

NOVATO SANITARY DISTRICT

Meeting Date: December 10, 2018

The Board of Directors of Novato Sanitary District will hold a regular meeting at 5:30 p.m., Monday, December 10, 2018, at the District Offices, 500 Davidson Street, Novato.

Materials related to items on this agenda that are public records, are available for public inspection in the District Office, 500 Davidson Street, Novato, during normal business hours. They are also available on the District's website: www.novatosan.com. Note: All times and/or order of consideration for agenda items are for reference only. The Board of Directors may consider item(s) in a different order than set forth herein.

AGENDA

1. PLEDGE OF ALLEGIANCE:

2. BOARD OF DIRECTORS ELECTION, OATH OF OFFICE, AND SEATING:

- a. Receive Certificate of Election, Official Final Results summary, and Statement of Votes.
- b. Administration and execution of Oaths of Office, and seating of Board Members.
- c. Adopt Resolution No. 3129 - Determining Persons Entitled to Fill Office.

3. AGENDA APPROVAL:

4. PUBLIC COMMENT (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT):

This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Board at this time as a result of any public comments made.

5. CEREMONIAL MATTERS

- a. Adopt Resolution No. 3130 recognizing District General Counsel Mr. Kenton Alm on his retirement.
- b. Introduction of Ms. Robin Donoghue of the Meyers/Nave law firm as District General Counsel upon retirement of Mr. Kenton Alm.

6. REVIEW OF MINUTES:

- a. Consider approval of minutes of the November 13, 2018 special meeting.

7. CONSENT CALENDAR:

The General Manager-Chief Engineer has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended, or may be removed from the Consent Calendar and separately considered at the request of any person.

- a. Approve regular disbursements, November 14 - December 10, 2018.
- b. Ratify payroll and payroll related disbursements, November 2018.
- c. Receive deposit summary, November 2018.
- d. Approve Director Long and the General Manager-Chief Engineer to attend the California Association of Sanitation Agencies (CASA) Annual Washington DC conference, February 25–27, 2019.
- e. Receive Fixed Asset Deletion Report for Fiscal Year (FY) 2017-18.
- f. Approve designation of surplus items and equipment, and authorize the General Manager-Chief Engineer to dispose of such items and equipment.

- g. Cancel regular meeting of March 11, 2019 and schedule special meeting for Monday, March 18, 2019.
- h. Approve annexation of one parcel totaling 3.41 acres with a situs address of 516 E. Hospital Drive, Assessor Parcel No. (APN) 157-690-52, to the Novato Sanitary District, and authorize the General Manager-Chief Engineer to execute and file the Agency Consent Form with the Marin Local Agency Formation Commission (Marin LAFCO).

8. FINANCE COMMITTEE:

- a. Receive report from the District's independent external auditor, Maze & Associates.
- b. Receive Finance Committee report and recommendation, and accept the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2018 and 2017, including Fiscal Year FY 17-18 audit, and audited financial statements for the years ended June 30, 2018 and 2017.
- c. Receive and accept "Memorandum on Internal Control and Required Communications for Year ended June 30, 2018" from the District's independent outside auditor, Maze and Associates.
- d. Authorize staff to submit the District's CAFR to the Government Finance Officers Association (GFOA) for consideration of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

9. ADMINISTRATION:

- a. Review letter from State Controller's Office (SCO), "Notification Letter – Assembly Bill 2249 (Chaptered 169, Statutes of 2018)", and adopt changes (including increases to bid limits thresholds) to the Uniform Public Construction Cost Accounting Act (UPCCAA) noted therein, effective January 1, 2019.
- b. Approve and Adopt Revised Board Policy No. 3135 – Expense Authorization.

10. WASTEWATER OPERATIONS:

- a. Receive Wastewater Operations Reports, November 2018:
 - Collection System
 - Treatment Facilities
 - Reclamation Facilities

11. CAPITAL PROJECTS:

- a. *Collection System Improvements, Account No. 72706:* Birdie Drive Sewer Project: Approve a credit change order in the amount of \$40,015.35, grant Final Acceptance of the Project, and authorize staff to file the Notice of Completion.
- b. *Admin Building Upgrades/Maintenance Building, Account No. 73003:* Maintenance Building Phase 3 - Modular Building Project: Approve purchase of modular building system in the amount of \$256,388.74.
- c. Receive Capital Projects Update, November 2018.

12. BOARD OF DIRECTORS:

- a. Receive Local Agency Formation Commission (LAFCO) materials - Call for Nominations for Regular Special District Member, and provide direction, if any.

13. BOARD MEMBER REPORTS AND REQUESTS:

- a. North Bay Watershed Association (NBWA) meeting, December 7, 2018.

14. INFORMATIONAL ITEMS:

These items are for information only - no action will be taken on these items as a result of any comments made.

- a. Report on "Active Shooter" training by Novato Police Department (NPD).

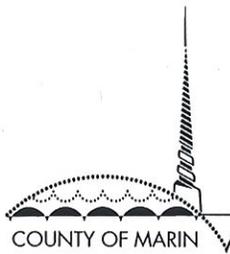
15. GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:

16. ADJOURNMENT:

Next Resolution No. 3131.

Next regular meeting date: Monday, January 14, 2019, 5:30 PM, at the Novato Sanitary District office, 500 Davidson Street, Novato, CA.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.



ELECTIONS DEPARTMENT

Providing a responsive, transparent, and professional approach to conducting elections.

Lynda Roberts
REGISTRAR OF VOTERS

November 30, 2018

Melvin Briones
ASSISTANT REGISTRAR OF
VOTERS

Novato Sanitary District
500 Davidson Street
Novato, CA 94945

PO Box E
San Rafael, CA 94913

Marin County Civic Center
3501 Civic Center Drive
Suite 121
San Rafael, CA 94903
415 473 6456 T
415 473 6447 F
415 473 6899 TTY
www.marinvotes.org
elections@marincounty.org

Enclosed are the:

- Certificate of Election/Oath of Office for your newly elected directors;
- the Certificate of Election for your records;
- the Official Final Results summary;
- and the Statement of Votes for your district at the November 6, 2018 Statewide General Election.

After you swear in the newly elected please give the beige original to the board member(s) and send copies of the completed oaths by email to danmiller@marincounty.org.

The Assuming Office 700s can be filed with next year's annuals.

Sincerely,

Dan Miller
Filing & Candidate Services

Encl.



CERTIFICATE OF ELECTION

I, LYNDA ROBERTS, the Registrar of Voters for the County of Marin, of the State of California, do hereby certify the canvass and statement of the votes cast in the Statewide General Election held on November 6, 2018. The results of said canvass are detailed in the Official Final Results and the Statement of Votes filed and retained with the Marin County Elections Department.

Summary reports are provided herewith.

IN WITNESS WHEREOF, I have set my hand and affixed my official seal on the 30th day of November, 2018.



County of Marin, Registrar of Voters

Certificate of Election and Oath of Office

STATE OF CALIFORNIA
County of Marin

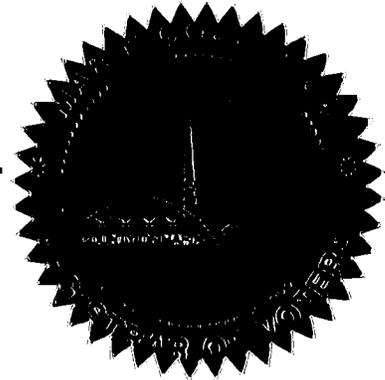
I, *Lynda Roberts*, Registrar of Voters of the Marin County, of the State of California, do hereby certify that at the **Statewide General Election held on the 6th day of November 2018**, that

BRANT MILLER

is elected as appears by the official record of the result of said election, to the office of **Director, Novato Sanitary District, a term ending December, 2022.**

IN WITNESS WHEREOF, I have hereunto affixed my hand and official seal on this **30th day of November, 2018.**

s/ *Lynda Roberts* - Registrar of Voters



STATE OF CALIFORNIA
County of Marin

OATH OF OFFICE

I, **BRANT MILLER**, do solemnly swear (of affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution for the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Director, Novato Sanitary District

NAME OF OFFICE

SIGNATURE OF ELECTED CANDIDATE

TITLE OF PERSON ADMINISTERING OATH

SIGNATURE OF PERSON ADMINISTERING OATH

____ day of _____, 20____

Before taking office, each member must take and subscribe to the Oath of Office before a governing board member, other school officer, state or county officer, judicial officer or notary public, to be filed with the County Clerk/Registrar of Voters. (Gov. Code 1360-1369)

Certificate of Election and Oath of Office

STATE OF CALIFORNIA
County of Marin

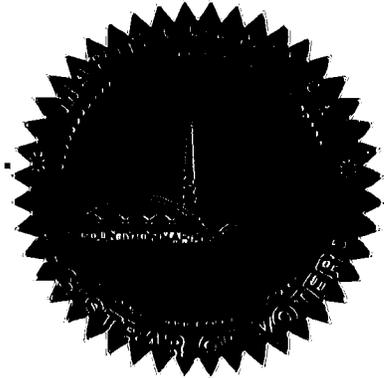
I, Lynda Roberts, Registrar of Voters of the Marin County, of the State of California, do hereby certify that at the **Statewide General Election** held on the **6th** day of **November 2018**, that

CAROLE DILLON-KNUTSON

is elected as appears by the official record of the result of said election, to the office of **Director, Novato Sanitary District**, a term ending **December, 2022**.

IN WITNESS WHEREOF, I have hereunto affixed my hand and official seal on this **30th** day of **November, 2018**.

s/ *Lynda Roberts* - Registrar of Voters



STATE OF CALIFORNIA
County of Marin

OATH OF OFFICE

I, **CAROLE DILLON-KNUTSON**, do solemnly swear (of affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution for the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Director, Novato Sanitary District

NAME OF OFFICE

SIGNATURE OF ELECTED CANDIDATE

TITLE OF PERSON ADMINISTERING OATH

SIGNATURE OF PERSON ADMINISTERING OATH

_____ day of _____, 20____

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Certificate of Election and Oath of Office

STATE OF CALIFORNIA

County of Marin

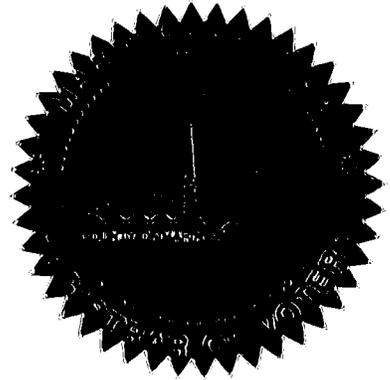
I, *Lynda Roberts*, Registrar of Voters of the Marin County, of the State of California, do hereby certify that at the **Statewide General Election** held on the **6th** day of **November 2018**, that

BILL LONG

is elected as appears by the official record of the result of said election, to the office of **Director, Novato Sanitary District**, a term ending **December, 2022**.

IN WITNESS WHEREOF, I have hereunto affixed my hand and official seal on this **30th** day of **November, 2018**.

s/ *Lynda Roberts* Registrar of Voters



STATE OF CALIFORNIA

County of Marin

OATH OF OFFICE

I, **BILL LONG**, do solemnly swear (of affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution for the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Director, Novato Sanitary District

NAME OF OFFICE

SIGNATURE OF ELECTED CANDIDATE

TITLE OF PERSON ADMINISTERING OATH

SIGNATURE OF PERSON ADMINISTERING OATH

_____ day of _____, 20____

Before taking office, each member must take and subscribe to the Oath of Office before a governing board member, other school officer, state or county officer, judicial officer or notary public, to be filed with the County Clerk/Registrar of Voters. (Gov. Code 1360-1369)

Marin County Registrar of Voters
 Statewide General Election - November 6, 2018
 Official Final Results

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Registered Voters 160634 - Cards Cast 132434 82.44%

Num. Report Precinct 200 - Num. Reporting 200 100.00%

Stinson Beach Fire Protection District		Total	
Director			
Number of Precincts	1		
Precincts Reporting	1	100.0 %	
Vote For	2		
Times Counted	389/451	86.3 %	
Total Votes	614		
MARCUS WHITE	252	41.04%	
WILL MITCHELL	242	39.41%	
PETER B. SANDMANN	118	19.22%	
Write-in Votes	2	0.33%	

Richardson Bay Sanitary District		Total	
Director			
Number of Precincts	7		
Precincts Reporting	7	100.0 %	
Vote For	3		
Times Counted	5086/6288	80.9 %	
Total Votes	7304		
SUE BENVENUTI	2398	32.83%	
RON KOSCIUSKO	1982	27.14%	
FRANK TRUSHEIM	1644	22.51%	
SUDHIR "SID" DARU	1253	17.15%	
Write-in Votes	27	0.37%	

Marin Healthcare District Director		Total	
Number of Precincts	161		
Precincts Reporting	161	100.0 %	
Vote For	3		
Times Counted	103309/124315	83.1 %	
Total Votes	179067		
JENNIFER RIENKS	49624	27.71%	
LARRY A. BEDARD	44416	24.80%	
BRIAN W. SU	32578	18.19%	
EDWARD J. ALFREY	30167	16.85%	
MELISSA BRADLEY	22066	12.32%	
Write-in Votes	216	0.12%	

Sanitary District No. 5 Director		Total	
Number of Precincts	4		
Precincts Reporting	4	100.0 %	
Vote For	2		
Times Counted	3539/4303	82.2 %	
Total Votes	3766		
C. BENEDIKTSSON	1558	41.37%	
TOD C. MOODY	1107	29.39%	
OMAR ARIAS-MONTEZ	1092	29.00%	
Write-in Votes	9	0.24%	

Las Gallinas Valley Sanitary District		Total	
Director			
Number of Precincts	21		
Precincts Reporting	21	100.0 %	
Vote For	3		
Times Counted	15668/19041	82.3 %	
Total Votes	26004		
MEGAN CLARK	8263	31.78%	
CRYSTAL J. YEZMAN	6728	25.87%	
RABI ELIAS	5512	21.20%	
RUSS GREENFIELD	5453	20.97%	
Write-in Votes	48	0.18%	

Marin Municipal Water District Director		Total	
Division 1			
Number of Precincts	32		
Precincts Reporting	32	100.0 %	
Vote For	1		
Times Counted	20421/24669	82.8 %	
Total Votes	14733		
JACK GIBSON	9308	63.18%	
GREG KNELL	5393	36.60%	
Write-in Votes	32	0.22%	

Novato Sanitary District Director		Total	
Number of Precincts	30		
Precincts Reporting	30	100.0 %	
Vote For	3		
Times Counted	27136/33964	79.9 %	
Total Votes	46343		
BILL LONG	13316	28.73%	
C. DILLON-KNUTSON	12868	27.77%	
BRANT MILLER	10649	22.98%	
GARY BUTLER	9434	20.36%	
Write-in Votes	76	0.16%	

Marin Municipal Water District Director		Total	
Division 4			
Number of Precincts	30		
Precincts Reporting	30	100.0 %	
Vote For	1		
Times Counted	22331/26706	83.6 %	
Total Votes	17198		
CYNTHIA KOEHLER	15234	88.58%	
JOBY TAPIA	1940	11.28%	
Write-in Votes	24	0.14%	

Marin County Registrar of Voters
 Statewide General Election - November 6, 2018
 Statement of Votes Cast - Official Final Results
 Novato Sanitary District, Director

Date: 11/30/18
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	TURN OUT		
	Reg. Voters	Cards Cast	% Turnout
Jurisdiction Wide			
40608			
Polling	1196	249	20.82%
VBM	1196	724	60.54%
Total	1196	973	81.35%
40609			
Polling	1236	264	21.36%
VBM	1236	784	63.43%
Total	1236	1048	84.79%
40610			
Polling	1531	332	21.69%
VBM	1531	940	61.40%
Total	1531	1272	83.08%
40611			
Polling	840	190	22.62%
VBM	840	497	59.17%
Total	840	687	81.79%
41219			
Polling	746	168	22.52%
VBM	746	455	60.99%
Total	746	623	83.51%
50601			
Polling	1621	352	21.71%
VBM	1621	997	61.51%
Total	1621	1349	83.22%
50602			
Polling	1164	258	22.16%
VBM	1164	687	59.02%
Total	1164	945	81.19%
50603			
Polling	1568	320	20.41%
VBM	1568	976	62.24%
Total	1568	1296	82.65%
50604			
Polling	803	181	22.54%
VBM	803	432	53.80%
Total	803	613	76.34%
50605			
Polling	708	183	25.85%
VBM	708	393	55.51%
Total	708	576	81.36%
50606			
Polling	889	220	24.75%
VBM	889	420	47.24%
Total	889	640	71.99%
50607			
Polling	821	165	20.10%
VBM	821	460	56.03%
Total	821	625	76.13%
50608			
Polling	1652	362	21.91%
VBM	1652	931	56.36%
Total	1652	1293	78.27%
50609			
Polling	1636	352	21.52%
VBM	1636	988	60.39%
Total	1636	1340	81.91%
50610			
Polling	804	184	22.89%
VBM	804	478	59.45%
Total	804	662	82.34%

Marin County Registrar of Voters
 Statewide General Election - November 6, 2018
 Statement of Votes Cast - Official Final Results
 Novato Sanitary District, Director

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	TURN OUT		
	Reg. Voters	Cards Cast	% Turnout
50611			
Polling	669	167	24.96%
VBM	669	383	57.25%
Total	669	550	82.21%
50612			
Polling	908	178	19.60%
VBM	908	491	54.07%
Total	908	669	73.68%
50613			
Polling	1734	389	22.43%
VBM	1734	994	57.32%
Total	1734	1383	79.76%
50614			
Polling	1721	360	20.92%
VBM	1721	975	56.65%
Total	1721	1335	77.57%
50615			
Polling	1684	357	21.20%
VBM	1684	991	58.85%
Total	1684	1348	80.05%
50616			
Polling	1385	256	18.48%
VBM	1385	895	64.62%
Total	1385	1151	83.10%
50617			
Polling	1675	263	15.70%
VBM	1675	1055	62.99%
Total	1675	1318	78.69%
50618			
Polling	1161	209	18.00%
VBM	1161	766	65.98%
Total	1161	975	83.98%
50619			
Polling	1401	298	21.27%
VBM	1401	798	56.96%
Total	1401	1096	78.23%
50620			
Polling	1495	344	23.01%
VBM	1495	788	52.71%
Total	1495	1132	75.72%
50621			
Polling	422	65	15.40%
VBM	422	189	44.79%
Total	422	254	60.19%
51224			
Polling	1211	296	24.44%
VBM	1211	714	58.96%
Total	1211	1010	83.40%
51226			
Polling	860	138	16.05%
VBM	860	535	62.21%
Total	860	673	78.26%
651203			
Polling	363	0	0.00%
VBM	363	261	71.90%
Total	363	261	71.90%
651204			
Polling	60	0	0.00%
VBM	60	39	65.00%
Total	60	39	65.00%
Total			

Marin County Registrar of Voters
 Statewide General Election - November 6, 2018
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 Novato Sanitary District, Director

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	TURN OUT		
	Reg. Voters	Cards Cast	% Turnout
Polling	33964	7100	20.90%
VBM	33964	20036	58.99%
Total	33964	27136	79.90%

Marin County Registrar of Voters
 Statewide General Election - November 6, 2018
 Statement of Votes Cast - Official Final Results
 Novato Sanitary District, Director

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Novato Sanitary District Director										
	Reg. Voters	Times Counted	Total Votes	BILL LONG		C. DILLON-KNUTSON		BRANT MILLER		
Jurisdiction Wide										
40608										
Polling	1196	249	398	114	28.64%	98	24.62%	99	24.87%	
VBM	1196	724	1249	365	29.22%	344	27.54%	308	24.66%	
Total	1196	973	1647	479	29.08%	442	26.84%	407	24.71%	
40609										
Polling	1236	264	455	145	31.87%	112	24.62%	95	20.88%	
VBM	1236	784	1365	396	29.01%	356	26.08%	319	23.37%	
Total	1236	1048	1820	541	29.73%	468	25.71%	414	22.75%	
40610										
Polling	1531	332	527	132	25.05%	157	29.79%	117	22.20%	
VBM	1531	940	1670	482	28.86%	446	26.71%	372	22.28%	
Total	1531	1272	2197	614	27.95%	603	27.45%	489	22.26%	
40611										
Polling	840	190	309	87	28.16%	74	23.95%	77	24.92%	
VBM	840	497	899	275	30.59%	233	25.92%	206	22.91%	
Total	840	687	1208	362	29.97%	307	25.41%	283	23.43%	
41219										
Polling	746	168	271	74	27.31%	75	27.68%	57	21.03%	
VBM	746	455	808	238	29.46%	221	27.35%	187	23.14%	
Total	746	623	1079	312	28.92%	296	27.43%	244	22.61%	
50601										
Polling	1621	352	634	182	28.71%	171	26.97%	147	23.19%	
VBM	1621	997	1732	524	30.25%	474	27.37%	393	22.69%	
Total	1621	1349	2366	706	29.84%	645	27.26%	540	22.82%	
50602										
Polling	1164	258	466	132	28.33%	134	28.76%	111	23.82%	
VBM	1164	687	1169	329	28.14%	329	28.14%	287	24.55%	
Total	1164	945	1635	461	28.20%	463	28.32%	398	24.34%	
50603										
Polling	1568	320	551	150	27.22%	146	26.50%	129	23.41%	
VBM	1568	976	1663	489	29.40%	442	26.58%	372	22.37%	
Total	1568	1296	2214	639	28.86%	588	26.56%	501	22.63%	
50604										
Polling	803	181	317	85	26.81%	100	31.55%	71	22.40%	
VBM	803	432	796	225	28.27%	208	26.13%	196	24.62%	
Total	803	613	1113	310	27.85%	308	27.67%	267	23.99%	
50605										
Polling	708	183	293	81	27.65%	89	30.38%	72	24.57%	
VBM	708	393	725	206	28.41%	209	28.83%	161	22.21%	
Total	708	576	1018	287	28.19%	298	29.27%	233	22.89%	
50606										
Polling	889	220	343	79	23.03%	116	33.82%	80	23.32%	
VBM	889	420	687	182	26.49%	188	27.37%	142	20.67%	
Total	889	640	1030	261	25.34%	304	29.51%	222	21.55%	
50607										
Polling	821	165	250	64	25.60%	76	30.40%	52	20.80%	
VBM	821	460	816	242	29.66%	209	25.61%	187	22.92%	
Total	821	625	1066	306	28.71%	285	26.74%	239	22.42%	
50608										
Polling	1652	362	606	159	26.24%	173	28.55%	145	23.93%	
VBM	1652	931	1524	442	29.00%	416	27.30%	366	24.02%	
Total	1652	1293	2130	601	28.22%	589	27.65%	511	23.99%	
50609										
Polling	1636	352	544	153	28.13%	140	25.74%	131	24.08%	
VBM	1636	988	1727	483	27.97%	474	27.45%	404	23.39%	
Total	1636	1340	2271	636	28.01%	614	27.04%	535	23.56%	
50610										
Polling	804	184	307	87	28.34%	74	24.10%	78	25.41%	
VBM	804	478	809	244	30.16%	208	25.71%	188	23.24%	
Total	804	662	1116	331	29.66%	282	25.27%	266	23.84%	

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Novato Sanitary District Director										
	Reg. Voters	Times Counted	Total Votes	BILL LONG		C. DILLON-KNUTSON		BRANT MILLER		
50611										
Polling	669	167	296	77	26.01%	91	30.74%	67	22.64%	
VBM	669	383	725	218	30.07%	195	26.90%	172	23.72%	
Total	669	550	1021	295	28.89%	286	28.01%	239	23.41%	
50612										
Polling	908	178	298	77	25.84%	92	30.87%	69	23.15%	
VBM	908	491	848	239	28.18%	257	30.31%	190	22.41%	
Total	908	669	1146	316	27.57%	349	30.45%	259	22.60%	
50613										
Polling	1734	389	627	161	25.68%	177	28.23%	129	20.57%	
VBM	1734	994	1713	503	29.36%	489	28.55%	390	22.77%	
Total	1734	1383	2340	664	28.38%	666	28.46%	519	22.18%	
50614										
Polling	1721	360	564	146	25.89%	164	29.08%	128	22.70%	
VBM	1721	975	1714	496	28.94%	477	27.83%	406	23.69%	
Total	1721	1335	2278	642	28.18%	641	28.14%	534	23.44%	
50615										
Polling	1684	357	578	163	28.20%	158	27.34%	129	22.32%	
VBM	1684	991	1713	512	29.89%	465	27.15%	408	23.82%	
Total	1684	1348	2291	675	29.46%	623	27.19%	537	23.44%	
50616										
Polling	1385	256	398	124	31.16%	112	28.14%	82	20.60%	
VBM	1385	895	1615	508	31.46%	415	25.70%	384	23.78%	
Total	1385	1151	2013	632	31.40%	527	26.18%	466	23.15%	
50617										
Polling	1675	263	425	118	27.76%	125	29.41%	85	20.00%	
VBM	1675	1055	1855	551	29.70%	544	29.33%	426	22.96%	
Total	1675	1318	2280	669	29.34%	669	29.34%	511	22.41%	
50618										
Polling	1161	209	341	93	27.27%	94	27.57%	79	23.17%	
VBM	1161	766	1237	371	29.99%	350	28.29%	267	21.58%	
Total	1161	975	1578	464	29.40%	444	28.14%	346	21.93%	
50619										
Polling	1401	298	486	126	25.93%	141	29.01%	116	23.87%	
VBM	1401	798	1379	405	29.37%	433	31.40%	331	24.00%	
Total	1401	1096	1865	531	28.47%	574	30.78%	447	23.97%	
50620										
Polling	1495	344	535	145	27.10%	147	27.48%	123	22.99%	
VBM	1495	788	1366	379	27.75%	387	28.33%	305	22.33%	
Total	1495	1132	1901	524	27.56%	534	28.09%	428	22.51%	
50621										
Polling	422	65	107	22	20.56%	35	32.71%	28	26.17%	
VBM	422	189	316	73	23.10%	99	31.33%	72	22.78%	
Total	422	254	423	95	22.46%	134	31.68%	100	23.64%	
51224										
Polling	1211	296	473	123	26.00%	144	30.44%	105	22.20%	
VBM	1211	714	1182	345	29.19%	339	28.68%	242	20.47%	
Total	1211	1010	1655	468	28.28%	483	29.18%	347	20.97%	
51226										
Polling	860	138	220	68	30.91%	64	29.09%	46	20.91%	
VBM	860	535	944	275	29.13%	263	27.86%	214	22.67%	
Total	860	673	1164	343	29.47%	327	28.09%	260	22.34%	
651203										
Polling	363	0	0	0	-	0	-	0	-	
VBM	363	261	405	129	31.85%	101	24.94%	91	22.47%	
Total	363	261	405	129	31.85%	101	24.94%	91	22.47%	
651204										
Polling	60	0	0	0	-	0	-	0	-	
VBM	60	39	73	23	31.51%	18	24.66%	16	21.92%	
Total	60	39	73	23	31.51%	18	24.66%	16	21.92%	
Total										

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Novato Sanitary District Director

	Reg. Voters	Times Counted	Total Votes	BILL LONG		C. DILLON-KNUTSON		BRANT MILLER	
Polling	33964	7100	11619	3167	27.26%	3279	28.22%	2647	22.78%
VBM	33964	20036	34724	10149	29.23%	9589	27.61%	8002	23.04%
Total	33964	27136	46343	13316	28.73%	12868	27.77%	10649	22.98%

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	Novato Sanitary District Director			
	GARY BUTLER		Write-In Votes	
Jurisdiction Wide				
40608				
Polling	87	21.86%	0	0.00%
VBM	231	18.49%	1	0.08%
Total	318	19.31%	1	0.06%
40609				
Polling	103	22.64%	0	0.00%
VBM	289	21.17%	5	0.37%
Total	392	21.54%	5	0.27%
40610				
Polling	119	22.58%	2	0.38%
VBM	366	21.92%	4	0.24%
Total	485	22.08%	6	0.27%
40611				
Polling	68	22.01%	3	0.97%
VBM	180	20.02%	5	0.56%
Total	248	20.53%	8	0.66%
41219				
Polling	60	22.14%	5	1.85%
VBM	158	19.55%	4	0.50%
Total	218	20.20%	9	0.83%
50601				
Polling	133	20.98%	1	0.16%
VBM	338	19.52%	3	0.17%
Total	471	19.91%	4	0.17%
50602				
Polling	89	19.10%	0	0.00%
VBM	221	18.91%	3	0.26%
Total	310	18.96%	3	0.18%
50603				
Polling	126	22.87%	0	0.00%
VBM	355	21.35%	5	0.30%
Total	481	21.73%	5	0.23%
50604				
Polling	61	19.24%	0	0.00%
VBM	166	20.85%	1	0.13%
Total	227	20.40%	1	0.09%
50605				
Polling	50	17.06%	1	0.34%
VBM	148	20.41%	1	0.14%
Total	198	19.45%	2	0.20%
50606				
Polling	68	19.83%	0	0.00%
VBM	175	25.47%	0	0.00%
Total	243	23.59%	0	0.00%
50607				
Polling	57	22.80%	1	0.40%
VBM	178	21.81%	0	0.00%
Total	235	22.05%	1	0.09%
50608				
Polling	129	21.29%	0	0.00%
VBM	300	19.69%	0	0.00%
Total	429	20.14%	0	0.00%
50609				
Polling	120	22.06%	0	0.00%
VBM	365	21.13%	1	0.06%
Total	485	21.36%	1	0.04%
50610				
Polling	68	22.15%	0	0.00%
VBM	166	20.52%	3	0.37%
Total	234	20.97%	3	0.27%

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	Novato Sanitary District Director			
	GARY BUTLER		Write-In Votes	
50611				
Polling	61	20.61%	0	0.00%
VBM	139	19.17%	1	0.14%
Total	200	19.59%	1	0.10%
50612				
Polling	60	20.13%	0	0.00%
VBM	162	19.10%	0	0.00%
Total	222	19.37%	0	0.00%
50613				
Polling	157	25.04%	3	0.48%
VBM	327	19.09%	4	0.23%
Total	484	20.68%	7	0.30%
50614				
Polling	123	21.81%	3	0.53%
VBM	334	19.49%	1	0.06%
Total	457	20.06%	4	0.18%
50615				
Polling	126	21.80%	2	0.35%
VBM	327	19.09%	1	0.06%
Total	453	19.77%	3	0.13%
50616				
Polling	80	20.10%	0	0.00%
VBM	306	18.95%	2	0.12%
Total	386	19.18%	2	0.10%
50617				
Polling	94	22.12%	3	0.71%
VBM	334	18.01%	0	0.00%
Total	428	18.77%	3	0.13%
50618				
Polling	75	21.99%	0	0.00%
VBM	249	20.13%	0	0.00%
Total	324	20.53%	0	0.00%
50619				
Polling	103	21.19%	0	0.00%
VBM	210	15.23%	0	0.00%
Total	313	16.78%	0	0.00%
50620				
Polling	118	22.06%	2	0.37%
VBM	293	21.45%	2	0.15%
Total	411	21.62%	4	0.21%
50621				
Polling	22	20.56%	0	0.00%
VBM	72	22.78%	0	0.00%
Total	94	22.22%	0	0.00%
51224				
Polling	100	21.14%	1	0.21%
VBM	256	21.66%	0	0.00%
Total	356	21.51%	1	0.06%
51226				
Polling	42	19.09%	0	0.00%
VBM	190	20.13%	2	0.21%
Total	232	19.93%	2	0.17%
651203				
Polling	0	-	0	-
VBM	84	20.74%	0	0.00%
Total	84	20.74%	0	0.00%
651204				
Polling	0	-	0	-
VBM	16	21.92%	0	0.00%
Total	16	21.92%	0	0.00%
Total				

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	Novato Sanitary District Director			
	GARY BUTLER		Write-In Votes	
Polling	2499	21.51%	27	0.23%
VBM	6935	19.97%	49	0.14%
Total	9434	20.36%	76	0.16%

RESOLUTION NO. 3129

**A RESOLUTION DETERMINING PERSONS
ENTITLED TO FILL OFFICES**

NOVATO SANITARY DISTRICT

RESOLVED, by the Board of Directors of the Novato Sanitary District, Marin County, California, that:

WHEREAS, by reasons of completion of the November 6, 2018 Statewide General Election pursuant to procedures provided by law, the Registrar of Voters of Marin County has made and delivered certificates of election to the persons, and for the offices hereinafter set forth; and

WHEREAS, said persons have each taken the Oath of Office and, if required, executed and delivered the requisite bond;

NOW, THEREFORE, IT IS HEREBY DETERMINED that the following offices are filled by the following persons, each of whom shall serve until the qualifications of that person's successor, to wit;

Novato Sanitary District Board Member (Term Expiring December 2022):

Brant Miller

Novato Sanitary District Board Member (Term Expiring December 2022):

Carole Dillon-Knutson

Novato Sanitary District Board Member (Term Expiring December 2022):

Bill Long

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by: the Board of Directors of the Novato Sanitary District, Marin County, California, at a meeting thereof held on the 10th day of December 2018, by the following vote:

AYES, and in favor thereof, Members: _____

NOES, Members: _____

ABSENT, Members: _____

APPROVED:

A. Gerald Peters
President, Board of Directors

ATTEST:

Sandeep Karkal
Secretary, Board of Directors

RESOLUTION OF APPRECIATION

Resolution No. 3130

A Resolution Commending Mr. Kenton Alm for Distinguished Service as District Counsel of the Novato Sanitary District

Whereas, MR, KENTON ALM,

was appointed District Counsel of the Novato Sanitary District on July 25, 1995, and served as such until December 2018; and

Whereas, Mr. Alm has faithfully served the District with efficiency and dedicated service, and has contributed substantially to its continued successful operation; and

Whereas, his genuine concern for Novato Sanitary District and its constituents made him a valuable asset to the District; and

Whereas, the Members of this Board wish to give public recognition to his valuable contributions to the District;

NOW, THEREFORE, SAID DISTRICT BOARD OF DIRECTORS DOES HEREBY ORDER, as follows:

- 1. That this Board of Directors on its behalf, and on behalf of the people of this District, does hereby express appreciation and gratitude to MR, KENTON ALM for his loyal and dedicated service as District Counsel.*
- 2. That the Secretary of the District transmit a copy of this Resolution to MR, KENTON ALM with the sincere good wishes of every member of this Board of Directors.*

UNANIMOUSLY ADOPTED by the Board of Directors of the Novato Sanitary District at a meeting thereof held on December 10, 2018.

Attest: _____
Secretary

President

Member

Member

Member

Member

NOVATO SANITARY DISTRICT

Board Meeting Minutes

Meeting Date: November 13, 2018

A special meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Tuesday, November 13, 2018, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Jerry Peters, Directors Carole Dillon-Knutson, William Long, Jean Mariani, and Brant Miller.

STAFF PRESENT: General Manager-Secretary Sandeep Karkal, District Counsel Kent Alm, and Administrative Secretary Julie Hoover.

ALSO PRESENT: Dee Johnson, Solid and Household Hazardous Waste Program Coordinator
Fred Stemmler, General Manager, Recology Sonoma-Marín
William Schoen, Project Director, R3 Consulting
John O'Hare, Project Manager, Veolia
John Bailey, Assistant Project Manager, Veolia
Jeff Andress, Collection System Superintendent, NSD
Jeff Boheim, Field Services Manager, NSD
Laura Creamer, Finance Officer, NSD
Dale Thrasher, Administrative Services Officer, NSD
Garen Kazanjian, Waste Zero Specialist, Recology Sonoma-Marín

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

- Consider approval of minutes of the October 8, 2018 regular meeting.

On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously, the October 8, 2018 Regular meeting minutes were approved.

CONSENT CALENDAR:

President Peters called for a motion on the Consent Calendar items as follows:

- a. Approve October Board member disbursements in the amount of \$1,444.93. Approve November regular disbursements in the amount of \$536,247.14, and capital project disbursements in the amount of \$433,863.83. Ratify October 22nd regular disbursements in the amount of \$210,552.08, and capital project disbursements in the amount of \$64,191.23.
- b. Ratify October payroll and payroll related disbursements in the amount of \$267,707.95.

- c. Receive deposit summary, October 2018.
- d. Receive Accounts Receivable Report as of October 31, 2018.
- e. Receive 1st Quarter Investment Report, Fiscal Year (FY) 2018-19.
- f. Receive 1st Quarter Financial Report, FY 2018-19 (unaudited).
- g. Authorize the General Manager-Chief Engineer to approve a holiday schedule with closure of District Offices on Monday, December 24, 2018, and Monday, December 31, 2018.

On motion of Director Miller, seconded by Director Dillon-Knutson, and carried unanimously, the above listed consent calendar items were approved.

SOLID WASTE: PUBLIC HEARING – SET CALENDAR YEAR (CY) 2019 MAXIMUM ALLOWABLE SOLID WASTE RATES.

- Consider Solid Waste Committee recommendation for a Calendar Year (CY) 2019 maximum solid waste rate adjustment of +3.35 percent. The General Manager stated that the Board is being asked to consider the Solid Waste Committee recommendation for a Calendar Year (CY) 2019 maximum solid waste rate adjustment of +3.35%; conduct a public hearing; and consider action to adopt Resolution No. 3128 setting CY 2019 maximum allowable rates for refuse collection and disposal services.

The General Manager stated that the Solid Waste Committee met on September 25th and reviewed a rate adjustment request from Recology Sonoma Marin (RSM), and a third party report from R3 Consulting Group (R3) which analyzed RSM's request. He stated that William Schoen from R3 was present to answer any questions, and that Garen Kazanjian and Fred Stemmler from Recology were also in attendance. The General Manager continued, stating that at its September 17th regular meeting, the Board set a public hearing to establish the CY 2019 maximum solid waste rates, and that notice of the proposed rate increase and hearing were published accordingly in the Marin Independent-Journal on October 11th and 25th.

The General Manager recommended that the Board receive the Solid Waste Committee's recommendation of a maximum rate increase of +3.35 percent for CY 2019, and adopt Resolution No. 3128, setting CY 2019 maximum allowable rates for refuse collection and disposal services.

- Open Public hearing. President Peters opened the Public Hearing at 5:36 p.m.

- Receive Public comments. There were no public comments. Director Long asked if any written public comments were received at the District. The General Manager stated that none were received.

- Receive Board comments. There were no Board comments.

- Close Public hearing. Public hearing was closed at 5:37 p.m.

- Adopt Resolution No. 3128 setting CY 2019 maximum allowable rates for refuse collection and disposal services.

On motion of Director Miller, seconded by Director Long and carried unanimously, the Board adopted Resolution No. 3128: A Resolution Setting Maximum Solid Waste Service Charges for Recology Sonoma Marin (RSM) in Novato Sanitary District.

At 5:39 p.m., Dee Johnson, Fred Stemmler, Garen Kazanjian, and William Shoen left the meeting.

WASTEWATER OPERATIONS:

- Receive Wastewater Operations Reports, October 2018.

Collection System Report: The Collection System Superintendent provided the Collections System Report for October 2018. He stated that the Collection Department cleaned 68,439 lineal feet of sewer pipelines, completed 353 maintenance work orders leaving zero work orders outstanding, and that 6,065 feet of sewer main were televised using the District's CCTV equipment. He noted that the CCTV work did not identify any new structural damages or areas that would require a change in sewer line maintenance operations. He continued, stating that staff conducted 117 lift station inspections and completed maintenance inspections on twelve (12) air relief/vacuum valves.

The Collection System Superintendent then outlined the training provided in October, noting that the Collection Department staff attended three (3) specialized training events, and five (5) safety tailgate meetings. He reported that there were no lost time accidents, and no sanitary sewer overflows (SSOs) during the month of October 2018.

Treatment Facilities Report: Veolia Project Manager, John O'Hare, provided the October Treatment Facilities Monthly Operations Report (MOR). He reviewed the treatment plant performance, and noted that the average flow for October was up slightly from September, at 3.58 million gallons/day. He continued, stating that there were no violations or excursions in October. He stated that the Recycled Water Facility (RWF) produced 15.051 million gallons of recycled water which was down slightly from the previous month. Mr. O'Hare reviewed the monthly routine inspections and maintenance activities for the Novato treatment facility, the Ignacio transfer pump station, and the recycled water facility. He stated that Veolia Water participated in the North Bay Science Discovery Day on October 27th, and that many attendees stopped by their environmental outreach booth. He stated that along with himself, Environmental Services Supervisor Liz Falejczyk and her son Harlan Falejczyk, staffed the event. He stated that along with showing microorganisms of the activated sludge process, a demonstration of the concern for flushable wipes was conducted.

