

# NOVATO SANITARY DISTRICT

Meeting Date: December 9, 2019

**The Board of Directors of Novato Sanitary District will hold a regular meeting at 5:30 p.m., Monday, December 9, 2019, 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](http://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. AGENDA APPROVAL:**

**3. 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.*

**4. REVIEW OF MINUTES:**

- a. Consider approval of minutes of the November 18, 2019 special meeting.

**5. 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 18 - December 9, 2019.
- b. Ratify payroll and payroll related disbursements, November 2019.
- 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 24–26, 2020.
- e. Receive Fixed Asset Deletion Report for Fiscal Year (FY) 2018-19.
- f. Receive revised draft - Novato Area Municipal Service Review (MSR) from the Marin Local Agency Formation Commission (Marin LAFCO).
- g. Receive report, District Administrative and Risk/Safety Services Officer's attendance at the California Public Employers Labor Relations Association (CalPELRA) 2019 Annual Conference – information only.
- h. Authorize the General Manager-Chief Engineer to prepare and issue a Special Agreement letter, pursuant to Section 809 (e) of the District's Sewer Use Ordinance (SUO), to allow BioMarin Pharmaceutical to discharge and compensate the District for flows with Biochemical Oxygen Demand (BOD) values of greater than 400 mg/L.

**6. SOLID WASTE OPERATIONS:**

- a. Receive Recology 3rd Quarter 2019 reports.
- b. Receive Recology 2019 Novato Recycling Characterization study.
- c. Receive 1st and 2nd quarter 2019 AB939 Disposal/Diversion report and 3rd quarter 2019 Recology Disposal/Diversion report.
- d. Receive 2019 Education and Outreach report.
- e. Receive verbal report on Marin County JPA and Local Task Force.

- f. Receive verbal update on SB 1383 (Lara) regulations.
- g. Receive 2019 Household Hazardous Waste (HHW) and E-Waste report.

**7. 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, 2019 and 2018, including Fiscal Year (FY) 18-19 audit, and audited financial statements for the years ended June 30, 2019 and 2018.
- c. Receive and accept "Memorandum on Internal Control and Required Communications for Year ended June 30, 2019" 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.
- e. Receive Finance Committee recommendation and authorize a budget amendment to increase the Fiscal Year (FY) 19-20 budget for "Capital Improvements Cost Centers - 72000 and 73000", Section IV ("Capital Improvement Budget - CIP Expenditures") of the Final Budget for Fiscal Year 2019-20 from \$12,229,956 to \$12,729,956 with the transfer of \$500,000 from the unencumbered available cash balance in the Capital Fund.

**8. WASTEWATER OPERATIONS:**

- a. Receive report on submittal of Report of Waste Discharge (RoWD) to the San Francisco Regional Water Quality Control Board (SF Water Board), to renew the District's National Pollutant Discharge Elimination System (NPDES) permit ("discharge permit") – information only.
- b. Receive Wastewater Operations Reports, November 2019:
  - Collection System
  - Treatment Facilities
  - Reclamation Facilities

**9. CAPITAL PROJECTS:**

- a. Receive Capital Projects Update, November 2019.

**10. BOARD MEMBER REPORTS AND REQUESTS:**

- a. North Bay Watershed Association (NBWA) meeting, December 6, 2019.
- b. North Bay Water Reuse Authority (NBWRA) meeting, December 9, 2019.

**11. GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:**

**12. ADJOURNMENT:**

Next Resolution No. 3142.

**Next regular meeting date: Monday, January 13, 2020, 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.*

**NOVATO SANITARY DISTRICT**

Board Meeting Minutes

Meeting Date: November 18, 2019

A special meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, November 18, 2019, at the District Office, 500 Davidson Street, Novato.

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

STAFF PRESENT: General Manager-Secretary Sandeep Karkal 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  
Garen Kazanjian, Waste Zero Specialist, Recology Sonoma-Marín  
John O'Hare, Project Manager, Veolia  
Jeff Andress, Collection System Superintendent, NSD  
Jeff Boheim, Field Services Manager, NSD  
Dale Thrasher, Administrative Services Officer, NSD  
Erik Brown, Deputy General Manager, NSD  
Javier Vega, Collection System Lead Worker, NSD  
Joe Moreno, Collection System Worker, NSD  
Rick Brown, President, TerraVerde Energy  
Chris Kubik, Business Relationship Manager, Marin Clean Energy (MCE)

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

- Consider approval of minutes of the October 14, 2019 regular meeting.

*On motion of Director Peters, seconded by Director Mariani, and carried unanimously, the October 14, 2019 Regular meeting minutes were approved.*

CONSENT CALENDAR:

Director Long stated that it would be necessary for him to abstain from voting on Consent Calendar item (f), and asked that this item be voted on separately. President Dillon-Knutson stated that item (f) would be pulled from the Consent Calendar and voted on separately.

President Dillon-Knutson called for a motion on the Consent Calendar items as follows:

- a. Approve November Board member disbursements in the amount of \$1,539.72. Ratify November 12<sup>th</sup> operating disbursements in the amount of \$659,654.22, and capital project disbursements in the amount of \$242,925.93. Ratify October 28<sup>th</sup> operating

disbursements in the amount of \$411,069.25, and capital project disbursements in the amount of \$38,549.50.

- b. Ratify October payroll and payroll related disbursements in the amount of \$288,894.37.
- c. Receive deposit summary, October 2019.
- d. Receive 1<sup>st</sup> Quarter Investment Report, Fiscal Year (FY) 2019-20.
- e. Receive 1<sup>st</sup> Quarter Financial Report, FY 2019-20 (unaudited).

*On motion of Director Mariani, seconded by Director Long, and carried unanimously, the above listed consent calendar items were approved.*

President Dillon-Knutson stated that the Board would now consider consent calendar item (f):

- f. Approve a Memorandum of Understanding (MOU) with the Marin County Flood Control and Water Conservation District (Flood Control District) authorizing the construction of drainage improvements on District property along Simmons Slough, and access for construction and operations and maintenance of the improvements; and authorize the Board President and General Manager-Chief Engineer to execute it.

*On motion of Director Mariani, seconded by Director Peters, and carried with the following vote, the above listed consent calendar item was approved: Ayes: Dillon-Knutson, Fvette, Mariani, Peters. Abstain: Long.*

#### SOLID WASTE: PUBLIC HEARING – SET CALENDAR YEAR (CY) 2020 MAXIMUM ALLOWABLE SOLID WASTE RATES.

- Consider recommendation for a Calendar Year (CY) 2020 maximum solid waste rate adjustment of +6.27 percent. The General Manager stated that the Board was being asked to consider a recommendation for a Calendar Year (CY) 2020 maximum solid waste rate adjustment of +6.27%; conduct a public hearing; and consider action to adopt Resolution No. 3141 setting CY 2020 maximum allowable rates for refuse collection and disposal services. He stated that the Solid Waste Committee met on September 23<sup>rd</sup> 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 subsequently, at the October 14<sup>th</sup> meeting, the Board received the Solid Waste Committee's recommendation of a maximum rate increase of up to +6.32 percent, along with consideration of a proposed actual maximum 6.27% rate adjustment to account for a small mathematical error in the rate increase request. The General Manager continued, stating that at that meeting, the Board also set a public hearing for November 18, 2019, to establish the CY 2020 maximum solid waste rates. He stated that notice of the proposed rate increase and hearing were published accordingly in the Marin Independent-Journal on October 17<sup>th</sup> and 31<sup>st</sup>.

The General Manager recommended that the Board receive and approve the proposed actual recommendation of a maximum rate increase of +6.27 percent for CY 2020, and adopt Resolution No. 3141, setting CY 2020 maximum allowable rates for refuse collection and disposal services.

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

- Receive Public comments. There were no public comments.

- Receive Board comments. Director Mariani stated that she considered the rate increase fair, noting that the refuse disposal rates were the lowest in Marin County. Director Long complimented the Solid Waste Committee members for their thorough review of the proposed rate increase, and stated that he was ready to support the motion. President Dillon-Knutson stated she was pleased that Novato's solid waste rates are the lowest in Marin County, and hopes that the rates can be maintained in the future.

- Close Public hearing. Public hearing was closed at 5:41 p.m.

- Adopt Resolution No. 3141 setting CY 2020 maximum allowable rates for refuse collection and disposal services.

*On motion of Director Peters, seconded by Director Long and carried unanimously, the Board adopted Resolution No. 3141: A Resolution Setting Maximum Solid Waste Service Charges for Recology Sonoma Marin (RSM) in Novato Sanitary District.*

At 5:42 p.m., Dee Johnson, Fred Stemmler, Garen Kazanjian, and William Schoen left the meeting.

#### WASTEWATER OPERATIONS:

- Receive staff presentation: Pacific Gas & Electric Co. (PG&E) Public Safety Power Shutdown (PSPS) event of October 26-29, 2019. The General Manager stated that Dale Thrasher, Administrative Services Officer, would provide an overview of the recent PSPS event of October 26<sup>th</sup>-29<sup>th</sup>, and discuss the event's impact on the District.

The Administrative Services Officer began a PowerPoint presentation, providing a time-line of the events, and summarizing details of the e-mail notifications and incident briefings from the State OES (Office of Emergency Services). He stated that the Novato treatment facility was prepared, and maintained operations with only minor issues, and that the Collection Department experienced no spills or overflows. He noted that the PSPS events have highlighted the need for several short and long term projects to assure long term resiliency of District operations.

The General Manager stated that he plans to bring forward recommendations to implement several major resiliency capital projects for immediate implementation, at upcoming Board meetings, including potential projects at: Rowland Plaza Pump Station (RPPS), Marin Village Pump Station (MVPS), Ignacio Transfer Pump Station (ITPS), and Olive Street Pump Station (OSPS). He noted that these projects have been planned for implementation in future fiscal years, and that he is proposing to advance the implementation timeline for these projects. For instance, while the Marin Village Pump Station replacement design is scheduled for Fiscal Year (FY) 20-21 with construction in FY 21-22, he will be proposing to advance the timeline so that design is initiated in FY 19-20 with construction occurring in FY 20-21.

The Administrative Services Officer completed his presentation, stating that the District would continue to prepare for future PSPS events by following a cycle of planning, implementation, evaluation, and continuous improvement.

Director Long expressed his appreciation to staff for handling the event successfully, and stated that he appreciated both the presentation prior to the PSPS event, and the detailed information provided in the follow-up presentation.

The General Manager expressed his appreciation to all District staff for successfully navigating the PSPS event, especially staff who came to work despite being displaced due to evacuation orders in Sonoma County, and acknowledged staff present at the meeting including Jeff Andress, Jeff Boheim, Javier Vega, and Joe Moreno.

Directors Peters, Mariani, Fvette, and President Dillon-Knutson each expressed their appreciation to staff for their hard work.

- Receive Wastewater Operations Reports, October 2018.

Collection System Report: Collection System Superintendent Jeff Andress provided the Collections System Report for October 2019. He stated that the Collection Department cleaned 58,851 lineal feet of sewer pipelines, completed 317 maintenance work orders, leaving zero work orders outstanding. He stated that 3,227 feet of sewer main were televised using the District's CCTV equipment, and 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 162 lift station inspections and completed maintenance inspections on ten (10) air relief/vacuum valves.

The Collection System Superintendent then outlined the training provided in October, noting that the Collection Department staff attended four (4) specialized training events, and four (4) safety tailgate meetings. He provided a brief update of the PSPS event, and thanked his crew for their hard work during the event. He reported that there were no lost time accidents, and no sanitary sewer overflows (SSOs) during the month of October 2019.

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 flow for October was low with an average of 3.42 million gallons/day. He stated that the treatment facility performed very well, and that there were no violations or excursions in October. He stated that the Recycled Water Facility (RWF) produced 19.821 million gallons of recycled water. The Project Manager 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 the Novato and Ignacio facilities operated in standby (generator) power due to the PSPS from October 26<sup>th</sup> through 28<sup>th</sup>. He noted that some equipment was affected during this time, but that the issues were resolved and the equipment returned to normal operations following the outage.

The Project Manager discussed pretreatment and pollution prevention activities. He stated that Veolia Water participated in the North Bay Science Discovery Day on October 26<sup>th</sup>, but that the event was cut short due to the fire event and subsequent evacuations. He stated that along with himself, Environmental Services Supervisor Liz Falejczyk and her husband Joe Falejczyk, staffed the brief event. He concluded his presentation, stating that no odor contacts were received in October.

Reclamation Facilities Report: Field Services Manager Jeff Boheim summarized the Reclamation Facilities report for October. He stated that approximately 225 cows and their calves grazed the irrigated pastures at Site 3 and Site 7 throughout the month. He stated that two irrigation pumps operated for the first three days of October, and applied a total of 8.5 million gallons (MG) to the pastures. He continued, stating that Custom Tractor Services worked throughout October to transfer and dispose of biosolids from the lagoons at Site 2 to the dedicated land disposal (DLD) site.

At 6:35 p.m., President Dillon-Knutson declared a short recess.

At 6:42 p.m., President Dillon-Knutson reconvened the Board meeting.

### CAPITAL PROJECTS:

- Receive presentation from TerraVerde Energy, LLC, on opportunities in energy saving, use-optimization, and generation, through the deployment of Distributed Energy Resources (DERs), and provide direction. The General Manager stated that for about the past two years, the District had been investigating cogeneration/alternative energy projects to achieve the District's energy goals. He stated that as part of the FY 17-18 Budget Workshop, staff presented three primary strategies for working toward achieving the District's energy goals: 1) cogeneration, 2) solar generation and battery storage (alternative energy), and 3) energy efficiency measures (EEM's). He stated that specifically on the solar generation, battery storage and energy efficiency strategies, the District is benefiting from a California Energy Commission (CEC) grant being administered by MCE. He continued, stating that under the terms of the grant, MCE's consultant TerraVerde Energy, LLC (TerraVerde) evaluated the potential for energy savings, use-optimization, and generation, through the deployment of Distributed Energy Resources (DERs). The General Manager stated that Rick Brown, President of TerraVerde Energy, would make a presentation to the Board, presenting TerraVerde's findings and recommendations for implementing DERs at the District.

Mr. Brown began the presentation and stated that in November, 2017, the California Energy Commission awarded a grant to MCE and stated that NSD was subsequently selected as one of three demonstration sites to explore possible energy saving opportunities through the grant. He stated that TerraVerde had evaluated the District for energy savings, use-optimization, and generation to determine the potential DER measures that could be realized. He provided a project scope inventory, including Energy Efficiency (EE) Opportunities for interior and exterior lighting options, and discussed the use of solar PV combined with the benefits of battery system storage. His presentation detailed the initial cost investment and proposed financial returns on various solar panel array configurations and battery systems. Mr. Brown stated that the larger Photo-Voltaic (PV) systems offset more of the standard energy consumption and potentially provide additional financial savings, based on the "economy of scale" concept. He concluded his presentation with an overview of the grant services available, and discussed the funding mechanisms available to the District: self-financing and power-purchase agreements (PPAs).

The Board discussed the options presented by TerraVerde, and the advantages/disadvantages of the PPA options. Upon close of discussion, the Directors were in unanimous consent, and directed staff to move forward with TerraVerde's recommended energy efficiency measures. Staff was also directed to request the assistance of TerraVerde to move forward with the RFP process to solicit proposals from qualified vendors for a self-financed solar PV and battery storage system configuration for the District.

At 7:48 p.m., President Dillon-Knutson declared a short recess.

At 7:54 p.m., President Dillon-Knutson reconvened the Board meeting.

- Vehicle Replacement, Account No, 70390: Approve purchase of two, 30 kW portable generators, and authorize the General Manager-Chief Engineer to execute a purchase order with Bay City Electric Works in the amount of \$65,773.91. The Deputy General Manager stated that Collection System and Field Services staff had identified that two additional 30 kW towable diesel generators were needed. He stated that staff then evaluated generators from two different vendors to determine the model that met their evaluation criteria including technical requirements, ease of operation and maintenance, and reliability. The Deputy General Manager

stated that staff worked with Sourcewell (formerly National Joint Powers Alliance (NJPA)), a public agency serving its members as a municipal contracting agency, similar to the California Department of General Services (DGS) or the Federal General Services Administration (GSA). Sourcewell contracts are nationally solicited, competitively bid, and awarded on behalf of their government and education member agencies (the District is a member). Staff then contacted Bay City Electric Works, a Sourcewell vendor (Sourcewell contract # 120617-KOH), for a proposal for two 30kW portable generators, and subsequently secured a competitive bid from them in the amount of \$65,773.91, including estimated sales tax and fees. The Deputy General Manager requested that the Board approve the purchase for two 30kW portable generators from Bay City Electric Works.

*On motion of Director Long, seconded by Director Peters, and carried unanimously, the Board approved the purchase of two 30 kW portable generators, and authorized the General Manager-Chief Engineer to execute a purchase order with Bay City Electric Works in the amount of \$65,773.91.*

- Collection System Improvements, Account No. 72706-ARV Improvements: Make CEQA findings that the project is categorically exempt; authorize the General Manager-Chief Engineer to accept plans and specifications and advertise for bids – ARV Vault Rehabilitation Project; Project No. 72706-2019-01. The Deputy General Manager stated that staff had worked with the District's consultant, Nute Engineering, to prepare plans and specification for the ARV Vault Rehabilitation project, and that the project was now ready for bid. He stated that the project consists of removing and replacing eleven (11) Air Relief Valve (ARV) vaults and appurtenances at various locations throughout Novato, and that the engineer's estimate for the work was \$350,000. He stated that staff had completed the California Environmental Quality Act (CEQA) documentation, and determined that the project was categorically exempt. The Deputy General Manager requested that the Board authorize the General Manager-Chief Engineer to accept plans and specifications and advertise for bids for the ARV Vault Rehabilitation project.

*On motion of Director Mariani, seconded by Director Long, and carried unanimously, the Board made CEQA findings, and authorized the General Manager-Chief Engineer to accept plans and specifications and advertise for bids for the ARV Vault Rehabilitation Project, No. 72706-2019-01.*

- Receive Capital Projects Update, October 2019. The Deputy General Manager provided an update of the various Capital Improvement Program capital projects.

#### BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Watershed Association (NBWA) meeting, November 2019 (none-meeting cancelled).

Director Long commented on his attendance at a special meeting of CASA (California Association of Sanitation Agencies). He stated that as President of CASA, he attended the Clean Water Partners Summit, where discussion took place regarding the new protocol for lab standardization.

#### GENERAL MANAGER'S REPORTS AND ANNOUNCEMENTS:

- Reports:
  - A Finance Committee meeting (Directors Mariani and Long) will be scheduled for December 2<sup>nd</sup> at 3:30 p.m. to discuss the draft annual audit and financial statements.

- The District received an accounting from North Marin Water District (NMWD) on the Recycled Water Capital Replacement and Expansion Fund per the Third Revised Interagency Agreement for Recycled Water. The District also received a commitment from NMWD for about \$300,000 in reimbursement funds for the most recent Recycled Water Facility Expansion project by the District.
  - Staff will initiate efforts (including proposed budget amendments) for replacement of the Rowland Plaza and Marin Village Pump Station, and replacement of standby generators and switchgear at Olive Street and Ignacio Transfer Pump Stations. Implementation details and recommendations for Board actions will be presented at upcoming Board meetings.
  - Staff will report on the submittal of the District's National Pollutant Discharge Elimination System (NPDES) permit (discharge permit) renewal application, including year round Bay discharge, at the December 9<sup>th</sup> Board meeting.
- Announcements:
- District offices will be closed on November 28<sup>th</sup> and 29<sup>th</sup> for the Thanksgiving holiday.
  - The next Regular Board meeting will be Monday, December 9, 2019 at 5:30 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Dillon-Knutson adjourned the meeting at 8:25 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Hoover, Recording

# Novato Sanitary District Board Fees Check Register

For November 2019

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Date	Num	Name	Credit
<b>Dec 6, 19</b>			
12/06/2019	6402	Dillon-Knutson-, Carole	407.79
12/06/2019	6403	Fuette, Timothy G	207.79
12/06/2019	6404	Long, William C	313.79
12/06/2019	6405	Mariani, Jean M	307.79
12/06/2019	6406	Peters, Arthur Gerald	107.79
<b>Dec 6, 19</b>			<b><u>1,344.95</u></b>

# Novato Sanitary District Operating Check Register

November 25, 2019

Date	Num	Name	Credit
<b>Nov 25, 19</b>			
11/25/2019	63551	Pacific, Gas & Electric	66,265.98
11/25/2019	63557	State Water Resources Control...	58,481.00
11/25/2019	63545	North Bay Petroleum	19,954.79
11/25/2019	63529	CASA	16,711.00
11/25/2019	63540	Leete Generators	10,799.61
11/25/2019	63530	Central Marin Sanitation District	7,736.79
11/25/2019	63532	CSDA-	7,615.00
11/25/2019	63547	North Marin Water District - Lab	3,135.00
11/25/2019	63553	Ray Morgan LLC	2,433.00
11/25/2019	63559	Water Research Foundation	2,391.00
11/25/2019	63523	Bank of New York Mellon-fee	2,300.00
11/25/2019	63548	North Marin Water District Payroll	1,925.36
11/25/2019	63560	Woodard & Curran formerly RMC	1,854.50
11/25/2019	63555	Siemens Industry	1,515.75
11/25/2019	63537	IEDA, INC	1,268.00
11/25/2019	63531	Cereske Electric Cable Co.	1,101.08
11/25/2019	63536	Grainger	857.04
11/25/2019	63526	Buckles-Smith1	852.43
11/25/2019	63534	Frontier Analytical Laboratory, I...	800.00
11/25/2019	63552	R3 Consulting Group, Inc.	645.00
11/25/2019	63538	Industrial Electrical Co.	630.00
11/25/2019	63535	Frontier California Inc EQ	629.58
11/25/2019	63522	B.W.S. Distributors, Inc.	592.41
11/25/2019	63533	ERA	496.46
11/25/2019	63542	Marin County Ford	494.14
11/25/2019	63527	Cagwin & Dorward Inc.	475.00
11/25/2019	63554	Recology Sonoma Marin	414.32
11/25/2019	63544	Meyers, Nave, Riback, Silver &...	279.50
11/25/2019	63524	BoundTree Medical, LLC	272.56
11/25/2019	63543	Marin Independent Journal	236.37
11/25/2019	63521	Adams, Nate-	175.00
11/25/2019	63550	Orkin Pest Control, Inc.	153.36
11/25/2019	63528	Cantarutti Electric, Inc	135.00
11/25/2019	63546	North Marin Water District	133.17
11/25/2019	63556	Staples Advantage	131.45
11/25/2019	63541	Leonardi Automotive & Electric,...	65.07
11/25/2019	63525	Buck's Saw Service, Inc.	63.96
11/25/2019	63539	Integrity Shred LLC	50.00
11/25/2019	63558	United Parcel Service	30.25
11/25/2019	63549	O'Reilly Auto Parts	19.82
<b>Nov 25, 19</b>			<b><u>214,119.75</u></b>

# Novato Sanitary District Operating Check Register

December 9, 2019

Date	Num	Name	Credit
<b>Dec 9, 19</b>			
12/09/2019	63601	Veolia Water Recycled Water ...	21,735.38
12/09/2019	63592	PARS-PSRP-Post Employment...	15,056.63
12/09/2019	63603	Water & Wastewater Leadershi...	13,550.00
12/09/2019	63591	PARS-OPEB-Post Employment...	8,370.51
12/09/2019	63604	Citi Visa (Costco)	8,194.55
12/09/2019	63582	Johnson, Dee	7,200.00
12/09/2019	63563	Aqua Science	5,850.00
12/09/2019	63585	MCC Building Maintenance	5,100.00
12/09/2019	63571	Caltest Analytical Lab Inc.	4,792.65
12/09/2019	63577	Diego Truck Repair Inc.	2,793.61
12/09/2019	63588	Novato, City	2,770.00
12/09/2019	63576	Dearborn National	2,761.52
12/09/2019	63596	Roy's Sewer Service, Inc.	2,600.00
12/09/2019	63594	Rauch Communication Consult...	2,051.25
12/09/2019	63574	County of Marin-Central Collect...	1,988.00
12/09/2019	63597	SmartCover Systems, Inc.	1,723.50
12/09/2019	63584	Marin Independent Journal	1,173.60
12/09/2019	63590	Pace Supply, Inc.	1,056.54
12/09/2019	63600	Veolia Water North America, Inc.	896.18
12/09/2019	63587	North Marin Water District	742.90
12/09/2019	63566	Baywork	701.25
12/09/2019	63580	Government Finance Officers A...	560.00
12/09/2019	63602	Vision Service Plan	548.83
12/09/2019	63570	Buckles-Smith1	534.02
12/09/2019	63561	Alpha Analytical Lab, Inc.	513.00
12/09/2019	63595	Ray Morgan LLC	510.07
12/09/2019	63583	Marin County Ford	400.07
12/09/2019	63578	Evoqua Water Technologies - ...	366.24
12/09/2019	63568	BoundTree Medical, LLC	272.56
12/09/2019	63565	Barnett Medical LLC	270.00
12/09/2019	63598	Staples Advantage	252.04
12/09/2019	63573	Claremont EAP, Inc.	250.00
12/09/2019	63567	Beecher Engineering, Inc	195.00
12/09/2019	63599	UniFirst Corporation	178.89
12/09/2019	63593	Pini Hardware	162.70
12/09/2019	63569	Buck's Saw Service, Inc.	146.69
12/09/2019	63581	Grainger	113.00
12/09/2019	63562	American Messaging	102.37
12/09/2019	63575	CWEAmembers	89.00
12/09/2019	63564	AT&T Mobility	84.02
12/09/2019	63589	O'Reilly Auto Parts	69.37
12/09/2019	63586	NAPA Auto Parts	61.92
12/09/2019	63579	First Alarm	42.34
12/09/2019	63572	Citi Visa (Costco) voided	0.00
<b>Dec 9, 19</b>			<b><u>116,830.20</u></b>

# Novato Sanitary District Capital Projects Check Register

November 25, 2019

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Date	Num	Name	Credit
<b>Nov 25, 19</b>			
11/25/2019	3531	K.J. Woods Construction Inc	384,705.35
11/25/2019	3530	Environmental Dynamics	21,332.00
11/25/2019	3532	Linscott Engineering Contr...	18,668.07
11/25/2019	3534	V&A Consulting Engineers	2,884.00
11/25/2019	3535	Woodard & Curran formerl...	2,128.00
11/25/2019	3533	Miller Pacific Engineering, I...	1,062.50
<b>Nov 25, 19</b>			<b><u>430,779.92</u></b>

# Novato Sanitary District Capital Projects Check Register

December 9, 2019

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Date	Num	Name	Credit
<b>Dec 9, 19</b>			
12/09/2019	3538	Michels Corporation	306,514.13
12/09/2019	3539	Redwood Painting Co., Inc.	24,352.00
12/09/2019	3536	Crump & Co. Inc.	3,995.25
12/09/2019	3541	Citi Visa (Costco)	3,091.71
12/09/2019	3537	Marin Independent Journal	895.08
12/09/2019	3540	Unicorn Group	291.33
<b>Dec 9, 19</b>			<b><u>339,139.50</u></b>

**Novato Sanitary District  
Payroll and Payroll Related Disbursements  
November - 2019**

Date	Description	Amount
11/18/2019	Additional Stby and Overtime for PSPS Event	1,122.02
11/27/2019	November Payroll	127,969.94
11/27/2019	United States Treasury	24,520.21
11/27/2019	EDD	7,961.60
11/21/2019	CalPERS Health	30,149.45
11/21/2019	Retiree Health Benefits	13,182.77
11/21/2019	CALPERS Retirement	12,520.80
11/21/2019	CALPERS Retirement	15,657.76
11/21/2019	CalPers Supplemental Income Plan	9,683.33
11/21/2019	Lincoln Financial Group 457	9,013.23
11/21/2019	Lincoln Financial Group Roth 457	100.00
11/21/2019	Lincoln Financial Group-401a Plan	9,063.43
11/21/2019	PARS-OPEB Contribution	8,370.51
11/21/2019	PARS-Pension Contribution	15,056.63
11/21/2019	Local Union 315	540.00
11/21/2019	California State Disbursement Unit	571.00
11/21/2019	Delta Dental	2,838.41
11/21/2019	ICMA-RC Retiree Health Program	1,631.17
<b>Total for November 2019</b>		<b>289,952.26</b>

## Novato Sanitary District Deposit Detail November 2019

Type	Date	Name	Account	Amount
<b>Deposit</b>	<b>11/06/2019</b>		<b>11113 · Westamerica - Operations</b>	
		Creamer, Laura(reimb)	69171 · Staff Travel & Training	245.93
		Valerio Architects	41040 · Permit & Inspection Fee	60.00
		Gagne Brothers	41040 · Permit & Inspection Fee	40.00
		Gagne Brothers	41040 · Permit & Inspection Fee	40.00
		Marin County Free Library	11200 · Accounts Receivable	(1) 1,729.92
		AT &T	11200 · Accounts Receivable	(1) 1,297.44
		Frontier California, Inc.	11200 · Accounts Receivable	(1) 4,149.90
		Novato Children's Center	11200 · Accounts Receivable	(1) 1,125.72
		Indian Valley Golf Course	11200 · Accounts Receivable	(1) 8,357.04
		Novato Unified School District	11200 · Accounts Receivable	(1) 112,432.08
		North Marin Water District-	11200 · Accounts Receivable	(2) <u>64,345.10</u>
TOTAL				193,823.13
<b>Deposit</b>	<b>11/08/2019</b>	<b>Gopher It</b>	<b>41040 · Permit &amp; Inspection Fee</b>	<b>40.00</b>
		Novato Unified School District	41040 · Permit & Inspection Fee	60.00
		Novato Car Wash	41040 · Permit & Inspection Fee	60.00
		Novato Fire Protection	11200 · Accounts Receivable	(1) 8,143.98
		Veolia Water	11200 · Accounts Receivable	(3) <u>28,102.74</u>
TOTAL				36,406.72
<b>Deposit</b>	<b>11/08/2019</b>	<b>USCG</b>	<b>11200 · Accounts Receivable</b>	<b><u>16,431.20</u></b>
TOTAL				16,431.20
<b>Deposit</b>	<b>11/12/2019</b>	<b>County of Marin</b>	<b>51015 · Property Taxes</b>	<b>657.84</b>
		Novato Community Hospital	11200 · Accounts Receivable	(1) 30,985.92
		Novato Charter School	11200 · Accounts Receivable	(1) <u>2,480.39</u>
TOTAL				34,124.15
		Peter Levi Plumbing	41040 · Permit & Inspection Fee	40.00
		Marin H2O Inc	41040 · Permit & Inspection Fee	100.00
		City of Novato-	11200 · Accounts Receivable	(1) 30,728.34
		Marin Municipal Water District-	11200 · Accounts Receivable	(1) 5,510.94
		North Marin Water District-	11200 · Accounts Receivable	<u>986.30</u>
TOTAL				37,365.58
<b>Deposit</b>	<b>11/15/2019</b>	<b>Roesel, Adam</b>	<b>41040 · Permit &amp; Inspection Fee</b>	<b>40.00</b>
		Homeward Bound	11200 · Accounts Receivable	(1) 11,635.62
		Roy's Sewer Service, Inc.-	11200 · Accounts Receivable	<u>931.20</u>
TOTAL				12,606.82
<b>Deposit</b>	<b>11/22/2019</b>	<b>Ben Franklin Plumbing</b>	<b>41040 · Permit &amp; Inspection Fee</b>	<b>40.00</b>
		McDonald's	41040 · Permit & Inspection Fee	60.00
		Blue Barn	51020 · Connection Charges	3,564.00
		North Marin Water District-	11200 · Accounts Receivable	506.44
		SMART-	11200 · Accounts Receivable	<u>179.46</u>
TOTAL				4,349.90

## Novato Sanitary District Deposit Detail November 2019

<b>Deposit</b>	<b>11/26/2019</b>	Gagne Brothers	41040 · Permit & Inspection Fee	40.00
		County of Marin	51015 · Property Taxes	1,089.61
		County of Marin	51015 · Property Taxes	485.20
		Better Rooter	41040 · Permit & Inspection Fee	40.00
		Zaragoza Plumbing	41040 · Permit & Inspection Fee	80.00
		County of Marin	51015 · Property Taxes	320.38
		County of Marin	51015 · Property Taxes	2,611.51
		Golden Gate Bridge, Hwy & Trans -	11200 · Accounts Receivable (1)	<u>1,011.24</u>
<b>TOTAL</b>				<u><u>5,677.94</u></u>
			<b>Total Deposits for November 2019</b>	<u><u><b>340,785.44</b></u></u>

- (1) Collection of non-taxroll sewer service charges for first half of FY19-20.
- (2) Collection of Recycled Water Facility billing for July and August 2019 from North Marin Water District.
- (3) Collection of Veolia Water first quarter invoice for reimburseable expenses.

