	86,060
Total capital contributions	4,501,198	-	830	86,060	4,588,088
Transfer in(out)	(890,074)	890,074	-	-	-
Change in net position	4,073,763	838,289	(7,634)	65,981	4,970,399
Net position, beginning of year	84,949,828	22,794,514	7,344,832	1,624,591	116,713,765
Net position, end of year	\$ 89,023,591	23,632,803	7,337,198	1,690,572	121,684,164

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

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
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	-	-	-	145,032	145,032
Customer service	506,690	1,326	24,374	2,162	534,552
General and administrative	2,978,195	64,113	117,324	39,508	3,199,140
Water conservation projects	382,764	-	15,246	-	398,010
Total operating expenses	18,067,579	559,531	590,967	186,702	19,404,779
Operating income before depreciation	2,944,869	970,728	398,875	77,670	4,392,142
Depreciation	(2,660,688)	(473,828)	(185,652)	(46,048)	(3,366,216)
Operating income	284,181	496,900	213,223	31,622	1,025,926
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	(494,197)	(280,694)	(23,631)	-	(798,522)
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)	(901)	(3,929)
Total non-operating revenues(expense), net	25,245	(444,373)	109,246	70,241	(239,641)
Net income before capital contributions	309,426	52,527	322,469	101,863	786,285
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
Total capital contributions	2,416,585	10,000	336,398	-	2,762,983
Transfers in(out)	689,600	(689,600)	-	-	-
Change in net position	3,415,611	(627,073)	658,867	101,863	3,549,268
Net position, beginning of year	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

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Board Presentation Version

Statistical Information Section

Board Presentation Version

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.

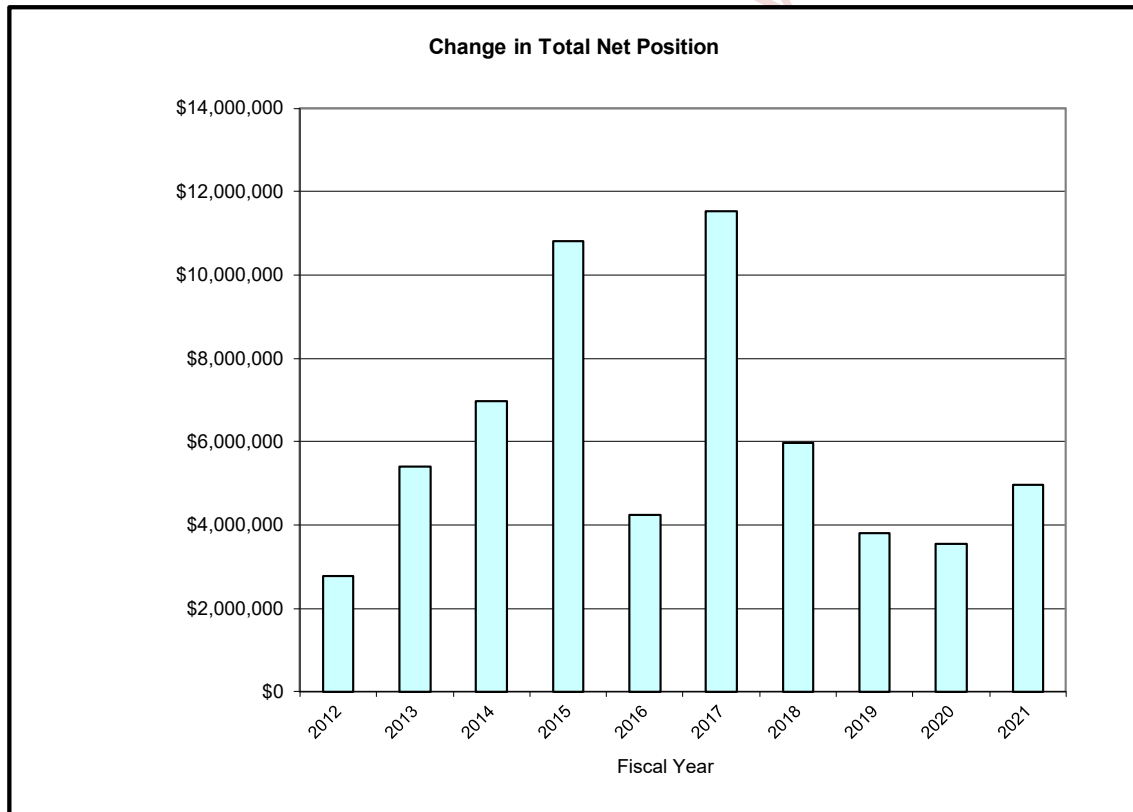
Table of Contents

	<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.	67-71
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	72-75
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.	76-77
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	78-79
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.	80-81

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

Schedule 1

	Fiscal Year			
	2012	Restated 2013	Restated 2014	2015
Change in net position:				
Operating revenues (see schedule 2)	\$15,435,733	\$18,256,638	\$20,772,429	\$18,081,308
Operating expenses (see schedule 3)	(12,610,862)	(13,140,845)	(13,309,833)	(13,328,124)
Depreciation and amortization	(2,726,598)	(2,793,360)	(3,128,302)	(3,183,725)
Operating income(loss)	\$98,273	\$2,322,433	\$4,334,294	\$1,569,459
Net non-op revenue(expense) (see schedule 4)	(531,318)	(285,490)	(518,474)	(488,661)
Net income(loss) before capital contributions	(\$433,045)	\$2,036,943	\$3,815,820	\$1,080,798
Capital contributions	3,200,979	3,357,870	3,144,256	9,714,111
Change in net position	\$2,767,934	\$5,394,813	\$6,960,076	\$10,794,909
Net position by component:				
Net investment in capital assets	\$61,882,478	\$65,839,724	\$71,538,168	\$82,037,287
Restricted	2,993,055	2,186,452	2,156,020	2,170,429
Unrestricted	11,185,857	2,404,385	3,696,449	3,977,830
Total net position	\$76,061,390	\$70,430,561	\$77,390,637	\$88,185,546



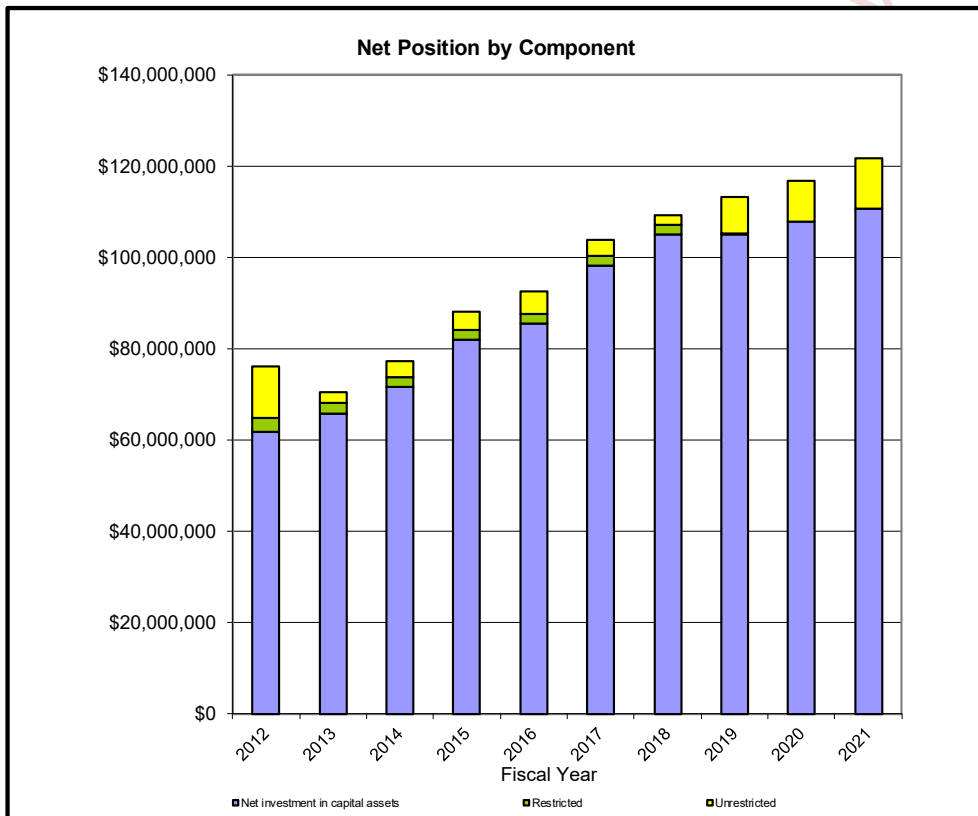
Source: North Marin Water District Audited Financial Statements

⁽¹⁾ 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

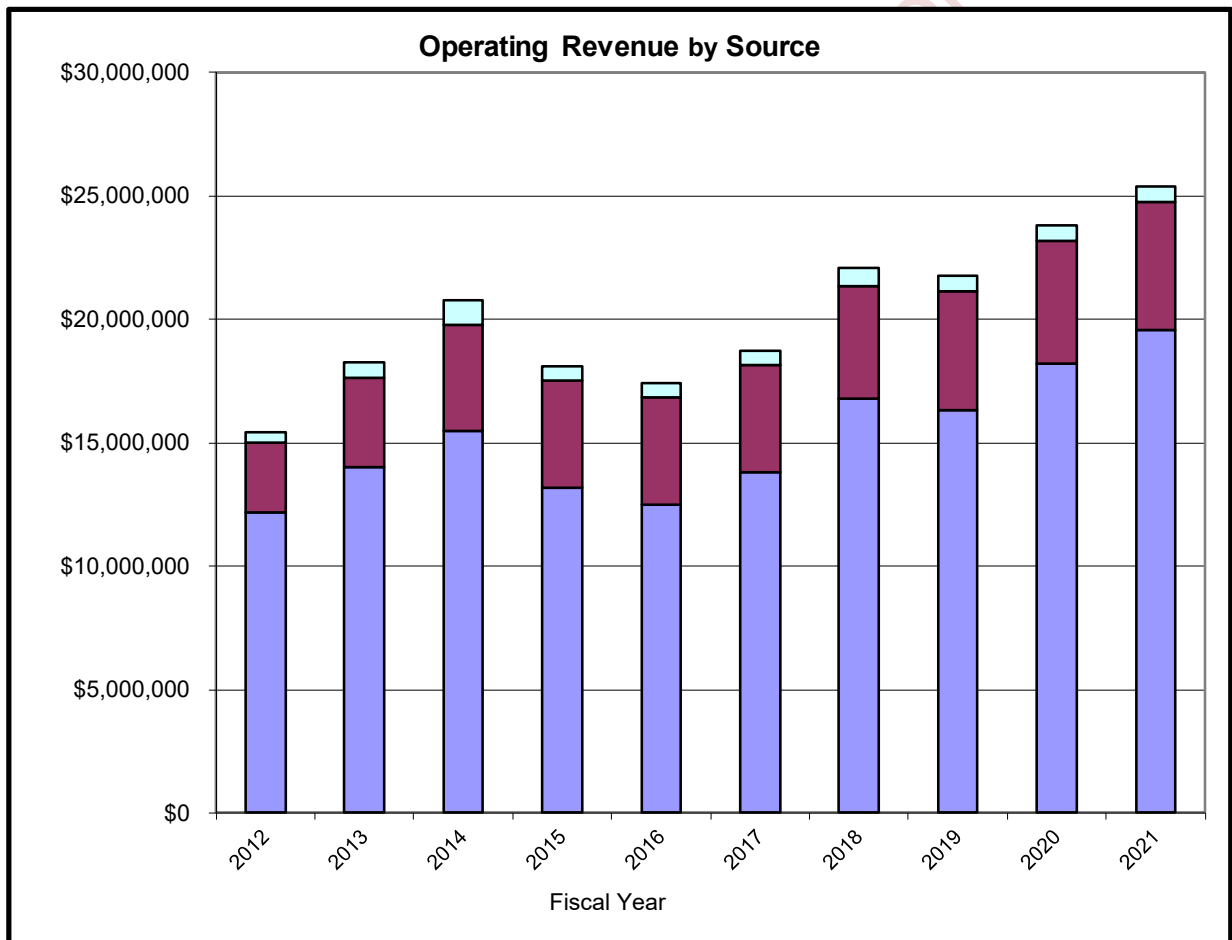
Fiscal Year					
2016	2017	Restated 2018	Restated 2019	2020	2021
\$17,411,543	\$18,703,476	\$22,094,094	\$21,772,246	\$23,796,921	\$25,378,535
(13,704,737)	(15,099,687)	(16,461,030)	(16,371,492)	(19,404,779)	(20,737,073)
(3,286,353)	(3,416,411)	(3,434,069)	(3,451,155)	(3,366,216)	(3,887,096)
\$420,453	\$187,378	\$2,198,995	\$1,949,599	\$1,025,926	\$754,366
(328,734)	(304,830)	(253,110)	(59,467)	(239,641)	(372,055)
\$91,719	(\$117,452)	\$1,945,885	\$1,890,132	\$786,285	\$382,311
4,139,047	11,643,388	4,020,041	1,921,709	2,762,983	4,588,088
\$4,230,766	\$11,525,936	\$5,965,926	\$3,811,841	\$3,549,268	\$4,970,399
\$85,542,035	\$98,131,574	\$104,921,863	\$105,092,277	\$107,946,623	\$110,643,664
2,122,980	2,140,681	2,186,164	71,715	-	-
5,007,769	3,639,717	2,244,629	8,000,505	8,767,142	11,040,500
\$92,672,784	\$103,911,972	\$109,352,656	\$113,164,497	\$116,713,765	\$121,684,164



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

Schedule 2

Fiscal Year		Water Sales	Bi-Monthly Service Charges	Other Charges and Services		Total Operating Revenue
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
2021		19,546,611	5,210,162	621,762		25,378,535

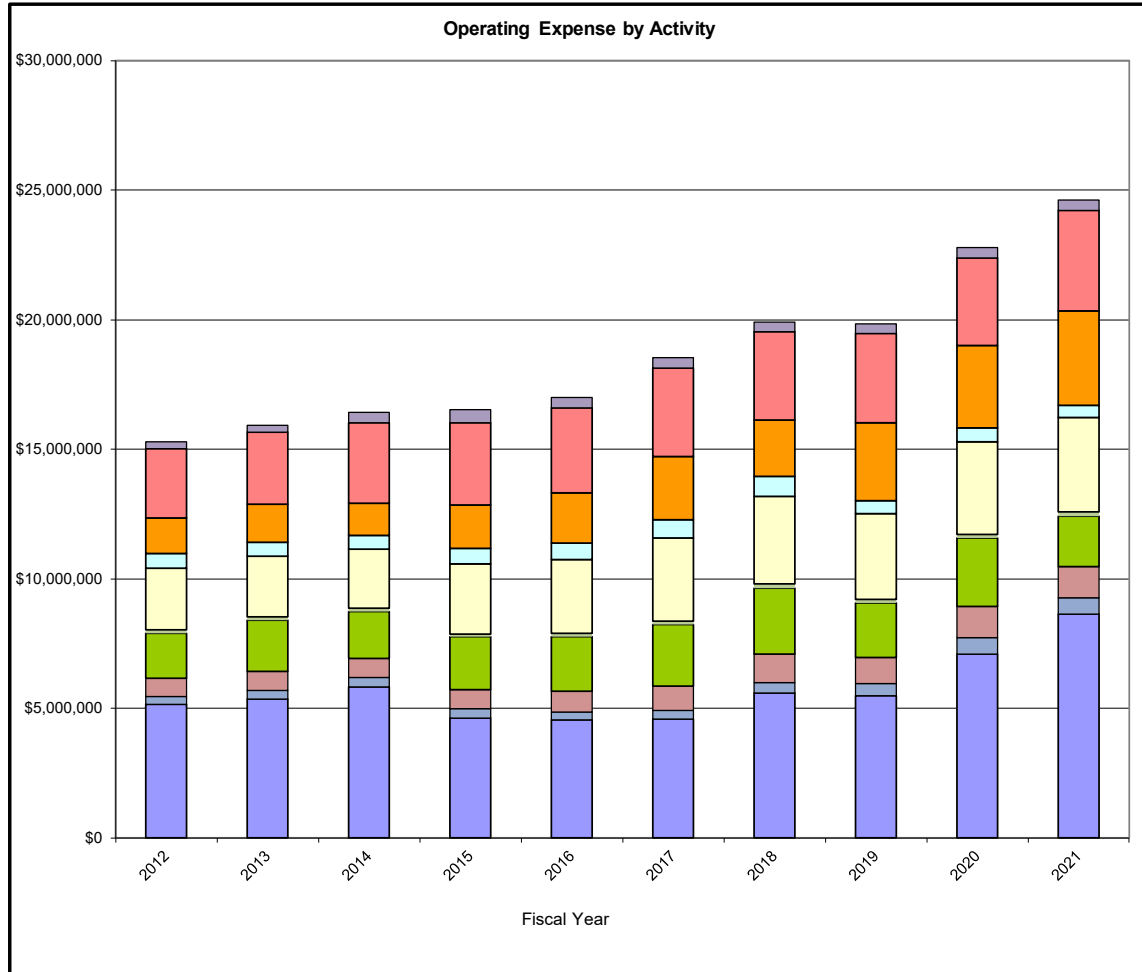


Source: North Marin Water District Audited Financial Statements

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
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	145,032	3,560,513	534,552	3,199,140	398,010	3,366,216	22,770,995
2021	8,624,268	642,477	1,218,090	1,917,786	184,329	3,624,404	470,411	3,658,894	396,414	3,887,096	24,624,169



Source: North Marin Water District Audited Financial Statements

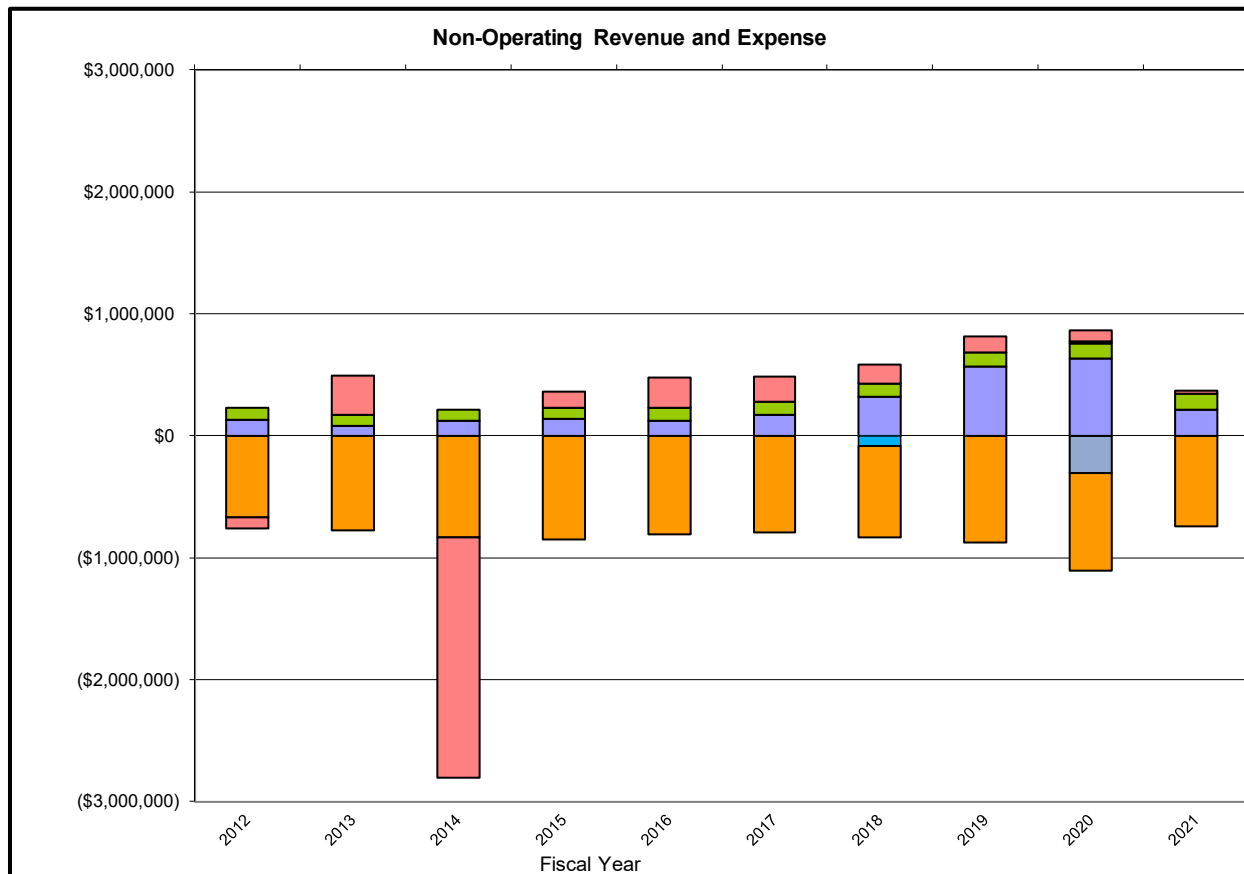
(1) FY09 Excludes \$7,691,033 depreciation due to change in asset lives