He discussed pretreatment and pollution prevention activities. He concluded his presentation, stating that no odor contacts were received in October.

Director Miller congratulated Veolia Water on the achievement of zero odor complaints during the media replacement procedure in the odor control beds. Director Long echoed the comments. Mr. O'Hare accepted the compliment and noted that the achievement was the result of a team effort.

Reclamation Facilities Report: The Field Services Manager summarized the Reclamation Facilities report for October. He stated that cattle are gradually being removed from the reclamation pastures as the wet season approaches. He stated that no irrigation of any parcels occurred in the month, and that storage ponds number 1 and 2 levels were at approximately 2.5 feet on October 31st. He continued, stating that Custom Tractor Services used pumping and excavating equipment to transfer biosolids from the six biosolids storage lagoons to the Dedicated Land Disposal site.

The General Manager commended the Field Services Manager on handling the various Reclamation duties through a very busy period given that it was his first time doing so.

CAPITAL PROJECTS:

- Receive Capital Projects Update, October 2018. The General Manager stated that the Deputy General Manager was not present at the meeting due to illness, and therefore he would provide the overview and update of the various Capital Improvement Program capital projects. The General Manager provided an update of the current capital projects.

At 6:11 p.m., President Peters declared a ten minute recess.

At 6:20 p.m., President Peters reconvened the meeting.

BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Water Reuse Authority (NBWRA) meeting, October 22, 2018.

Director Long discussed his attendance at the October 22nd NBWRA meeting. He stated that there was a delay in the completion of the Phase 2 Engineering/Feasibility Study due to revised Federal reporting requirements that restrict the size of submitted studies. He stated that additional costs are being incurred due to the delay, and noted that the participating agencies will likely share the burden of these costs.

- North Bay Watershed Association (NBWA) meeting, November 2, 2018.

Director Miller discussed his attendance at the November 2nd NBWA meeting. He stated that attendees were asked to participate in the Strategic Plan discussion and help define NBWA's mission moving into the future. He stated that Judy Kelly was doing a great job as the Executive Director.

INFORMATIONAL ITEMS:

- California Special Districts Association (CSDA) blog item titled "Court Rules that Special Districts May Limit Speaking Time at Meetings". The General Manager stated that this item was for informational purposes only.

DISTRICT COUNSEL'S REPORT AND ANNOUNCEMENTS:

District Counsel Ken Alm announced that as of Jan 1, 2019, he will no longer be a member of the law firm of Meyers/Nave. He suggested that the District consider transferring to another attorney at the Meyers/Nave firm, Robin Donoghue, who currently is based at the Meyers/Nave Santa Rosa office. He stated that he would still be available to the District on an "as needed basis".

The Board congratulated Mr. Alm on his decision and stated that it had been a pleasure working with him since 1993, when he first started with the District. They expressed their appreciation for his commitment and knowledge during his time at the Novato Sanitary District.

The General Manager stated that it had been a pleasure working with him, and that he would be missed. He stated that he will be working with Mr. Alm and Ms. Donoghue to make a smooth transition.

GENERAL MANAGER'S REPORTS AND ANNOUNCEMENTS:

- Reports:
 - Attended the North Bay Watershed Association (NBWA) meeting on November 2, 2018 (Director Miller also attended).
 - Staff received a letter of appreciation from a Novato resident commending members of the Collections staff for their outstanding customer service.
 - Election procedural update: Final certification of election results will likely take place at the Board of Supervisors meeting on December 11th.

- Announcements:
 - A Capital Improvements Committee meeting (Directors Dillon-Knutson and Long) may be scheduled before the December Board meeting to discuss the completion of the work by Enovity: pairing the report on the energy optimization projects for potential funding through PG&E's on-bill financing program.
 - A Finance Committee meeting (Directors Mariani and Long) may be scheduled in late November to discuss the draft annual audit and financial statements.
 - The District office will be closed on November 22nd and 23rd in celebration of the holiday.
 - The next Regular Board meeting will be held on Monday, December 10, 2018 at 5:30 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Peters adjourned the meeting at 6:51 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Hoover, Recording

Novato Sanitary District Board Fees Check Register

For November 2018

Date	Num	Name	Credit
Dec 1 - 8, 18			
12/07/2018	5808	Dillon-Knutson-, Carole	407.79
12/07/2018	5809	Long, William C	313.79
12/07/2018	5810	Mariani, Jean M	307.79
12/07/2018	5811	Miller, Brant	
12/07/2018	5812	Peters, Arthur Gerald	207.79
Dec 1 - 8, 18			<u>1,237.16</u>

Novato Sanitary District Operating Check Register

November 22-26, 2018

Date	Num	Name	Credit
Nov 22 - 26, 18			
11/22/2018	62376	Pacific, Gas & Electric	75,162.21
11/26/2018	62408	Stericycle	33,961.02
11/26/2018	62394	CASA	16,711.00
11/26/2018	62411	WECO	1,413.53
11/26/2018	62396	Central Marin Sanitation Dist...	1,375.00
11/26/2018	62407	Roy's Sewer Service, Inc.	1,000.00
11/26/2018	62390	AppRiver, LLC	582.00
11/26/2018	62410	Verizon Wireless-	491.00
11/26/2018	62393	Cagwin & Dorward Inc.	461.00
11/26/2018	62409	USA BlueBook	328.16
11/26/2018	62398	Medical Center of Marin-Nov...	300.00
11/26/2018	62406	Recology Sonoma Marin	267.26
11/26/2018	62404	R3 Consulting Group, Inc.	205.00
11/26/2018	62392	BoundTree Medical, LLC	194.01
11/26/2018	62405	Ray Morgan, formerly Ricoh	151.76
11/26/2018	62391	Batteries Plus Inc	136.66
11/26/2018	62401	North Marin Water District	128.00
11/26/2018	62395	CDW Government, Inc.	119.00
11/26/2018	62389	American Messaging	62.60
11/26/2018	62400	Nave Motors, Inc	60.00
11/26/2018	62397	Grainger	47.79
11/26/2018	62403	Petty Cash	25.38
11/26/2018	62402	Pacific, Gas & Electric	18.98
11/26/2018	62399	NAPA Auto Parts	14.09
Nov 22 - 26, 18			<u>133,215.45</u>

Novato Sanitary District Operating Check Register

December 10, 2018

Date	Num	Name	Credit
Dec 10, 18			
12/10/2018	62465	Veolia Water North America,...	178,290.80
12/10/2018	62460	State Water Resources Cont...	52,604.00
12/10/2018	62466	Veolia Water North America,...	29,965.42
12/10/2018	62467	Veolia Water Recycled Wate...	27,797.14
12/10/2018	62453	PARS-PSRP-Post Employm...	12,084.00
12/10/2018	62452	PARS-OPEB-Post Employm...	9,125.96
12/10/2018	62439	Johnson, Dee	7,110.00
12/10/2018	62462	U.S. Bank Corporate	5,751.10
12/10/2018	62425	Citi Visa (Costco)	5,622.57
12/10/2018	62461	State Water Resources Cont...	5,294.00
12/10/2018	62469	Willis Professional Land Sur...	4,815.00
12/10/2018	62423	Caltest Analytical Lab Inc.	4,440.25
12/10/2018	62446	Monterey Mechanical, Inc.	3,600.00
12/10/2018	62430	Delta Dental	3,221.12
12/10/2018	62457	Roy's Sewer Service, Inc.	3,000.00
12/10/2018	62429	Dearborn National	2,551.64
12/10/2018	62419	Bank of New York Mellon-fee	2,550.00
12/10/2018	62451	Nute Engineering Inc.	2,046.00
12/10/2018	62442	Marin County Ford	2,037.62
12/10/2018	62427	County of Marin-Central Coll...	1,676.00
12/10/2018	62431	Environmental Dynamics	1,581.00
12/10/2018	62449	North Marin Water District P...	1,378.50
12/10/2018	62441	Leonardi Automotive & Elect...	1,344.61
12/10/2018	62438	IEDA, INC	1,225.00
12/10/2018	62418	B.W.S. Distributors, Inc.	1,196.54
12/10/2018	62456	Roto Rooter-(Inc.)	1,065.00
12/10/2018	62434	G&S Paving	1,000.00
12/10/2018	62445	Meyers, Nave, Riback, Silve...	900.00
12/10/2018	62422	Bruce Enterprises, Inc.	742.00
12/10/2018	62448	North Marin Water District	643.09
12/10/2018	62414	Alpha Analytical Lab, Inc.	636.00
12/10/2018	62433	Frontier California Inc EQ	580.80
12/10/2018	62468	Vision Service Plan	567.42
12/10/2018	62444	McMaster-Carr Supply Co.	527.13
12/10/2018	62421	BoundTree Medical, LLC	466.56
12/10/2018	62455	Randall Bros. Auto Inc.	464.28
12/10/2018	62435	Government Finance Officer...	435.00
12/10/2018	62424	Central Marin Sanitation Dist...	430.19
12/10/2018	62464	UniFirst Corporation	408.44
12/10/2018	62443	Marin/Sonoma Mosquito Dist	394.93
12/10/2018	62415	American Highway Products...	384.82
12/10/2018	62454	Pini Hardware	315.55
12/10/2018	62426	Claremont EAP, Inc.	250.00
12/10/2018	62440	Leete Generators	221.00
12/10/2018	62463	U.S. Bank Equipment Finance	218.63
12/10/2018	62459	Staples Advantage	214.53
12/10/2018	62428	CWEAmembers	188.00
12/10/2018	62420	Barnett Medical LLC	135.00
12/10/2018	62447	NAPA Auto Parts	120.74
12/10/2018	62458	SRS Private Investigations, I...	120.00
12/10/2018	62413	Able Tire & Brake Inc.	85.00
12/10/2018	62436	Grainger	81.06
12/10/2018	62416	American Messaging	76.17
12/10/2018	62417	AT&T Mobility	62.94
12/10/2018	62432	First Alarm	41.11
12/10/2018	62437	HCD	29.00
12/10/2018	62450	Novato Chevrolet	28.61
12/10/2018	62412	Foged, Larry -	22.71
Dec 10, 18			<u>382,163.98</u>

Novato Sanitary District Capital Projects Check Register

November 26, 2018

Date	Num	Name	Credit
Nov 26, 18			
11/26/2018	3358	Maggiora & Ghilotti Inc.	32,932.00
11/26/2018	3360	Team Ghilotti, Inc.	28,467.45
11/26/2018	3361	Woodard & Curran formerl...	8,035.76
11/26/2018	3356	Environmental Dynamics	8,000.00
11/26/2018	3357	Linscott Engineering Contr...	6,809.08
11/26/2018	3359	Marin Mechanical II, Inc.	562.68
Nov 26, 18			<u>84,806.97</u>

Novato Sanitary District Capital Projects Check Register

December 10, 2018

Date	Num	Name	Credit
Dec 10, 18			
12/10/2018	3368	State Water Resources C...	5,378,956.19
12/10/2018	3366	Shape Incorporated	37,308.81
12/10/2018	3367	Sonoma County Water A...	27,240.00
12/10/2018	3362	Covello Group, The	16,790.00
12/10/2018	3363	G&S Paving	13,900.00
12/10/2018	3365	Nute Engineering Inc.	12,757.00
12/10/2018	3369	Veolia Water North Ameri...	8,766.68
12/10/2018	3364	GHD Inc.	914.00
Dec 10, 18			<u>5,496,632.68</u>

**Novato Sanitary District
Payroll and Payroll Related Disbursements
November - 2018**

Item 7.b.

Date	Description	Amount
11/30/2018	November Payroll	116,490.33
11/30/2018	United States Treasury	22,562.39
11/30/2018	EDD	8,134.07
11/21/2018	CalPERS Health	31,899.67
11/21/2018	November Retiree Health Benefits	15,001.86
11/21/2018	PARS-OPEB Contribution	9,125.96
11/21/2018	PARS-Pension Contribution	12,084.00
11/21/2018	CALPERS Retirement	11,294.89
11/21/2018	CALPERS Retirement	13,552.76
11/21/2018	CalPers Supplemental Income Plan	2,000.00
11/21/2018	Lincoln Financial Group 457	8,723.51
11/21/2018	Lincoln Financial Group-401a Plan	8,493.56
11/21/2018	Local Union 315	440.00
11/21/2018	California State Disbursement Unit	571.00
11/21/2018	ICMA-RC Retiree Health Program	1,413.16
Total for October 2018		261,787.16

Novato Sanitary District Deposit Detail November 2018

Item 7.c.
(Pages 32 to 33)

Type	Name	Account	Amount
11/06/2018			
		11113 · Westamerica - Operations	
	Team Ghilotti, Inc.	41040 · Permit & Inspection Fee	60.00
	de Blaauw, Johannes	41040 · Permit & Inspection Fee	40.00
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	Gopher It	41040 · Permit & Inspection Fee	40.00
	Bel Marin Keys CDS	11200 · Accounts Receivable (1)	473.55
	Dickinson Corporation	11200 · Accounts Receivable (2)	210.00
	Novato Unified School District	11200 · Accounts Receivable (1)	104,978.04
	Indian Valley College	11200 · Accounts Receivable (1)	29,304.75
	Novato Children's Center	11200 · Accounts Receivable (1)	1,085.48
TOTAL			136,231.82
11/08/2018			
		11113 · Westamerica - Operations	
	USCG	11200 · Accounts Receivable	15,886.95
TOTAL			15,886.95
11/08/2018			
		11113 · Westamerica - Operations	
	Craig, Don	41040 · Permit & Inspection Fee	40.00
	Tran, David	41040 · Permit & Inspection Fee	60.00
	Tran, David	51020 · Connection Charges	10,953.50
	SMART	11200 · Accounts Receivable	165.87
TOTAL			11,219.37
11/15/2018			
		11113 · Westamerica - Operations	
	Hoover, Julie-	66090 · Office Expense	90.00
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	P,G & E	11200 · Accounts Receivable (1)	9.23
	City of Novato-	11200 · Accounts Receivable (1)	29,227.92
	Novato Charter School	11200 · Accounts Receivable (1)	2,263.19
	Indian Valley Golf Course	11200 · Accounts Receivable (1)	7,884.30
	Veolia Water	11200 · Accounts Receivable (3)	4,698.84
TOTAL			44,293.48
11/15/2018			
		11113 · Westamerica - Operations	
	Zhukovsky, Constantine	21045 · Novato Heights Debt Service (4)	5,751.10
TOTAL			5,751.10
11/19/2018			
		11113 · Westamerica - Operations	
	County of Marin	51015 · Property Taxes	7,525.48
	Roy's Sewer Service, Inc.-	11200 · Accounts Receivable	1,515.04
	Homeward Bound	11200 · Accounts Receivable (1)	10,513.43
TOTAL			19,553.95

Novato Sanitary District Deposit Detail November 2018

11/20/2018		11113 · Westamerica - Operations	
	California Diesel & Power	65150 · Repairs & Maintenance	1,875.00
	delongh, Dasse-	11200 · Accounts Receivable	520.59
	Biomarin	11200 · Accounts Receivable	(2) 3,050.03
	Frontier California, Inc.	11200 · Accounts Receivable	(1) 3,004.28
	North Marin Water District-	11200 · Accounts Receivable	(1) 2,619.90
	Novato Fire Protection	11200 · Accounts Receivable	(1) 8,339.41
	Marin County Free Library	11200 · Accounts Receivable	(1) 1,817.33
	Frontier California, Inc.	11200 · Accounts Receivable	(1) 934.80
TOTAL			22,161.34
11/29/2018		11113 · Westamerica - Operations	
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	Novato Community Hospital	11200 · Accounts Receivable	(1) 26,285.10
	Marin Municipal Water District-	11200 · Accounts Receivable	(1) 5,328.98
	Foged, Larry -	11200 · Accounts Receivable	200.00
	AT &T	11200 · Accounts Receivable	(1) 1,245.38
TOTAL			33,139.46
11/29/2018		11113 · Westamerica - Operations	
	Peter Levi Plumbing	41040 · Permit & Inspection Fee	40.00
	County of Marin	51015 · Property Taxes	671.54
	County of Marin	51015 · Property Taxes	1,036.83
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	County of Marin	51015 · Property Taxes	1,285.40
	County of Marin	51015 · Property Taxes	35,787.48
	Deasy, Craig-	11200 · Accounts Receivable	478.32
TOTAL			39,339.57
		Total Deposits for November 2018	327,577.04
<p>(1) Collection of non tax roll sewer service charges for first half of FY18-19.</p> <p>(2) Collection on receivables for non-domestic discharge permit fees for Dickson and BioMarin Pharmaceutical.</p> <p>(3) Collection of Veolia Water first quarter invoice for reimburseable expenses.</p> <p>(4) Collection of Novato Heights special assessment district for property located on Half Moon Road.</p>			

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: CASA Washington DC conference.	MEETING DATE: December 10, 2018 AGENDA ITEM NO.: 7.d.
RECOMMENDED ACTION: Approve Director Long and the General Manager-Chief Engineer to attend the California Association of Sanitation Agencies (CASA) Annual Washington DC conference, February 25 – 27, 2019.	
SUMMARY AND DISCUSSION: <p>The next California Association of Sanitation Agencies (CASA) Annual Washington DC Conference will be held from February 25 - 27, 2019. Out-of-state travel requires pre-approval by the District Board of Directors.</p> <p>Director William Long is a member of the CASA Board of Directors, and currently serves on CASA’s Executive Board; and the General Manager-Chief Engineer serves on CASA’s Federal Legislative Committee.</p> <p>It is recommended that the Board approve Director Long and the General Manager-Chief Engineer to attend the CASA Washington DC conference, February 25 - 27, 2019.</p>	
BUDGET INFORMATION: The costs for attendance would be funded from Account No. 66170 – Travel, Meetings and Training, which has a current balance of \$50,647, with no outstanding encumbrances.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
DEPT. MGR.: SSK	GENERAL MANAGER: SSK

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: Fixed Asset Deletion Report for Fiscal Year (FY) 2017-18.	MEETING DATE: December 10, 2018 AGENDA ITEM NO.: 7.e.
RECOMMENDED ACTION: Receive Fixed Asset Deletion Report for Fiscal Year (FY) 2017-18.	
SUMMARY AND DISCUSSION: As part of the District's annual audit process, staff prepares fixed asset reports including reports of items added or deleted during the fiscal year. The attached fixed asset deletion detail report for fiscal year (FY) 2017-18 being presented for the Board's consideration, lists the items deleted between July 1, 2017 and June 30, 2018.	
ATTACHMENTS: 1. Fixed Asset Deletion Detail Report, FY 2017-18.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence), and Goal 4 (Well Planned Finances with a Long Range Outlook), of the latest Strategic Plan Update.	
DEPT. MGR.: LMC	GENERAL MANAGER: SSK

**Novato Sanitary District
Fixed Assets Disposed of In Fiscal Year 2017/18**

Detail of Disposed of Assets:						
		Cost	Accum Depr	Expense of Sale	Proceeds	Gain/(Loss)
Equipment - Admin/Engineering						
07/01/2010	IKON Copier	14,463.00	7,231.30			(7,231.70)
Subtotal -Admin/Engineering		14,463.00	7,231.30			(7,231.70)
Equipment - Treatment Plant						
Plant - Equipment						
07/01/2012	Cutter Cartridge	30,235.62	15,117.80			(15,117.82)
Subtotal -Treatment		30,235.62	15,117.80	-	-	(15,117.82)
Equipment - Pump Stations						
07/01/2012	Pump 2	17,000.00	5,100.00	-	-	(11,900.00)
Subtotal-Pump Stations		17,000.00	5,100.00	-	-	(11,900.00)
Total		44,698.62	22,349.10	-	-	(34,249.52)

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: Disposal of Surplus Equipment	MEETING DATE: December 10, 2018 AGENDA ITEM NO.: 7.f.										
RECOMMENDED ACTION: Approve designation of surplus items and equipment, and authorize the General Manager-Chief Engineer to dispose of such items and equipment.											
SUMMARY AND DISCUSSION: District staff has identified several vehicles that have been replaced by newer vehicles as well as some tools, equipment and miscellaneous office furniture that is no longer needed and is considered surplus. The vehicles, tools and equipment are as follows: <table style="margin-left: 40px; margin-top: 20px; width: 80%;"> <tr> <td style="padding: 5px;">2005 Dodge Crew Cab Pickup Truck</td> <td style="padding: 5px;">Miller Bobcat Welder on Trailer</td> </tr> <tr> <td style="padding: 5px;">2005 Dodge Sprinter Van</td> <td style="padding: 5px;">Northstar High Pressure Steam Cleaner</td> </tr> <tr> <td style="padding: 5px;">2005 Chevrolet Pickup Truck</td> <td style="padding: 5px;">Surplus Concrete Vaults</td> </tr> <tr> <td style="padding: 5px;">2006 Chevrolet Pickup Truck</td> <td style="padding: 5px;">550 Gallon Diesel Tank</td> </tr> <tr> <td style="padding: 5px;">2002 GMC Electric Vehicle</td> <td style="padding: 5px;">Miscellaneous Office Furniture</td> </tr> </table> <p style="margin-top: 20px;">Staff proposes to sell the vehicles and other rolling stock by sending it to auction. The tools, tank, office furniture and other miscellaneous equipment will be advertised and sold through Craigslist or other advertising flyer or paper.</p> <p>It is recommended that the Board approve the designation of the above-identified items as surplus equipment and authorize the General Manager–Chief Engineer to dispose of such equipment.</p>		2005 Dodge Crew Cab Pickup Truck	Miller Bobcat Welder on Trailer	2005 Dodge Sprinter Van	Northstar High Pressure Steam Cleaner	2005 Chevrolet Pickup Truck	Surplus Concrete Vaults	2006 Chevrolet Pickup Truck	550 Gallon Diesel Tank	2002 GMC Electric Vehicle	Miscellaneous Office Furniture
2005 Dodge Crew Cab Pickup Truck	Miller Bobcat Welder on Trailer										
2005 Dodge Sprinter Van	Northstar High Pressure Steam Cleaner										
2005 Chevrolet Pickup Truck	Surplus Concrete Vaults										
2006 Chevrolet Pickup Truck	550 Gallon Diesel Tank										
2002 GMC Electric Vehicle	Miscellaneous Office Furniture										
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence), and Goal 4 (Well Planned Finances with a Long Range Outlook), of the latest Strategic Plan Update.											
DEPT. MGR.: JJB, EB	GENERAL MANAGER: SSK										

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: Meeting Schedule.	MEETING DATE: December 10, 2018 AGENDA ITEM NO.: 7.g.
RECOMMENDED ACTION: Cancel regular meeting of March 11, 2019 and schedule special meeting for Monday, March 18, 2019.	
SUMMARY AND DISCUSSION: <p>The General Manager-Chief Engineer is a member of the Executive Board of the California Sanitation Risk Management Authority (CSRMA), which has scheduled its Long Range Planning (LRP) meeting March 10-12, 2019 in San Diego.</p> <p>The regularly scheduled District Board meeting for March falls on Monday 11, 2019. This presents a schedule conflict for the General Manager-Chief Engineer, and he is requesting that the Board consider cancelling the regular meeting of March 11, 2019 and scheduling a special meeting for Monday, March 18, 2019. Alternately, at the Board's option, the Board could hold to the March 11, 2019 date, and the Deputy General Manager could present the agenda and agenda materials in the General Manager's absence.</p>	
BUDGET INFORMATION: CSRMA funds the travel, accommodation, and meal costs of its Executive Board members while attending its LRP meeting.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
DEPT. MGR.: SSK	GENERAL MANAGER: SSK

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: Agency Consent Form - Annexation of property with situs address of 516 E. Hospital Drive (APN 157-690-52) to the Novato Sanitary District.	MEETING DATE: December 10, 2018 AGENDA ITEM NO: 7.h.
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------

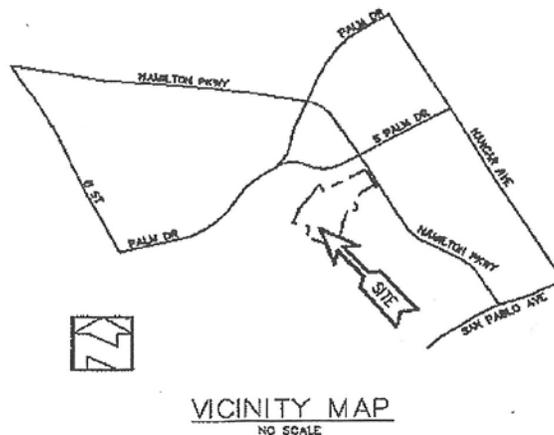
RECOMMENDED ACTION: Approve annexation of one parcel totaling 3.41 acres with a situs address of 516 E. Hospital Drive, Assessor Parcel No. (APN) 157-690-52, to the Novato Sanitary District, and authorize the General Manager-Chief Engineer to execute and file the Agency Consent Form with the Marin Local Agency Formation Commission (Marin LAFCO).

SUMMARY AND DISCUSSION:

Marin LAFCO has received a proposal from Becky McCormick, LPAS, Inc. requesting approval to annex one unincorporated parcel totaling 3.41 acres to the District. The affected territory is formerly known as the Hamilton Army Hospital site with a situs address of 516 E. Hospital Drive (APN 157-690-52). The purpose of the proposal, as stated by the applicant, is to turn the former Hamilton Army Hospital into an 80 bed assisted living facility. The parcel was part of the former Hamilton Field Military Base. When this parcel was conveyed to the Novato Public Finance Authority, the military assigned 18 equivalent family units (EFU's) to the property for future connection fee credits. Once annexed to the District, these connection rights will be credited towards any future sanitary sewer connection fees.

Marin LAFCO has concluded that the affected territory currently lies within the adopted sphere of influence established by Marin LAFCO for the District, and that the affected territory merits public wastewater services and annexation therein to the District. Staff has reviewed the proposal, and the Marin LAFCO documentation and findings, and concurs.

Therefore, staff recommends that the Board approve this item and authorize the General Manager-Chief Engineer to execute and file the attached Agency Consent Form with Marin LAFCO.



ATTACHMENTS: 1. Marin LAFCO - Affected Agency Consent Form.

BUDGET INFORMATION: Appropriate connection fees and annual sewer service charges will accrue to the District from the property following annexation and connection to a District sewer main.

STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.

DEPT.MGR.: EB

GENERAL MANAGER: SSK

MARIN LOCAL AGENCY FORMATION COMMISSION

AFFECTED AGENCY CONSENT FORM

Application Title:

Proposed Annexation of 516 Hospital Drive (APN 157-690-52) to Novato Sanitary District (File #1339)

We request that you make comment on the proposal in writing no later than **Friday, January 4, 2019**. If there are no comments on the attached proposal, please check the box below, and return this memorandum to Marin LAFCO. This form may be returned by postal mail to Marin LAFCo, 1401 Los Gamos Drive, Suite 230, San Rafael, CA 94903, electronically to staff@marinlafco.org or by facsimile to (415) 785-7897.

(Fill-in Agency Name)

has no comment regarding the application for **Proposed Annexation of 516 Hospital Drive (APN 157-690-52) to Novato Sanitary District (File #1339)**

Date of Board Action:

Authorized Signature:

Print Name:

Title:

Date:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Comprehensive Annual Financial Report (CAFR) for the Years Ended June 30, 2018 and 2017, including Audited Financial Statements.	MEETING DATE: December 10, 2018. AGENDA ITEM NO.: 8.a.,b.,c., & d.
RECOMMENDED ACTIONS: <ol style="list-style-type: none"> a. Receive report from the District’s independent external auditor, Maze and Associates. b. Receive Finance Committee report and recommendation, and accept the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2018 and 2017, including: Fiscal Year FY17-18 audit, and audited financial statements for the years ended June 30, 2018 and 2017. c. Receive and accept “Memorandum on Internal Control and Required Communications for Year ended June 30, 2018” from the District’s independent outside auditor, Maze and Associates. d. Authorize staff to submit the District’s CAFR to the Government Finance Officers Association (GFOA) for the GFOA’s Certificate of Achievement for Excellence in Financial Reporting. 	
SUMMARY AND DISCUSSION: <p>The District’s independent external auditors, Maze and Associates, completed the District’s annual financial audit for the year ended June 30, 2018, and presented it to the District’s Finance Committee at its December 3, 2018 meeting. Ms. Whitney Crockett, CPA, with Maze and Associates, attended the Committee meeting, and presented the audit findings and opinion to the Committee.</p> <p>In summary, the auditors have issued an unmodified opinion (cleanest possible opinion) on the District’s audited financial report for the fiscal years ended June 30, 2018 and 2017.</p> <p>A copy of the CAFR including the audited financial statements is attached. The CAFR also provides statistical information on the District and its operations over the past ten years including financial trends and demographic data. Mr. David Alvey, Audit Partner for Maze and Associates will also be at the Board meeting, and present the audit findings and opinion to the full Board.</p> <p>The Finance Committee recommends that, subject to minor edits, the Board receive and accept the CAFR including: the FY17-18 annual audit, and audited financial statements for the fiscal years ended June 30, 2018 and 2017. It is also recommended that the Board receive and accept the “Memorandum on Internal Control and Required Communications for Year ended June 30, 2018” from the District’s independent outside auditor, Maze and Associates.</p> <p>It is also recommended that staff be authorized to submit the District CAFR to the Government of Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting (CAFR Award). If approved, this will be the eighth year in a row that the District will have submitted its CAFR to the GFOA; the District has received this recognition for the last seven years.</p> <p>In addition to the GFOA, the following entities will also receive the District’s CAFR: State Controller’s Office, State Water Resources Control Board, County of Marin, Bank of New York Mellon, Standard and Poor’s, District Counsel (Meyers/Nave), and Board members.</p>	
ATTACHMENTS: <ol style="list-style-type: none"> 1. CAFR (including FY17-18 annual audit, and audited financial statements for fiscal years ended June 30, 2018 and 2017). 2. “Memorandum on Internal Control and Required Communications for Year Ended June 30, 2018” from the District’s independent external auditor, Maze and Associates. 	
STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long Range Outlook) of the latest Strategic Plan Update. The item also addressess other goals of the Strategic Plan including Goal 1 (Operational Excellence), and Goal 3 (Alignment and Communications).	
DEPT. MGR.: LMC, SSK	GENERAL MANAGER: SSK

Novato Sanitary District
Novato, California



Comprehensive Annual Financial Report

For the Fiscal Years Ended
June 30, 2018
&
June 30, 2017

**NOVATO SANITARY DISTRICT, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**NOVATO SANITARY DISTRICT
500 Davidson Street
Novato, California 94945
(415) 892-1694 – www.novatosan.com**

Prepared by:

*Sandeep Karkal, General Manager – Chief Engineer
Laura Creamer, Finance Officer*

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**NOVATO SANITARY DISTRICT
Comprehensive Annual Financial Report
For the Years Ended June 30, 2018 and 2017**

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**NOVATO SANITARY DISTRICT
Comprehensive Annual Financial Report
For the Years Ended June 30, 2018 and 2017**

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Introductory Section

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November 27, 2018

To: The Honorable President, Members of the Board of Directors, and Rate Payers of the Novato Sanitary District:

State law requires that all general-purpose local governments and special districts publish each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Comprehensive Annual Financial Report (CAFR) of the Novato Sanitary District (District) for fiscal year ended June 30, 2018 is hereby submitted as required. Maze & Associates, a firm of licensed certified public accountants, has audited the District's financial statements.

This report is organized into four sections: (1) Introductory (2) Financial (3) Supplemental Information, and (4) Statistical. The Introductory section offers general information about the District's organization and current District activities, and reports on a summary of significant financial results. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis of the District's basic financial statement, and the District's audited basic financial statements with accompanying notes. The Supplemental Information section includes schedules for the purpose of additional analysis. The Statistical section presents unaudited ten-year historical financial, demographic, and statistical information relevant to the District's operations.

Generally Accepted Accounting Principles (GAAP) requires 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 is presented immediately after the Independent Auditor's Report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the Novato Sanitary District for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Novato Sanitary District's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

PROFILE OF THE DISTRICT

The Novato Sanitary District was formed in October 1925 pursuant to the Sanitary District Act of 1923 (California Health and Safety Code, Sections 6400 et seq). Established as an Independent Enterprise Special District, the District is authorized to provide wastewater collection and treatment services, to levy rates and fees to support those services, and to regulate collection of garbage and refuse. The District is located in northern Marin County and is approximately 25 miles north of the City and County of San Francisco.

The District's Novato Wastewater Treatment Plant (NWTP) is currently permitted for an average dry weather flow of 7.0 million gallons per day. The District provides wastewater service to the seweried areas of the City of Novato as well as developed areas outside the city limits. The District's seweried wastewater service area is currently about 25 square miles and serves a population of approximately 60,000. Wastewater from the District's service area is transported to the NWTP where it is treated to federally and state mandated standards to protect the public health.

The District also operates a Wastewater Reclamation Facility consisting of some 800 acres of pastures in three separate sites adjacent to Highway 37. This acreage is irrigated with recycled water during the summer months, and is used for grazing cattle. Another unique feature of the reclamation facility is an approximately 10-acre wildlife pond utilizing recycled water. The pond supports a variety of freshwater aquatic life and grasses, and serves as a preserve for birds and other wildlife. A third feature of the reclamation facility is approximately 6 acres of treated biosolids storage ponds, and a dedicated land disposal (DLD) site of about 15 acres.

Separately, in cooperation with the North Marin Water District, up to 1.7 million gallons per day of Title 22 tertiary recycled water can be produced for use for landscape irrigation in the Novato area.

In addition, the District operates a Household Hazardous Waste (HHW) program and is responsible for refuse, recycling and green-waste collection through its oversight of a franchise.

Governance

The affairs of the District are directed by a five member Board of Directors elected at large by registered voters in the District. The Directors are residents of the District and have the same concerns as their constituents. The Directors, who serve four-year staggered terms, are responsible for establishing policy and ordinances, adopting the annual budget, and hiring the District's General Manager-Chief Engineer. The General Manager-Chief Engineer is responsible for carrying out the policies and ordinances of the District Board and for overseeing the day-to-day operations of the District.

Mission and Vision

The mission of the Novato Sanitary District is as follows:

Novato Sanitary District provides responsible environmental and economical wastewater and solid waste resource management for Novato.

The District's long-term vision is as follows:

Creating worth from all of Novato's waste.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy

The District has a predominantly residential ratepayer base, with residential users accounting for approximately 75% of the equivalent dwelling units (EDUs) in its service area. The local economy also includes some 2,500 commercial businesses. No major industrial wastewater producers currently exist within the District's service area. This may change in the future from biopharmaceutical firms in the District's service area looking to expand their operations. However, generally speaking, the District's service area is significantly built out with densification anticipated in the downtown area and commercial corridors. Future growth areas are generally zoned very low density residential, although this is always subject to change by the planning agencies, i.e. City of Novato and County of Marin.

As an independent enterprise special district having the ability to adjust service rates as required, the District's operating revenues are somewhat insulated from the local economy. The District's operating revenues tend to increase with growth periods and stabilize during non-growth periods. Conceivably, the greatest threat to operating revenues would be from a significant reduction in the service area population. As the District reaches build out, it is anticipated that growth in District revenues will remain stable.

Capacity fees are collected as new units are connected to the District. During the housing boom of the early 2000's the District experienced strong revenues from capacity fees. It is anticipated that capacity fee revenues will slow dramatically as the District approaches build out, absent significant densification or zoning changes.

Property taxes accounted for approximately 11.1% and 10.9% of the District's total revenue (including capital contributions) for FYE 2017 and 2018, respectively. Under current conditions in the housing market, property tax revenues are expected to increase moderately in the near future with increases in values and reassessments.

Long-Term Financial Planning

The District's Board of Directors is aware of the need to ensure the District's financial stability. Through a coordinated strategic process, the Board has established a series of financial policies and planning documents to effectively meet the District's anticipated future needs. The District utilizes the information of these policies and planning documents to anticipate future expense obligations and to develop programs to ensure these expense obligations are fully funded. For example, in FYE 2016, the District commissioned its financial consultant, Bartle Wells Associates to initiate and complete the 2016 Wastewater Capacity Fee Study as well as the 2016 Sewer Rate Study. It is anticipated that future updates will be prepared as needed. Similarly, in FYE 2018, the District refinanced its 2011 Certificates of Participation (COPs) with the 2017 Revenue Refunding Bonds, which resulted in saving the District approximately \$2.3 million over a shorter debt term (from year 2032 to 2031).

RELEVANT FINANCIAL POLICIES

Reserve Policy

In 2011, the District established a Reserves Policy (Policy No. 3500) to anticipate and prepare for unforeseen events, and to establish and maintain the required reserves of its State Revolving Fund loan and 2011 Certificates of Participation. The District also established Policy No. 3510 for Capital and Operating Fund targets and minimum fund balances as of July 1st each year to meet cash flow for expenses in that fiscal year.

Investment Policy

The District's Investment Policy establishes guidelines for the investment of available funds. The Investment Policy incorporates the "prudent investor" standard as stated in California Government Code (CGC) Section 53600.3. The primary objectives, in priority order, of the District's investment activities are: 1) safety, 2) liquidity, and 3) yield. The District's funds are invested in the State of California Local Agency Investment Fund (LAIF), in accordance with the California Government Code, as described in Footnote 2 of the Basic Financial Statements.

INTERNAL CONTROLS

The District is responsible for establishing and maintaining an internal control structure designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with GAAP.

The internal structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that; 1) the cost of control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

MAJOR INITIATIVES

The District has initiated several major projects to upgrade infrastructure and ensure the adequacy of facilities.

- 1) The District completed a major upgrade to its wastewater treatment facilities in 2011 and other upgrades through 2015. Financed by a California State Revolving Fund (SRF) loan, the 2011 effort upgraded and expanded the District's treatment facilities at the site of the Novato treatment plant. Debt service on the SRF loan will be paid annually through 2031 at an interest rate of 2.40%.

The upgraded and expanded treatment plant replaced two aging plants (the Ignacio treatment plant and portions of the old Novato plant) with the single new modernized Novato Treatment Plant. A major new pump station and pipeline replaced the old Ignacio plant. Upgrades at the Novato plant included efficient treatment processes that comply with current standards, re-use of the portions of the plant built since the 1980s that were still usable, and addition of backup facilities in case of equipment failure or emergencies.

In addition, the ground profile of the upgraded plant was raised by several feet to optimize energy usage, and address potential climate change impacts based on the best available sea level rise (SLR) information at that time.

- 2) The District initiated a Sewer System Plan more than a decade ago. Since then much progress has been made. A Collection System Improvement and Pump Station Rehabilitation Program is ongoing to replace aging sewer lines and pump stations. The program is designed to meet the District's needs over the next 25 to 50 years. Design and construction are ongoing and are expected to continue for the foreseeable future.

However, with about 250 miles of sewer pipelines, over 6,000 manholes, plus other critical facilities, many of which are 50 or 60 years old, there is more work to do. The District has annually invested up to \$5 million over the past decade or so in sewer and pump station upgrades to repair the wear and tear from past decades, and expects this to continue for the foreseeable future. A new Collection System Master Plan (CSMP) is expected in 2019, which should provide updated guidance for future sewer and pump station system upgrades and improvements.

- 3) The District's Lateral Replacement Program will continue to provide incentives for ratepayers to replace their private laterals. The program reimburses ratepayers up to \$2,000 for complete lateral replacement. During the FYE 2018 the District contributed \$36,000 for the replacement of eighteen damaged private laterals.
- 4) The District completed construction of a nominal 1.7 million gallons per day (MGD), 0.85 MGD firm capacity, Recycled Water Facility (RWF) in 2012. The project is part of an ongoing regional recycled water program of the North Bay Water Reuse Authority (NBWRA) of which the District is a founding member. Twenty-five percent of the cost was covered by a grant from the U.S. Bureau of Reclamation (USBR). Five percent was covered by a grant from the California Department of Water Resources. The recycled water is distributed by North Marin Water District (NMWD) to irrigate a golf course, landscaping, cemeteries, and playing fields in Northern and Eastern Novato. The RWF became operational in September 2012.