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> Consent Calendar: CASA Washington DC conference.	<b>MEETING DATE:</b> December 9, 2019  <b>AGENDA ITEM NO.:</b> 5.d.
<b>RECOMMENDED ACTION:</b> Approve Director Long and the General Manager-Chief Engineer to attend the California Association of Sanitation Agencies (CASA) Annual Washington DC conference, February 24 – 26, 2020.	
<b>SUMMARY AND DISCUSSION:</b>  <p>The next California Association of Sanitation Agencies (CASA) Annual Washington DC Conference will be held from February 24 - 26, 2020. Out-of-state travel requires pre-approval by the District Board of Directors.</p> <p>Director William Long is the President 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 24 - 26, 2020.</p>	
<b>BUDGET INFORMATION:</b> The costs for attendance would be funded from Account No. 69170 – Board Travel, Meetings and Training, which has a current balance of \$17,831, with no outstanding encumbrances, and Account No. 69171 – Staff Travel, Meeting and Training which has a current balance of \$41,521, with no outstanding encumbrances.	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 1 (Operational Excellence) and Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> SSK	<b>GENERAL MANAGER:</b> SSK

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> Consent Calendar: Fixed Asset Deletion Report for Fiscal Year (FY) 2018-19.	<b>MEETING DATE:</b> December 9, 2019  <b>AGENDA ITEM NO.:</b> 5.e.
<b>RECOMMENDED ACTION:</b> Receive Fixed Asset Deletion Report for Fiscal Year (FY) 2018-19.	
<b>SUMMARY AND DISCUSSION:</b>  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) 2018-19 being presented for the Board's consideration, lists the items deleted between July 1, 2018 and June 30, 2019.	
<b>ATTACHMENTS:</b>  1. Fixed Asset Deletion Detail Report, FY 2018-19.	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 1 (Operational Excellence), and Goal 4 (Well Planned Finances with a Long Range Outlook), of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> lmc, ssk	<b>GENERAL MANAGER:</b> SSK

<b>Novato Sanitary District</b>						
<b>Fixed Assets Disposed of In Fiscal Year 2018/19</b>						
<b>Detail of Disposed of Assets:</b>						
		Cost	Accum Depr	Expense of Sale	Proceeds	Gain/(Loss)
<b>Equipment - Admin/Engineering</b>						
07/01/1993	Oak Desk and Hutch	3,241.00	3,241.00			-
07/01/2000	Bookcase Table	2,365.00	2,365.00			-
07/01/2000	Oak Desk	843.00	843.00			-
07/01/2000	Sled Base Oak	570.00	570.00			-
07/01/2001	Modular Work Area	4,406.00	4,406.00			-
07/01/2004	Bookcases-Storage	1,200.00	1,160.00			(40.00)
07/01/2004	Chair	400.00	387.02			(12.98)
	<b>Subtotal -Admin/Engineering</b>	<b>13,025.00</b>	<b>12,972.02</b>	-	-	<b>(52.98)</b>
<b>Equipment - Collection</b>						
07/01/2012	Camera Kit-Aries	23,281.48	13,968.89			(9,312.59)
07/01/2009	Laptops(2)	1,435.00	1,435.00			
	<b>Subtotal -Collection</b>	<b>24,716.48</b>	<b>15,403.89</b>	-	-	<b>(9,312.59)</b>
<b>Equipment - Laboratory</b>						
07/01/1970	Balance	390.00	390.00			-
07/01/1974	Observation Scope	1,170.00	1,170.00			-
07/01/2004	Portable DO Meter	1,200.00	1,160.00			(40.00)
07/01/2004	Portable PH Meter	550.00	532.02			(17.98)
07/01/2008	Chlorine Titrator	3,615.00	3,615.00			-
07/01/2008	PH/ISE Meter	1,542.00	1,079.00			(463.00)
07/01/2010	Force Air Oven	1,419.00	1,419.00			-
	<b>Subtotal - Admin/Engineering</b>	<b>9,886.00</b>	<b>9,365.02</b>	-	-	<b>(520.98)</b>
<b>Equipment - Rolling Equipment</b>						
07/01/1994	Pump trailer	13,842.00	13,565.60			(276.40)
07/01/2002	Fork Lift	9,000.00	9,000.00			-
07/01/2003	Electric Car #3	2,808.00	2,808.00	150.00	350.00	200.00
07/01/2005	Chevy Silverado Pickup	14,000.00	14,000.00	300.00	2,250.00	1,950.00
07/01/2005	Dodge Ram Truck	18,000.00	18,000.00	150.00	1,500.00	1,350.00
07/01/2006	Chevy Silverado Pickup	13,555.00	13,555.00	150.00	3,000.00	2,850.00
07/01/2006	TV Van 2005	111,213.00	55,606.90	200.00	32,000.00	(23,806.10)
	<b>Subtotal - Treatment</b>	<b>182,418.00</b>	<b>126,535.50</b>	<b>950.00</b>	<b>39,100.00</b>	<b>(17,732.50)</b>
<b>Equipment - Pump Stations</b>						
07/01/2001	Scottsdale Pump Station (PS), Pump #1	5,000.00	4,375.00	-	-	(625.00)
07/01/2001	Scottsdale PS, Pump #2	5,000.00	4,375.00	-	-	(625.00)
07/01/2006	Stonetree PS, Pump #1	4,500.00	2,250.00	-	-	(2,250.00)
07/01/2009	Enfrente PS, Pump #1	5,787.00	3,665.50	-	-	(2,121.50)
07/01/2009	Enfrente PS, Pump #2	5,538.00	3,507.00	-	-	(2,031.00)
07/01/2010	Bel Marin Keys PS #2, Pump #1	11,000.00	4,400.00	-	-	(6,600.00)
	<b>Subtotal - Pump Stations</b>	<b>36,825.00</b>	<b>22,572.50</b>	-	-	<b>(14,252.50)</b>
<b>Total</b>		<b>266,870.48</b>	<b>186,848.93</b>	<b>950.00</b>	<b>39,100.00</b>	<b>(41,871.55)</b>

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Consent Calendar: Revised draft - Novato Area Municipal Service Review (MSR) from Marin Local Agency Formation Commission (LAFCO)</b>	<b>MEETING DATE: December 9, 2019</b>  <b>AGENDA ITEM NO.: 5.f.</b>
<b>RECOMMENDED ACTION: Receive revised draft – Novato Area Municipal Service Review (MSR) from the Marin Local Agency Formation Commission (Marin LAFCO).</b>	
<b>SUMMARY AND DISCUSSION:</b>  <p>At its October 14, 2019 meeting, the District Board received a presentation from Marin LAFCO Executive Officer Jason Fried on the Novato Area draft Municipal Service Review (MSR) document of August 2019. Board members had previously been notified of the availability of the August 2019 draft MSR, along with a hyperlink to the document at the LAFCO website, and provided comments to Mr. Fried at the October 14, 2019 meeting.</p> <p>Subsequently, based on community input received on the August 2019 draft, MarinLAFCO has prepared a revised November 2019 draft MSR document (attached). Per MarinLAFCO, the public comment period for this November 2019 draft will be until January 15, 2020. MarinLAFCO will then take all comments and make a final draft of the report for approval at its first regular MarinLAFCO Board meeting which should be in February 2020.</p> <p>Staff recommends that the District Board receive and review the November 2019 draft MSR document and provide comments, if any, back to the General Manager-Chief Engineer no later than January 10, 2020 so that they may be timely transmitted to LAFCO.</p>	
<b>ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. Revised (November 2019) Novato Area draft Municipal Service Review (MSR) from the Marin Local Agency Formation Commission (Marin LAFCO).</li> </ol>	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 3 (Board District and Community Alignment and Communications), of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> ssk	<b>GENERAL MANAGER:</b> SSK



# Marin Local Agency Formation Commission

Municipal Service Review  
Novato Region

Revised Draft November 2019

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## PREFACE

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This Municipal Services Review (MSR) documents and analyzes the services provided by local governmental agencies in the Novato area. Specifically, this report evaluates the adequacy and efficiency of local government structure and boundaries within the region and provides a basis for boundary planning decisions by the Marin Local Agency Formation Commission (LAFCo).

### Context

Marin LAFCo is required to prepare this MSR in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000, et seq.), which took effect on January 1, 2001. The MSR reviews services provided by public agencies—cities and special districts—whose boundaries and governance are subject to LAFCo. The analysis and recommendations included herein serve to promote and coordinate the efficient delivery of local government services and encourage the preservation of open space and agricultural lands.

### Commissioners, Staff, Municipal Services Review Preparers

#### Commissioners

Sashi McEntee, Chair	City	City of Mill Valley
Craig Murray, Vice Chair	Special District	Las Gallinas Valley Sanitary District
Damon Connolly	County	District 1 Supervisor
Dennis Rodoni	County	District 4 Supervisor
Sloan Bailey	City	Town of Corte Madera
Lew Kious	Special District	Almonte Sanitary District
Larry Loder	Public	Commission
Chris Skelton	Public Alternate	Commission
Tod Moody	Special District Alternate	Sanitary District #5
Matt Brown	City Alternate	City of San Anselmo
Judy Arnold	County Alternate	District 5 Supervisor

#### Staff

Jason Fried	Executive Director
Candice Bozzard	Commission Clerk
Jeren Seibel	Policy Analyst

#### MSR Preparers



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## Appendix A – References Cited

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## 1.0 INTRODUCTION

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### 1.1 ROLE AND RESPONSIBILITY OF LAFCO

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are political subdivisions of the State of California responsible for providing regional growth management oversight in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH"), which specifies regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities and special districts as well as their municipal service areas.

LAFCOs' regulatory and planning powers are set to fulfill specific purposes and objectives that collectively construct the Legislature's regional growth management priorities under Government Code (G.C.) Section 56301. This statute reads:

*"Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities."*

LAFCO decisions are legislative in nature and not subject to an outside appeal process. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals so long as not establishing any terms that directly control land uses, densities, or subdivision requirements.

#### Regulatory Responsibilities

LAFCOs' principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities and most special districts.<sup>1</sup> More recently LAFCOs have been tasked with also overseeing the approval process for cities and districts to provide new or extended services beyond their jurisdictional boundaries by contract or agreement as well as district actions to either activate a new service or divest an existing service. LAFCOs generally exercise their regulatory authority in response to applications submitted by the affected agencies, landowners, or registered voters.

Recent CKH amendments, however, now authorize and encourage LAFCOs to initiate on their own jurisdictional changes to form, consolidate, and dissolve special districts consistent with current and future community needs. The following table provides a complete list of LAFCOs' regulatory authority.

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<sup>1</sup> CKH defines "special district" to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

**Table 1-1: LAFCO Regulatory Powers**

LAFCo Regulatory Powers	
• City Incorporations / Disincorporations	• City and District Annexations
• District Formations / Dissolutions	• City and District Detachments
• City and District Consolidations	• Merge/Establish Subsidiary Districts
• City and District Outside Service Extensions	• District Service Activations / Divestitures

## Planning Responsibilities

LAFCOs inform their regulatory actions through two central planning responsibilities: (a) making sphere of influence (“sphere”) determinations and (b) preparing municipal service reviews. Sphere determinations have been a core planning function of LAFCOs since 1971 and effectively serve as the Legislature’s version of “urban growth boundaries” with regard to cumulatively delineating the appropriate interface between urban and non-urban uses within each county. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted as part of CKH and are intended to inform – among other activities – sphere determinations. The Legislature mandates, notably, all sphere changes as of 2001 be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs.

### 1.2 MUNICIPAL SERVICE REVIEWS

Municipal service reviews were a centerpiece to CKH’s enactment in 2001 and are comprehensive studies of the availability, range, and performance of governmental services provided within a defined geographic area. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies.

All municipal service reviews – regardless of their intended purpose – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven mandated service factors are summarized in the following table.

**Table 1-2: Mandatory Determinations**

<b>Mandatory Determinations / Municipal Service Reviews (Government Code Section 56430)</b>
1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status and opportunities for shared facilities.
6. Accountability for community service needs, including structure and operational efficiencies.
7. Matters relating to effective or efficient service delivery as required by LAFCo policy.

### **1.3 MARIN LAFCO COMPOSITION**

Marin LAFCo is governed by a 7-member board comprising two county supervisors, two city councilmembers, two independent special district members, and one representative of the general public. Each group also appoints one “alternate” member. Each member must exercise their independent judgment, separate from their appointing group, on behalf of the interests of all residents, landowners, and the public. Marin LAFCo’s current commission membership is provided below in Table 2-3.

**Table 1-3: Marin LAFCo Commission Membership**

<b>Name</b>	<b>Position</b>	<b>Agency Affiliation</b>
Sashi McEntee, Chair	City	<i>City of Mill Valley</i>
Craig Murray, Vice Chair	Special District	<i>Las Gallinas Valley Sanitary District</i>
Damon Connolly	County	<i>District 1 Supervisor</i>
Dennis Rodoni	County	<i>District 4 Supervisor</i>
Sloan Bailey	City	<i>Town of Corte Madera</i>
Lew Kious	Special District	<i>Almonte Sanitary District</i>
Larry Loder	Public	<i>Commission</i>
Chris Skelton	Public Alternate	<i>Commission</i>
Tod Moody	Special District Alternate	<i>Sanitary District #5</i>
Matt Brown	City Alternate	<i>City of San Anselmo</i>
Judy Arnold	County Alternate	<i>District 5 Supervisor</i>

Marin LAFCo is independent of local government and employs its own staff. Its offices are located at 1401 Los Gamos Drive, Suite 220 in San Rafael. Information on Marin LAFCo’s functions and activities, including reorganization applications, are available by calling 415-448-5877 by e-mail to [staff@marinlafco.org](mailto:staff@marinlafco.org) or by visiting [www.marinlafco.org](http://www.marinlafco.org).

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## 2.0 EXECUTIVE SUMMARY

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This study represents Marin LAFCo’s scheduled regional municipal service review of local agencies in the Novato region of eastern central Marin County. The underlying aim of the study is to produce an independent assessment of municipal services in the area over the next five to ten years relative to the Commission’s regional growth management duties and responsibilities. The information generated as part of the study will be directly used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as special district formations, consolidations, and/or dissolutions.

### 2.1 AFFECTED PUBLIC AGENCIES

This report focuses on seven agencies operating in the Novato Region as listed below.

**Table 2-1: Agencies in Novato Regional MSR**

Novato Regional MSR
City of Novato
Novato Sanitary District
Novato Fire Protection District
Bel Marin Keys Community Service District
CSA No. 1 (Loma Verde)
CSA No. 20 (Indian Valley)
CSA No. 25 (County Parks)

Together, these agencies provide a range of municipal services to the communities in which they serve, including:

#### Water

Water services include access to, treatment of, and distribution of water for municipal purposes. The Study Area is entirely within the North Marin Water District and the District is the sole purveyor of municipal water to the area. An in-depth review of countywide water services, including the North Marin Water District, was prepared by Marin LAFCo in 2016.

#### Wastewater

Wastewater services include collection, transmission, and treatment of wastewater. Within the Study Area, the Novato Sanitary District is the sole public provider of wastewater services. See Section 6 for a review of the District’s services.

#### Fire Protection and Emergency Services

Fire protection and emergency services consist of firefighting and fire prevention, emergency medical response, hospital service, ambulance, and rescue services. These services are somewhat

interrelated in nature and overlap in functional application. The Novato Fire Protection District is the primary service provider for fire protection and emergency services in the current study area.

### **Park and Recreation Services**

Parks and recreation services include the provision and maintenance of parks and recreation services. This also includes open space management. Open Space land is commonly set aside for recreation and stormwater management purposes, as well as for natural resource protection, preservation of cultural and historic resources, preservation of scenic vistas, and many other reasons. In the current study area, much of the open space land is managed by the Marin County Department of Parks and Open Space which is not included in this MSR. Other entities that provide park and recreation services in the study area include the City of Novato, Bel Marin Keys Community Service District, County Service Area (CSA) No. 1 – Loma Verde, and CSA No. 20 – Indian Valley.

### **Channel Maintenance**

Channel maintenance includes periodic dredging of creek channels. For the current study area, Bel Marin Keys Community Service District is the only district that provides channel maintenance.

### **Roadway Services**

Roadway services include construction, maintenance, planning of roads, and roadway lighting. In addition to the City of Novato, districts that provide Roadway Services include Bel Marin Keys Community Service District and County Service Area No. 1 – Loma Verde.

## **2.2 PLANS, POLICIES, STUDIES**

Key references and information sources for this study were gathered for each district considered. The references utilized in this study include published reports; review of agency files and databases (agendas, minutes, budgets, contracts, audits, etc.); Master Plans; Capital Improvement Plans; engineering reports; EIRs; finance studies; general plans; and state and regional agency information (permits, reviews, communications, regulatory requirements, etc.). Additionally, the consulting team, in coordination with the LAFCo Executive Officer, contacted each agency with requests for information.

The MSR study area includes communities within the City as well as unincorporated areas adjacent to the city. In the areas entirely outside of the City, Marin County has the primary authority over local land-use and development policies (and growth). The City of Novato has authority over land use and development policies within the City. City, County, and Community plans were vital for the collection of baseline and background data for each agency. The following is a list of documents used in the preparation of this MSR:

- City and County General Plans
- Specific Plans
- Community Plans
- Agency databases and online archives (agendas, meeting minutes, website information)

### **2.3 AGENCY AND PUBLIC PARTICIPATION**

Consistent with the approved scope of work, this study has been prepared with an emphasis in soliciting outside public review and comment as well as multiple opportunities for input from the affected agencies. These efforts are summarized below. This included information requests sent to individual agencies, draft agency profiles also sent to agencies, and review of the draft report prior to Commission action.

This MSR is posted on the Commission's website ([www.marinlafco.org](http://www.marinlafco.org)). It may also be reviewed at the LAFCo office located at 1401 Los Gamos Drive, Suite 220 in San Rafael during open hours.

Table 2-2: Novato Regional Agencies' Meeting Information

Novato Regional Municipal Service Review - Agency Transparency					
Agency	Governing Body	Meeting Date/Time	Meeting Location	Televised/Streaming	Website
City of Novato	City Council	2nd and 4th Tuesday at 6:00pm	Novato City Hall Council Chambers 901 Sherman Avenue Novato, CA 94945	Televised live on local Ch 27. Rebroadcast on Ch 27 and Horizon Cable Ch 70. Live online at Council website.	<a href="https://novato.org/government/city-council">https://novato.org/government/city-council</a>
Novato Sanitary District	Board of Directors	2nd Monday at 5:30pm	NSD District Office 500 Davidson Street Novato, CA 94945	N/A	<a href="http://www.novatosan.com/board-agendas-and-minutes/our-board">http://www.novatosan.com/board-agendas-and-minutes/our-board</a>
<b>Novato Fire Protection District</b>	Board of Directors	1st Wednesday at 6:00pm	Fire Station 61 Berthinier Conference Rm 7025 Redwood Boulevard Novato, CA 94945	N/A	<a href="https://www.novatofire.org/about-us/board-of-directors">https://www.novatofire.org/about-us/board-of-directors</a>
<b>Bel Marin Keys Community Service District</b>	Board of Directors	3rd Thursday at 7:30pm	BMK Community Center 4 Montego Key Novato, CA 94945	N/A	<a href="http://www.bmkcsd.us/bmk-csd/board-of-directors/">http://www.bmkcsd.us/bmk-csd/board-of-directors/</a>
<b>County Service Area No. 1 Loma Verde</b>	County Board of Supervisors	2nd and 4th Tuesday at 9:00am	County of Marin Civic Building 3501 Civic Center Drive - Suite 329, San Rafael, CA 94903	Webcasts available on Board of Supervisors website.	<a href="https://www.marincounty.org/depts/bs/meeting-archive">https://www.marincounty.org/depts/bs/meeting-archive</a>
<b>County Service Area No. 20 Indian Valley</b>	Advisory Board	Once per year or more as needed	Novato Fire District Administrative Building - Cavallero Conference Room 95 Rowland Way Novato, CA 94945	N/A	<a href="https://www.marincountyparks.org/about-us/boards-and-commissions/csa20">https://www.marincountyparks.org/about-us/boards-and-commissions/csa20</a>
<b>County Service Area No. 25 Mount Burdell (Inactive)</b>	County Board of Supervisors	2nd and 4th Tuesday at 9:00am	County of Marin Civic Building 3501 Civic Center Drive - Suite 329, San Rafael, CA 94903	Webcasts available on Board of Supervisors website.	<a href="https://www.marincounty.org/depts/bs/meeting-archive">https://www.marincounty.org/depts/bs/meeting-archive</a>

## 2.4 WRITTEN DETERMINATIONS

The Commission is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 anytime it prepares a municipal service review. These determinations are similar to findings and serve as independent statements based on information collected, analyzed, and presented in this study's subsequent sections. The underlying intent of the determinations is to identify all pertinent issues relating to the planning, delivery, and funding of municipal services as it relates to the Commission's role and responsibilities. An explanation of these seven determination categories is provided below.

### 1. Growth and Population

This determination evaluates existing and projected population estimates for the City of Novato and the adjacent unincorporated communities within the study area. The ability of each provider to accommodate growth and demand projections is considered in each agency profile.

### 2. Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence.

This determination was added by Senate Bill (SB) 244, which became effective in January 2012. A disadvantaged community is defined as an inhabited community of 12 or more registered voters having a median household income of 80 percent or less than the statewide median household income.

### 3. Capacity and Infrastructure

Also discussed is the adequacy and quality of the services provided by each agency, including whether sufficient infrastructure and capital are in place (or planned for) to accommodate planned future growth and expansions. This is detailed for each provider.

### 4. Financing

This determination provides an analysis of the financial structure and health of each service provider, including the consideration of rates and service operations, as well as other factors affecting the financial health and stability of each provider. Other factors considered include those that affect the financing of needed infrastructure improvements and compliance with existing requirements relative to financial reporting and management.

### 5. Shared Facilities

Opportunities for districts to share facilities are described throughout this MSR. Practices and opportunities that may help to reduce or eliminate unnecessary costs are examined, along with cost avoidance measures that are already being utilized. Occurrences of facilities sharing are listed and assessed for more efficient delivery of services.

### 6. Government Structure and Local Accountability

Accountability and governance are described in Chapter 4 for each provider. This subsection addresses the adequacy and appropriateness of existing boundaries and spheres of influence and evaluates the ability of each service provider to meet its demands under its

existing government structure. Also included is an evaluation of compliance by each provider with public meeting and records laws (Brown Act).

**7. Other Matters Related to Effective or Efficient Service Delivery, as Required by Commission Policy**

Marin LAFCo has specified the sustainability of local agencies as a priority matter for consideration in this MSR. Sustainable local governments that take practical steps to protect the environment and our natural resources through land conservations, water recycling and reuse, preservation of open space and opting to use renewable energy are the key players in determining the sustainability of the region.

In addition, other matters for consideration could relate to the potential future SOI determination and/or additional effort to review potential advantages or disadvantages of consolidation or reorganization.

A summary of determinations regarding each of the above categories are provided in Chapter 11 of this document and will be considered by Marin LAFCo in assessing potential future changes to an SOI or other reorganization.

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## **3.0 SERVICES EVALUATION AND DETERMINATIONS**

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### **3.1 REGIONAL MUNICIPAL SERVICES**

In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area. Services reviewed, on a regional scale, provide LAFCo with a broader understanding of service adequacy and efficiency. Evaluations consider service levels, service demand, financing challenges and opportunities, infrastructure needs and deficiencies, opportunities for shared facilities, and governance structure options. The commission may assess various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence, including, but not limited to, the consolidation of governmental agencies. Written determinations address mandatory factors required under the statute.

#### **1) Regional Considerations for Fire & Emergency Response Services**

Fire protection and emergency response services in the Novato region are provided by the Novato Fire Protection District. The FPD maintains a budget of over \$30 million dollars that is spread over five distinct divisions. The FPD is able to support 78 staff that work at five fire stations and one administrative building.

The FPD participates in a number of regional collaborations including the Marin Emergency Radio Authority and jointly operates an Emergency Operations Center with the City of Novato. It also has several automatic aid agreements in place with regional emergency response agencies including the Marin County Fire Chiefs Mutual Aid Agreement which allows for county-wide mobilization during emergencies.

Currently, the FPD is seeking funding to fill vacancies in its Risk Reduction, Prevention, and Mitigation division. By expanding this division, the FPD would be able to better support residents in the Wildland Urban Interface by conducting hazard assessments and drafting fuel reduction plans. This could decrease the number of losses associated with wildland fires which is a growing threat to communities all throughout California.

#### **2) Regional Considerations for Wastewater and Solid Waste Collection Services**

The Novato Sanitary District provides wastewater collection and recycled water services. It also provides solid waste collection services through a contract agreement with Recology Sonoma Marin. NSD operates a central treatment facility that was recently upgraded in 2011 and maintains hundreds of miles of pipeline throughout the Novato region. It is also able to provide approximately 165 million gallons of recycled water that is delivered by the North Marin Water District.

Recent upgrades to the Novato WWTP have allowed NSD to improve their level of service while also planning for future development and growth in the region. The NSD has also been working on upgrading its sewer collection system since 2000. With hundreds of miles of pipeline in a range of conditions, upgrades will continue to take place. In FY 2019-20 the NSD will complete a Collection System Master Plan that will identify needed improvements to its collection system.

Having this long-range planning document will allow the NSD to adequately budget for needed upgrades over the next decade and seek out additional funding as needed for larger projects.

### **3) Regional Considerations for Parks and Recreation Services**

Parks and recreation remain an integral part of the communities in the Novato region. The region has ample opportunity for recreation and could better serve residents in some areas by conducting long-term planning and considering governance structure and boundary changes.

#### *Long-Term Planning*

Parks and recreation services in the Novato region are mainly overseen by the City of Novato and the Marin County Department of Parks and Open Space. Additional park and recreation services are provided by Bel Marin Keys. These agencies have developed long-term planning documents that help guide capital improvement projects throughout the region. Another agency, CSA No. 20, could also benefit from such a document. CSA 20 exists for the purpose of enhancing features and amenities within the Indian Valley Open Space Preserve, which is managed by Marin County Open Space District. While CSA 20 reports that the utilize the current Marin County Open Space District planning documents to help inform decisions made by the Advisory Board. A long-term planning document specific to the Indian Valley Preserve, such as a list of project priorities, could help inform decisions made by the Advisory Board and help track management of funds and services.

#### *Governance Structure and Boundaries*

The Marin County Department of Parks and Open Space manages much of the open space area in the Novato Region including areas within the boundaries of CSAs Nos. 1, 20, and 25. This provides for consolidated management responsibilities and coordinated planning. In the case of CSA No. 25, all lands purchased by the CSA were transferred to the Open Space District which is now the Marin County Department of Parks and Open Space. As such, CSA No. 25 has no assets, revenue, or expenditures. It meets the criteria set forth by the State Controller's Office for an inactive district and is eligible for the State's inactive district list which would lead to the dissolution of the district. As the CSA has accomplished its original goal of land acquisition and no longer provides services to the region, this is a reasonable course of action.

#### *Funding*

In recent years the recreation facilities in the Novato region have benefited from Measure A funds. However, these funds are due to sunset in 2021. The City has also noted that revenues for Parks and Recreation and other City departments are highly dependent on community participation in programs. The cost of providing these services is anticipated to increase at a greater rate than revenues. Both the County and the City may consider researching additional long-term funding mechanisms, such as another bond measure or extension of the existing sales tax measure (Measure A), to continue funding park and recreation services in the Novato region.

#### **4) Regional Considerations for Police Services**

The City of Novato Police Department serves residents within and directly adjacent to the City's boundary. Unincorporated areas of the Novato region are served by the Marin County Sheriff Office from their patrol unit's Main Station in the City of San Rafael and the California Highway Patrol.

The City of Novato Police Department maintains a police force of approximately 20 patrol units and runs a range of community engagement efforts. Community efforts such as the Novato Response Team focus on crime prevention and neighborhood safety. The efforts of the police force have contributed to lower crime rates and very low citizen complaints. The department has an annual budget of over \$15.5 million which accounts for approximately 38% of the City's General Fund budget.

#### **5) Regional Considerations for Roads & Street Lighting Services**

The City of Novato Public Works Department is responsible for maintaining City facilities including roads, traffic signals, and thousands of street lights. The department works to improve pedestrian crossings, convert lights to LED in an effort to conserve energy, maintain adequate retaining walls, and repave roads along with many other regular maintenance and improvement projects.

Road maintenance outside of the City of Novato is the responsibility of Marin County. Major access roads to unincorporated areas include Bel Marin Keys Boulevard in Bel Marin Keys, Alameda de la Loma in Loma Verde, Harbor Drive in Black Point, Atherton Avenue in Green Point, and Indian Valley Road in Indian Valley. Major state roads include Highway 101 and Highway 37 which are maintained by Caltrans.

One issue that may arise in the future is the inundation of roads by sea-level rise. While much of Novato is anticipated to not be impacted by sea-level rise, according to the Marin Shoreline Sea Level Rise Vulnerability Assessment for the Novato region, some areas along San Pablo Bay and the Petaluma River could be impacted. In the event of 10" of sea-level rise and a 100-year Storm Surge event, approximately half of Bel Marin Keys Streets and portions of Green Point could see substantial flooding.

Another issue arising with road and street lighting services is the City's ability to continue funding departments at current and anticipated future levels. The City has noted that the rising cost of employee compensation, contributions to medical premiums, and workers compensation is exceeding revenue increases which may lead to funding deficits. The City may want to look at other sources of long-term revenue to help offset these rising costs.