(2) Reduced by overhead absorption

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

Schedule 4

Fiscal Year	Investment Income ⁽¹⁾	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)
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) ⁽²⁾	(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)	(798,522)	92,747	(239,641)
2021	215,069	125,416	-	-	-	(740,004)	27,464	(372,055)



Notes:

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

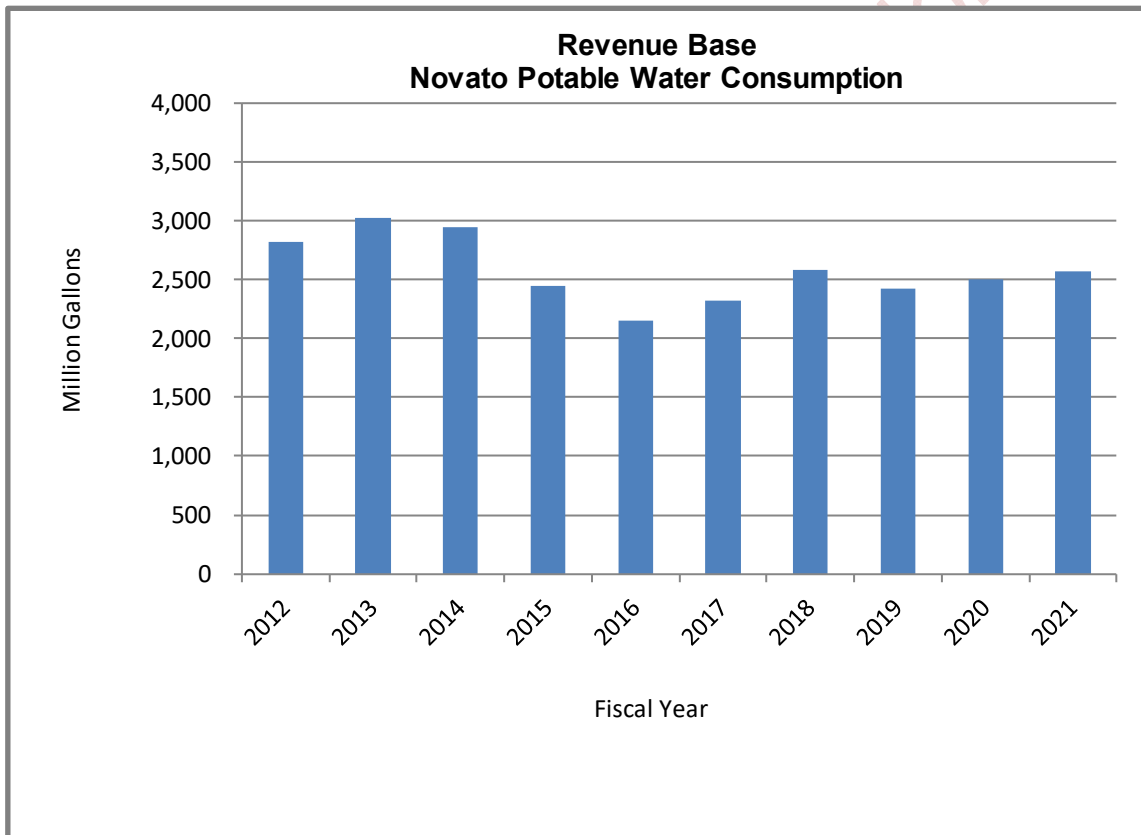
(2) Includes CalPERS Side Fund Payoff (\$2,073,701).

Source: North Marin Water District Audited Financial Statements

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

Schedule 5

Fiscal Year	Novato Potable Water Consumption (Million Gallons)
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
2021	2,570



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						Total	
	Novato Potable & Recycled					West Marin Water		Oceana Marin Sewer
	Single-Family Residential	Multi-Family Residential	Commerical/ Business	Government	Recycled			
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
2021	18,469	699	1,222	217	96	785	235	21,723

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	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
5/8" & 3/4"	\$ 25.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 31.50	\$ 33.00	\$ 34.15	\$ 34.15	\$ 41.46
1"	50.00	60.00	60.00	60.00	60.00	63.00	66.00	68.30	68.30	74.06
1 1/2"	61.00	73.00	73.00	73.00	73.00	77.00	80.50	83.30	83.30	128.38
2"	95.00	114.00	114.00	114.00	114.00	120.00	125.50	129.90	129.90	193.57
3"	189.00	227.00	227.00	227.00	227.00	238.00	248.50	257.20	257.20	367.41
4"	303.00	364.00	364.00	364.00	364.00	382.00	399.00	413.00	413.00	562.98
6"	634.00	761.00	761.00	761.00	761.00	799.00	835.00	864.00	864.00	1,106.23
8"	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	1,432.18

Water Use Rate (per 1,000 Gallons)										
User Type	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	6/30/21
<u>Residential Zone A</u>										
Base Rate ⁽¹⁾	\$ 3.73	\$ 4.03	\$ 4.29	\$ 4.46	\$ 4.77	\$ 5.01	\$ 5.24	\$ 5.42	\$ 5.42	\$ 5.50
Tier 1 ⁽²⁾	5.94	6.42	6.84	7.11	7.61	7.99	8.35	8.64	8.64	6.23
Tier 2 ⁽²⁾	10.34	11.17	11.90	12.38	13.25	13.91	14.54	15.05	15.05	7.57
<u>Non-Residential Zone A</u>										
Base Rate ⁽¹⁾	4.11	4.44	4.73	4.92	5.26	5.52	5.77	5.97	5.97	5.50
Seasonal Rate	4.42	4.77	5.08	5.28	5.65	5.93	6.20	6.42	6.42	7.67

Notes:

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

(2) Tier 1 = 616-1845 gallons/day (gpd) FY12-FY20, 263-720 gpd FY21, Tier 2 = >1845 gpd FY12-FY20, >720 gpd FY20

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

FY 2020/21	% of Total	FY 2011/12	% of Total
Bay Club Stonetree	2.1%	City Of Novato	2.0%
City Of Novato	2.0%	Novato Unified School District	1.6%
Novato Unified School District	1.2%	Bay Club Stonetree	1.4%
Biomarin Pharmaceutical	1.0%	BioMarin Pharmaceutical	0.7%
Indian Valley Golf Course	0.8%	Coast Guard Spanish Housing	0.7%
Marin Country Club	0.7%	Fireman's Fund	0.7%
Meadow Park HOA	0.7%	Meadow Park HOA	0.6%
Bay Vista Apartments	0.6%	Bay Vista Apartments	0.6%
Coast Guard Spanish Housing	0.5%	Indian Valley Golf Course	0.5%
Valley Memorial Park	0.5%	Marion Park Apts	0.5%
	<u>10.0%</u>		<u>9.3%</u>
Total Water Service Revenue	\$24,757,000	Total Water Service Revenue	\$14,770,000

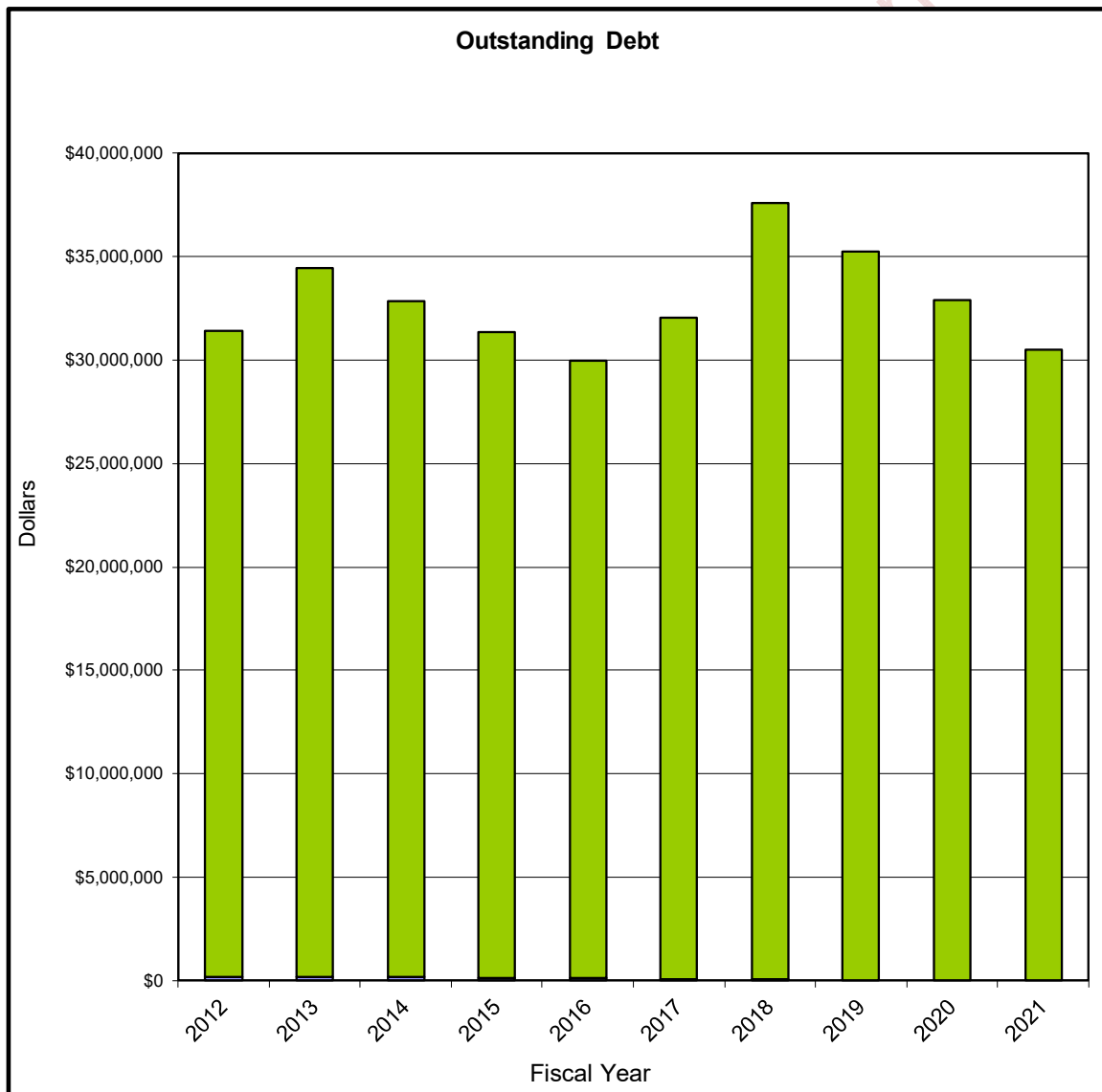
Source: NMWD CORE billing system (t:\ac\excel\wtr use\top revenue 2011_2021.xlsx)top 10

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**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 ⁽¹⁾
2012	209,203	31,173,317	31,382,520	314.35	0.24%
2013	181,652	34,241,715	34,423,367	514.47	0.30%
2014	159,916	32,687,391	32,847,307	564.32	0.47%
2015	136,000	31,237,390	31,373,390	538.48	0.50%
2016	116,000	29,823,693	29,939,693	514.32	0.47%
2017	94,000	31,922,939	32,016,939	490.81	0.44%
2018	72,000	37,513,463	37,585,463	524.87	0.41%
2019	-	35,236,198	35,236,198	610.95	0.48%
2020	-	32,903,399	32,903,399	571.65	0.56%
2021	-	30,509,357	30,509,357	533.63	0.52%



Source: North Marin Water District Audited Financial Statements

⁽¹⁾ 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 ⁽¹⁾	Expense ⁽²⁾	Net Available		Debt Service		Coverage Ratio
			Revenue		Principal	Interest	Total
2012	16,789,744	(12,610,862)	\$ 4,178,882		1,116,410	654,484	\$ 1,770,894
2013	19,761,431	(13,284,705)	6,476,726		1,337,041	778,762	2,115,803
2014	21,364,965	(13,437,213)	7,927,752		1,618,138	830,830	2,448,968
2015	19,308,316	(13,424,517)	5,883,799		1,686,523	847,951	2,534,474
2016	18,191,410	(13,727,613)	4,463,797		1,721,904	807,034	2,528,938
2017	20,209,860	(15,118,535)	5,091,325		1,769,239	757,781	2,527,020
2018	22,506,537	(16,470,065)	6,036,472		1,814,680	747,118	2,561,798
2019	22,496,702	(16,395,767)	6,100,935		2,349,265	875,354	3,224,619
2020	26,057,340	(19,411,083)	6,646,257		2,332,799	798,522	3,131,321
2021	29,188,294	(20,742,030)	8,446,264		2,452,431	740,004	3,192,435

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

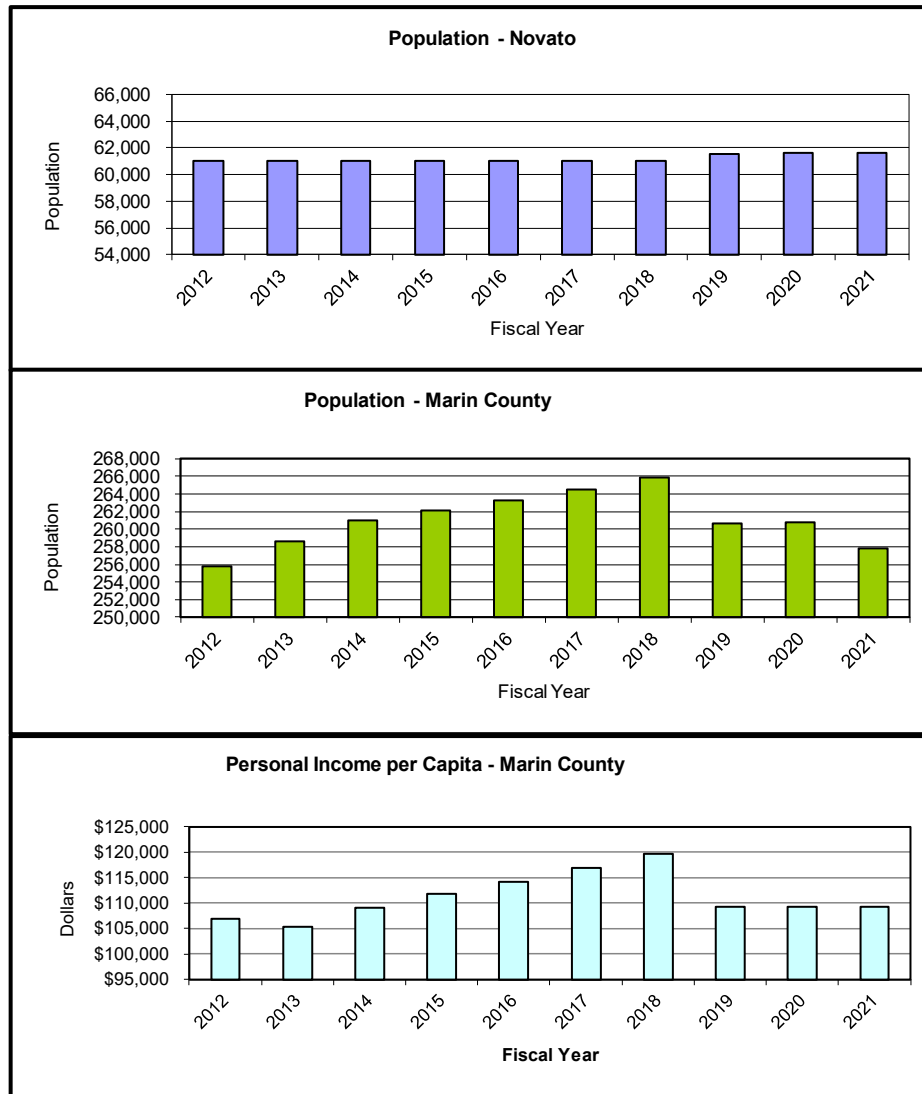
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North Marin Water District Demographics and Economics Statistics Last Ten Fiscal Years

Schedule 11

Year	Novato Service Area ⁽¹⁾		County of Marin		
	Estimated Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
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
2021	61,660	4.5%	257,774	28,178,307	109,314



Sources:

Novato population estimates based on District's occupancy estimates per Active Dwelling Unit
 Population for Marin County for FY21 found on page 36 of the County of Marin Proposed Budget FY2021-22
 Personal Income per Capita for 2020 was unavailable. FY 2019 amount was used.
 Personal Income per Capita for 2021 was unavailable. FY 2019 amount was used.

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

FY 2020/2021			FY 2011/2012		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
BioMarin Pharmaceutical	1,005	3.53%	Novato Unified School District	1,281	5.50%
Novato Unified School District	803	2.82%	BioMarin Pharmaceutical	907	3.89%
2K/Visual Concepts Entertainment	660	2.32%	Fireman's Fund	742	3.18%
Bradley Electric	342	1.20%	Cagwin & Dorward	396	1.70%
Costco Wholesale	316	1.11%	2K/Visual Concepts Entertainment	340	1.46%
Novato Community Hospital	304	1.07%	Novato Community Hospital	291	1.25%
City of Novato	290	1.02%	Target Store	291	1.25%
Ultragenix	275	0.96%	Costco Wholesale	273	1.17%
Safeway Stores	250	0.88%	Buck Institute	262	1.12%
Novato Healthcare Center	233	0.82%	Safeway Stores	249	1.07%
	4,478	15.71%		5,032	21.59%

Source: City of Novato

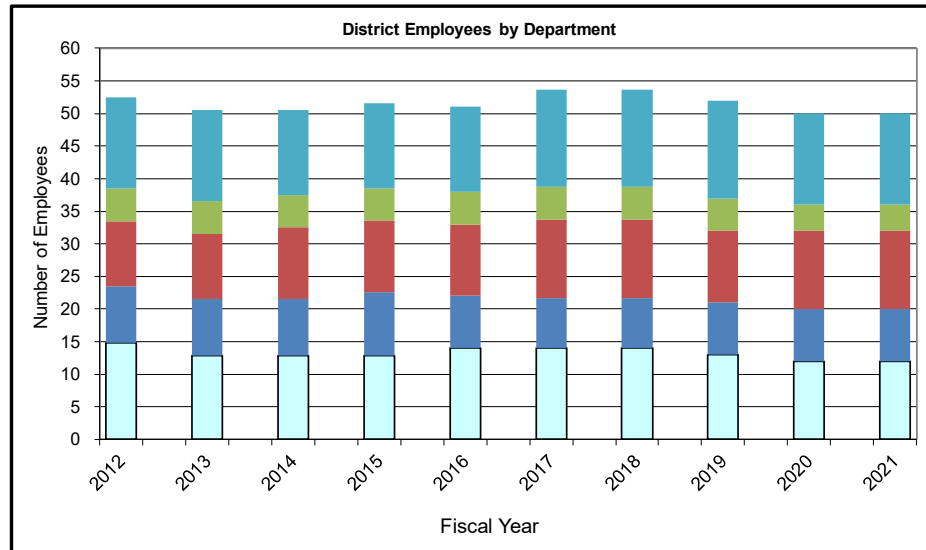
<https://www.labormarketinfo.edd.ca.gov/serp.html?q=Novato>

2020/2021 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrative Services	15	13	13	13	14	14	14	13	12	12
Engineering Services	9	9	9	10	8	8	8	8	8	8
Construction /Maintenance	10	10	11	11	11	12	12	11	12	12
Water Quality	5	5	5	5	5	5	5	5	4	4
Operations / Maintenance	14	14	13	13	13	15	15	15	14	14
	53	51	51	52	51	54	54	52	50	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

Other Operating and Capacity Indicators				
Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Number of Fire Hydrants	System Storage Capacity (MG)
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
2021	100	366	2,886	40

Source: North Marin Water District - Engineering Department

Report on Internal Controls and Compliance

Board Presentation Version

**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, 2021, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 2, 2021.