In FYE 2018, the District began an expansion of the firm capacity of the RWF from 0.85 MGD to 1.7 MGD. The projected completion date is January 2019. Again, twenty-five percent of the expansion cost is being covered by a USBR grant through the NBWRA program. The expanded RWF will support NMWD's recycled water system expansion to its central and south Novato service areas, including the golf course at the Marin County Club.

COLLABORATIVE PARTNERSHIPS

The District's success in providing low-cost, high-quality service is due in part to its strategy of forming successful collaborative partnerships with a number of different entities:

Zero Waste Program. In addition to franchising garbage collection and disposal, the District is responsible for meeting mandates of AB 939, the California Integrated Waste Management Act of 1989.

In 2017, the District's long-term franchisee Novato Disposal Service (NDS) was acquired by Recology, Inc., a San Francisco based solid waste management company. Recology, through its Recology Sonoma Marin (RSM) subsidiary, requested, and the District granted, a reassignment of the NDS franchise to RSM. RSM assumed the duties and responsibilities of the franchise in the District's service area in December 2017. This includes collaborating on the ongoing Zero Waste Program included within the franchise and which is intended to take recycling in the District's service area to the next level by significantly reducing material disposed to the landfill.

Specialized Staff Sharing. The District shares a single full-time safety officer with the Central Marin Sanitation Agency (CMSA). The District and North Marin Water District (NMWD) also have an Agreement to share highly skilled laboratory staff. In addition, the District is a signatory to a mutual aid agreement among the wastewater treatment agencies in the County.

Cost-Saving Management of Treatment Plant. The District contracts with a private entity, Veolia Water, to operate and maintain its treatment facilities, achieving both cost savings and environmental compliance.

Significant Funding from Collaborative Recycled Water Program. By working collaboratively with NMWD, NBWRA, and other neighboring and regional agencies, the District has obtained almost \$3 million to date in federal and state grant funding to initiate and expand recycled water use in Novato.

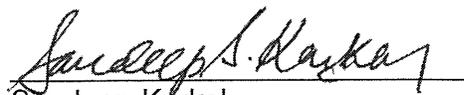
INDEPENDENT AUDIT

The State Government Code requires an annual audit of the District's financial records by a Certified Public Accountant. In 2012, the District selected, through a competitive process, the firm of Maze & Associates to conduct its audit. In 2017, consistent with industry best practices, the District re-engaged Maze & Associates with a change in engagement partner. The auditor's report on the financial statements and schedules are included in the financial section of this report.

ACKNOWLEDGEMENTS

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. A special note of appreciation goes to Laura Creamer, CPA, the District's Finance Officer, for her assistance with developing this report. We would also like to recognize and thank the members of the District's Finance Committee, William Long and Jean Mariani, and the District's Board of Directors, for their continued support in the planning and implementation of the District's fiscal policies.

Respectfully submitted,



Sandeep Karkal
General Manager-Chief Engineer

Leaders in Protecting the Environment

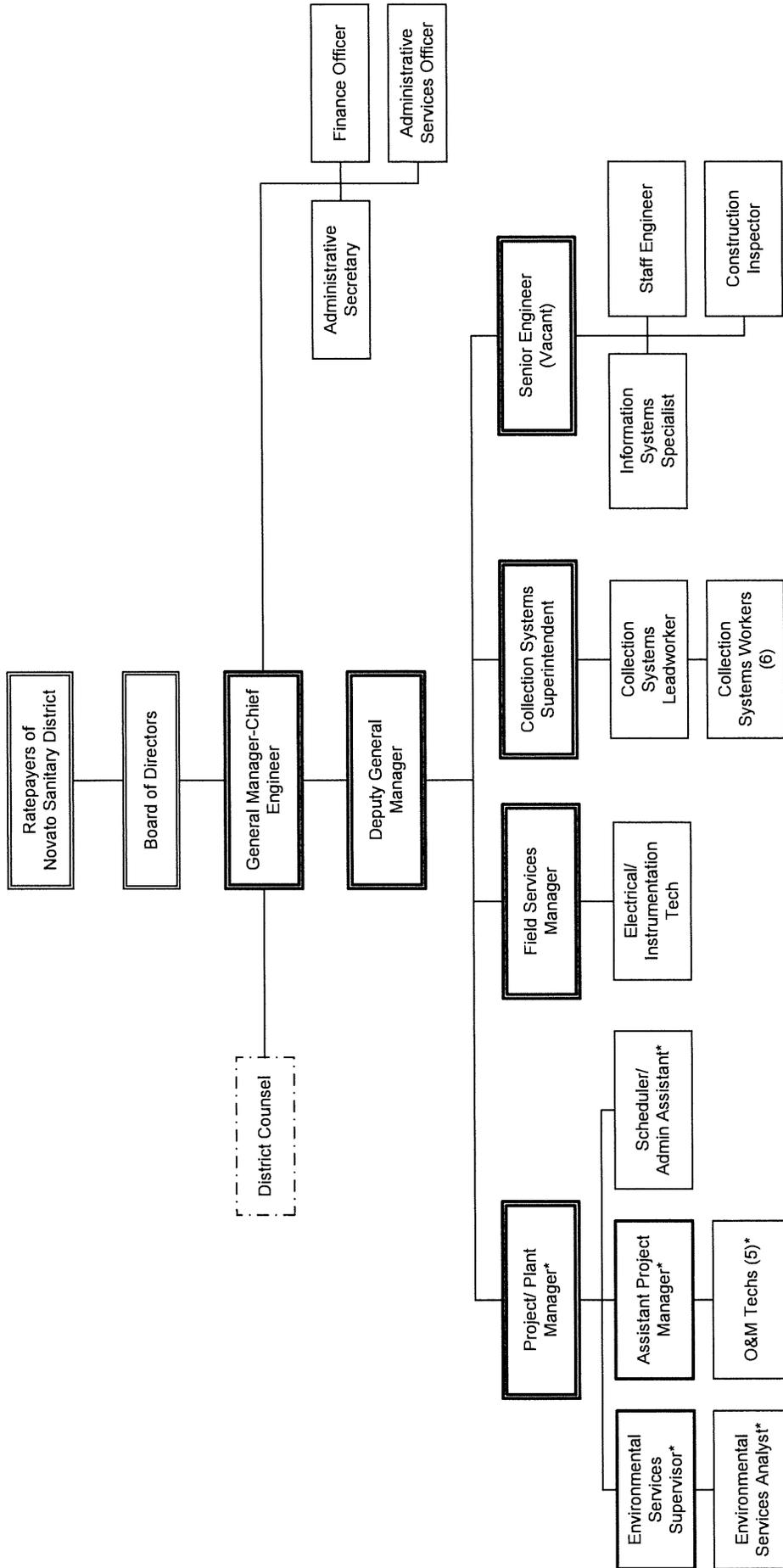
Novato Sanitary District provides wastewater collection, treatment, recycling and disposal services for the community of Novato, California. In addition, the District is responsible for refuse disposal, recycling, and greenwaste collection through its franchise collector, Recology, Inc.

Novato Sanitary District Board of Directors as of June 30, 2018

Name	Title	Elected/ Appointed	First Seated on Board	Current Term *
Gerald Peters	President	Elected	12/2011	12/15-11/20
Carole Dillon-Knutson	Director	Appointed	12/2015	12/15-11/18
William C. Long	Director	Elected	12/2001	12/13-11/18
Jean Mariani	Director	Elected	5/2011	12/15-11/20
Brant Miller	Director	Elected	12/2013	12/13-11/18

Sandeep Karkal, P.E.
General Manager - Chief Engineer
500 Davidson Street
Novato, California 94945
(415) 892-1694 – www.novatosan.com

*Transition terms, consolidated with statewide elections per Senate Bill SB415 (“California Voter Participation Rights Act”).



* denotes Veolia Water staff



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**Novato Sanitary District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Financial Section

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Novato Sanitary District
Novato, California

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary fund of Novato Sanitary District (District), California, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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 control relevant to the preparation and fair presentation of the 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 District'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 District'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the fiduciary fund of the District as of June 30, 2018 and 2017, and changes in the financial position and; where applicable cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the fiscal year, the District identified amounts from fiscal year 2017 which required a restatement of net position as discussed in Note 1Q.

The emphasis of this matter does not constitute a modification to our opinion.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements as discussed in Note 1P to the financial statements.

Statement 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. See Note 7 to the financial statements for relevant disclosures.

Statement 85 – *Omnibus 2017*. See Note 7 to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and other Required Supplementary Information as listed in the Table of Contents 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 inquiries of management about 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 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 as a whole. The Introductory, Statistical and Continuing Disclosure Sections listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory, Statistical and Continuing Disclosure Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Mize + Associates

Pleasant Hill, California
November 27, 2018



Management's Discussion & Analysis

The following Management's Discussion and Analysis (MD&A) of activities and financial performance provides an introduction to the financial statements of the Novato Sanitary District (District) for the fiscal year ended June 30, 2018 and June 30, 2017. The two-year presentation is provided for comparative purposes. Please read the information presented here, in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2018, the District's net position increased 1.1% or \$1,235,642 to \$113,032,962. In 2017, the District's net position increased 2.9% or \$3,249,815 to \$111,797,320.
- In 2018, the District operating revenues increased 4.3% or \$748,859 due to a rate increase of approximately 3.7% (approved in June of 2016). In 2017, the District's operating revenues increased 3.9% or \$676,487 due to a rate increase of approximately 3.8%.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position (page 10), Statement of Revenues, Expenses and Changes in Net Position (page 11) and Statement of Cash Flows (pages 12-13) provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

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

Financial Analysis of the District

One of the most important questions that can be 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 provide information about the District that helps answer this question.

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method 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 therein. One can think of the District's net position – the difference between assets and liabilities – 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 also needs to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation or regulation, such as changes in Federal and State wastewater standards and limits.

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 (Notes 1 to 12) can be found on pages 17 through 45.

Condensed Statements of Net Position

	2018	2017	Change	2016	Change
Assets:					
Current assets	\$ 27,304,405	\$ 23,977,767	3,326,638	\$ 21,838,663	2,139,104
Capital assets, net	172,437,386	176,068,809	(3,631,423)	180,012,797	(3,943,988)
Total assets	199,741,791	200,046,576	(304,785)	201,851,460	(1,804,884)
Deferred Outflow of Resources (Note 7&10)	1,806,372	1,247,025	559,347	397,387	849,638
Liabilities:					
Current liabilities	7,735,349	6,805,339	930,010	6,869,418	(64,079)
Non-current liabilities	79,906,596	81,812,368	(1,905,772)	85,878,494	(4,066,126)
Total liabilities	87,641,945	88,617,707	(975,762)	92,747,912	(4,130,205)
Deferred Inflows of Resources(Note 7&10)	874,606	878,574	(3,968)	953,430	(74,856)
Net Position (Note 8)					
Net investment in capital assets	97,939,722	96,965,159	974,563	96,235,211	729,948
Restricted	745,826	-	-	-	-
Unrestricted	14,347,414	14,832,161	(484,747)	12,312,294	2,519,867
Total net position	113,032,962	111,797,320	489,816	108,547,505	3,249,815

As noted earlier, net position may serve over time as a useful indicator of a government entity's financial position. In the District's case, the District's assets exceeded liabilities by \$113,032,962 and \$111,797,320 as of June 30, 2018 and June 30, 2017, respectively.

By far the largest portion of the District's net position (87% as of June 30, 2018 and June 30, 2017) 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 2018 and 2017, the District showed a positive balance in its unrestricted net position of \$14,347,414 and \$14,832,161 respectively, which may be utilized in future years, (see Note 8 for further discussion).

Statement of Revenues, Expenses and Changes in Net Position

	2018	2017	Change	2016	Change
Revenues:					
Operating revenues	\$ 18,344,975	17,596,116	748,859	16,919,629	676,487
Non-operating revenues	3,028,160	2,857,094	171,066	2,379,660	477,434
Total revenues	21,373,135	20,453,210	919,925	19,299,289	1,153,921
Expenses:					
Operating expenses	9,131,926	9,173,987	(42,061)	8,392,467	781,520
Depreciation and amortization	5,793,254	5,744,111	49,143	5,661,922	82,189
Non-operating expenses	2,390,042	2,513,064	(123,022)	2,533,440	(20,376)
Total expenses	17,315,222	17,431,162	(115,940)	16,587,829	843,333
Net income before capital contributions	4,057,913	3,022,048	1,035,865	2,711,460	310,588
Capital contributions	367,530	227,767	139,763	236,640	(8,873)
Change in net position	4,425,443	3,249,815	1,175,628	2,948,100	301,715
Net position, beginning of year	111,797,320	108,547,505	3,249,815	105,599,405	2,948,100
Prior period adjustment	(3,189,801)	-	(3,189,801)	-	-
Net position, end of year	\$ 113,032,962	111,797,320	1,235,642	108,547,505	3,249,815

The statement of revenues, expenses and changes of net position shows how the District’s net position changed during the fiscal years. A closer examination of the sources of changes in net position reveals that:

- In 2018, the District’s total revenues increased by 4.5% or \$919,925. A significant portion of the increase resulted from the District’s sewer service charge (SSC) revenues, which increased 4.8% or \$812,528 over the prior year, due to an approved rate increase of 3.7%. This rate increase was part of a five-year series of SSC increases adopted by the District Board in June 2016.
- In 2018, the District’s total expenses decreased fractionally by 0.67% or \$115,940. In 2017, the District’s total expenses increased 4.8% or \$843,333.
- In 2018, the District’s net position increased by 1.1% or \$1,235,642. In 2017, the District’s net position increased by 2.9% or \$3,249,815. The increases are due to a prior period adjustment from implementation of the new GASB 75 Standard. This results in a revision to the Other Post- Employment Benefits (OPEB) liability, increasing the District’s liabilities by approximately \$3.2 million, (see Note 7 for further details).

Operating and Non-Operating Revenues

	2018	2017	Change	2016	Change
Operating revenues:					
Sewer service charges	\$ 17,655,740	\$ 16,843,212	812,528	16,222,876	620,336
Other service charges	147,410	193,006	(45,596)	207,416	(14,410)
Permit, inspection and other fees	27,141	28,479	(1,338)	46,283	(17,804)
Recycled water facility	138,258	177,285	(39,027)	100,433	76,852
AB939 – solid waste programs	376,426	354,134	22,292	342,621	11,513
Total operating revenues	18,344,975	17,596,116	748,859	16,919,629	676,487
Non-operating revenue:					
Property taxes	2,360,251	2,292,988	67,263	2,155,479	137,509
Franchise fees	54,358	52,485	1,873	51,059	1,426
Rental revenue	77,732	94,439	(16,707)	101,530	(7,091)
Interest earnings	312,886	136,595	176,291	71,592	65,003
Gain/(Loss) on sale/disposition of assets	(34,250)	1,627	(35,877)	-	1,627
Grant revenue	257,183	51,069	206,114	-	51,069
Other non-operating revenue	-	227,891	(227,891)	-	227,891
Total non-operating revenues	3,028,160	2,857,094	171,066	2,379,660	477,434
Total revenues	\$ 21,373,135	20,453,210	919,925	19,299,289	1,153,921

In summary, total revenues increased by \$919,925 and by \$1,153,921 in fiscal years 2018 and 2017, respectively.

Operating and Non-Operating Expenses

	2018	2017	Change	2016	Change
Operating expenses:					
Collection system	\$ 1,103,000	\$ 1,178,118	(75,118)	1,116,422	61,696
Treatment plant	2,909,669	2,824,699	84,970	2,734,327	90,372
Wastewater reclamation and disposal	456,134	493,926	(37,792)	337,887	156,039
Laboratory and monitoring	487,971	512,003	(24,032)	487,624	24,379
Pump Stations	735,079	731,684	3,395	641,965	89,719
Recycled water facility	138,239	105,327	32,912	92,028	13,299
AB939 – solid waste programs	350,937	341,580	9,357	325,068	16,512
Administrative and engineering	2,378,028	2,485,415	(107,387)	2,528,449	(43,034)
OPEB Expense	113,926	-	113,926	-	-
Pension Expense	458,943	501,235	(42,292)	128,697	372,538
Total operating expenses	9,131,926	9,173,987	(42,061)	8,392,467	781,520
Depreciation expense	5,793,254	5,744,111	49,143	5,661,922	82,189
Non-operating expenses:					
Interest expense	2,178,527	2,325,634	(147,107)	2,450,757	(125,123)
Other non-operating expenses	211,515	187,430	24,085	82,683	104,747
Total non-operating expenses	2,390,042	2,513,064	(123,022)	2,533,440	(20,376)
Total expenses	\$ 17,315,222	17,431,162	(115,940)	16,587,829	843,333

In summary, total expenses decreased by \$115,940 and increased by \$843,333 in fiscal years 2018 and 2017, respectively.

Capital Asset Administration

Changes in capital assets amounts for 2018 were as follows:				
	Balance 2017	Additions	Transfers/ Deletions	Balance 2018
Capital assets:				
Non-depreciable assets	\$ 7,094,184	1,541,082	-	8,635,266
Depreciable assets	240,920,323	654,999	(61,699)	241,513,623
Accumulated depreciation	(71,945,698)	(5,793,254)	27,449	(77,711,503)
Total capital assets, net	\$ 176,068,809	(3,597,173)	(34,250)	172,437,386
Changes in capital assets amounts for 2017 were as follows:				
	Balance 2016	Additions	Transfers/ Deletions	Balance 2017
Capital assets:				
Non-depreciable assets	\$ 7,327,784	416,142	(649,742)	7,094,184
Depreciable assets	238,964,323	2,033,723	(77,723)	240,920,323
Accumulated depreciation	(66,279,310)	(5,744,111)	77,723	(71,945,698)
Total capital assets ,net	\$ 180,012,797	(3,294,246)	(649,742)	176,068,809

At the end of fiscal year 2018 and 2017, the District's investment in capital assets amounted to \$172,437,386 and \$176,068,809 (net of accumulated depreciation), respectively. This investment in capital assets includes land, land improvements, sewer collection and outfall system, buildings and structures, equipment, vehicles and construction-in-process, etc. Major capital asset additions during the year include improvements to portions of the District's sewer collection and treatment system and pump stations, (see Note 4 for further details).

Debt Administration

Changes in long-term debt amounts for 2018 were as follows:				
	Balance 2017	Additions	Deletions	Balance 2018
Loan payable	\$ 63,322,682	-	(3,859,211)	59,463,471
2017 Waste water Revenue Bonds		14,355,000	(945,000)	13,410,000
2011 Certificates Of Participation	17,475,000	-	(17,475,000)	-
Total long-term debt	\$ 80,797,682	14,355,000	(22,279,211)	72,873,471
Changes in long-term debt amounts for 2017 were as follows:				
	Balance 2016	Additions	Deletions	Balance 2017
Long-term debt:				
Loan payable	\$ 67,091,444	-	(3,768,762)	63,322,682
2011 Certificates Of Participation	18,380,000	-	(905,000)	17,475,000
Total long-term debt	\$ 85,471,444	-	(4,673,762)	80,797,682

In October 2017, the District retired its 2011 Certificates of Participation (COPs) with the issuance of the 2017 Wastewater Revenue Refunding Bonds, saving the District over \$2 million in debt service over the life of the new bonds. See Note 6 for further details on the District's long-term debt.

Conditions Affecting Current Financial Position

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

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 General Manager-Chief Engineer, or the District's Finance Officer, at (415) 892-1694 or 500 Davidson Street, Novato, California, 94945.

Basic Financial Statements

NOVATO SANITARY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$25,733,311	\$21,606,012
Restricted - cash and investments (Note 2)	766,571	1,694,033
Accounts receivable, net (Note 3)	595,669	551,528
Accrued interest receivable	121,406	52,003
Prepaid expenses and other deposits	87,448	74,191
Total current assets	27,304,405	23,977,767
NON-CURRENT ASSETS		
Capital assets - not being depreciated (Note 4)	8,635,264	7,094,184
Capital assets - being depreciated, net (Note 4)	163,802,122	168,974,625
Total non-current assets	172,437,386	176,068,809
TOTAL ASSETS		
	199,741,791	200,046,576
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related (Note 7)	232,875	
Pension related (Note 10)	1,574,847	1,247,025
TOTAL DEFERRED OUTFLOWS	1,807,722	1,247,025
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	1,795,555	728,831
Customer deposits	2,000	2,000
Restricted - special assessment payable	172,595	180,710
Accrued interest payable	992,937	1,068,017
Long-term liabilities - due within one year:		
Compensated absences (Note 5)	30,428	41,569
State Revolving Fund Loan payable (Note 6)	3,951,834	3,859,212
Certificates of Participation (Note 6)		925,000
Wastewater Revenue Refunding Bonds (Note 6)	790,000	
Total current liabilities	7,735,349	6,805,339
NON-CURRENT LIABILITIES		
Long-term liabilities - due in more than one year:		
Compensated absences (Note 5)	91,283	124,708
State Revolving Fund Loan payable (Note 6)	55,511,637	59,463,471
Certificates of Participation (Note 6)		16,550,000
Wastewater Revenue Refunding Bonds (Note 6)	14,264,938	
Net OPEB liability/obligation (Note 7)	4,494,027	920,211
Net pension liability (Note 10)	5,544,711	4,753,978
Total non-current liabilities	79,906,596	81,812,368
TOTAL LIABILITIES		
	87,641,945	88,617,707
DEFERRED INFLOWS OF RESOURCES		
Pension Related (Note 10)	874,606	878,574
TOTAL DEFERRED INFLOWS OF RESOURCES	874,606	878,574
NET POSITION (Note 8)		
Net investment in capital assets	97,939,722	114,440,159
Restricted	745,826	
Unrestricted	14,347,414	(2,642,839)
TOTAL NET POSITION	\$113,032,962	\$111,797,320

See accompanying notes to financial statements

NOVATO SANITARY DISTRICT
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
OPERATING REVENUES		
Sewer service charges	\$17,655,740	\$16,843,212
Other service charges	147,410	193,006
Permit, inspection and other fees	27,141	28,479
Recycled water facility	138,258	177,285
AB939 - solid waste programs	376,426	354,134
Total operating revenues	18,344,975	17,596,116
OPERATING EXPENSES		
Collection system	1,103,000	1,178,118
Treatment plant	2,909,669	2,824,699
Reclamation and disposal	456,134	493,926
Laboratory and monitoring	487,971	512,003
Pump stations	735,079	731,684
AB939 - solid waste programs	350,937	341,580
Recycled water	138,239	105,327
Administrative and engineering	2,378,028	2,485,415
OPEB expense (Note 7)	113,926	
Pension expense (Note 10)	458,943	501,235
Total operating expenses	9,131,926	9,173,987
Operating income before depreciation	9,213,049	8,422,129
Depreciation (Note 4)	(5,793,254)	(5,744,111)
OPERATING INCOME	3,419,795	2,678,018
NONOPERATING REVENUES (EXPENSES)		
Property taxes	2,360,251	2,292,988
Franchise fees	54,358	52,485
Rental revenue	77,732	94,439
Interest income	312,886	136,595
Interest expense	(2,178,527)	(2,325,634)
Gain on sale/disposition of capital assets	(34,250)	1,627
Grant revenue	257,183	51,069
Other non-operating revenue (expenses)	(211,515)	40,461
Total nonoperating revenues (expenses), net	638,118	344,030
Net income (loss) before capital contributions	4,057,913	3,022,048
CAPITAL CONTRIBUTIONS		
Connection fees	234,495	227,567
Capital contributions	133,035	200
Total capital contributions	367,530	227,767
CHANGES IN NET POSITION	4,425,443	3,249,815
NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 1P)	108,607,519	108,547,505
NET POSITION, END OF YEAR	\$113,032,962	\$111,797,320

See accompanying notes to financial statements

NOVATO SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers for sewer service charges and services	\$18,521,206	\$18,027,399
Cash paid to or on behalf of employees for salaries, wages and benefits	(2,707,777)	(3,032,270)
Cash paid to vendors and suppliers for materials and services	(5,021,644)	(6,907,432)
Cash Flows from Operating Activities	10,791,785	8,087,697
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	2,360,251	2,292,988
Cash Flows from Noncapital Financing Activities	2,360,251	2,292,988
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,196,081)	(1,800,123)
Loss on sale of capital assets	(34,250)	1,627
Capital contributions	367,530	227,767
Net proceeds from issuance of debt	17,215,712	
Payment to bond escrow agent	(17,475,000)	
Principal payments on long-term debt	(6,019,986)	(4,673,762)
Interest payments on long-term debt	(2,253,607)	(2,385,942)
Cash Flows (used for) Capital and Related Financing Activities	(10,395,682)	(8,630,433)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	243,483	113,855
Cash Flows from Investing Activities	243,483	113,855
NET CASH FLOWS	2,999,837	1,864,107
Cash, beginning of year, as restated	23,500,045	21,435,938
Cash, end of year	\$26,499,882	\$23,300,045
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$25,733,311	\$21,606,012
Restricted - cash and cash equivalents	766,571	1,694,033
Total cash and cash equivalents	\$26,499,882	\$23,300,045

(Continued)

NOVATO SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$3,419,795	\$2,678,018
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,793,254	5,744,111
Other non-operating revenues	423,523	238,454
Other non-operating expenses	(211,515)	
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable - sewer services	(44,141)	(233,290)
Prepaid expenses and other deposits	(13,257)	(18,967)
OPEB related deferred outflows of resources	(232,875)	
Pension related deferred outflows of resources	(327,822)	(849,638)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued expenses	1,066,724	(83,523)
Customer deposits		(34,556)
Restricted - special assessment payable	(8,115)	1,536
Compensated absences	(44,566)	9,291
Net OPEB liability	184,015	(514,612)
Collective net pension liability	790,733	1,225,729
Pension related deferred inflows of resources	(3,968)	(74,856)
Total adjustments	7,371,990	5,409,679
Net cash provided by operating activities	\$10,791,785	\$8,087,697
Schedule of Non-Cash Investing and Financing Activities:		
Capital contributions	\$133,035	\$200

See accompanying notes to financial statements

NOVATO SANITARY DISTRICT
 STATEMENTS OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Investments with Trustees:		
Cash and cash equivalents	\$126,520	\$102,568
Mutual funds - equity	118,233	95,850
Mutual funds - fixed income	626,902	508,221
Total investments	871,655	706,639
TOTAL ASSETS	871,655	706,639
NET POSITION		
Net position held in trust for OPEB benefits	\$871,655	\$706,639

See accompanying notes to financial statements

NOVATO SANITARY DISTRICT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
ADDITIONS		
Contributions:		
District	\$162,786	\$700,000
Total contributions	162,786	700,000
Investment income:		
Interest, dividends and other	4,186	6,933
Less: investment expenses	(1,956)	(294)
Total net investment income	2,230	6,639
Total additions	165,016	706,639
Change in net position	165,016	706,639
NET POSITION		
NET POSITION, BEGINNING OF YEAR	706,639	
NET POSITION, END OF YEAR	\$871,655	\$706,639

See accompanying notes to financial statements

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NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Organization and Operations of the Reporting Entity*

The Novato Sanitary District (District) is a separate governmental unit established as a Special District of the State of California, created in 1925. The District provides sewage collection, treatment, reclamation, and disposal services to an area of about 34 square miles in and around the City of Novato in Marin County, California. Revenues are derived principally from sewer service charges collected from commercial and residential customers within the District's service area. The District is governed by a five-member Board of Directors who serve four year terms.

B. *Basis of Accounting and Measurement Focus*

Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The District reports its activities as an enterprise fund, except those related to the OPEB Plan, 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 costs of providing wastewater service, treatment and collection to its service area on a continuing basis be financed or recovered primarily through user charges (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 sewer service charges as well as treatment and collection charges, 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 values. 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.

The District reports its Other Post-Employment Benefits Trust Fund (OPEB Trust Fund) as a fiduciary fund. The Fund consists of the Public Agencies Post-Retirement Health Care Plan, which was established in 2017. The fundamental purpose of the trust is to fund post-employment benefits (other than pension benefits), such as medical, dental, vision, life insurance, long-term care and similar benefits. The OPEB Trust Fund is an irrevocable trust fund used to account for assets held by the District as Trustee for other postemployment benefits as further described in Note 7.

C. *Use of Estimates*

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

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 at the time of purchase to be cash equivalents.

E. Investments

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

F. Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

G. Property Taxes and Sewer Assessments

The Marin County Assessor's Office assesses all real and personal property within the County each year. The Marin County Tax Collector's Office bills and collects the District's share of property taxes and assessments. The Marin County 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.

Property taxes receivable at year-end are related to property taxes collected by the County which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

H. 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.

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Contributed assets are recorded at acquisition value. 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:

- Sewer system improvements - 15 years
- Sewer collection and outfall system - 50 to 100 years
- Buildings and structures - 15 to 50 years
- Sewer facilities equipment - 5 to 35 years
- Equipment - 5 to 35 years

J. Compensated Absences

The District's policy is to permit employees to accumulate earned vacation up to a total of 240 hours during their first 15 years of service and 320 hours after 15 years of service. Upon termination of employment, employees are paid all unused vacation and forfeit any unused sick time unless the employee retires from the District in which case unused sick leave is counted 100% towards CalPERS service credits.

K. Sewer Service Charges

The majority of sewer service charges are billed annually on the County of Marin's property tax bills.

L. 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 connection to the District's system.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

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

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

O. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. *New GASB Pronouncements*

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2018.

GASB Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* -The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This pronouncement required the District to make a prior period adjustment. See Notes 1Q and 7 for additional information.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements* - This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 85 – *Omnibus 2017*- The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*- The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Q. *Restatements of Net Position*

During fiscal year 2018, the District determined that investments in the PARS Pension Trust in the amount of \$200,000 from fiscal year 2017 had not been added to the District’s investment balance. Therefore, beginning net position has been increased and restated in that amount. In addition, as stated above in Note 1P, the District adopted the provisions of GASB Statement No. 75 in fiscal year 2018 which required the District to make a prior period adjustment. As a result, the beginning net position of the District was restated and reduced by \$3,389,801. See Note 7 for additional information.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 2 – CASH AND INVESTMENTS

Cash and cash equivalents as of June 30, are classified in the accompanying financial statements as follows:

	2018	2017
Cash and cash equivalents	\$25,733,311	\$21,606,012
Restricted cash and investments	766,571	1,694,033
Total District Cash and Investments	26,499,882	23,300,045
Cash and investments held with OPEB trust	871,655	706,639
Total Cash and Investments	\$27,371,537	\$24,006,684

Cash and cash equivalents as of June 30, consist of the following:

	2018	2017
<i>Held by District:</i>		
Cash on hand	\$2,386	\$624
Deposits with financial institutions	6,464	16,146
Local Agency Investment Fund	25,724,461	21,589,242
<i>Held by Fiscal Agent:</i>		
Deposits with financial institutions	20,745	1,694,033
<i>Held by OPEB Trust</i>		
Cash and investments	871,655	
<i>Held by Pension Trust</i>		
Cash and investments	745,826	706,639
Total Cash and Investments	\$27,371,537	\$24,006,684

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 2 – CASH AND INVESTMENTS (Continued)

A. *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	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State and Local Agency Bonds, Notes and Warrants	5 years		100%	None
Registered State bonds, Notes and Warrants	5 years		100%	None
U.S. Treasury Obligations	5 years		100%	None
Federal Agency Securities	5 years		100%	None
Banker's Acceptances	270 days		40%	30%
Prime Commercial Paper	180 days	A-1	25%	10%
Negotiable Certificates of Deposit	5 years	AA	30%	None
Repurchase Agreements	1 year		100%	None
Reverse Repurchase Agreements	92/30 days		20% of base	None
Medium-term Notes	5 years	AA	30%	None
Money Market Mutual Funds	N/A		15%	10%
Mortgage Pass-through Securities	N/A		30%	None
California Local Agency Investment Fund	N/A		\$40 million per account	None
Passbook Savings Account Demand Deposits	N/A		100%	None

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by the District's Debt Issues

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions related to maturities and credit ratings, where applicable, of these investments:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality (per S&P)
Federal Securities		AA
U.S. Agency Securities		A
Interest Bearing Deposit Accounts, including Certificates of Deposit	360 days	A or fully insured by the FDIC
Commercial Paper	270 days	A or better by S&P and Moody's
Federal Funds or Bankers' Acceptances	1 year	Highest Rating Category
Money Market Funds		Highest short-term rating category
Obligations the interest on which is excludable from gross income pursuant to IRS TaxCode Section 103		A
Obligations issued by any corporation organized and operating within the U.S. with assets > \$500 million		A
Municipal Bonds or Notes		Two Highest Categories
Guaranteed Investment Agreements		AA or better from S&P
California Local Agency Investment Fund (LAIF)		

C. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The 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, other than the following provision for deposits:

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 at June 30, 2018 and 2017 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. 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).

D. *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018 and 2017, these investments matured in an average of 193 and 194 days, respectively.

E. *Credit Risk*

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. As of June 30, 2018, and 2017, the Local Agency Investment Fund was not rated.

F. *Concentration of Credit Risk*

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer that represent 5% or more of total District's investments at June 30, 2018 and 2017, respectively.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 2 – CASH AND INVESTMENTS (Continued)

G. Fair Value Hierarchy

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

The District’s investment in the Local Agency Investment Fund is exempt from the fair value measurement hierarchy. The District’s investment in the OPEB trust is reported at cost from the fair value measurement hierarchy.

NOTE 3 – ACCOUNTS RECEIVABLE

The District’s accounts receivable at June 30, was as follows:

Description	2018	2017
Sewer services	\$165,276	\$131,432
Franchise/Lease	115,635	132,060
Property tax	10,257	14,244
Recycling	52,416	33,924
Other, net of allowance	252,085	239,868
	<u>\$595,669</u>	<u>\$551,528</u>

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 4 – CAPITAL ASSETS

A. Capital Assets Activity

Changes in capital assets for the current fiscal year were as follows:

	<u>Balance June 30, 2017</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2018</u>
Non-depreciable assets:				
Land and land rights	\$2,773,507			\$2,773,507
Easements	2,172,275	\$133,035		2,305,310
Construction-in-process	2,148,402	1,408,045		3,556,447
Total non-depreciable assets	<u>7,094,184</u>	<u>1,541,080</u>		<u>8,635,264</u>
Depreciable assets:				
Sewer system improvements	160,994,465	12,529	(\$14,463)	160,992,531
Sewer collection and outfall system	53,246,171	56,478		53,302,649
Sewer facilities equipment	24,977,129	158,212	(47,233)	25,088,108
Equipment	1,702,558	427,782		2,130,340
Total depreciable assets	<u>240,920,323</u>	<u>655,001</u>	<u>(61,696)</u>	<u>241,513,628</u>
Accumulated depreciation:				
Sewer system improvements	(46,448,879)	(4,095,341)		(50,544,220)
Sewer collection and outfall system	(15,974,569)	(676,061)		(16,650,630)
Sewer facilities equipment	(8,354,345)	(919,547)	20,215	(9,253,677)
Equipment	(1,167,905)	(102,305)	7,231	(1,262,979)
Total accumulated depreciation	<u>(71,945,698)</u>	<u>(5,793,254)</u>	<u>27,446</u>	<u>(77,711,506)</u>
Total depreciable assets, net	<u>168,974,625</u>	<u>(5,138,253)</u>	<u>(34,250)</u>	<u>163,802,122</u>
Total capital assets, net	<u>\$176,068,809</u>	<u>(\$3,597,173)</u>	<u>(\$34,250)</u>	<u>\$172,437,386</u>

Major capital assets additions during the year include improvements to portions of the District's sewer collection and treatment system and pump stations.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 4 – CAPITAL ASSETS (Continued)

Changes in capital assets for the prior fiscal year were as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2017</u>
Non-depreciable assets:				
Land and land rights	\$2,773,507			\$2,773,507
Easements	2,172,075	\$200		2,172,275
Construction-in-process	2,382,202	415,942	(\$649,742)	2,148,402
Total non-depreciable assets	<u>7,327,784</u>	<u>416,142</u>	<u>(649,742)</u>	<u>7,094,184</u>
Depreciable assets:				
Sewer system improvements	160,750,335	244,130		160,994,465
Sewer collection and outfall system	51,645,722	1,600,449		53,246,171
Sewer facilities equipment	24,834,788	142,341		24,977,129
Equipment	1,733,478	46,803	(77,723)	1,702,558
Total depreciable assets	<u>238,964,323</u>	<u>2,033,723</u>	<u>(77,723)</u>	<u>240,920,323</u>
Accumulated depreciation:				
Sewer system improvements	(42,360,611)	(4,088,268)		(46,448,879)
Sewer collection and outfall system	(15,322,244)	(652,325)		(15,974,569)
Sewer facilities equipment	(7,583,962)	(770,383)		(8,354,345)
Equipment	(1,012,493)	(233,135)	77,723	(1,167,905)
Total accumulated depreciation	<u>(66,279,310)</u>	<u>(5,744,111)</u>	<u>77,723</u>	<u>(71,945,698)</u>
Total depreciable assets, net	<u>172,685,013</u>	<u>(3,710,388)</u>		<u>168,974,625</u>
Total capital assets, net	<u>\$180,012,797</u>	<u>(\$3,294,246)</u>	<u>(\$649,742)</u>	<u>\$176,068,809</u>

Major capital assets additions during the year include construction of the District's new recycled water facility and other buildings, structures and improvements.

B. Construction-In-Process

The District is involved in various construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

Construction-in-process consists of the following projects as of June 30:

<u>Projects</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Collection system improvements	\$343,605	\$166,057	\$634,528
North Bay Water Reuse Authority	841,768	759,967	689,431
Hamilton Wetlands Outfall Monitoring	69,460	69,246	69,053
Novato Creek Watershed	100,835	100,834	100,443
Administrative building updates	759,538	759,538	753,953
RWF Expansion	1,232,073	215,590	59,553
Various other minor projects <\$50,000	209,168	77,170	75,241
Total	<u>\$3,556,447</u>	<u>\$2,148,402</u>	<u>\$2,382,202</u>

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 5 – COMPENSATED ABSENCES

The changes to compensated absences balances at June 30, were as follows:

<u>Balance 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2018</u>	<u>Due Within One Year</u>
\$166,277	\$23,003	(\$67,569)	\$121,711	\$30,428

<u>Balance 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2017</u>	<u>Due Within One Year</u>
\$156,986	\$29,415	(\$20,124)	\$166,277	\$41,569

NOTE 6 – LONG-TERM DEBT

A. Long-Term Debt Activity

Changes in long-term debt amounts for 2017-2018 were as follows:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2018</u>	<u>Due within one year</u>
Long-term debt:					
2011 Wastewater Revenue Certificates of Participation	\$17,475,000		(\$17,475,000)		
2017 Wastewater Revenue Refunding Bonds		\$14,355,000	(945,000)	\$13,410,000	\$790,000
Add: Unamortized premium		2,860,712	(1,215,774)	1,644,938	
SRF Loan payable	63,322,683		(3,859,212)	59,463,471	3,951,834
Total long-term debt	<u>\$80,797,683</u>	<u>\$17,215,712</u>	<u>(\$23,494,986)</u>	<u>\$74,518,409</u>	<u>\$4,741,834</u>

Changes in long-term debt amounts for 2016-2017 were as follows:

	<u>Balance June 30, 2016</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due within one year</u>
Long-term debt:				
2011 Wastewater Revenue Certificates of Participation	\$18,380,000	(\$905,000)	\$17,475,000	\$925,000
SRF Loan payable	67,091,445	(3,768,762)	63,322,683	3,859,212
Total long-term debt	<u>\$85,471,445</u>	<u>(\$4,673,762)</u>	<u>\$80,797,683</u>	<u>\$4,784,212</u>

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 6 – LONG-TERM DEBT (Continued)

B. 2011 Wastewater Revenue Certificates of Participation

The District issued \$21,750,000 in Wastewater Revenue Certificates of Participation on September 27, 2011 to finance the construction of wastewater system improvements and pay issuance costs. The Certificates are payable from net revenues of the District and bear interest rates of 3.00%-4.75%. Interest payments are due February 1 and August 1 of each year, commencing on February 1, 2012. Principal payments are due February 1 of each year commencing February 1, 2013 through 2032. On October 24, 2017, proceeds from the 2017 Wastewater Revenue Refunding Bonds (described below) were used to refund the Certificates of Participation.

C. Loan Payable – State Water Resources Control Board Loan

In fiscal year 2008, the District was granted a loan for \$81,329,083 from the California State Water Resources Control Board under the State Revolving Fund (SRF) loan program to upgrade and expand the Novato Treatment Plant to treat the combined flow of the District's wastewater treatment plants. The funds received are Federal funding provided to the State of California under the Federal Clean Water Act.