#### **6) Regional Considerations for Dredging Services**

Dredging takes place in navigable creeks and rivers in the region. Bel Marin Keys CSD provides maintenance dredging services for its North Lagoon and portions of Novato Creek near flood control structures. Additional dredging in the region is conducted by the US Army Corps of Engineers along the Petaluma River.

Bel Marin Keys CSD has been able to secure funding for regular maintenance of their North Lagoon through passing of Measure D. However, Novato Creek remains largely unfunded. The last dredging that took place in 2005 and was funded by the passing of Measure F. Ideally the creek is dredged on a 20-year cycle to maintain the navigation channel. When the next major dredging of the creek is scheduled the CSD will need to consider additional funding options such as another bond measure or potential cost-sharing opportunities.

## **7) Regional Considerations for Planning**

The City of Novato is the major jurisdiction within the document's study area. While the largest in the area, water and sewer service are provided by other agencies. The provision of these services, along with land use authority, are some of the major factors determining development and growth. This means that growth on the unincorporated edges of the city is not generally at the discretion of the city, making it challenging for them to plan and provide for growth on their boundaries.

While Novato cannot have direct control over the unincorporated lands surrounding the City, there are tools available to them to further establish their region of interest. The Governor's Office of Planning and Research (OPR) recommends that cities establish a planning area as a part of their general plan development. The planning area may include regions that are outside of the City's SOI but that may impact the City if development occurs..

The City of Novato may be impacted by development in unincorporated areas due to increased population around the City and use of City amenities. As such, it would be advantageous to define a Planning Area in which the City is included in the development process through either notification, comment, or other agreed upon process. This type of planning area does not give the City of Novato the authority to approve or disapprove of any proposals but simply the chance to know about local projects. The City of Novato should work together with the County and surrounding communities to delineate a Novato Planning Area and consider establishing formal agreements for processing development proposals in this area.

## **3.2 MUNICIPAL SERVICE REVIEW DETERMINATIONS**

### **1) Growth and population projections for the affected area.**

- a) Projected near-future growth is expected to be moderate. According to the Association of Bay Area Governments, the Novato population is expected to increase to a total population of 53,900 by 2025 with an estimated annual growth rate of 0.3 percent.

### **2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

- a) There are no identified DUCs within the Study Area.

### **3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

- a) As noted above, there are no unincorporated communities within the Study Area that have been identified as disadvantaged.

### **4) Financial ability of agencies to provide services.**

- a) The City of Novato, Novato Sanitary District, Novato Fire Protection District, Bel Marin Keys CSD, and the County Service Areas all prepare annual budgets and prepare financial statements in accordance with established governmental accounting standards. The City Council, NSD, FPD, and CSD Boards, and County Board of Supervisors may amend their budgets by resolution during the fiscal year in order to respond to emerging needs, changes in resources, or shifting priorities. Expenditures may not exceed appropriations at the fund level, which is the legal level of control.
- b) The City Manager, Chief Engineer, Fire Chief, CSD General Manager, and County Administrative Officer are authorized to transfer budgeted amounts between accounts, departments or funds under certain circumstances, however; the City Council, NSD, FPD, and CSD Boards, and County Board of Supervisors must approve any increase in the operating expenditures, appropriations for capital projects, and transfers between major funds and reportable fund groups. Audited financial statements are also prepared for the City, NSD, FPD, CSD, and County by independent certified public accounting firms.
- c) While additional revenues are needed to provide some services and maintain infrastructure covered in this MSR, the agencies meet their financial responsibilities to provide services.

### **5) Status of, and opportunities for, shared facilities.**

- a) The Marin County Department of Parks and Open Space provides shared services for CSA Nos. 1 and 20 by managing open space areas and preserves within the CSAs' boundaries.
- b) The Novato Sanitary District is able to provide recycled water to the region that is distributed by the North Marin Water District.
- c) The Novato Fire Protection District operates an Emergency Operations Center jointly with the City of Novato and participates in multiple regional agreements for aid and operations.

**6) Accountability for community service needs, including governmental structure and operational efficiencies.**

- a) CSA No. 20 may consider a long-term planning document outlining special project needs within the boundaries of the CSA that include fuel reduction, trail realignment, and parking solutions along with other projects as deemed appropriate by the Advisory Board.

**7) Any other matter related to effective or efficient service delivery, as required by commission policy.**

- a) No other matters relating to the effective or efficient service delivery have been identified.

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## 4.0 REGIONAL SETTING

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The MSR study area consists of Marin County's northern 101 corridor at the intersection of Highway 37 serving the Novato, Bel Marin Keys, Green Point-Black Point, Indian Valley, and Loma Verde communities. Seven public agencies, including three County Service Areas (CSA), are included. Not evaluated but located within the study area is the North Marin Water District which was recently reviewed by LAFCo in 2017.

Several communities lie within and adjacent to the Novato Study Area. Most are served by a number of municipal service providers established over time to meet local service needs. There are limited services overlaps within the Novato region. Fire and emergency medical services are provided by the Novato Fire Protection District, sanitary services are generally provided by the Novato Sanitary District except in areas with onsite services, and water is provided by North Marin Water District. There are several agencies that manage park and recreation services, including open space management.

The City of Novato primarily provides police, parks and recreation, road, flood control, and street lighting services within the city's corporate limits. The City encompasses approximately 28 square miles with an additional 2 square miles in its sphere of influence. In and around the City are several unincorporated pocket areas known as *unincorporated islands*, which are discussed below.

A limited number of CSAs serve parts of the region. Of the three present only two are currently active, CSA No. 1 – Loma Verde and CSA No. 20 – Indian Valley. These were primarily developed to fund open space acquisition, however, other services are provided as discussed further under their agency profiles.

South of the study area are the communities of Marinwood, St. Vincents, and the City of San Rafael which were recently reviewed by LAFCo in the San Rafael Regional MSR. To the north of the study area is Sonoma County and the City of Petaluma along the Petaluma River. To the east and west of the study area are San Pablo Bay and large areas of open space and agricultural lands, respectively.

### 4.1 UNINCORPORATED ISLANDS

The State Legislature has recognized that pockets of unincorporated territory that are surrounded or substantially surrounded by incorporated cities, typically known as "islands", create governance and service delivery inefficiencies and deficiencies. Marin LAFCo's Unincorporated Island policy encourages annexations of islands to cities, where supported by the island community, to further reduce and/or eliminate islands to provide more orderly local governmental boundaries and cost-efficiencies. However, Marin LAFCo will not independently proceed with an entire island annexation to the City of Novato where local residents have voiced opposition. In addition, the City of Novato has a voter-approved Urban Growth Boundary (UGB) that limits growth of the City. With some very limited exceptions a City voter supported UGB amendment would be required before any annexation of areas outside that boundary could take place. More information on the UGB can be found in Section 5.3.

There are five unincorporated islands in the City of Novato region, including Bel Marin Keys, Black Point, Green Point, Indian Valley, and Loma Verde. Each of these neighborhoods are described in more detail in the discussion below.

## **Black Point**

The Black Point planning area, along with its immediate neighbor Green Point, is an island of unincorporated territory along the Marin and Sanoma county line, bordered by the City of Novato on one side and San Pablo Bay on the other. The unincorporated Black Point neighborhood abuts the unincorporated Green Point neighborhood, the Petaluma River, and the northeast jurisdictional limits of Novato (See Figure 3-1). The area is primarily rural-residential, surrounded by open space.

Zoning in the area is primarily Agricultural Limited 2 and Open Area<sup>2</sup> which allows for the rural residential nature of the community. Basic services in the area include water and fire protection. The community is within the Novato Sanitary District SOI but does not currently receive service from them. Instead, residents rely on onsite wastewater treatment systems.

Black Point has many natural resources and associated hazards. Almost the entire area is within the Wildland Urban Interface and susceptible to wildland fires. The Novato Fire Protection District works collaboratively with county and other local fire agencies to help educate residents about the risk of wildland fires. The community is also located next to the San Andreas Fault Zone but it is primarily on soil that would not greatly amplify shaking and has a very low liquefaction rating<sup>3</sup>. Another hazard of concern is flooding. Most of the community is located on higher elevation hill areas that are not within the 100-year flood zone<sup>4</sup>, however, some portions of the community along the tidal marshes could be susceptible to flooding and potential impacts from sea-level rise.

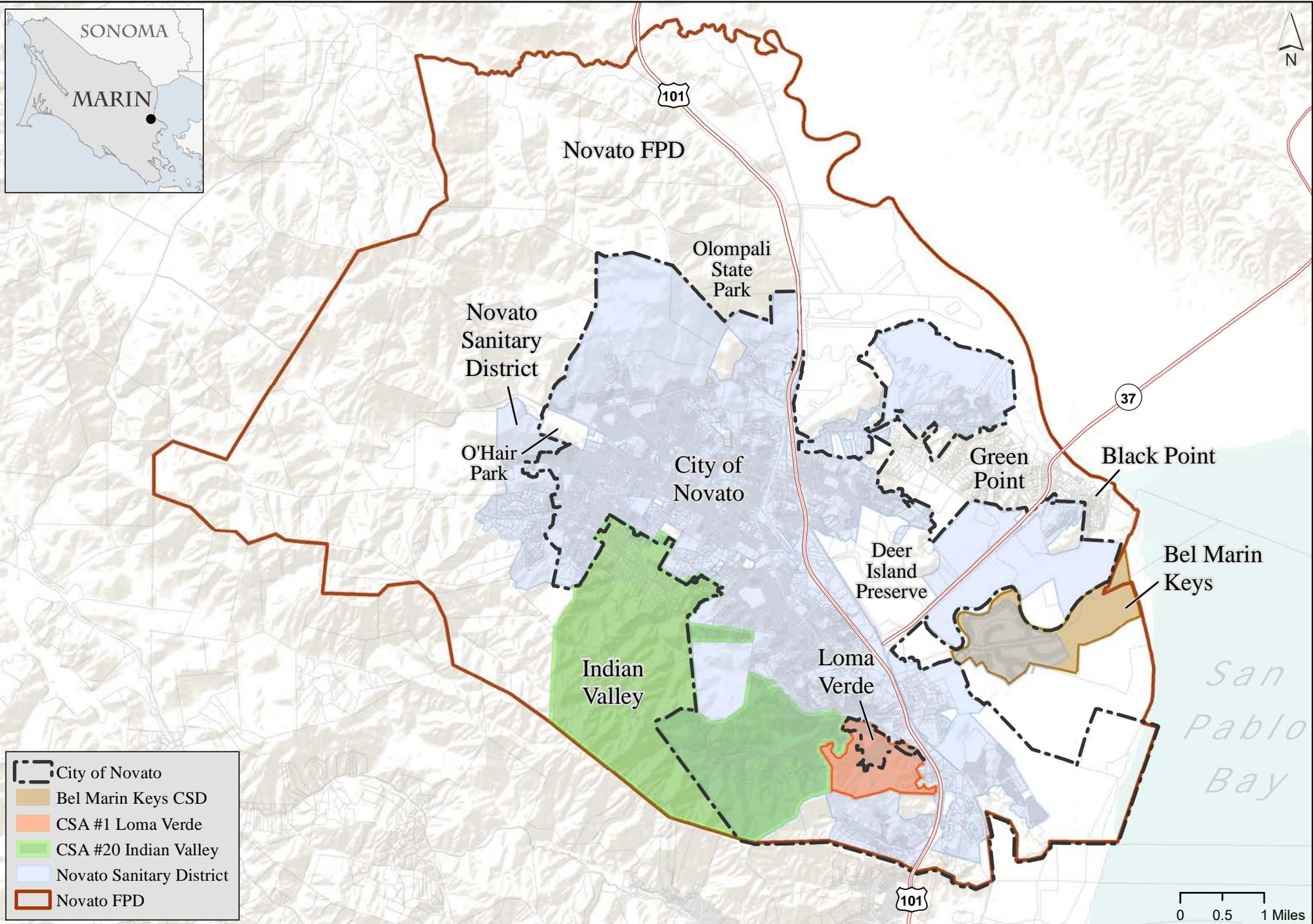
The community, through the Black Point Improvement Club, has informed LAFCo that they do not wish to be annexed into the City of Novato in order to limit development and maintain the rural community setting . This is also the reason why Novato Sanitary District wastewater service has not been extended to the area. Onsite water treatment systems limit the development of higher occupancy residential areas due to their limited capacity .

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<sup>2</sup> Marin Map Viewer, County Unincorporated Zoning.

<sup>3</sup> Ibid, pgs. 36-39.

<sup>4</sup> Ibid, pg. 41.



# Novato Regional Service Providers

Mapping provided by:  
**PLANWEST**  
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Figure  
 4-1

Sources: Boundaries, Roads, Parcels: Marin Map GIS.

## **Green Point**

The unincorporated community of Green Point is adjacent to the Black Point neighborhood. Paralleling the Petaluma River, it is bounded on the south by the flat uninhabited bay plains, which separates the community from the City of Novato. Principal access to Green Point is via State Route 37, which separates Green Point and Black Point.

Green Point largely developed within the last forty years with large residential lots interspersed with agriculture and large swaths of open space<sup>5</sup>. According to Marin County's Green Point Community Plan, the neighborhood has historically retained a rural sense of place, with an absence of urban services and amenities.

The Black Point Improvement Club (BPIC), a local community group that is, in part, made of people who live in this unincorporated island of Green Point, has informed LAFCo that they do not want to be incorporated into the City of Novato.

## **Bel Marin Keys**

The unincorporated community of Bel Marin Keys is located in the southeast Novato region between Highway 37 and Highway 101 and is primarily served by the Bel Marin Keys CSD (see profile in Section 8). The community is estimated to cover approximately one square mile and has an estimated 700 housing units. In 1982 Marin LAFCo excluded the Bel Marin Keys area from the City of Novato's SOI. The 2002 LAFCo Municipal Service Review for the region noted that the Bel Marin Key's residents desire for the exclusive use of its waterways and the City's desire to avoid the cost liability and service responsibility associated with Bel Marin Keys' waterways fostered a mutual interest in maintaining the community separate from the city.

While the 2002 MSR mentioned "exclusive use" of the waterways, this is not an accurate depiction of what occurs under the Clean Water Act. The Clean Water act allows the general public passage thought the locks if they desire use of the lagoons. The Bel Marin Keys' residents desire is to maintain controlled and limited access to the waterways in accordance with all government regulations and ordinances.

The Bel Marin Keys CSD Board of Directors, on behalf of its membership, has informed LAFCo that they do not want to be annexed into the City of Novato.

## **Loma Verde**

The Loma Verde neighborhood is located in the southern portion of Novato. Made up of primarily single-family homes with some apartments and townhomes, the neighborhood's developed residential area is unincorporated but completely surrounded by the City of Novato, and within the City's SOI. Adjacent to, and associated with the neighborhood is the Loma Verde Open Space preserve. The preserve itself is within Novato city limits. Both the preserve and unincorporated Loma Verde neighborhood are within the boundaries of CSA 1. See Section 9 for further discussion of CSA 1.

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<sup>5</sup> Marin County. 2016 Green Point Community Plan. Adopted by the Marin County Board of Supervisors on July 26, 2016. Pg. 26

While there is no official neighborhood group for the Loma Verde area, residents have reached out to LAFCo to indicate they do not want their island annexed into the City of Novato.

### Indian Valley

As defined in the Marin Countywide Plan and Indian Valley Specific Plan, Indian Valley is comprised of the approximately 630-acre unincorporated portion of the Novato area lying south of Mill Road between Pacheco Avenue and Trumbull Avenue, extending to the boundary of the agricultural and open space preserves to the south.

Land ownership in Indian Valley is principally single-family housing with parcel sizes ranging from one to nearly 45 acres. Other uses include equestrian activity, orchards and livestock (cattle, sheep) pasture and grazing. There is no multi-family use, no institutional use, and no commercial use other than home-office oriented businesses and several horse stables and plant nurseries.

The Indian Valley Association (IVA) is a local community group made up of people who live in this unincorporated island. The IVA leadership, on behalf of its membership, has informed LAFCo that they do not want to be annexed into the City of Novato. IVA also does not want wastewater service from Novato Sanitary District to be extended to the area. Onsite water treatment systems limit the development of higher occupancy residential areas due to their limited capacity and is the preferred method for the community.

## 4.2 GROWTH AND POPULATION

LAFCo is required to make MSR determinations on growth and population. When planning for the provision of future services and infrastructure it is important to have ready access to accurate growth and population projections. This MSR also identifies and considers disadvantaged communities and growth and population data contribute to that analysis. The region’s growth rates are based on historical development patterns, the County and Marin’s general plans, regional estimates from the Association of Bay Area Governments and California Department of Finance, and information provided by special districts.

### Land Use

Marin County is generally considered an “infill” county, with new development guided to existing urbanized areas. The Marin Countywide Plan (2007) serves to guide the conservation and development of Marin County through policies that protect open space and “community separators” in the city-centered corridors. Marin County’s 520 square miles is only 11% developed with urban uses, and only 5% of the remaining land is potentially developable under existing policies. Agricultural lands make up 36% of the County’s total area, parklands 33%, and the remaining 15% in public or private open space use<sup>6</sup>.

The Novato Region outside the City commercial areas has a rural atmosphere largely because of its low population density and the high amount of open space and parks in and near the city.

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<sup>6</sup> Marin LAFCo. Novato Regional Municipal Service Review. 2006.

Novato’s population density is about one-half that of San Rafael and is nearly one-third that of Petaluma or Vallejo<sup>7</sup>.

### **Current Population**

Marin County experienced progressive growth between 1950 and 1960 when the population jumped substantially from 85,619 to 146, 820, an increase of 72%. Compared to other Bay Area counties, Marin County has since experienced slow population growth rates between three and five percent<sup>8</sup>. Overall Marin remains the slowest growing county in the Bay Area.

The City of Novato accounts for the majority of the Study Area population, with an estimated population of 55,655 in 2018<sup>9</sup>. The Black Point–Green Point Census Designated Place (CDP) encompasses both communities, which are also within the Study Area. Together they have an estimated population of 1,544<sup>10</sup>.

### **Projected Growth and Development**

According to 2013 projections by the Association of Bay Area Governments (ABAG), the Novato population is expected to increase to a total population of 53,900 by 2025 with an estimated annual growth rate of 0.3 percent. ABAG projected the population of Marin County as a whole to increase by 14,191 for a total population of 266,600 in 2025.

### **Disadvantaged Unincorporated Communities**

LAFCo is required to evaluate disadvantaged unincorporated communities (DUCs) as part of this review, including the location and characteristics of any such communities within or contiguous to the SOIs established in the Study Area. A DUC is an unincorporated geographic area with 12 or more registered voters with a median household income of 80% or less of the statewide median household income. The identification of DUCs is intended to ensure that the needs of these communities are met when considering service extensions and/or annexations in unincorporated areas. There are no identified DUCs within the Study Area.

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<sup>7</sup> City of Novato Adopted Budget 2018/19. Pg. 11.

<sup>8</sup> Marin LAFCo. Novato Regional Municipal Service Review. 2006.

<sup>9</sup> U.S. Census Bureau, Population Division. Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2018.

[https://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml?src=bkmk](https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml?src=bkmk)

<sup>10</sup> U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

[https://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml?src=bkmk](https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml?src=bkmk)

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## 5.0 CITY OF NOVATO

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### 5.1 OVERVIEW

The City of Novato, California is the northernmost city in Marin County, approximately twenty-nine miles north of San Francisco and thirty-seven miles northwest of Oakland. Characterized by a low population density (persons per acre) and a high amount of open space and parks in and near the city, Novato’s jurisdictional boundary covers twenty-eight square miles with a population of 55,655<sup>11</sup>. The city’s population density is about one-half that of San Rafael and is nearly one-third that of Petaluma or Vallejo<sup>12</sup>.

Novato provides a range of municipal services, including streets and street lighting; land use planning; recreation, park, and open space; and law enforcement. Other municipal services to the city are provided by several special districts.

Table 5-1: City of Novato Overview

City of Novato Overview	
<b>City Manager:</b>	Adam McGill (Acting)
<b>Main Office:</b>	922 Machin Avenue, Novato
<b>Council Chambers:</b>	901 Sherman Avenue, Novato
<b>Formation Date:</b>	January 20, 1960
<b>Services Provided:</b>	Police, Parks & Recreation, Roads, Flood Control, Street Lighting
<b>City Boundary:</b>	28 sq. mi. city limit, 2 sq. mi. SOI
<b>Population Served:</b>	55,655

### 5.2 FORMATION AND DEVELOPMENT

During the latter half of the 19th century, fruit orchards and the new Northwestern Pacific Railroad Depot spurred development in the Novato region. In 1888, land grants were subdivided into lots and parcels, providing the footprint of the new town along the railroad tracks. By the end of the nineteenth century, Novato had a well-developed downtown with residential development concentrated around the railroad and Grant Avenue.

The 1920s saw the continued development of Novato. The Sanitary District was formed and sidewalks were paved. The Great Depression brought a halt to Novato’s economic growth and development, until the construction of Hamilton Field in 1932 (a United States Air Force base decommissioned in 1974), and subsequently World War II, which brought an abundance of new jobs to Novato.

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<sup>11</sup> United States Census Bureau. *Quickfacts City of Novato*. Population estimates, July 1, 2018.

<sup>12</sup> City of Novato Adopted Budget FY 2018-19, “Compiled”.

Novato incorporated on January 20, 1960, as a General Law city. Residential development in the 1960s and 1970s spread outward along Novato Boulevard, as the City’s population increased from 17,900 in 1960 to nearly 44,000 by 1980.

Today, the existing land use in Novato is predominately residential in the valley areas west of Highway 101 and in neighborhoods east of the freeway. Most units are single-family detached homes on lots under one acre in size. In the last two decades, the re-use of the Hamilton Army Airfield added over 2,100 new homes to Novato<sup>13</sup>.

### 5.3 CITY BOUNDARY AND SPHERE OF INFLUENCE

The current City of Novato jurisdictional boundary is roughly 28 square miles (17,857 acres) in size and largely defined by area topography . The northeast portion of the city abuts the Petaluma River and the Marin/Sonoma County line. The eastern extent of the city is surrounded by San Pablo Bay while the western and the southern extents are defined by open space preserves, steep topography, and Big Rock Ridge.

Marin LAFCo originally established a City of Novato sphere of influence (SOI) in 1982. At that time, it included most of the unincorporated territory surrounding the city, extending to cover open space areas within the City’s drainage and viewshed. Notably, it did not include the Bel Marin Keys area. In 2002, the Commission conducted a municipal service review and sphere of influence update. The updated sphere excluded publicly owned open space as well as the Indian Valley, Black Point, and Green Point neighborhoods, reflecting the city’s adopted Urban Growth Boundary (UGB)<sup>14</sup>. The Commission’s 2007 update reaffirmed the 2002 sphere, recommending no change. No sphere changes have occurred since.

As discussed in Section 2, a SOI is a boundary determined by LAFCo that establishes the probable city service area limit. The current SOI is coterminous with present city boundaries with four exceptions (comprising a total of 1,384 acres): (1) the Loma Verde neighborhood, the unincorporated portion of CSA #1 Loma Verde; (2) the Vineyard Road area; (3) Atherton Avenue between U.S. 101 and Bugeia Lane, and (4) portions of the St. Vincent properties abutting Novato to the south.<sup>15</sup> See Figure 5-1. The County has designated approximately 56 percent of this land for very low- and low-density residential use and 27 percent for open space and conservation<sup>16</sup>. Other unincorporated islands described in Section 4.1 above are not in the City SOI.

#### *Urban Growth Boundary*

Within a city’s jurisdictional boundary (also determined by LAFCo) a city may also develop policies and define areas such as an Urban Growth Boundary (UGB), to guide development and services extension . In 1997 the voters of Novato adopted an UGB to constrain the expansion of

<sup>13</sup> City of Novato. Draft General Plan 2035. 2016. Pgs. 1-3 & 1-4.

<sup>14</sup> Marin LAFCo. *Periodic Update – Adopted Sphere of Influence for Cities and Special Districts in the Novato Area*. September 28, 2007.

<sup>15</sup> City of Novato. *General Plan 2035 Policy White Paper, Urban Growth Boundary*. April 142014. <https://novato.org/home/showdocument?id=11898>

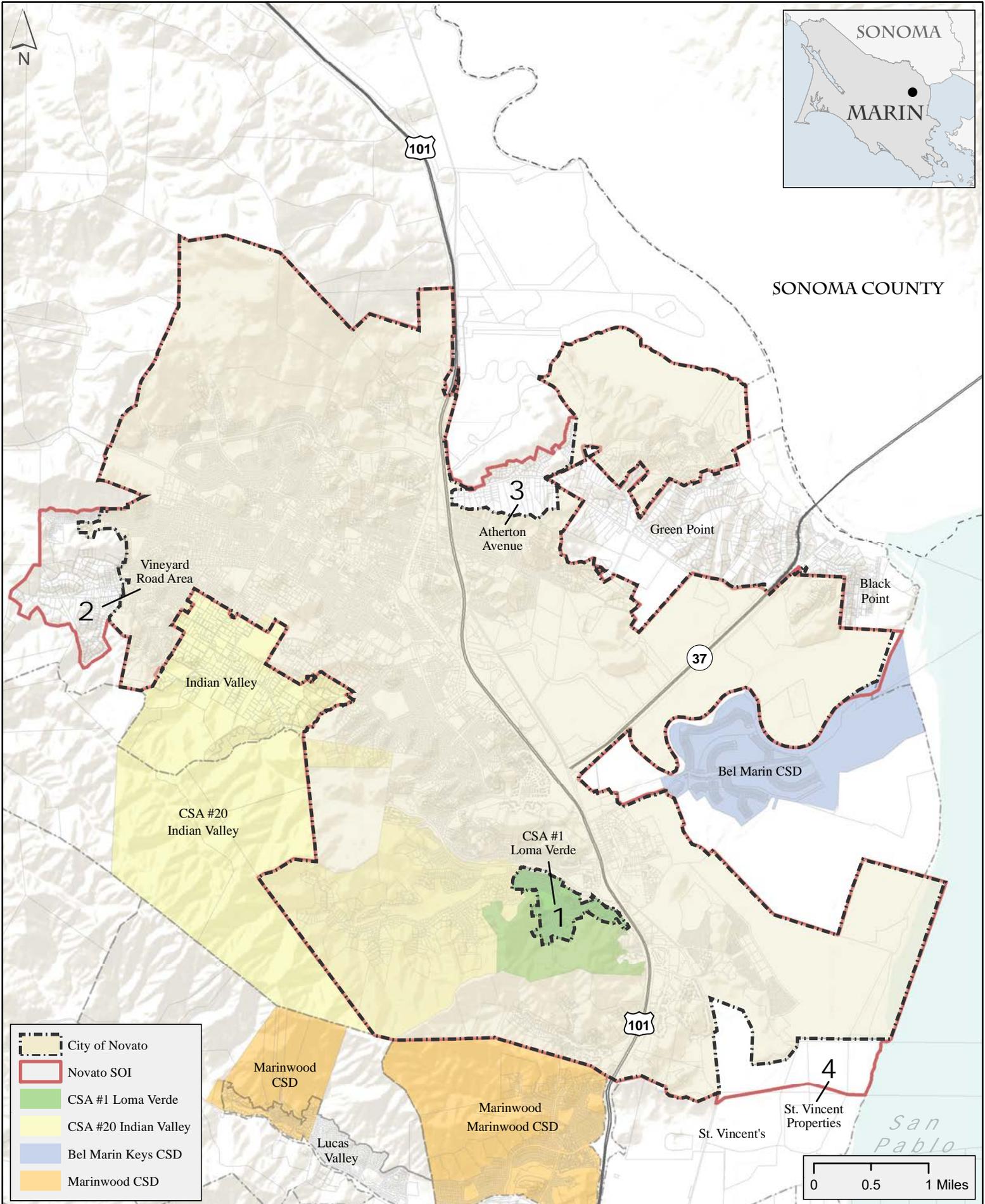
<sup>16</sup> City of Novato. Draft General Plan 2035. 2016. Pg. 2-21.

“urban” development (e.g., that which required sewer and water utilities) into the rural areas surrounding the incorporated City limits.

Initially established in 1997, Novato citizens reaffirmed the UGB and its associated policies to continue through 2037 via ballot Measure D in 2017. Established as coterminous with the city limit, there have been several minor amendments to the UGB to annex single or small groups of property to the city. The UGB is to protect the area from City development, maintain agricultural uses, and maintain open space separators between itself and other nearby cities by limiting land use beyond the boundary to non-urban uses such as agricultural, conservation, parkland, and open space, with limited exceptions.

Novato’s UGB guides city decisions on land within its jurisdiction, however, given that the majority of land the UGB aims to protect is outside of the city’s jurisdictional boundary, and the city does not directly provide services like water and sewer (development-related services), land use and development in unincorporated areas surrounding are not directly within the Novato’s control. The City has the ability to comment on projects that occur outside the city limits but within its SOI. However, given that SOI is currently set to be generally coterminous with the city limit line and UGB (with exception of unincorporated areas discussed above), much of the unincorporated land bordering Novato is not required to concurrently annex to the City if seeking annexation to the Sanitary and/or Water Districts. Accordingly, while not required to do so, Marin LAFCo does send single-district annexations noticing to neighboring jurisdictions, it does not carry the same weight in the decision-making process when the jurisdiction has no planning oversight.

While the City does not have land-use authority over the unincorporated lands surrounding the City, there are tools available to them to further establish their region of interest. The Governor’s Office of Planning and Research (OPR) recommends that cities establish a planning area as a part of their General Plan. Should the City wish to have a more active role in land use decisions outside of its UGB, they could consider working together with the County and surrounding local agencies to delineate a Novato planning area and consider establishing formal agreements for processing development proposals within the area.