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 opinion 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
November 2, 2021

Board Presentation Version

North Marin Water District

Management Report

June 30, 2021

Board Presentation Version

North Marin Water District

Management Report

Table of Contents

<u>Item</u>	<u>Page No.</u>
General Introduction	1
Appendix:	
Audit/Finance Committee Letter	1-4
Schedule of Audit Adjusting Journal Entries	5-13

Board Presentation Version

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 the North Marin Water District (District) as of and for the year ended June 30, 2021, 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.

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
November 2, 2021

APPENDIX

North Marin Water District

Audit/Finance Committee Letter

June 30, 2021

Board Presentation Version

Board of Directors
North Marin Water District
Novato, California

We have audited the financial statements of the business-type activities of the North Marin Water District (District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the fair value of cash and investments which 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 which 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 it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits which is based on an actuarial valuation conducted by a third-party actuary. We evaluated the basis, and actuarial methods and assumptions used by the actuary to calculate the other post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the defined benefit pension plan which is based on an actuarial valuation conducted by a third-party actuary. We evaluated the basis, and actuarial methods and assumptions used by the actuary to calculate the defined benefit pension plan in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant Audit Matters, continued

Qualitative Aspects of Accounting Practices, continued

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

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

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

The disclosure of the District's other post-employment benefits plan in Note 9 to the financial statements which is based on an actuarial valuation which could differ from actual costs.

The disclosure of the District's defined benefit pension plan in Note 10 to the financial statements which is based on an actuarial valuation which could differ from actual costs.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 2, 2021.

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 application of an accounting principle to the District's 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.

Significant Audit Matters, continued

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 auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management discussion and analysis, schedules of changes in the District total OPEB liability and related ratios, schedules of the District's proportionate share of net pension liability, and the schedule of pension plan contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical information sections, which accompany the financial statements but are not RSI. Such information has 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 it.

Conclusion

We appreciate the cooperation extended to us by Drew McIntyre, General Manager, Julie Blue, Auditor-Controller, Nancy Holton, Accounting Supervisor, 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 of the District 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
November 2, 2021

North Marin Water District
Schedule of Adjusting Journal Entries
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
AJE - To adjust US Bank investments to fair market value per statement at June 30, 2021.			
15418.01	Market Value Of Investments	22,976.29	
49218.01	Gain/Loss On Market Value Of Investments		22,976.29
Total		22,976.29	22,976.29
Adjusting Journal Entries JE # 2			
CPE - To record difference between LAIF cash Statement and Districts books at June 30, 2021.			
13508.01	Time Deposit - General Fund - LAIF	4,040.78	
49200.01	Interest Earned - General Funds		4,040.78
Total		4,040.78	4,040.78
Adjusting Journal Entries JE # 3			
CPE - To adjust County of Marin accounts for fair market value adjustment at June 30, 2021.			
12632.01	STP SRF Loan Fund-County of Marin	5,418.98	
49227.01	Interest Earned-STP SRF Loan Fund-County of Marin		5,418.98
Total		5,418.98	5,418.98
Adjusting Journal Entries JE # 4			
CPE - To record difference between accrued estimate and actual billing for June 30, 2021 accrued water sales.			
13741.01	Accrued Water Revenue	32,731.75	
41100.01	Water Sales		32,731.75
Total		32,731.75	32,731.75
Adjusting Journal Entries JE # 5			
AJE - To adjust accrued interest for US Bank investments at June 30, 2021.			
13750.01	Accrued Interest Receivable - General Funds	5,277.59	
49200.01	Interest Earned - General Funds		5,277.59
Total		5,277.59	5,277.59
Adjusting Journal Entries JE # 6			
GASB 68 Entry #1 - To reclassify 2020 contributions to NPL at June 30, 2021.			
21502.01	Net Pension Liability	1,370,702.00	
16100.01	Deferred Outflows - Pension		1,370,702.00
Total		1,370,702.00	1,370,702.00

**North Marin Water District
Schedule of Adjusting Journal Entries
June 30, 2021**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 7			
GASB 68 Entry #2 - To reclassify 2021 contributions to Deferred Outflows of Resources at June 30, 2021. Note: Entry Includes Cash Offset Entries.			
13509.02	Unrestricted Cash	85,250.00	
13509.05	Unrestricted Cash	21,312.00	
13509.08	Unrestricted Cash	16,990.00	
16100.01	Deferred Outflows - Pension	1,490,360.00	
13509.01	Unrestricted Cash		123,552.00
51400.01	GASB68 Adjustment - Source		6,259.00
51400.02	GASB68 Adjustment - Source		2,981.00
52309.01	GASB68 Adjustment - Pumping		12,668.00
52309.02	GASB68 Adjustment - Pumping		4,620.00
52309.05	GASB68 Adjustment - Pumping		447.00
52700.01	GASB68 Adjustment - Operations		152,464.00
52700.02	GASB68 Adjustment - Operations		11,774.00
52700.05	GASB68 Adjustment - Operations		11,774.00
53800.01	GASB68 Adjustment - Water Treatment		231,005.00
53800.02	GASB68 Adjustment - Water Treatment		40,240.00
53800.05	GASB68 Adjustment - Water Treatment		1,639.00
54598.01	GASB68 Adjustment - T&D		499,866.00
54598.02	GASB68 Adjustment - T&D		18,928.00
54598.05	GASB68 Adjustment - T&D		7,452.00
54699.08	GASB68 Adjustment - Sewage Collection		9,687.00
54799.08	GASB68 Adjustment - Sewage Treatment		2,236.00
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin		5,067.00
55999.01	GASB68 Adjustment - Consumer Accounting		50,821.00
55999.02	GASB68 Adjustment - Consumer Accounting		2,236.00
57000.01	GASB68 Adjustment - G&A		371,100.00
58100.01	GASB68 Adjustment - Water Conservation		42,625.00
58100.02	GASB68 Adjustment - Water Conservation		4,471.00
Total		1,613,912.00	1,613,912.00

North Marin Water District
Schedule of Adjusting Journal Entries
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
GASB 68 Entry #3 - To record changes in pension liability during FY19/20 at June 30, 2021. Note: Entry Includes Cash Offset Entries.			
13509.01	Unrestricted Cash	106,813.00	
16100.01	Deferred Outflows - Pension	954,112.00	
16100.01	Deferred Outflows - Pension	291,726.00	
16100.01	Deferred Outflows - Pension	307,592.00	
23100.01	Deferred Inflows - Pension	420,256.00	
23100.01	Deferred Inflows - Pension	238,700.00	
51400.01	GASB68 Adjustment - Source	5,411.00	
51400.02	GASB68 Adjustment - Source	2,577.00	
52309.01	GASB68 Adjustment - Pumping	10,952.00	
52309.02	GASB68 Adjustment - Pumping	3,994.00	
52309.05	GASB68 Adjustment - Pumping	387.00	
52700.01	GASB68 Adjustment - Operations	131,808.00	
52700.02	GASB68 Adjustment - Operations	10,179.00	
52700.05	GASB68 Adjustment - Operations	10,179.00	
53800.01	GASB68 Adjustment - Water Treatment	199,709.00	
53800.02	GASB68 Adjustment - Water Treatment	34,788.00	
53800.05	GASB68 Adjustment - Water Treatment	1,417.00	
54598.01	GASB68 Adjustment - T&D	432,146.00	
54598.02	GASB68 Adjustment - T&D	16,363.00	
54598.05	GASB68 Adjustment - T&D	6,442.00	
54699.08	GASB68 Adjustment - Sewage Collection	8,375.00	
54799.08	GASB68 Adjustment - Sewage Treatment	1,933.00	
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin	4,381.00	
55999.01	GASB68 Adjustment - Consumer Accounting	43,936.00	
55999.02	GASB68 Adjustment - Consumer Accounting	1,933.00	
57000.01	GASB68 Adjustment - G&A	320,824.00	
58100.01	GASB68 Adjustment - Water Conservation	36,850.00	
58100.02	GASB68 Adjustment - Water Conservation	3,865.00	
13509.02	Unrestricted Cash		73,699.00
13509.05	Unrestricted Cash		18,425.00
13509.08	Unrestricted Cash		14,689.00
16100.01	Deferred Outflows - Pension		420,256.00
16100.01	Deferred Outflows - Pension		238,700.00
21502.01	Net Pension Liability		2,445,175.00
23100.01	Deferred Inflows - Pension		53,695.00
23100.01	Deferred Inflows - Pension		343,009.00
Total		3,607,648.00	3,607,648.00

North Marin Water District
Schedule of Adjusting Journal Entries
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 9			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY19/20 at June 30, 2021. Note: Entry Includes Cash Offset Entries.			
13509.01	Unrestricted Cash	74,415.00	
23100.01	Deferred Inflows - Pension	376,372.00	
51400.01	GASB68 Adjustment - Source	3,770.00	
51400.02	GASB68 Adjustment - Source	1,795.00	
52309.01	GASB68 Adjustment - Pumping	7,630.00	
52309.02	GASB68 Adjustment - Pumping	2,783.00	
52309.05	GASB68 Adjustment - Pumping	269.00	
52700.01	GASB68 Adjustment - Operations	91,831.00	
52700.02	GASB68 Adjustment - Operations	7,092.00	
52700.05	GASB68 Adjustment - Operations	7,092.00	
53800.01	GASB68 Adjustment - Water Treatment	139,138.00	
53800.02	GASB68 Adjustment - Water Treatment	24,237.00	
53800.05	GASB68 Adjustment - Water Treatment	987.00	
54598.01	GASB68 Adjustment - T&D	301,077.00	
54598.02	GASB68 Adjustment - T&D	11,400.00	
54598.05	GASB68 Adjustment - T&D	4,488.00	
54699.08	GASB68 Adjustment - Sewage Collection	5,835.00	
54799.08	GASB68 Adjustment - Sewage Treatment	1,346.00	
54899.08	GASB68 Adjustment - Disposal-OMSewer-Admin	3,052.00	
55999.01	GASB68 Adjustment - Consumer Accounting	30,610.00	
55999.02	GASB68 Adjustment - Consumer Accounting	1,346.00	
57000.01	GASB68 Adjustment - G&A	223,519.00	
58100.01	GASB68 Adjustment - Water Conservation	25,673.00	
58100.02	GASB68 Adjustment - Water Conservation	2,693.00	
13509.02	Unrestricted Cash		51,346.00
13509.05	Unrestricted Cash		12,836.00
13509.08	Unrestricted Cash		10,233.00
16100.01	Deferred Outflows - Pension		407,556.00
16100.01	Deferred Outflows - Pension		116,975.00
16100.01	Deferred Outflows - Pension		277,898.00
23100.01	Deferred Inflows - Pension		471,606.00
Total		1,348,450.00	1,348,450.00

North Marin Water District
Schedule of Adjusting Journal Entries
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 10			
GASB 75 Entry #1 - To record changes in OPEB liability during FY20/21 in the current year. Note: Entry Includes Cash Offset Entries.			
13509.01	Unrestricted Cash	1,909.00	
16200.01	Deferred Outflows - OPEB	256,981.00	
51401.01	GASB75 Adjustment - Source of Supply	97.00	
51401.02	GASB75 Adjustment - Source of Supply	46.00	
52310.01	GASB75 Adjustment - Pumping	196.00	
52310.02	GASB75 Adjustment - Pumping	71.00	
52310.05	GASB75 Adjustment - Pumping	7.00	
52701.01	GASB75 Adjustment - Operations	2,355.00	
52701.02	GASB75 Adjustment - Operations	182.00	
52701.05	GASB75 Adjustment - Operations	182.00	
53801.01	GASB75 Adjustment - Water Treatment	3,569.00	
53801.02	GASB75 Adjustment - Water Treatment	622.00	
53801.05	GASB75 Adjustment - Water Treatment	25.00	
54596.01	GASB75 Adjustment - T&D	7,722.00	
54596.02	GASB75 Adjustment - T&D	292.00	
54596.05	GASB75 Adjustment - T&D	115.00	
54698.08	GASB75 Adjustment - Sewage Collection	150.00	
54798.08	GASB75 Adjustment - Sewage Treatment	35.00	
54898.08	GASB75 Adjustment - Sewage Disposal	78.00	
55998.01	GASB75 Adjustment - Consumer Accounting	785.00	
55998.02	GASB75 Adjustment - Consumer Accounting	35.00	
57001.01	GASB75 Adjustment - G&A	5,733.00	
58101.01	GASB75 Adjustment - Water Conservation	659.00	
58101.02	GASB75 Adjustment - Water Conservation	69.00	
13509.02	Unrestricted Cash		1,317.00
13509.05	Unrestricted Cash		329.00
13509.08	Unrestricted Cash		263.00
21503.01	OPEB Liability		280,006.00
Total		281,915.00	281,915.00

North Marin Water District
Schedule of Adjusting Journal Entries
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 11			
GASB 75 Entry #2 - To record changes in the deferred outflows and deferred inflows (amortization) at June 30, 2021. Note: Entry Includes Cash Offset Entries.			
13509.01	Unrestricted Cash	7,576.00	
23200.01	Deferred Inflows:Novato:Dist	17,562.00	
51401.01	GASB75 Adjustment - Source of Supply	384.00	
51401.02	GASB75 Adjustment - Source of Supply	183.00	
52310.01	GASB75 Adjustment - Pumping	777.00	
52310.02	GASB75 Adjustment - Pumping	283.00	
52310.05	GASB75 Adjustment - Pumping	27.00	
52701.01	GASB75 Adjustment - Operations	9,348.00	
52701.02	GASB75 Adjustment - Operations	722.00	
52701.05	GASB75 Adjustment - Operations	722.00	
53801.01	GASB75 Adjustment - Water Treatment	14,164.00	
53801.02	GASB75 Adjustment - Water Treatment	2,467.00	
53801.05	GASB75 Adjustment - Water Treatment	101.00	
54596.01	GASB75 Adjustment - T&D	30,648.00	
54596.02	GASB75 Adjustment - T&D	1,161.00	
54596.05	GASB75 Adjustment -T&D	457.00	
54698.08	GASB75 Adjustment - Sewage Collection	594.00	
54798.08	GASB75 Adjustment - Sewage Treatment	137.00	
54898.08	GASB75 Adjustment - Sewage Disposal	311.00	
55998.01	GASB75 Adjustment - Consumer Accounting	3,116.00	
55998.02	GASB75 Adjustment - Consumer Accounting	137.00	
57001.01	GASB75 Adjustment - G&A	22,753.00	
58101.01	GASB75 Adjustment - Water Conservation	2,613.00	
58101.02	GASB75 Adjustment - Water Conservation	274.00	
13509.02	Unrestricted Cash		5,227.00
13509.05	Unrestricted Cash		1,307.00
13509.08	Unrestricted Cash		1,042.00
16200.01	Deferred Outflows - OPEB		108,941.00
Total		116,517.00	116,517.00

Adjusting Journal Entries JE # 12

CPE (AR-001967) - To record SCWA refund for FY20/21 Revenue Bond Payment overcharge which was received on 8/23/21.

13740.01	Accounts Receivable - Accrued	147,886.54	
51301.01	Purchased Water - SCWA		147,886.54
Total		147,886.54	147,886.54

North Marin Water District
Schedule of Adjusting Journal Entries
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 13			
CPE (JE-023879) - To correct loan receivable balance based on actual at June 30, 2021			
13721.05	Accounts Receivable - BPGL & MCC Current	124.55	
49205.05	Interest Earned - Black Point Partners & MCC		124.55
Total		124.55	124.55
Adjusting Journal Entries JE # 14			
CPE (JE-023881) - To reallocate cash balances within Novato Recycled and West Marin Water at June 30, 2021.			
13509.02	Unrestricted Cash	46,339.00	
13509.05	Unrestricted Cash	11,585.00	
12627.02	Designated Cash - Operating Reserve		46,339.00
12627.05	Designated Cash - Operating Reserve		11,585.00
Total		57,924.00	57,924.00
Adjusting Journal Entries JE # 15			
AJE (JE-023902) - To record lease assets, depreciation and liability for FY19/20.			
12114.01	Enterprise Leased Vehicles:Novato:Dist	294,828.31	
52403.01	Operating Labor & Expense	674.06	
12214.01	Depr-Enterprise Leased Vehicles:Novato:Dist		31,826.13
21440.01	Enterprise Lease:Novato:Dist		263,676.24
Total		295,502.37	295,502.37

North Marin Water District
Schedule of Adjusting Journal Entries
June 30, 2021

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 16			
AJE (JE-023903) - To record lease assets, depreciation and liability changes for FY20/21.			
12114.01	Enterprise Leased Vehicles:Novato:Dist	62,764.10	
15224.01	Depr-Enterprise Leased Vehicles:Novato:Dist	59,244.61	
21440.01	Enterprise Lease:Novato:Dist	58,387.96	
59404.01	Enterprise Lease Int.Novato:Dist	2,375.00	
12214.01	Depr-Enterprise Leased Vehicles:Novato:Dist		59,244.61
21440.01	Enterprise Lease:Novato:Dist		62,764.10
52403.01	Operating Labor & Expense		558.35
52403.01	Operating Labor & Expense		13,726.82
52403.01	Operating Labor & Expense		13,771.16
52403.01	Operating Labor & Expense		560.16
54001.01	Supervision & Engineering		212.57
54001.01	Supervision & Engineering		102.89
54001.01	Supervision & Engineering		5,225.97
54001.01	Supervision & Engineering		2,529.44
54101.01	Operating Labor, Supplies, & Expense		3,047.42
54101.01	Operating Labor, Supplies, & Expense		123.96
54101.01	Operating Labor, Supplies, & Expense		86.22
54101.01	Operating Labor, Supplies, & Expense		420.21
54101.01	Operating Labor, Supplies, & Expense		2,119.66
54101.01	Operating Labor, Supplies, & Expense		10,330.52
54103.01	Customer Service Expense		5,430.21
54103.01	Customer Service Expense		220.88
56993.01	Warehouse Shop & Yard Expense		89.76
56993.01	Warehouse Shop & Yard Expense		2,206.76
Total		182,771.67	182,771.67
Adjusting Journal Entries JE # 17			
AJE (JE-023904) - To clear operations overhead accounts 6/21 for Enterprise lease vehicles.			
57120.01	Depr-Ent Leases:Novato:Dist	59,244.61	
15224.01	Depr-Enterprise Leased Vehicles:Novato:Dist		59,244.61
Total		59,244.61	59,244.61

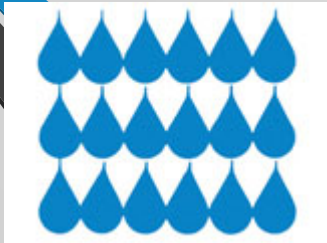
**North Marin Water District
Schedule of Adjusting Journal Entries
June 30, 2021**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 18			
CPE (JE-023905) - To Reverse July 2021 Enterprise Invoice Posted in June 2021			
22201.01	Accounts Payable - Vouchers	5,040.54	
52403.01	Operating Labor & Expense		461.02
52403.01	Operating Labor & Expense		517.06
52403.01	Operating Labor & Expense		445.12
52403.01	Operating Labor & Expense		626.16
52403.01	Operating Labor & Expense		525.27
54001.01	Supervision & Engineering		445.12
54101.01	Operating Labor, Supplies, & Expense		463.78
54101.01	Operating Labor, Supplies, & Expense		590.19
54101.01	Operating Labor, Supplies, & Expense		511.84
54103.01	Customer Service Expense		454.98
Total		5,040.54	5,040.54
Adjusting Journal Entries JE # 19			
CPE (JE-023906) - Reclass Short Term portion of lease liability FY20/21 per lease schedules.			
21440.01	Enterprise Lease:Novato:Dist	71,321.00	
22440.01	Enterprise Leases:Novato:Dist - Current		71,321.00
Total		71,321.00	71,321.00

North Marin Water District

Board of Directors Presentation of 2021 Audit Results

Fedak & Brown LLP



The Reports

Independent Auditor's Report

- **Unmodified "CLEAN" 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, 2021....