The District constructed the Ignacio Transfer Pump Station at the site of the Ignacio Treatment Plant along with the Ignacio Conveyance Force Main to convey flow from the Ignacio Transfer Pump Station to the Novato Treatment Plant.

As of June 30, 2018, the District has received \$81,329,083 from the SRF loan program. Interest accrues on the obligation at a rate of 2.40% compounded annually. The first debt service payment was paid on December 31, 2011 and each December 31st thereafter through fiscal year 2031. The following table summarizes the debt service maturity of the District for this loan as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$3,951,834	\$1,427,123	\$5,378,957
2020	4,046,677	1,332,279	5,378,956
2021	4,143,798	1,235,159	5,378,957
2022	4,243,248	1,135,708	5,378,956
2023	4,345,086	1,033,870	5,378,956
2024-2028	23,340,627	3,554,153	26,894,780
2029-2031	15,392,201	744,666	16,136,867
Total	<u>\$59,463,471</u>	<u>\$10,462,958</u>	<u>\$69,926,429</u>

**NOVATO SANITARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2018 and 2017**

NOTE 6 – LONG-TERM DEBT (Continued)

D. 2017 Wastewater Revenue Refunding Bonds

The District issued \$14,355,000 in Wastewater Revenue Refunding Bonds on October 24, 2017 to refund the 2011 Wastewater Revenue Certificates of Participation and pay issuance costs. The Bonds are payable from net revenues of the District and bear an interest rate of 2.03%. Interest payments are due February 1 and August 1 of each year, commencing on February 1, 2018. Principal payments are due February 1 of each year commencing February 1, 2018 through 2031. The refunding resulted in an economic gain of \$2,860,712. The following table summarizes the debt service maturity of the District for the bonds as follows:

Fiscal Year	Principal	Interest	Total
2019	\$790,000	\$670,500	\$1,460,500
2020	820,000	631,000	1,451,000
2021	850,000	590,000	1,440,000
2022	890,000	547,500	1,437,500
2023	920,000	503,000	1,423,000
2024-2028	5,305,000	1,779,000	7,084,000
2029-2031	3,835,000	389,500	4,224,500
Total	<u>\$13,410,000</u>	<u>\$5,110,500</u>	<u>\$18,520,500</u>

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE

The District follows the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). Required disclosures are presented below.

A. Plan Description – Eligibility

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.

Membership in the OPEB plan consisted of the following members as of June 30:

	2018*	2017*	2016
Active plan members	19	19	12
Retirees and beneficiaries receiving benefits	34	33	20
Total plan membership	<u>53</u>	<u>52</u>	<u>32</u>

*Beginning with FYE 2017, OPEB membership is restated to reflect GASB 75 requirements to include all eligible members (including active employees, retirees, and beneficiaries), and not just active employees and retirees (as in prior years).

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)

B. Single-Employer Plan - Description of Benefits

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses, surviving spouses and eligible dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District's CalPERS medical plan. The contribution requirements of Plan members and the District were adopted by the Board of Directors in July 2008 as follows:

The District contributes toward post-retirement benefits for employees who retire after age 50 with at least 5 years of service. For those employed prior to July 1, 2008, who retire after age 55 with at least 10 years of service, the District will pay the full monthly premiums for medical coverage for the retired employee, but not more than the Kaiser Bay Area amount. If the retiree is at least age 60 with at least 15 years of service, or age 55 with at least 25 years of service, the premium for the employee's eligible spouse is paid. Coverage is for the lives of the retired employee and spouse. Medical coverage is provided under any plans offered by CalPERS.

For all other employees, hired on or after July 1, 2008, who retire after age 50 with at least 5 years of service, the District will pay the minimum CalPERS medical benefit. In 2018 and 2017, this minimum amount was \$128 and \$120 per month, respectively. This benefit is paid for as long as the retiree or spouse is living, provided he/she is covered under the CalPERS medical plans.

In addition, for employees hired after July 1, 2008, the District contributes 1.5% of the employee's base monthly salary toward a Medical After Retirement Account (MARA) while employed.

C. Funding Policy

The District will pay 100% of the cost of the post-employment benefit plan for those employees employed prior to July 1, 2008 and meet the required service years. The District will pay the minimum CalPERS medical benefit for all other employees who do not meet the previously noted service requirements. The District funds the plan by making contributions to the Public Agencies Post-Employment Benefits Trust (see Note 7E for further details). The District determines the contributions annually based on the actuarial determined actuarial required contribution cost. The District contributes to this plan on a monthly basis.

For employees hired after July 1, 2008, the District contributions to the MARA are not included in OPEB accounting, but are accrued each year as an operating expense as they are contributed.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)

D. Actuarial Assumptions

Net OPEB liability was measured as of June 30, 2018 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions included (a) 4.85% investment rate of return, (b) 2.75% projected annual salary increase, (c) 2.50% inflation rate and (d) health care cost trend rate of 7.0% for medical benefits. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation as well as the historical pattern of sharing benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least triennially as results are compared to past expectations and new estimates are made about the future. The District's OPEB liability is being amortized as a level percentage of projected payroll using a 20 year level dollar amortization period on a closed basis.

E. OPEB Trust Fund

Plan Administration

During the fiscal year ended June 30, 2017, the District joined the Public Agencies Post-Employment Benefits trust, a multiple employer trust administered by Public Agency Retirement Services (PARS) for the purpose of pre-funding other post-employment benefit obligations. This trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for PARS may be obtained from PARS at 4350 Von Karman Ave., Suite 200, Newport Beach, CA 92660.

	Fiscal Year Ended 6/30/18
Plan Type	Agent Multiple Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)

Investment Policy

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap	7.0%	5.39%
US Small/Mid	3.9%	5.73%
Non-US Eq - Developed	3.3%	5.52%
Non-US Eq - Emerging	0.0%	6.61%
Short-term Bonds	11.6%	2.09%
Intermediate-term Bonds	66.9%	2.37%
Real Estate Investment Trusts	0.8%	4.25%
US Treasuries (cash equivalents)	6.5%	0.65%
Total	<u>100%</u>	<u>2.75%</u>

The District Board voted to use the discretionary investment approach for the investments held in the PARS OPEB Trust.

Investment Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 5.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)

Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2018, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date)	\$5,016,651	\$706,639	\$4,310,012
Changes Recognized for the Measurement Period:			
Service Cost	108,006		108,006
Interest on the total OPEB liability	256,099		256,099
Difference between expected and actual experience	1,787		1,787
Changes of assumptions	277,097		277,097
Contributions:			
Employer - District's contribution		\$382,482	(382,482)
Employer - implicit subsidy		74,262	(74,262)
Employee			
Net investment income		2,230	(2,230)
Benefit payments, including refunds of employee contributions	(226,479)	(226,479)	
Implicit rate subsidy fulfilled	(74,262)	(74,262)	
Net Changes during July 1, 2017 to June 30, 2018	342,248	158,233	184,015
Balance at June 30, 2018 (Measurement Date)	\$5,358,899	\$864,872	\$4,494,027

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions:

Measurement Date	June 30, 2018
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Closed period, level percent of pay
Amortization period	20 years
Asset valuation method	Market value as of fiscal year-end 2018
Inflation	2.50%
Assumed Rate of Payroll Growth	2.75%
Healthcare trend rates	7.00%, trending down to 3.84%
PEMHCA trend rate	3.00%
Rate of return on assets	4.85%
Mortality rate	CalPERS rates
Retirement rates	CalPERS rates
Other information	The ADC takes into account the implicit subsidy

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.85% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

In accordance with GASB 75, regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table presents the net OPEB liability of the Plan as of June 30, 2018, calculated using the discount rate of 4.85%, as well as what the Plan's net 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 rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount	Discount Rate +1%
(3.85%)	Rate (4.85%)	(5.85%)
\$5,146,623	\$4,494,027	\$3,834,946

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

The following presents the net OPEB liability of the District, as well as what the District's net 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:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Healthcare Cost	Discount Rate +1%
Trend Rates (6.00	Trend Rates (7.00	Trend Rates (8.00
decreasing to 2.84%)	decreasing to 3.84%)	decreasing to 4.84%)
\$3,793,217	\$4,494,027	\$5,200,106

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$113,926. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$1,473	
Changes of assumptions	228,483	
Net difference between projected and actual earnings on OPEB plan investments	2,919	
Total	\$232,875	

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2019	\$46,965
2020	46,965
2021	46,967
2022	57,734
Thereafter	34,244
	\$232,875

NOTE 8 – NET POSITION

Calculation of net position as of June 30, were as follows:

	2018	2017
<i>Net investment in capital assets:</i>		
Capital assets - not being depreciated	\$8,635,264	\$7,094,184
Capital assets, net - being depreciated	163,802,122	168,974,625
SRF Loan Payable	(59,463,471)	(63,322,683)
Certificates of Participation	0	(17,475,000)
Wastewater Revenue Refunding Bonds	(15,054,938)	0
Unspent proceeds	20,745	1,694,033
Total net investment in capital assets	97,939,722	96,965,159
<i>Restricted net position:</i>		
Pension trust	745,826	0
Total restricted net position	745,826	0
<i>Unrestricted net position:</i>		
Non-spendable net position:		
Prepaid expenses and deposits	87,448	74,191
Total non-spendable net position	87,448	74,191
Spendable net position:		
Undesignated net position reserve	14,259,966	14,757,970
Total spendable net position	14,259,966	14,757,970
Total unrestricted net position	14,347,414	14,832,161
Total net position	\$113,032,962	\$111,797,320

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 9 – DEFERRED COMPENSATION SAVINGS PLAN

The District's employees may participate in two 457 Deferred Compensation Programs (Programs). The Programs are available to all District employees and are entirely voluntary. The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in these Programs. 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. The District makes no matching contributions to the Programs.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all Program assets held in trust by the District's two deferred compensation programs at June 30, 2018 and 2017 amounted to \$3,272,081 and \$3,301,319, respectively.

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

The District also offers a 401(a) Plan (Plan) to management and confidential employees. The District contributes 2.5% of base salary for all qualified employees, with the exception of the General Manager-Chief Engineer. The District's contribution for the General Manager-Chief Engineer is equivalent to the maximum of a 457 plan's annual contribution. Employee contributions to this Plan are mandatory for qualified employees. Market value of all Plan assets held in trust by the District's 401(a) Plan at June 30, 2018 and 2017 amounted to \$896,258 and \$967,798, respectively.

NOTE 10 – PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multi-employer defined benefit pension plan (Plan). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of CalPERS annual financial report may be obtained from their Executive Office: 400 P Street, Sacramento, CA, 95814.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 10 – PENSION PLANS

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 55 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. The cost of living adjustments for each Plan are applied as specified by the Public Employees’ Retirement Law.

The Plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous Tier I
Hire date	Prior to January 1, 2012
Benefit formula	2% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%
Required employee contribution rates	7.00%
Required employer contribution rates	8.880%

	Miscellaneous Tier II
Hire date	Between January 1, 2012 through December 31, 2012
Benefit formula	2% @ 60
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	1.1% to 2.42%
Required employee contribution rates	7.00%
Required employer contribution rates	7.159%

	Miscellaneous Tier III
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%
Required employee contribution rates	6.25%
Required employer contribution rates	6.555%

**NOVATO SANITARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2018 and 2017**

NOTE 10 – PENSION PLANS (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Pension 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.

Beginning in fiscal year 2018, CalPERS collects employer contributions for the Pension Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The District’s required contribution for the unfunded liability was \$171,434 in fiscal year 2018.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions - employer	\$327,385
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B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share
	of Net Pension Liability
Total Net Pension Liability	\$5,544,711

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 10 – PENSION PLANS (Continued)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Pension Plan as of June 30, 2016 and 2017 was as follows:

	Miscellaneous
Proportion - June 30, 2016	0.13685%
Proportion - June 30, 2017	0.14066%
Change - Increase (Decrease)	0.00381%

For the year ended June 30, 2018, the District recognized pension expense of \$458,943. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$327,385	
Differences between actual and expected experience	7,378	(\$105,709)
Changes in assumptions	915,487	(69,807)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	117,552	(280,767)
Net differences between projected and actual earnings on plan investments	207,045	
Adjustments due to differences in proportion		(418,323)
Total	\$1,574,847	(\$874,606)

The \$327,385 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2019	(\$153,303)
2020	418,047
2021	231,039
2022	(122,927)

**NOVATO SANITARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2018 and 2017**

NOTE 10 – PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Tier I, II, and III
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.2% - 12.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality, and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Pension Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 10 – PENSION PLANS (Continued)

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for the Pension Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension 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 rate:

	Miscellaneous All Tiers
1% Decrease	6.15%
Net Pension Liability	\$8,562,416
Current Discount Rate	7.15%
Net Pension Liability	\$5,544,711
1% Increase	8.15%
Net Pension Liability	\$3,045,393

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 10 – PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

C. PARS Trust

During the fiscal year ended June 30, 2018, the District joined the Public Agencies Post-Employment Benefits Trust, a multiple employer trust administered by Public Agency Retirement Services (PARS) for the purpose of pre-funding pension obligations. At June 30, 2018, the District had a balance of \$745,826 in an irrevocable trust administered by PARS, managed by an appointed board not under the control of the District’s Board. This trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for PARS may be obtained from PARS at 4350 Von Karman Ave., Suite 200, Newport Beach, CA 92660.

NOTE 11 – 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 is a member of the California Sanitation Risk Management Authority (CSRMA), an intergovernmental risk sharing joint powers authority currently operating as a common risk management and loss prevention program for sixty California sanitation districts. The District pays an annual premium to CSRMA for its public liability and workers compensation risk coverage. The Agreement for formation of the CSRMA provides that CSRMA will be self-sustaining through member premiums and will provide specific excess insurance through commercial companies. The CSRMA is allowed to make additional assessments to its members based on a retrospective premium adjustment process. At June 30, 2018, the District participated in the self-insurance programs of the CSRMA as follows:

- General and automotive liability, including errors and omissions and employment practices liability (EPL): The District is self-insured through the CSRMA up to \$15,000,000 with a \$25,000 deductible (\$25,000 for EPL, \$25,000 for sewer backup, and \$2,500 for E&O) per occurrence. Excess liability insurance is purchased above the \$15,000,000 self-insured layer to \$25,000,000 through CSRMA.
- Workers' compensation and employer's liability: The District is self-insured through the CSRMA up to \$750,000 with a deductible of \$0 per claim. The District purchased through CSRMA, additional excess workers' compensation coverage and excess employer's liability coverage of \$1,000,000.

In addition to the above, the District also has the following insurance coverage:

- Master crime policy coverage up to \$2,000,000 for all lines including \$1,000,000 for public employee dishonesty, forgery or alteration, computer fraud, coverage of up to \$100,000 for faithful performance and coverage up to \$10,000 for theft, with a deductible of \$10,000 per claim.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017**

NOTE 11 – RISK MANAGEMENT (Continued)

- Special form property coverage up to \$116,166,840 with a deductible of \$25,000 per claim. Included in this coverage are a public entity pollution liability policy for up to \$25,000,000 and a cyber liability policy for up to \$2,000,000.
- Public entity physical damage up to \$767,000 total value, with a \$2,000/\$5,000 deductible.

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 ending June 30, 2018, 2017 and 2016. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2018, 2017 and 2016.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. *Local Improvement District Bonds*

Within the District's boundaries, there exists Assessment District No. 2001 (Novato Heights) which was formed for the sole purpose of financing sewer system improvements. The District is not liable for repayment of any bonds issued to finance these local improvements. The District acts as the agent for the property owners within the assessment district by collecting assessments, forwarding collections to bondholders, and initiating foreclosure procedures if appropriate. The outstanding balance on these bonds as of June 30, 2018 and 2017 was \$710,000 and \$830,000, respectively.

B. *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 and the District's capital replacement reserve. The District has committed to approximately \$1,518,485 of open construction contracts as of June 30, 2018.

C. *Grant Awards*

Grant funds received by the District are subject to audit by the grantor agencies. Such audits 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.

D. *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.

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Required Supplementary Information

NOVATO SANITARY DISTRICT
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 As of fiscal year ending June 30, 2018
 Last 10 Years *

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY AND RELATED RATIOS AS OF
 THE MEASUREMENT DATE**

Measurement Date:	District Miscellaneous Plan			
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Plan's proportion of the Net Pension Liability (Asset)	0.13498%	0.12861%	0.13685%	0.14066%
Plan's proportion share of the Net Pension Liability (Asset)	\$3,335,896	\$3,528,248	\$4,753,977	\$5,544,711
Plan's Covered Employee Payroll	1,882,361	1,426,443	1,721,479	1,974,484
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	177.22%	247.35%	276.16%	284.71%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%	81.89%	76.58%	74.73%
Plan's Proportionate Share of Aggregate Employer Contributions	441,326	551,726	578,932	620,318

*Note: Fiscal year 2015 was the first year presented and therefore, only 4 years are shown.

NOVATO SANITARY DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Pension Plan
 As of fiscal year ending June 30, 2018
 Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year	District Miscellaneous Plan			
	2015	2016	2017	2018
Actuarially determined contribution	\$197,269	\$173,410	\$281,175	\$323,786
Contributions in relation to the actuarially determined contributions	(197,269)	(208,489)	(301,285)	(323,786)
Contribution deficiency (excess)	\$0	(\$35,079)	(\$20,110)	\$0
Covered payroll	\$1,882,361	\$1,426,443	\$1,721,479	\$1,947,484
Contributions as a percentage of covered-employee payroll	10.48%	12.16%	16.33%	16.63%

Notes to Schedule

Valuation date: 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	(1)
Investment rate of return	7.65% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

*Note: Fiscal year 2015 was the first year presented and therefore, only 4 years are shown.

**Novato Sanitary District
Schedule of Changes in Net OPEB Liability**

**Last Ten Fiscal Years *
Other Post-Employment Benefits (OPEB) - Agent-Multiple Employer Plan**

Measurement period	2017	2018
Total OPEB liability		
Service cost	\$104,860	\$108,006
Interest	251,406	256,099
Changes in benefit terms	-	-
Differences between expected and actual experience	-	(21,960)
Changes of assumptions	-	277,245
Benefit payments	(187,852)	(277,142)
Implicit rate subsidy fulfilled	(68,761)	-
Net change in total OPEB liability	99,653	342,248
Total OPEB liability - beginning	4,916,998	5,016,651
Total OPEB liability - ending (a)	\$5,016,651	\$5,358,899
OPEB fiduciary net position		
Net investment income	\$6,933	\$2,230
Contributions:		
Employer - contribution to PARS Trust	887,852	382,482
Employer - contribution to PARS Trust	68,761	74,262
Benefit payments from PARS Trust	(187,852)	(226,479)
Implicit rate subsidy fulfilled	(68,761)	(74,262)
Administrative expense	(294)	
Net change in plan fiduciary net position	706,639	158,233
Plan fiduciary net position - beginning	-	706,639
Plan fiduciary net position - ending (b)	706,639	864,872
Plan net OPEB liability - ending (a) - (b)	\$4,310,012	\$4,494,027
Plan fiduciary net position as a percentage of the total OPEB liability	14.09%	16.14%
Covered-employee payroll	\$1,933,573	\$1,991,580
District's total OPEB liability as a percentage of covered-employee payroll	259.45%	269.08%

* June 30, 2017 was the first year of implementation for GASB 74.

* June 30, 2018 was the first year of implementation for GASB 75.

Novato Sanitary District
SCHEDULE OF OPEB CONTRIBUTIONS
Last Ten Fiscal Years *
Other Post-Employment Benefits (OPEB) - Agent-Multiple Employer Plan

	2016-17	2017-2018
Actuarially determined contribution	\$411,241	\$401,663
Contributions in relation to the actuarially determined contribution	956,613	456,744
Contribution deficiency (excess)	(\$545,372)	(\$55,081)
Covered-employee payroll	\$1,991,580	\$2,046,348
Contributions as a percentage of covered-employee payroll	48.03%	22.32%

GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

The June 30, 2018 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 06/30/18.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Closed period, level percent of pay
Remaining amortization	20 years
Asset valuation method	Market value as of fiscal year-end 2017
Inflation	2.50%
Assumed rate of payroll growth	2.75%
Healthcare trend rate	7.00%, trending down to 3.84%
PEMHCA trend rate	3.00%
Rate of return on assets	4.85%
Mortality rate	CalPERS Rates
Retirement rates	CalPERS Rates
Other information	The ADC takes into account the implicit subsidy

* June 20, 2017 was the first year of implementation

Novato Sanitary District
SCHEDULE OF INVESTMENT RETURNS
Last Ten Fiscal Years *
Other Post-Employment Benefits (OPEB) - Agent-Multiple Employer Plan

	2017	2018
Annual money-weighted rate of return, net of investment expense	4.00%	0.28%

* June 20, 2017 was the first year of implementation

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Statistical Information Section

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**Novato Sanitary District
Statistical Section**

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

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Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, sewer service charges.	60-66
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.	67-68
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	69
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.	70-71

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Novato Sanitary District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years
Schedule 1

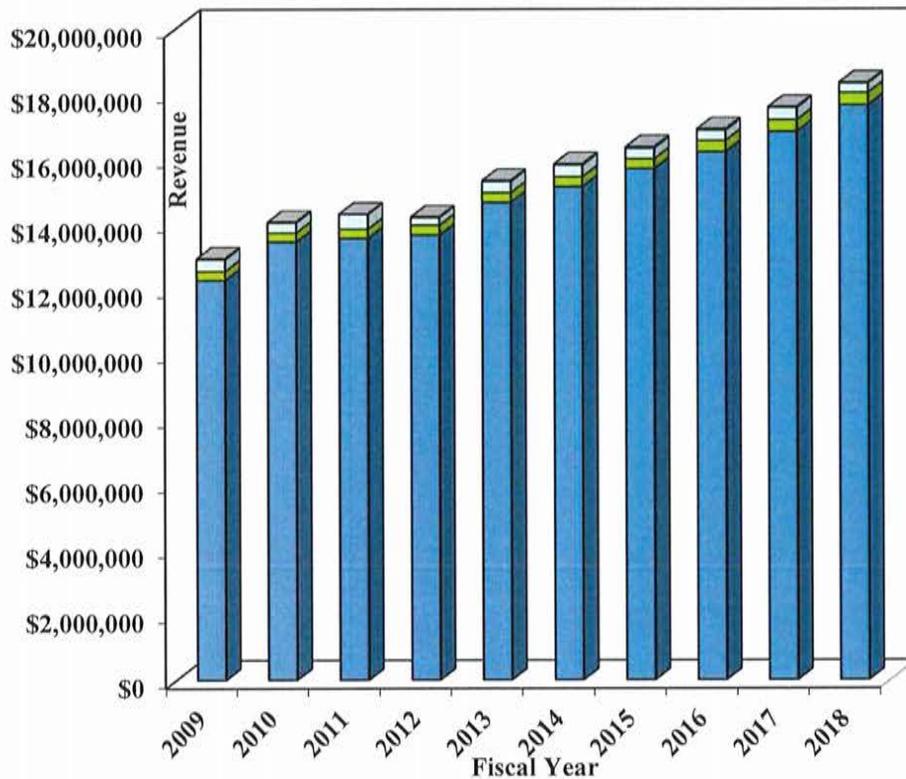
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Changes in net position:					Restated					
Operating revenues (see Schedule 2)	\$12,948,148	\$14,071,716	\$14,316,441	\$14,225,362	\$15,341,561	\$15,849,099	\$16,372,320	\$16,919,629	\$17,596,116	\$18,344,975
Operating expenses (see Schedule 3)	(7,685,390)	(9,654,452)	(8,464,043)	(9,766,764)	(8,103,790)	(8,322,651)	(7,894,306)	(8,392,467)	(9,173,987)	(9,131,926)
Depreciation and amortization	(2,227,627)	(2,288,892)	(2,306,550)	(3,238,715)	(4,602,353)	(5,092,355)	(5,201,451)	(5,661,922)	(5,744,111)	(5,793,254)
Operating income(loss)	3,035,131	2,128,372	3,545,848	1,219,883	2,635,418	2,434,093	3,276,563	2,865,240	2,678,018	3,419,795
Non-operating revenues(expenses)										
Property taxes	1,928,207	1,866,049	1,773,877	1,795,489	1,795,781	1,941,241	1,999,816	2,155,479	2,292,988	2,360,251
Interest	702,002	196,303	30,387	37,129	67,050	45,673	43,117	71,592	136,595	312,886
Interest expense	(1,302,270)	(1,211,880)	(209,456)	(2,669,346)	(2,712,097)	(2,678,227)	(2,567,765)	(2,450,757)	(2,325,634)	(2,178,527)
Special Equalization Charges(Note 1)										
Franchise fees/Rental Income	127,517	45,000	95,000	26,099	113,416	127,708	142,597	152,589	146,924	132,090
Deferred Charges Amortization	(18,689)	(18,689)	(16,744)	(10,564)	-	-	-	-	-	-
Gain/(Loss) on sale/disposition of assets	(83,842)	(909,553)	(6,634,450)	(367,095)	2,529	(3,502,140)	13,364	-	1,627	(34,250)
Other revenue/(expense), net	(2,022)	(17,644)	42,623	229,306	(339,663)	(270,260)	(135,556)	(82,683)	40,461	(211,515)
Total non-operating revenues(expenses), net	1,350,903	(50,414)	(4,918,763)	(958,982)	(1,072,984)	(4,336,005)	(504,427)	(153,780)	292,961	380,935
Net income before capital contributions	4,386,034	2,077,958	(1,372,915)	260,901	1,562,434	(1,901,912)	2,772,136	2,711,460	2,970,979	3,800,730
Connection Fees	647,101	1,277,790	174,631	880,541	146,949	343,773	291,565	223,240	227,567	234,495
Capital contributions	395,702	446,867	101,818	5,732	-	202,530	250,725	13,400	200	133,035
Capital Grant			221,689	1,433,561	-	16,250	-	-	51,069	257,183
Prior Year restatement(GASB 65)				(64,004)						
Changes in net position	\$5,428,837	\$3,802,615	(\$874,777)	\$2,516,731	\$1,709,383	(\$1,339,359)	\$3,314,426	\$2,948,100	\$3,249,815	\$4,425,443
Net position by component:										
Prior Year adjustment				(\$64,004)	(\$6,774,168)		(\$4,299,128)			(\$3,189,801)
Net Investment in capital assets	\$79,067,990	\$102,065,015	\$106,497,126	105,262,788	104,411,068	\$94,531,379	94,372,835	\$96,235,212	\$96,965,159	97,939,722
Restricted										745,826
Unrestricted	28,475,692	9,281,282	3,974,394	7,789,467	10,286,566	12,052,728	15,325,698	12,312,293	14,832,161	17,537,215
Total net position	\$107,543,682	\$111,346,297	\$110,471,520	\$112,988,251	\$107,923,466	\$106,584,107	\$105,599,405	\$108,547,505	\$111,797,320	\$113,032,962

Note 1: Special equalization charges reclassified to other operating revenue.

Source: Novato Sanitary District Accounting Department

Novato Sanitary District
Operating Revenue By Source
Last Ten Fiscal Years
Schedule 2

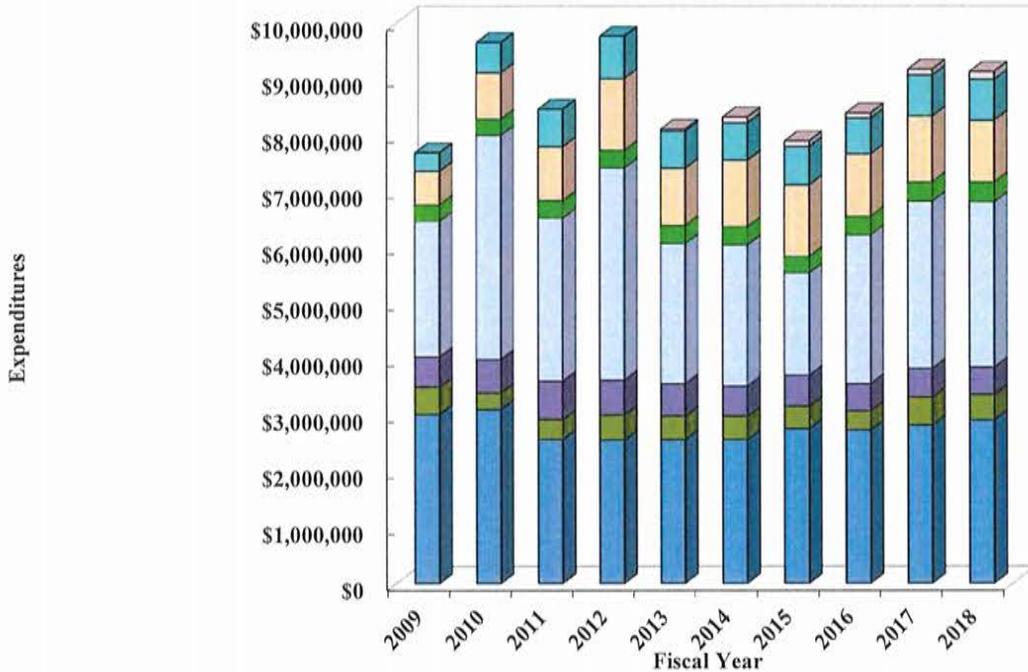
Fiscal Year	Wastewater Service Charges	Permits, Inspections and Other Fees	AB 939 Solid Waste Program	Other Operating Revenue	Total Operating Revenue
2009	\$12,286,426	\$27,408	\$271,862	\$362,452	\$12,948,148
2010	13,462,437	23,163	277,299	308,817	14,071,716
2011	13,570,839	9,532	280,493	455,577	14,316,441
2012	13,671,131	21,441	297,586	235,204	14,225,362
2013	14,670,826	34,505	297,586	338,644	15,341,561
2014	15,157,903	39,023	297,586	354,587	15,849,099
2015	15,706,704	44,494	297,586	323,536	16,372,320
2016	16,222,876	46,283	342,621	307,849	16,919,629
2017	16,843,212	28,479	354,134	370,291	17,596,116
2018	17,655,740	27,141	376,426	285,669	18,344,975



Source: Novato Sanitary District Accounting Department

**Novato Sanitary District
Operating Expenses by Activity
Last Ten Fiscal Years
Schedule 3**

Fiscal Year	Collection System	Wastewater Treatment	Reclamation/Disposal	Laboratory & Monitoring	Pump Stations	Recycled Water Facility	AB939 Solid Waste Programs	Administration & Engineering	Total Operating Expenses
2009	\$599,787	\$3,017,245	\$486,514	\$537,069	\$332,808		\$286,682	\$2,425,285	\$7,685,390
2010	828,832	3,102,119	296,268	597,743	540,641		284,999	4,003,850	9,654,452
2011	963,487	2,566,139	355,218	688,238	673,344		307,137	2,910,480	8,464,043
2012	1,283,228	2,560,633	442,266	621,758	758,564		310,890	3,789,425	9,766,764
2013	1,022,006	2,561,301	423,670	572,718	668,427	\$31,301	318,616	2,505,751	8,103,790
2014	1,188,408	2,562,314	418,748	534,959	668,841	104,837	320,938	2,523,606	8,322,651
2015	1,277,022	2,757,514	398,118	555,215	686,789	100,354	289,586	1,829,708	7,894,306
2016	1,116,422	2,734,327	337,887	487,624	641,965	92,028	325,068	2,657,146	8,392,467
2017	1,178,118	2,824,699	493,926	512,003	731,684	105,327	341,580	2,986,650	9,173,987
2018	1,103,000	2,909,669	456,136	487,971	735,079	138,238	350,937	2,950,896	9,131,926



Notes:
 Beginning in 2007, Collection and Pump Stations were separate departments previously classified under the Sewer and Pump Stations department.
 Beginning in 2012, the Recycled Water Facility began operations.

Source: Novato Sanitary District Accounting Department

**Novato Sanitary District
Assessed Value of Taxable Property
Last Ten Years
Schedule 4**

Fiscal Year	Assessed Value	Percent Change
2009	\$9,580,325,664	
2010	9,432,410,765	-1.54%
2011	9,349,746,271	-0.88%
2012	9,248,463,186	-1.08%
2013	9,618,666,723	4.00%
2014	10,091,742,535	4.92%
2015	10,706,043,851	6.09%
2016	11,261,143,408	5.18%
2017	11,849,431,595	5.22%
2018	11,848,414,738	-0.01%

Source: From information provided by the County of Marin Assessor-Recorder-Clerk's Office.

**Novato Sanitary District
Property Tax Levies and Collections
Last Ten Fiscal Years
Schedule 5**

Year	Total	Tax Levy		Tax Collections			Current Year % Collected
		Prior Year	Current Year	Total	Prior Year	Current Year	
2009	\$1,928,207	\$1,701	\$1,926,506	\$1,928,207	\$1,701	\$1,926,506	99.91%
2010	1,725,949	1,752	1,724,197	1,725,949	1,752	1,724,197	99.90%
2011	1,773,877	2,696	1,771,181	1,773,877	2,696	1,771,181	99.85%
2012	1,795,167	2,066	1,793,101	1,795,167	2,066	1,793,101	99.88%
2013	1,795,782	1,562	1,794,220	1,795,765	1,545	1,794,220	99.91%
2014	1,941,094	1,321	1,939,773	1,941,094	1,321	1,939,773	99.93%
2015	1,999,816	2,696	1,997,120	1,999,816	2,696	1,997,120	99.87%
2016	2,155,479	1,346	2,154,133	2,155,479	1,346	2,154,133	99.94%
2017	2,292,988	1,480	2,291,508	2,292,988	1,480	2,291,508	99.94%
2018	2,363,323	5,987	2,357,336	2,363,323	5,987	2,357,336	99.75%

Source: From information provided by the County of Marin Assessor-Recorder-Clerk's Office.

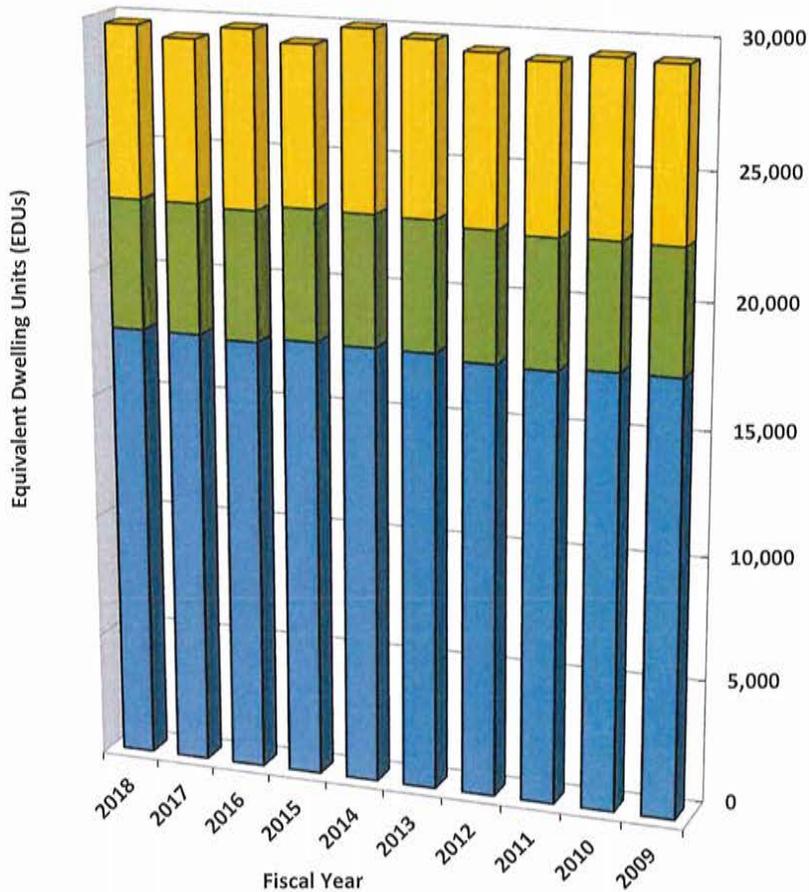
**Novato Sanitary District
Property Tax Levies and Collections
Last Ten Fiscal Years
Schedule 6**

Fiscal Year	Current Tax Levy	Current Tax Collections	Percent of Current Taxes	Prior Year Tax Collections,	Percent of Current Taxes	Net Collections
2009	\$1,926,506	\$1,926,506	100.0%	\$1,701	0.1%	\$1,928,207
2010	1,724,197	1,724,197	100.0%	1,752	0.1%	1,725,949
2011	1,773,877	1,771,181	99.8%	2,696	0.2%	1,773,877
2012	1,793,101	1,793,101	100.0%	2,066	0.1%	1,795,167
2013	1,794,220	1,794,220	100.0%	1,562	0.1%	1,795,782
2014	1,939,773	1,939,773	100.0%	1,321	0.1%	1,941,094
2015	1,997,120	1,997,120	100.0%	2,696	0.1%	1,999,816
2016	2,154,133	2,154,133	100.0%	1,346	0.1%	2,155,479
2017	2,291,508	2,291,508	100.0%	1,480	0.1%	2,292,988
2018	2,357,336	2,357,336	100.0%	5,987	0.3%	2,363,323

Source: From information provided by the County of Marin Assessor-Recorder-Clerk's Office.

Novato Sanitary District
Equivalent Dwelling Units by Customer Type at Fiscal Year-End⁽¹⁾
Last Ten Fiscal Years⁽²⁾
Schedule 7

Fiscal Year	Single Family Residential	Multi family Residential (3)	Commercial	Total
2009	\$17,572.20	\$4,969.60	\$6,745.96	\$29,287.76
2010	17,568.60	5,016.80	6,811.97	29,397.37
2011	17,407.40	5,130.40	6,576.55	29,114.35
2012	17,474.40	5,182.60	6,677.08	29,334.08
2013	17,705.80	5,184.20	6,814.04	29,704.04
2014	17,717.00	5,220.20	7,101.90	30,039.10
2015	17,741.20	5,234.20	6,312.95	29,288.35
2016	17,542.20	5,210.40	7,003.00	29,755.60
2017	17,657.40	5,219.00	6,384.00	29,260.40
2018	17,656.80	5,219.00	6,824.43	29,700.23



Notes:

- (1) The District charges its customers sewer service charges (SSC) on an equivalent dwelling unit(EDU) basis, and the charges appear on the customers' annual property tax bills.
- (2) EDUs as of June 30 of fiscal year.
- (3) Multi family residential includes apartments and condominiums.