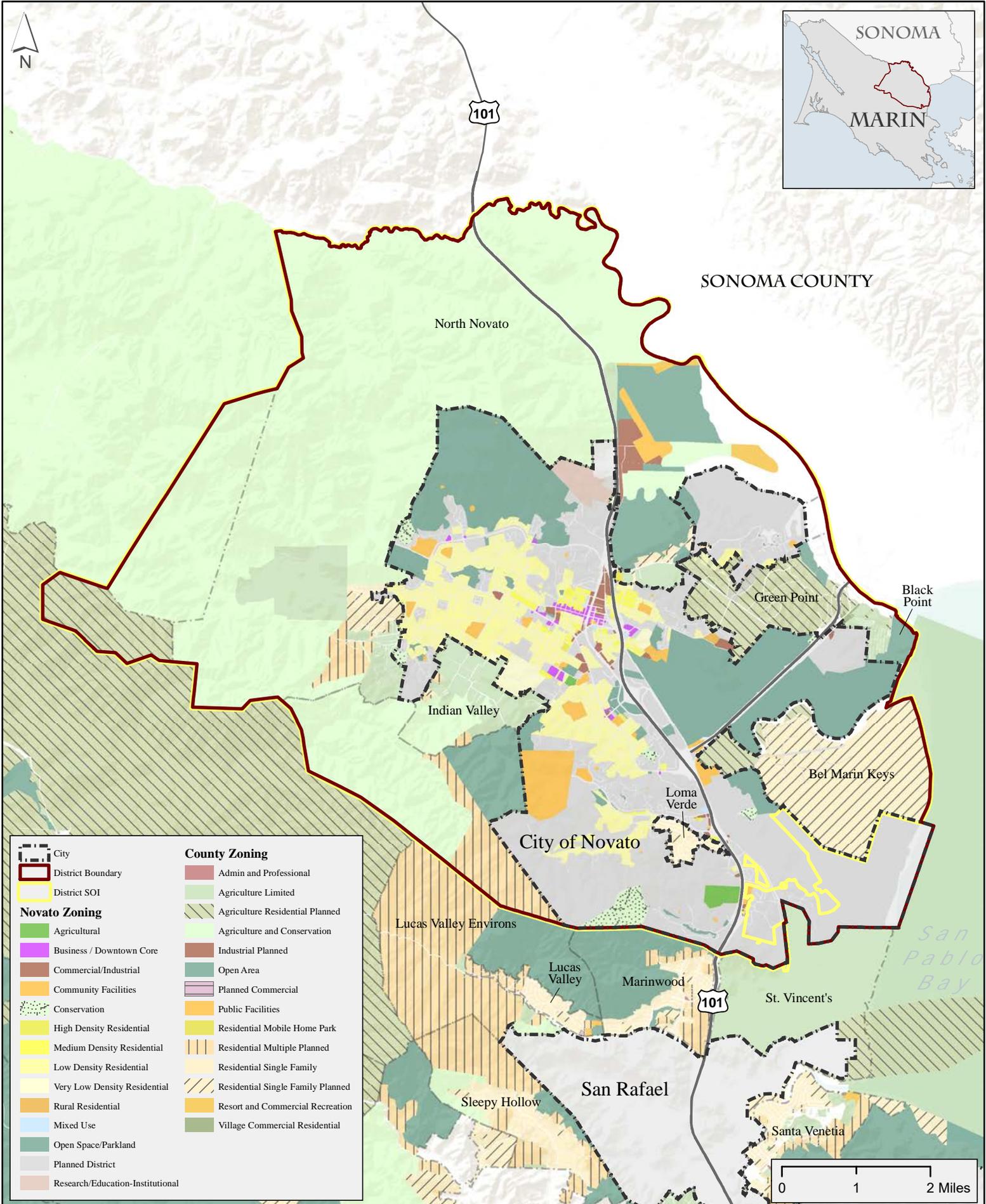


# City of Novato Overview

Figure 5-1

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.



	City		Admin and Professional
	District Boundary		Agriculture Limited
	District SOI		Agriculture Residential Planned
<b>Novato Zoning</b>			Agriculture and Conservation
	Agricultural		Industrial Planned
	Business / Downtown Core		Open Area
	Commercial/Industrial		Planned Commercial
	Community Facilities		Public Facilities
	Conservation		Residential Mobile Home Park
	High Density Residential		Residential Multiple Planned
	Medium Density Residential		Residential Single Family
	Low Density Residential		Residential Single Family Planned
	Very Low Density Residential		Resort and Commercial Recreation
	Rural Residential		Village Commercial Residential
	Mixed Use		
	Open Space/Parkland		
	Planned District		
	Research/Education-Institutional		

# Novato Fire Protection District Zoning

Figure 5-2

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.

## 5.4 MUNICIPAL SERVICES

The City of Novato and the surrounding area is served by a variety of public services and facilities. Many services are provided by independent public agencies other than the City: water supply is provided by the North Marin Water District; wastewater collection and treatment, and trash collection and recycling are provided by the Novato Sanitary District; fire protection is provided by the Novato Fire Protection District; Flood Control is provided by the Marin County Flood Control & Water Conservation District; schools are provided by the Novato Unified School District; and libraries are provided by the Marin County Free Library District. The Pacific Gas & Electric Company provides electricity and natural gas distribution, and Marin Clean Energy provides an alternative energy source. City facilities encompass 50 acres of parks, including a historic cemetery, 22 athletic fields, two storm drain pump stations and a public swimming pool as well as public buildings including City Hall, City Administrative offices, a police station, a corporation yard, Margaret Todd Senior Center, three museums, an art studio complex, two gymnasiums, and several historical structures in City's downtown area.

The City of Novato provides the following municipal services:

- Land use planning
- Stormwater drainage
- Streets and street lighting
- Recreation, park, and open space
- Law enforcement

The below sections describe the provision of services by Novato in more detail.

### Land Use Planning

The Community Development Department is charged with providing city land use planning services. They assist the City Council, and ultimately the community, in planning for the City's future development, and reviewing proposed development projects for conformance with the City's adopted policies and ordinances and environmental laws. The Department also provides ongoing monitoring of deed restricted housing stock, including resales and rentals, and implementation of various housing programs contained in the Housing Element.

Within the department are several divisions:

- Building Division - Provides building permitting and inspection processes
- Code Enforcement Division - Enforces the Novato Municipal Code
- Planning Division - Develops and administers the City's General Plan, zoning regulations, and planning permit processes.

The primary City planning vehicle is the General Plan, the foundation for establishing goals, purposes, zoning, and activities allowed within the city. The City's General Plan was last completely updated and approved by City Council in December 1996. General Plan Elements have been updated since, such as the Housing Element. Since 2016, Novato has been updating the plan and a Draft General Plan 2035 is available on the city website.

### **Streets and Street Lighting**

The City's Public Works Department provides design, construction, maintenance and operation of public use facilities, including all roads and street lighting. The Public Works Director serves as the City Engineer and manages the Administrative, Engineering and Maintenance Divisions. The Department employs 55.5 full-time equivalents (FTE) positions and maintains facilities, including parking lots, roads, parks, traffic signals, and street lights.

Of the \$9.5 million Public Works operating budget, approximately \$1.6 Million (16.8%) are Streets and Street Lighting expenses. Of the \$28 million in Capital Improvement Project Expenses programmed for fiscal year 2019-20, \$19 Million (67.8%) is slated for Streets and Street Lighting related projects. In the 2018-19 fiscal year, the department completed the following projects:

- Renovated the Dogbone Meadow dog park;
- Enhanced 7 pedestrian crossings and refreshed all school-zone crosswalks and signage;
- Completed Vineyard Rd. Improvements;
- Rebuilt retaining wall along Sunset Parkway;
- Built a Marin Valley Mobile Country Club retaining wall and walkway installations;
- Performed LED lighting upgrades to save \$20-30K in annual costs;
- Reduced flooding by pre-emptive storm drain maintenance; and
- Refurbished Pioneer Park restrooms

Department Goals for Fiscal Year 2019/20 include:

- Finalize Storm Drain Master Plan;
- Develop 2020 Annual Pavement Rehabilitation Program;
- Complete a fire-wise assessment of city-owned properties in conjunction with NFPD;
- Develop annual defensible space clearance program;
- Begin construction on Hill Recreation Area Central Hub Project;
- Review and update City's Development Impact and Public Works fees for services;
- Forecast long-range infrastructure funding needs;
- Repave Nave Drive and complete right-of-way acquisition for Grant Ave. Bridge Project;
- Increase the number of Parking Spaces downtown;
- Begin implementation of a Computer Maintenance Management System;
- Increase # of fuel-efficient vehicles in City fleet; and
- Continue organic sheet mulching and explore other options for eco-friendly weed control.

## Recreation, Park, and Open Space

The Parks, Recreation & Community Services Department has oversight of City park and recreation facilities, programs, special events, classes, and childcare services. It offers a range of social and recreational programs and activities for all ages. From sports leagues and facility rentals to youth classes and senior events. They also manage park use.

The Department employs 23.3 FTE positions and oversees the operations of a range of facilities. The Culture and Recreation expenses for the city are budgeted \$5.3 million (13% of the General Fund expenditures) for the 2019-20 fiscal year.

City park facilities include 439 acres of parks at 29 park sites or approximately 8.5 acres per one thousand residents. Parks in Novato feature, among other amenities, hiking trails, playgrounds, playing fields, outdoor courts, amphitheater, a skate park, a dog park, a community swimming pool, and picnic areas.

## Law Enforcement

The City of Novato provides law enforcement, dispatch, and emergency preparedness services to all areas within the city limit and response to nearby unincorporated neighborhoods as necessary. The Novato Police Department is located at 909 Machin Avenue in Novato. As a full-service agency, NPD is divided into the Operations Division and the Administrative Services Division each led by a Police Captain. The Novato Police Department maintains its own Dispatch Center. Dispatchers receive and handle calls, including 911 calls, 24 hours a day.

Projected expenditures for 2019 are 17 million (41% of the General Fund expenditures), similar to the 2018-19 adopted budget. There are approximately 82 staff in the department including 61 sworn personnel (including two school resource officers), and a volunteer program<sup>17</sup>. This equates to 1.10 full-time sworn officers per 1,000 population. This is comparable to the San Rafael average of 1.07 full-time sworn officers per 1,000 population.

Department community engagement efforts include the Minors Access to Alcohol Prevention and Bicycle/Pedestrian Safety programs. The Novato Response Team is a special police team focused on crime prevention and intervention. It meets with residents to provide crime prevention tips, visits schools to mentor youth and reduce gang involvement and works with property owners of multifamily housing to ensure the safety of their residents and the surrounding community.

## 5.5 ORGANIZATIONAL STRUCTURE

The City of Novato was incorporated on January 20, 1960, as a general law city. The City Council is made up of five members, elected at large, serving four-year terms. The Mayor is selected from

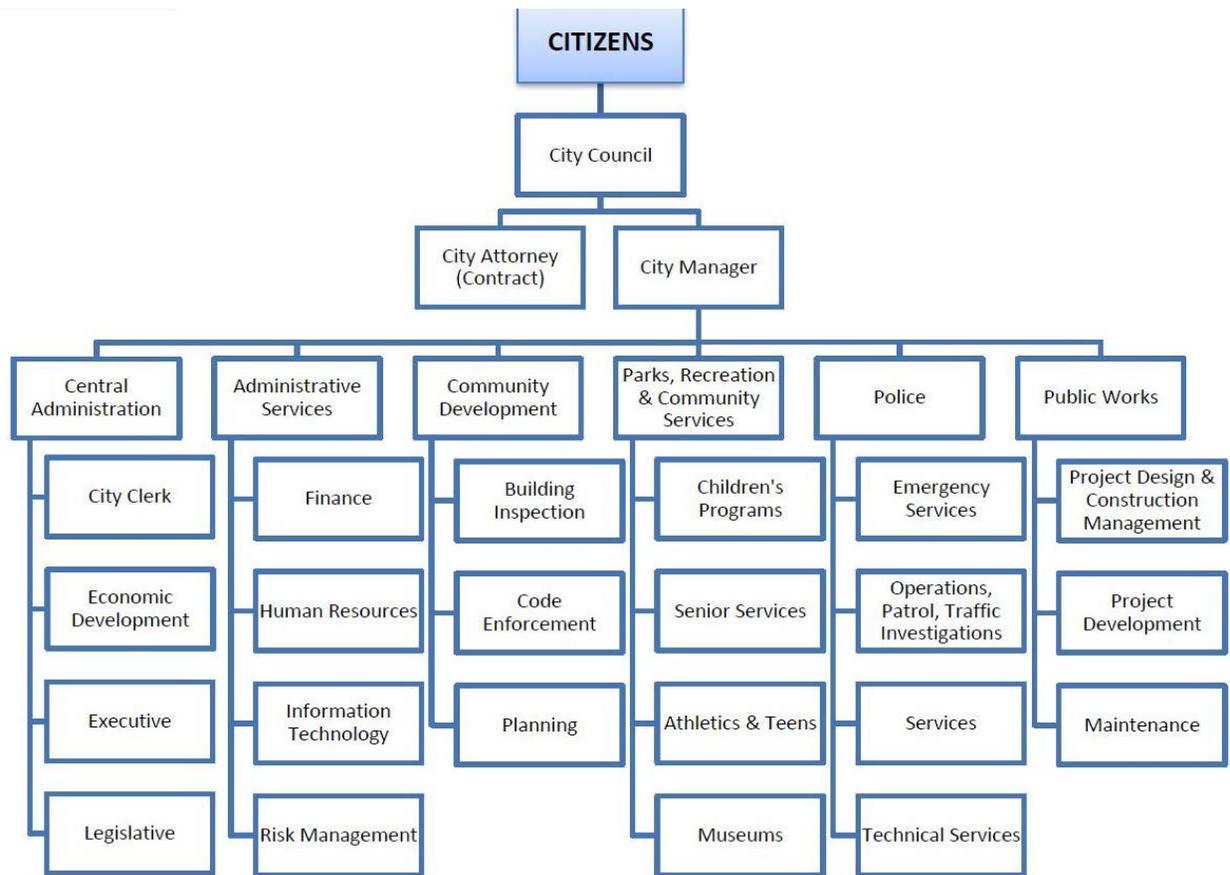
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<sup>17</sup> City of Novato website. Police Department "About Us" page. Accessed July 3, 2019. <https://novato.org/government/police-department/about-us>

City Council members for a one-year term The Council operates under a council-manager form of government and directly appoint both the City Manager and the City Attorney.

City Council duties also include establishing legislation and policies governing the city; adopting all ordinances, resolutions, and major contracts; approving and modifying annual budgets; making appointments to advisory boards; commissions and committees. City Council meetings are scheduled the second and fourth Tuesday every month at 6:00 p.m. in the Novato City Hall Council Chambers located at 901 Sherman Avenue and are televised.

**Figure 5-3: City of Novato Organizational Structure**



### Staffing and City Operations

The City Manager is responsible for city operations management and policy implementation on behalf of the City Council. The City Manager is an at-will employee and administers the City of Novato’s departments. The City has 208.67 FTE employees and delivers municipal services through six departments: Central Administration, Police, Community Development, Public Works, Parks & Recreation, and Community Services<sup>18</sup>.

<sup>18</sup> City of Novato Comprehensive Annual Financial Report for the Year Ended June 30, 2018. Pg. ii.

## 5.6 ACCOUNTABILITY AND TRANSPARENCY

### Meetings and Agendas

When conducting service reviews and reviewing proposals, LAFCo considers an agency's accountability for community service needs, including governmental structure, operational efficiencies, financial resources, and promoting public access.

The City offers multiple ways to keep citizens informed about services, meetings, finances and decision-making processes. Public notices are posted on the website. Past meeting agendas and meeting minutes may be found in the Public Meetings section of the City's website. The public may also provide verbal comments or complaints by phone or in person at City Hall during business hours and/or at City Council meetings during the public comment period.

## 5.7 FINANCIAL OVERVIEW

The City of Novato prepares an annual report on the City's financial statements in accordance with established governmental accounting standards. The most recent audited financial statement was prepared by the independent certified public accounting firm, Mann, Urrutia, Nelson, CPAs & Associates, LLP, for the fiscal year ending on June 30, 2018.

The City adopts an annual budget effective July 1 for the ensuing fiscal year. The budget reflects estimated revenues and expenditures. Appropriations and spending authorizations for projects in the capital projects funds and some special revenue funds are approved by the City Council on a multi-year basis. The City Council may amend the budget by resolution during the fiscal year in order to respond to emerging needs, changes in resources, or shifting priorities. Expenditures may not exceed appropriations at the fund level, which is the legal level of control. The City Manager is authorized to transfer budgeted amounts between accounts, departments or funds; the Council must approve any increase in the City's operating expenditures, appropriations for capital projects, and transfers between major funds and reportable fund groups.

### Revenues and Expenditures

The Fiscal Year (FY) 2019-2020 general fund expenditure budget for Novato is \$42.7 million (including appropriations and transfers out to other funds). See Figure 5-3. The expenditure budget is supported predominantly by a projected revenue of \$41.7 million. See Figure 5-4.

The FY 2019/20 budget is balanced and does not require the use of one-time reserves for ongoing expenditures, however, in the Final Budget adoption staff report, city staff noted that the City faces fiscal challenges that will remain unless the Council implements new revenue sources that create a sustainable revenue stream over future years. According to the report, approximately 70% of the city's expenditures are personnel costs which are appropriated for the purposes of providing services and programs for the residents of Novato. The city will either need to reduce personnel costs to a level that would offset future expenditure increases and/or evaluate and implement

multiple revenue growth strategies that will generate sufficient revenue to meet the future projected expenditure increases to the General Fund.

Based on the FY 2017/18 Comprehensive Annual Financial Report, as of June 30, 2018 the City had a net pension liability of \$47,489,946. Large net pension liabilities are a common occurrence among local governments and prompted the Marin County Local Government Reform of Pensions and Other Post-Employment Benefits study that was released in September 2019. The City will be looking into the recommendations of the report and strategizing on how best to pay down pension liabilities.

Figure 5-4: Novato General Fund Budget Expenditures

### General Fund Appropriations by Function Fiscal Year 2019/20

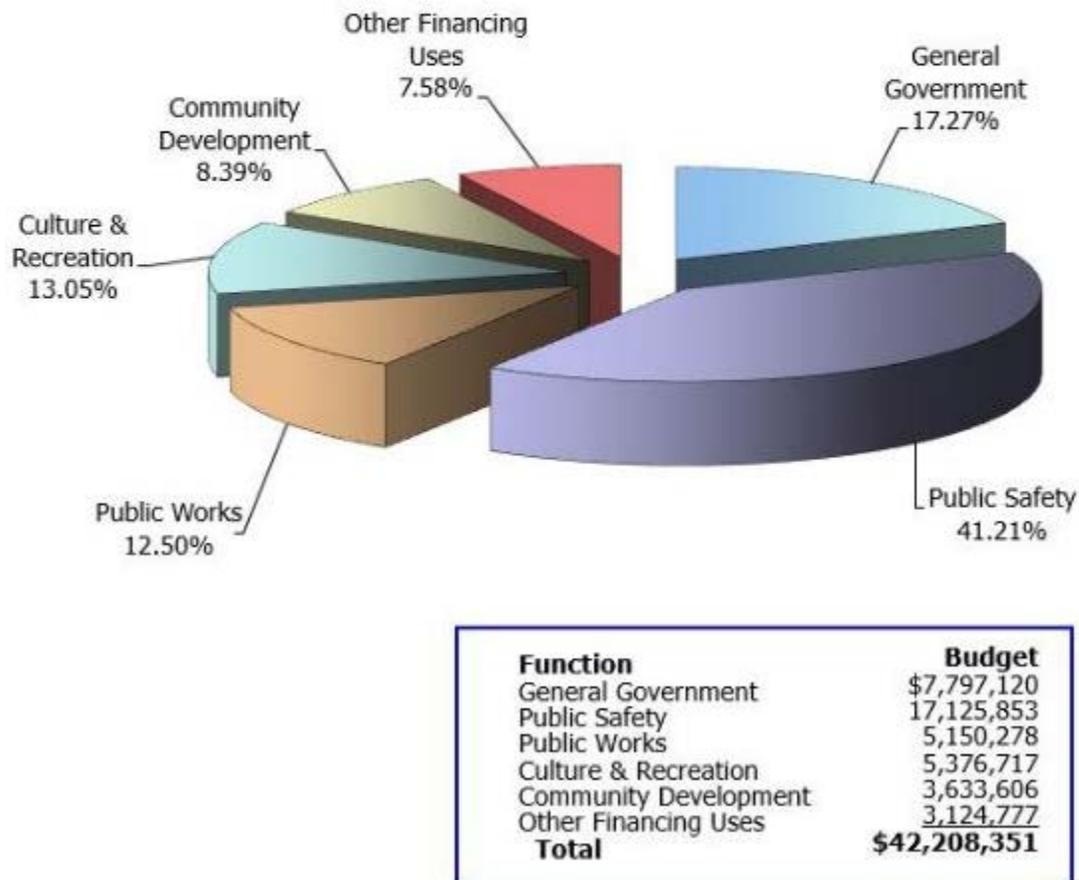


Figure source: City of Novato website, Finance page. Accessed July 12, 2019.

Figure 5-5: Novato General Fund Budget Revenues

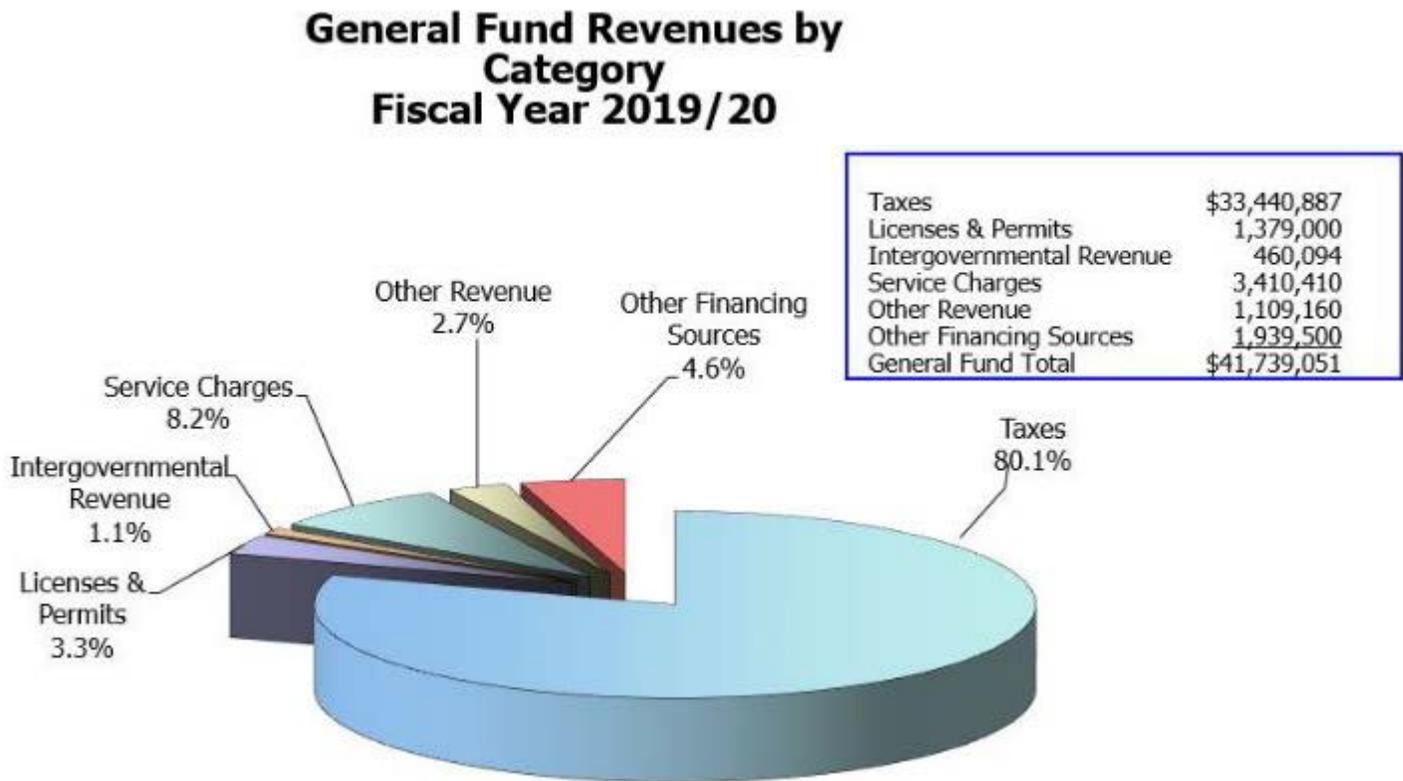


Figure source: City of Novato website, Finance page. Accessed July 12, 2019.

## 5.8 SUSTAINABILITY

The City of Novato was one of the first cities in Marin to adopt a Climate Action Plan in 2009. Since that time, they have worked to integrate sustainability actions into city operations and the community at large. Major past accomplishments include converting more than 4,000 streetlights to energy-efficient LEDs and switching over to Deep Green 100% renewable energy at all city facilities.

Currently housed within the Central Administration Department, Novato maintains a Sustainability Division which focuses on implementing the City's Climate Change Action Plan, reducing greenhouse gas emissions and preserving natural resources in City operations and throughout the community. They have a Sustainability Coordinator who implements an internal staff Green Team, secures Green Business Certification for City operations, and provides support for community sustainability-related events.

Current division activities include: a range of education and outreach programs with a focus on reducing greenhouse gas emissions, adding electric vehicles to the city fleet, retrofitting several municipal buildings to be more energy and water efficient, reducing the environmental impact of city purchasing decisions, exploring options to increase municipal solar electricity generation, and rolling out a green commute program for city staff.

In the 2019/20 fiscal year, the City has prioritized the following items:

- Update the Climate Action Plan;
- Establish energy efficiency, water conservation and waste reduction targets for each City-owned Facility;
- Manage the Reimagining Citizenship program, fostering the next generation of community leaders;
- Implement expanded recycling programs at Hamilton Community Center and Margaret Todd Senior Center;
- Continue the Green Film Series and other public outreach and education events;
- Develop and implement targeted community action campaigns focused on renewable electricity, idling, food waste, and school travel;
- Support the implementation of the Clean Fleet Policy;
- Develop a community-wide Electric Vehicle Strategy; and
- Identify City-owned properties suitable for solar installations.

Recent program accomplishments noted in the FY 2019/20 budget include:

- Implemented lighting upgrade in the police station;
- Conducted quarterly Climate Action Roundtable meetings with the community;
- Hosted North Bay Climate Action Summit at the Buck Institute Marin/Sonoma Climate Action Summit, in conjunction with the state Global Climate Action Summit;
- Organized inaugural Green Living Festival to celebrate Earth Day;
- Submitted successful grant application to Cal Recycle for county-wide food waste prevention; and
- Established two community (Organic Waste and School Travel) and two staff (Green Facilities and Green Fleet) working groups to tackle sustainability issues.

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## 6.0 NOVATO SANITARY DISTRICT

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### 6.1 OVERVIEW

The Novato Sanitary District (NSD) was one of the first agencies formed in the Novato Region. The NSD boundary includes the city of Novato and surrounding populated areas. Being adjacent to San Pablo Bay provides for unique conservation activities, in that Recycled water can be transferred to wetland and agricultural sites to help promote restoration and farming (pasture) activities and to reduce treated water volumes discharged into the bay.

NSD was originally formed to manage solid waste in the Novato region. Now, NSD provides wastewater collection, solid waste disposal by a franchise agreement, and recycled water distributed by the North Marin Water District. In the upcoming years, NSD will continue to collaborate with other North Bay region wastewater and water service providers to increase recycled water use and share facilities.

Table 6-1: Novato Sanitary District Overview

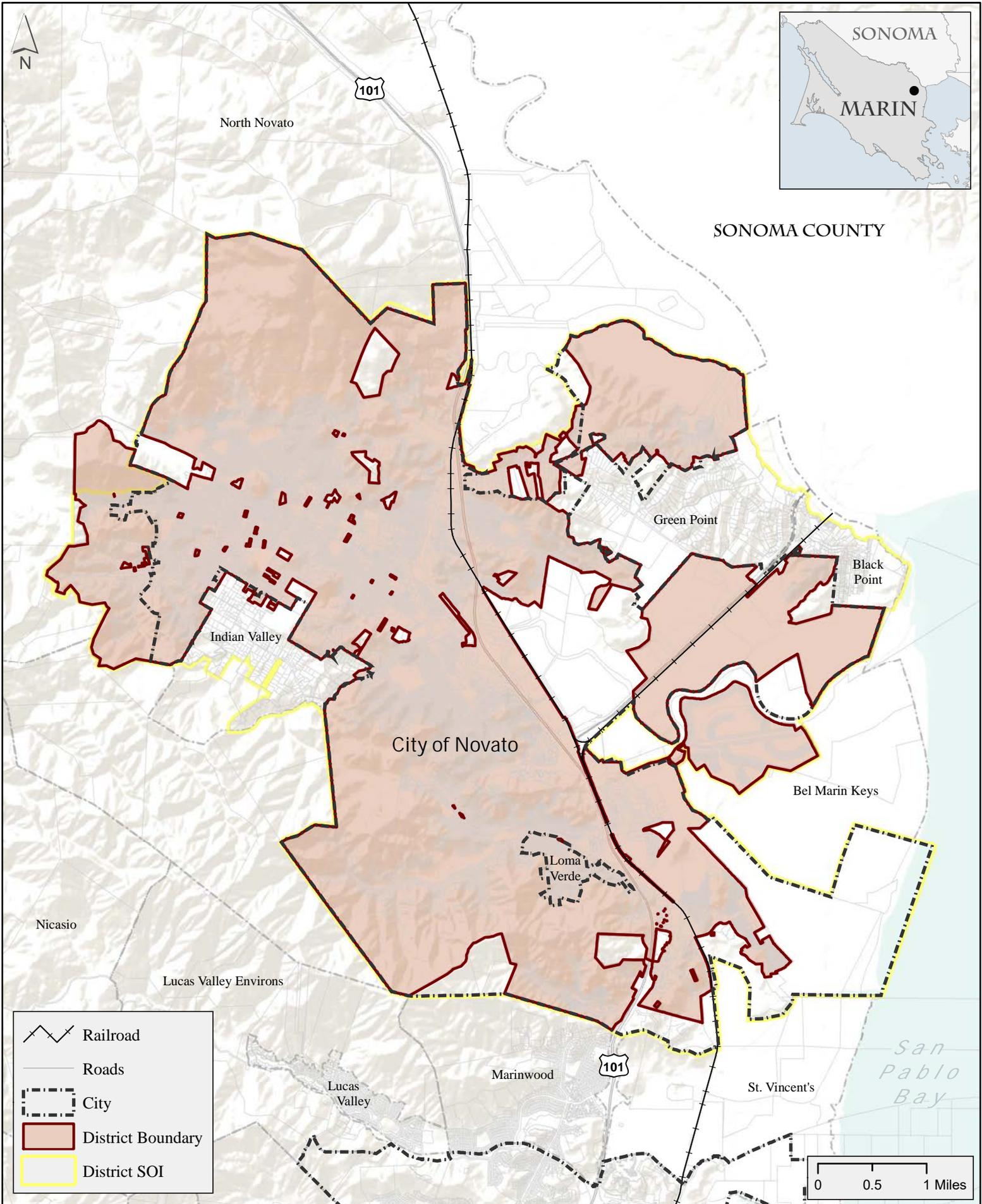
Novato Sanitary District	
<b>Primary Contact</b>	Sandeep Karkal, General Manager – Chief Engineer
<b>Phone</b>	(415) 892-1694
<b>Office Location:</b>	500 Davidson Street, Novato, CA 94945
<b>Formation Date</b>	1925
<b>Services Provided</b>	Wastewater Treatment, Recycled Water, Solid Waste Collection
<b>Service Area</b>	31.26 sq. mi.

### 6.2 FORMATION AND DEVELOPMENT

The NSD was formed in October 1925 after approval in a special election held September 30, 1925<sup>19</sup>. The district was formed to provide oversight to sanitary systems in Novato, primarily solid waste disposal. Later on, in 1949, a collection system and primary treatment plant were built to serve community needs. Most recently, in 2011, NSD consolidated its aging Ignacio and Novato treatment plants into an upgraded facility at the Novato Treatment Plant (NTP) site. The upgraded plant is more energy-efficient and has the capacity to meet projected future needs.

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<sup>19</sup> Marin County Board of Supervisors, Meeting Minutes October 5, 1925, Minute Book pg. 80.