Financial Highlights

Condensed Statements of Net Position

	2021	2020	Change
Assets:			
Current assets	\$ 30,793,755	26,184,796	4,608,959
Non-current assets	3,804,490	6,460,598	(2,656,108)
Capital assets, net	139,341,932	138,675,093	666,839
Total assets	173,940,177	171,320,487	2,619,690
Deferred outflows of resources	3,497,233	3,137,492	359,741
Liabilities:			
Current liabilities	6,056,565	6,839,892	(783,327)
Non-current liabilities	48,957,580	49,980,638	(1,023,058)
Total liabilities	55,014,145	56,820,530	(1,806,385)
Deferred inflows of resources	739,101	923,684	(184,583)
Net position:			
Net investment in capital assets	110,643,664	107,946,623	2,697,041
Unrestricted	11,040,500	8,767,142	2,273,358
Total net position	\$ 121,684,164	116,713,765	4,970,399

Financial Highlights

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenue:			
Operating revenue	\$ 25,378,535	23,796,921	1,581,614
Non-operating revenue	439,088	868,521	(429,433)
Total revenue	<u>25,817,623</u>	<u>24,665,442</u>	<u>1,152,181</u>
Expense:			
Operating expense	20,737,073	19,404,779	1,332,294
Depreciation and amortization	3,887,096	3,366,216	520,880
Non-operating expense	811,143	1,108,162	(297,019)
Total expense	<u>25,435,312</u>	<u>23,879,157</u>	<u>1,556,155</u>
Net income(expense) before capital contributions	382,311	786,285	(403,974)
Capital contributions	<u>4,588,088</u>	<u>2,762,983</u>	<u>1,825,105</u>
Changes in net position	<u>4,970,399</u>	<u>3,549,268</u>	<u>1,421,131</u>
Net position, beginning of year	<u>116,713,765</u>	<u>113,164,497</u>	<u>3,549,268</u>
Net position, end of year	<u>\$ 121,684,164</u>	<u>116,713,765</u>	<u>4,970,399</u>

Management Report

- Auditor's communication with those charged with governance (SAS 114)
- Communication of control deficiencies (SAS 115)

Management Report

- Our communication with those charged with governance –
 - Qualitative Aspects of Accounting Practices
 - Significant estimates
 - Sensitive note disclosures
 - Difficulties Encountered in Performing the Audit
 - Disagreements with Management
 - Management Consultations with Other Independent Accountants

Management Report

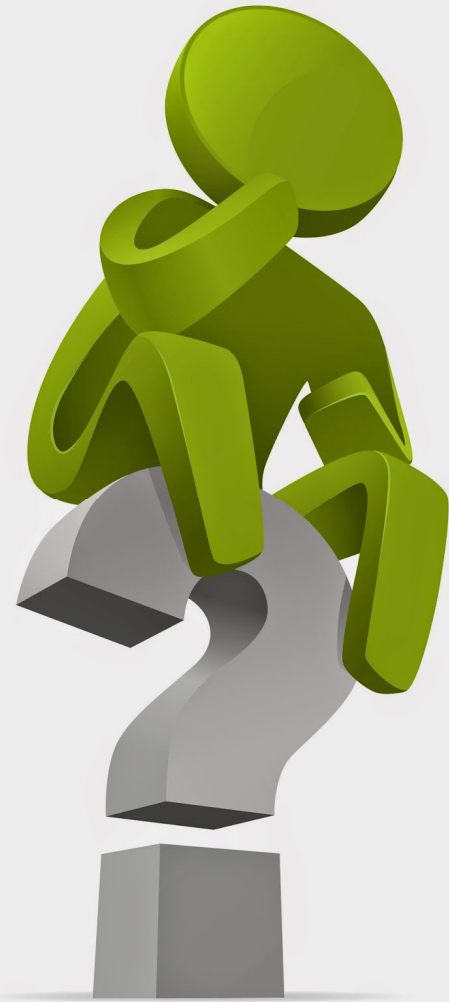
- Our communication of control deficiencies:
 - No material weaknesses or significant deficiencies.

Summary and Conclusion

In 2021:

- The District received an unmodified “CLEAN” opinion
- Net position increased \$4,970,399
- Total revenues increased \$1,152,181
- Total expenses increased \$1,556,155
- Capital contributions increased \$1,825,105

Questions



7

MEMORANDUM

To: Board of Directors October 29, 2021
 From: Tony Williams, Assistant General Manager/Chief Engineer 
 Subj: Gallagher Well No. 2 Installation - Approve Bid Advertisement
r:\folders by job no\6000 jobs\6609.20 new gallagher well no 2\bod memos\11-2-2021\6609.20 gall well 2 approve advertisement bod.doc

RECOMMENDED ACTION: That the Board authorize bid advertisement of the Gallagher Well No. 2 Project, Well Construction Phase

FINANCIAL IMPACT: \$80,000 (\$631,000 included in FY2021-22 Budget)

Background

The Gallagher Well No. 2 Project includes construction of a new approximately 60-foot deep well, including a submersible pump assembly and associated electrical systems, as well as approximately 400 feet of 6-inch diameter pipeline to connect the new well to the existing Gallagher Well 12-inch transmission pipeline. The Project is designed in two distinct phases: Phase 1 is the installation and development of the new well; and Phase 2 is the construction of the well mound, well piping and electrical systems, and the new 6-inch water pipeline and connection to the transmission line (balance of the work). Phase 1 will require a Specialty Contractor (license #C-57 Well Drilling), and Phase 2 will be performed by District crews.

The project site, located to the north of the existing Gallagher Well No. 1 site at the Gallagher Family Ranch, is within the Coastal Zone and therefore subject to the policies of the Marin County Local Coastal Program (LCP). The District received an LCP and Use Permit on March 25, 2021 from the Marin County Community Development Agency (CDA) which is responsible for processing a Coastal Permit application. After several appeals at the County-level by a local environmental group, the project was considered before the California Coastal Commission (CCC) on October 15, 2021 and the appeal was determined not to be a substantial issue and the CCC declined to take jurisdiction over the project.

A Streambed Alteration Agreement application was submitted to the California Department of Fish & Wildlife (CDFW) in June 2021 and a draft permit was received on October 8, 2021. The CDFW permit does not address construction activities as the work is outside the jurisdiction of CDFW and instead conditions the eventual well pumping and operations. A final permit is expected in November after discussions with CDFW staff. The Board approved the CEQA Addendum and adopted a Resolution finding the proposed mitigation measures were consistent with the previously approved 2009 Mitigated Negative Declaration for the Project and subsequently filed a Notice of Determination with the County on March 5, 2021. The various mitigation measures provided in the CEQA document related to construction activities have been incorporated in the project's plans and specifications.

The FY 2021/22 Capital Improvement Program (CIP) budget includes a line item for the project in the amount of \$631,000. The current construction estimate for the entire project (Phases 1 and 2) is approximately \$609,000, including contingency and construction administration.

Plans and specifications for the project were completed by District staff and consultants and include permit conditions from the County's LCP permit as well as CEQA mitigation measures related to construction. The following project schedule identifies key dates, including the proposed advertising date. The timing of the project is intended to occur as soon as all easements are secured from the Gallagher Family. Due to the unprecedented state-wide demand for well drilling as well as supply chain issues for construction materials, the following schedule is very tentative but the goal is to have a functional well by late Spring 2022 and fully operational late Summer 2022.

TENTATIVE SCHEDULE

Advertise Project (Phase 1)	November 11, 2021
Prebid Meeting (tentative)	November 19, 2021
Bid Opening	November 30, 2021
Board Authorization of Award	December 7, 2021
Contractor Notice to Proceed	Dec 2021-Jan 2022
Construction Complete (Phase 1)	March 2022
Phase 2 Construction (Balance of Work)	April-May 2022
Water Quality Testing	April-July 2022

Phase 1 of the project will be advertised in the Marin IJ and on the NMWD website with electronic plans and specifications available to the prospective bidders for free download.

Project Description and Costs

The scope of work for Phase 1 construction includes drilling of the new well, installation of the well and conductor casings, well screens and seals, and pump testing. The preliminary engineer's estimate for Phase 1 of the project is \$80,000, including contingency. A complete total project cost estimated update will be provided after well construction bids are received.

RECOMMENDATION

The Board authorize bid advertisement for Gallagher Well No. 2 Phase 1 – Well Installation and Development.

8

DISBURSEMENTS - DATED OCTOBER 21, 2021

Date Prepared 10/19/21

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
1	Alpha Analytical Labs	Lab Testing	\$3,565.00
2	Amazon/Genuine-Hardware	Storage Container for Meter Shop (4) (\$102), Replacement Air Pump ('9 Peterbilt) (\$1,975), Office Supplies (\$320), Chlorine Reagent Powder Pillows (1,000) (STP) (\$220), & Mix Mats for Concrete in Construction (3) (\$303)	2,919.37
3	Arrow Benefits Group	September Dental Expense	4,417.31
4	Associated Right of Way Services	Prog Pymt #10: Right of Way Real Estate Services for Gallagher Well #2 (Balance Remaining on Contract \$30,379)	375.00
5	Athens Administrators	September Indemnity Review Fee	105.00
6	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt#120 of 240) Aqueduct Energy Efficiency Project	46,066.67
7	BETE Fog Nozzle, Inc.	Spray Nozzles for Inside PRE Tanks (8)	140.35
8	Boucher Law	September Labor & Law Employment Matters	550.00
9	Breit, Adam	Exp Reimb: Safety Boots	200.00
10	California Water Service	Water Service (O.M.) (8/28-9/30) (0 CCF)	28.35
11	Campbell, Gabrielle	Novato "Washer Rebate" Program	100.00
12	Chandrasekera, Carmela	Retiree Exp Reimb (Oct Health Ins)	1,063.97
13	Cilia, Joseph	Retiree Exp Reimb (Oct Health Ins)	372.37
14	Clipper Direct	Commuter Benefit Program	29.00
15	Comcast	Oct Internet Connection	144.92
16	Consolidated CM	Prog Pymt#4: Construction Management Services for NMWD Building Renovation Project (Balance Remaining on Contract \$102,298)	11,165.00

Seq	Payable To	For	Amount
17	Core Utilities, Inc	Consulting Services: September IT Support (\$6,000), IT and SCADA Support for Novato Radio/Cell (\$275), CORE Billing Maintenance (\$300), New Front Office Network Design (\$100), Exchange 365 Migration (\$5,525), Board Assistance (\$375) & NexGen Support (\$50)	12,625.00
18	Core & Main	Bolts (250), Meter Boxes (54) (\$1,792), Bushing, 6" CLOW Hydrant (\$1,833), Valves (23) (\$12,116), Reducer (\$106), Couplings (14) (\$1,473), Flanges (2) (\$184), Tapping Sleeve (\$830), Gaskets (40) (\$608), EI, Hydrant Bury (\$239), Megalug Restrained Glands (4) (\$252), Angle Meter Stops (14) (\$878) & 12" Tees (2) (\$1,432)	22,334.85
19	DeGabriele, Chris	Prog Pymt#14: Consulting Services-Kastania P/S (\$3,704) & IPUD/MMWD Emergency Supply (\$32) (Balance Remaining on Contract \$23,874)	3,736.32
20	Demsey, Filliger & Associates	GASB 75 Disclosure Report OPEB FY 20/21	500.00
21	Diesel Direct West	Diesel (578 gals) (\$2,651) & Gasoline (851 gals) (\$3,627)	6,278.41
22	EKI Environment & Water, Inc.	Prog Pymt#1: 2021 RW Demand & Expand Analysis for NMWD (Balance Remaining on Contract \$4,714)	286.00
23	Environmental Science Assoc	Prog Pymt#7: Gallagher Well No. 2 Project (Balance Remaining on Contract \$53,788)	16,186.88
24	ETS	Prog Pymt#4: Provide Environmental Testing on Fill Materials (Balance Remaining on Contract \$100)	290.00
25	Eurofins Eaton Analytical, Inc	Lab Services for UCMR4 Monitoring	300.00
26	Evoqua Water Technologies LLC	Oct Service on Deionization System	396.75
27	Fishman Supply Co	Safety Gloves (400) (\$110) & Safety Vest (2)	131.87
28	Friedman's Home Improvement	Lumber	7.74
29	Frontier Communications	Leased Lines	1,444.50

Seq	Payable To	For	Amount
30	Grainger	Replacement Aeration Pump for Inverness Park Tanks 1 & 2 (\$2,027), Pump Repair Kit (\$400) & Miscellaneous Maintenance Tools & Supplies (\$217)	2,643.93
31	Hach Co.	Chlorine Reagent (1,000) (STP)	276.27
32	InfoSend, Inc.	Sept Processing Fee for Water Bills (\$1,326), Postage (\$3,898) & Support Fee (\$872)	6,095.70
33	Intellaprint Systems	Quarterly Maintenance on KIP 3,000 Engineering Scanner/Copier	447.00
34	Jackson, David	Retiree Exp Reimb (Oct Health Ins)	1,063.97
35		Vision Reimbursement	189.96
36	Kiosk Creative LLC	Prog Pymt#3: Provide Social Media Support (Balance Remaining on Contract \$49,895)	3,918.50
37	Department of Labor and Industries Washington	Quarterly Fee for WA Workers Comp Insurance for Employee Working Remotely	54.02
38	Latanyszyn, Roman	Retiree Exp Reimb (Oct Health Ins)	372.37
39	Lemos, Kerry	Retiree Exp Reimb (Oct Health Ins)	1,063.97
40	Madruga Iron Works, Inc.	Vault Lid Frame & Cover Assy	4,511.98
41	Maggiora & Ghilotti	Prog Pymt#1: Old Ranch Road Tank No. 2 Construction Services (Balance Remaining on Contract \$890,937)	308,849.75
42	Maltby Electric	Copper Wire (1,500') (PRE 4 C)	4,188.38
43	Manzoni, Alicia	Retiree Exp Reimb (Oct Health Ins)	1,063.97
44	McAghon, Andrew	Lawn Be Gone Sheet Mulching Program (4 Addresses-3,150 sq ft.)	2,250.00
45	Emanuel Meilak	Refund Overpayment on Closed Account	57.01
46	Nerviani's Backflow	Backflow Testing for DC Devices (15)	1,050.00
47	North Bay Watershed Assoc.	FY21/22 Dues (Watershed Stewardship Plans) (Budget \$6,400) (7/21-6/22)	5,837.16

Seq	Payable To	For	Amount
48	Novato Sanitary District	August 2021 RW Operating Expense (\$32,197), Treatment & Disposal of Discharge from STP (\$7,725) & Semi-Annual Billing for Yard/Office Sewer Charge (FY21/22) (\$2,191)	42,112.20
49	Novato Chamber of Commerce	Membership Dues (11/21-10/22) (Budget \$1,000)	920.00
50	O'Reilly Auto Parts	Chain Saw Blade Oil (6)	84.56
51	Pace Supply	Brass Plugs (10), Caps (5) (\$90), Corp Stops (6) (\$351) & Couplings (10) (\$245)	734.02
52	Parkinson Accounting Systems	September Accounting Software Support	195.00
53	PDM Steel Service Centers	Steel for Meter Shop	2,273.94
54	PES Environmental, Inc.	Prog Pymt#5: Pt. Reyes Coast Guard Site Reuse Project, Wastewater Facilities Plan & Wood Rodgers Gallagher Well No. 2 (Balance Remaining on Contract \$22,583)	1,430.00
55	Point Reyes Prop Mgmt Assn	HOA Fees (25 Giacomini Rd)	75.05
56	Prunuske Chatham Inc	Prog Pymt#12: Leveroni Creek Embankment Repair (Balance Remaining on Contract \$11,936)	2,157.00
57	PumpMan Norcal	Labor & Materials to Install and Wire NMWD Pump/Motor in Gallagher NP-5 Well	1,650.00
58	Quincy Compressor	Service on STP Air Compressors (2)	4,584.28
59	R & B Company	Hydrant Extensions (3) (\$384), Couplings (2) (\$1,387) & Box Lid	1,826.08
60	Beth Sasan	Refund Overpayment on Closed Account	231.46
61	Solenis, LLC	Praestol K279 (4,580 lbs) (STP)	8,711.85
62	Sonoma County Water Agency	September Contract Water	555,123.50
63	Sonoma County Water Agency	District Allocation of FY22 North Bay Water Reuse Authority Budget (\$10,000)	10,000.00
64	SPG Solar Facility XII, LLC	Sept Energy Delivered Under Solar Services Agreement	13,248.82
65	State Water Resources Control	Clean Water SRF Loan Principal & Interest-RW North Plum Storage (Pymt#10 of 20)	29,413.76

Seq	Payable To	For	Amount
66	Mary Stout	Refund Overpayment on Closed Account	73.14
67	Syar Industries Inc	Sand (15 yds)	933.34
68	Tamagno Green Products	Sludge Removal from STP (105 yds)	3,675.00
69	Team Ghilotti Inc.	Prog Pymt#3: Patch Pave New Water Service (Balance Remaining on Contract \$228,790)	3,850.00
70	Thatcher Company of California	Chlorine (4,000 lbs) (\$2,256) & Ferric Sulfate (23 tons) (\$9,518) (STP)	11,774.10
71	Township Building Services	September Janitorial Services	2,035.48
72	TPx Communications	September Telephone Charges	655.57
73	T & T Valve & Instrument Inc	Solenoids for STP	426.94
74	Univar	Caustic Soda (13 dry tons)	5,614.71
75	Urban Forestry Associates, Inc.	Site Inspection (45 Old Ranch Rd)	350.00
76	USA BlueBook	Valve & Curb Key Set	224.88
77	US Bank	September Safekeeping Treasury Securities	102.25
78	VWR International LLC	Steam Integrator (\$103), Lauryl Tryptose Broth (\$176) & Click Container (\$88) (Lab)	367.78
79	Waste Management	Green Waste Disposal	123.28
80	White & Prescott	Prog Pymt#5: AEEP Easement Support (\$765) & Prog Pymt#6: Springbrook Water Line Easement (\$180) (Balance Remaining on Contract \$26,135)	945.00
81	ZORO	Welding Helmet (\$453) & Vise for Meter Shop (\$298)	750.98
TOTAL DISBURSEMENTS			<u>\$1,186,368.54</u>

The foregoing payroll and accounts payable vouchers totaling \$1,186,368.54 are hereby approved and authorized for payment.

	10/19/21
Auditor-Controller	Date
	10/19/21
General Manager	Date

Notice:

Seasonal salinity intrusion has occurred into two of North Marin Water District's wells serving the West Marin communities of Point Reyes Station, Olema, Inverness Park, and Paradise Ranch Estates. Now that sodium has reached 50 mg/L, North Marin Water District will be publishing this notice weekly to keep you informed about the sodium concentration in drinking water so you may be able to make informed dietary choices.

The table below lists the most recent concentrations for sodium in the West Marin water supply. While there is no direct health concern from salt for most people at this concentration, customers that are on sodium restricted diets should consult their physicians to see if additional sodium is a concern for them.

Date	Sodium	Chloride	Units
10/17/21	35.0	62.6	mg/L *
10/10/21-10/11/21	26.0 – 81.0*	37.6 – 203*	mg/L *
10/3/21-10/4/21	19.8 – 149*	34.7 – 387*	mg/L *
9/26/21	55.8	140	mg/L *

mg/L= milligrams per liter

* This is a range from four different sample sites across the span of NMWD's distribution system.

On October 4th the sodium concentration in part of our system surpassed the 115 mg/L threshold representing 10% of the recommended daily intake for sodium (voluntarily set by NMWD). Accordingly, NMWD will be making treated drinking water with a lower salt content available to those customers on sodium-restricted diets. This water will be available at bottle filling stations on the former Coast Guard housing property, at the end of Commodore Webster Drive on Tuesdays 1:30 to 4:30 pm and Fridays 9:00 am to 1:00 pm. More information about this program can be found at www.nmwd.com/wq where you'll also find the annual report summarizing the high quality of the drinking water we serve to your tap.

October 28, 2021 POINT REYES LIGHT

Notice:

Seasonal salinity intrusion has occurred into two of North Marin Water District's wells serving the West Marin communities of Point Reyes Station, Olema, Inverness Park, and Paradise Ranch Estates. Now that sodium has reached 50 mg/L, North Marin Water District will be publishing this notice weekly to keep you informed about the sodium concentration in drinking water so you may be able to make informed dietary choices.

The table below lists the most recent concentrations for sodium in the West Marin water supply. While there is no direct health concern from salt for most people at this concentration, customers that are on sodium restricted diets should consult their physicians to see if additional sodium is a concern for them.

Date	Sodium	Chloride	Units
10/25/21	35.7 - 79.3*	66.4 - 170*	mg/L *
10/17/21	35.0	62.6	mg/L *
10/10/21 -10/11/21	26.0 - 81.0*	37.6 - 203*	mg/L *
10/3/21 -10/4/21	19.8 - 149*	34.7 - 387*	mg/L *

mg/L= milligrams per liter

* This is a range from four different sample sites across the span of NMWD's distribution system.