Source: Novato Sanitary District Technical Services Department

**Novato Sanitary District
Wastewater Service Charges
Last Ten Fiscal Years
Schedule 8**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Rate per EDU per year (1)	\$ 462	\$ 462	\$ 462	\$ 462	\$ 493	\$ 512	\$ 531	\$ 552	\$ 573	\$ 594
Rate per EDU per month	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 41.08	\$ 42.67	\$ 44.25	\$ 46.00	\$ 47.75	\$ 49.50

EDUs (2)	EDU Factors
Single Family	1
Apartments, Condominiums, Duplexes & Townhouses	1 per living unit
Motor Home or Trailer Park	1 per space
Guest House with kitchen and bedroom	1 per living unit
Guest House without kitchen	0 per living unit

Non Residential (2)

		Charge per HCF water use
Base Charge/ Unspecified	\$ 0.25	\$ 3.23
Office	\$ 0.25	\$ 3.23
Retail	\$ 0.25	\$ 3.23
Public office	\$ 0.25	\$ 3.23
School classrooms/administration	\$ 0.25	\$ 3.23
Churches	\$ 0.25	\$ 3.23
Meeting halls with kitchens	\$ 0.25	\$ 4.52
Auto service stations	\$ 0.25	\$ 3.23
Supermarkets	\$ 0.25	\$ 3.23
Auditoriums theaters	\$ 0.25	\$ 3.23
Gymnasiums w/showers	\$ 0.25	\$ 3.23
Hotels/motels	\$ 0.25	\$ 3.23
Mortuary	\$ 0.25	\$ 7.02
Medical offices	\$ 0.32	\$ 3.23
Veterinary offices	\$ 0.32	\$ 3.23
Dental offices	\$ 0.32	\$ 3.23
Hospitals	\$ 0.32	\$ 3.23
Cafeteria/dining area	\$ 0.48	\$ 7.02
Restaurants/cafes	\$ 0.48	\$ 7.02
Bakeries	\$ 0.48	\$ 7.02
Ice Cream/yogurt shops	\$ 0.48	\$ 7.02
Delicatessens	\$ 0.48	\$ 7.02
Laundry and Laundromats	\$ 0.73	\$ 4.52
Warehouse or Storage not live/work	0.00	0.00

Notes:

- '(1) Rates as of July 1 of each year
- '(2) Rates as of July 1, 2017

Source: Novato Sanitary District Technical Services Department

**Novato Sanitary District
Principal Customers
Current Fiscal Year and Ten Years Ago
Schedule 9**

Customer	2018		2009	
	EDU's	Percentage of Total	EDU's	Percentage of Total
BioMarin Pharmaceutical	415.85	1.40%	113.99	0.39%
Novato Unified School District	389.00	1.31%	448.26	1.53%
Fireman's Fund	352.09	1.19%	380.55	1.30%
Vintage Oaks Shopping Center (not including Costco or Target)	248.29	0.84%	270.20	0.92%
Hamilton Hangars (3-10)	170.28	0.57%	155.03	0.53%
Sutter Health	157.70	0.53%	56.29	0.19%
Nave Merchant Assoc	127.81	0.43%	109.09	0.37%
Buck Institute	104.36	0.35%	60.60	0.21%
Novato Fair Shopping Center	95.53	0.32%	96.96	0.33%
City Of Novato	93.50	0.31%	69.92	0.24%
Total EDUs: Principal customers	2,154.41	7.26%	1,760.89	6.00%
Total Equivalent Dwelling Units (EDUs)	29,700.23	100.00%	29,287.76	100.00%

Source: Novato Sanitary District Technical Services Department

**Novato Sanitary District
Debt Coverage
Last Ten Fiscal Years
Schedule 10**

Fiscal Year	Net Revenues	Operating Expenses ^{(1),(3)}	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2009	\$16,248,422	(\$7,685,390)	\$8,563,032		\$1,302,270	\$1,302,270	6.58
2010	16,510,972	(9,654,452)	6,856,520	\$24,773,024	1,211,880	25,984,904	0.264
2011	10,003,454	(8,464,043)	1,539,411	5,233,207	209,456	5,442,663	0.283
2012	18,185,824	(9,766,764)	8,419,060	21,136	2,669,346	2,690,482	3.129
2013	17,127,623	(8,103,790)	9,023,833	4,231,967	2,712,097	6,944,064	1.300
2014	14,753,874	(8,322,651)	6,431,223	4,339,933	2,678,227	7,018,160	0.916
2014 (2)	18,256,014	(8,322,651)	9,933,363	4,339,933	2,678,227	7,018,160	1.415
2015	18,977,948	(7,894,306)	11,083,642	4,449,171	2,567,765	7,016,936	1.580
2016	19,453,246	(8,392,467)	11,060,779	4,565,431	2,450,757	7,016,188	1.576
2017	20,442,478	(9,173,987)	11,268,491	4,673,762	2,325,634	6,999,396	1.610
2018	21,271,967	(9,131,926)	12,140,041	4,804,212	2,178,527	6,982,739	1.739

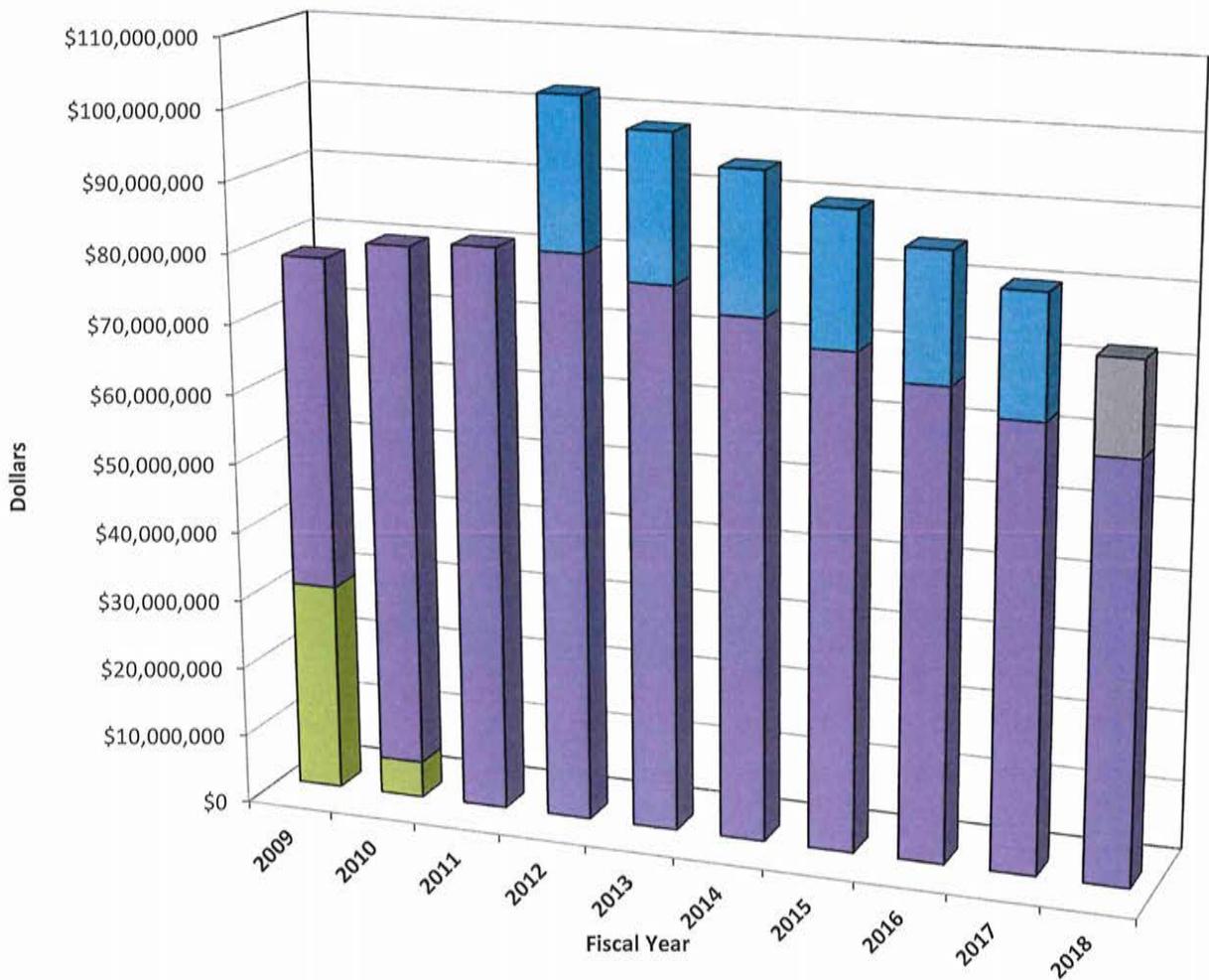
Notes:

- (1) Operating expenses exclude depreciation expense.
- (2) Net revenues calculated without the non-cash adjustment for the capital asset disposal/write down of \$3.5M in FY2014.
- (3) Information in this table is based on GAAP (Generally Accepted Accounting Principles) which is accrual basis accounting. Therefore, debt coverage ratios in this table will be different than those in the District's annual budget documents, which use cash basis accounting.

Source: Novato Sanitary District Accounting Department

**Novato Sanitary District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Schedule 11**

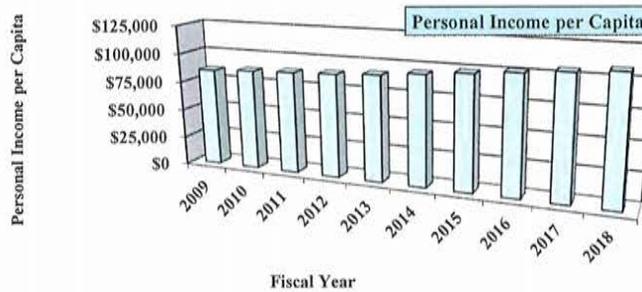
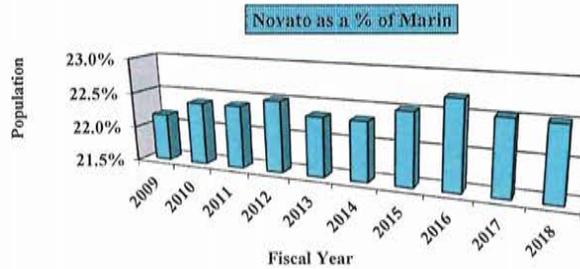
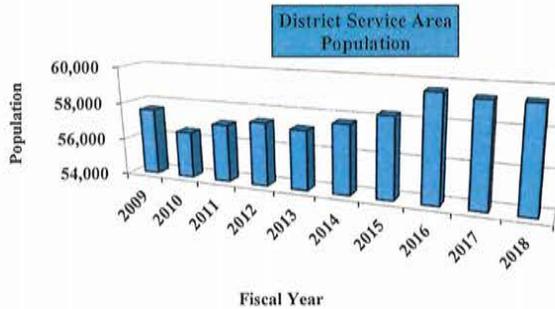
Fiscal Year	Credit Line	SRF Loan Payable	Certificates of Participation Bond Payable	Wastewater Revenue Bond Payable	Total		
					Debt	Per Capita	As a Share of Personal Income
2009	\$30,006,231	\$47,989,587			\$77,995,818	\$1,354.09	1.59%
2010	5,233,207	75,348,207			80,581,414	1,426.22	1.64%
2011		81,329,083			81,329,083	1,424.33	1.61%
2012		81,307,947	\$21,750,000		103,057,947	1,795.43	2.00%
2013		77,878,980	20,950,000		98,828,980	1,727.78	1.88%
2014		74,366,047	20,120,000		94,486,047	1,637.54	1.72%
2015		70,771,876	19,265,000		90,036,876	1,544.37	1.62%
2016		67,091,444	18,380,000		85,471,444	1,434.08	1.46%
2017		63,322,683	17,475,000		80,797,683	1,360.23	1.34%
2018		59,463,471		\$13,410,000	72,873,471	1,226.83	1.14%



Source: Novato Sanitary District Accounting Department

**Novato Sanitary District
Demographics and Economic Statistics
Last Ten Calendar Years
Schedule 12**

Year	District Service Area Population (1) as a % of Marin		County of Marin ⁽²⁾			
	Population	% of Marin	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2009	57,600	22.2%	9.4%	259,772	\$22,103,220	\$85,087
2010	56,500	22.4%	9.8%	252,409	21,943,681	86,937
2011	57,100	22.4%	9.5%	255,015	22,523,180	88,321
2012	57,400	22.5%	7.9%	255,031	22,869,650	89,674
2013	57,200	22.3%	6.0%	256,069	23,492,282	91,742
2014	57,700	22.3%	4.8%	258,365	24,571,803	95,105
2015	58,300	22.5%	3.9%	258,972	25,484,658	98,407
2016	59,600	22.7%	4.3%	262,274	26,682,445	101,735
2017	59,400	22.5%	3.0%	263,604	27,665,767	104,952
2018	59,400	22.5%	2.5%	263,886	28,512,618	108,049



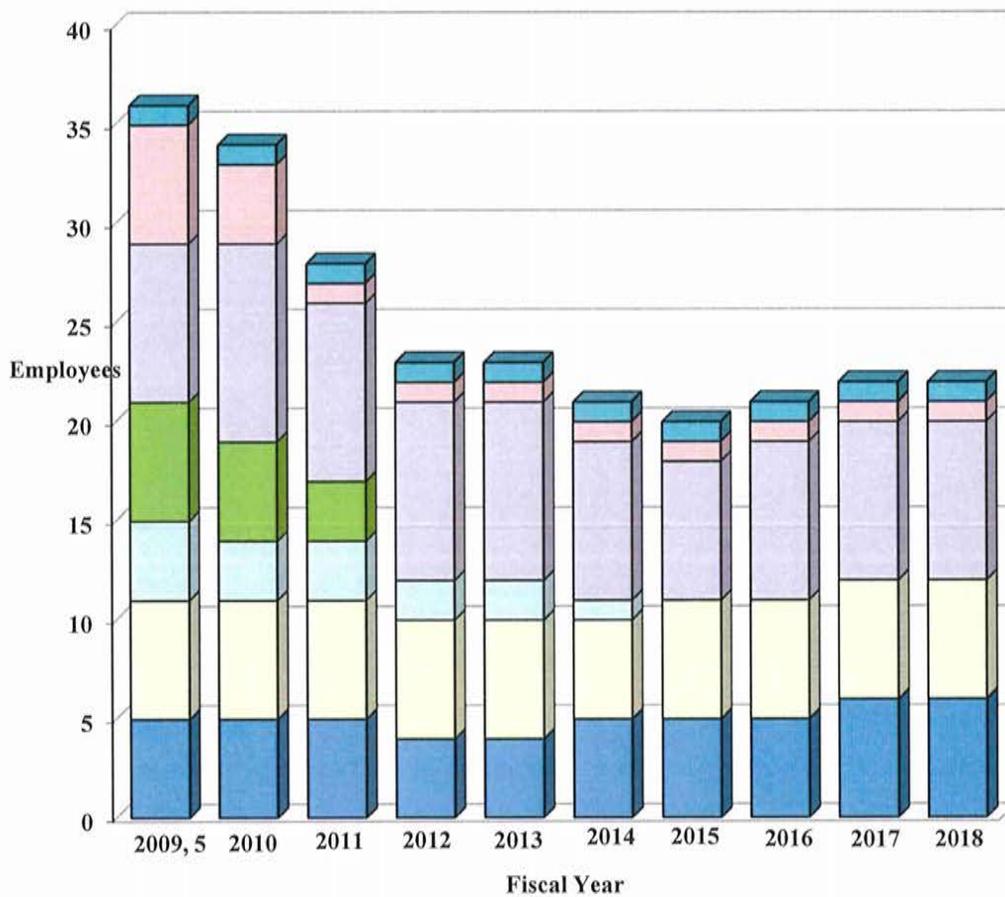
Notes:

- (1) Approximate values, as demographic data specific to the District's service area is not available.
- (2) Annual economic data specific to the District's service area is not available. However, it is available for Marin County as a whole from the below sources and may be considered as being broadly applicable to the District's service area.

Sources: California Department of Finance, North Marin Water District, County of Marin Economic Forecast at http://www.dot.ca.gov/hq/tpp/offices/eab/socio_economic_files/2013/Marin.pdf and Bureau of Labor Statistics

**Novato Sanitary District
Operating and Capacity Indicators
Last Ten Fiscal Years
Schedule 13**

Employees										
Department	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	5	5	5	4	4	5	5	5	6	6
Engineering	6	6	6	6	6	5	6	6	6	6
Lab Services	4	3	3	2	2	1	0	0	0	0
Operations	6	5	3	0	0	0	0	0	0	0
Collections	8	10	9	9	9	8	7	8	8	8
Maintenance	6	4	1	1	1	1	1	1	1	1
Safety	1	1	1	1	1	1	1	1	1	1
Total	36	34	28	23	23	21	20	21	22	22



Notes:

The decrease in operations staff (from 2010-2012) occurred with the transition of Treatment Plant Operations to Veolia Water. The Safety resource is a Central Marin Sanitation Agency (CMSA) employee and is a shared service position with CMSA.

Source: Novato Sanitary District Records

**Novato Sanitary District
Other Operating and Capacity Indicators
Last Ten Fiscal Years
Schedule 14**

Fiscal Year	Miles of Pipe Lines (2)	Number of Pump Stations	Annual Average Flow (1)	Permitted Capacity(MGD)	Total Annual Treatment (MG) (1)
2009	225	42	4.89	6.55	1,785
2010	226	42	5.35	7.00	1,789
2011	226	42	5.70	7.00	2,069
2012	226	42	4.67	7.00	1,709
2013	264	42	4.89	7.00	1,788
2014	264	42	4.12	7.00	1,501
2015	264	42	4.46	7.00	1,628
2016	264	42	4.34	7.00	1,589
2017	264	42	5.93	7.00	2,150
2018	264	42	4.27	7.00	1,559

Notes:

N/A - Data not available for these years

MG - Millions of Gallons

MGD - Millions of Gallons per Day

(1) Fiscal year basis.

(2) Approximate values; primarily sewers.

Source: Novato Sanitary District Operations and Accounting Departments.

NOVATO SANITARY DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2018

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**NOVATO SANITARY DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2018

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of
the Novato Sanitary District
Novato, California

In planning and performing our audit of the financial statements of the Novato Sanitary District (District) as of and for the year ended June 30, 2018, 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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the District.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
November 27, 2018

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

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**NOVATO SANITARY DISTRICT
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2018**

2018-01: New GASB Pronouncements or Pronouncements Not Yet Effective

There are a number of new accounting and financial reporting pronouncements that have been issued by the Governmental Accounting Standards Board, the authoritative standard setting body in the United States. We have included the ones that may have an impact on the District's financial statements in the next couple of years, to keep you informed about these developments on a proactive basis.

Effective in fiscal year 2018-19:

GASB 83 – Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

Effective in fiscal year 2019-2020:

GASB 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.

**NOVATO SANITARY DISTRICT
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2018**

GASB 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.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

GASB 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.

REQUIRED COMMUNICATIONS

To the Board of Directors of
the Novato Sanitary District
Novato, California

We have audited the basic financial statements of the Novato Sanitary District (District) for the year ended June 30, 2018. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are included in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year except as follows:

The following Governmental Accounting Standards Board (GASB) pronouncements became effective, but did not have a material effect on the financial statements:

GASB 81 - Irrevocable Split-Interest Agreements

GASB 85 - Omnibus 2017

GASB 86 - Certain Debt Extinguishment Issues

The following pronouncement became effective and as disclosed in Notes 1P and 1Q to the financial statements, required a prior year restatement for the cumulative effect on the financial statements.

GASB 75 - Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the governmental unit 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

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 to the financial statements 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:

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 10 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Obligation: Management's estimate of the net OPEB liability is disclosed in Note 7D to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1I to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

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. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the District's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

For purposes 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 a management representation letter dated November 27, 2018.

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.

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 Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and 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 required supplementary information.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. 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 them.

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
November 27, 2018

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration: Uniform Public Construction Cost Accounting Act (UPCCAA), State Controllers' Office - Notification of Changes, and Increases to Bid Thresholds.	MEETING DATE: December 10, 2018 AGENDA ITEM NO.: 9.a.
RECOMMENDED ACTION: Review letter from State Controller's Office (SCO), "Notification Letter – Assembly Bill 2249 (Chaptered 169, Statutes of 2018)", and adopt changes (including increases to bid limits thresholds) to the Uniform Public Construction Cost Accounting Act (UPCCAA) noted therein, effective January 1, 2019.	
SUMMARY AND DISCUSSION: <p>The District utilizes the Uniform Public Construction Cost Accounting Act (UPCCAA, or the "Act") to perform certain projects each year. The Act allows local agencies to perform these projects if the agency elects to follow the cost accounting procedures set forth in the Cost Accounting Policies and Procedures Manual of the California Uniform Construction Cost Accounting Commission (Commission). The Act is enacted under Public Contract Code (PCC) Sections 22000 through 22045. The District utilizes this Act through its Ordinance No. 109 (adopted August 28, 2006).</p> <p>In August 2013, the District updated Ordinance No. 109 with Ordinance No. 118 to reflect updated UPCCAA provisions that allowed for alternative bidding procedures as follows:</p> <ul style="list-style-type: none"> a. Projects of \$45,000 or less may be performed by negotiated contract or by purchase order, b. Projects of \$175,000 or less may be let to contract by the informal procedures set forth in the Act, and c. Projects of more than \$175,000 are to be let to contract by formal bidding procedures. <p>In short, the Act allows the District to complete projects with less administrative effort while maintaining work quality.</p> <p>At this time, pursuant to PCC 22020, and on behalf of the State Controller Betty T. Yee, the State Controller's Office (SCO) has informed the District (see Attachment 1) on the following changes (including increases to bid limit thresholds prescribed in PCC 22032), effective as of January 1, 2019:</p> <ul style="list-style-type: none"> a) The change would allow projects costing \$60,000 or less to be performed by employees of a public agency by force account, by negotiated contract, or by purchase order; b) The change would allow projects costing up to \$200,000 to be contracted by informal bidding procedures; and projects costing over \$200,000 are subject to the formal bidding process. <p>The SCO's letter also notes that "<i>A new resolution adopting the change in legislation is not required if your agency is currently subject to the Act.</i>"</p> <p>The District has already made itself subject to the Act through its adoption of Ordinance No. 109 (as updated by Ordinance No. 118).</p> <p>Therefore, at this time, staff and District Counsel recommend that the District Board adopt the changed provisions (including increases to bid limit thresholds), to be effective as of January 1, 2019.</p>	
ATTACHMENTS: 1. SCO Notification Letter – Assembly Bill 2249 (Chaptered 169, Statutes of 2019).	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.	
DEPT. MGR.: eb, ssk	GENERAL MANAGER: SSK



BETTY T. YEE
California State Controller

November 1, 2018

Administrative Service Manager
Novato Sanitary District
500 Davidson Street
Sacramento, CA 94945

SUBJECT: Notification Letter-Assembly Bill 2249 (Chaptered 169, Statutes of 2018)

To Whom It May Concern:

The California Uniform Construction Cost Accounting Commission (CUCCAC) in agreement with the State Controller's Office (SCO) recommended an increase to the bid limit threshold prescribed in Public Contract Code (PCC) 22032, which was signed into law. Pursuant to PCC 22020, and on behalf of the State Controller Betty T. Yee, the SCO would like to inform on the following changes effective as of **January 1, 2019**:

- a) The change would allow projects costing \$60,000 or less to be performed by employees of a public agency by force account, by negotiated contract, or by purchase order;
- b) The change would allow projects costing up to \$200,000 to be contracted by informal bidding procedures; and projects costing over \$200,000 are subject to the formal bidding process.

The noted increases are pursuant to the provisions and benefits found in the Uniform Public Construction Cost Accounting Act (Act), which provides public agencies economic benefits and greater freedom to expedite public works projects. Agencies which elect to follow the cost accounting procedures set forth by the CUCCAC in its *Cost Accounting Policies and Procedures Manual*, will benefit from these increased limits by expediting delivery of public work projects and reduced bid processing costs. **A new resolution adopting the change in legislation is not required if your agency is currently subject to the Act.**

We encourage participating agencies to sign up on the SCO website for CUCCAC's email subscription service to receive important information concerning CUCCAC updates and legislative changes via e-mail. For more details or to sign up for the email subscription services, please contact the Local Government Programs Services Division at LocalGovPolicy@sco.ca.gov or visit our website at https://www.sco.ca.gov/ard_cuccac.html.

Sincerely,

A handwritten signature in black ink that reads "Sandeep Singh".

Sandeep Singh
Manager, Local Government Policy

Local Government Programs and Services Division
MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250
3301 C Street, Suite 700, Sacramento, CA 95816

RECEIVED
NOV 05 2018

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration: Revised District Policy No. 3135 – Expense Authorization	MEETING DATE: December 10, 2018 AGENDA ITEM NO.: 9.b.
RECOMMENDED ACTION: Approve and Adopt Revised Board Policy No. 3135 – Expense Authorization.	
SUMMARY AND DISCUSSION: <p>At their meeting of January 11, 2016, the District Board adopted Policy No. 3135 – Expense Authorization. The Policy increased the General Manager-Chief Engineer’s contract and purchase order authorization to conform to District Ordinance No. 118, which sets District bid cost thresholds and bidding procedures to be consistent with limits established by the Uniform Public Construction Cost Accounting Act (UPCCAA).</p> <p>If the Board adopts the revised UPCCAA limits recommended by the prior item 9.a., it is recommended that the Board also approve and adopt the revised Board Policy No. 3135 – Expense Authorization (attached), to incorporate minor edits and conform to the revised UPCCAA limits (edits/changes highlighted and noted as strikeout and/or <i>bold italics</i>).</p>	
ATTACHMENTS: 1. Draft Revised District Policy No. 3135 – Expense Authorization.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long Range Outlook) and Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
DEPT. MGR.: ssk	GENERAL MANAGER: SSK

Novato Sanitary District

POLICY HANDBOOK

POLICY TITLE: Expense Authorization
POLICY NUMBER: 3135

3135.1 Purpose. This policy revises District Expense Authorization adopted by the Board of Directors on January 11, 2016. The purpose of the policy is to procure quality goods and services at the best value for the District in a timely and efficient manner; to provide direction to staff on the acquisition of materials, services, and equipment; and to define authority for procurement functions.

3135.2 General Procurement Procedures. The budget adopted by the District Board serves as the document governing District expenditures. For budgeted expenditures, the purchaser must verify that there is sufficient balance in the budget. For all items in excess of \$200, both budgeted and non-budgeted, a purchase order must be signed by an authorized Supervisor, Superintendent, or Manager before an order is placed. A copy of the completed purchase order must be provided to the Administrative Secretary for processing. Competitive quotes shall be obtained on new or unfamiliar items to insure relative cost and availability. The splitting of procurements to avoid purchase limits and restrictions is prohibited. Benefits from any rewards program related to District purchases should revert to District usage, at the discretion of the General Manager-Chief Engineer.

3135.3 Contract Execution: Regardless of expenditures and expense authorization levels, and unless otherwise authorized by the District Board, the Board (in the form of its President) and/or the General Manager-Chief Engineer shall remain the sole entities authorized to execute formal contracts on behalf of the District. Contracts shall include but not be limited to: Agreements with other governmental entities or non-governmental organizations (NGOs); professional services agreements; construction, maintenance services, equipment procurement, and material supply contracts; and amendments thereof.

3135.4 Expense Authorization Limits.

Expense authorization limits shall be as set forth in Table 3135 -1: Expense Authorization Limits, below.

As provided by the California Uniform Public Cost Accounting Act (CUPCAA) and Section 22032 of the Public Contract Code, District projects of ~~\$45,000~~ **\$60,000** or less may be performed **by force account**, by negotiated contract or purchase order, and District projects of ~~\$175,000~~ **\$200,000** or less may be let by informal bidding procedures. District Ordinance No. 118, adopted by the District Board on August 12, 2013, authorizes the District General Manager-Chief Engineer to award informal contracts subject to this Act. The General Manager's limits stated below in Table 3135-1 correspond to the amounts authorized by the CUPCAA and District Ordinance No. 118. The CUPCAA limits are influenced by construction costs and/or inflation and are subject to change from time to time by the State of California.

Table 3135-1: Expense Authorization Limits

AUTHORITY	EXPENSE AUTHORIZATION LIMITS
Board of Directors	No limit.
General Manager-Chief Engineer	Contracts, and Purchase Orders, and amendments up to \$45,000 \$60,000 , and budgeted informally bid construction contracts between \$45,001 \$60,001 and \$175,000 \$200,000 .
Deputy General Manager	Purchase Orders for non-budgeted items up to \$5,000 and budgeted items up to \$15,000.
Field Services Manager	Purchase Orders for non-budgeted items up to \$3,000, and budgeted items up to \$10,000
Collection System Superintendent, Senior Engineer	Purchase Orders for non-budgeted items up to \$1,500 and budgeted items up to \$5,000.
Administrative/Risk Services Officer, Finance Officer, Leadworker, Supervisor	Purchase Orders for budgeted or non-budgeted items up to \$1,500.
All other employees	Purchases under \$200. Requires prior approval by a Supervisor, Leadworker, or Manager.

3135.5 Expense Authorization in the Absence of the General Manager: In the absence of the General Manager, two (2) signatures are required from the Deputy General Manager AND the Field Services Manager for non-budgeted items up to \$6,000 and up to \$20,000 for budgeted items.

3135.6 Construction Change Order (CCO) Limits. Consistent with the above expense authorization limits, the General Manager-Chief Engineer shall have a construction change order authorization limit of up to ~~\$45,000~~ **\$60,000**.

3135.7 Petty Cash. A Petty Cash fund shall be maintained in the District office having a balance-on-hand maximum of \$100.00. Petty cash may be advanced to District staff or Directors upon their request for the purpose of procuring item(s) or service(s) appropriately relating to District business. After said item(s) or service(s) have been obtained, a receipt for same shall be submitted to the District Finance Officer or Administrative Secretary, and any remaining advanced funds shall be returned. The maximum petty cash advance shall be \$25.00. No personal checks shall be cashed in the petty cash fund. The petty cash fund shall be included in the District's annual independent accounting audit.

3135.8 Out-of-Pocket Expenses. Whenever employees or Directors of the District incur "out-of-pocket" expenses for item(s) or service(s) appropriately relating to District business as verified by valid receipts, said expended cash shall be reimbursed upon request from the District's petty cash fund or by check if needed. In instances when a receipt is not obtainable, the requested reimbursement shall be approved by the General Manager-Chief Engineer prior to remuneration.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Operations Report, November 2018.

MEETING DATE: December 10, 2018

AGENDA ITEM NO.: 10.a.

RECOMMENDED ACTIONS: Receive Wastewater Operations Reports for November 2018:

- Collection System
- Treatment Facilities
- Reclamation Facilities

SUMMARY AND DISCUSSION:

The November 2018 Wastewater Operations Report incorporating operations reports for collections system, wastewater treatment facilities, and the reclamation facilities is attached.

District and Veolia staff will be present at the meeting to provide overviews of the reports for their operational areas, and be available to discuss the reports or respond to any questions.

ATTACHMENTS: 1. Wastewater Operations Reports for the month of November 2018.

STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.

DEPT. MGR.: JO (Veolia), JA, JJB

GENERAL MANAGER: SSK

**Novato Sanitary District
Wastewater Operations - Collection System Operations Report
November 2018**

1.0 General:

The equivalent of about six (6) full time employees (FTE) worked on collection system maintenance activities during the month. The breakdown of staff time for the month in terms of equivalent FTE hours utilized, works out approximately as follows:

- 1.0 FTE field workers for Sewer Maintenance (main line cleaning)
- 1.1 FTE field workers for Pump Station Maintenance
- 0.3 FTE field workers for Closed Circuit Television (CCTV) work
- 0.0 FTE field workers for Underground Service Alert Mark and Locate (USA)
- 1.2 FTE field workers for time spent on data input, training, service calls, overflow response, or any other activity that does not directly relate to the activities listed above, or special activities (for e.g. smoke testing of mainlines), and
- 2.4 FTE field workers for vacation, holiday or sick leave.

2.0 Collection System Maintenance:

Performance metrics are presented in the attached graphs showing the length of line cleaned/month, footage cleaned/hour worked, overflows/month, and the CCTV footage achieved. A brief discussion is also provided below.

Line Cleaning Performance:

The sewer system ICOM3 Computerized Maintenance Management System (CMMS) generated 131 work orders for the month. Collections staff completed 131 work orders, leaving zero (0) work orders outstanding. The completed work orders resulted in 27,555 feet of sewer pipelines cleaned by staff.

Closed Circuit Television (CCTV) Performance:

The District's CCTV equipment was in the field for seven (4) working days and televised a total of 4,300 feet of sewer main.

CCTV Findings:

- Infrastructure-related: CCTV work did not identify any new structural damages.
- O&M related: CCTV work did not identify any area that would require a change in sewer line maintenance operations.

3.0 Pump Station Maintenance:

Collections staff conducted 172 lift station inspections this month. 50 of the inspections were generated through the District's JobsCal Plus CMMS system. There are no outstanding work orders for the month.

A Pump Stations Work Order Statistics summary is attached.

4.0 Air Relief/Vacuum Valves (ARVs):

Staff completed maintenance inspections on Fifteen (15) air relief/vacuum valves this month.

**Novato Sanitary District
Wastewater Operations - Collection System Operations Report
October 2018**

5.0 Safety and Training:

General:

Collections staff attended five (4) safety tailgate meetings in November.

Specialized Training:

- Collections staff attended the Maintenance Superintendents Association (MSA) training on PG&E's gas monitoring system.
- The Collections System Staff attended an Active Shooter Training.
- Collections staff held their annual Storm Prep Meeting.

Safety performance:

There were no lost time accidents for the month of November.

6.0 Miscellaneous Projects:

- Driveway entrance to Bahia PS was repaired by a contractor.
- A Contractor helped install a new pump at Hamilton Meadows PS
- A Contractor helped with pump assessment at Enfrente pump station and at Stonetree PS.

7.0 Sanitary Sewer Overflows (SSOs):

There were no (0) sanitary sewer overflow in November. The No Spills certification ID is #2532595.



Photo #2 – Driveway/Entrance to Bahia PS being repaired by a contractor.

Novato Sanitary District
Collection System Monthly Report For November 2018 (as of November 30, 2018)

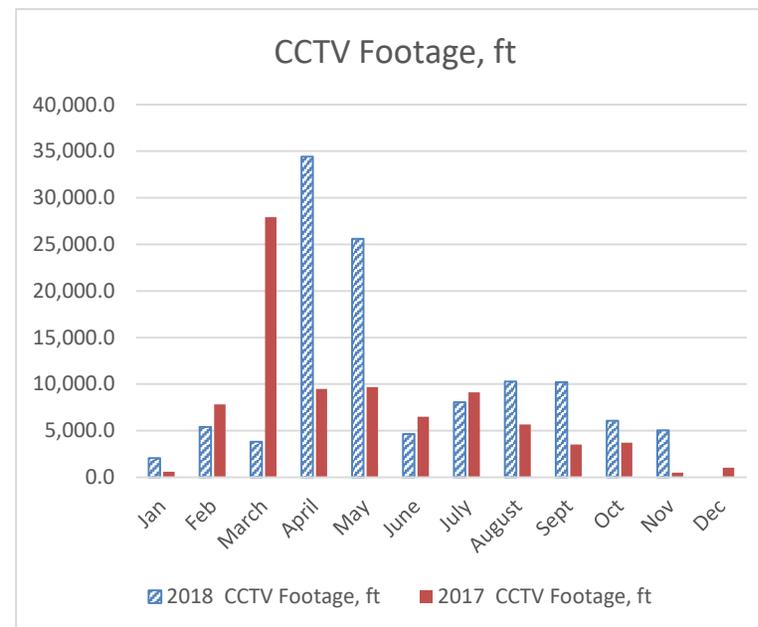
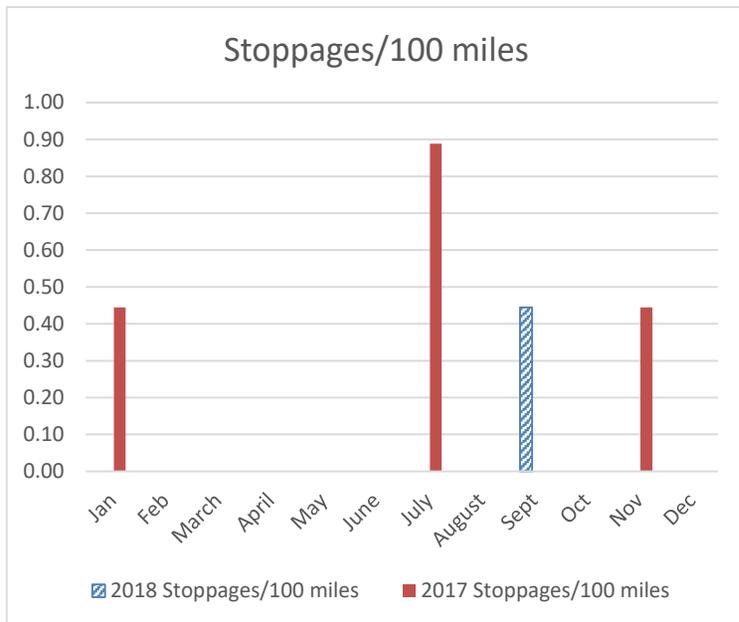
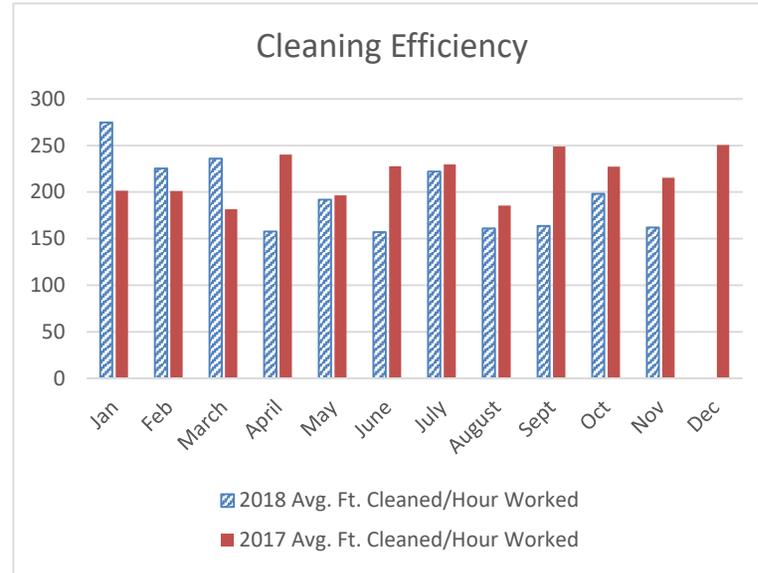
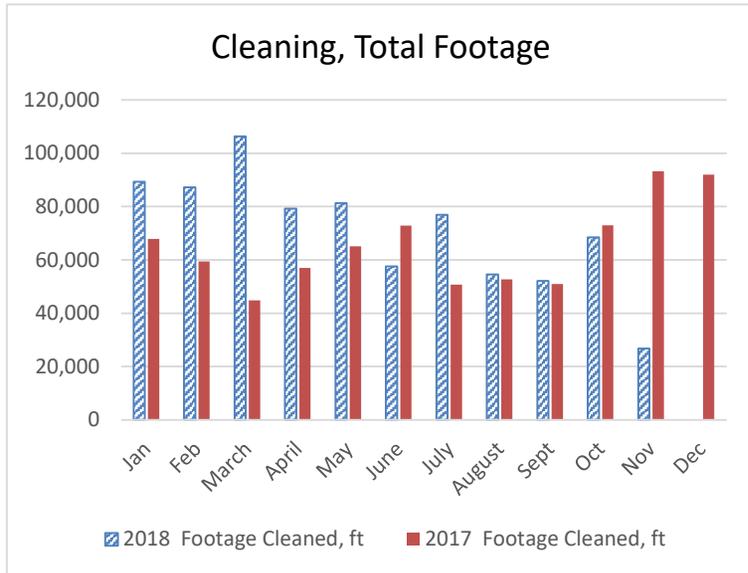
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
A. Employee Hours Worked														
Number of FTEs (main line cleaning), hrs.	1.8	2.4	2.5	3.0	2.3	2.1	1.9	1.9	2.1	1.8	1.0	0.0	NA	1.9
Number of FTEs (other)	1.8	1.9	1.9	1.7	1.4	1.7	1.7	1.5	1.4	1.4	1.2	0.0	NA	1.5
Number of FTEs (USAs)	0.3	0.3	0.2	0.3	0.3	0.2	0.3	0.1	0.0	0.1	0.0	0.0	NA	0.3
Number of FTEs (CCTV)	0.2	0.2	0.2	0.3	0.8	0.3	0.1	0.5	0.4	0.5	0.3	0.0	NA	0.3
Total, FTEs	4.0	4.9	4.8	5.4	4.7	4.4	4.0	3.9	3.9	3.8	2.4	0.0	NA	3.9
Regular Time Worked, (main line cleaning), hrs	325	387	451	502	425	367	347	339	319	346	166	0		
Regular Time Worked on Other, hrs (1)	324	303	352	288	263	298	306	276	288	259	205	0		
Regular Time Worked on USAs	51	59	41	53	49	43	45	12	0	23	0	0		
Regular Time Worked on CCTV (2)	32	40	40	57	149	51	18	94	65	88	48	0		
Total Regular time, worked, hrs	732	788	882	900	885	758	851	721	601	714	418	0	8,248	687
Total Vacation/Sick Leave/Holiday, hrs	216	106	123	70	186	156	396	335	167	177	423	0	2,352	196
Vacation/Sick Leave/Holiday, FTEs	1.2	0.7	0.7	0.4	1.0	0.9	2.2	1.8	1.1	0.9	2.6	0.0	13.6	1.1
Overtime Worked on Coll. Sys., hrs	11	7	3	6	11	20	11	13	17	30	67	0	195	16
Overtime Worked on Other, hrs (1)	4	0	0	0	4	1	10	7	10	4	6	0	45	4
Overtime Worked on USAs, hrs	0	0	0	0	0	0	0	0	0	0	0	0	4	0
Overtime Worked on CCTV (2)	0	0	0	0	0	1	0	0	0	2	1	0	4	0
Total Overtime, hrs	15	7	3	6	15	22	21	20	27	36	74	NA	243	22
B. Productivity														
1. Line Cleaning														
Rodder Work Orders generated	28	33	65	65	28	1	61	39	58	75	7	0	460	38
Rodder 3208 ft. cleaned	6,241	6,875	12,729	10,481	4,023	301	7,502	3,965	10,972	8,923	311	0	72,323	6,027
Rodder - outside services, ft cleaned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Flusher Work Orders generated	401	413	472	403	404	305	422	271	196	278	124	0	3,689	307
Truck 3205V ft. cleaned	22,719	28,924	43,973	2,861	0	12,920	145	2,328	0	0	0	0	113,870	9,489
Truck 3206V ft. cleaned	60,376	51,396	18,896	28,966	6,896	41,633	22,236	16,159	22,570	12,670	8,000	0	289,798	24,150
Truck 3209F ft. cleaned	0	0	30,733	36,879	70,447	2,664	46,994	32,102	18,595	46,846	18,507	0	303,767	25,314
Flusher - outside services, ft. cleaned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Footage cleaned(3)	89,336	87,195	106,331	79,187	81,366	57,518	76,877	54,554	52,137	68,439	26,818	NA	779,758	70,887
Work Orders completed	429	446	537	616	432	506	483	310	254	353	131	0	4,497	409
Work Orders backlog	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Closed Circuit Television (CCTV)														
Camera Work Orders generated	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CCTV Truck 3126T, ft. videoed	2,048	5,420	3,805	0	20,712	4,233	0	10,170	10,197	6,065	4,300	0	66,950	5,579
CCTV (hand cam), ft. videoed	0	0	0	34,429	4,893	408	8,059	120	0	0	736	0	48,645	0
CCTV Inspection - outside services, ft. videoed	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total CCTV footage(3)	2,048	5,420	3,805	34,429	25,605	4,641	8,059	10,290	10,197	6,065	5,036	NA	115,595	0
C. Sanitary Sewer Overflows (SSOs)														
Minor (Category III)	0	0	0	0	0	0	0	0	1	0	0	0	1	NA
Major (Category II)	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Major (Category I)	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Overflow Gallons	0	0	0	0	0	0	0	0	750	0	0	0	750	NA
Volume Recovered	0	0	0	0	0	0	0	0	500	0	0	0	500	NA
Percent Recovered	NA	NA	NA	NA	NA	NA	NA	NA	67%	NA	NA	NA	NA	NA
D. Service Calls (non-SSO related)														
Service calls, normal hours, #	8	4	2	2	0	4	3	3	4	4	6	0	40	3
Normal hours S.C. response time, mins (avg.)	39	29.25	17	18.5	0	18	66.3	15	30.25	15	26.8	0	275	23
Service Callouts, after hours, #	1	0	0	0	0	0	0	0	2	0	3	0	6	1
After Hours S.C. response time, mins (avg.)	37	NA	NA	NA	NA	NA	NA	NA	30	NA	27	NA	94	31
E. Benchmarks														
Average Ft. Cleaned/Hour Worked	275	225	236	158	192	157	222	161	164	198	162	NA	NA	195
Total Stoppages/100 Miles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.4	NA
Average spill response time (mins)	0	0	0	NA	NA	NA	0	NA	NA	NA	NA	NA	NA	0
Callouts/100 Miles	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	1.3	0.0	2.6	0.2
Overtime hours/100 Miles	5	3	1	3	5	9	5	6	8	13	30	0	86.44	7
Overflow Gallons/100 Miles	0	0	0	0	0	0	0	0	326	0	0	0	326	27

(1) This category includes time spent on: Data input, Training, Service Calls, Overflow Response, as well as any other activity that does not directly relate to main line cleaning or CCTV work.