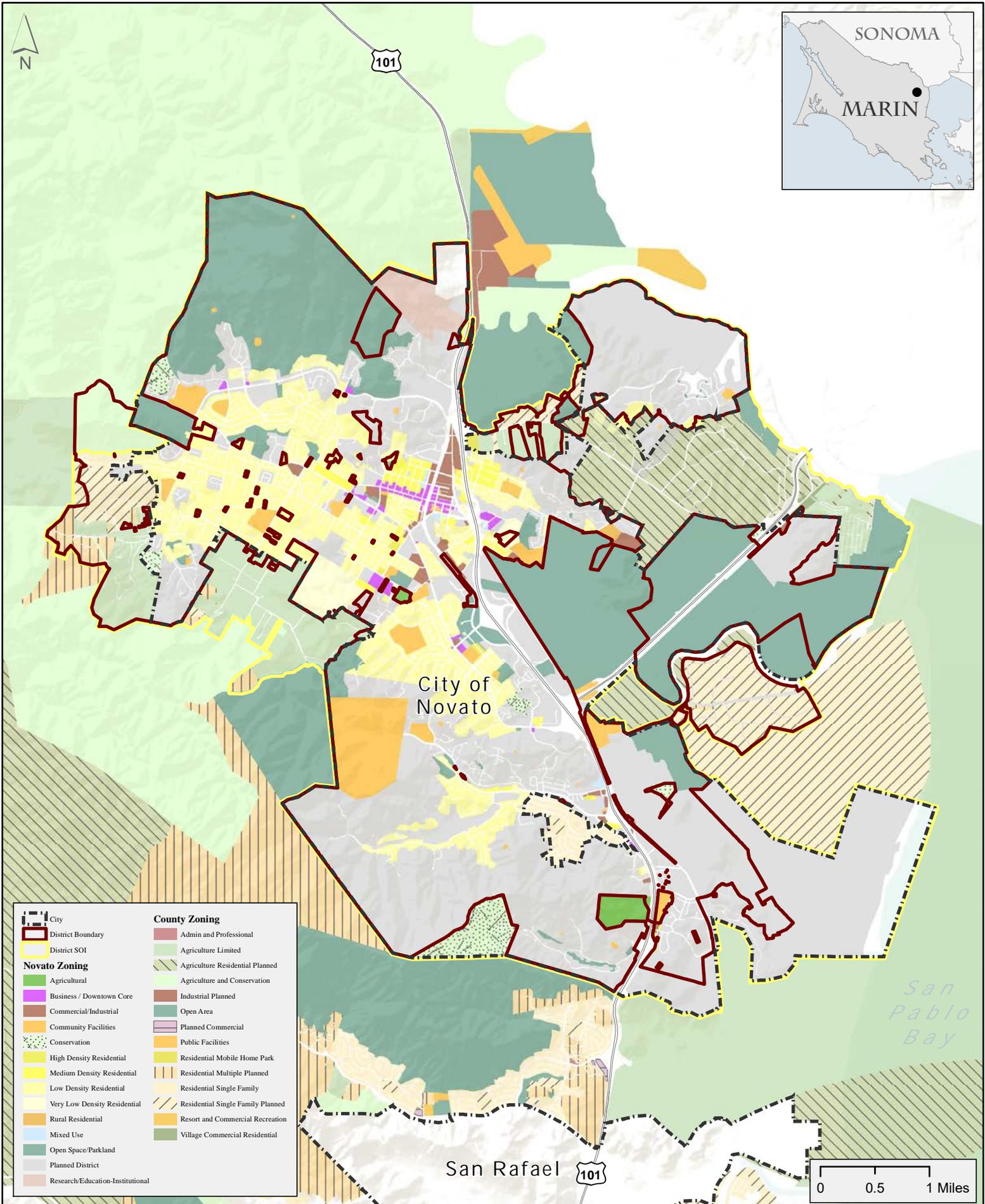


# Novato Sanitary District

Figure 6-1

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.



# Novato Sanitary District Zoning

Figure 6-2

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.

### 6.3 DISTRICT BOUNDARY AND SPHERE OF INFLUENCE

Novato Sanitary District's SOI is not coterminous with the outer edges of its jurisdictional boundary. The NSD SOI includes several unincorporated areas around the City of Novato, but not in the City SOI, including Green Point, Black Point, and Indian Valley. The original district boundary encompassed a small portion of Novato. Over the years, multiple annexations took place as Novato expanded. The current boundary totals 20,006.4 acres which equates to 31.26 square miles. NSD serves communities within the City of Novato and those directly adjacent to the City boundary including Bel Marin Keys, Loma Verde, and neighborhoods surrounding Verissimo Hills Preserve and Ohair Park.

Within the NSD boundary, there are several parcels and small areas that are not included as part of the district. These properties have on-site wastewater systems and do not require NSD connections. They do remain within the NSD SOI in the event that future connections are needed.

### 6.4 MUNICIPAL SERVICES

#### Wastewater

NSD owns and operates a wastewater collection system, a municipal wastewater treatment plant (WWTP), and an effluent discharge outfall. The WWTP is the Novato Treatment Plant, which is currently designed for an average dry weather flow of 7.0 MGD. This plant was significantly upgraded and placed into service in 2011. Also, in 2010 NSD entered into an agreement with Veolia Water to operate the NSD treatment facilities on a contract basis. In 2018 the WWTP processed a total of 1,569.28 million gallons of wastewater. The maximum monthly flow was 200.92 million gallons in March and the minimum was 100.90 million gallons in September<sup>20</sup>.

NSD's wastewater collection system collects and transports wastewater flows to the WWTP through a series of gravity sewers and interceptors, pump stations, and force mains. The combined collection and conveyance systems include a total of about 235 miles of sewers with about 212 miles of gravity sewer lines ranging from 6-inch to 48-inch diameter, about 23 miles of force mains, 5 main pump stations, and 33 lift stations. The pump stations vary in capacity from about 50 GPM to about 5 MGD, and individual pumps range from 3 hp to 90 hp<sup>21</sup>.

Over the last two decades, NSD has been working on upgrading its aging facilities. The WWTP was upgraded in 2011 and the sewer collection system and pump stations have been going through upgrades since 2000. In FY 2019-20 NSD is anticipated to complete a Collection System Master Plan (CSMP) that will further identify needed improvements to its collection system for the next 10-20 years.

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<sup>20</sup> 2018 Annual Operations and Maintenance Report for the Novato Sanitary District, Veolia Water West Operating Services, Inc., March 2019, pg. 22.

<sup>21</sup> Novato Sanitary District, Sewer system Management Plan, August 2018, pg. I-1 to I-2.

## Rates

Residential rates for sewer service are calculated using Equivalent Dwelling Units (EDU) and the customer's water usage during the winter months. Rates are broken down into three tiers Low, Average, and high water-use. Details are provided below in Table 6-2.

**Table 6-2: Novato Sanitary District Residential Sewer Service Charges**

Tier	Percent of Average Winter Water Use	EDU	Cost per EDU 2018-2019
<b>Low</b>	25% or less	0.6	\$370
<b>Average</b>	26% to 199%	1.0	\$615
<b>High</b>	200% or more	1.8	\$1,105

Non-residential rates are based on building square footage, water use, and building type. A full non-residential categories and rates list is on the NSD website under Sewer Service Charges. Rates are scheduled to increase annually for both residential and non-residential service over the next few years. While the rates are set to increase, NSD works to keep customer costs down by maintaining a small staff, pursuing grants to cover project costs, and seeking low-interest loans for large capital improvements.

## Recycled Water

The NSD participates in the North Bay Water Reuse Authority (NBWRA) which is a collaboration of several local agencies serving the North Bay region. NBWRA is implementing recycled water programs in two major phases that focus on infrastructure upgrades, storage, and providing recycled water for landscaping, agriculture, and wetland restoration. In Phase 1, NSD added recycled water production capacity and began to provide recycled water for distribution by the North Main Water District (NMWD)<sup>22</sup>. In Phase 2, NSD will potentially work towards expanding its recycled water production capacity in conjunction with NMWD<sup>23</sup>.

In 2018 NSD produced 165.414 million gallons of recycled water that was delivered by the North Marin Water District<sup>24</sup>. The NSD works with North Marin Water District and Las Gallinas Valley Sanitary District to provide recycled water to large landscaped areas, golf courses, school and park areas, and several commercial uses. Additionally, during the summer months (June 1 to August 31) NSD sends its secondary treated effluent to its effluent storage ponds located near Deer Island, north of Hwy 37. This water is used to irrigate approximately 800 acres of pasture land that the NSD leases for grazing operations. The irrigation operations reduce the volume of treated water discharged into the bay. In 2018, 243 million gallons of treated effluent was used for irrigation.

<sup>22</sup> North Bay Water Reuse Program, Project Descriptions, <http://www.nbwra.org/project-descriptions/>.

<sup>23</sup> North Bay Water Reuse Program, Program Overview – Summer 2015, <http://www.nbwra.org/wp/wp-content/uploads/NBWRA-Program-Overview-Summer-2105.pdf>.

<sup>24</sup> 2018 Annual Operations and Maintenance Report for the Novato Sanitary District, Veolia Water West Operating Services, Inc., March 2019, pg. 20.

## Solid Waste Management

NSD contracts with a franchise service provider, Recology Sonoma-Marín (Recology), that manages recycling, composting, and garbage collection in the region. Recology has a “Waste Zero” vision that works by diverting waste from landfills. They utilize a three-bin system that includes compost, recycle, and trash. In 2018, the total waste generated and picked up by Recology was 55,046 tons, with 24,850 tons (45.14%) diverted through recycling processes.

The original franchise agreement was made with Novato Disposal Service in 2011. Since then, Recology bought out Novato Disposal Service and took over the remainder of the agreement which extends through December 31, 2025. Recology performs the responsibilities and duties as described in the agreement with the understanding that fees will be collected from customers for services rendered. Recology does not receive payment from NSD as part of the agreement<sup>25</sup>.

### Rates

Solid waste disposal rates are based on residential and commercial customer bin size and are charged on a monthly basis. Current rates are provided below in Table 6-3. A full list of residential and commercial rates along with extra services are on the Recology website<sup>26</sup>.

**Table 6-3: Recology Solid Waste Disposal Rates**

<b>Residential Carts</b>	<b>20 gal</b>	<b>32 gal</b>	<b>64 gal</b>	<b>96 gal</b>
<b>Residential Rates</b>	\$13.26	\$21.20	\$42.37	\$63.58
<b>Extra Pick Ups</b>	\$6.50	\$6.50	\$6.50	\$6.50
<b>Commercial Cart</b>	<b>20 gal</b>	<b>32 gal</b>	<b>64 gal</b>	<b>96 gal</b>
<b>Garbage Rate</b>	-	\$22.96	\$44.07	\$66.09
<b>Compost Rate</b>	-	-	\$33.05	\$49.57

*Note: All rates are per month and based on one collection per week. Additional charges apply for more frequent collections and commercial/multi-family units.*

## 6.5 ORGANIZATIONAL STRUCTURE

### Board of Directors

NSD is overseen by a five-member Board of Directors that are elected to four-year terms. The NSD is currently seeking changes to how the board members are elected. Previously, members were elected at large. Now, the board members will be elected by region within the NSD boundary.

Board members are entitled to compensation for their participation. Members receive \$225 per meeting or per day if multiple meetings are scheduled on the same day. The current Board members are listed below in Table 6-4.

<sup>25</sup> Amended and Restated Agreement Between Novato Sanitary District and Novato Disposal Service, Inc. for Solid Waste Collection, Processing, Diversion and Disposal, March 2011, pg. 49.

<sup>26</sup> <https://www.recology.com/recology-sonoma-marin/novato/rates/>.

**Table 6-4: Novato Sanitary District Board Members**

<b>Member</b>	<b>Position</b>	<b>Experience</b>	<b>Term</b>
<b>Carole Dillon-Knutson</b>	President	Geotechnical Consulting	2022
<b>Jerry Peters</b>	Director	Airline and Property Management	2020
<b>Jean Mariani</b>	Director	Budget and Finance Management	2020
<b>William C. Long</b>	President Pro-tem	Technical and Marketing Management	2022
<b>Tim Fuelle</b>	Director	Civil Engineering Project Management	2022

### **Staffing and District Operations**

NSD currently supports 23.32 Full-Time Equivalent employees including a General Manager that oversees operations<sup>27</sup>. Operations are organized into several divisions including Project/Plant Management, Field Services, Collection Systems, and Engineering.

## **6.6 ACCOUNTABILITY AND TRANSPARENCY**

### **Meetings and Agendas**

Board meetings are held on the second Monday of every month at 5:30 pm at the District office. Meeting agendas, minutes, and handouts are on the District webpage ([www.novatosan.com](http://www.novatosan.com)). The current meeting agenda is displayed on the homepage for easy access.

### **Annual Budget Review**

NSD provides an annual budget to the Board for review and consideration. An independent financial auditor, Maze & Associates, has conducted the most recent annual audit of NSD’s financial statements. Both the annual budget approved by the Board and the financial audit can be found online on NSD’s website.

## **6.7 FINANCIAL OVERVIEW**

NSD’s primary source of revenues is from service fees. Additional revenue sources include property taxes, rental fees, and grants. Major expenses include the operation of the wastewater treatment plant and collection system, infrastructure upgrades, and administrative and engineering operations. A summary of NSD’s financials is provided below in Tables 6-5 and 6-6.

<sup>27</sup> Novato Sanitary District, Board of Directors Meeting Packet, June 10, 2019, pg. 108.

Table 6-5: Novato Sanitary District Financial Audit Summary

Revenues	FY 2015-16 Actuals	FY 2016-17 Actuals	FY 2017-18 Actuals
Sewer Service Fees	\$16,222,876	\$16,843,212	\$17,655,740
Other Service Fees	\$207,416	\$193,006	\$147,410
Permit & Inspection Fees	\$46,283	\$28,479	\$27,141
Recycled Water Facility	\$100,433	\$177,285	\$138,258
AB939 – Solid Waste	\$11,513	\$354,134	\$376,426
Property Taxes	\$2,155,476	\$2,292,988	\$2,360,251
Franchise Fees	\$51,059	\$52,485	\$54,358
Rental Revenue	\$101,530	\$94,439	\$77,732
Interest Earnings	\$71,592	\$136,595	\$312,886
Gain/(Loss) on Assets	\$0	\$1,627	(\$34,250)
Grant Revenue	\$0	\$51,069	\$257,183
Other Non-Op Revenue	\$	\$227,891	\$0
<b>Total Revenues</b>	<b>\$19,299,289</b>	<b>\$20,453,210</b>	<b>\$21,373,135</b>
Expenditures	FY 2015-16 Actuals	FY 2016-17 Actuals	FY 2017-18 Actuals
Operating Expenses	\$8,392,467	\$9,173,987	\$9,131,926
Depreciation Expense	\$5,661,922	\$5,744,111	\$5,793,254
Non-Operating Expense	\$2,533,440	\$2,513,064	\$2,390,042
<b>Total Expenditures</b>	<b>\$16,587,829</b>	<b>\$17,431,162</b>	<b>\$17,315,222</b>
<b>Net Total</b>	<b>\$2,711,460</b>	<b>\$3,022,048</b>	<b>\$4,057,913</b>

As seen from Table 6-6 below, NSD requires significant annual capital expense budgeting. However, annual capital expenditures follow a very different spending trajectory than regular annual operating expenditures, and tend to be extremely “lumpy” on an annual basis over short time periods (although they tend to even out over longer periods). Therefore, while Table 6-6 shows net annual deficits from a budgeting perspective, the audited financials of Table 6-5 illustrate a more “typical” and “actual” sustainable revenues/expenditures picture.

District has an overall financial rating of “AAA” as assigned by Standard & Poors’ (S&P) Rating Services, which is highest rating offered by S&P, and reflects S&P’s confidence & belief in NSD’s financial strength and stability. In addition, the Government Finance Officers Association (GFOA) has awarded NSD its prestigious Award and Financial Reporting achievement (AFRA) and Certificate of Achievement for Excellence in Financial Reporting for NSD’s Comprehensive Annual Financial Reports (CAFRs) for the past eight years. This award is generally recognized as the highest form of recognition in governmental accounting and financial reporting, and its attainment for eight years in a row represents a significant accomplishment by a government and its management.

## Revenue

NSD’s primary revenue source is service fees. As discussed above in Section 5.5, there is a tiered rate structure based on winter water use. In FY 2017-18 sewer service fees totaled over \$17.7 million accounting for 83% of NSD’s total revenue. Fees for sewer services are billed annually on the County of Marin’s property tax bills<sup>28</sup>. An additional 11% of NSD’s total revenue comes from property taxes which in FY 2017-18 totaled \$2,360,251.

Table 6-6: Novato Sanitary District Budget Overview

Revenues	FY 2016-17 Budget	FY 2017-18 Budget	FY 2018-19 Budget
<b>Operating Revenue</b>	\$10,108,692	\$10,654,033	\$11,282,802
<b>Capital Revenue</b>	\$10,015,352	\$10,926,445	\$11,035,274
<b>Total Revenues</b>	<b>\$20,124,044</b>	<b>\$21,580,478</b>	<b>\$22,318,076</b>
Expenditures	FY 2016-17 Budget	FY 2017-18 Budget	FY 2018-19 Budget
<b>Operating Expense</b>	\$9,972,648	\$10,329,235	\$10,740,490
<b>Capital Expense</b>	\$4,675,000	\$5,680,000	\$6,803,000
<b>Debt Service</b>	\$7,059,705	\$7,043,504	\$6,839,456
<b>Total Expenditures</b>	<b>\$21,707,353</b>	<b>\$23,052,739</b>	<b>\$24,382,946</b>
<b>Net Total</b>	<b>(\$1,583,309)</b>	<b>(\$1,472,261)</b>	<b>(\$2,064,870)</b>

## Debt

NSD has several long-term debt obligations including Wastewater Revenue Certificates of Participation totaling \$13,410,000 and a State Revolving Fund Loan totaling \$59,463,938 as of June 30, 2018<sup>29</sup>. The NSD’s total debt is \$74,518,409 as of June 30, 2018.

NSD issued Refunding Bonds in 2017 to refund the 2011 Wastewater Revenue Certificates of Participation. These bonds have an interest rate of 2.03% that is payable twice per year<sup>30</sup>. In 2008, NSD was granted a loan for \$81,329,083 in order to construct upgrades to the Novato Treatment Plant. This loan is being repaid at a rate of 2.40% interest. For FY 2018-19 the anticipated principal paid is \$3,951,834 and the anticipated interest paid is \$1,427,123. The loan is scheduled to be paid in full by 2031<sup>31</sup>.

Additional NSD liabilities include pension plans and other post-employment benefits for retirees. NSD contributes to the California Public Employees Retirement System (CalPERS) which provides various retirement to members and beneficiaries. For FY 2017-18 NSD employer contributions totaled \$327,385. As of June 30, 2018, NSD had a total net pension liability of \$5,544,711<sup>32</sup>. NSD also pays a portion of the cost of health insurance for retirees under any group

<sup>28</sup> Novato Sanitary District Comprehensive Annual Financial Report FY 2017-18 and FY 2016-17, pg. 19.

<sup>29</sup> Ibid. pg. 29.

<sup>30</sup> Ibid. pg. 31.

<sup>31</sup> Ibid. pg. 30.

<sup>32</sup> Ibid, pg. 40.

plan offered by CalPERS, subject to certain restrictions. In 2018 there were a total of 19 active place members and 34 retirees/beneficiaries receiving benefits<sup>33</sup>.

### **Financial Planning/Capital Improvement**

NSD provides a two-year Capital Improvement Budget for Board review and approval. This budget outlines projects scheduled to take place over the next two fiscal years and the funding mechanisms for each project. For the 2018-2020 budget, major projects include the North Bay Water Reuse Authority Phase 2 project implementation, which will be partially funded by the US Bureau of Reclamation WaterSMART program, capacity expansion of the Recycled Water Facility, and continued replacement of collection system components and laterals.

The largest cost centers for the Capital Improvement Program (CIP) are Collection System Improvements, budgeted at \$2.45 million for FY 2018-19 and the Recycled Water Facility Expansion, budgeted for \$2.02 million in FY 2018-19<sup>34</sup>. CIP projects are reviewed on an annual basis and the Board is made aware of any changes for the upcoming fiscal years. Major initiatives are also identified in NSD’s annual financial audit. This allows NSD to adequately prepare and budget for needed system upgrades.

## **6.8 SUSTAINABILITY**

Local agencies play a critical role in protecting natural resources and the environment through land conservation, water recycling, preserving open space, and renewable energy projects. NSD is working closely with other wastewater and water providers in the north bay region through the North Bay Water Reuse Authority. As discussed above in Section 5.5 – Recycled Water, NSD has already upgraded its recycled water capacity. Also, in the upcoming years, NSD will be working with the State Coastal Conservancy to potentially provide treated effluent to propagate and sustain a brackish marsh at the former Bel Main Keys V and Hamilton Air Force base sites.

The upgraded WWTP also decreased NSD energy use. It is estimated that approximately 528 MWh of energy is saved annually<sup>35</sup> which equates to 373 metric tons of carbon dioxide equivalent saved<sup>36</sup>. The NSD will continue to work towards its vision of “Collecting and transforming Novato’s wastewater and solid waste into more valuable resources.”

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<sup>33</sup> Ibid. pg. 34

<sup>34</sup> Novato Sanitary District, Capital Improvement Program Committee Agenda Packet, May 31, 2018, pg. 13.

<sup>35</sup> Novato Sanitary Wastewater Facilities Upgrade Project PowerPoint Presentation, July 2010, slide 21.

<sup>36</sup> United States Environmental Protection Agency, Energy and the Environment, Greenhouse Gas Equivalencies Calculator, <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>.

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## 7.0 NOVATO FIRE PROTECTION DISTRICT

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### 7.1 OVERVIEW

The Novato Fire Protection District (NFPD) was established in 1926 as an independent Special District from what was originally a volunteer fire department. The NFPD boundary encompasses approximately 71 square miles in northern Marin County, California. This includes all of the City of Novato and surrounding unincorporated areas to the east, north, and west. The District has a population of approximately 66,000 persons. The last Municipal Service Review for the NFPD was conducted in fall 2007 as part of the Novato Area Periodic Update.

Currently, the primary NFPD function is to provide structural fire and emergency medical response to the City of Novato and surrounding areas as shown in Figure 7-1. The NFPD also participates in many automatic and mutual aid agreements with nearby fire districts and responds to wildland fires as needed. The main administration building is also the site of the City of Novato and NFPD Joint Emergency Operations Center (EOC) during major disasters.

The NFPD has close community ties and many of its members voluntarily support a number of Novato Fire Foundation programs including youth programs, toy drives, and education activities. As part of its community outreach program, the NFPD hosts an annual open house and participates in and provides medical services at the Novato Chamber of Commerce Art & Wine Festival where the community can visit any station to view equipment and interact with personnel.

Table 7-1: Novato Fire Protection District Overview

Novato Fire Protection District			
<b>Primary Contact</b>	Chief Bill Tyler	<b>Phone</b>	(415) 878-2690
<b>Office Location:</b>	95 Rowland Way, Novato, CA 94945		
<b>Formation Date</b>	1926		
<b>Services Provided</b>	Fire Protection and Emergency Response		
<b>Service Area</b>	~71 mi <sup>2</sup>	<b>Population Served</b>	~66,000

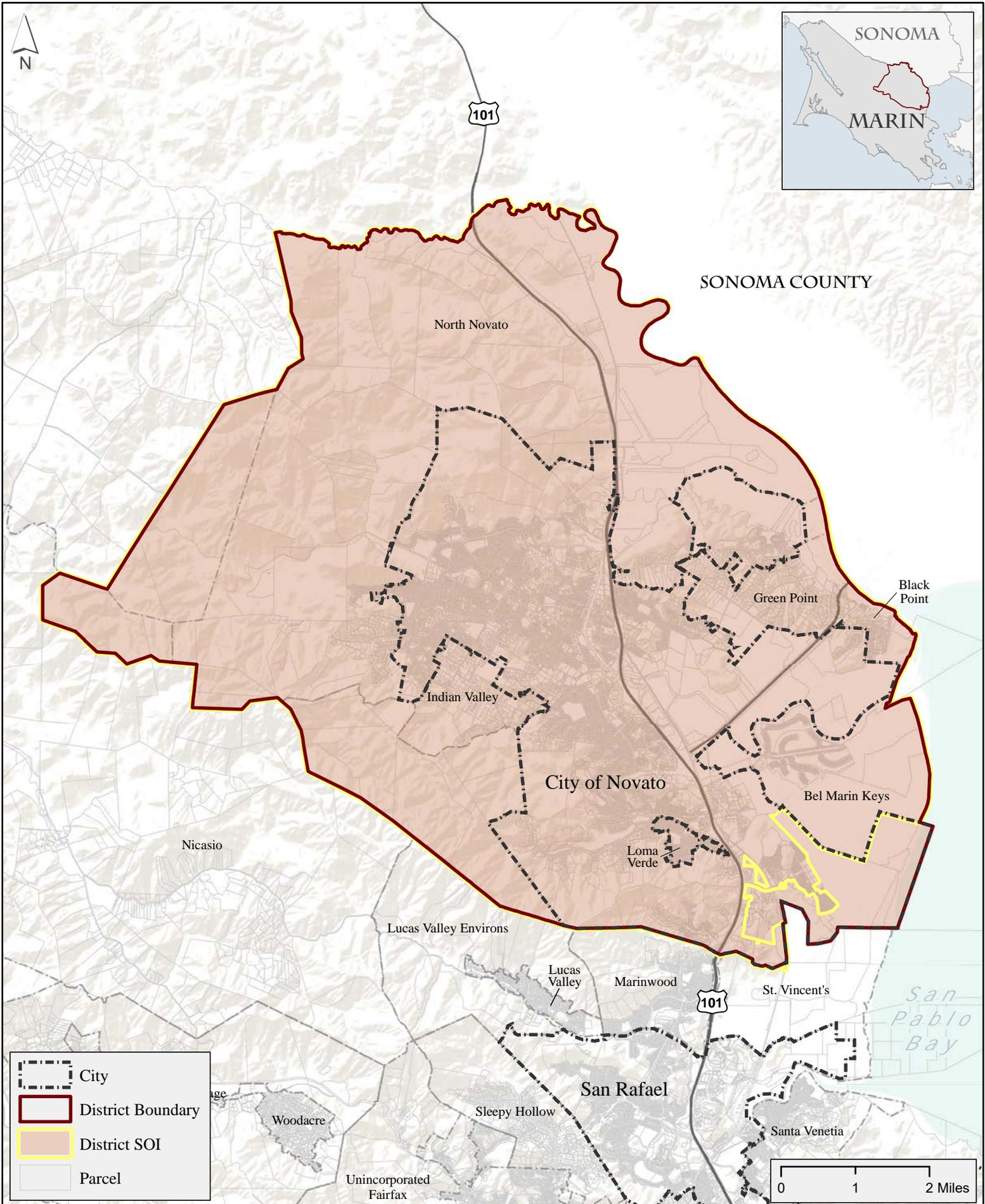
### 7.2 FORMATION AND DEVELOPMENT

NFPD formation was the result of community interest to provide basic services even before the town of Novato was created. Prior to the NFPD, a small volunteer fire department, formed in 1894<sup>37</sup>, served the area with hose carts and a chemical engine. After Novato was granted township, the NFPD was established and its first commissioners appointed on July 7, 1926<sup>38</sup>. It was established as an independent Special District whose legal authority and responsibilities are contained in the State of California Health and Safety Code Sections 13800 – 13970.

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<sup>37</sup> Novato Fire Protection District Website. "Historical Timeline" page, Accessed June 20, 2019 - <https://www.novatofire.org/about-us/history/historical-timeline>

<sup>38</sup> Marin County Board of Supervisors, Regular Meeting Minutes, July 7, 1926, pg. 134.

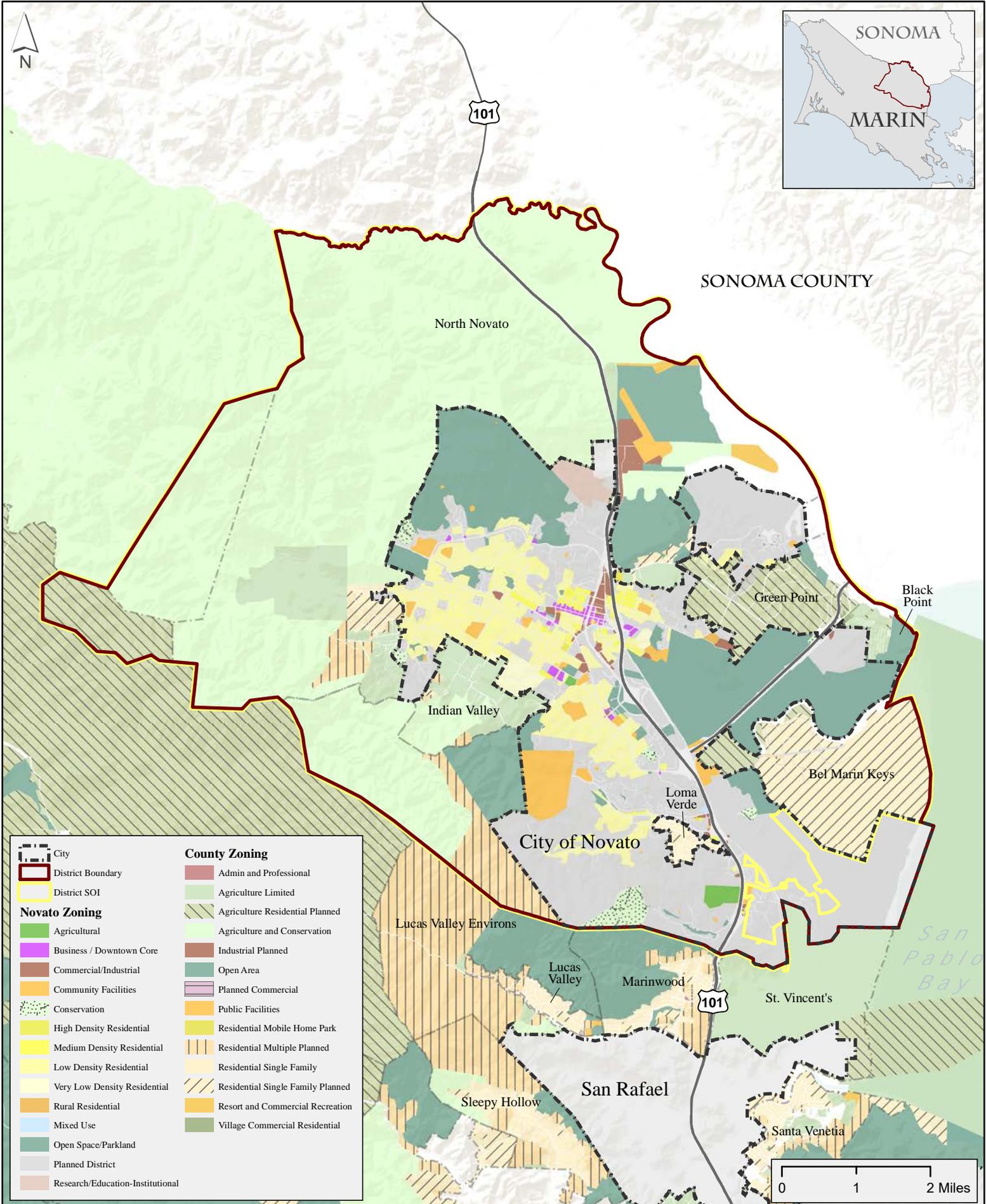


# Novato Fire Protection District

Figure 7-1

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.