On October 4th the sodium concentration in part of our system surpassed the 115 mg/L threshold representing 10% of the recommended daily intake for sodium (voluntarily set by NMWD). Accordingly, NMWD will be making treated drinking water with a lower salt content available to those customers on sodium-restricted diets. This water will be available at bottle filling stations on the former Coast Guard housing property, at the end of Commodore Webster Drive on Tuesdays 1:30 to 4:30 pm and Fridays 9:00 am to 1:00 pm. More information about this program can be found at www.nmwd.com/wq where you'll also find the annual report summarizing the high quality of the drinking water we serve to your tap.

Three-Month Outlooks

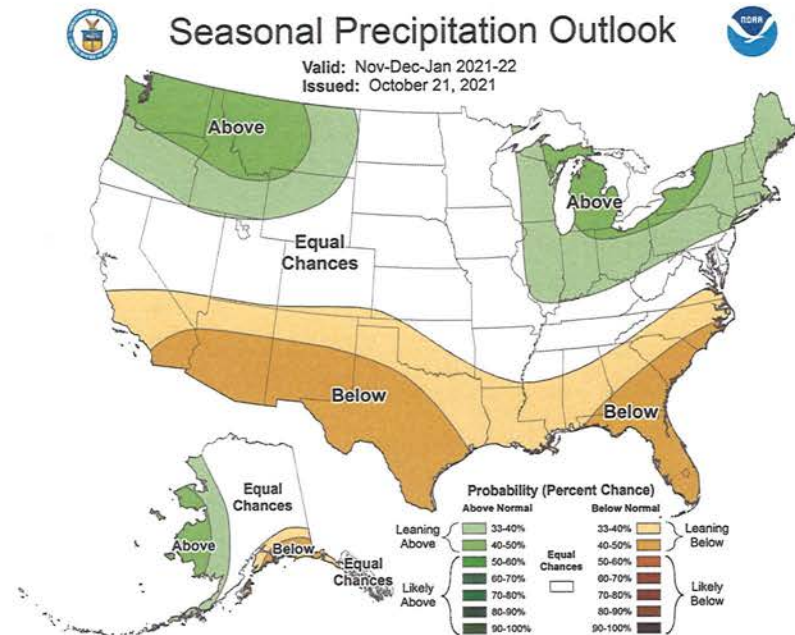
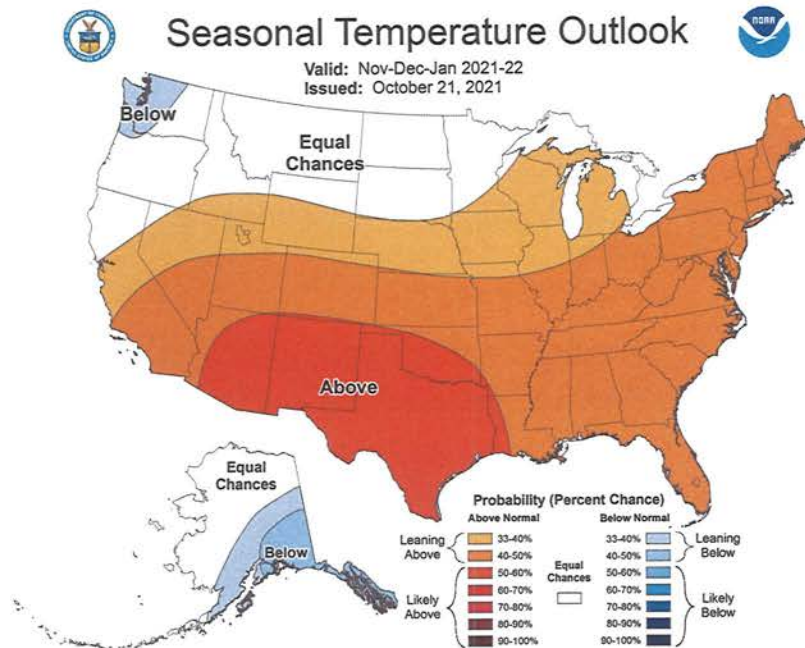
Revised OFFICIAL Forecasts

October 2021

Precipitation Probability

(November-December- January_ 2021/22)

[Climate Prediction Center - Seasonal Outlook \(noaa.gov\)](https://climatepredictioncenter.noaa.gov)



UPDATED MONTHLY FORECASTS SERVICE CHANGE NOTICE
EXPERIMENTAL TWO-CLASS SEASONAL FORECASTS

MEMORANDUM

To: Board of Directors
From: Nancy Williamson, Senior Accountant
Subj: Information – FY22 1st Quarter Labor Cost Report
t:\acl\word\memo\22\1st qtr labor cost rpt.doc

October 29, 2021

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None

Total labor cost decreased \$21,403 (1.0%) from the prior fiscal year and is \$294,680 (12.1%) below the FY22 budget to-date. Attached in graphical format is a five-year comparative summary of total labor cost (Attachment A), overtime cost (Attachment B) and temporary employee cost (Attachment C) expended during each fiscal year. Also attached is a summary of total labor cost vs. budget (Attachment D) through the end of the first quarter of the fiscal year.

Department	Increase / (Decrease) in Labor Cost vs prior FY	% Change
Administration	\$9,682	1.8%
Engineering	\$54,805	16.4%
Operations/Maint	(\$21,935)	(2.7%)
Construction/Maint	(\$63,954)	(13.0%)
Net Increase/(Decrease)	(\$21,403)	(1.0%)

Comment on Change from Prior Year

Administration: Labor Cost increased \$9,682, or 1.8%. The increase was due to six 5% step increases, more temporary hours worked and the 2.0% cost of living adjustment (COLA) effective October 1, of 2020.

Engineering: Labor Cost increased \$54,805, or 16.4%. The increase is primarily due to the resignation of the Chief Engineer on February 4, 2020 and that position remaining vacant until October 12, 2020, to the October 2020 COLA and to two 5% step increases. The increase was offset by less temporary hours worked.

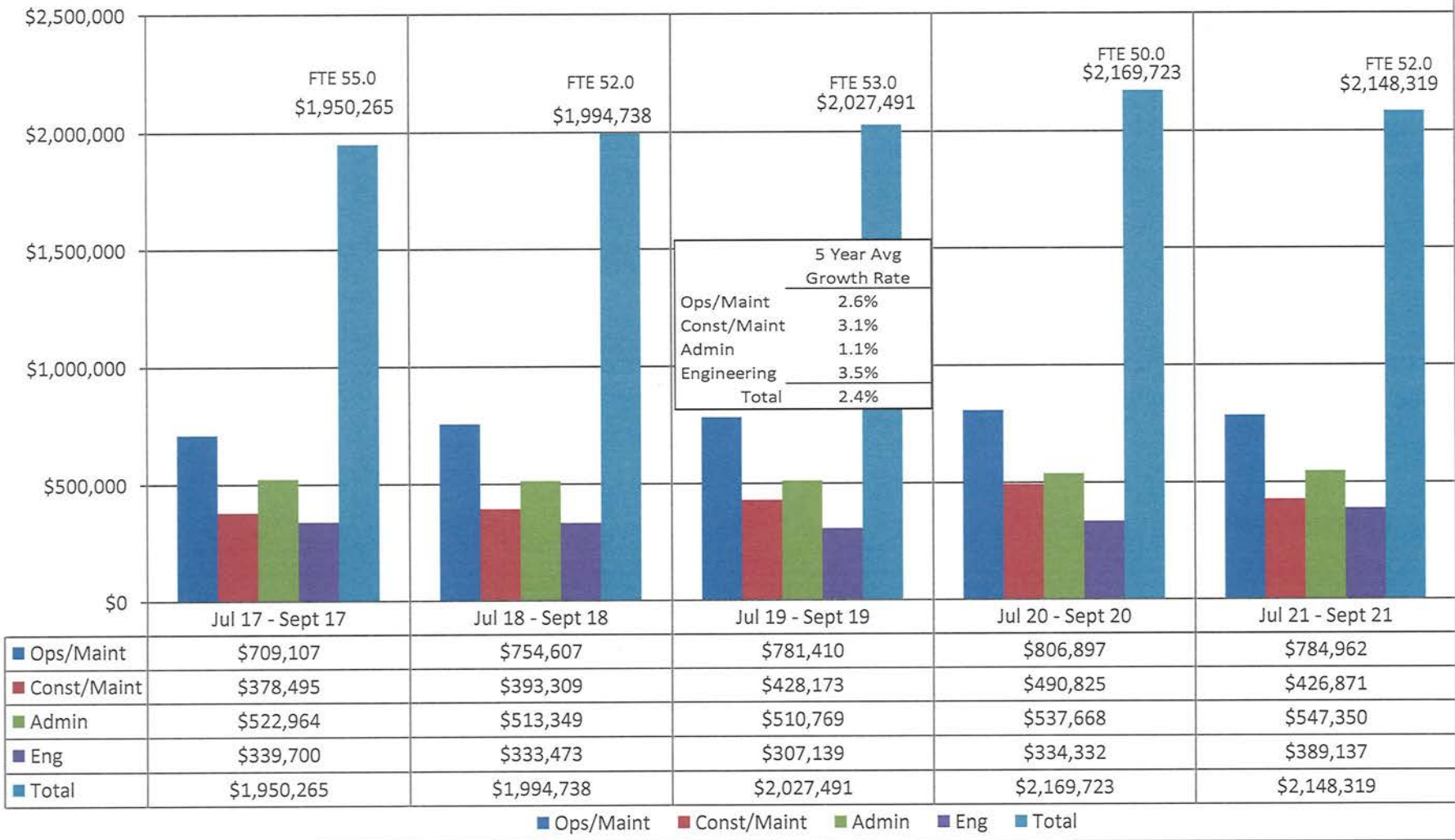
Operations/Maintenance: Labor Cost decreased \$21,935, or 2.7%. The decrease was due to less hours worked in Operations and Water Quality because of vacancies and unpaid leave. The decrease was offset by seven 5% step increases, more hour worked in the Maintenance department and the October 2020 COLA.

Construction/Maintenance: Labor Cost decreased \$63,954, or 13.0%. The decrease was primarily due to less On Call pay this year compared to last year when an entire crew would be on call in order to keep crews separate due to COVID-19 distancing precautions and to 157 less total hours worked. The decrease was offset by three 5% step-increases and the October 2020 COLA.

10/29/21

t:\finance\hrs\ptfy22 1stqtr labor cost report\all hrs \$ chart.xls

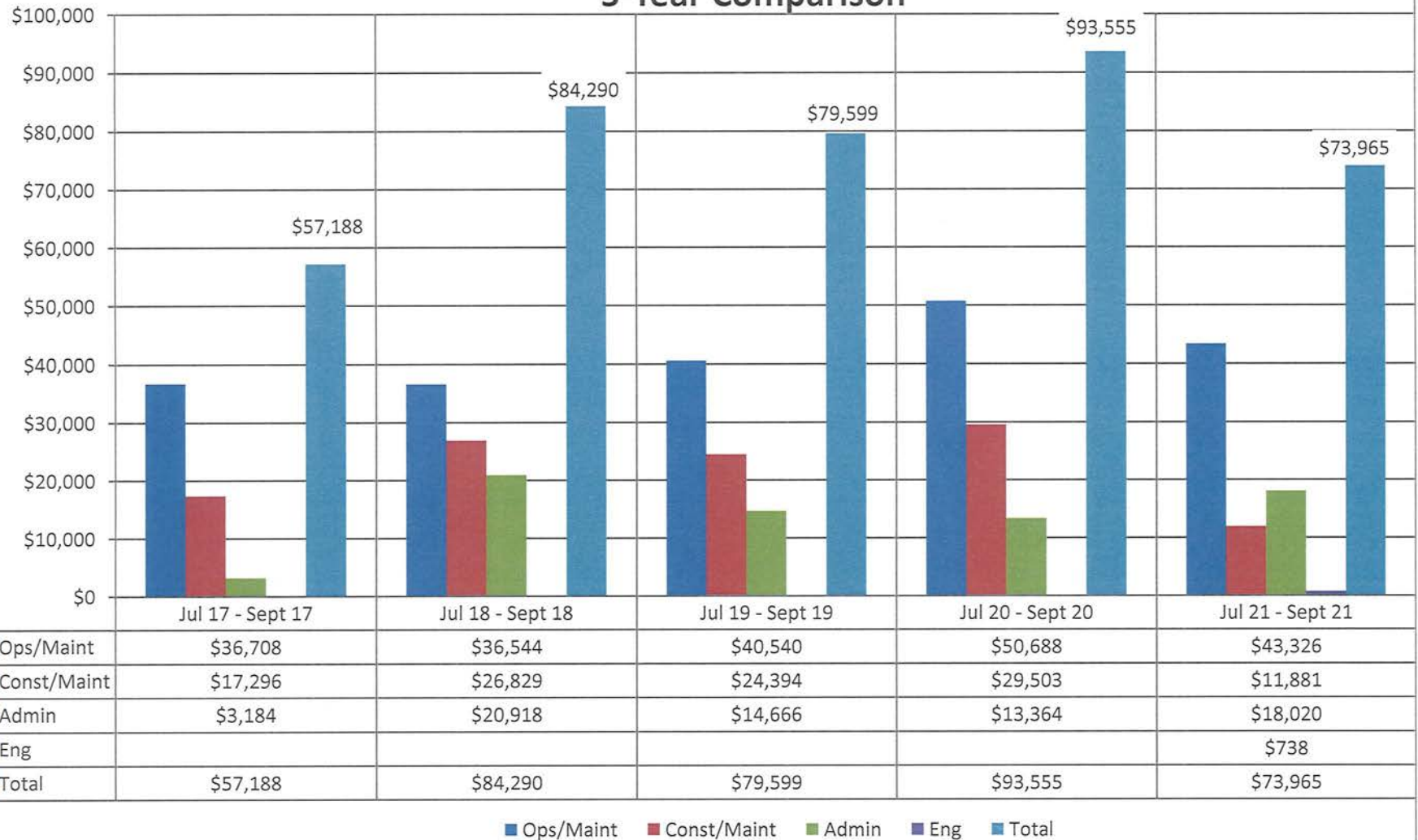
Total Labor Cost NMWD Fiscal Year through September 5-Year Comparison



10/29/21

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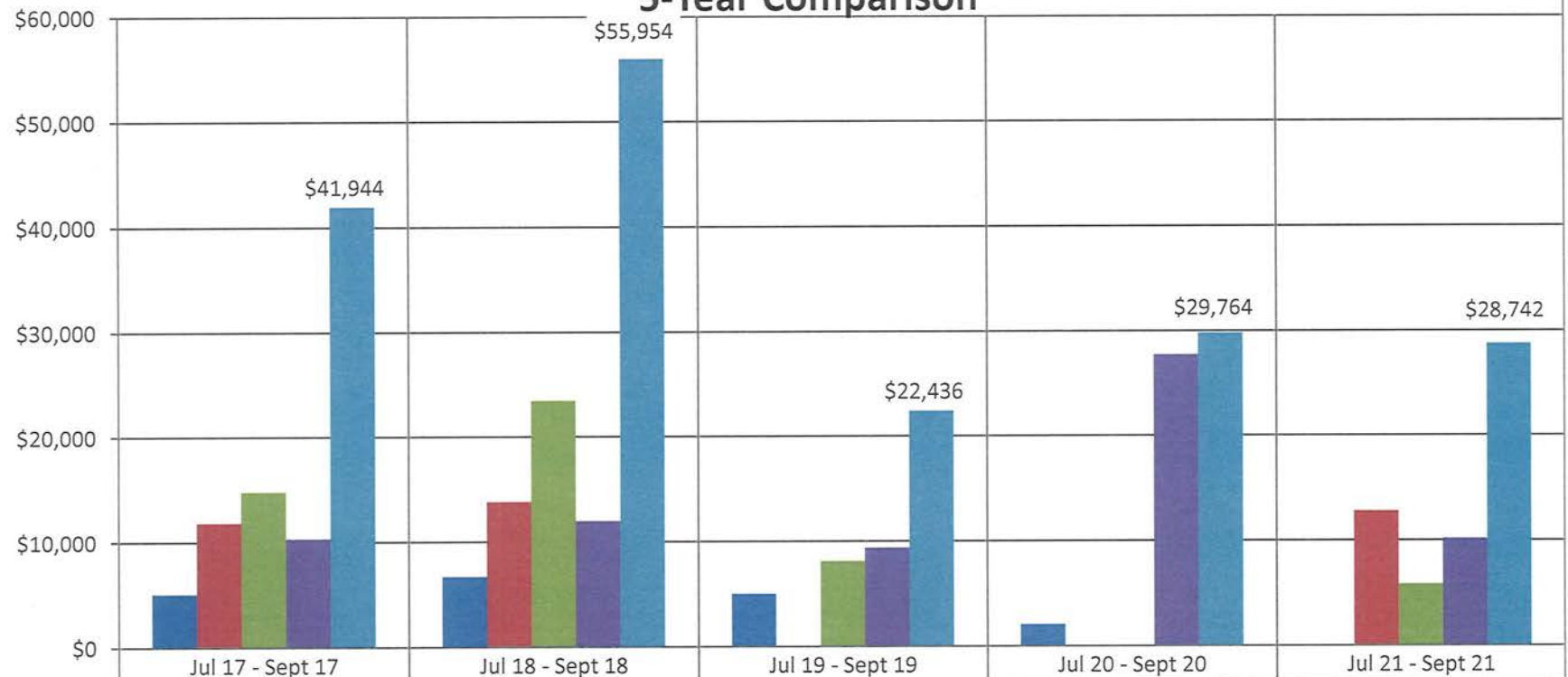
Overtime Cost NMWD Fiscal Year through September 5-Year Comparison



10/29/21

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Temporary Employee Cost NMWD Fiscal Year through September 5-Year Comparison



Ops/Maint	\$5,060	\$6,702	\$5,010	\$2,040	\$0
Const/Maint	\$11,826	\$13,761			\$12,769
Admin	\$14,750	\$23,495	\$8,087		\$5,813
Eng	\$10,308	\$11,996	\$9,339	\$27,724	\$10,161
Total	\$41,944	\$55,954	\$22,436	\$29,764	\$28,742

■ Ops/Maint
 ■ Const/Maint
 ■ Admin
 ■ Eng
 ■ Total

From:
Sent: Wednesday, October 20, 2021 7:54 AM
To: Info
Subject: Point Reyes Water

Dear North Marin Water, I am writing to thank you, not only for setting up a water station to help as a result of saltwater intrusion in our wells, but that you have staffed the site with kind, helpful, gracious, and knowledgeable employees.

I went to fill a jug for the first time yesterday, October 19th in the afternoon. I was nervous about the process and unsure that I'd be able to carry my filled jug back to my car. I needed not worry. The kind NMWD employee helped fill my jug, carried it to my car and answered all sorts of questions. While having to fill jugs may be a pain, it helps remind me how precious water is and how lucky we are to have clean, safe water at our fingertips; it also allowed me to meet a wonderful NMWD employee and see the intelligent and kind staff people you hire. I forgot to ask his name, but please thank him and his supervisor for me.

Thank you,
Laurie Monserrat
12000 Shoreline Hwy, Point Reyes Station, CA 94956

--

Laurie Monserrat



October 22, 2021

North Marin County Water District
Attention: Mr. Drew McIntyre
General Manager
Post Office Box 146
Novato, California 94948

Subject: **Emergency Action Plan – Approval**
Novato Creek Dam, No. 88.000, Marin County

Dear Mr. McIntyre:

The California Governor's Office of Emergency Services, Dam Safety Planning Division, has reviewed the Emergency Action Plan for the subject dam listed above. Pursuant to California Water Code Section 6161, subdivision (b)(1), we have determined that the Emergency Action Plan meets the requirements of Government Code Section 8589.5 and is consistent with the Federal Emergency Management Agency's *Federal Guidelines for Dam Safety: Emergency Action Planning for Dams*. The Emergency Action Plan for Novato Creek Dam is therefore approved.

Please ensure that the approved plan, as well as a copy of this approval letter, is disseminated to the appropriate public safety and emergency management agencies as required by Water Code Section 6161, subdivision (b)(3). As the dam owner, you are required to submit an updated plan based on an approved inundation map by April 15, 2030, or sooner if there is 1) a significant modification to the dam or a critical appurtenant structure as determined by the Department of Water Resources, Division of Safety of Dams, or 2) a significant change to downstream development that involves people or property as outlined in Water Code Section 6161, subdivision (e).