(2) This category separates time spent on CCTV from other Collection System maintenance activities.

(3) Does not include outside services (tracked separately)

Collection System: 2018 & 2017 Graphs



Novato Sanitary District
Pump Station Monthly Report For November 2018 (as of November 30, 2018)

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
Employee Hours Worked	372	254	212	251	276	266	185	254	222	253	246	0	2,788	
Number of Employees (FTEs)	1.8	1.4	1.2	1.2	1.3	1.3	0.8	1.2	1.3	1.2	1.1	0.0		1.1
Regular Time Worked on Pump Sta	325	226	212	197	238	231	136	224	192	231	196	0	2,405	
Overtime Worked on Pump Sta	47	28	32	54	38	35	50	30	30	22	50	0	413	
After Hours Callouts	3	1	1	1	1	0	9	1	0	0	0	0	17	
Average Callout response time (mins)	36	28	6	9	8	0	24	28	0	0	0	0	139	12
Work Orders														
Number generated in month	95	89	77	85	71	56	68	45	42	64	50	0	742	62
Number closed in month	95	89	77	85	71	56	68	45	42	64	50	0	742	62
Backlog	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**PUMP STATIONS
WORK ORDER STATISTICS
November 1, 2018-November 30, 2018**

	Open Work Orders Due Prior to 11/1/2018	Open Work Orders 11/1/2018-11/30/2018	Total Open Work Orders
Preventive	0	50	50
Corrective	0	0	0
Total	0	50	50

	Closed Work Orders 11/1/2018 -11/30/2018
Preventive	50
Corrective	0
Total	50

Total Outstanding Work Orders as of 11/30/2018	0
-------------------------------------------------------------------	----------



December 5, 2018

Mr. Sandeep Karkal
General Manager – Chief Engineer
Novato Sanitary District
500 Davidson Street
Novato, CA 94545

Subject: Veolia Water Operations Report – November 2018

Dear Mr. Karkal:

I am pleased to provide the Monthly Operations report for November 2018.

As always, please give me a call at 707-292-3022 should you have any questions.

Best regards,

A handwritten signature in blue ink that reads 'John P. O'Hare'.

John P. O'Hare
Project Manager, Veolia



MONTHLY OPERATIONS REPORT
November 2018

Prepared for

NOVATO SANITARY DISTRICT (NSD)
WASTEWATER TREATMENT PLANT
500 Davidson Street
Novato, CA 94945

Prepared by

Veolia Water West Operating Services, Inc. (VWWOS)

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- E: ADMINISTRATION
- F: ODORS & LANDSCAPING
- G: MISCELLANEOUS

ATTACHMENTS

- 1) Photos
 - 2) Laboratory Data
 - 3) Recycled Water Report
 - 4) Annual Performance Summary - Graphs
 - 5) Process Control Data / Graphs
 - 6) Neighborhood Contacts (Odor / Noise)
 - 7) Jerome Meter Readings and Locations
-

A: TREATMENT PLANT PERFORMANCE SUMMARY – November 2018

National Pollution Discharge Elimination System Permit

Parameter	Value		Limits	
	Ave	Max		
Flow, MGD (monthly ave/max)	4.25	9.09	N/A	
Influent				
BOD ₅ , lb/day (month ave/max)	9,511	11,643	N/A	
TSS, lb/day (monthly ave/max)	11,841	20,014	N/A	
Effluent				
BOD ₅ , mg/L (monthly ave/max weekly ave)	<5	6	30	45
TSS, mg/L (monthly ave/max weekly ave)	<5	6	30	45
BOD ₅ - % Removal, Average	98		85 minimum	
TSS - % Removal, Average	98		85 minimum	
Ammonia, mg/L – (monthly ave/daily max)	0.16	0.16	5.9	21
pH, su (min / max)	6.8	7.0	6.5	8.5
Enterococcus, MPN/100 ml (30 day geo mean)	3.53		35	
Fecal Coliform, MPN/100 ml (monthly median)	N/A		N/A	
Fecal Coliform, MPN/100 ml (90 th PCTL)	N/A		N/A	
Total Coliform, MPN/100 ml (5 sample median)	N/A		N/A	
Total Coliform, MPN/100 ml (monthly maximum)	N/A		N/A	

Peak Rainfall Flow Rate = 21.29 million gallon per day, November 28, 2018, 11:59 pm

Total Rainfall = 5.09 inches

Title 22 - Recycled Water Production and Quality

Description	Units	Value	Limit
Volume Produced	Million Gallons	10.115	N/A
Average Turbidity	NTU	0.6	2.0
Turbidity > 5 NTU (in 24 hour)	Minutes	22	72
Minimum CT (disinfection)	mg-min/L	>450	450 minimum
Minimum Dissolved Oxygen (DO)	mg/L	7.7	2 mg/L minimum
Maximum Total Coliform	MPN/100 ml	<1	240
Maximum Total Coliform 2 Samples 30 days	MPN/100 ml	<1	23
Total Coliform 7 Sample Median	MPN/100 ml	<1	2.2

Discussion of Violations / Excursions

- National Pollution Discharge Elimination System Permit (NPDES) Limits - None
- Recycled Water – None

B: SAFETY AND TRAINING:

- Monthly plant safety inspections for Novato Wastewater Treatment Plant and Ignacio Transfer Pump Station completed
- Five minute tailgate training held during weekly morning meetings
- No safety incidents for the month of November 2018



- Monthly Safety Topics and Training: First Aid/CPR/AED Certification Training
- Quarterly Training: Wellness & Fitness, and Drug Free Workplace
- Veolia Corporate Monthly Health and Safety webinar November 28, 2018
- Reviewed the standard operating procedure for Wet Weather Pump Operation with operations staff

C: OPERATIONS & MAINTENANCE STATUS / REVIEW:**Key events for the period:****Novato**

- Routine rounds, readings and maintenance
- Annual cleaning/inspection of Headworks Channels #1 & #2
- Annual inspection of Influent Pumps/RAS Pumps/Aeration Basin Drain Pump
- Installed fabricated flange plate on the flare stack
- Reinstallation of rebuilt motor for Dry Weather Pump #5
- Replaced magnetic pick-up unit on #2 Emergency Generator

Equipment Out of Service – Due to Planned Servicing, Maintenance, Replacement, Standby

- Aeration basin #1 & #3 (standby)
- Primary clarifier #2 (standby)
- Secondary clarifier #1 (standby)

Ignacio Transfer Pump Station

- Routine rounds, readings and preventative maintenance

Equipment Out of Service – Due to Planned Servicing, Maintenance, or Replacement

- None

Recycled Water Plant (RWP)

- Routine rounds and maintenance
- Continued to assist the contractor's needs and bring new equipment online during the upgrade to the RWP
- November 19th, topped off number one and two filters with new and screened sand
- Replaced battery & engine fan belt on portable air compressor

Equipment Out of Service – Due to Planned Servicing, Maintenance, or Replacement

- None

Sludge Lagoons (and Reclamation Area)

- Performed routine rounds and inspection

D: ENVIRONMENTAL SERVICES ACTIVITIES SUMMARY

Discharge to San Pablo Bay NPDES Permit – November 1 - 30, 2018



Public Education

Liz Falejczyk, Veolia Water Environmental Services Supervisor and Julie Hoover, Novato Sanitary District Administrative Secretary conducted an after school public awareness presentation at the Novato Public Library for the importance of not using the toilet as a trash can.

Bay Area Clean Water Agencies (BACWA)

Liz Falejczk attended the 5th of 6 training session regarding the implementation of the National Environmental Laboratory Accreditation Program standards.

Kurt Hawkyard, Veolia Water Laboratory Technician attended the 3rd of 6 training sessions.

Marin County Stormwater Pollution Prevention Program (MCSTOPPP)

Liz Falejczk attended the quarterly Community Advisory Committee for the MCSTOPPP where she serves as the wastewater advisory member.

Wildlife Pond and Reclamation Activities**Monitoring Wells**

On November 1, 2018, sampling and data collection of the Designated Land Disposal and decommissioned Ignacio Sludge Lagoons groundwater monitoring wells was conducted by Jessica Bena-Nommsen, Laboratory Technician, North Marin Water District, and Kurt Hawkyard.

Pasture Inspection

On November 6, 2018, Stephanie Larson PhD, Director of University of California Cooperative Extension, Sonoma conducted a tour and inspection of the irrigated pasturelands with Jeff Boheim, Novato Sanitary District, Field Services Manager and Liz Falejczyk. Similar to prior occasions, Dr. Larson will be issuing a findings and recommendation report which is to be included in the 2018 Triennial Irrigated Pasture Report.

Regulatory Programs**Fats, Oils, and Grease – Inspections and Sampling**

- Received support documents of Continued Compliance from 6 FSE's
- Inspected 1 FSE

Pretreatment Program – Inspection and Sampling

- Conducted an initial inspection of an industrial user to determine if a permit is required
- Conducted a permit renewal meeting with a Significant Industrial User

E: ADMINISTRATION:

- October 2018 Electronic Discharge Monitoring Report (DMR) submitted on November 30, 2018
- October 2018 Self-Monitoring Report (SMR) submitted on November 30, 2018

F: ODORS & LANDSCAPING:

- Jerome meter (H₂S) parts per million (ppm) readings performed in neighborhood
- All readings in neighborhood were 0 ppm

G: MISCELLANEOUS

- Process Control Management Plan (PCMP) meetings held weekly with the Veolia staff

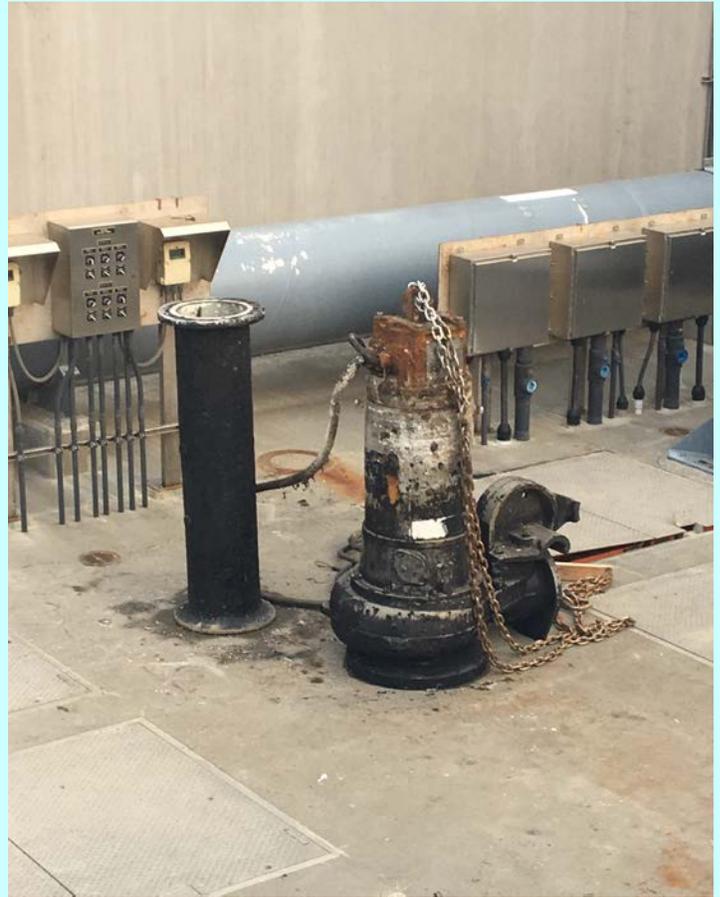
Veolia Support Staff On/Off Site (Various Times)

Ed Dix, West Region Technical Director

Art Fagerström, PE, BCEE, Technical Manager, Corporate Technical Support

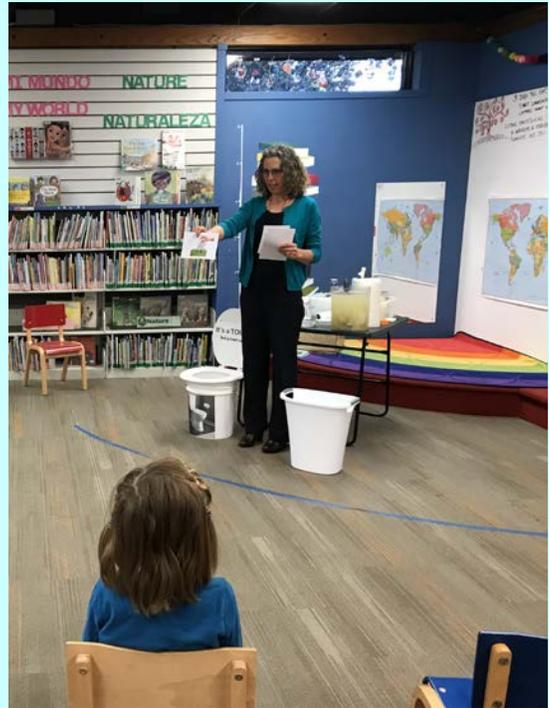
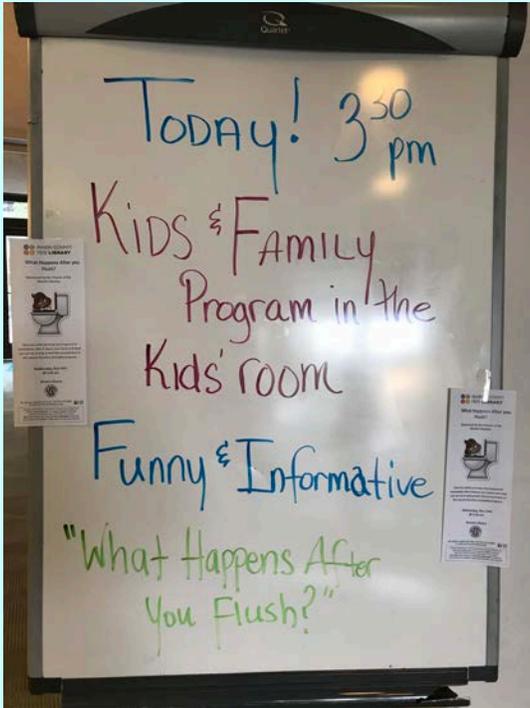
1) PHOTOS

NOVATO WASTEWATER TREATMENT PLANT
NOVEMBER 2018



Above – Annual maintenance influent wastewater pumps (Veolia Water Jeff Hendericks and Martin Yungul)

NOVATO PUBLIC LIBRARY
NOVEMBER 2018



Above – Julie Hoover and Liz Falejczk presenting to participants at the Novato Public Library – The toilet is not a trash can!

NOVATO WASTEWATER TREATMENT PLANT
NOVEMBER 2018



Above – Smoke from the recent fires in Northern California

2) *LABORATORY DATA*

Novato Sanitary District
Conventional Pollutants Report



November, 2018

Date	INFLUENT - A001			Effluent - E002								
	Flow Total	pH	Ammonia	Coliform / Bacteria			pH	Ammonia	Oil & Grease	Temp	Rainfall	
	MGD	su	mg/L	Fecal	Enterococci	Total						MPN/100 mL
11/01/18	3.46							6.9			23.4	0.00
11/02/18	3.23							6.9			23.0	0.00
11/03/18	3.38											0.00
11/04/18	3.56											0.00
11/05/18	3.42							6.9			22.7	0.00
11/06/18	3.31					2.0		6.9			22.3	0.00
11/07/18	3.77					5.2		6.9	0.16	<1.4	22.4	0.00
11/08/18	3.72					1.0		7.0			21.8	0.00
11/09/18	3.38							6.9			21.8	0.00
11/10/18	3.70											0.00
11/11/18	3.35											0.00
11/12/18	3.85							7.0			21.6	0.00
11/13/18	3.39					1.8		7.0			21.5	0.00
11/14/18	3.33					1.7		6.9			21.2	0.00
11/15/18	3.34					1.9		6.9			21.0	0.00
11/16/18	3.38	7.6						7.0			20.8	0.00
11/17/18	3.45											0.00
11/18/18	3.57											0.00
11/19/18	3.64					6.1		7.0			20.6	0.00
11/20/18	3.49					2.0		7.0			20.2	0.00
11/21/18	4.95					7.2		7.0			20.2	1.14
11/22/18	5.73							6.9			21.1	0.71
11/23/18	6.52							6.8			20.7	0.67
11/24/18	5.12											0.00
11/25/18	4.37											0.00
11/26/18	4.26	7.6				15.8		6.9			20.2	0.00
11/27/18	3.88					22.1		7.0			20.2	0.16
11/28/18	8.13							6.9			20.8	1.66
11/29/18	9.09							6.8			18.7	0.75
11/30/18	5.68							7.0			19.2	0.00
Monthly												
Minimum	3.23	7.6				1.0		6.8	0.16		18.7	0.00
Maximum	9.09	7.6				22.1		7.0	0.16	<1.4	23.4	1.66
Total	127.45											5.09
Average	4.25	7.6						6.9	0.16	<1.4	21.2	0.17
Geomean						3.17						

Novato Sanitary District
BOD/TSS Report



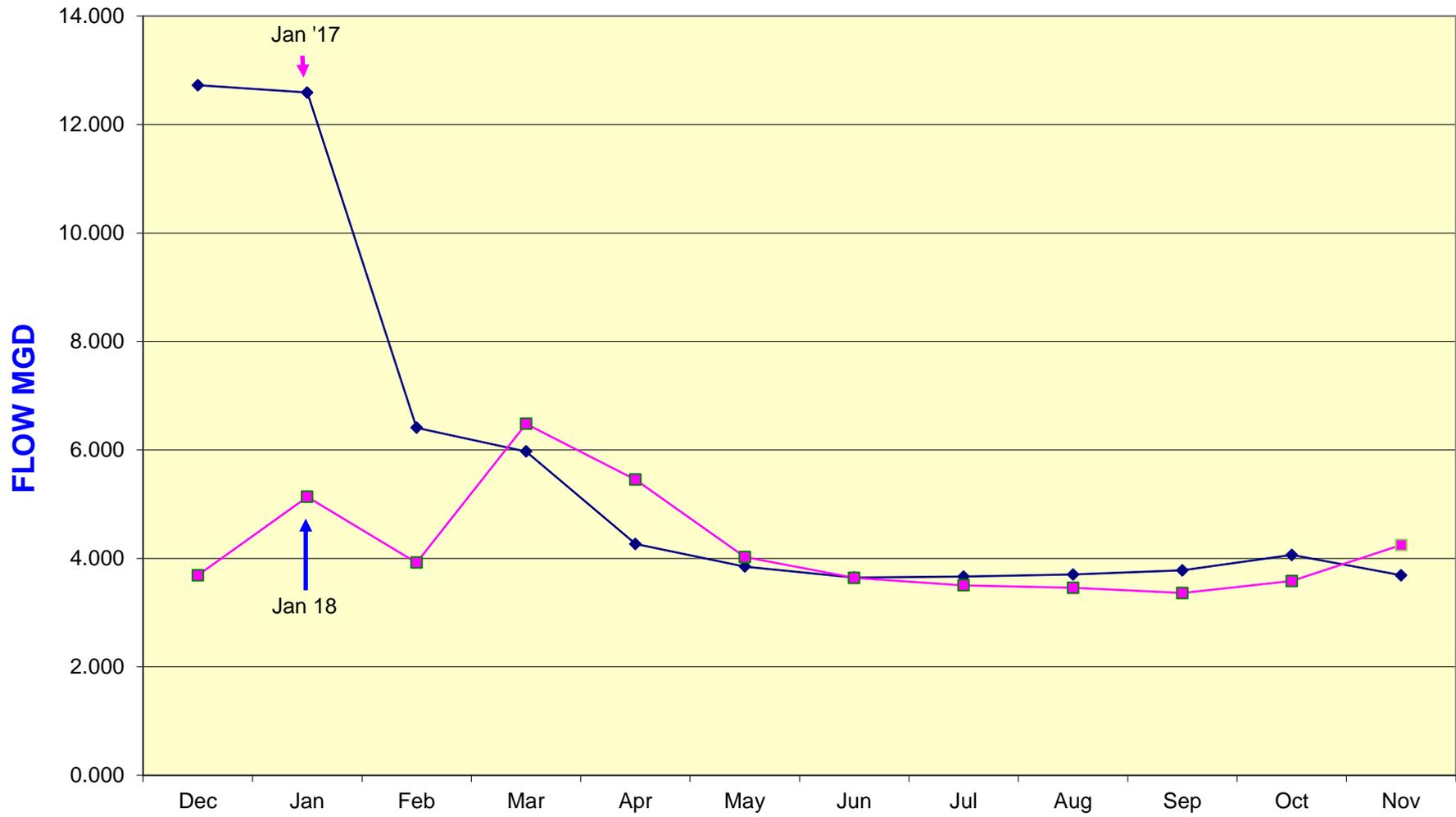
November, 2018

Date	Flow MGD	Influent				Effluent				BOD % Removal PERCENT	TSS % Removal PERCENT
		BOD		TSS		BOD		TSS			
		mg/l	lb/d	mg/l	lb/d	mg/l	lb/d	mg/l	lb/d		
11/01/18	3.46										
11/02/18	3.23										
11/03/18	3.38										
11/04/18	3.56										
11/05/18	3.42										
11/06/18	3.31	310		296		6		4		98.1	98.6
11/07/18	3.77					<5		<3			
11/08/18	3.72										
11/09/18	3.38										
11/10/18	3.70										
11/11/18	3.35										
11/12/18	3.85										
11/13/18	3.39										
11/14/18	3.33	300		307		6		6			98.0
11/15/18	3.34										
11/16/18	3.38										
11/17/18	3.45										
11/18/18	3.57										
11/19/18	3.64										
11/20/18	3.49			366				5			98.6
11/21/18	4.95										
11/22/18	5.73										
11/23/18	6.52										
11/24/18	5.12										
11/25/18	4.37										
11/26/18	4.26										
11/27/18	3.88										
11/28/18	8.13										
11/29/18	9.09			264				8			
11/30/18	5.68										
Weekly Averages											
11/03/18	Week 1	300		382	10,641	5		3	70		
11/10/18	Week 2	310		296		6		4			
11/17/18	Week 3	300		307		6		6			
11/24/18	Week 4			366				5			
	Week 5										
Monthly											
Minimum	3.23	300		264		<5		<3		98	98
Maximum	9.09	310		366		6		8		98	99
Total	127.45										
Average	4.25	305		308		<6		<5		98	98