# Novato Fire Protection District Zoning

Figure 7-2

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.

### **7.3 DISTRICT BOUNDARY AND SPHERE OF INFLUENCE**

NFPD’s service boundary, which currently encompasses 71 square miles includes all of the City of Novato and outlying areas east to San Pablo Bay and up to the Sonoma County line. The current Sphere of Influence encompasses 69.5 square miles. In 1977 the Hamilton Air Force Base was detached from the NFPD boundary, however, in 1999 the Ninth Circuit U.S. Court of Appeals determined that the detachment was not valid. In 2009, Marin LAFCo rescinded the action on the “Hamilton Field and Rafael Village Detachment” with LAFCo Board Resolution No. 09-03. This action rescinded the NFPD boundary change but did not account for the SOI which was determined after the 1977 decision. Therefore, the NFPD boundary is currently larger than the SOI.

There are County and City designated land uses in and around the NFPD’s service boundary. Within the City of Novato boundary, land use authority falls under city jurisdiction. Unincorporated areas within the District are subject to Marin County Land use authority. Land use within the city is predominantly residential<sup>39</sup> but also includes commercial and mixed-use areas; business and industrial areas; and community and natural resource lands. The predominant land uses in unincorporated district territory are generally comprised of agricultural, public facility, open space, rural residential, and low-density residential lands Figure 7-2.

### **7.4 MUNICIPAL SERVICES**

#### **Fire Protection and Emergency Response**

The FPD provides fire protection, emergency response, and paramedic services. Incident call types include emergency medical response, fire, service calls, good intention calls, natural disasters, and hazardous materials/conditions. The District has five stations with personnel covering three shifts. Each shift has one Battalion Chief, five Captains and five engine companies including a cross staffed truck and Type 3 engines. Staffing includes two front line paramedic ambulances, each staffed with two firefighter/paramedics. The District also has a Risk Reduction, Prevention, and Mitigation division, as well as Training and EMS divisions.

NFPD has been awarded a Class 1 Public Protection Classification rating by the Insurance Services Office (ISO), an organization that independently evaluates municipal fire protection efforts throughout the United States. An ISO rating of 1 is the highest possible that can be given to any fire department using this metric. Insurance companies often use ISO information combined with other factors to establish local property insurance rates – generally offering lower fire policy premiums in communities with better protection.

The NFPD receives an average of 5,259.5 calls per year (2008 – 2018) with the majority being for Rescue/ Emergency Medical<sup>40</sup>. The call volume has increased steadily over the last five years

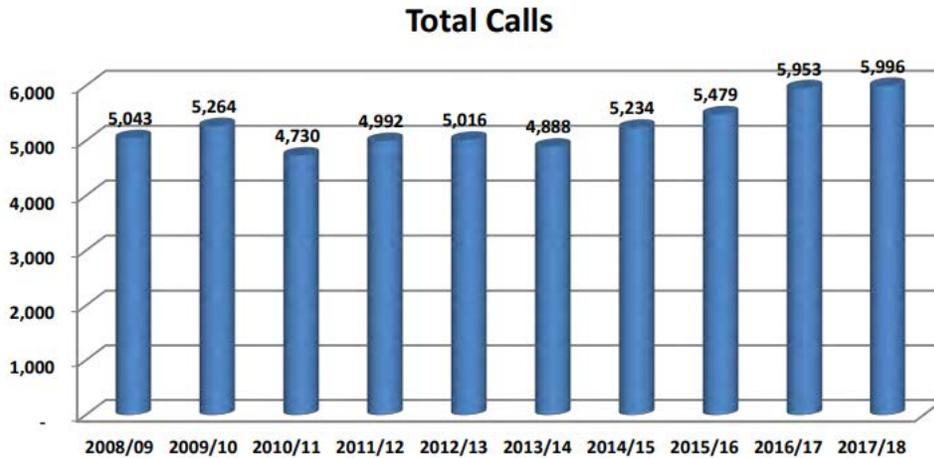
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<sup>39</sup> City of Novato General Plan 2035. 2016. Pg. 1-4

<sup>40</sup> Novato Fire Protection District, Comprehensive Annual financial Report for the Year Ended June 30, 2018, pg. 78.

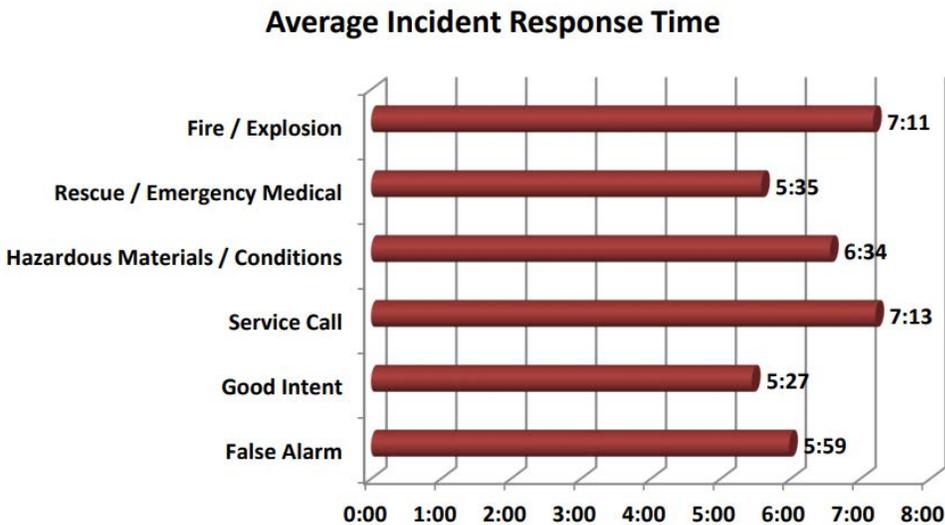
from 4,888 calls in 2013/14 to 5,996 in 2017/18. A summary of call numbers over the last 10 years is shown below in Figure 7-3.

Figure 7-3: NFPD Total Calls per Fiscal Year<sup>41</sup>



During FY 2017-18 the NFPD responded to 5,996 incidents. Of these, 68 percent were for emergency medical services and 2 percent were for fires. The average reported response time was 5 minutes 35 seconds for emergency medical services and 7 minutes 11 seconds for fires<sup>42</sup>. A summary of incidents and response times is provided below in Figures 7-3 and 7-4.

Figure 7-4: NFPD Response Times by Incident Type (2018)<sup>43</sup>

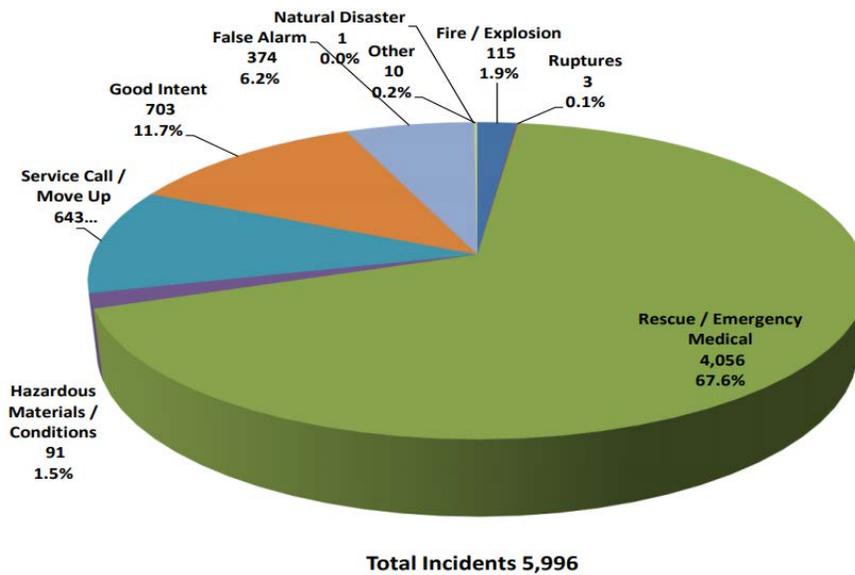


<sup>41</sup> Ibid.

<sup>42</sup> Novato Fire Protection District, Popular Annual Financial Report, Fiscal Year Ended June 30, 2018. <https://www.novatofire.org/home/showdocument?id=8606>

<sup>43</sup> Ibid.

Figure 7-5: NFPD Emergency Responses by Incident Type (2018)<sup>44</sup>



The NFPD currently contracts with the Marin County Sheriff’s Department for dispatch services. Additionally, the City of Novato dispatch will route calls that come in for structural fire and/or medical services to the County Sheriff’s Department. This helps ensure that services are provided efficiently throughout the FPD service area.

### Facilities and Apparatuses

The NFPD owns, operates and maintains one administrative building and five stations as listed below:

- Administration Building - 95 Rowland Way, Novato, CA 94945
- Station 61 - 7025 Redwood Boulevard, Novato, CA 94945
- Station 62 - 450 Atherton Avenue, Novato, CA 94945
- Station 63 - 65 San Ramon Way, Novato, CA 94945
- Station 64 - 319 Enfrente Road, Novato, CA 94949
- Station 65 - 5 Bolling Drive, Novato, CA 94949

A facilities assessment was conducted in 2014 for all NFPD owned buildings. The assessment identified the current building status and upcoming repair and/or replace needs. Station 64 was not included in this assessment as it was being rebuilt at the time of the assessment.

During the assessment, many of the buildings were found to be in fair to good condition with lifecycle replacements of building systems needed within the next 10 years<sup>45</sup>. Having these

<sup>44</sup> Ibid, pg. 8.

<sup>45</sup> EMG, Facility Condition Assessment of - Administration Building, Fire Station 61, Fire Station 62, Fire Station 63, Fire Station 65, 2014.

assessments allows the NFPD to plan ahead for major facility upgrades. Currently, the NFPD has completed the renovation of fire station 62’s kitchen and full replacement and upgraded to the station’s septic system. In addition, the fire district’s training tower locate at fire station 62 is currently being replaced, and two new training classrooms are being installed with a completion date of spring of 2020.<sup>46</sup>.

The NFPD has a variety of apparatus that serve the community ranging from support vehicles to paramedic trucks. The NFPD’s apparatus listed by station is provided below<sup>47</sup>.

*Station 61:* Type 1 engine, Ambulance, Water Tender, B/C Command vehicle, Reserve Ambulance, Off-Road Utility, Reserve Type 1 Engine

*Station 62:* Type 1 Engine, 1 Reserve Type 1, 1 Ambulance, Golf Cart

*Station 63:* Type 1 engine, Type 3 engine, 1 Reserve Ambulance, Off-Road Utility

*Station 64:* Type 1 engine, Ladder Truck, Ambulance

*Station 65:* Type 1 engine, Type 3 engine, Medium Duty Rescue Unit, Off-Road Utility

Additionally, the Risk Reduction Prevention and Mitigation Division (RPM) utilizes several SUVs for inspections, investigations, and fire response. For Public Education purposes, the District maintains a utility vehicle and a golf cart. There are two pool vehicles (a hybrid car and a 12-passenger van) utilized for administrative needs.

The NFPD utilizes a Vehicle Replacement Plan<sup>48</sup> to ensure that all vehicles remain in sound working order and are replaced when needed. Operations vehicles are replaced based on years of front-line service and are then placed in reserve. Table 7-2 summarizes the service time for each vehicle type. Having a Vehicle Replacement Plan allows the NFPD to adequately plan for upcoming replacement costs and ensures that service needs can be fulfilled.

**Table 7-2: NFPD Vehicle Service Times**

Vehicle Type	Front-line Service (years)	Reserve (years)
<b>All Engine Types</b>	15	5
<b>Ambulances</b>	5	5
<b>Aerial Trucks</b>	20	5
<b>Rescue</b>	20	-
<b>Water Tender</b>	25	-

<sup>46</sup> Chief Bill Tyler, Personal Communication, October 7, 2019.

<sup>47</sup> Novato Fire Protection District, Comprehensive Annual Financial Report for the Year Ended June 30, 2018.

<sup>48</sup> Novato Fire Protection District, NFPD Fire Policy Manual, Policy 704.

<b>Command Vehicles</b>	5	-
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### Other Service Providers

The NFPD is a member of the Marin Emergency Radio Authority (MERA) which is a countywide public safety and emergency radio system that allows emergency response agencies to communicate effectively with each other.

The NFPD jointly operates the EOC with the City of Novato at the NFPD administrative office. During a major emergency or disaster, the EOC provides a central location of authority and information with face-to-face coordination among personnel.

To the north of Novato is the City of Petaluma which provides emergency response services in Sonoma County and participates in an automatic aid agreement with the NFPD for the response to wildland fires in the Mutual Threat Zone. To the south of Novato is the San Rafael region which has multiple emergency response agencies including Marinwood CSD, adjacent to the NFPD boundary, and the City of San Rafael.

Several automatic and mutual aid agreements are in place to ensure a high level of service to area residents. The NFPD currently has agreements with Lakeville Volunteer Fire Company; Marinwood Community Services District; Petaluma Fire Department; San Antonio Volunteer Fire Company; Marin County Fire Department. The NFPD also is a party to a Mutual Threat Zone agreement with CalFire, Marin County Fire Department, and Sonoma County Fire – San Antonio that outlines a joint response to vegetation fires in the area of Highway 101 near the Sonoma and Marin County line<sup>49</sup>. In the event of extraordinary events, the NFPD is also party to the Marin County Fire Chiefs Mutual Aid Agreement which provides for county-wide mutual assistance and mobilization during emergencies<sup>50</sup>.

Additional public services in the area include water service provided by the North Marin Water District and sewer service provided by Novato Sanitary District. The City of Novato provides a range of municipal services including parks and recreation and police services.

## 7.5 ORGANIZATION STRUCTURE

### Board of Directors

The NFPD has a five-member board that is elected to a four-year term. Elections for Board members are now by-division elections so that each Board member represents a specific defined area within the NFPD.

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<sup>49</sup> County Line Mutual Threat Zone Between Marin County Fire Department, Novato Fire Protection District, Sonoma County Fire Department, and California Department of Forestry and Fire Protection, June 2018.

<sup>50</sup> Marin County Fire Chiefs Mutual Aid Agreement, Draft May 28, 2019.

**Table 7-3: NFPD Board of Supervisors**

<b>Member</b>	<b>Position</b>	<b>Experience</b>	<b>Term Expiration</b>
<b>James Galli</b> (jgalli@novatofire.org)	President	Battalion Chief	December 2020
<b>Lj Silverman</b> (ljsilverman@novatofire.org)	Vice-President	Firefighter/Paramedic	December 2020
<b>Steve Metcho</b> (smetcho@novatofire.org)	Secretary	Firefighter	December 2020
<b>William “Bill” Davis</b> (bdavis@novatofire.org)	Director	Registered Nurse	December 2022
<b>Bruce Goines</b> (bgoines@novatofire.org)	Director	USFS Fire Service	December 2022

The Board of Directors maintains current certificates for the CA Local Agency Ethics and California Sexual Harassment Prevention for Supervisors programs. Certificates for each of the board members can be found on the NFPD website.

According to the Board of Directors’ policy (Policy 225), members are paid a sum of \$200 per meeting (effective November 2019), workshop, study session, special meeting, and committee meeting up to a maximum of 4 meetings per month<sup>51</sup>. Information on meeting dates and payments is provided on the NFPD website.

The Board of Directors is guided by Policy 223 which provides general duties of the board, roles and responsibilities, and training, both required and suggested.

### **Staffing and District Operations**

The NFPD currently staffs 78 employees working at five fire stations and one administrative building. Stations are regularly staffed with a combination of battalion chiefs, captains, engineers, firefighter/paramedics.

Currently, the NFPD is seeking to fill vacancies in their RPM Division. Additional staffing positions that are desired, but do not yet have permanent funding, are additional fire inspectors, and an administrative Training Captain. Two fulltime limited term Wildfire Mitigation Specialists have been recently hired to complete additional defensible space inspections and structural ignitability evaluations of homes and businesses in Novato. The Wildfire Mitigation Specialists are responsible for conducting hazard assessments, providing vegetation management assessment and prescriptions, and drafting fuel reduction plans for the wildland-urban interface areas of the NFPD. The Training Captain would be responsible for creating and implementing a fire training

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<sup>51</sup> NFPD Fire Policy Manual, Policy 225, Board of Directors.

program. The NFPD is currently looking into long-term strategies to fund these additional positions.

## 7.6 ACCOUNTABILITY AND TRANSPARENCY

Over the past several years, the NFPD has made it a priority to maintain high accountability and transparency with all its activities. The NFPD website ([www.novatofire.org](http://www.novatofire.org)) provides information on Board meetings, financial reports, stations, history, employment, and more.

### Meetings and Agendas

The NFPD Board meets on the first Wednesday of every month at 6:00 pm at Fire Station 61 located at 7025 Redwood Boulevard in Novato. Special meetings are held as needed to go over specific topics such as the annual budget. Meeting agendas and minutes can be found on the NFPD website ([www.novatofire.org](http://www.novatofire.org)).

### Annual Budget Review

The NFPD prepares and adopts annual budgets covering revenues, operating, and capital expenses and fund balances. The NFPD takes into consideration five distinct divisions when preparing the annual budget: Emergency Medical Services, Risk Reduction Prevention & Mitigation, Operations, Organization Resources & Support, and Training. The NFPD vision statement is “To position the Fire District operationally and financially to create a sustainable future”.

## 7.7 FINANCIAL OVERVIEW

Almost all annual district revenue (84%), comes from property taxes. Additional revenue comes from service charges, State and Federal Government aid, sale of assets, California Office of Emergency Services reimbursements, ambulance billing, and other miscellaneous sources. The NFPD aims to provide a high level of community service while maintaining sustainable fiscal practices. As is shown in Table 7-4, the past three years of audits show budget surpluses that help build the general fund.

### Revenue

Revenue sources for the NFPD come primarily from a portion of the 1% property tax and a parcel tax originally approved by voters in 1991 and later amended in 2002<sup>52</sup>. Of the 1% property tax, the NFPD receives an average of 14.5%<sup>53</sup> which amounts to approximately \$20.3 million for FY 2017-18. The voter-approved special tax is adjusted every year for inflation based on increases in the CPI and Board Approval. For FY 2018-19 the parcel tax rate is 9.16 cents per square foot for residential parcels and 13.73 cents per square foot for commercial/ industrial parcels. The FY

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<sup>52</sup> County of Marin, Elections Department, Past Elections Results and Information, <https://www.marincounty.org/depts/rv/election-info/past-elections?tabnum=10>.

<sup>53</sup> County of Marin, Tax Distribution Percentages – City of Novato, <https://www.marincounty.org/depts/df/novato>.

2017-18 tax rate was set at 8.87 cents per square foot residential and 13.30 cents per square foot commercial/industrial which amounted to approximately \$5.4 million for the NFPD.

**Table 7-4: NFPD Financial Audit Summary**

<b>Revenues</b>	<b>FY 2015-16 Audit</b>	<b>FY 2016-17 Audit</b>	<b>FY 2017-18 Audit</b>
<b>Charges for Services</b>	\$3,867,554	\$3,780,142	\$4,531,999
<b>Capital Grants and Contributions</b>	\$27,862	\$70,722	\$0
<b>Property Taxes</b>	\$23,712,159	\$25,009,489	\$25,684,707
<b>Investment Earnings</b>	\$29,950	\$55,464	\$133,664
<b>Non-Restricted Grants</b>	\$86,993	\$84,983	\$84,756
<b>Miscellaneous</b>	\$170,767	\$164,000	\$252,398
<b>Total Revenues</b>	<b>\$27,895,285</b>	<b>\$29,164,800</b>	<b>\$30,687,524</b>
<b>Expenditures</b>	<b>FY 2015-16 Audit</b>	<b>FY 2016-17 Audit</b>	<b>FY 2017-18 Audit</b>
<b>Personnel</b>	\$15,431,417	\$22,140,885	\$22,990,911
<b>Material and Services</b>	\$4,378,374	\$3,777,604	\$3,883,965
<b>Depreciation</b>	\$1,442,580	\$1,458,984	\$1,386,291
<b>Dept Fiscal Charges Interest</b>	\$115,486	\$97,736	\$79,334
<b>Total Expenditures</b>	<b>\$21,367,857</b>	<b>\$27,475,209</b>	<b>\$28,340,501</b>
<b>Net Total</b>	<b>\$6,527,428</b>	<b>\$1,689,591</b>	<b>\$2,347,023</b>

Other sources of revenue for the district include but are not limited to, service charges, capital grants and contributions, investment earnings, ambulance service fees, and Office of Emergency Services reimbursements. The NFPD financials summary can be found in Tables 7-4 and 7-5.

## Debt

The FPD spends approximately \$750,000 per year on debt service including principal and interest payments. Current debt obligations include the administration building mortgage and loan payments for Station 64 construction which was completed in September 2015<sup>54</sup>. As of June 30, 2018, the FPD had approximately \$3,315,000 in outstanding debt which included \$164,000 for a ladder truck that was paid off in FY 2018-19. According to the June 30, 2019 unaudited financial statements, the NFPD has outstanding debt totaling \$2,637,000.

The NFPD also provides a pension plan for employees and is part of the Marin County Employees' Retirement Association (MCERA). MCERA provides retirement, disability, and death benefits based on the employee's years of service, age, and final compensation. As of June 30, 2018, the

<sup>54</sup> Ibid. pg. 9308-12.

NFPD Net Pension Liability was \$15,629,033 which is a decrease of approximately \$2.8 million from the prior year. The NFPD pension funded ratio is 89.2% which is among the highest ratio for fire districts<sup>55</sup>. In addition to the pension plan, the NFPD provides post-retirement health care benefits to its retirees. For FY 17-18 the NFPD contributed \$1,502,716 to the plan which has 73 active members and 90 inactive employees or beneficiaries that are currently receiving benefit payments.

The NFPD maintains a District credit card with a credit limit of \$175,000. As of July 11, 2018, the available credit was \$164,490. The card balance is typically paid in full every month so that no interest is accrued.

**Table 7-5: NFPD Approved Budget Summary**

<b>Revenues</b>	<b>FY 2016-17 Adopted</b>	<b>FY 2017-18 Adopted</b>	<b>FY 2018-19 Adopted</b>
<b>Property Taxes</b>	\$24,684,811	\$25,839,858	\$26,546,170
<b>Interest</b>	\$16,032	\$34,830	\$68,084
<b>Intergovernmental</b>	\$389,766	\$329,983	\$329,756
<b>Charges for Services</b>	\$2,549,898	\$2,765,678	\$2,352,653
<b>Other</b>	\$686,608	\$433,001	\$1,191,503
<b>Total Revenues</b>	<b>\$28,327,115</b>	<b>\$29,403,350</b>	<b>\$30,488,166</b>
<b>Expenditures</b>	<b>FY 2016-17 Adopted</b>	<b>FY 2017-18 Adopted</b>	<b>FY 2017-18 Adopted</b>
<b>Personnel</b>	\$22,475,443	\$23,741,066	\$25,120,276
<b>Services and Supplies</b>	\$4,001,875	\$4,154,266	\$4,146,723
<b>Debt Service</b>	\$820,500	\$757,300	\$747,300
<b>Total Expenditures</b>	<b>\$27,297,818</b>	<b>\$28,652,632</b>	<b>\$30,014,299</b>
<b>Net Total</b>	<b>\$1,029,297</b>	<b>\$750,718</b>	<b>\$473,867</b>

### Financial Audit

The NFPD contracts with an outside accounting firm, currently Maze & Associates, to prepare an annual report for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. The most recent audited financial statement was prepared for the fiscal year ending June 30, 2018.

### Financial Planning/Capital Improvement

The NFPD maintains several designated reserve accounts as shown in Table 7-6. The NFPD also maintains a committed fund that provides contingency funding in situations where actual revenue

<sup>55</sup> Cheiron, MCERA Actuarial Valuation Report as of June 30, 2018.

is 15% or more below expected revenue, or when a state of emergency is declared by the District Board or County of Marin for an area that falls within District boundaries. As of June 30, 2018, the balance for that fund was \$4,199,942.

Table 7-6: NFPD Reserve Funds

Reserve Fund	Balance <sup>56</sup>
EMS Capital Equipment Reserve	\$100,000
Unemployment Insurance	\$35,100
Management Information Systems	\$210,000
Apparatus and Equipment Replacement	\$3,322,000
Facility Capital Improvement	\$500,000
Retirement Unfunded Liability	\$2,110,000
Worker’s Compensation Fund	\$1,038,000
Retiree Health Benefits	\$3,095,594
Wildfire Mitigation Fund	\$738,000
Protective Equipment Reserve	\$180,000
Compensated Absences	\$830,035
<b>Total</b>	<b>\$12,158,729</b>

## 7.8 WILDLAND FIRE PREPAREDNESS

Local agencies such as the NFPD play a critical role in protecting natural resources and the environment. Extended periods of drought, changing climate patterns, wind and low humidity have the potential to increase the occurrence and severity of wildland fires which could threaten structures and lives in the Wildland Urban Interface.

The NFPD participated in the Community Wildfire Protection Plan that was released in 2016. This was a collaborative effort among fire agencies in the county, local fire organizations including FIRESafe Marin, land management agencies, and community stakeholders. Through this effort, areas of concern throughout the county were identified based on population, fire behavior, vegetation, and other factors. Additionally, several goals were stated and associated action items were created to better prepare the county for wildland fires. One such goal is to “Increase awareness, knowledge, and actions implemented by individuals and communities to reduce human loss and property damage from wildland fires, such as defensible space and fuels reduction activities, and fire prevention through fire safe building standards”<sup>57</sup>. The NFPD is working

<sup>56</sup> Fund balances as of June 30, 2019. Novato Fire Protection District Preliminary Unaudited Financial Statements, Note 7.

<sup>57</sup> Marin County Fire Department and FIRESafe Marin, Community Wildfire Protection Plan, July 2016, Appendix D.

towards providing more education to the community about this topic and staffing of the RPM Division would further aid in the implementation of this goal.

Consistent with the Community Wildfire Protection Plan, the “Lessons Learned from North Bay Fire Siege” report, and the 2019 “Marin Civil Grand Jury Report on Wildfire Preparedness,” stress the importance of a countywide, multi-agency approach to better protect county residents. The deadliest and most destructive wildfires in the state’s history have occurred in recent years, and Marin’s wildlands and lush vegetation leave the Novato region particularly vulnerable. Given the changing climate and increased risk of wildfires, NFPD has been partnering with FIRESafe Marin, fire agencies, the county, and cities and towns in Marin to develop a countywide Wildfire Prevention program and authority to coordinate and oversee the ongoing programs to make the community safer and better prepared.

A countywide coalition that includes the cooperation of all Marin fire and city/town agencies and the county has proposed a new joint powers agreement (JPA) and funding measure that would raise approximately \$21 million per year dedicated to local wildfire prevention. The JPA agreement would consist of local fire agencies, cities and towns, and the County. The mission of the Marin Wildfire Prevention Authority would be to fund and oversee the following efforts:

- Wildfire detection and evacuation system improvements
- Vegetation management and fire hazard reduction
- Defensible space and home hardening evaluations
- Public education and neighborhood wildfire preparedness
- Local specific wildfire prevention efforts

The NFPD will continue to work with the other partner agencies to ensure the highest level of safety and service for residents within Marin County.

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## 8.0 BEL MARIN KEYS COMMUNITY SERVICE DISTRICT

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### 8.1 OVERVIEW

The Bel Marin Keys Community Services District (CSD) is located in the southeast Novato region between Highway 37 and Highway 101 and is accessed by Bel Marin Keys Boulevard. Within the westerly portion of the CSD is a unique community with lagoons that provides water access and recreation to Bel Marin Keys residents. It also maintains two locks that provide access to Novato Creek which flows into San Pablo Bay. The easterly portion of the CSD is California State Coastal Conservancy land with San Pablo Bay frontage that is pwine

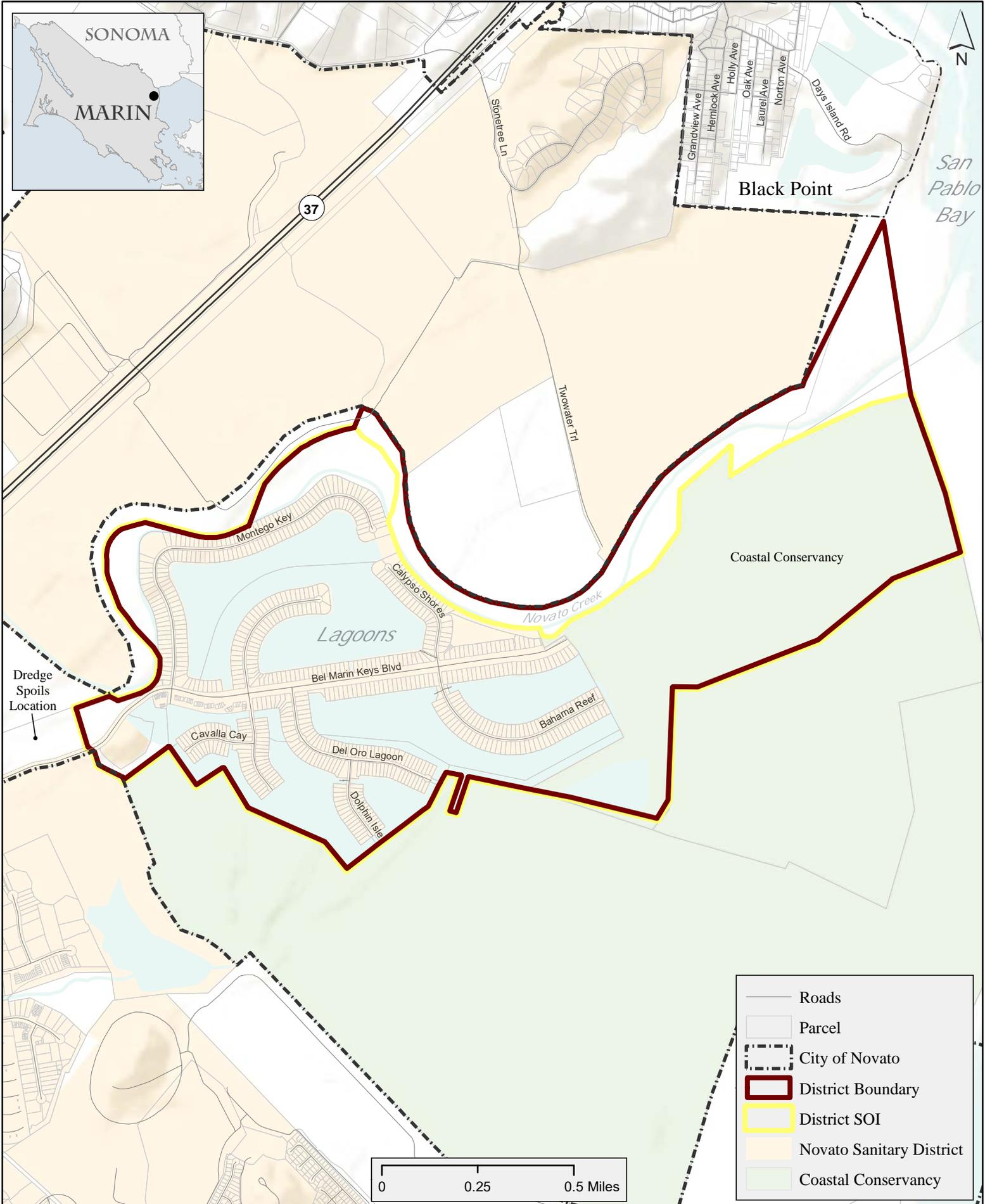
of the larger Hamilton Wetlands Restoration effort.