Emergency Action Plan – Approval

October 22, 2021

Page 2

Please submit the finalized hard copy and digital copy of your Emergency Action Plan to:

- Dam Safety Planning Division
California Governor's Office of Emergency Services
3650 Schriever Avenue
Mather, CA 95655
- eap@caloes.ca.gov

Additionally, at least once annually, dam owners must conduct notification exercise(s) for the Emergency Action Plan. These exercises are necessary to ensure that emergency communications plans and processes are current and implemented effectively. For assistance coordinating exercise participation or any other Emergency Action Plan needs, please contact Leonela Vallecillo-Curiel, at (916) 845-8193 or Leonela.Vallecillo-Curiel@caloes.ca.gov or Casey Meredith at (916) 845-8160 or Casey.Meredith@caloes.ca.gov, with a copy to eap@caloes.ca.gov.

Thank you for your continued efforts and commitment enhancing safety in your community and throughout California.

Sincerely,



LORI NEZHURA
Deputy Director

Enclosure (Final EAP Review Report)

cc: Sharon Tapia, Chief, Division of Safety of Dams
Department of Water Resources
Chris Reilly, Emergency Services Manager,
Marin County Sheriff's Office
Edward Westfall, Regional Administrator,
Cal OES Coastal Region

Legal Notice	Legal Notice
<p align="center">NORTH MARIN WATER DISTRICT Summary of Emergency Water Conservation Ordinance No. 41 for the Novato Service Area, as Amended by Resolution 21-07 and Resolution 21-24</p> <p>Following a public hearing on March 16, 2021, the North Marin Water District Board of Directors (Board) unanimously voted to adopt Emergency Water Conservation Ordinance No. 41 for the Novato Service Area, in response to dry year conditions, and in accordance with the Water Shortage Contingency Plan for the Greater Novato Service Area.</p> <p>The Board adopted two subsequent resolutions amending Ordinance No. 41: Resolution 21-07 (adopted by unanimous vote at the April 20, 2021 Board meeting); and Resolution 21-24 (adopted by unanimous vote at the October 19, 2021 Board meeting).</p> <p><u>Summary of Emergency Water Conservation Ordinance No. 41, as amended by Resolution 21-07 and Resolution 21-24:</u></p> <p>Emergency Water Conservation Ordinance No. 41 declared that water shortage emergency conditions exist within the Novato Service Area, prohibited waste of water, authorized suspension of new or enlarged connections to the water system via future resolution, authorized prohibition on non-essential uses of water as determined by future resolution, authorized the imposition of administrative fines and penalties for violations of Ordinance No. 41, authorized imposition of a drought surcharge simultaneous with or subsequent to enactment of mandatory reductions in water use, and authorized the Board of Directors to make subsequent modifications to Ordinance No. 41 by resolution.</p> <p>Resolution 21-07 amended Ordinance No. 41 as follows: amended Section 4 to provide for suspension of new connections to the water system beginning July 1, 2021; and amended Section 6 to enact Stage 1 20% voluntary reduction in water use from May 1 to June 30 and Stage 2 mandatory 20% reduction in water use from July 1 to November 1, and added specific types of prohibited non-essential water use at Stage 2.</p> <p>Resolution 21-24 amended Ordinance No. 41 as follows: amended Section 1 to note the District updated its Water Shortage Contingency Plan for the Novato Service Area at the June 15, 2021 Board meeting; amended Section 6 to include additional voluntary reduction measures and prohibitions on non-essential use and extend the effective period of Stage 2 mandatory reductions and prohibitions on non-essential use until such time the Board determines by subsequent resolution that Stage 2 conditions no longer exist; and amended Section 10 to clarify that implementation of the drought surcharge would continue as long as mandatory reductions in use remain in effect (at Stage 2 or higher).</p> <p>A full version of Emergency Water Conservation Ordinance No. 41, as amended, and a complete list prohibitions of water waste and non-essential uses can be found on the District website at www.nmwd.com.</p> <p>Oct. 27. 2021</p>	

October 28, 2021 POINT REYES LIGHT

NORTH MARIN WATER DISTRICT

Summary of Emergency Water Conservation Ordinance No. 39
West Marin Service Area, as Amended on March 16, 2021, and as Amended
by Resolution 21-08, Resolution 21-17, and Resolution 21-25

Following a public hearing on May 5, 2020, the North Marin Water District Board of Directors (Board) unanimously voted to adopt Emergency Water Conservation Ordinance No. 39 for the West Marin Service Area (Ordinance No. 39) in response to continuing dry year conditions on Lagunitas Creek and pursuant to the State Water Resources Control Board Order 95-17 for water right permits issued to North Marin Water District.

The Board amended Ordinance No. 39 by unanimous vote at the March 16, 2021 Board meeting. The Board adopted three subsequent resolutions amending Ordinance No. 39: Resolution 21-08 (adopted by unanimous vote at the May 18, 2021 Board meeting); Resolution 21-17 (adopted by unanimous vote at the August 3, 2021 Board meeting); and Resolution 21-25 (adopted by unanimous vote at the October 19, 2021 Board meeting).

Summary of Ordinance No. 39, as amended on March 16, 2021, and as amended by Resolution 21-08, Resolution 21-17, and Resolution 21-25:

Ordinance No. 39: declared that water shortage emergency conditions exist within the West Marin Service Area; prohibited waste of water; authorized suspension of new or enlarged connections to the water system from July 1, 2020 until the Board declares by subsequent resolution that the water shortage has ended; authorized prohibition on non-essential uses of water; authorized imposition of administrative fines and penalties for violations of Ordinance No. 41; and authorized imposition of a drought surcharge simultaneous with or subsequent to enactment of mandatory reductions in water use.

At the March 16, 2021 Board meeting, the Board amended Ordinance No. 39 as follows: amended Section 3, thereby authorizing the Board to make subsequent modifications to Ordinance No. 39 by resolution, amended Section 4 to provide for suspension of new or enlarged connections to the water system beginning July 1, 2021; amended Section 5 to include additional prohibitions on waste of water; amended Section 6 to establish Stage 2 prohibitions on non-essential use of water from July 1 through November 1; amended Section 8 to clarify the process and basis for imposition of administrative fines and penalties for violations of the Ordinance.

Resolution 21-08 amended Ordinance No. 39 as follows: amended Section 6 to limit use of overhead irrigation to two days per week and drip irrigation to three days per week; and amended Section 10, thereby implementing a drought surcharge from July 1 through November 1 concurrent with Stage 2 mandatory use reductions.

Resolution 21-17 amended Section 6(b)(6) of Ordinance No. 39 to reduce the number of allowed spray irrigation days to one day per week and drip irrigation to two days per week.

Resolution 21-25 continued implementation of a drought surcharge for the duration that Stage 2 actions under the Water Shortage Contingency Plan for West Marin Service Area remain in effect, and amended Section 6(b) of Ordinance No. 39 to extend Stage 2 mandatory reductions and prohibitions on non-essential use until such time the Board determines by subsequent resolution that Stage 2 conditions no longer exist.

A full version of Ordinance No. 39, as amended, and a complete list prohibitions of water waste and non-essential uses can be found on the District website at www.nmwd.com.

Marin County drought tracker

The Marin County drought tracker features water supply and conservation numbers for the Marin Municipal Water District, the North Marin Water District and Sonoma Water.

Marin Municipal Water District

Total reservoir supply as of Oct. 14: 32.7%; 26,051 acre-feet

Average water supply for Oct. 14: 68.1%; 54,190 acre-feet Water conservation, Oct. 8 to 14: 24% (1% increase from prior week) MMWD's mandated conservation target: 40%

North Marin Water District

Stafford Lake water supply as of Oct. 14: 26%; 1,103 acre-feet Average water supply for Oct. 14 (since 1994): 45%; 1,923 acre-feet

Note: NMWD fed about 1,100 acre-feet of Russian River water into Stafford Lake from February to April. Novato water conservation as of Oct. 10**: 21% (1% decrease from prior update) Novato mandatory conservation target: 20% West Marin water conservation as of Oct. 10***: 36% (3% increase from prior update) West Marin mandatory conservation target: 25%

Sonoma Water

(provides 25% of MMWD's supply and 75% of NMWD's supply)

Lake Mendocino supply: 22.9%; 14,328 acre-feet **Lake Sonoma supply:** 44.1%; 108,150 acre-feet * conservation % is based on collective use compared to three-year average water use for this time period for 2018-2020 ** Novato conservation % compared to June 2020 water use *** West Marin conservation % compared to water use in June 2013, the last normal water year

Sources: MMWD, NMWD, Sonoma Water

Creating redundancy crucial for future of Marin water supply

Marin Independent Journal

DICK SPOTSWOOD

In engineering, “redundancy” is defined as “the duplication of critical components or functions of a system with the intention of increasing reliability of the system usually in the form of a back-up or fail-safe alternative.”

Redundancy appears to be a concept unknown to the Marin Municipal Water District’s elected Board of Directors.

Water supply for the district depends on its existing rain-fed reservoirs and a Marin-Sonoma pipeline to import water to meet its needs. Their plan for dry years is limited to “conservation” which means drastically cutting demand for residential, landscaping, industrial and agricultural water.

That approach has its limits. If their strategy proves inadequate, spigots will run dry. That’s where all of Marin except greater Novato and points west may find itself if the North Bay incurs a third dry winter.

No responsible business or government operates without building in redundancy to guarantee that their essential functions continue in a worst-case scenario.

Who’d board an airplane lacking multiple redundancies? The lightly patronized Bay Area Water Emergency Transportation Authority exists in good part to provide redundancy in the event of an earthquake as strong as 1906. Then, with bridges and freeways down, ferries will prove their worth as the only means to link the Bay Area.

That the Marin Municipal Water District didn’t anticipate historic wet winters could be interrupted by drought was an institutional failure. The onus here lies on the five directors each elected by district and not its professional staff. All of these board members are competent and well-intentioned.

They’ve been influenced by their own “less is more” approach and the loudest voices in the audience who passionately oppose additional water supply efforts other than conservation.

Their reply to suggestions to increase capacity is that redundancy measures are too expensive.

That's a meaningless excuse unless it's compared to the very real cost of inadequate water supplies.

District voters will soon have their say in November 2022 when three of five district directors will stand for reelection. That includes board president Cynthia Koehler representing Mill Valley and Sausalito, Larry Bragman from Ross Valley and Greenbrae, plus Jack Gibson of Sleepy Hollow and North San Rafael.

It's politically relevant that if this coming winter is again dry, filing for those posts opens next July precisely when the impact of a water shortage hits home for Marinites.

For incumbent directors that could be the worst time to mount a campaign. For challengers, it might be the sweet spot.

Even if the coming winter is wet, the need for long-term redundancy remains. That includes a basket of fail-safe backups including enlarged reservoir capacity, a Richmond-San Rafael Bridge water pipeline, wastewater recycling and desalination.

It wasn't inevitable that Central and Southern Marin finds itself in this unenviable spot. Climate change and accompanying variable weather patterns have been obvious for a decade. Water agencies in Southern California, Santa Clara County and, significantly, the North Marin Water District have all taken prudent steps to create water supply redundancy.

North Marin did early work furthering the concept of "purple pipe."

That's a second water line designed to carry recycled water for large-scale landscaping, business uses and fire suppression.

The Novato-based water provider will soon complete a regional resilience study in conjunction with the Sonoma County water agency. It deals with both short-term and longer-term needs, potentially including increased storage by raising the level of Stafford Lake's dam by 3 feet or more.

The fundamental assignment for whoever serves on the MMWD board is to do all of the above. That's the only route to perform the duty owed to their customers by providing reliable sources of water for all purposes in dry as well as wet years.

Columnist Dick Spotswood of Mill Valley writes on local issues Sundays and Wednesdays. Email him at spotswood@comcast.net

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Sunday, 10/17/2021 Page .A19

Approve water pipeline, push for other ways

Marin Independent Journal

Editorial

The Marin Municipal Water District is moving ahead with designing and gaining the necessary approvals to build a pipeline across the Richmond-San Rafael Bridge to pipe in water to its drought-parched customers.

While conservation has in recent years helped Marin endure shorter droughts, it has proved unable to match a drought of historic proportions that we are facing today.

Even with the additional water promised by the estimated \$90 million, 8-mile long pipeline, conservation will continue to be the front-line strategy. MMWD officials hope to have the pipeline delivering water to Marin by next summer.

It can't be too soon.

Any long-term MMWD customer, including some who endured the 1976-77 drought, will tell you that conservation is not a new mantra for district customers. It's been an ethic for a long time and the district's call on its customers to cut water use by another 40% is requiring extraordinary measures.

Even those are falling short, cutting water use by only 23%.

Improving customers' ability to accurately track their water use in real-time, not after they receive their bimonthly bills, could help boost conservation.

At the same time, officials are not banking on a return of a traditionally wet winter. They are worried that if the drought continues, MMWD will deplete its reservoirs — its primary supply — next summer.

That makes the pipeline to bring in water from the Sacramento Valley so critical.

Hopefully, state and federal regulatory agencies will treat the plan as an emergency, expediting necessary approvals and refraining from tacking on costly or time-consuming mitigation measures.

This is a regional crisis where governmental action should function at its best, with speed and cooperation.

In addition, MMWD needs to also move forward with planning focused on increasing its storage capacity and dramatically bolstering its use of reclaimed water.

Lack of progress in those areas, while banking heavily on conservation, has helped put the district in its current bind.

Local environmentalist voices have not been encouraging about increasing local storage, such as adding a new reservoir or increasing the capacity of the seven MMWD has, but it's clear the district, even with the benefit of customer's conservation measures, needs to do more to store more water when it is available.

Importing more water, in addition to the 25% of MMWD's supply that is piped in from the Lake Sonoma reservoir, should serve as a message of district board members and customers that the district needs to build in more self-sufficiency into its supply. The reliance leaves MMWD customers dependent on out of- county suppliers' local priorities.

The Sonoma County Water Agency, which is facing its own dwindling supply, has already reduced deliveries to its customers. The East Bay Municipal Utility District has made it clear to MMWD that its own local needs will govern how much water will be piped across the bridge.

Conservation, increasing storage capacity and significantly boosting the use of reclaimed water for outdoor irrigation are apparent long-term strategies for MMWD in maintaining its bedrock mission of providing water for its customers.

MMWD has been looking at desalination, but it is a costly option in terms of the initial and ongoing investment of ratepaying dollars and there are questions whether that expense is worth the amount of water it can generate.

The district, however, cannot afford not to continue to weigh desalination as a possible interim or permanent solution.

As this crisis worsens, it should also be apparent that MMWD, the North Marin Water District and some of Marin's smaller local water systems need to work together on seeking possible solutions.

Getting the pipeline built and continuing conservation measures are vital to enduring this crisis. Given the potential for this historic dry spell continuing, relying on only those strategies would be shortsighted.

Marin rainfall year ends with dicey outlook ahead

DROUGHT

Water utilities close 2020-21 cycle at historic lows for season

Marin Independent Journal

By Will Houston

whouston@marinij.com

Marin County's two largest water suppliers have wrapped up a dismal water year with rainfall at or near record lows dating back more than 100 years.

The water year runs from Oct. 1 through Sept. 30. After two dry winters in a row, managers at both the Marin Municipal Water District and the North Marin Water District say consistent significant rainfall will be needed to begin refilling reservoirs, some of which could be depleted by summer.

The two dry years have parched the ground to the point that 140% of average rainfall will be needed statewide to generate normal runoff to refill reservoirs, according to state water officials.

The Marin Municipal Water District, which serves 191,000 residents in central and southern Marin, recorded just 20.4 inches of rain in the 2020-2021 water year at its Kent Lake gauge.

That amount is the second-lowest in the district's 143 years of rainfall records and less than half of what the district normally receives.

"It really serves to show what a critical situation we're in and how important it is to not only do those everyday things you can do to save water, to change your routine, but it really is time to reduce the demand for water overall," said Emma Detwiler, a district spokesperson.

"We are anticipating a below-average rainfall year for this water year."

— Roger Gass, *National Weather Service*



The parched edge of Stafford Lake, above and below, in Novato on Friday. The reservoir accounts for most of the North Marin Water District's supply.

PHOTOS BY SHERRY LAVARS — MARIN INDEPENDENT JOURNAL

The district's driest water year occurred in the drought of 1924, when just 18 inches of rain fell. The third-driest year was in 1920, when about 22.2 inches fell.

The Marin Municipal Water District's seven reservoirs in the Mount Tamalpais watershed are less than a third full and could be depleted as soon as July if the area experiences a third consecutive dry winter. The reservoirs make up three-fourths of its water supply, with the remainder coming from imported Russian River water from Sonoma County.

As a result, the utility might spend up to \$90 million for a pipeline across the Richmond-San Rafael Bridge to pump in water purchased from the Sacramento Valley. The district built a similar pipeline during the drought of 1976-77 when it last faced depleting its water supplies.

The district is also eyeing \$35 million worth of portable desalination plants that could convert San Francisco Bay water into drinking water.

The North Marin Water District, which serves about 64,000 people in Novato and West Marin, recorded just 8.1 inches of rain at its Stafford Lake reservoir, the lowest amount since records began in 1916, according to Drew McIntyre, the district general manager. Normally, the district gets about 27.2 inches of rain.

This amount is a few inches less than the district's second driest water year, which was during the 1976-77 drought. About 10.7 inches fell in 1976 and 11.3 inches in 1977.

The North Marin Water District differs from its larger counterpart because it receives 75% of its supply from Russian River imports. The remaining 25% is stored at Stafford Lake outside of Novato, which is primarily tapped during the summer when water use increases.

Stafford Lake would have been empty by this point had the district not filled it with 360 million gallons of Russian River water in anticipation of a dry winter. The district plans to repeat this strategy, McIntyre said.

"We'll do that this winter so that we'll have a local supply next summer, assuming we don't get any rain," he said.

At the same time, the Sonoma Water agency, which sells Russian River water to both Marin districts, is facing its own supply shortages at its two main reservoirs, Lake Mendocino and Lake Sonoma, McIntyre said. The district has already cut its water imports by 20% and could decrease them further if the coming winter doesn't bring enough rain.

Concerned about prolonged and more frequent droughts resulting from worsening climate change, the district has begun studying new ways to bolster supplies. Options being considered include capturing more storm runoff from tributaries and retaining more water in Stafford Lake that would otherwise spill into Novato Creek.

Additionally, the Sonoma Water agency is planning to reactivate three wells near Santa Rosa starting with one this month, McIntyre said. Similar to a savings account, the wells could be tapped during the tough, drier years and replenished during wet years, McIntyre said.

"That will be very promising," McIntyre said.

Marin's water year is in range with other nearby counties, according to National Weather Service meteorologist Roger Gass.

San Francisco recorded its second-driest water year on record dating back to 1849 with about 9 inches, which Gass said is about 39% of normal. The city's driest water year occurred nearly 170 years ago in 1950-1951, when 8.1 inches of rain fell.

San Jose and Santa Rosa also had 39% of average rainfall this past water year, Gass said.

Federal agencies are predicting a La Niña weather pattern this winter, which Gass said can increase the chances of rainfall farther south in the state.

“We are anticipating a below-average rainfall year for this water year,” Gass said. “That doesn’t make any guarantees. There have been La Niña years in the past and we have an anomaly where we have at or above normal rainfall.”



The receding water line at Stafford Lake in Novato on Friday. This water year, the reservoir had the lowest amount of rain since records began in 1916.

SHERRY LAVARS — MARIN INDEPENDENT JOURNAL

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Monday, 10/18/2021 Page .A01Copyright Terms and Terms of Use. Please review new ar

THIS JUST IN ... GOVERNOR NEWSOM EXPANDS DROUGHT EMERGENCY STATEWIDE, URGES CALIFORNIANS TO REDOUBLE WATER CONSERVATION EFFORTS

📍 Maven 📰 Breaking News 🕒 October 19, 2021



From the Office of the Governor:

Following the second driest year on record and with near record low storage in California's largest reservoirs, Governor Gavin Newsom today issued a proclamation extending the drought emergency statewide and further urging Californians to step up their water conservation efforts as the western U.S. faces a potential third dry year.

Bolstering conservation efforts, the proclamation enables the State Water Resources Control Board to ban wasteful water practices, including the use of potable water for washing sidewalks and driveways. The Governor issued an executive order in July calling on Californians to voluntarily [reduce water use](#) by 15 percent compared to 2020 to protect water reserves and complement local conservation mandates. The Governor's action today comes as the Board reports that in August, California reduced urban water use by 5 percent compared to 2020.

"As the western U.S. faces a potential third year of drought, it's critical that Californians across the state redouble our efforts to save water in every way possible," said Governor Newsom. "With historic investments and urgent action, the state is moving to protect our communities, businesses and ecosystems from the immediate impacts of the drought emergency while building long-term water resilience to help the state meet the challenge of climate change impacts making droughts more common and more severe."