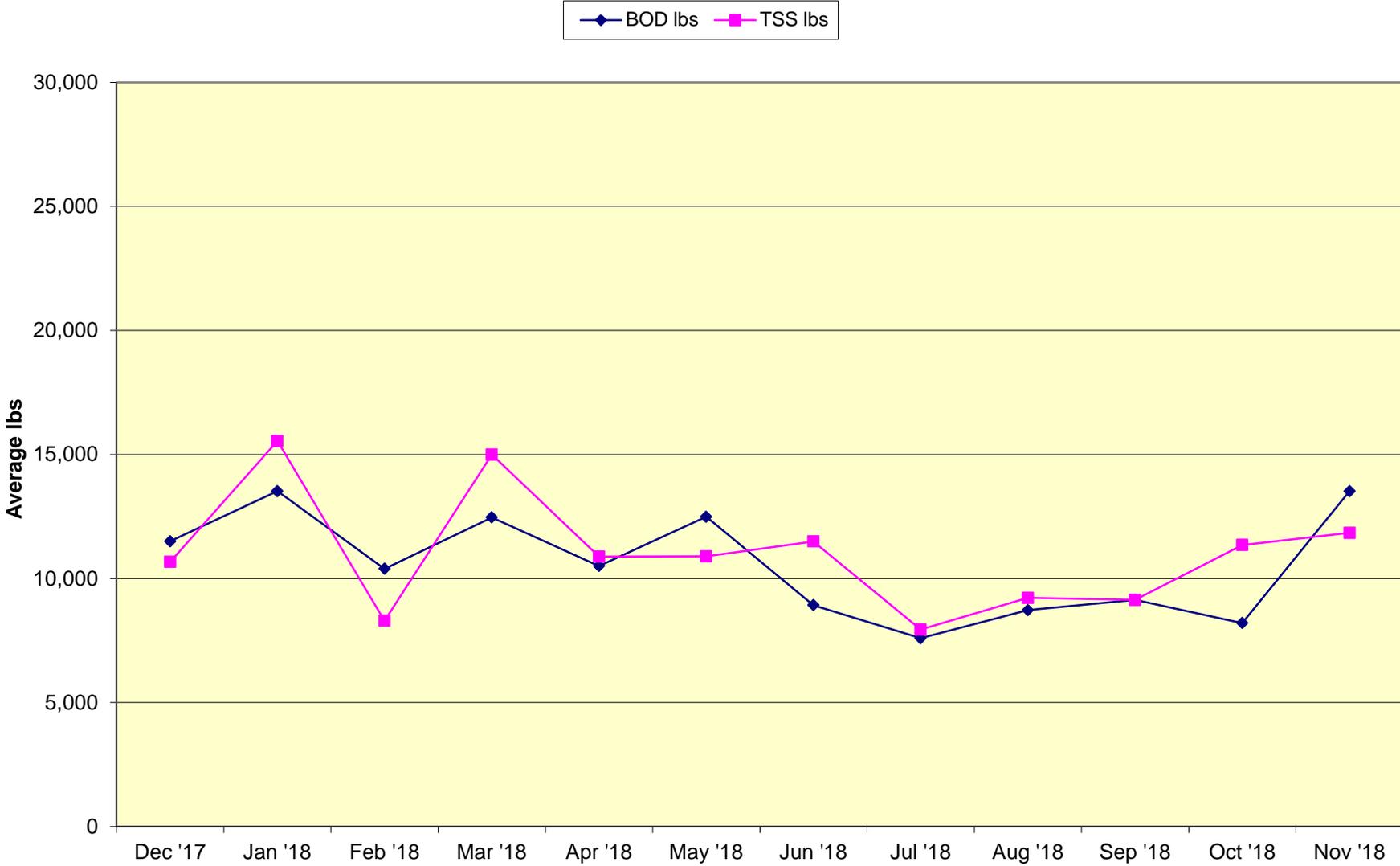
3) *RECYCLED WATER REPORT*

4) ANNUAL PERFORMANCE SUMMARY – GRAPHS

WASTEWATER INFLUENT FLOW COMPARISON

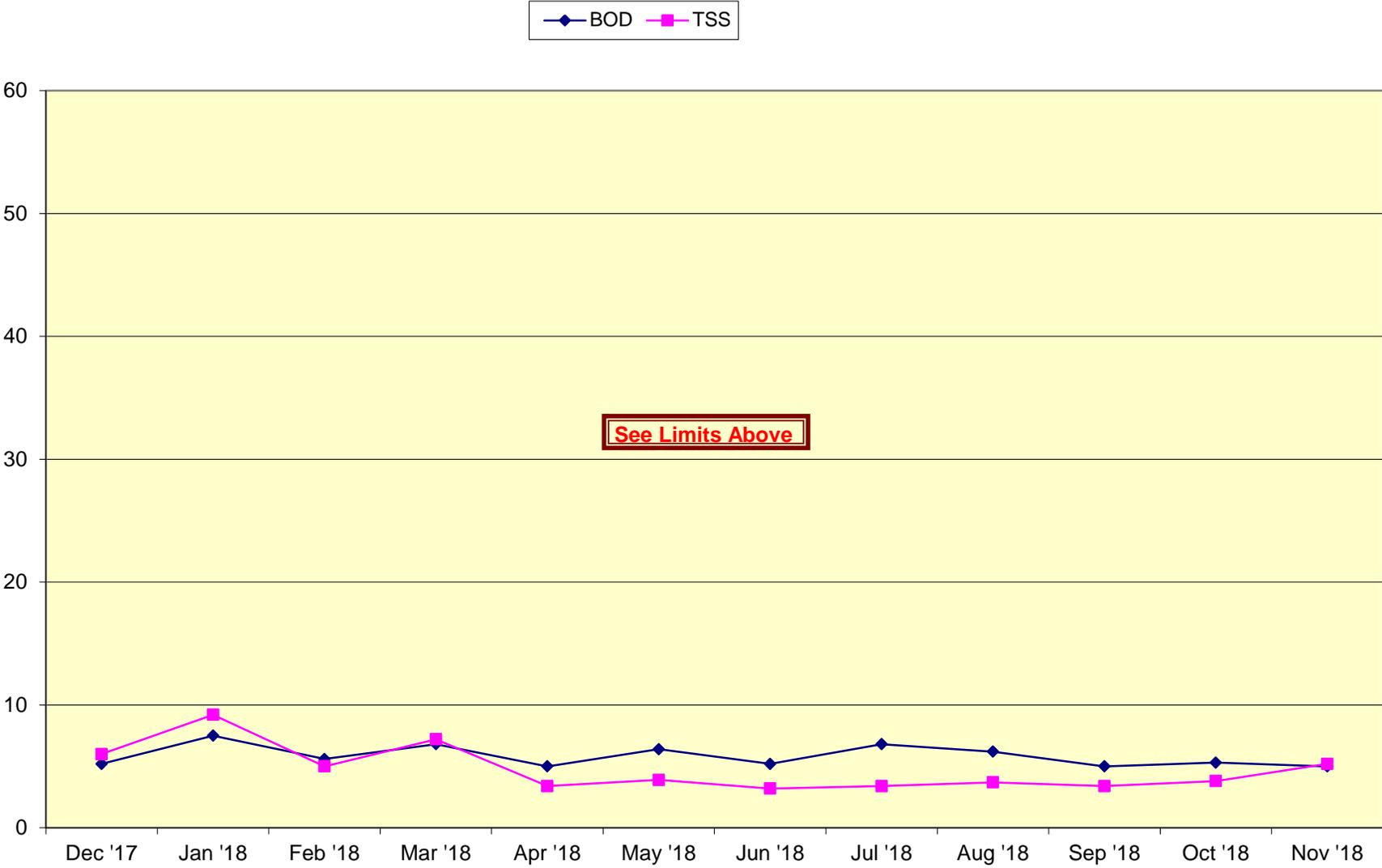


Influent Load BOD / TSS lbs



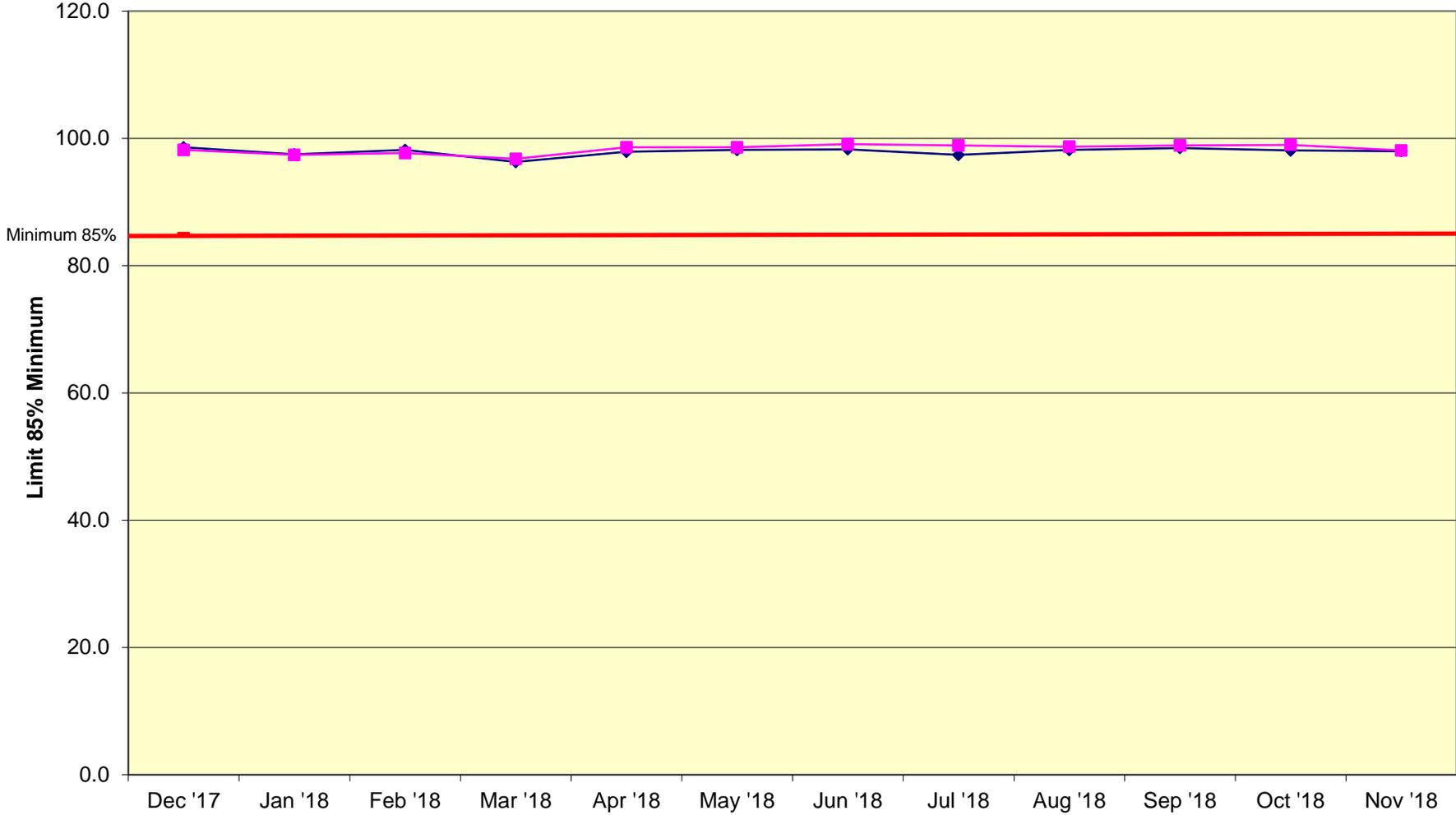
Effluent BOD / TSS Concentration

NPDES LIMITS WET SEASON
BOD & TSS - 30 mg/L Monthly Ave, 45 mg/L Weekly Ave

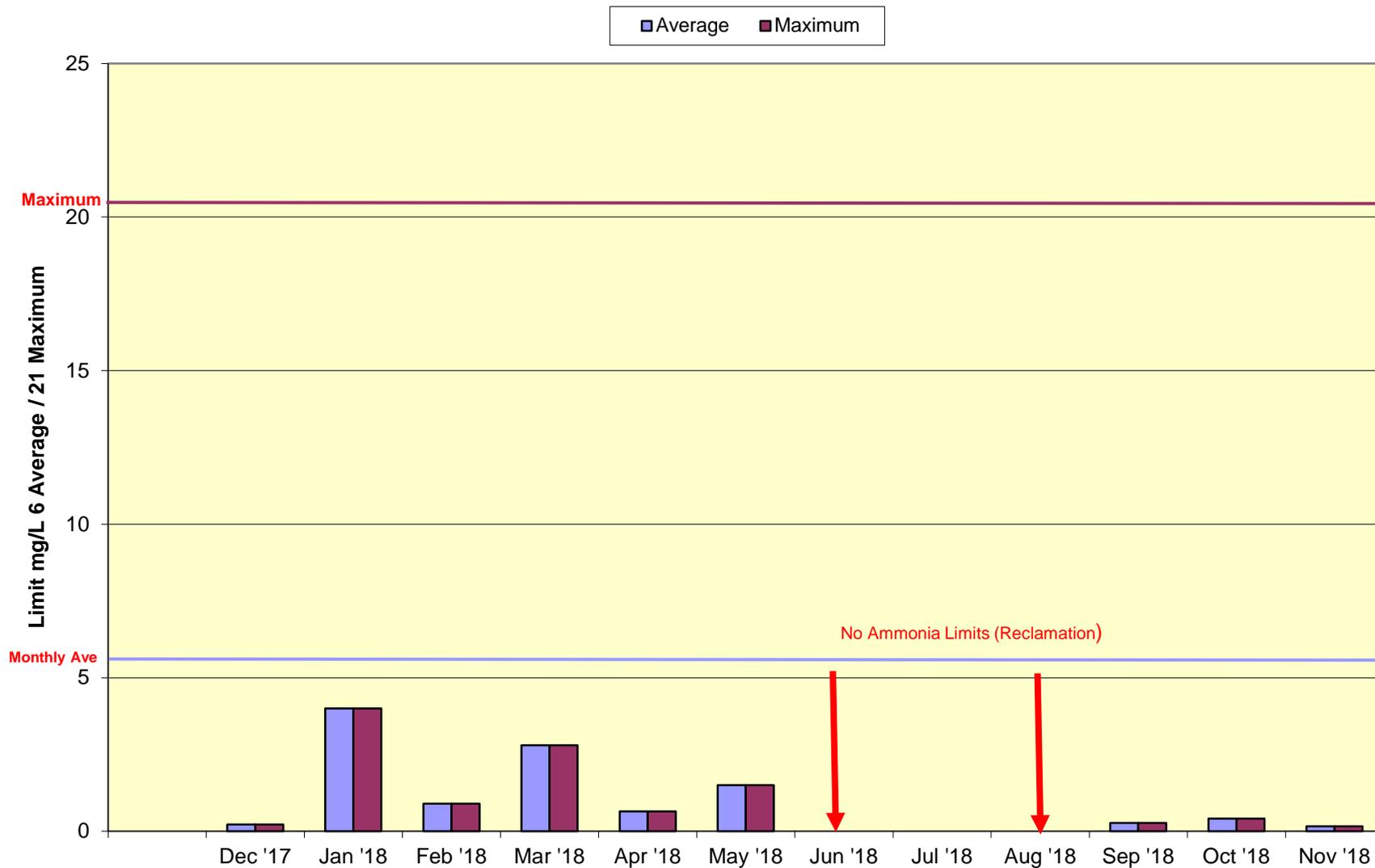


BOD / TSS Percent Removal

◆ BOD ■ TSS

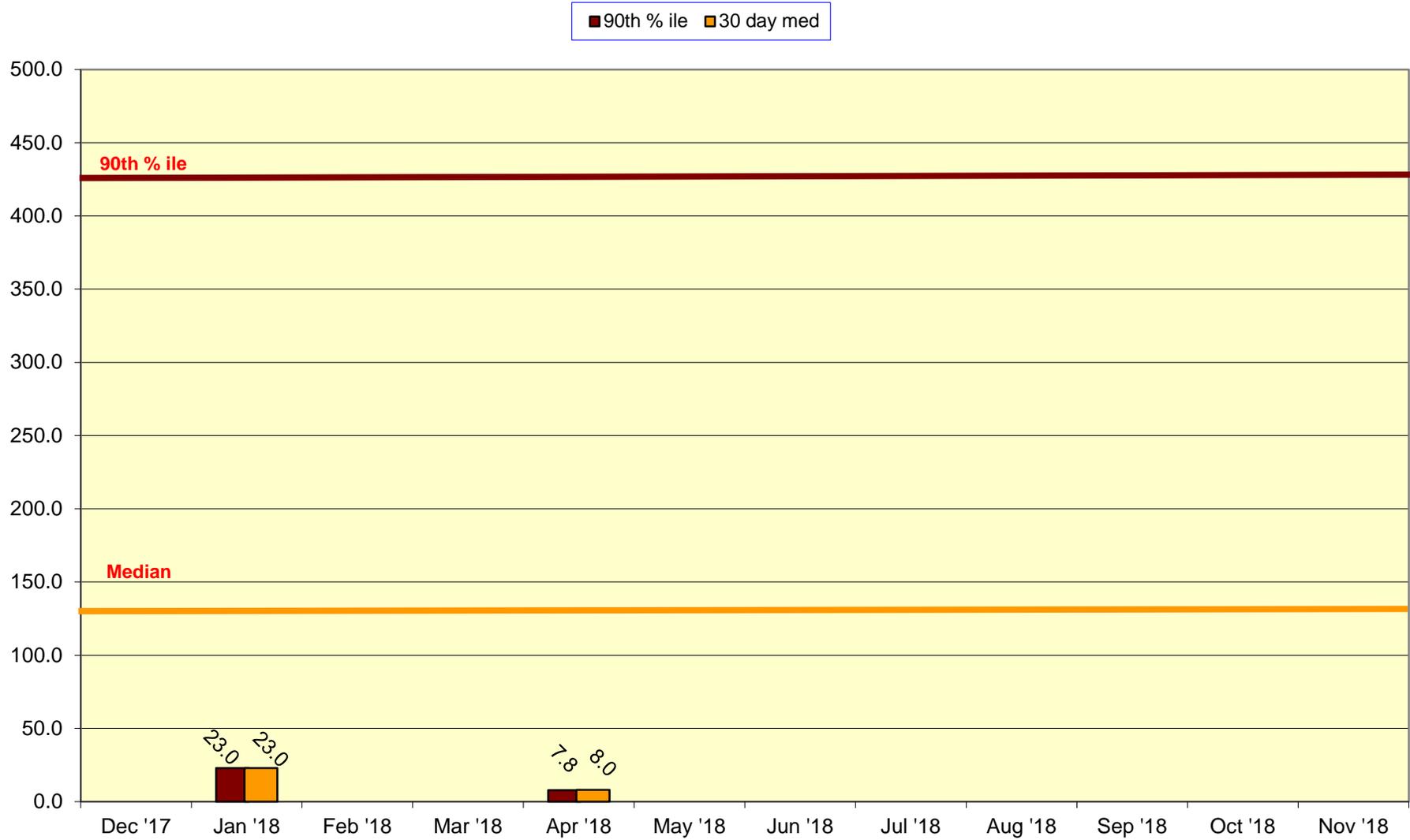


Effluent Ammonia



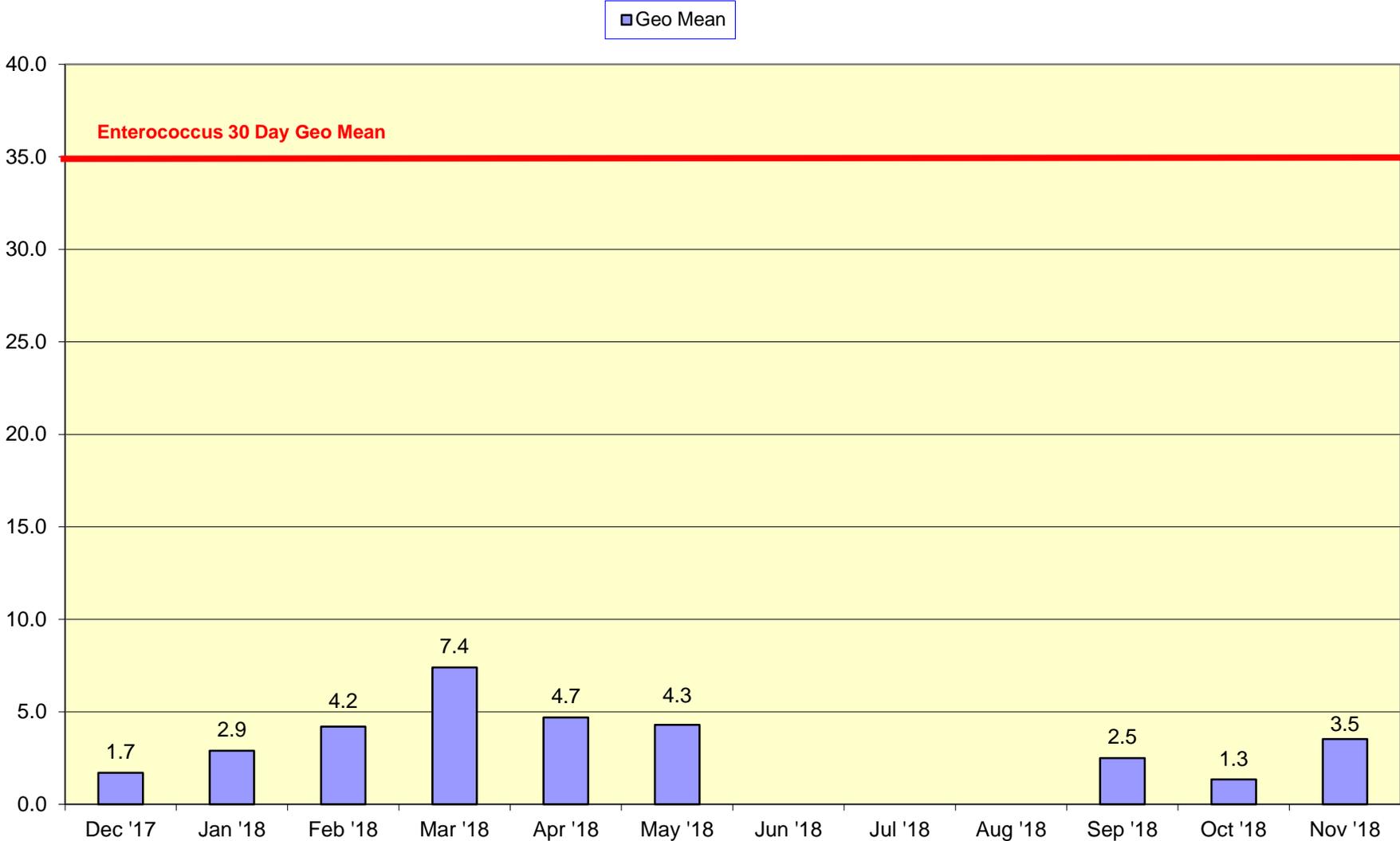
Disinfection - Fecal Coliform

LIMITS - NPDES
 Fecal 140 mpn monthly median
 Fecal 430 mpn 90th percentile 30 day



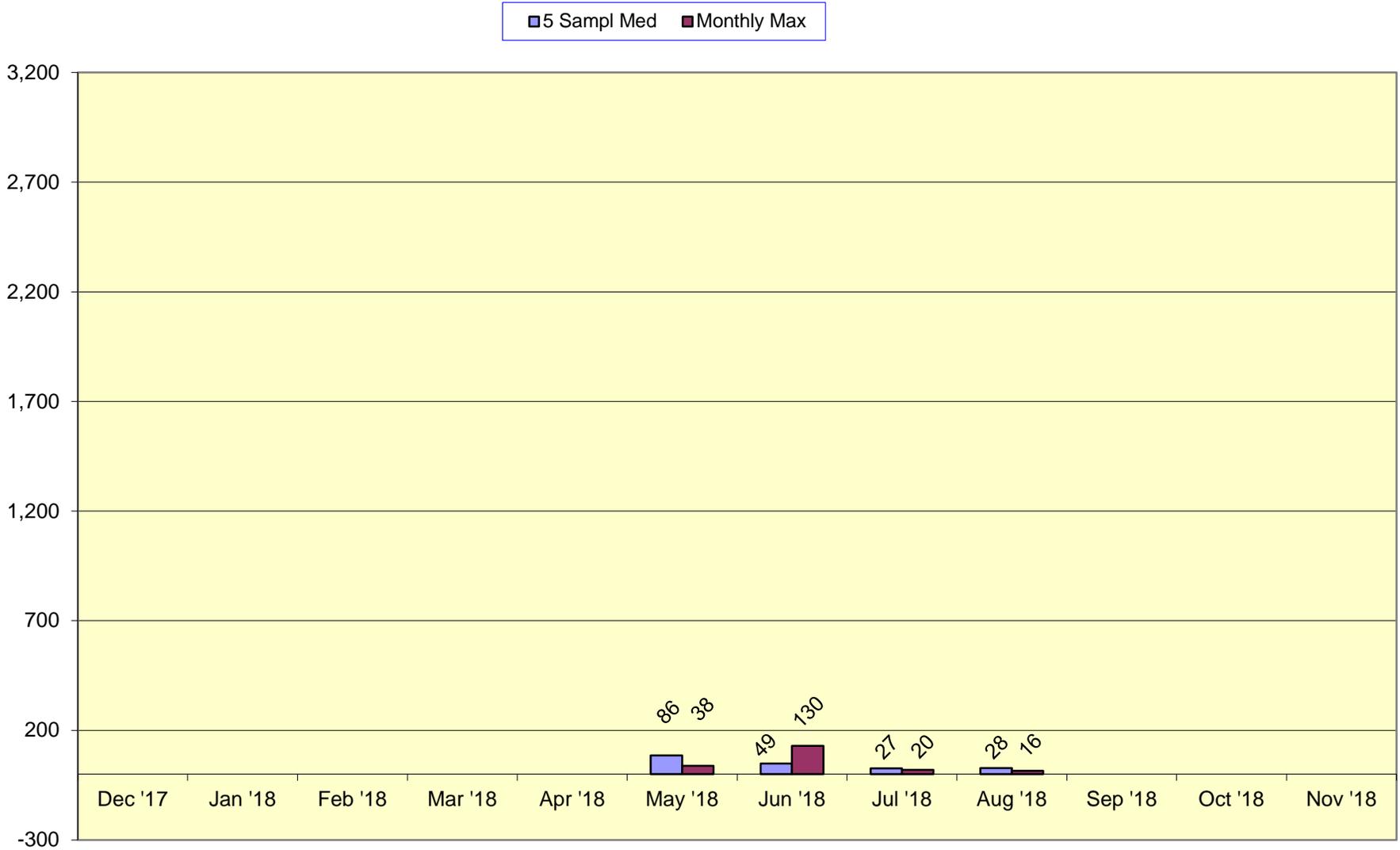
Disinfection - Enterococcus

LIMITS - NPDES
Enterococcus 30 day geo mean 35 mpn /100ml

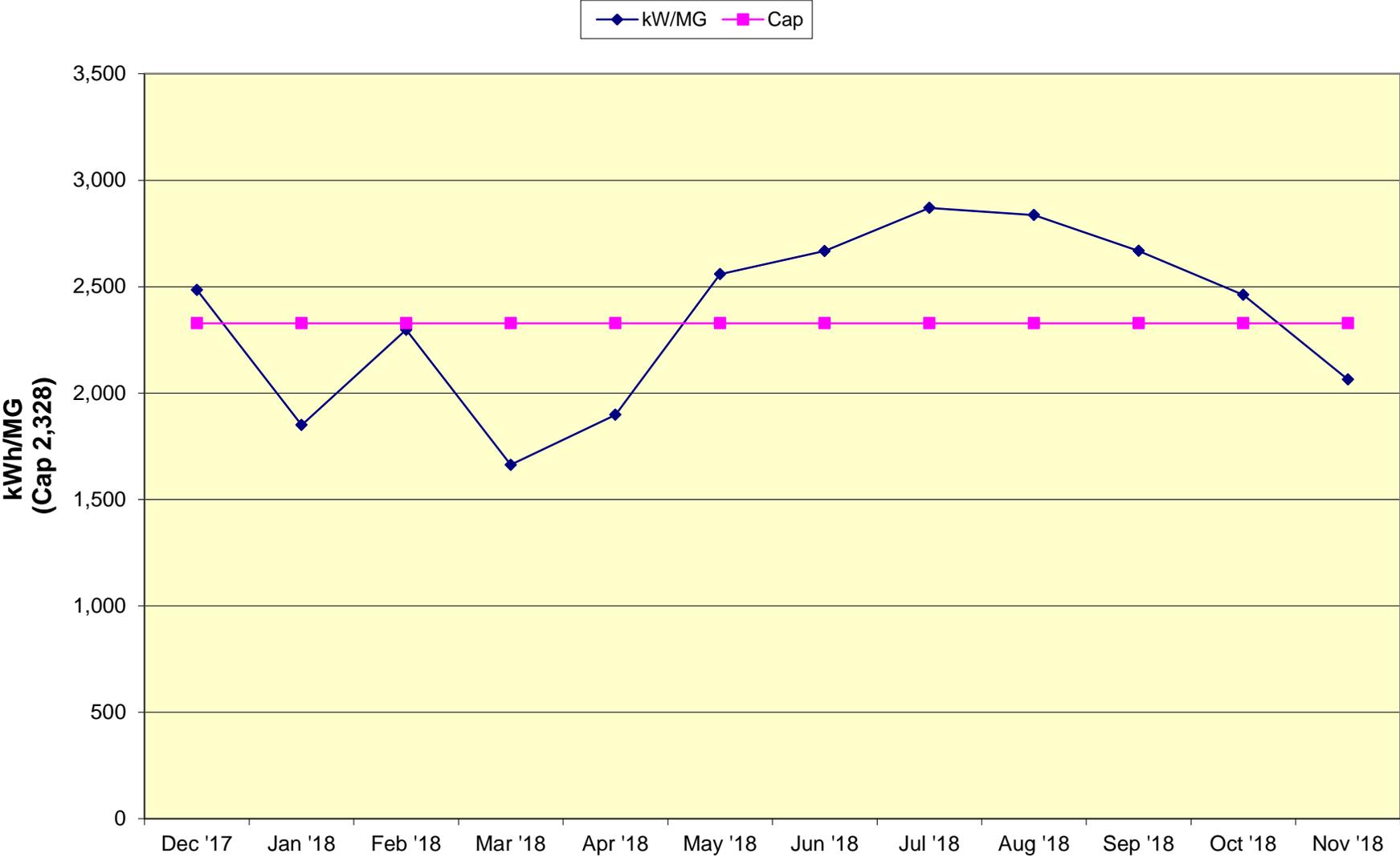


Disinfection - Total Coliform

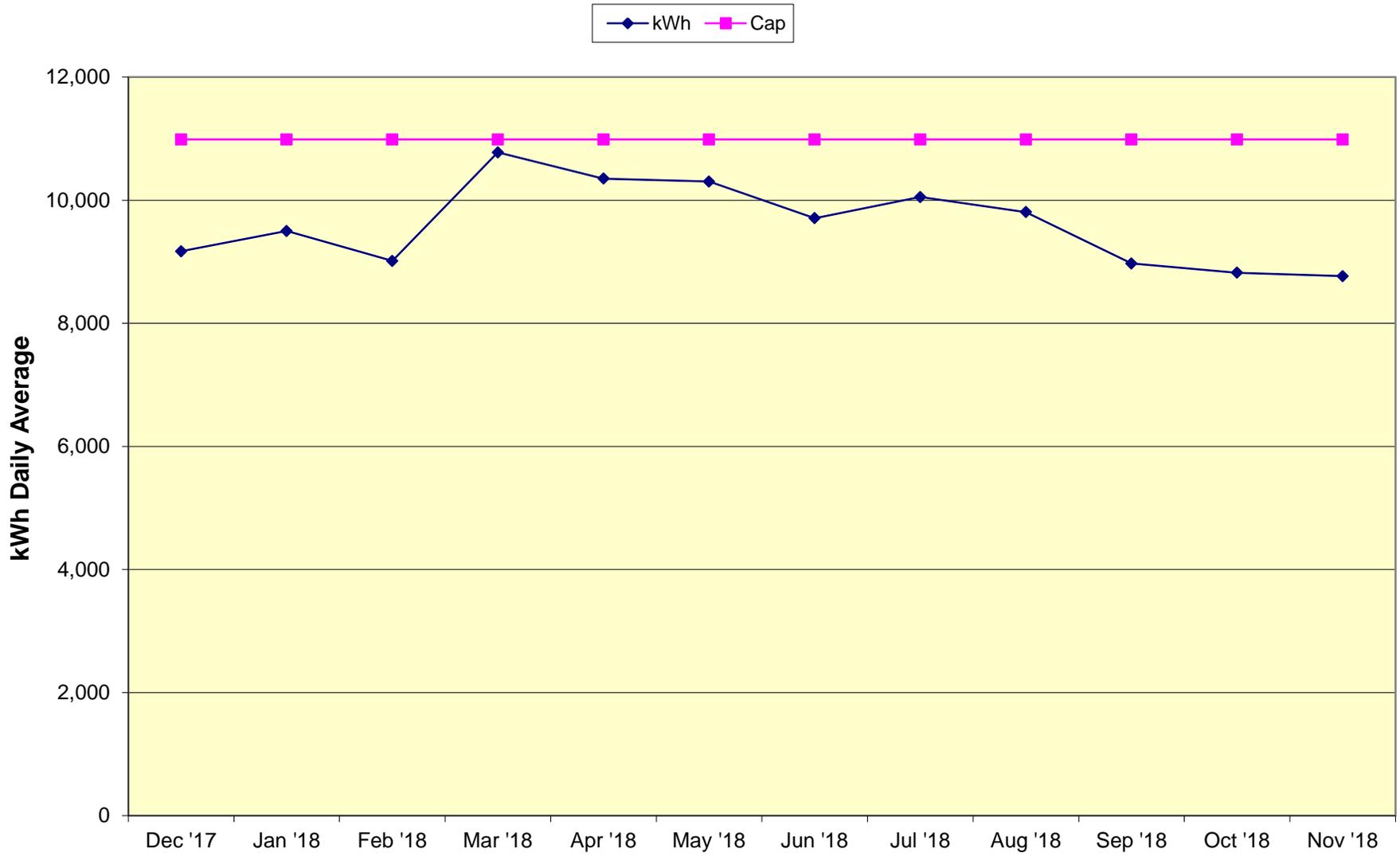
TOTAL COLIFORM LIMITS - WDR
5 Sample Median - 240 mpn /100 ml
Maximum - 10,000 mpn/100 ml