Table 8-1: Bel Marin Keys CSD Overview

Bel Marin Keys CSD			
<b>Primary Contact</b>	Noemi Camargo-Martinez	<b>Phone</b>	(415) 883-4222
<b>Office Location:</b>	4 Montego Key, Novato, CA 94949		
<b>Formation Date</b>	1961		
<b>Services Provided</b>	Lagoon Maintenance (including marine infrastructure and dredging), Public Facilities, Parks and Recreation (Open Space), Flood Protection Facilities, Street Lighting		
<b>Service Area</b>	4 sq. mi.	<b>Population Served</b>	1,530

The CSD provides a multitude of community services either directly or through contracts. Services and facilities include, but are not limited to, Novato Creek maintenance dredging, north and south lagoon maintenance, maintenance and operation of marine infrastructure assets, operation of a community center complete with kitchen and bar, four boat ramps of which three can be accessed by residents, eight parks, six open space areas, two islands, and street lighting maintenance. Water, wastewater, and fire services are provided by other agencies.

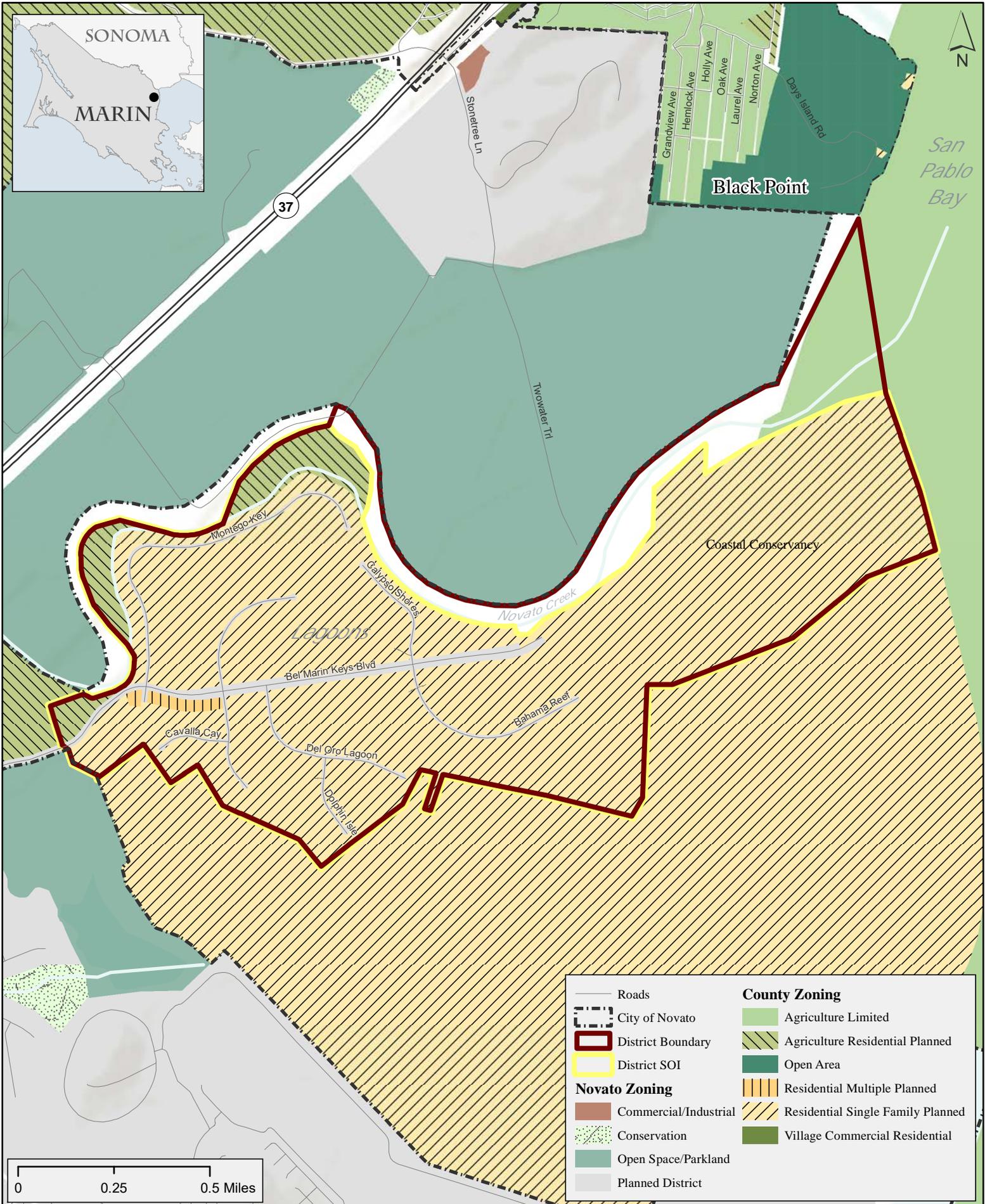
Services and facilities listed above require planning, budgeting, and in some cases permitting. Major projects such as levee maintenance and dredging require coordination with several agencies and stakeholders to ensure compliance with state and federal regulations. The CSD manages these projects and regular maintenance activities with a small staff and contract management services.



# Bel Marin Keys Community Services District

Figure 8-1

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# Bel Marin Keys Community Services District

Figure 8-2

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.

## 8.2 FORMATION AND DEVELOPMENT

Bel Marin Keys CSD was formed in 1961 to provide services for the new Bel Marin Keys housing development. Basic infrastructure was purchased by Marin County, after construction by the developer, using proceeds from the sale of serial bonds<sup>58,59</sup>. Once initial construction of infrastructure was completed, certain systems were conveyed from the County to the appropriate agency. Lagoons were transferred to the CSD, the water supply system was transferred to the North Marin Water District and the sewer system was transferred to the Novato Sanitary District<sup>60</sup>.

In 1980, approximately 90 acres to the south of the original CSD was annexed for the development of Bel Marin Keys Unit IV. There were plans to develop additional land to the south and east as Bel Marin Keys Unit V. However, after years of deliberation, the parcels were purchased by the California State Coastal Conservancy and are now part of a greater wetland restoration effort taking place in the region.

## 8.3 DISTRICT BOUNDARY AND SPHERE OF INFLUENCE

Bel Marin Keys CSD's jurisdictional boundary is larger than its current sphere of influence. The boundary includes the Bel Marin Keys housing development, portions of Novato Creek, and California State Coastal Conservancy lands bordering San Pablo Bay. The boundary encompasses a total of 990 acres and the SOI encompasses a total of 855 acres.

## 8.4 POPULATION AND GROWTH

Bel Marin Keys is located in Census Blocks 1001, 1001, 1005, and 1006 of Tract 1043 in Marin County. According to the 2010 US Census, these blocks had a total population of 1,530. Since the sale of Bel Marin Keys V to the California Coastal Conservancy, there is no longer potential for further development in the area.

## 8.5 MUNICIPAL SERVICES

The CSD currently provides several services to the community including lagoon maintenance, marine infrastructure operation and maintenance, dredging, and parks and recreation. The CSD also owns and maintains a community center equipped with a full kitchen, bathrooms, and a bar. Additionally, the CSD provides street lighting through a contract with DC Electric.

### Lagoon Maintenance

After initial waterways construction by developers, the lagoons were turned over to the CSD for management and maintenance. Waterways are tested for pathogens, in accordance with County of Marin Recreational Standards, once a month typically when a lagoon flushing event occurs. The lagoons are mechanically maintained at prescribed set water elevations and water quality is maintained by exchanging water (flushing) to and from Novato Creek. A flushing schedule is

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<sup>58</sup> Marin County Board of Supervisors, Resolution 6981, October 24, 1961.

<sup>59</sup> Marin County Board of Supervisors, Resolution 6980, October 24, 1961.

<sup>60</sup> Ibid.

posted in the quarterly newsletter and signs are posted at the navigation locks to advise residents not to enter waters near the lock areas when flushing is occurring. Additional lagoon maintenance includes monthly inspection of buoys, regular inspection of the CSD's four boat ramps, debris removal, aquatic vegetation control, CSD dock inspections, and easement compliance along with other water-related maintenance items.

There are two navigation locks owned and maintained by the CSD. The south lock was originally built in 1985 and the north lock was built in 1974. These locks maintain and allow for lagoon water level management within the CSD while providing residents Novato Creek access. They also assist with seasonal flood control. The locks are operated by a controlled access system that residents receive after going through training on how to use the system.

In addition to lagoon maintenance, the CSD surveys Novato Creek performs debris removal in the creek and has previously conducted dredging to maintain adequate navigational depths and removal accreted materials from flood control structures.

The CSD also maintains the levee surrounding the south lagoon which is an 11,000-foot-long levee owned by the California State Coastal Conservancy (SCC) and bordering SCC land known as BMK V. The BMK V development was originally going to provide tax income for south levee maintenance. Now that the SCC owns the land, there is no revenue to support this maintenance. The CSD is currently working with the SCC to address levee improvement funding specific to cost incurred by the CSD. There is a project scheduled to be undertaken by the SCC in summer 2019<sup>61</sup> on the BMK V parcel.

## Dredging

The CSD is responsible for dredging areas of the Bel Marin Keys lagoons and Novato Creek for water quality, flood control, and watercraft access. Maintenance dredging as undertaken requires planning, financing, permitting, dredging, and dredge material placement.

### *Planning*

The last dredging event conducted by the CSD in Novato Creek was in 2005. The last dredging of the north lagoon was conducted in 2007. There are areas within the north lagoon that have a propensity for sediment accretion and as such, the CSD monitors and will conduct maintenance dredging as needed and budgets allow. Novato Creek is ideally dredged on a 20-year cycle although there is no specific funding for this<sup>62</sup>.

A detailed October 2017 hydrographic survey mapped the Novato Creek channel with contours and comparisons to December 2013 and July 2016 hydrographic surveys to depict channel

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<sup>61</sup> California State Coastal Conservancy, Projects, San Francisco Bay Area: <https://scc.ca.gov/projects/san-francisco-bay/>.

<sup>62</sup> Personal Communication, Noemi Camargo-Martinez – District Manager, June 3, 2019 and June 19, 2019.

changes. The 2017 survey results provide information on where future dredging activities may need to take place<sup>63</sup>.

### *Financing*

The District funds dredging activities for the lagoons through Measure D that was passed in 2001 and is discussed in further detail under Finances. Planned 2019 dredging activities include portions of Novato Creek around flood control structures which will be funded by Measure D. Other creek areas are currently not funded through Measure D. The last Novato Creek channel dredging, completed in 2005, was funded through bond Measure F which is also discussed below.

### *Permitting*

In 2017 the CSD applied to the US Army Corps of Engineers for a 10-year maintenance dredging permit that included North Lagoon and portions of Novato Creek. The CSD is still operating under this permit and continues to work with other regulatory agencies such as the San Francisco Bay Regional Water Quality Control Board and the San Francisco Bay Conservation and Development Commission.

### *Dredging Activities*

The CSD procures dredging services under public contracting guidelines as discussed under Contracting below. Prior dredging, summarized in Table 8-2, has utilized hydraulic dredge methods to remove build-up sediment. The dredged material is then pumped through a slurry pipeline and deposited at the nearby disposal site discussed below<sup>64</sup>.

**Table 8-2: Bel Marin Keys Dredging History**

<b>Year</b>	<b>Location</b>	<b>Approximate Volume (cubic yards)</b>
<b>1985</b>	Novato Creek	40,000
<b>2001</b>	North Lagoon	15,000
<b>2005</b>	Novato Creek	100,000
<b>2007</b>	North Lagoon	220,000

### *Dredge Disposal*

Dredged material from both the lagoons and the creek has been deposited on a 22-acre parcel owned and operated by the CSD to the west of Bel Marin Keys permitted as a Dredged Materials Management Site (DMMS)<sup>65</sup>. The DMMS is adjacent to and runs along the north edge of Bel Marin Keys Boulevard across from Pacheco Pond. This parcel is outside of the CSD boundary.

<sup>63</sup> CLE Engineering, Novato Creek Condition Hydrographic Survey- October 2017, January 5, 2018.

<sup>64</sup> US Army Corps of Engineers, San Francisco District, SPN-2006-22397N Bel Marin Keys Maintenance Dredging, June 9, 2017.

<sup>65</sup> Ibid.

## Parks and Recreation

The CSD owns 37 parcels within its boundary, many of which are maintained as park or open space areas. There are currently eight parks, six open space areas, and two islands. In 2012 county voters approved a sales tax (Measure A) to help fund park and recreation improvements in Marin County. The CSD receives an apportionment of those tax funds for Bel Marin Keys park and open space improvements.

The CSD held a community meeting to identify priority areas for Measure A funding and developed a timeline of improvements for many of the parks. The highest priority park identified by the community meeting was Montego Park. Residents indicated that a new multipurpose court and bocce ball course were desired. Replacement of existing tennis courts was completed in 2018 and other park and open space facilities will continue to be upgraded as funds become available.

The CSD offers play equipment in several park areas and has recently expanded its All Ages Fitness areas. These areas offer workout stations that include sit-up stations, chin-up bars, cycling, and other equipment to help promote fitness for all ages and abilities.

A continuing issue with park facilities, including Montego Park, is drainage. Flooding occurs in areas during high rainfall and limits accessibility to park facilities. The CSD has utilized pumps in the past to keep park areas free of water and is currently working on drainage upgrades that will provide a long-term solution to flooding issues.

Park and other landscaped areas are maintained through a contract with an outside company. The annual cost of landscaping in the CSD is approximately \$60,000. Additional areas maintained by the CSD include a moat, two front entry areas, a parking lot, two offices, and a community center.

## 8.6 ORGANIZATIONAL STRUCTURE

### Board of Directors

Bel Marin Keys was formed as an independent special district and maintains a five-member Board of Directors elected to serve four-year terms. A current list of Board members is provided below in Table 8-3. Board members receive compensation of \$100 per meeting for their participation.

Table 8-3: Bel Marin Keys Board of Supervisors

Member	Position	Experience	Term
Vince Lattanzio	President	Landscape Design	2022
Darrick T. Chase	Vice-President	Family Law	2020
Mark Montobbio	Director	Law	2022
Mercy Angelopulos	Director	Technical Communications	2020
Cheryl Furst	Director	Business Management	2020

## **Staffing and District Operations**

The CSD has one full-time staff member and one part-time staff member. Other staffing services, including a waterways manager, is provided by contract through Foth-CLE Engineering Group, LLC that is renewed every five years. Annual contract services are approximately \$120,000 for waterways management, \$100,000 for engineering and permitting, and \$20,000 for parks design and engineering.

## **8.7 ACCOUNTABILITY AND TRANSPARENCY**

### **Meetings and Agendas**

Board meetings are held the third Thursday of every month at the Community Center at 4 Montego Key in Novato. Board meeting agendas and minutes are posted on the CSD website for public access (<http://www.bmkcsd.us/agendas>).

### **Annual Budget Review**

The CSD provides an annual budget to the Board for review and consideration. Separate budgets are prepared for the general obligation fund and Measure D funds. The CSD has a Measure D oversight subcommittee that meets semi-annually to accurately track and report the revenue and expenditures for Measure D which is specifically for lagoon maintenance. Separate reporting is conducted on Measure A in accordance with Marin County requirements. An independent financial auditor conducts an annual audit of the CSD's financial statements. The last audit, by R.J. Ricciardi, Inc., was conducted for the fiscal year ending June 30, 2018. Budgets and audits can be found on the CSD's website.

## **8.8 FINANCIAL OVERVIEW**

Bel Marin Keys CSD is funded through a portion of the ad valorem property tax for properties served, two bond measures, and one parcel tax passed by voters in the CSD. Primary expenditures are for lagoons, marine infrastructure, Novato Creek, and park maintenance. See Table 8-4 for District revenues and expenses. Notably, in Fiscal Year 2017-18, the District had a significant increase in expenses. This is attributed to several unexpected capital outlay expenses for a culvert replacement and new tennis court. Such expenditures are not expected to be an annual occurrence in the future.

### **Revenues**

The main source of revenue for the CSD is a portion of the ad valorem property tax collected and distributed by the County of Marin, special taxes, and bond measures (Measures A, D, E, & F) approved by voters living in the CSD boundary, or in the case of Measure A, the county. Taxes account for 99% of the CSD revenues with the other 1% coming from investment income and other revenue.

Measure A is a countywide measure that was approved by voters in 2012 and applies a one-quarter cent sales tax in order to fund county park areas<sup>66</sup>. Once passed, the measure would be effective for nine (9) years making the sunset date November 2021. The CSD receives a portion of this tax to fund maintenance and improvements to park areas. In FY 2017-18 the total revenue from Measure A was \$57,461.

Measure D was passed by voters in November 2001 and levies a Parcel Tax that increases at a rate of 2% every year with no sunset date to provide regular long-term revenue for the CSD. This tax is to be used for operation and maintenance of the CSD's marine facilities<sup>67</sup>. In FY 2017-18 the total revenue from Measure D was \$481,488.

Measure E was passed by voters in November 2001 and allowed for the issuance of \$2,600,000 in special tax bonds to finance improvements to the CSD's shared and public marine facilities for Community Facilities District No. 2001-1 (Marine Facilities Improvements). The bonds are to be repaid by a special tax levied on properties in CFD No. 2001-1 that is not to exceed \$385 per parcel<sup>68</sup>. In FY 2017-18 the total revenue from Measure E was \$227,643 which was then passed through for loan payments. Once the bond refinancing loan is repaid, the special tax will no longer be levied.

Measure F was passed by voters in November 2001 and allowed for the issuance of \$5,600,000 in special tax bonds to finance improvements to the CSD's marine facilities for CFD No. 2001-2 (Dredging and Marine Improvements). More specifically, the bonds funded dredging of lagoons and Novato Creek, training walls in Novato Creek, water circulation system upgrades, and necessary extensions of private and public docks and piers. The bonds are to be repaid by a special tax levied on properties in CFD No. 2001-2 according to their area designation. Maximum annual tax rates range from \$330 to \$1,131<sup>69</sup>. In FY 2017-18 the total revenue from Measure F was \$455,495 which was then passed through for loan payments. Once the bond refinancing loan is repaid, the special tax will no longer be levied.

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<sup>66</sup> County of Marin, Past Elections Results and Information, November 6, 2012, Ballot Measure A.

<sup>67</sup> County of Marin, Past Elections Results and Information, November 6, 2001, Ballot Measure D.

<sup>68</sup> Ibid, Ballot Measure E.

<sup>69</sup> Ibid, Ballot Measure F.

Table 8-4: Bel Marin Keys CSD Financial Audit Summary

Revenues	FY 2015-16 Actuals	FY 2016-17 Actuals	FY 2017-18 Actuals
<b>General Fund</b>	\$506,039	\$521,319	\$543,639
<b>Measure A</b>	\$53,351	\$81,480	\$57,461
<b>Measure D</b>	\$469,739	\$476,631	\$493,324
<b>Measure E and F</b>	\$686,274	\$686,218	\$683,351
<b>Total Revenues</b>	<b>\$1,715,403</b>	<b>\$1,765,648</b>	<b>\$1,777,775</b>
Expenditures	FY 2015-16 Actuals	FY 2016-17 Actuals	FY 2017-18 Actuals
<b>Measure A</b>	\$36,835	\$31,071	\$78,709
<b>Measure D</b>	\$126,970	\$153,999	\$148,961
<b>Loan Payments</b>	\$639,761	\$639,764	\$639,761
<b>Projects I and II</b>	\$182,564	\$92,159	\$126,609
<b>Maintenance</b>	\$237,206	\$405,031	\$269,190
<b>Capital Outlay</b>	\$51,696	\$50,825	\$562,736
<b>Other</b>	\$340,479	\$303,293	\$323,964
<b>Total Expenditures</b>	<b>\$1,615,511</b>	<b>\$1,676,142</b>	<b>\$2,149,930</b>
<b>Net Total</b>	<b>\$99,892</b>	<b>\$89,506</b>	<b>(\$372,155)</b>

Measures D, E, And F were all proposed and passed in 2001 in order to provide needed funding for the CSD. Prior to these measures, there was not enough revenue to cover rising maintenance activities costs. Measure D now provides a long-term source of income for maintenance activities including water testing, lock maintenance, maintenance dredging, and annual management of the waterways. Measures E and F provided bond funding for large capital improvement projects and major dredging that was needed at the time. For FY 2017-18 Measure D taxes were \$686.38 per parcel, Measure E taxes were \$350.76 per parcel, and Measure F taxes ranged from \$287.26 to \$984.52 per parcel depending on location<sup>70</sup>. The total CSD taxes for these measures totaled \$1,321.40 to \$2,021.66. This does not include basic property tax or Measure A estimates.

<sup>70</sup> County of Marin, Department of Finance, Property Tax Bill Tax Roll Year 2017-18, <https://apps.marincounty.org/TaxBillOnline>.

Table 8-5: Bel Marin Keys CSD Budget Summary

Revenues	FY 2016-17 Adopted Budget	FY 2017-18 Adopted Budget	FY 2018-19 Adopted Budget
<b>Operating</b>	\$400,120	\$410,120	\$466,720
<b>Capital Improvement</b>	\$-	\$365,000	\$160,000
<b>Measure D</b>	\$450,235	\$468,971	\$481,000
<b>Total Revenues</b>	<b>\$850,355</b>	<b>\$1,244,091</b>	<b>\$1,107,720</b>
Expenditures	FY 2016-17 Adopted Budget	FY 2017-18 Adopted Budget	FY 2018-19 Adopted Budget
<b>Maintenance</b>	\$120,400	\$122,200	\$202,040
<b>Payroll Expenses*</b>	\$138,096	\$137,206	\$156,718
<b>Professional Fees</b>	\$38,700	\$39,200	\$37,500
<b>Utilities</b>	\$27,376	\$28,156	\$29,536
<b>General Operating</b>			
<b>Capital Improvement</b>	\$-	\$365,000	\$128,000
<b>Measure D</b>	\$262,000	\$236,614	\$244,050
<b>Other</b>	\$64,458	\$63,632	\$26,734
<b>Total Expenditures</b>	<b>\$651,030</b>	<b>\$992,008</b>	<b>\$824,578</b>
<b>Net Total</b>	<b>\$199,325</b>	<b>\$252,083</b>	<b>\$283,142</b>

\*This includes employee benefits and director fees.

## Debt

The CSD has a long-term lease-finance agreement with PG&E with a loan balance of \$19,084 as of June 30, 2018, and two commercial loans with the Bank of Marin to re-finance Measure E and F Special Tax bonds. Those loans had a combined balance of \$2,698,165 as of June 30, 2018.

## Contracting

The CSD participates in the California Uniform Public Construction Cost Accounting Program. Under this program, the CSD maintains an Informal Bid List of contracts that receive notices on projects taking place within the CSD. This program allows for contracting flexibility that eases costs to the CSD while still maintaining a competitive bid process.

## Long-term Planning

The CSD is currently preparing a Capital Improvement Plan which is set to be finalized by Fall 2019. This plan will identify priority needs for the CSD and provide a schedule of improvements for several fiscal years allowing the CSD to plan ahead for future improvements.

## 8.9 SUSTAINABILITY

Bel Marin Keys has been working with residents on sustainable practices for both land and water. Community groups come together to help reduce household carbon footprints and the CSD has offered Clean and Green Boating seminars. Boating seminars include education of effective spill cleanup, safe fueling practices, reducing marine debris and proper sewage disposal.

Neighborhood groups have also worked with other organizations including the Greenbelt Alliance, Marin Conservation League, and Sierra Club to gain voter approval on laws that limit urban sprawl and maintain open spaces for community benefit.

Flooding remains an important issue to the CSD as high spring rain levels have caused levee breaches in adjacent neighboring parcels. The CSD will continue to work with other local agencies in order to identify critical needs and conduct flood control projects.

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## 9.0 COUNTY SERVICE AREA NO. 1 (LOMA VERDE)

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### 9.1 OVERVIEW

CSA No. 1 is located south of Ignacio Boulevard as shown in Figure 9-1. The northerly developed Loma Verde neighborhood and Loma Verde Elementary School portions are unincorporated and the southerly Loma Verde Preserve portion is in the City of Novato. The neighborhood, which is completely surrounded by the City of Novato, is made up of mostly single-family homes with some apartments and townhomes. The main roads through the CSA are Alameda De La Loma which runs east and west, and Alameda Del Prado that runs parallel to Highway 101.

The CSA provides street light maintenance throughout the unincorporated area through a contract administered by the Marin General Services Authority, meridian maintenance along Alameda Del Prado, and has acquired open space for the county.

Table 9-1: CSA No. 1 Overview

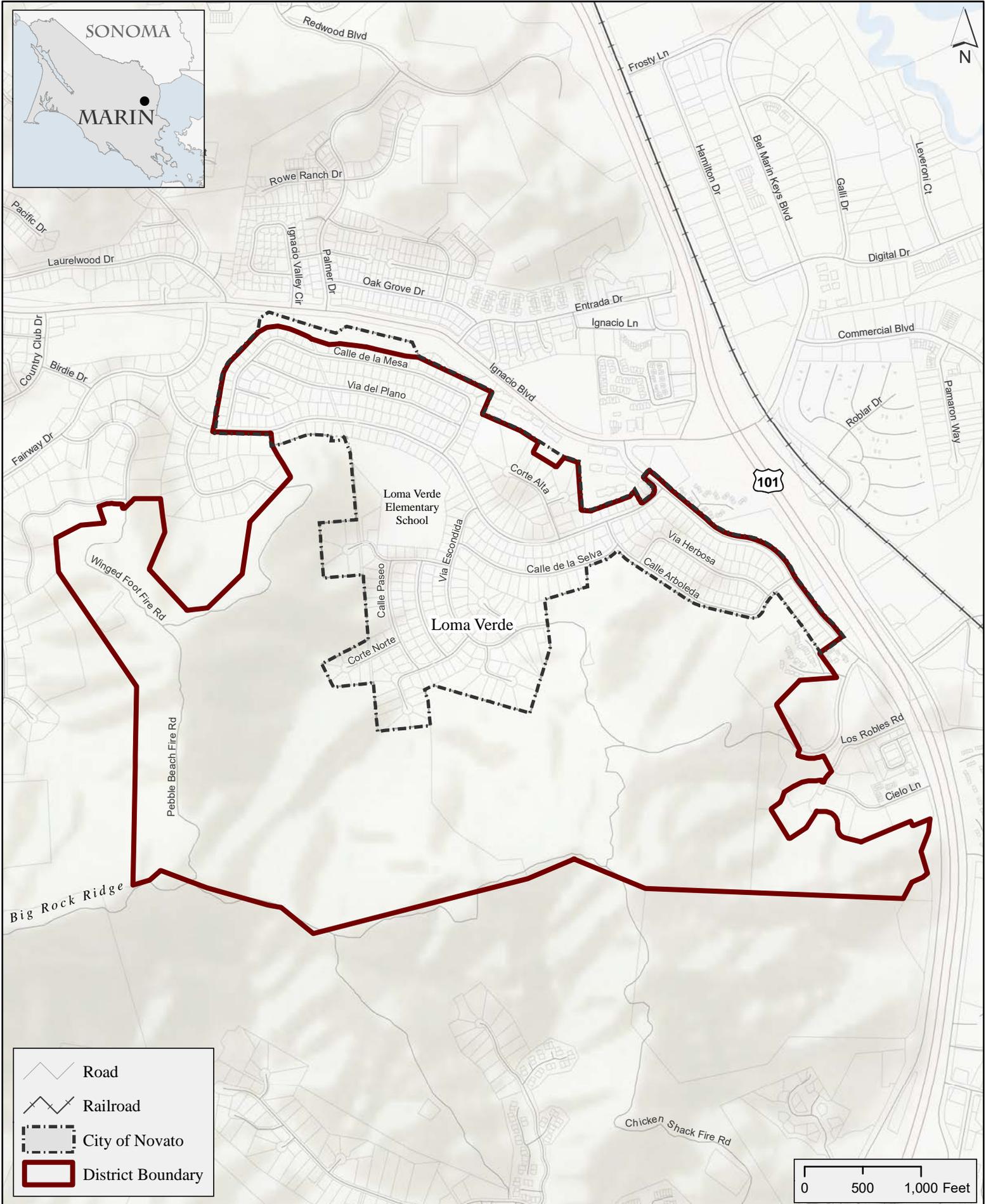
CSA No. 6 – Loma Verde			
<b>Primary Contact</b>	Michael Frost – Deputy Director of Public Works		
<b>Phone</b>	(415) 473-3725	<b>Email</b>	mfrost@marincounty.org
<b>Office Location</b>	3501 Civic Center Drive, San Rafael, CA 94903		
<b>Formation Date</b>	1956		
<b>Services Provided</b>	Meridian Maintenance, Lighting, Open Space Street		
<b>Service Area</b>	503 acres		

### 9.2 FORMATION AND DEVELOPMENT

CSA No. 1 was formed by Marin County Board Resolution No. 4294 on January 1956 in order to provide County services to the area. Upon formation, no designation of specific services was made. In later years, specific resolutions were made to define services as lighting and parkway maintenance. In 1974 additional parcels were annexed to the CSA in order to provide open space for the community. This land acquisition was funded by the sale of bonds that were repaid by a special tax levied on properties within the CSA. Bonds were originally set to mature no later than 1995, at which point taxes would no longer be collected for bond repayment<sup>71</sup>.

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<sup>71</sup> Marin County Board of Supervisors, Resolution No. 75-74, March 18, 1975.