A copy of today's proclamation can be found [here](#).

The proclamation adds the eight counties not [previously](#) included in the drought state of emergency: Imperial, Los Angeles, Orange, Riverside, San Bernardino,

San Diego, San Francisco and Ventura. In addition, the proclamation requires local water suppliers to implement water shortage contingency plans that are responsive to local conditions and prepare for the possibility of a third dry year.

Expanding the [Save Our Water](#) initiative, a critical resource during the last drought, California has launched robust water conservation public education campaigns in partnership with stakeholders, including public water agencies. Statewide per capita residential water use declined 21 percent between 2013 and 2016 and as of 2020, the urban sector is using approximately 16 percent less on average statewide than in 2013. The Administration will continue to monitor the evolving drought conditions and evaluate all tools available to respond in real-time.

California is experiencing its worst drought since the late 1800s, as measured by both lack of precipitation and high temperatures. August 2021 was the driest and hottest August on record since reporting began and the water year that ended last month was the second driest on record. Today's proclamation authorizes the Governor's Office of Emergency Services to provide assistance and funding under the California Disaster Assistance Act to support the emergency response and delivery of drinking water and water for public health and safety.

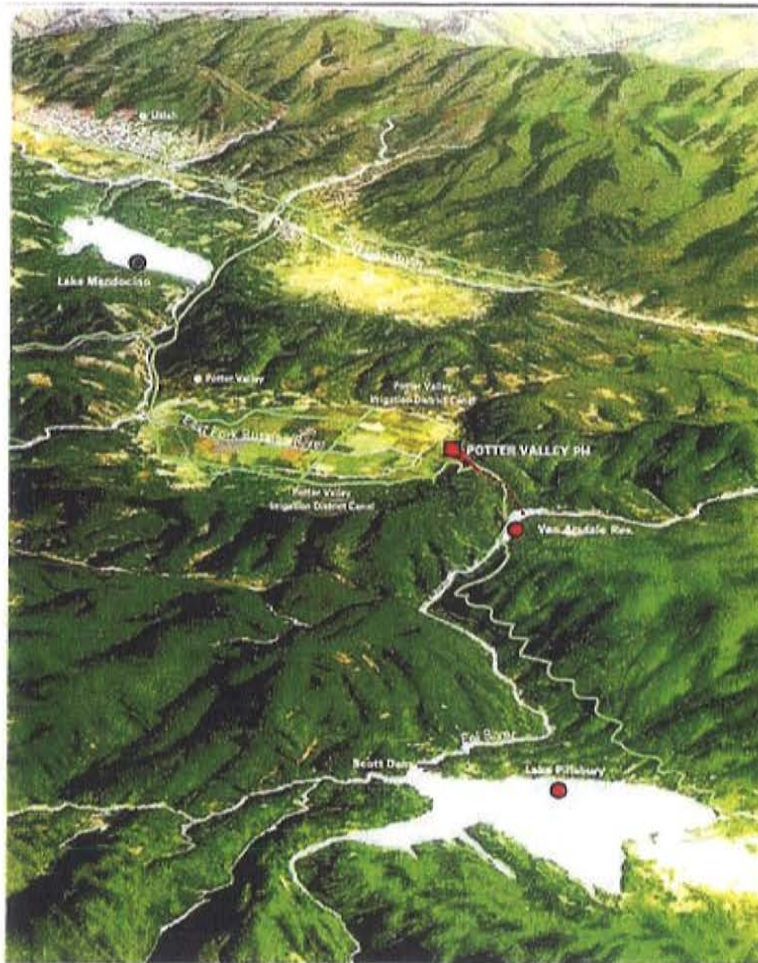
The Governor's California Comeback Plan [invests \\$5.2 billion](#) over three years to support immediate drought response and long-term water resilience, including \$815 million for emergency drought relief projects to secure and expand water supplies, drought contingency planning and multi-benefit land repurposing projects; support for drinking water and wastewater infrastructure, with a focus on small and disadvantaged communities; Sustainable Groundwater Management Act implementation to improve water supply security and quality; and projects to support wildlife and habitat restoration efforts, among other nature-based solutions.

More information on the state's response to the drought and informational resources available to the public are available at <https://drought.ca.gov/>.

THE MENDOCINO VOICE

Powerhouse down at Potter Valley Project, creating more uncertainty about its future

By Sonia Waraich



A drawing of the Potter Valley Project - from the Potter Valley Project website

MENDOCINO Co., 10/19/21 — Efforts to secure the Russian River water supply have stalled over the past month. A powerhouse that allows for larger diversions of water from the Eel River to the Russian River went down over the summer and it's unclear whether it will be repaired. Pacific Gas & Electric says the Potter Valley Project (PVP), a

hydroelectric power project that diverts the water from one river to the other, will continue providing enough water to meet its contractual obligations to Potter Valley residents and the Russian River watershed. What remains to be seen is whether a regional partnership will be able to take over the project and secure that supply for the long term.

PG&E estimates it will take 18 to 24 months to replace the transformer that went down at the PVP powerhouse and the utility company is in the process of evaluating what the cost and schedule for repair would look like, said Paul Moreno, PG&E spokesperson. So far, the estimate is in the \$5 to \$10 million range and PG&E hasn't decided yet whether it's going to replace the transformer. "Our system was designed to allow water to be bypassed around the powerhouse for delivery downstream, irrespective of whether the powerhouse is operating," Moreno said. "As such, we've been able to deliver water to (Potter Valley Irrigation District) but deliveries have been less than normal this year due to severe drought conditions."

The powerhouse wasn't operating during the summer because drought conditions prevented PG&E from diverting enough water to generate power. During routine maintenance between May and June, Moreno said they discovered the transformer, which Moreno said "was not operating within acceptable parameters," creating a safety risk. "We decided not to place that equipment back in service," he said.

Under normal conditions, PG&E would be able to divert up to 270 to 275 cubic feet per second through the project and to Lake Mendocino, said Janet Pauli, chair of the Mendocino County Inland Water and Power Commission, told the countrywide ad hoc drought task force. With the powerhouse down, "PG&E cannot physically divert water at that rate" and would instead be diverting 45 cubic feet of water per second all winter.

"If we were reduced to 45 cubic feet per second all winter long, we're talking about a substantial diminished inflow to Lake Mendocino," Pauli said. "Maybe along the lines of about 8,000-acre feet. Much, much less than what we need to have in that lake moving into the spring next year."

PG&E is in conversations with Pauli and other stakeholders to find out if there's a possibility of increasing those diversions through the bypass.

That's not the only looming concern for the Potter Valley Project. PG&E isn't renewing its license for the project and a regional partnership, the Two Basin Partnership, began the process of trying to take over the license. But now the ability of the partnership to do that is on shaky ground. Pauli's also part of the Two Basin Partnership and said the various stakeholders invested a lot of time and energy into trying to find a way for the PVP to continue delivering water to the Russian River while also restoring the fish habitat on the Eel River side that was disrupted by the initial construction of the project.

The partnership conducted the studies that were needed to determine what kind of project configuration would allow it to meet both the needs of the environment and residents that have become dependent on those diversions, but those studies led to more questions than they answered. They determined more studies are going to be needed to figure out how the project should be set up for the future. Pauli said the group needs more time to do those studies and requested a pause in the process of applying for the license, which is regulated by the Federal Energy Regulatory Commission (FERC), so it could look for \$3 to \$4 million of funding needed to conduct them.

"There are some really basic questions that are still unanswered with regards to the existing water rights of the project and how they might change or be modified with any potential changes in the project, the cost of maintaining the project as it is or as it may be modified," Pauli said, "all those things are questions that we have, and as potential owners and licensees of the project, we need that information before we can move forward. Certainly, before we can prepare a final license application."

FERC granted the abeyance until April instead of May like the group requested and also requested the partnership submit its application on April 14, 2022. "It's virtually impossible for us to come up with a final license application by April 14," Pauli said. "So, we as a partnership are working on other options."

POINT REYES LIGHT

NEWS

Coastal commission rejects appeal of North Marin well

by **Ike Allen**
October 20, 2021

In what could be the final word on a prolonged effort to stop construction of a new well outside Point Reyes Station, the California Coastal Commission rejected an appeal by Inverness Park resident Gordon Bennett.

The commission declined to take jurisdiction over the permit issued by Marin County to North Marin Water District to build a new well on the Gallagher ranch that would help make up for salinity intrusion at existing wells on the former Coast Guard property.

“We believe that Marin County did its due diligence here to approve a critically needed infrastructure project in a way that appropriately respected creek habitats and water resources as required by the [Local Coastal Program],” coastal planner Sara Pfeifer said. “Staff believes that the county-imposed conditions would adequately

protect coastal resources.” The coastal commissioners voted unanimously to reject the appeal.

Yet Mr. Bennett does not see the decision as the end of the road. “My next stop is to the regulatory agencies,” he said. “I’m going to write to the state water board and the Department of Fish and Wildlife and inform them of the information.”

In his appeal, Mr. Bennett argued that N.M.W.D.’s proposal would have significant impacts on stream flows in Lagunitas Creek, endangering sensitive salmon spawning grounds. He said the new wells wouldn’t be necessary if the district focused more on conservation; North Marin customers have already reduced their usage by about 40 percent.

The water district has contended that the new well is vital, not only to address salinity issues for its 1,800 West Marin customers, but to make up for the low output of the first well built on Gallagher ranch, which only produces half of its expected capacity. General manager Drew McIntyre said the utility is committed to implementing all of the required California Environmental Quality Act mitigation measures in the county’s permit and working with Fish and Wildlife to protect fish.

Mr. Bennett said he wasn’t surprised by the commission’s decision, but had hoped for a re-evaluation of the appeal, which was rejected by the Marin County Planning Commission and Board of Supervisors before reaching the coastal commission. “No one wants to step in front of a fellow agency,” he said. “All the lower agencies just deferred up the chain to them.”

Dan Carl, the commission’s North Central Coast district director, told the commissioners he believes the conditions of the county’s permit protect the creek in exactly the ways Mr. Bennett requested. “[Mr. Bennett] apparently doesn’t trust the North Marin Water District, and doesn’t trust the permitting agency, which is Marin County, to actually follow through on these requirements,” he said.

Edicts to save water stiffen

DROUGHT

MMWD alters rules for irrigation, pools

Marin Independent Journal

By Will Houston

whouston@marinij.com

Most Marin County residents will be prohibited from turning on their sprinklers and drip irrigation systems under new drought restrictions starting in December.

The Marin Municipal Water District board voted unanimously Tuesday to adopt an ordinance that bans residents from using outdoor irrigation systems including overhead sprinklers and drip irrigation from Dec. 1 through May 31. Hand spot watering using a hose and spray nozzle or a watering can is still allowed.

Anyone who violates the rules will receive an initial warning letter, then a \$25 fine for a second violation and a \$250 fine for further violations.

“The best thing folks can do is turn off those irrigation systems for the season and let our reservoir levels remain and be filled by this runoff,” said Emma Detwiler, district communications manager.

The watering restrictions apply to both residential and business customers, including golf courses.

The ordinance also bans residents from filling new swimming pools that aren’t fully permitted before Dec. 1 and immediately bans refilling existing swimming pools that are fully drained. Violators will be fined \$1,000 without an initial warning. Ratepayers are still allowed to top off already filled pools. Prior to this, residents were only required to cover their pools; no restrictions were in place on filling or refilling empty pools.

The additional restrictions come as the district, which serves 191,000 residents in central and southern Marin, faces the possibility of depleting its local reservoir supplies next summer.

“We recognize that, based on the current water supply conditions, we need all the savings we can get from all of our customers across the board,” Carrie Pollard, district conservation manager, told the board on Tuesday.

Currently, the district limits overhead sprinkler use to one assigned day per week and drip irrigation to two days per week. Under the ordinance passed on Tuesday, these water restrictions would be in effect from June through November 2022.

The restrictions are only in place for the current drought, though Detwiler said the board has the ability to extend or modify them if conditions warrant it.

The district chose Dec. 1 as the start of the irrigation ban in order to align with excessive water use penalties that will take effect the same day. The penalties give customers a water allotment they can use during the district’s summer and winter billing cycles. Any water use above those levels will result in customers being charged extra on their bill.

From December to May, customers who use water above tier 1 levels — more than 15,709 gallons during their bimonthly billing cycle, or about 65 gallons per person

per day for a household of four — will be subject to penalties ranging from \$5 to \$15 for every 748 gallons in excess. The district charges rates based on every 100 cubic feet of water used, which equates to about 748 gallons.

From June to November, customers who use water above tier 2 levels — more than 44,135 gallons during their bimonthly billing cycle, or 184 gallons per person per day for a household of four — will be subject to the penalties of \$10 or \$15 for every 748 gallons of water in excess.

The new watering restrictions received mixed feedback from the public on Tuesday.

San Rafael resident Roger Roberts told the board that \$250 fines for irrigation violations are “far too lenient.”

“Two hundred and fifty dollars is not really sending the message,” Rogers said. “I would at least double all of those rates in order to make it clear that we’re serious about water waste.”

Larkspur resident Ed Jameson urged the board to ban hand spot watering rather than drip irrigation, which he said would lead to less water waste.

“A hose gushes water onto adjoining soil areas with lots of runoff water being wasted,” Jameson said. “A can would be similarly wasteful.”

Pollard said the hose watering is meant only to spot water specific plants and for landscaping every so often, not to leave the hose on and running.

James Holmes of Larkspur told the board that hand watering is a reasonable way to balance conservation and being able to keep some landscaping alive.

More information about the district’s restrictions is at marinwater.org/waterrules.

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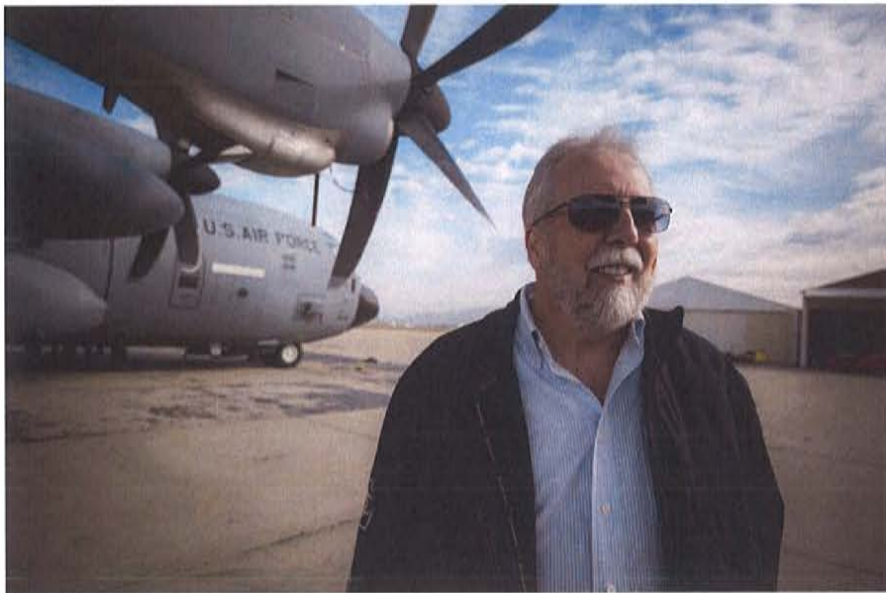
Monday, 10/25/2021 Page .A01Copyright Terms and Terms of Use.

News//Bay Area & State

Top expert on California's atmospheric rivers: 'It can break the drought'

Amy Graff, SFGATE

Oct. 21, 2021 Updated: Oct. 21, 2021 3:16 p.m.



Marty Ralph, the director of the Center for Western Weather and Water Extremes with the Scripps Institution of Oceanography in San Diego, is recognized as the pioneer of research on atmospheric rivers impacting the Western United States.

Erik Jepsen/Erik Jepsen/UC San Diego Publications

A moisture-rich atmospheric river is forecast to hit California on Sunday and Monday, delivering a much-needed drenching of rain to a drought-plagued state at a time of year when big storms are unusual.

It's unclear at this point where the bull's-eye of the storm will dump the most rain, but forecasters agree it will likely be anywhere from far Northern California to

Central California, with the San Francisco Bay Area being impacted. The wettest spots could see up to a foot of rain.

To answer questions about what an atmospheric river is and how this storm event might unfold, we checked in with Marty Ralph, the director of the Center for Western Weather and Water Extremes with the Scripps Institution of Oceanography in San Diego who is recognized as the pioneer of research on atmospheric rivers impacting the Western United States.

Ralph's work on the weather systems includes developing a ranking system, launching a center of research and leading multiple studies and the development of the book on atmospheric rivers, with contributions from many other scientists.

SFGATE: What's an atmospheric river?

Marty Ralph: A river of water vapor in the sky that is organized in the storm setting of a cyclone, and has a fairly narrow and long structure. It's down in the lowest 10,000 feet of the atmosphere typically, and it's 300 to 400 miles wide on average and maybe 500 to 1,000 miles long, or more. An average atmospheric river transports 25 times the water in the Mississippi River as vapor. Think of the mouth of the Mississippi River dumping water into the Gulf of Mexico.

SFGATE: The storm taking aim at California is both an atmospheric river and a pineapple express. Explain.

Ralph: A pineapple express is one flavor of an atmospheric river that happens to cross over near Hawaii. We have plenty of atmospheric rivers that are not pineapple expresses and they can be very impactful.

SFGATE: You developed a system for categorizing atmospheric rivers by strength. Tell me about that.

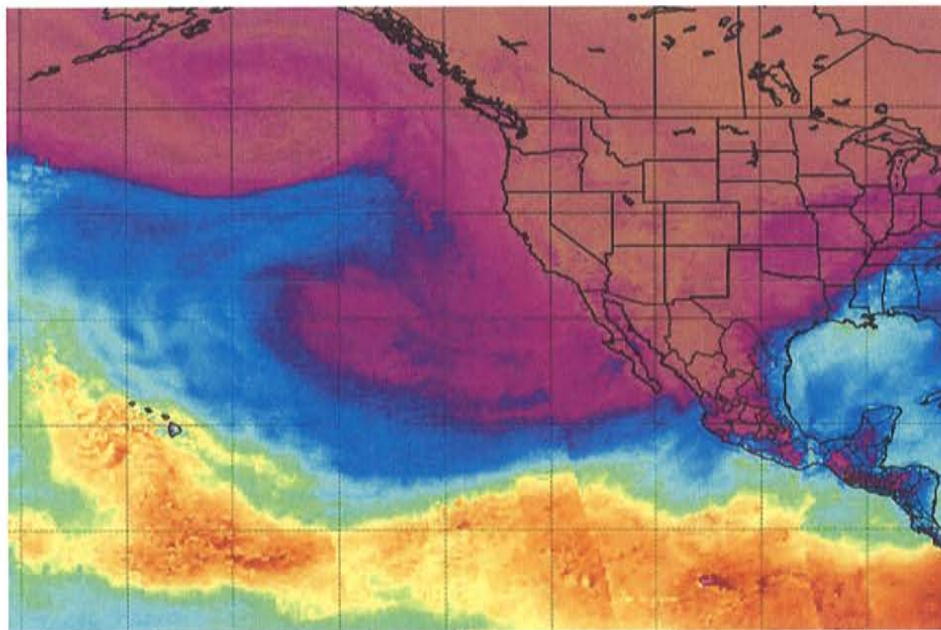
Ralph: There are five rankings. We call it AR1, AR2, AR3, AR4 and AR5. There's weak, moderate, strong, extreme and exceptional, and those are terms we use for the intensity of the atmospheric river. That's like the peak amount of water vapor transported in the atmospheric river, which is the combination of the wind and the water vapor in the air.

Then we have the duration of the atmospheric river. If you're in San Francisco and you have an atmospheric river coming in, the way we calculate the scale is we first determine the start time when the atmospheric river arrives and then the end time when it's over. That gives us the duration of the atmospheric river at your location. Then we determine during that period where at your location was the atmospheric strongest overhead in terms of that vapor transport.

Those two parameters determine what its ranking is – 1, 2, 3, 4 or 5. We built in the duration because we learned from the science that when we factor in the duration it explains more of the precipitation than just the intensity.

The scale was intended partly to allow the public and decision makers to distinguish from atmospheric rivers that are probably going to be mostly beneficial from those that could potentially pack the big wallop and be more hazardous.

AR3s on average do a few million dollars of damage, AR4s average tens of millions in damage and AR5s average hundreds of millions in damage. But they can't do that much damage if they hit an area with little population, or where soils are very dry, and rivers and lakes are low, like after the long dry season or drought.