Energy kWh/MG

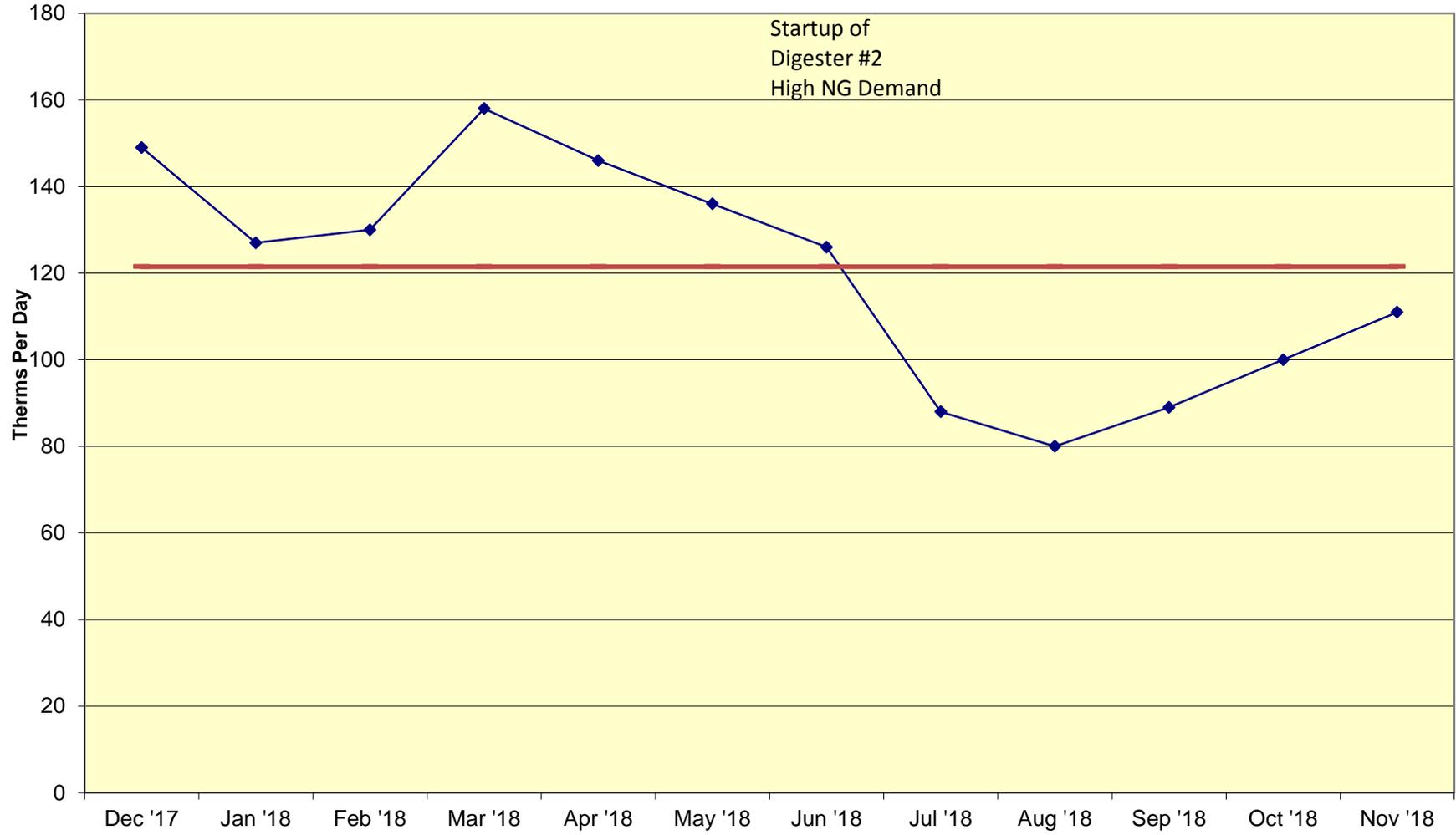


Energy kWh



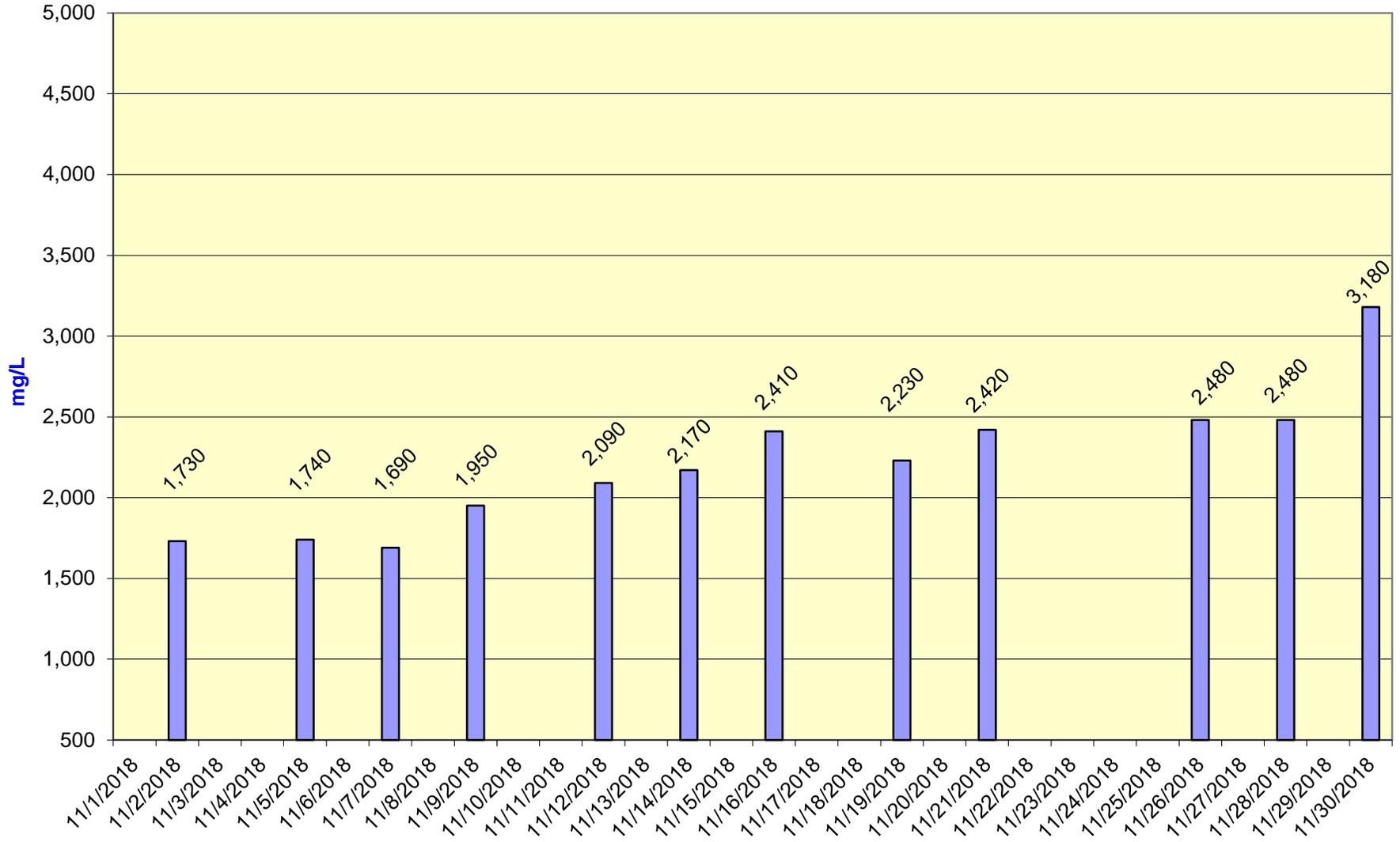
Natural Gas Use

◆ Natural Gas — Cap

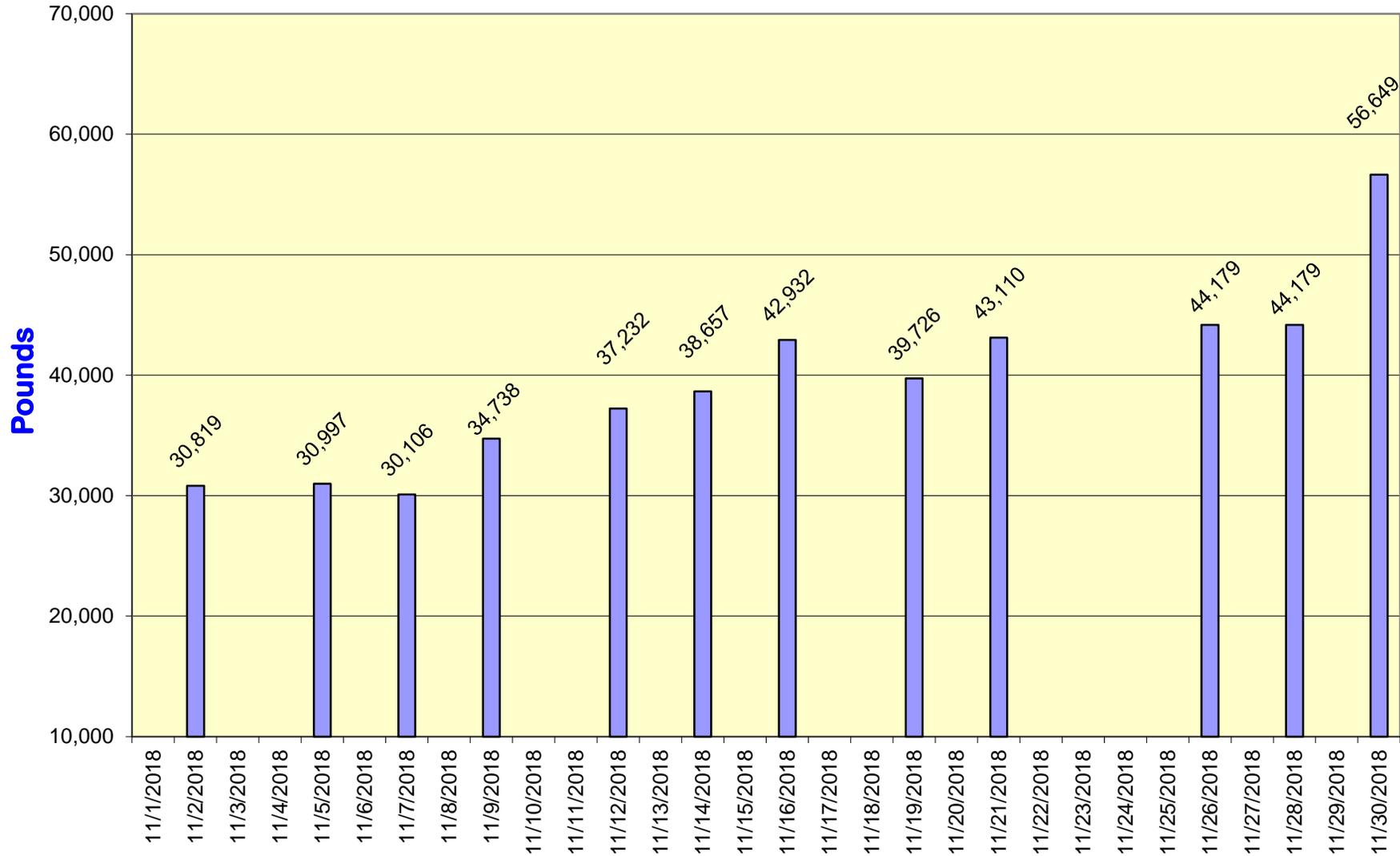


5) PROCESS CONTROL DATA / GRAPHS

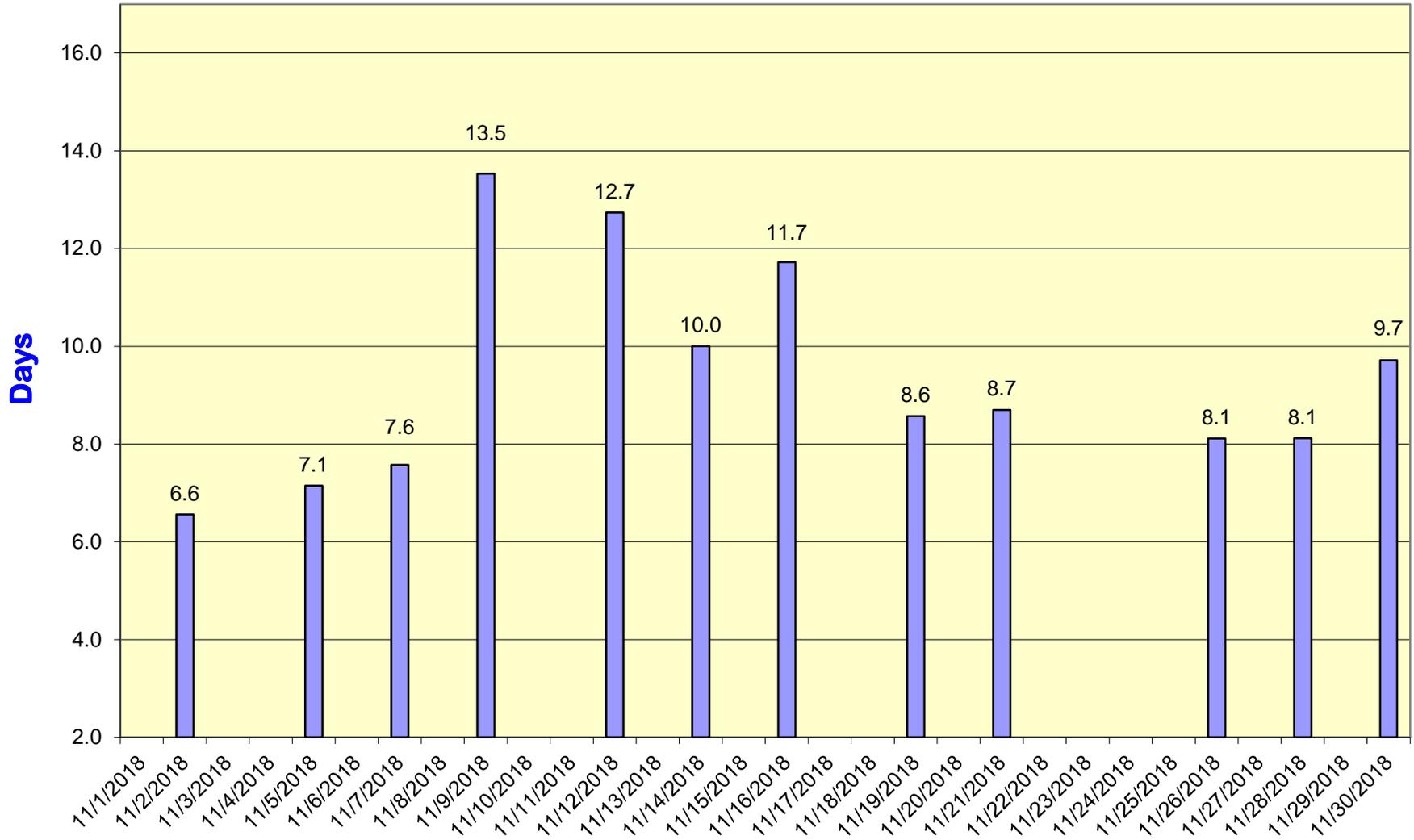
MLSS Concentration



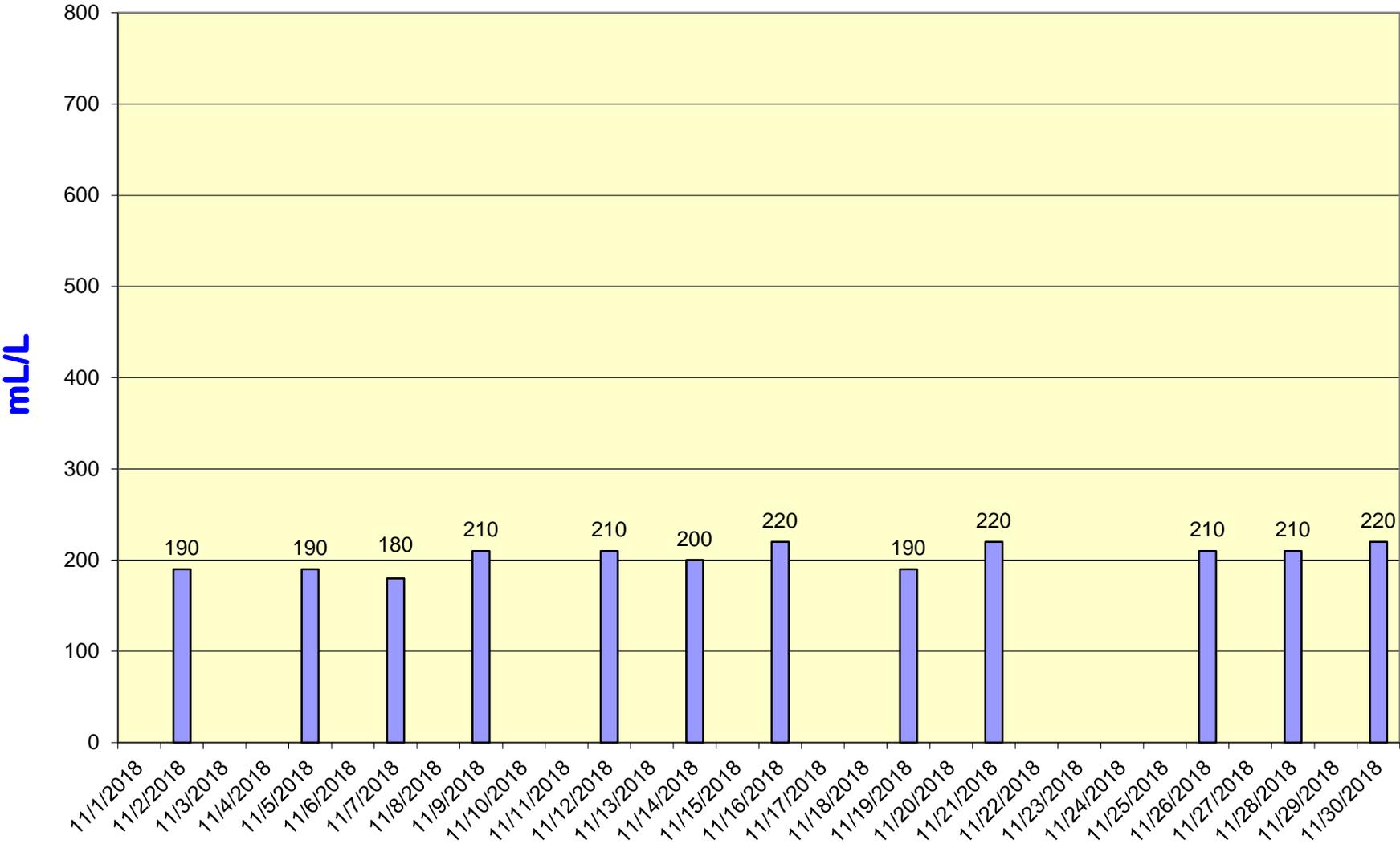
MLSS Inventory



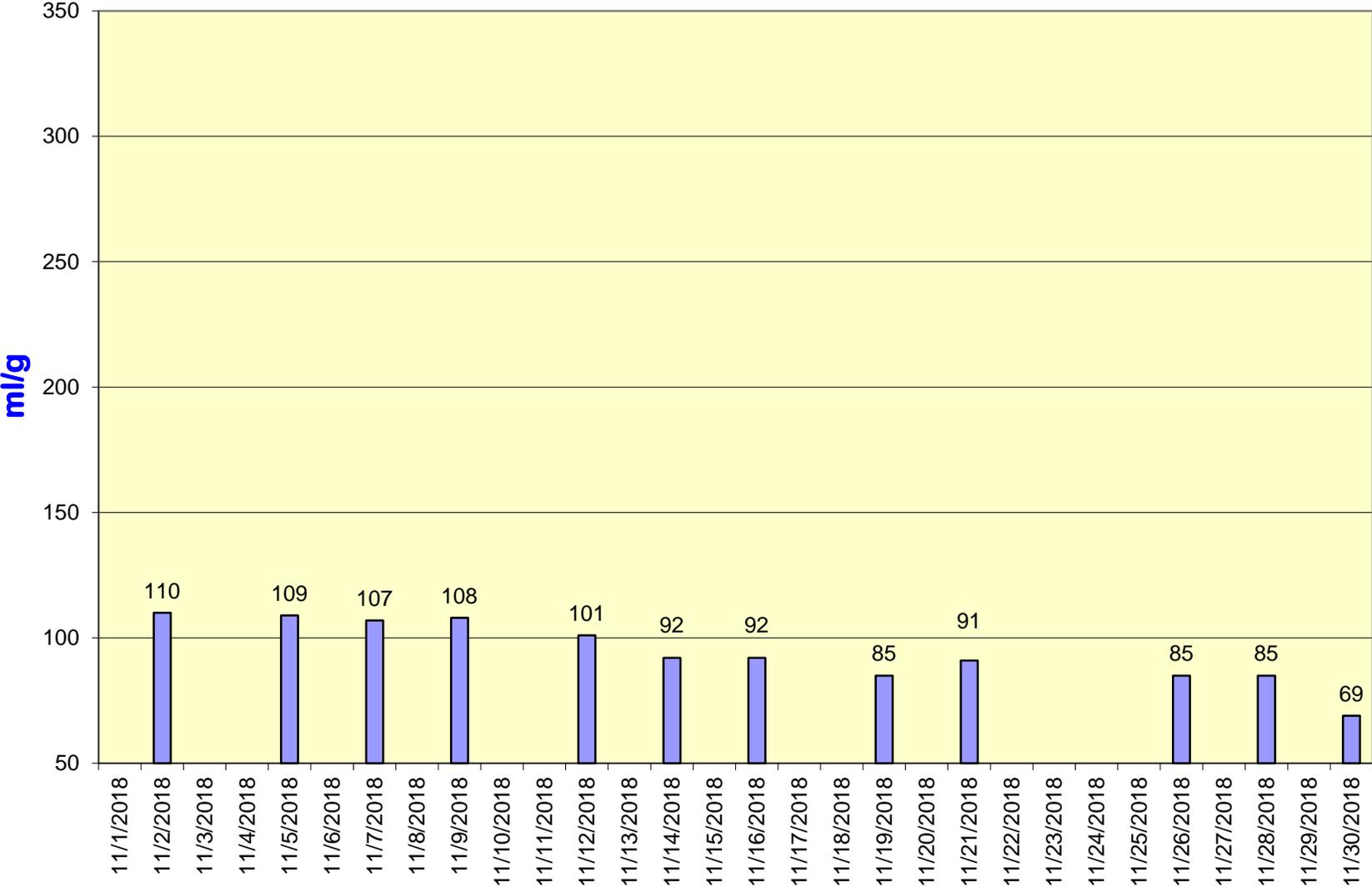
Mean Cell Residence Time



Settleability



Sludge Volume Index

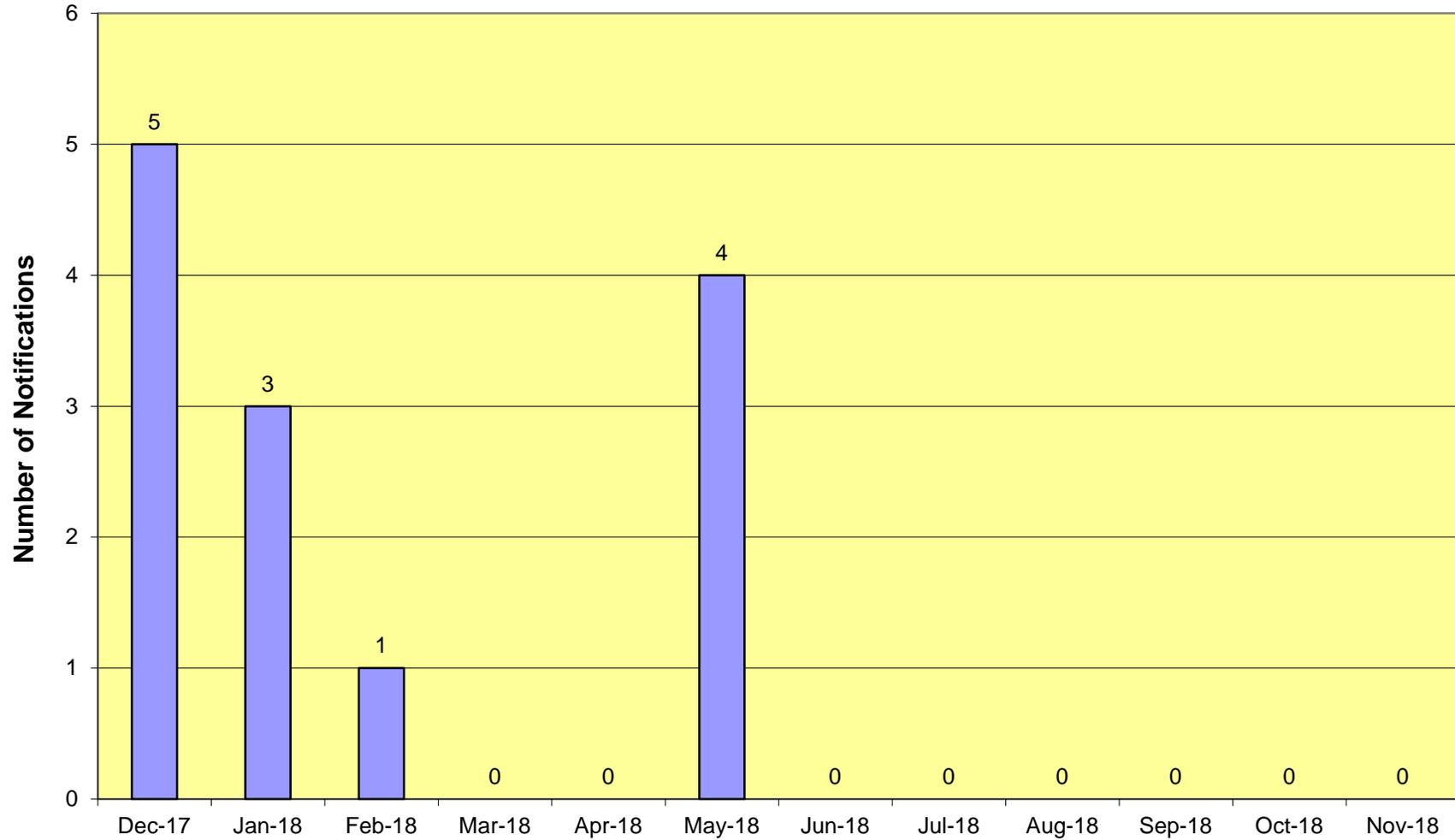


Process Control Data

	Influent Flow	Settleability	MLSS Concentration	MLSS Inventory	MCRT	SVI
11/1/2018	3.46					
11/2/2018	3.23	190	1,730	30,819	6.6	110
11/3/2018	3.38					
11/4/2018	3.56					
11/5/2018	3.42	190	1,740	30,997	7.1	109
11/6/2018	3.31					
11/7/2018	3.77	180	1,690	30,106	7.6	107
11/8/2018	3.72					
11/9/2018	3.38	210	1,950	34,738	13.5	108
11/10/2018	3.70					
11/11/2018	3.35					
11/12/2018	3.85	210	2,090	37,232	12.7	101
11/13/2018	3.39					
11/14/2018	3.33	200	2,170	38,657	10.0	92
11/15/2018	3.34					
11/16/2018	3.38	220	2,410	42,932	11.7	92
11/17/2018	3.45					
11/18/2018	3.57					
11/19/2018	3.64	190	2,230	39,726	8.6	85
11/20/2018	3.49					
11/21/2018	4.95	220	2,420	43,110	8.7	91
11/22/2018	5.73					
11/23/2018	6.52					
11/24/2018	5.12					
11/25/2018	4.37					
11/26/2018	4.26	210	2,480	44,179	8.1	85
11/27/2018	3.88					
11/28/2018	8.13	210	2,480	44,179	8.1	85
11/29/2018	9.09					
11/30/2018	5.68	220	3,180	56,649	9.7	69
Minimum	3.23	180	1,690	30,106	6.6	69
Maximum	9.09	220	3,180	56,649	13.5	110
Total	127.45					
Average	4.25	204	2,214	39,444	9.4	95

6) NEIGHBORHOOD CONTACTS

Neighborhood Contacts Received

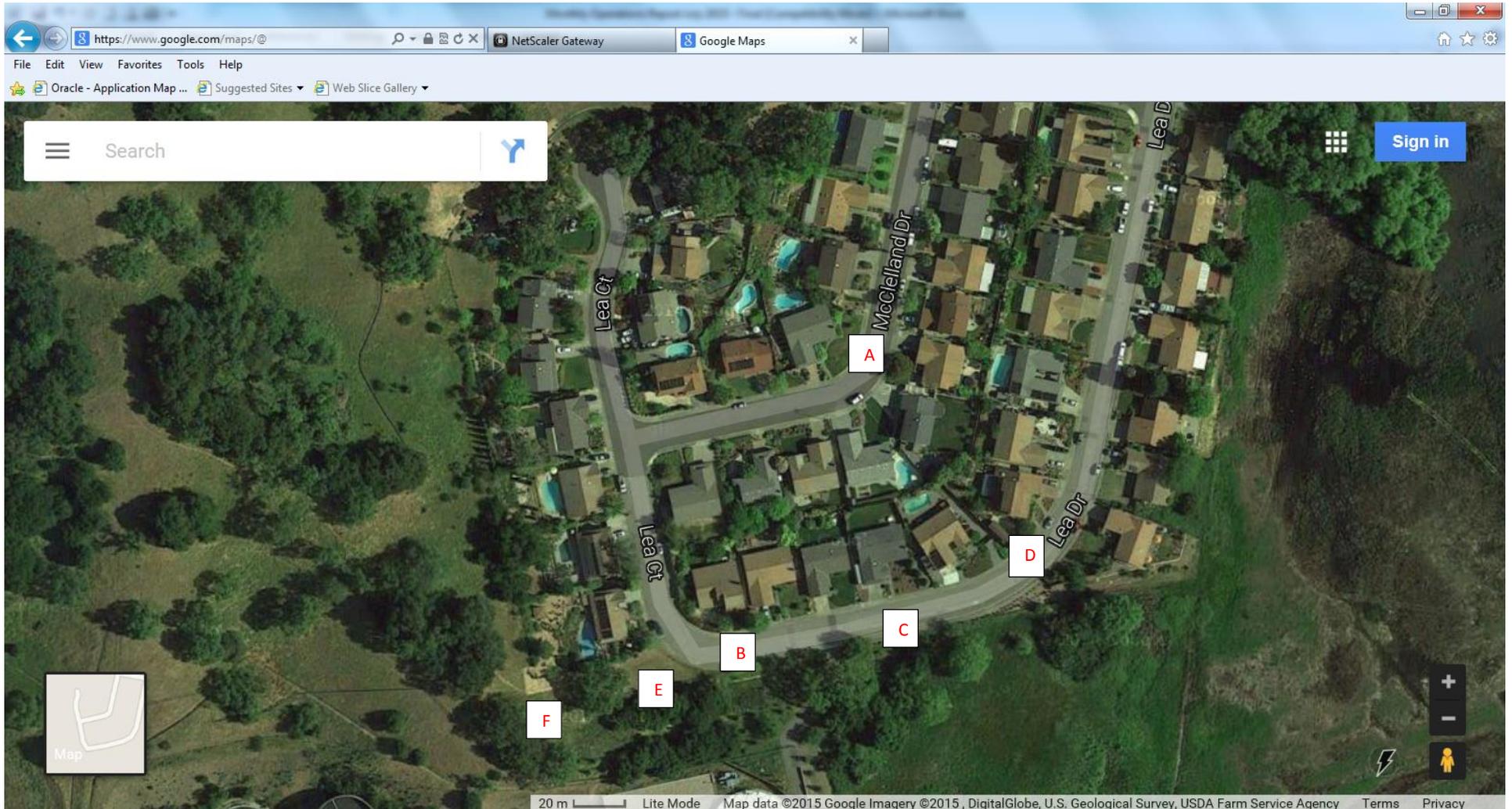


7) JEROME METER READINGS & LOCATIONS

JEROME METER READINGS - NOVEMBER 2018

Sample Location	Min	Max	Ave	NOTES / COMMENTS
A: McLelland	0.000	0.003	0.0014	Neighborhood
B: Lea 1	0.000	0.002	0.0008	Neighborhood
C: Lea 2	0.000	0.002	0.0006	Neighborhood
D: Lea 3	0.000	0.002	0.0006	Neighborhood
E: Lea 4	0.000	0.000	0.0000	Neighborhood
F: Lea 5	0.000	0.000	0.0000	Neighborhood

NEIGHBORHOOD JEROME METER LOCATIONS – LEA AND McCLELLAND



NOVATO SANITARY DISTRICT
Wastewater Operations - Reclamation Facilities Report
November 2018

1.0 Summary:

1.1 During November 2018:

- Plant effluent was discharged to the bay.
- All cattle were removed from the District Reclamation area pastures as of 11/30/2018.
- Dr. Stephanie Larson from UC Davis Extension completed phase 2 of her pasture evaluation.

2.0 Ranch Operations:

2.1 Cattle were gradually being removed from the reclamation pastures until the last cattle left on November 30, 2018.

2.2 Drainage Pump Stations No. 3 and 7 pumped approximately 6.8 MG and 10.3 MG, respectively this month.

3.0 Irrigation Parcels:

3.1 No irrigation of any parcels occurred in November 2018.

3.2 Two samples of electric operators were evaluated as replacements for the original electric actuators that automatically control irrigation flow.

4.0 Irrigation Pump Station:

4.1 The Wildlife Pond circulation pump continued to circulate water in the wildlife pond. The wildlife pond level is being maintained at 6 feet with the telescoping valve.

4.2 Storage pond Nos. 1 and 2 levels were at approximately 2.5 feet at the beginning of October, and approximately 2.6 feet on November 30, 2018.



**Figure 1 Storage Pond 1 on
Nov. 1, 2018**

5.0 Biosolids (sludge) Handling & Disposal:

5.1 No biosolids handling or disposal was performed in November 2018.

NOVATO SANITARY DISTRICT														
Reclamation Facility - Monthly Statistics for Calendar Year 2018, as of Nov. 30, 2018														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year to Date	Annualized Monthly Average
Irrigation Pump Station														
Plant flow to ponds (MG)	--	--	--	--	63.5	86.8	80.6	78.2	0	0	0	--	309.1	25.76
Irrigation (MG)	--	--	--	--	7.3	29.34	125.9	53.4	27.7	0	0	--	243.6	20.30
Irrigation Pump 1 Hours	--	--	--	--	11.6	36.8	103	82.2	48.7	0	0	--	282.3	23.53
Irrigation Pump 2 Hours	--	--	--	--	12.8	33.9	195.6	93.4	48.4	0	0	--	384.1	32.01
Irrigation Pump 3 Hours	--	--	--	--	1.3	36.9	194.2	83.9	45.7	0	0	--	362.0	30.17
Washdown Water Pump Hours	--	--	--	--	--	--	--	--	--	--	--	--	-	0.00
Wildlife Feed Pump Hours	0	0	0	688	744	720	744	744	720	504	720	--	5,584.0	465.33
Water Circulated through Wildlife Pond (MG)	--	--	--	43.3	46.9	45.4	46.9	46.9	45.4	31.8	45.4	--	351.8	29.32
Strainer No. 1 Hours	0	0	0	0	0	11.1	61.7	32.6	17.4	0	0	--	122.8	10.23
Strainer No. 2 Hours	0	0	0	0	0	11.3	62	33	17.6	0	0	--	123.9	10.33
Pond 1 Gauge @ Beginning of Month (feet)	2.5	3.2	3	3.5	3.2	6	7.9	4.5	4.6	2.5	2.5	--	--	--
Pond 1 Gauge @ End of Month (feet)	3.2	3	3.5	3.2	6	7.9	4.5	4.6	2.5	2.5	2.6	--	--	--
Pond 1 Gallons Stored @ End of Month(MG)	22	20	24	22	45	59	32	33	16	16	16	--	--	--
Pond 2 Gauge @ Beginning of Month (feet)	2.5	3.2	3	3.5	3.2	6	7.9	4.5	4.6	2.5	2.5	--	--	--
Pond 2 Gauge @ End of Month (feet)	3.2	3	3.5	3.2	6	7.9	4.5	4.6	2.5	2.5	2.6	--	--	--
Pond 2 Gallons Stored @ End of Month(MG)	27	25	31	27	57	76	41	42	20	20	20	--	--	--
Total Irrigation Water Stored (MG)	49	45	55	49	102	135	73	75	36	36	36	--	--	--
Drainage Pump Station No. 3														
Drainage Pump No. 1 Hours	0	0	0.1	0	0	0	0	0	0	4	0	--	4.1	--
Drainage Pump No. 2 Hours	11.1	5.8	83.9	297.8	6.6	0	0	0	0	0	22.7	--	427.9	--
Drainage Pump No. 3 Hours	31.9	0	0	18.6	0	0	0	0	23.1	8	0	--	81.6	--
Total Gallons Stormwater Pumped (MG)	12.9	1.74	25.2	94.92	1.98	NA	NA	0	6.93	3.6	6.81	--	154.08	19.26
Drainage Pump Station No. 7														
Drainage Pump No. 1 Hours	14.8	0	0.3	27.1	2	0	0	0	1.6	1.5	22.7	--	70	--
Drainage Pump No. 2 Hours	0	0	69.5	10.1	0	0	0	0	1.7	0.9	0.2	--	82.4	--
Drainage Pump No. 3 Hours	10.7	11.7	20.8	0	0	0	0	0	0.6	2.4	0	--	46.2	--
Total Gallons Stormwater Pumped (MG)	11.48	5.27	40.77	16.74	0.90	NA	NA	0.00	1.76	2.16	10.31	--	89.37	11.17

**NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY**

<p>TITLE: Collection System Improvements, Account No. 72706: Birdie Drive Sewer Project, Notice of Completion (NoC)</p>	<p>MEETING DATE: December 10, 2018</p> <p>AGENDA ITEM NO.: 11.a.</p>
<p>RECOMMENDED ACTION: Grant Final Acceptance of the Project and authorize staff to file the Notice of Completion.</p>	
<p>SUMMARY AND DISCUSSION:</p> <p>On July 9th, 2018, the District's Board of Directors awarded the Contract for the Birdie Drive Sewer Project to Team Ghilotti (Contractor) for a low bid amount of \$386,603.00. The Notice to Proceed was issued on August 27, 2018 and work achieved substantial completion about October 19, 2018.</p> <p>At this time, the Contractor has completed the contract work and the project is ready for final acceptance. The final cost of the project is \$346,587.65 or \$40,015.35 (10.4%) below the bid amount.</p> <p>It is recommended that final acceptance be granted and staff be authorized to file the Notice of Completion (NoC).</p>	
<p>STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.</p>	
<p>DEPT. MGR.: EB</p>	<p>GENERAL MANAGER: SSK</p>

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Admin Building Upgrades/Maintenance Building; Project 73003, Maintenance Building Phase 3 - Modular Building Project	MEETING DATE: December 10, 2018 AGENDA ITEM NO.: 11.b.								
RECOMMENDED ACTION: Review quotes received for the Maintenance Building Phase 3- Modular Building Project and authorize the General Manager-Chief Engineer to authorize the purchase of a Modular Building from Design Space Modular Buildings, Inc. for \$256,388.74									
SUMMARY AND DISCUSSION: <p>At its November 13, 2017 regularly scheduled meeting, the Board of Directors authorized the General Manager-Chief Engineer to accept the plans and specifications for the Maintenance Building Phase 3 - Modular Building Project, and advertise for bids. On December 19, 2017, two (2) bids were received. The bids were significantly higher than the project budget amount and the Board of Directors subsequently rejected all bids at the January 8, 2018 regularly scheduled meeting.</p> <p>In October 2018, District Staff requested quotes from 5 modular building suppliers for a 36' x 60' modular building.</p> <p>Four quotes were received in November 2018 as follows:</p> <table style="margin-left: 40px; border: none;"> <tr> <td style="padding-right: 20px;">1. Design Space Modular Buildings, Inc.:</td> <td>\$256,388.74</td> </tr> <tr> <td>2. Performance Modular, Inc.:</td> <td>\$267,264.60</td> </tr> <tr> <td>3. Pacific Mobile Structures, Inc.:</td> <td>\$271,136.38</td> </tr> <tr> <td>4. Williams Scotsman, Inc.:</td> <td>\$311,356.11</td> </tr> </table> <p>It is recommended that the Board authorize the General Manager-Chief Engineer to purchase a modular building from Design Space Modular Buildings, Inc. for \$256,388.74.</p>		1. Design Space Modular Buildings, Inc.:	\$256,388.74	2. Performance Modular, Inc.:	\$267,264.60	3. Pacific Mobile Structures, Inc.:	\$271,136.38	4. Williams Scotsman, Inc.:	\$311,356.11
1. Design Space Modular Buildings, Inc.:	\$256,388.74								
2. Performance Modular, Inc.:	\$267,264.60								
3. Pacific Mobile Structures, Inc.:	\$271,136.38								
4. Williams Scotsman, Inc.:	\$311,356.11								
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 2 (Build and Maintain Safe, Reliable, and Efficient Facilities) of the latest Strategic Plan Update.									
BUDGET INFORMATION: The FY2018-19 budget for Project No. 73003 includes a budget amount of \$350,000, of which about \$8,800 has been spent as of December 3, 2018.									
DEPT.MGR.: JJB, EB	GENERAL MANAGER: SSK								

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects Update, November 2018.	MEETING DATE: December 10, 2018 AGENDA ITEM NO.: 11.c.
RECOMMENDED ACTIONS: Receive Capital Projects Update for November 2018.	
SUMMARY AND DISCUSSION: The November 2018 Capital Projects Update is attached. District staff will be present at the meeting to provide an overview of the memo, and be available to discuss the status of the various projects or respond to any questions.	
ATTACHMENTS: 1. Capital Projects Update, November 2018.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.	
DEPT. MGR.: EB	GENERAL MANAGER: SSK

**Novato Sanitary District
Capital Improvement Program (CIP)
Capital Projects Update
November 2018**

Account No. 72403: Pump Station Improvements

This ongoing, long-term account provides for replacing the District's underground-type pump stations with submersible pump-type pump stations.

- No update this month.

Account No. 72508: North Bay Water Reuse Authority (NBWRA)

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY18-19 will be the fifth year of the multi-year Phase 2 program, including continuing environmental work for currently over \$75 million in recycled water projects across all NBWRA agencies for funding under the US Bureau of Reclamation Title XVI (WaterSMART) program.

- No update this month.

Account No. 72706: Collection System Improvements

1. Redwood Blvd. Sewer Rehab Project: Rehabilitation of about 1,850 feet of 12-inch sewer main along Redwood Blvd. between Lamont Avenue and Diablo Avenue.
 - The Project is being reevaluated for pipe size and construction method.
2. Bel Marin Keys Blvd. Sewer Rehab Project: Rehabilitation of about 950 feet of 10-inch and about 1,350 feet of 8-inch sewer main in Bel Marin Keys Blvd.
 - Advertise for Bids Winter 2019.
 - FY 18/19 Budget: \$700,000.
3. Golden Gate Place: Realignment/replacement of approximately 1,000 feet of 8-inch sewer with new 10-inch PVC sewer.
 - Project at 65% design level.
 - Estimated construction Summer 2019.
 - A portion of the project (approx. 175 feet) will be constructed prior to winter 2018. Informal project awarded 11/2/18. NTP issued 11/19/18. 30 day construction window.
4. Collection System Master Plan (CSMP): Continuing work associated with the CSMP currently underway for the District. The District's consultant for the CSMP is Woodard and Curran (W&C), who is:
 - Working on developing needed capacity improvement projects
 - Finishing up condition/risk analysis for rehab/replacement due to condition, and
 - Preparing a draft Master Plan Report

- Will be reviewing recommendations with District Staff early December, with the draft report expected January
5. **Birdie Drive Sewer Main Replacement:** Relocation of about 700 feet of 8-inch sewer main.
- As of Oct. 31, the Project is considered to be at final completion with \$346,587 of the \$386,603 contract invoiced for progress payments. A balancing change order crediting the District for \$40,015 was processed on 11/30/18.
 - The project has a financial commitment of the lesser of half the project cost or \$100,000 from the Marin Country Club (MCC), and the District has billed MCC for its share.

Account No. 72706-1: Lateral Replacement Program

The District established this program as a sub-account within Account No. 72706, as part of a long-term approach to reducing infiltration and inflow from private residential laterals into the District's collection system.

- As of 11/30/18, 5 grants have been distributed for a total of \$10,000. The FY 18-19 account balance is \$70,000.

Account No. 72707: Hamilton Wetlands/Outfall Integration

As noted in prior years, the State Coastal Conservancy's (SCC) goal for their project is to utilize the District's effluent as a reliable, long-term fresh water source to establish and maintain a brackish marsh habitat at the SCC's Wetlands project.

- District staff is reviewing design documents provided by SCC's design engineer for the Bel Marin Keys Unit V Phase I project.

Account No. 72708: Cogeneration/Alt. Energy

- The District's Consultant, Woodard and Curran (W&C) has submitted a Draft Cogeneration Evaluation Technical Memo Update. District staff have reviewed the recommendations and are working with W&C to finalize the memo.
- District and Veolia staff are working with Enovity, Inc. (Consultant), an energy services company who is evaluating optimization/energy savings measures/projects eligible for PG&E's on bill financing (OBF) program. The Consultant had developed several energy efficiency measures (EEMs) and have submitted a draft technical memo, currently being evaluated by staff.

Account No. 72803: Annual Collection System Repairs

Collection system repairs are generally reported monthly as part of the Collection System Operations report, and reported annually in the Uniform Public Construction Cost Accounting Act (UPCAA) staff report.

Account 72804: Annual Reclamation Facilities Improvements

Reclamation facilities improvements are generally reported monthly as part of the Reclamation Facilities Operations report and reported annually in the UPCA report.

Account No. 72805: Annual Treatment Plant Improvements

Treatment Plant Improvements are generally reported monthly as part of the Wastewater Operations report and reported annually in the UPCA report.

Account No. 72806: Annual Pump Station Improvements

Pump station repairs are generally reported monthly as part of the Collection System Operations report and reported annually in the UPCA report.

Account No. 72807: Annual Ignacio Facility Improvements

This budget account was established in FY 17-18 to fund small projects to maintain the Ignacio facility (excluding the Ignacio Transfer Pump Station), or perform demolition/site clean-up work related to the treatment units of the decommissioned Ignacio Treatment Plant (ITP).

- FY 18-19 Budget for this account is \$50,000 with approximately \$33,000 encumbered.
- Demolition/backfill of the old filter backwash area is complete.

Account No. 72808: Strategic Plan Update:

- No update this month.

Account No. 72809: Novato Creek Watershed

This account and its budget was established as a result of an agreement with the Marin County Flood Control District.

Under this agreement, the District participates in a program with the County of Marin, the City of Novato, and the North Marin Water District to explore alternatives to reduce flooding potential in the lower Novato Creek portion where all of these agencies have facilities that are prone to flood damage.

- No update this month.

Account No. 73003: Administration Building Upgrades/Maintenance Building

This account includes allowances for minor improvements to the Administration Building and work associated with providing a new temporary Maintenance Building.

- The District issued an RFQ in late October for a modular building system and received quotes were received in November. Staff will present its recommendations in a separate agenda item.

Account No. 73004: Odor and Landscaping Improvements

This account budgets for further work by District and operations staff and the District's Odor Specialist consultant(s) to address and manage any odor issues raised by the District's neighbors. It also includes an allowance to address any landscaping items.

- No update this month.

Account No. 73005: RWF Expansion

This account funds the design and construction of an incremental capacity expansion to the existing Recycled Water Facility (RWF) at the Novato Treatment Plant site. This first expansion is necessitated by the planned expansion by the North Marin Water District (NMWD) of its Central Area Project, which will push NMWD's recycled water distribution pipelines into the Central Novato/Ignacio geographic areas.

- As of 10/15/18 the project was considered substantially complete. As of 11/30/18, \$1,977,404.65 of progress payments have been issued or are in process of the total contract amount of \$1,986,069. The total contract amount includes 11 construction change orders totaling \$42,219 and one field change order for \$3,728 to date.
- Contractor is working on punch list items. Final completion of the project is expected mid-December.

Account No. 73006: NTP Corrosion Control

This account includes funds for corrosion control projects at the Novato Treatment Plant site. As the recently constructed facilities age, the effects of the aggressive nature of wastewater corrosion start to appear and need to be addressed.

- The Headworks Protective Coating Project is at the 90% design level. Completion of design and advertisement for bids is expected early 2019, with the work to be conducted during the time of lowest influent flows in the late summer/early fall of 2019.

Account No. 73090: Vehicle Replacement

This account includes a FY 18-19 budget amount of \$140,000 for the purchase a 45kw portable generator and replacement of up to four light duty trucks. Purchase orders for the following were issued in October:

- 1- Nissan Frontier 4x4: \$25,264
- 1- F250 Crew Cab 4x4: \$31,262
- 1- 45kW Towable Generator: \$43,336

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Board of Directors: Call for Nominations, Regular Special District Member, Marin County Local Agency Formation Commission (LAFCO).	MEETING DATE: December 10, 2018. AGENDA ITEM NO.: 12.a.
RECOMMENDED ACTION: Receive Local Agency Formation Commission (LAFCO) materials - Call for Nominations for Regular Special District Member, and provide direction, if any.	
SUMMARY AND DISCUSSION: The District has received the attached Call for Nominations, for the Regular Special District member to the Marin LAFCO. Jack Baker, a Director of the North Marin Water District (NMWD) currently serves as the regular member and Lew Kious, Chair of Almonte Sanitary District and Director of the Sewerage Agency of Southern Marin (SASM) serves as the alternate; both are expected to intend retaining those roles. LAFCO will receive nominations through February 15, 2019. More information is provided in the attached LAFCO documents.	
ATTACHMENTS: 1. LAFCO correspondence – Call for Nominations.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
DEPT. MGR.: ssk	GENERAL MANAGER: SSK



Marin Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

Item 12.a.
Attachment 1
(Page 204 to 210)

DATE: November 26, 2018
TO: Independent Special Districts, Presiding Officers
FROM: Jason Fried, Interim Executive Officer
RE: CALL FOR NOMINATIONS

Special District Elections

Attached is a copy of the approved policy and guidelines for Special District and qualifications form to participate in the following election. **Please be aware that if your district wishes to nominate a person for either position, the attached form must be completed.**

The Two Seats up for Nomination

The regular special district member serves on the Commission and able to vote on all items in front of the Marin LAFCo Commission. A vote by mail ballot election must be held to select a member for this position, to serve a four-year term ending in May 2023. There are no term limits for this seat. This seat is currently held by Jack Baker.

The alternate special district member serves on the Commission and is able to participate in Commission meetings but only is allowed to vote on matters when one of the regular special district members is not able to vote on the matter due to absence or conflict of interested. A vote by mail ballot election must be held to select a member for this position, serving a four-year term ending in May, 2023. This seat is currently held by Lew Kious.

Selection Schedule

The Commission will receive nominations through **February 15, 2019 by 5 PM**. Enclosed are forms for nominations and for statements of candidate qualifications. Supportive materials will be accepted.

Mail ballots will be distributed by certified mail by **February 20, 2019**. The candidate qualifications forms and any supportive materials will be distributed with the ballots.

The final date Marin LAFCo will receive ballots is **April 22, 2019, by 5:00 PM**. Send ballots by mail to **1401 Los Gamos Drive, Ste 220, San Rafael, CA 94903 | email: staff@marinlafco.org | Fax: 415.785.7897**.

Ballot Counting shall occur on **April 23, 2019 at 1 PM**. Any candidate or general member of the public is welcome to witness the process.

The newly-selected or re-appointed candidate will be seated in time for the **June 13, 2019** regular commission meeting.

Attachments:

1. Policy and Guidelines for Special District Member Elections
2. Nomination Form
3. Member Statement of Qualifications



MARIN COUNTY LOCAL AGENCY FORMATION COMMISSION

POLICY HANDBOOK POLICIES, PROCEDURES, AND GUIDELINES

CHAPTER THREE LAFCO BUSINESS AND OPERATIONS

3.1 SELECTION OF COMMISSIONERS

Marin LAFCO has eleven Commissioners divided between seven regular and four alternate members. Regular members have voting authority and consist of two members of the County of Marin Board of Supervisors (selected by the Board of Supervisors), two city council members (selected by the City Selection Committee), two special district board members (selected by the 30 special districts) and one public member (selected by the other six regular members). For each of the four categories of LAFCO membership, an alternate member is appointed to serve in the absence of a regular member.

Selection procedures for all four member categories – public, special district, city/town, and county – on Marin LAFCO as well as other appointments are summarized below.

B. Procedures for Selection of Public Members

The public member and alternate public member shall be appointed by a majority vote of the regular LAFCO County, City, and Special District members. This procedure shall be followed upon expiration or replacement of the regular or alternate public member.

1. Ninety (90) days prior to an appointment, the Executive Officer shall issue a news release announcing the pending vacancy on the Commission and solicitation of applications.
2. The news release shall be mailed to the Marin Independent Journal and local newspapers within Marin County. Additionally, the news release shall be mailed to all current regular and alternate members of Marin LAFCO, all local governments within Marin County and to community organizations including homeowners' associations and civic groups on file with the Marin LAFCO.
3. The application period shall be thirty (30) days and shall begin upon the date legal notice appears in the Independent Journal. Among other things, the news release shall outline the function and purpose of the Commission, indicate the application filing period and invite interested persons to contact the Executive Officer for an application and information concerning the general duties and responsibilities of the public member.
4. Interviews for pending vacancies for expiring terms shall be held during the month of April prior to the May expiration date of the current member's term of office. A standard list of questions should be asked to each candidate as agreed to by the Commission. As required by the Ralph Brown Act, interviews shall be conducted in public sessions and formal selection shall be confirmed at the next regular meeting.
5. With respect to selection and eligibility criteria, and in addition to requirements under Government Code the public member shall be a resident-voter of Marin County and not currently an officer or employee of a local agency subject to Marin LAFCO jurisdiction. The public member shall also not concurrently hold any elected or appointed office with a local government agency that makes or informs land use or municipal service decisions while serving on the Commission. In selecting the public member, the Commission shall consider the candidate's qualifications as described in his or her letter of interest and the reasons listed for wanting to serve as a member of the Commission.
6. In the event a vacancy occurs during the public member's term of office, a new appointment shall be made for the unexpired term in a timely manner. The Commission may:

- a) Select a new member from the applications previously submitted for the current appointment, provided not more than twelve (12) months have passed since such applications were filed with the Commission.
- b) Direct the Executive Officer to send out a news release announcing the vacancy and solicit applications for future consideration by the Commission; or
- c) Appoint the alternate public member to serve as regular public member for the remainder of the regular member's term of office.

C. Procedures for Selection of Special District Members

Government Code §56332(c)(1) provides for selection of regular and alternate special district members by a mail ballot process when the Executive Officer determines that a meeting of the Special District Selection Committee is not feasible. Meetings of the Marin County Special District Selection Committee have previously failed to reach a quorum, indicating the infeasibility of Selection Committee meetings. Accordingly, it is the policy of Marin LAFCO to conduct selection proceedings of regular and alternate special district members by a mail ballot process consistent with the procedures outlined below.

- a. The Executive Officer shall initiate the mail ballot selection process for special district members 180 days prior to the pending expiration of the term of a special district member or immediately upon notification the eligibility of a special district member on Marin LAFCO will end prior to the expiration of his or her term.
- b. The Executive Officer shall initiate the mail ballot process by distributing to each independent special district a call for nominations, including a schedule of the selection process and a copy of this policy. Nominations must be submitted in writing by special district governing boards within 60 days of the date of the call for nominations. The submittal of a nomination must include a statement of the candidate's qualifications. With the prior concurrence of any special district, the Executive Officer may transmit these materials to and receive nominations from that special district by electronic mail.
- c. Within five working days of the close of the nomination period, the Executive Officer shall distribute by certified mail one ballot to each independent special district. The distribution of ballots shall include a statement of qualifications for each candidate on the ballot.
- d. Ballots may be submitted by mail or facsimile or electronic mail within 60 days of distribution of the ballots. A majority of independent special district must cast ballots to select a special district member. Selection shall be made by majority of votes cast and a majority of independent special districts in Marin County.

- e. Ballots cast by each special district must bear the signature of the district's presiding officer. If the presiding officer is unavailable, the district board may authorize another member of the board to cast the district's vote. Ballots may be returned to the Marin LAFCO office by mail or by facsimile or electronic mail.
- f. All ballots and other records of each selection process shall be retained in the Marin LAFCO office for at least four years and shall be immediately available for public inspection.
- g. When more than two candidates are nominated, the ballot form shall provide for selection by majority of votes cast through an "instant runoff" as follows:
 - a) Each district casting a vote shall rank the candidates in order of their preference. District boards would simply indicate a "1" next to their first choice, a "2" next to their second choice, a "3" next to their third choice etc.
 - b) In counting the votes by the Executive Officer, all first choice votes are counted. If any candidate receives over 50 percent of the first choice votes, that candidate is selected as special district member.
 - c) If no candidate receives a majority, then the candidate with the fewest "1" votes is eliminated. The ballots of the supporters of the eliminated candidate are then transferred to whichever of the remaining candidates they marked for their second choice. This process shall be continued until one candidate receives a majority and is selected as special district member.
- 8. Should a vacancy occur during a special district member's term of office, a new appointment shall be made for the unexpired term of the special district member or alternate member according to the process above.



Marin Local Agency Formation Commission
Regional Service Planning | Subdivision of the State of California

Nominee Statement of Qualifications

Name: _____

Name of Special District: _____

Seat Applying for:

Regular Member Alternate Member Applying for Both Seats (Regular and Alternate)

Telephone Number: (Home/Cell) _____ Work: _____

Email: _____

Home Address: _____

Work Address: _____

Present Occupation: _____

Home Address: _____

Summary of Qualifications: _____

Reason for Applying: _____

Please list organizations in which you are an officer employee: _____

Additional information may be attached | MUST BE RETURNED TO MARIN LAFCo by 5:00 PM on MON., FEB. 18, 2019



Nomination Form for District Seats

District Name: _____

_____ Our board voted to nominate the following current member of its own or another independent special district.

Name of Nominee: _____

___ Regular Member ___ Alternate Member ___ Applying for Both Seats (Regular and Alternate)

District of Nominee: _____

_____ Board Took No Action

Ayes: _____

Noes: _____

Absent: _____

Abstain: _____

Attest:

Board President

Name

Name

MUST BE RETURNED TO MARIN LAFCo by 5:00 PM on MON., FEB. 18, 2019

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Informational Item: Active Shooter Training	MEETING DATE: December 10, 2018 AGENDA ITEM NO.: 14.a.
RECOMMENDED ACTION: Report on “Active Shooter” training by Novato Police Department (NPD) – information only.	
SUMMARY AND DISCUSSION: <p>On November 28th, Officer Thomas Lyons and three officers from the Novato Response Team of the Novato Police Department (NPD) conducted a 90 minute Active Shooter training for twenty District and Veolia staff members.</p> <p>Although the training focused on extreme circumstances, the officers also emphasized actions to take before a situation escalates. Some essentials include staying aware of your surroundings at all times, do not place yourself in a precarious position – leave an out, be aware that guns may not be the only potential weapon, and if something does not look right or if you feel uncomfortable, report it - “see something - say something”.</p> <p>Also, to provide context for the Active Shooter training, NPD Officer Thomas Lyons met with staff the day prior to the training for a tour of the treatment facility and the Administration building. In addition to highlighting surrounding property and access/egress routes, staff provided a description of the various positions at the District and situations where staff interfaces with the public.</p> <p>Officer Lyons observed that the double gating, fencing, and site access/egress routes provide a good level of security for the facility at large. He noted that the security for the administration building was good and offered some options for further improvement. He also offered that NPD could provide more detailed recommendations on enhanced security including: enhanced lighting, additional camera placement, access points, etc. when/if the District considers making changes.</p>	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
DEPT. MGR.: DRT	GENERAL MANAGER: SSK