Satellite imagery from Jan. 26, 2021, showed the moisture plume approaching the Bay Area. tropic.ssec.wisc.edu

SFGATE: How does the atmospheric river forecast to hit California on Sunday to Monday rank?

Ralph: I just did the calculation ... there's about a 30% chance it'll be an AR3, and this is for the San Francisco Bay Area specifically. There's about a 35% chance it'll be an AR4 and 30% chance of an AR5.

AR5s are really quite rare in California in general, and in October they're super rare. The study we did around the Bay Area, we looked at 40 years and there was only one AR5 in October in 40 years. It's a rare event. There were 10 total in 40 years, but only one was in October.

SFGATE: How tricky is it to forecast how an atmospheric river event will unfold?

Ralph: In the weather business, some storm types are more predictable than others. Planning out exactly when and where a thunderstorm is going to fall over the Great Plains is super hard to do. Figuring out where a hurricane is going to make landfall ... 20, 30 years ago, there was still a lot of air in that. The science has improved to make that better.

Atmospheric rivers are easier to predict than other storm types. We're able to take advantage of that. In California, we can potentially use that to help reservoir operators, to operate their dam in a different way that allows for more flexibility... and build up potential resilience to climate change.

SFGATE: Why are atmospheric rivers important to California?

Ralph: They provide a lot of beneficial water. When we're in a drought and we get a good atmospheric river, it can break the drought. It might be what's sort of happening right now. At least, we're hopeful that if this isn't the only one we get this year, it's the start of a wetter winter. And, of course, the flooding I've mentioned.

SFGATE: How many atmospheric rivers would it take to end the California drought?

Ralph: If they're strong, it would only take a couple of those, three or four, to really make a big dent. Three or four of those sequences, or families as we call them.

This weeklong period ahead is looking like it could produce anywhere from 10% to 15% of the average annual precipitation for much of Northern California, and in some locations that percentage could be even higher.

SFGATE: What would happen in Northern California if we got three or four atmospheric rivers, beyond the drought ending?

Ralph: We only have to look back to 2019 and 2017 for examples of flood years. In 2019, we had a serious flood on the Russian River. Other rivers also flooded.

In 2017, there was a series of atmospheric river events that included families [of storms] that ended up triggering the problems with the Oroville Dam spillway. That's just due to four years ago. We're always paying attention to what's happening today and we often forget what happened long ago. If we keep getting atmospheric rivers this year, it could turn into a flood season, right after a drought.

SFGATE: What are some specific examples of damage atmospheric rivers have done in California?

Ralph: The big flooding events from 1997 in the Sacramento area on the American River, and storms in 1995 and in 1998 that have created local and regional flooding, the big storm in the Seattle area or Washington state in 2006, 2009 — all of these storms, they essentially contain an atmospheric river.

SFGATE: Are atmospheric rivers more common due to climate change?

Ralph: We don't have a good answer to that, but the climate projections suggest we could have bigger atmospheric rivers and some of them will be stronger and there will be longer dry periods between them.

SFGATE: Why does it seem like meteorologists are using the term atmospheric river in their forecasts more than they did in the past?

Ralph: Scientists have described them, explained them and now we know how to detect and measure them. We've also done work to show how they impact water supply and flooding, among many other things. For example, if you look at 40 years of flood data from FEMA in the Western U.S., 84% of all flood damage has been

from atmospheric rivers. On the West Coast in Northern California, it's 95% to 99%. They are literally the type of storm that causes flood damage more than any other in the West. In addition, a third of all the precipitation in parts of California on average comes from atmospheric rivers — some get 50%. In the Southern Sierra, about 40% of the snowpack comes from atmospheric rivers.

They are both providers of beneficial water supply and the cause of most of the big flood damages.

SFGATE: What's the biggest atmospheric river you imagine happening in your lifetime?

Ralph: There's a formal study called the "ARkStorm." It was done about 10 years ago, organized by the U.S. Geological Survey, as part of a hazard risk assessment. I helped develop the physical scenario for it, in other words, described the storm. It stitched together two super-strong atmospheric rivers, just four days apart, one in Northern California and one in Southern California, and one of them stalled for an extra day because that can happen and that produced what is now known as the ARkStorm.

They ran that Ark output through the planning and then worked with people to find out what the flood damage would be, what the transportation disruption would be, what the power disruption would be and lifelines and all that and economic disruption — \$700 billion in California. The previous natural hazard study that group had done was a big earthquake on the San Andreas Fault, as they call it "The Big One," and it's estimated damage was \$200 billion. The ARkStorm was a very formal study with 100 experts involved, estimated closer to \$700 billion of impacts on California.

SFGATE: What are people getting wrong when they talk about atmospheric rivers?

Ralph: Some people have the concept that all atmospheric rivers bring moisture directly from the tropics, but many do not. The storm we have now, that's not happening. It's coming from the West, and even when we have a tropical tap as we call it, like the pineapple express in Hawaii, most of that water vapor that's coming out of the tropics into the base of the atmospheric river, the southwestern point of the atmospheric river and flowing along the atmospheric river, most of that gets rained out before it ever reaches California. And it's replaced by water that has

evaporated off the ocean and converged into the atmospheric river along the way. So, you can think of an atmospheric river as a freeway with on-ramps and off-ramps, and if you take that freeway from Hawaii all the way to the West Coast, most of the cars that got on in Hawaii have gotten off the freeway by the time you're in California.

Rain lifts hopes for suppliers of water

Marin Independent Journal

By Will Houston

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The Marin Municipal Water District logged nearly as much rain this past week as it did during all of last winter, making it the wettest October in more than 130 years.

The utility recorded more than 17 inches at its Lake Lagunitas reservoir between Oct. 18 and Monday, with 10.5 inches coming in on Sunday alone, according to district data. Typically, the district only sees an average of 2.8 inches of rain in October.

The last time the district saw close to this amount of rain in October was in 1890, when it received 26 inches. “It’s really remarkable,” said district communications manager Emma Detwiler.

The rain this week is also about a third of the 52 inches of rainfall the district receives in an average year and just a few inches shy of the 20 inches during the entire 2020-2021 water year — its second driest year in 143 years of records.

As a result, water supplies in the district’s seven reservoirs in the Mount Tamalpais watershed increased from 32% to 43% of total capacity, with the total storage increasing from about 25,772 acre-feet on Oct. 18 to 34,535 acre-feet on Monday. The reservoirs, which serve 191,000 residents in central and southern Marin, provide 75% of the district’s water supply and rely entirely on rainfall runoff.

Local water officials say the rain is a welcome start to the upcoming rainy season, but that drought is not over. The district’s reservoirs are usually around 67% full by this time of year. Last year, reservoir levels were at 63% of capacity.

“Even if we had not had the severity of the drought we have had to date, we would still consider 34,500 acre-feet to be a very dry year,” said Cynthia Koehler, president of the district’s board of directors. “It certainly does provide some relief in terms of the direness of the situation, but it does not take us out of a drought situation.”

District staff also said the rains do not change the district’s projections of potentially depleting local reservoir supplies as soon as July should the district receive a similar

amount of rain as it did last year. And residents should not expect water use restrictions to ease up as a result of this storm.

But this week's weather was a "best case scenario" to begin refilling reservoirs, Detwiler said. The rains last week soaked the drought-parched ground, allowing much of the deluge from Sunday's storm to flow into local reservoirs. By Monday morning, Mount Tamalpais had received close to 27 inches of rain in seven days.

"Another event like this could get us back up to average storage," Detwiler said.

As the county awaits more rainfall, the district is also continuing to plan for projects to bring in additional water supply, including an 8-mile pipeline across the Richmond-San Rafael Bridge that could bring in water purchased from the Sacramento Valley. The district board voted last week to invest \$23.2 million to pre-purchasing piping, water tanks and pumping stations to have them ready by early next week should the pipeline project move forward.

A vote on a construction contract could take place in January if the coming months are dry.

"We are not letting up on our vigilance," Koehler said.

The North Marin Water District recorded about 7.6 inches of rain near its Stafford Lake reservoir — its second-highest October rainfall count on record dating back to 1916, according to Drew McIntyre, district general manager. The district's highest rainfall total for October was set in 1963 with 8.9 inches.

However, the rainfall didn't generate significant runoff because the watershed near Stafford Lake typically requires 7 to 8 inches of rain before the ground is saturated. About 300 acre-feet of water, or about 5% of the lake's capacity, was restored from the storm, McIntyre said. This week's rainfall was also nearly as much rain as the district saw in all of the 2020-2021 water year of 8.6 inches.

"It set it up very well for what we hope will be some future storms coming down here," McIntyre said.

The storm also helped prime the Sonoma Water agency to start receiving runoff for its two main reservoirs at Lake Sonoma and Lake Mendocino, McIntyre said. Sonoma Water provides 75% of North Marin Water District's supply and about 25% of Marin Municipal Water District's supply.

“The initial storm did not undo a two-year drought,” McIntyre said. “We’re still advocating that our customers need to help us save water during this drought.”

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Tuesday, 10/26/2021 Page .A01 Copyright Terms and Terms of Use. Please review new arbitration language

MMWD tilts away from desal plan

Marin Independent Journal

By Will Houston

whouston@marinij.com

The Marin Municipal Water District is moving away from plans to acquire temporary desalination plants and instead is exploring purchasing more water from Sonoma County during the winter months.

“We are determining that this is really not a feasible approach for the current drought where winter water does seem promising,” Paul Sellier, the district operations director, told the board on Oct. 19.

The district, which serves 191,000 residents in central and southern Marin, faces the potential of depleting local reservoir supplies as soon as next summer if this winter is as dry as the last. The recent storms have put the district in a better starting position, but district staff said reservoir levels are still well below average.

The district’s main backup plan is to potentially construct a pipeline across the Richmond-San Rafael Bridge to bring in water purchased from the Sacramento Valley by next summer. The project could cost up to \$90 million.

However, the East Bay Municipal Utility District, which would partner with the Marin district to bring the water over the bridge, said it can only pump in about 60% of the 13.5 million gallons per day that the pipeline could carry because of water pressure issues.

Marin water officials said they would need about 10,000 to 15,000 acre-feet of water per year to ensure residents have enough water for vital indoor uses such as cooking, sanitation and hygiene. Outdoor uses such as lawn watering would be banned.

The pipeline would only be able to bring in about 9,000 acre-feet of water with the East Bay district’s limitations, requiring Marin to find additional sources to make up the difference.

The Marin Municipal Water District has been looking into purchasing or renting between two to three portable desalination plants as another water supply option. All

three plants would be able to provide about 5.4 million gallons of treated San Francisco Bay water per day, or about 7,000 acre-feet of water per year.

The three facilities would cost about \$35 million to rent and \$6 million per year to operate, according to district staff.

However, the Marin Municipal Water District staff has been in discussions with the Sonoma Water agency to purchase more Russian River water during winter and spring when flows are naturally higher. Sonoma Water already provides about 25% of the district's water supply.

This option would allow Marin to secure the water without having to make significant investments and undergo a lengthy permitting process among state and federal agencies, according to Sellier.

Sonoma Water engineer Donald Seymour said the Russian River water that would be provided to Marin would otherwise flow out to the ocean.

"We don't have another reservoir to put it in, but MMWD can use it to offset the use of their own reservoirs and make sure they fill and have adequate water supplies for the summer," Seymour said.

Sellier said Marin could secure about 2,000 to 6,000 acre-feet of additional Russian River water through the North Marin aqueduct between October and May.

"The facilities already exist to deliver it," Sellier told the board.

Seymour said the district would be paying the same rate as it already does under its agreement. The agency charges Marin Municipal Water District about \$1,200 per acre-foot of water.

Unlike desalination, where there is a seemingly endless supply of water to treat, Marin would be relying on adequate flows in the Russian River. In August, the state ordered 1,500 water rights holders to stop diverting water from the Russian River in response to low reservoir levels.

But Seymour said there are usually natural excess flows in the river during the winter even during dry years. And the agency would still work to ensure that state-mandated minimum flows for wildlife are met.

“These are flows that are above and beyond during the winter that would just end up flowing out into the ocean,” Seymour said. “We’re not talking about huge amounts of water either.”

Seymour said the agreement would be similar to what the North Marin Water District did last winter when it bought 1,100 acrefeet of Russian River water to put into its Stafford Lake reservoir.

One issue that would need to be worked on before winter water purchases begin is Sonoma Water’s agreement to reduce water diversions, including those to Marin, by 20% until Dec. 10. The reduction was part of an agreement with the state that allowed the agency to release less reservoir water into the Russian River for wildlife in order to preserve more water for people.

Seymour said the agency is working with the State Water Resources Control Board to make an exemption for high winter flows.

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Tuesday, 10/26/2021 Page .A01 Copyright Terms and Terms of Use. Please review

POINT REYES LIGHT

NEWS

Storm breaks records, fills waterways

by Ike Allen
October 27, 2021



Inverness volunteer firefighters pumped water out of the Inverness Store on Sunday afternoon. The

Parkside Cafe in Stinson Beach also flooded after Easkoot Creek jumped its banks. (David Briggs / Point Reyes Light)

The atmospheric river that drenched West Marin with record October rainfall downed trees and power lines, put a dramatic end to fire season, and brought rainfall totals for the month to more than a foot in some places. But despite its intensity, the storm won't mean much for the drought unless it is followed by an especially wet winter, officials said.

According to the National Weather Service, more than 16.5 inches fell on Mount Tamalpais in 48 hours. At Lake Lagunitas, Marin Water has measured more than 18 inches of rain since July, which is 87 percent of the rainfall for all of last year. Nearly all this year's rain fell in the last 10 days, and more than half fell in a 24-hour period starting Sunday.

"The way this storm came through, we could not have designed it better to get that runoff," Emma Detwiler, a spokeswoman for Marin Water, said. "The soil was really primed to let all the runoff into the reservoirs."

The district's average reservoir levels jumped from 33 to more than 50 percent capacity, but are still significantly lower than normal. The rain is a "step in the right direction," Ms. Detwiler said, but it will need to come again, and again, to replenish the stores.

Nicasio Reservoir, the district's largest reservoir by surface area, is visibly higher, at about 30 percent capacity. That's up from 12 percent on Oct. 15. And in Chileno Valley, Laguna Lake, which had been reduced to a dry, cracked lakebed, was full after Sunday's rain, restoring a key breeding habitat for wildlife like waterfowl and newts.

In Inverness, the storm brought the total rainfall to about 12 inches for the month so far, shattering records going back almost a century. October 1947 came closest, with about half as much rain.

But the ample rainfall didn't put much of a dent in the town's water emergency. Wade Holland, the customer services manager for the Inverness Public Utility District, said

though early rain is certainly preferable to an October heatwave, it won't help much if conditions are dry by spring. "Twelve inches in October may not be as good as four inches in May, in terms of getting through the summer," Mr. Holland said. IPUD will keep its water usage restrictions in effect at least until spring.

The rain did relieve the pressure of fire season, likely putting an end to wildfire risk throughout Marin for the year. Mark Brown, executive officer of the Marin Wildfire Prevention Authority, said the rain "drops our fire risk dramatically" because it dampens light fuels like dead leaves. But live plants can only absorb so much moisture at once.

"We had a significant drought interrupted by one rain year, followed by another significant drought," Mr. Brown said. "The heavier fuels never had a chance to recover from the first drought, and one winter is not enough time for those heavy fuels to catch up."

During Sunday's storm, the National Weather Service measured wind gusts of up to 77 miles per hour near Woodacre and winds of more than 50 miles per hour throughout West Marin. The Marin County Fire Department responded to 163 calls related to downed trees on Sunday and Monday morning, and PG&E reported outages across the area. Hundreds of households were without power in the San Geronimo Valley on Sunday evening after a mobile transformer fell off its trailer and caught fire at the Woodacre substation.

Despite the outages on Sunday, Lagunitas School was back open the following morning, and attendance was near normal, superintendent John Carroll said. The same was true at Bolinas-Stinson and West Marin Schools.

Many of West Marin's creeks that had been reduced by the drought to low trickles suddenly became raging torrents, threatening to inundate nearby properties. The level of Lagunitas Creek rose from one foot to 16 feet, its flow in cubic feet per second increasing by a factor of 1,000 at one point, according to North Marin Water District.

The district's general manager, Drew McIntyre, said the district cancelled a request to Marin Water to release more water from its reservoirs into Lagunitas Creek after its

flow broke records for October.

Mr. McIntyre said it would take multiple months' worth of rain to flush out the aquifer that supplies the Coast Guard wells, which have been subject to salinity intrusion, and that little rainfall made its way into Stafford Lake. The reservoir, which supplies the district's Novato customers, remained relatively stable. "This is not going to undo a multiple-year drought," he said.

Both water districts must carefully monitor flows in Lagunitas Creek to ensure adequate spawning habitat for salmon. But the record-breaking flows don't guarantee success for all species of fish, said Michael Reichmuth, a fisheries biologist with the Point Reyes National Seashore.

"Given that we've never had a storm of this magnitude in October, one of the uncertainties is how the juvenile fish are faring," Mr. Reichmuth said. When heavy rains come later in the year, young coho salmon are generally large enough to handle fast currents and swim out to sea. But when they arrive this early, he said, "we could have higher mortality of juvenile fish."

At the same time, the storm could be a boon for Chinook salmon at the peak of their spawning season. Lagunitas Creek is generally deep enough to support the species, but the smaller Olema and Redwood Creeks are often too low in October. After the storm, both could be supporting spawning Chinook.

"When you have this kind of a rain event, they have access to pretty much any of the creeks they want," Mr. Reichmuth said. Surveyors began counting salmon in Olema Creek on Wednesday, after flows returned to a safe level.

On Sunday, some creeks jumped their banks, submerging sections of roads and leaving a few drivers stranded in cars. Marin Fire responded to three water rescue calls and 20 vehicle accidents on Sunday.

By Monday morning, most of the havoc was cleared up. Levee Road between Point Reyes Station and Inverness Park, which in places was covered by several inches of water overnight, was dry by the start of the business day. Bear Valley Road, which the

National Park Service closed Sunday afternoon due to flooding, was quickly reopened, as was a stretch of Highway 1 between Olema and Point Reyes Station. Platform Bridge Road, which runs along Lagunitas Creek, remained closed until the afternoon. The parking lots, trails, and campground at Samuel P. Taylor State Park were closed until Wednesday because of hazardous creek conditions.

Some West Marin businesses along creeks and shorelines were hit hard by flooding. Early Sunday morning, Olema Campground manager Gabriela Bell was awakened by the fire department responding to campers who had called to report flooding. Olema Creek, which was all but bone dry last week, had swamped their campsites.

“The creek is still flowing through the campground,” she said on Monday. “Right now, we have no sewer and no power.” Ms. Bell said she was unsure of the campground’s flood insurance coverage, which she allowed to lapse when rates tripled after the campground filed another claim in 2016. Ms. Bell accused the Point Reyes National Seashore of inadequately managing the creek bed to prevent serious flooding.

“I hope something can be done to get all the fallen trees out of there, so the creek would actually flood in its creek bed, and not through the campground,” she said. “Would it take someone dying from the floodwater?”

The Inverness Store is just steps from Tomales Bay, so it’s particularly vulnerable to tidal flooding. Co-owner Nav Singh said she decided to call for help once the water level reached six inches in the backroom and she couldn’t take it out with buckets fast enough.

“We’re below sea level, so when the tide comes up, it’s pretty spooky,” Ms. Singh said. “It just comes from the cement floor. Concrete’s not waterproof.”

Ms. Singh estimated the water damaged a few hundred dollars’ worth of packaged food, but it could have been worse. In 2006, the store lost most of its inventory to a major flood.

“I knew the rain was coming, and now we’re really mindful about putting inventory up higher,” she said.

The Parkside Cafe in Stinson Beach was flooded Sunday evening by a surging Easkoot Creek.

“The creek just kind of took over everything,” manager Jessie Hyde said. On Monday, the cafe was back in business, but Ms. Hyde said they couldn’t have reopened without help from the fire department.

An April 2018 storm damaged the cafe and destroyed a section of the Stinson Beach parking lot, despite a series of costly measures undertaken by the county and park service to prevent creek flooding. The measures effectively prevented damage to homes, but as Sunday’s storm showed, the area remains vulnerable to flash flooding.

Julian Espinoza, a spokesman for the Golden Gate National Recreation Area, said the park service is planning a rehabilitation of the parking lot.

“We expect to make a broader announcement about that project, which would maintain sustainable visitor access to the beach and increase flood protection, in the coming months,” Mr. Espinoza said. He did not describe the planned flood protections.

9