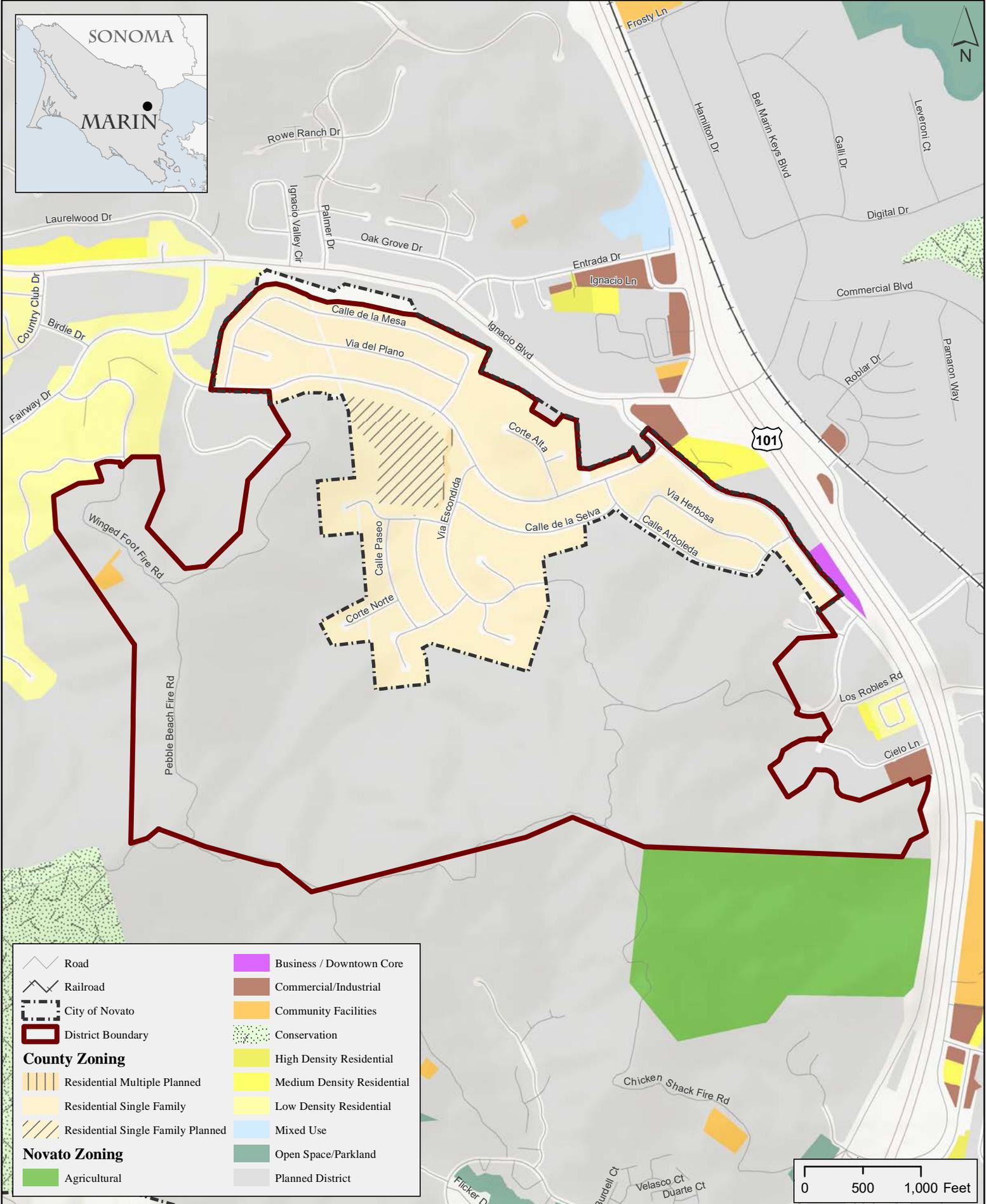


# CSA No. 1 - Loma Verde

Figure 9-1

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.



# CSA No. 1 - Loma Verde Zoning

Figure 9-2

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.

### 9.3 DISTRICT BOUNDARY AND SPHERE OF INFLUENCE

CSA No. 1’s jurisdictional boundary encompasses approximately 503 acres, a portion of which is within the Novato city boundary. The sphere of influence is coterminous. The original boundary encompassed only the Loma Verde neighborhood. In 1974, approximately 100 acres of land, now known as the Loma Verde Preserve, was annexed to the CSA for open space land acquisition and management. At the same time, the open space land was annexed, the original CSA boundary was designated as a CSA improvement district where taxes could be levied for services provided<sup>72</sup>.

The Loma Verde neighborhood and elementary school are not part of the City of Novato. However, the surrounding open space is within the City. Land use in and around the CSA is primarily Open Space Low-Density Residential and public facility for the elementary school site.

### 9.4 MUNICIPAL SERVICES

#### Street Lighting and Maintenance

The County contracts with a private landscaping firm that provides services for many different areas in the region. Included in this larger contract is a small portion for landscaping maintenance of Alameda Del Prado in CSA No. 1. From Ignacio Boulevard to Posada Del Sol there is a meridian down Alameda Del Prado with trees, shrubs, and flowering plants that require regular maintenance. A maintenance schedule summary is provided below in Table 9-2.

Table 9-2: Summary of Maintenance Frequency for CSA No. 1

Maintenance Activity	Weekly	Monthly	Quarterly	Bi-Annually	Annually	As Needed
Irrigation (Mar-Oct)	X					
Fertilization					X	
Pruning					X	
Pest/Weed Control						X
Litter/Trash Removal	X					X
Curb and Gutter Cleaning						X
Irrigation System Inspection (Apr-Oct)		X				

There are approximately 101 street lights in CSA No. 1 maintained as part of the Marin County Street Light network through a county contract with DC Electric that is funded and administered by the Marin General Service Authority. The original contract was entered into in August 2015 and is renewed annually. Under this contract, lights are replaced every five years or more

<sup>72</sup> Marin County Board of Supervisors, Resolution No. 74-129, May 7, 1974.

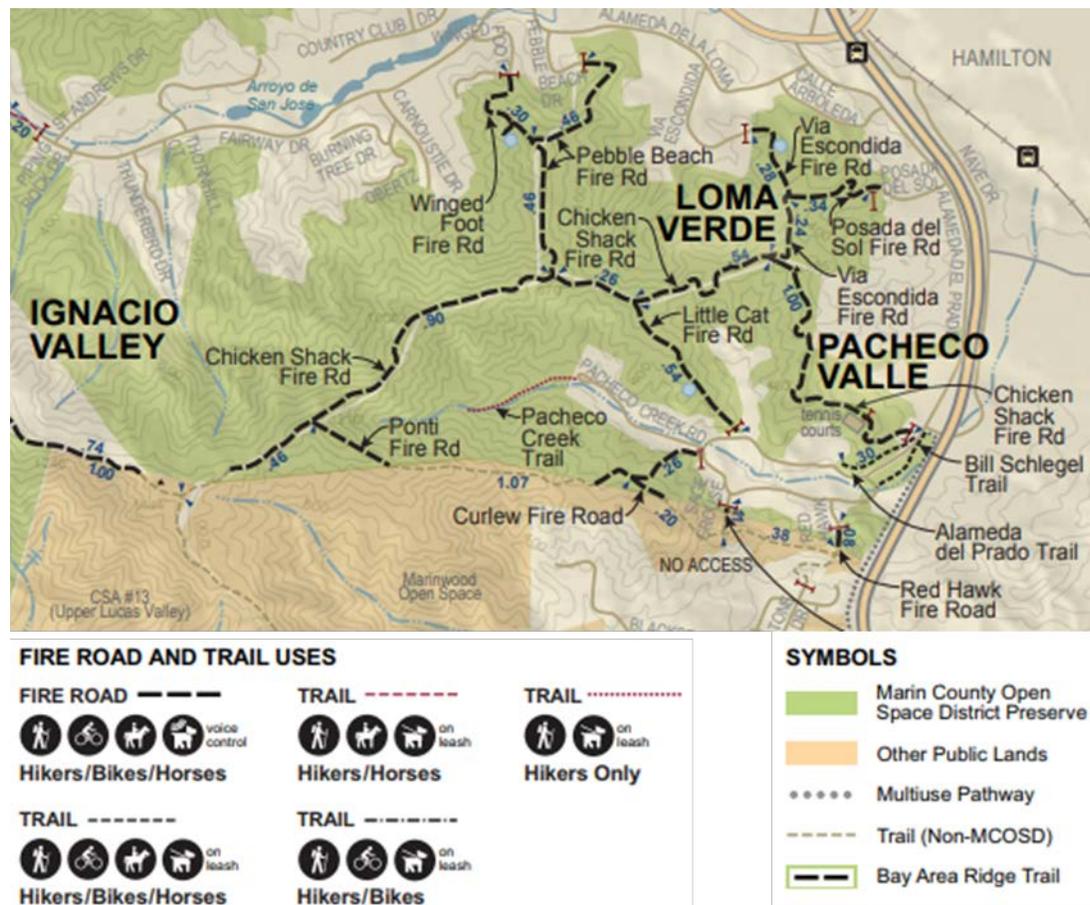
frequently as needed. Other street maintenance is overseen by the County Department of Public Works.

### Recreation (Open Space Acquisition)

Loma Verde Preserve is south of the Loma Verde neighborhood. The preserve covers the northeast slope of Big Rock Ridge and offers dog-friendly hiking and horseback riding. It can be accessed at several points in CSA No. 1 including Pebble Beach Drive, Winged Foot Drive, Via Escondida, and Posada Del Sol. Many other footpaths also lead off of neighborhood streets into the preserve.

As discussed previously, the preserve was purchased with bond funds through CSA No. 1. It is approximately 100 acres in size and adjoins Ignacio Valley, Pacheco Valle, and Marinwood to provide large contiguous open space access for area residents. The Marin County Department of Parks and Open Space now manages the Loma Verde preserve as part of its open space system. A map of the preserve and connecting trails is provided in Figure 9-3.

Figure 9-3: Loma Verde Open Space Preserve Map<sup>73</sup>



<sup>73</sup> Marin County Department of Parks and Open Space, Loma Verde Preserve Map, February 27, 2019.

## 9.5 ORGANIZATIONAL STRUCTURE

### Board of Directors

CSA No. 1 was formed as a dependent special district with the Marin County Board of Supervisors as its governing body. The five county supervisors are elected to four-year terms of office with no term limits. Government Code Section (25212) grants the Board of Supervisors rights and powers to administer service areas.

The Board of Supervisors meets the second and fourth Tuesday every month at 9:00 a.m. in the County of Marin Civic Building located at 3501 Civic Center Drive, Suite 329 in San Rafael. A current listing of members along with respective backgrounds can be found below in Table 9-3.

Table 9-3: County of Marin Board of Supervisors

Member	Position	Experience	Term
<b>Damon Connolly (District 1)</b>	Supervisor	Government	Expires January 2023
<b>Katie Rice (District 2)</b>	Vice-President	Government	Expires January 2021
<b>Kate Sears (District 3)</b>	President	Attorney	Expires January 2022
<b>Dennis Rodoni (District 4)</b>	2 <sup>nd</sup> Vice-President	Construction	Expires January 2021
<b>Judy Arnold (District 5)</b>	Supervisor	Government	Expires January 2023

### Staffing and District Operations

As a dependent special district of the County, all administrative services are provided by county departments, including legal counsel and compilation of financial transaction reports for the State Controller's Office required under Government Code Section (53891). District projects are overseen by county senior and principal engineers.

CSA No. 1 is primarily managed by the Department of Public Works which oversees the street lighting contract which is primarily held by the Marin General Services Authority. The Department of Parks and Open Space manages the meridian maintenance contract and the open space is managed as part of the county's broader open space program.

## 9.6 ACCOUNTABILITY AND TRANSPARENCY

### Meetings and Agendas

The Board of Supervisors meeting agendas, minutes, and recordings can be found online on the Marin County website. Board documents such as resolutions and ordinances can also be found on the Board of Supervisors page of Marin County's website.

### Annual Budget Review

The County of Marin contracts with an independent financial auditor, Clifton Larson Allen, to conduct an annual financial report. CSA No. 1 is included in the report under the Budgetary Comparison Schedule for County Service Areas Fund. The latest audit was prepared for the year ending June 30, 2018.

Every year the County Department of Public Works develops a CSA budget and presents it to the Board of Supervisors for review and approval. It is based on prior years' expenses and anticipated upcoming fiscal year infrastructure upgrades and maintenance costs.

## 9.7 FINANCIAL OVERVIEW

CSA No. 1 is funded through a portion of the ad valorem property tax for properties served. Properties taxed are those within the original CSA boundary which was designated an improvement district of the CSA in 1974<sup>74</sup>. The taxes collected are solely for meridian maintenance. The open space portion of the CSA receives funding and management through the County Department of Parks and Open Space. Street lighting is funded by the Marin General Services Authority.

Maintenance of the Alameda Del Prado meridian costs the CSA approximately \$982 per month (\$11,784 per year) depending on monthly service activities. This is a small portion of the approximately \$26,433 monthly County landscaping contract<sup>75</sup>. All other CSA activities are funded by other county sources including the Marin General Services Authority and the Marin County Department of Parks and Open Space. This allows the CSA to grow and maintain a healthy fund balance that can be used for emergency repairs or other unforeseen costs as needed.

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<sup>74</sup> Marin County Board of Supervisors, Resolution No. 74-129, May 7, 1974.

<sup>75</sup> Gardeners' Guild, County of Marin – Parks, Open Spaces & Cultural Services Landscape Maintenance, May 2019 Invoice.

Table 9-4: CSA No. 1 Financial Summary

Revenues	FY 2016-17 Actuals	FY 2017-18 Estimated	FY 2018-19 Adopted Budget
<b>Current Secured Property Tax</b>	\$41,519	\$43,276	\$34,136
<b>Use of Money and Property</b>	\$1,566	\$3,474	\$261
<b>Intergovernmental Revenues</b>	\$197	\$196	\$205
<b>Total Revenues</b>	<b>\$43,282</b>	<b>\$46,946</b>	<b>\$34,602</b>
Expenditures	FY 2016-17 Actuals	FY 2017-18 Estimated	FY 2018-19 Adopted Budget
<b>Services and Supplies</b>	\$1,016	\$3,120	\$70,500
<b>Interfund Expense</b>	\$7,298	\$7,497	\$7,080
<b>Total Expenditures</b>	<b>\$8,314</b>	<b>\$10,617</b>	<b>\$77,580</b>
<b>Net Total</b>	<b>\$34,968</b>	<b>\$36,329</b>	<b>(\$42,978)</b>
<b>Fund Balance (Start of FY)<sup>76</sup></b>	<b>\$274,532</b>	<b>\$309,521</b>	<b>\$345,851</b>

## Sustainability

Local agencies play a critical role in protecting natural resources and the environment through land conservation, water recycling, preserving open space, and renewable energy projects. CSA No. 1 provides ample open space for community residents to enjoy and utilizes water-efficient landscaping to reduce municipal water consumption. In addition, street lights were updated to LED lights in 2011 to decrease CSA and county energy usage.

<sup>76</sup> Frost, Michael – Department of Public Works, Personal Communication, June 25, 2019.

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## 10.0 COUNTY SERVICE AREA NO. 20 (INDIAN VALLEY)

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### 10.1 OVERVIEW

CSA No. 20 is located in the southwest Novato region and provides open space-related services. It encompasses over 7 square miles of both incorporated and unincorporated territory that includes the Indian Valley and Ignacio Valley Open Space Preserves which are managed by the Marin County Department of Parks and Open Space.

The CSA conducts special projects in open space areas within the CSA boundary. This includes improved trails, access, and wildland fire prevention measures for the Marin County Club and Indian Valley communities.

Table 10-1: CSA No. 20 Overview

CSA No. 20 – Indian Valley	
<b>Primary Contact</b>	Jim Chayka, Superintendent Marin County Parks
<b>Phone</b>	(415) 473-3639
<b>Office Location:</b>	Marin County Parks, 3501 Civic Center Drive, #260, San Rafael, CA 94903
<b>Formation Date</b>	1974
<b>Services Provided</b>	Parks and Recreation (Open Space Services)
<b>Service Area</b>	4,620 acres (7.2 miles)

### 10.2 FORMATION AND DEVELOPMENT

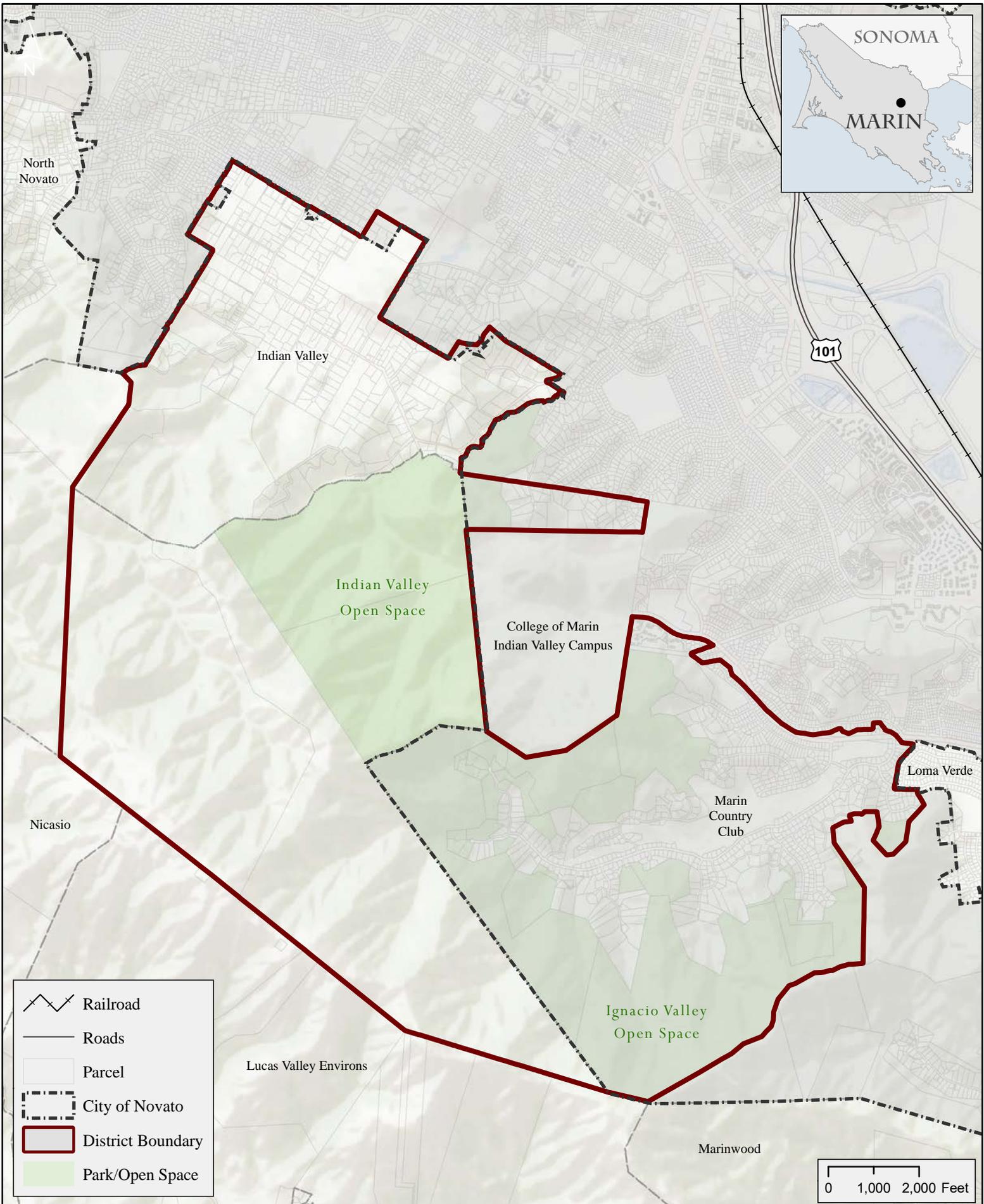
CSA No. 20 was formed by Board Resolution 74-371 in November 1974. The types of services designated by the Board at the time of formation were “Local park and recreation facilities and services”. The CSA was partially funded by a bond in 1975 for the acquisition of 1,300 acres. The bonds were scheduled to be paid in full by 1995<sup>77</sup>.

### 10.3 DISTRICT BOUNDARY AND SPHERE OF INFLUENCE

CSA No. 20’s jurisdictional boundary encompasses 4,620 acres of land. Portions of the CSA are within the City of Novato boundary and subject to the City’s Zoning. The sphere of influence is coterminous. Primary land use designations in the CSA area are Open Space, Low-Density Residential, Conservation, and Agriculture with some Community Facilities and Planned Residential. The CSA boundary surrounds the College of Marin – Indian Valley Campus off of Ignacio Boulevard which is also the main access point for much of the open space. Additional access points include Indian Valley Road to the north and Fairway Drive to the south.

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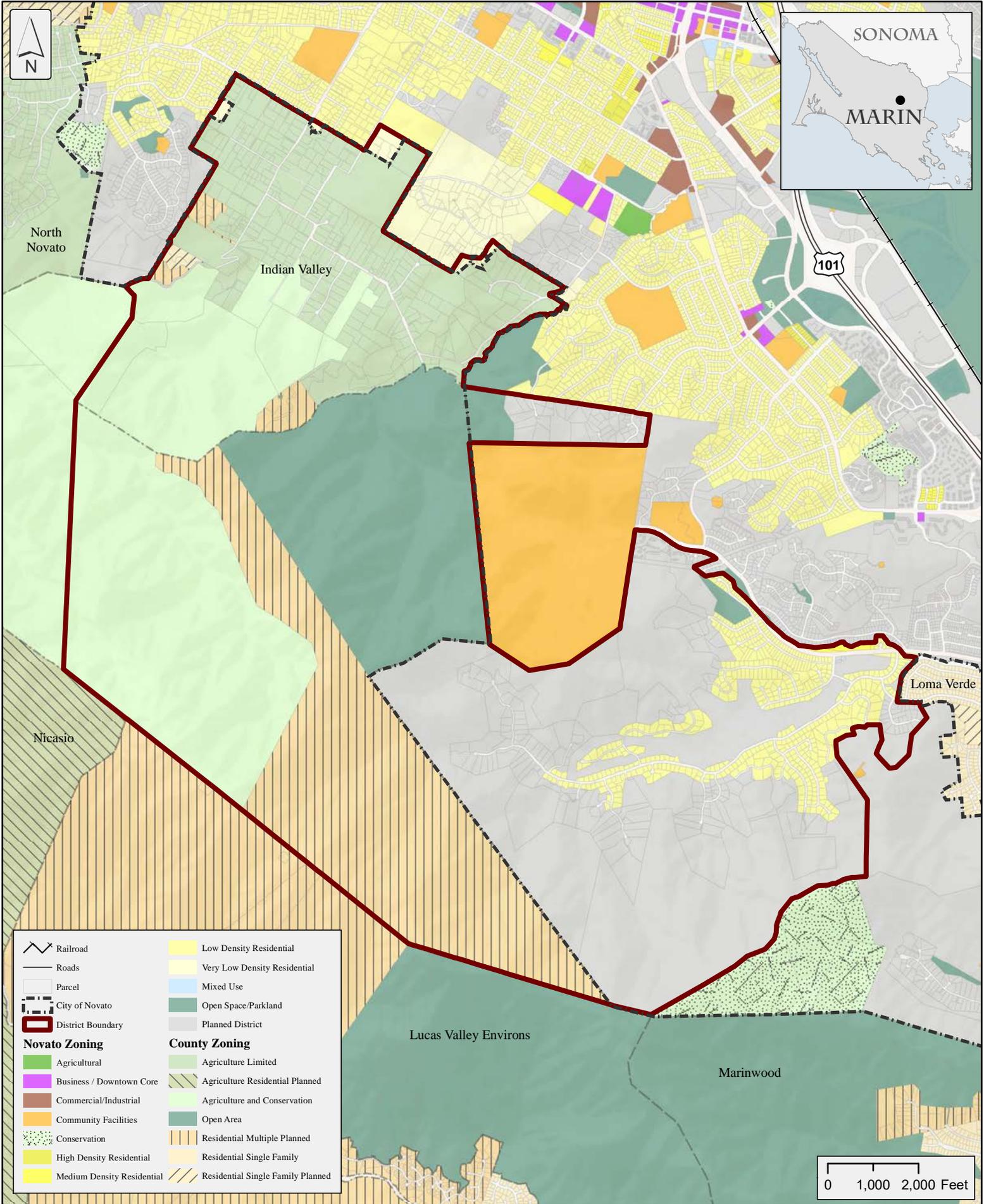
<sup>77</sup> Marin County Board of Supervisors, Resolution 75-143, May 13, 1975.



# CSA No. 20 - Indian Valley

Figure 10-1

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# CSA No. 20 - Indian Valley Zoning

Figure 10-2

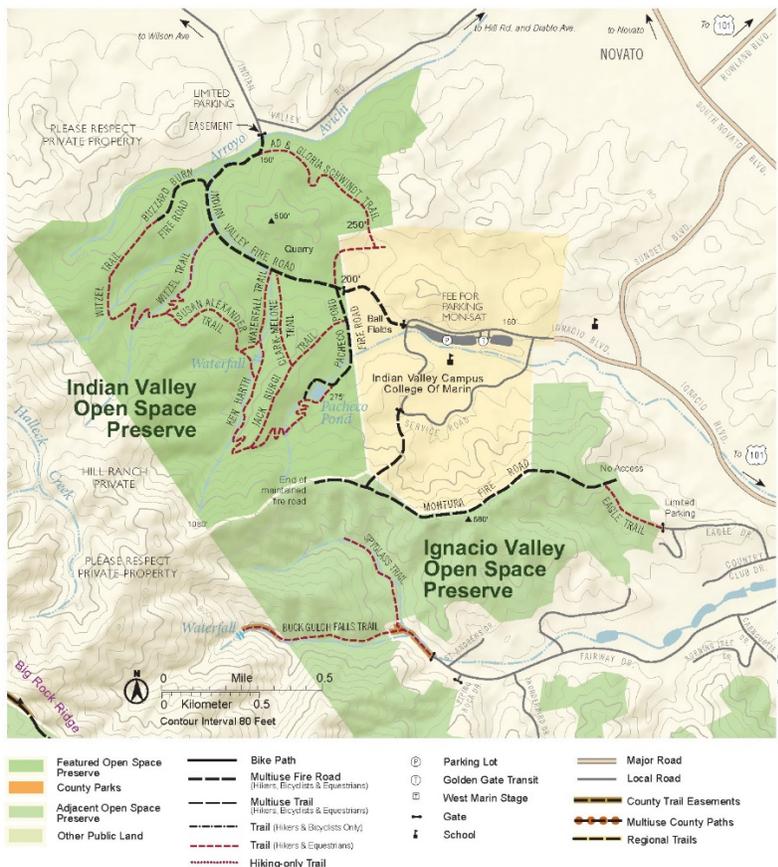
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## 10.4 MUNICIPAL SERVICES

### Parks and Recreation

CSA No. 20 provides access to open space near the communities of Indian Valley and Marin County Club. The two open space preserves in the CSA, Indian Valley and Ignacio Valley, are managed as part of the larger Marin County open space system. Open space activities include biking, hiking, fishing, and horseback riding. A map of the open space area is shown in Figure 10-3.

Figure 10-3: Indian Valley and Ignacio Valley Open Space Trail Map<sup>78</sup>



Funds collected by the CSA are primarily used to conduct special projects within the CSA area at the direction of the Advisory Board and for the benefit of the communities adjacent to the preserves. Completed projects include decommissioning of illegal trails and fencing of sensitive habitats<sup>79</sup>. Recently the CSA has been looking at funding for re-alignment of Indian Valley Fire Road<sup>80</sup>. However, due to rising wildland fire concerns, the CSA is now looking at funding fire fuel reduction including removing brush, downed trees, and dead or dying trees.

<sup>78</sup> Marin County Department of Parks and Open Space, June 27, 2017.

<sup>79</sup> CSA 20 Advisory Board, Meeting Minutes for April 13, 2015.

<sup>80</sup> CSA 20 Advisory Board, Draft Meeting Minutes for September 11, 2017.

## 10.5 ORGANIZATIONAL STRUCTURE

### Board of Directors

CSA No. 20 was formed as a dependent special district with the Marin County Board of Supervisors as its governing body. A list of the current Board of Supervisors can be found in Section 8.6.

### Advisory Board

CSA No. 20 is guided by a five-member Advisory Board that meets at least once per year. Members of this board are appointed to two-year terms by the County Board of Supervisors. Current members of the advisory board are provided below in Table 10-3. The Advisory Board meets to review budget items and planned projects for the upcoming year. They also provide input to county staff and provide recommendations to the County Board of Supervisors.

Table 10-2: CSA No. 20 Advisory Board Members

Member	Position	Term
Rodney Bosche	Advisor	10-17-19
Gary Frugoli	Advisor	09-12-19
Jonathan Gasson	Advisor	10-31-19
R. Craig Knowlton	Advisor	10-17-19
Ron Witzel	Advisor	02-13-20

### Staffing and District Operations

As a dependent special district of the County, all CSA functions are provided by county departments, including legal counsel and compilation of financial transaction reports for the State Controller's Office required under Government Code Section (53891). The CSA is primarily administrated by Marin County Department of Parks and Open Space and specific CSA projects are overseen by county senior and principal engineers.

## 10.6 ACCOUNTABILITY AND TRANSPARENCY

### Meetings and Agendas

Meeting agendas, minutes, and handouts can be found on the Marin County Parks webpage under CSA No. 20 Advisory Board.

### Annual Budget Review

CSA No. 20 includes draft budgets as a hyperlink on the meeting agenda webpage. These draft budgets are excerpts from the County's MUNIS system. The CSA is also included in the County's annual financial audit under Budgetary Comparison Schedule County Service Areas Fund. The most recent audit was conducted for the year ending June 30, 2018.

## 10.7 FINANCIAL OVERVIEW

CSA No. 20 is funded through a portion of the ad valorem property tax from properties within the CSA boundary. There is no other CSA funding and expenses are limited to administration costs in most years except for when special projects, such as improving trails and fuel reduction measures, are approved by the Advisory Board. A summary of the CSA’s annual finances is provided in Table 10-5 below.

Special projects for the CSA are funded out of the reserve balance built up for the CSA. As of September 2018, the total fund balance for CSA No. 20 was \$160,745.02. Trail realignment was scheduled for FY 2018-19 which was approved at \$100,000. However, these activities were paused due to new direction from the Advisory Board. The fund balance will instead be carried over and utilized to fund fuel reduction projects in the area<sup>81</sup>.

Table 10-3: CSA No. 20 Financial Summary

Revenues	FY 2016-17 Actuals	FY 2017-18 Adopted Budget	FY 2018-19 Adopted Budget
<b>Current Secured Property Tax</b>	\$12,119	\$12,611	\$12,511
<b>Use of Money and Property</b>	\$657	\$1,446	\$200
<b>Intergovernmental Revenues</b>	\$58	\$58	\$30
<b>Total Revenues</b>	<b>\$12,834</b>	<b>\$14,115</b>	<b>\$12,741</b>
Expenditures	FY 2016-17 Actuals	FY 2017-18 Adopted Budget	FY 2018-19 Adopted Budget
<b>Services and Supplies</b>	\$0	\$0	\$100,000
<b>Capital Assets</b>	\$0	\$0	\$0
<b>Interfund Expense</b>	\$84	\$84	\$0
<b>Total Expenditures</b>	<b>\$84</b>	<b>\$84</b>	<b>\$100,000</b>
<b>Net Total</b>	<b>\$12,750</b>	<b>\$14,031</b>	<b>(\$87,259)</b>

## 10.8 SUSTAINABILITY

CSA No. 20 is primarily composed of open space lands that connect to other Marin County Department of Parks and Open Space preserves and public lands. Warmer temperatures and longer drought periods increase the potential for wildfires in these areas that may threaten structures in the CSA. Currently planned fuel reduction projects will help decrease wildfire potential and provide better protection for CSA residents

<sup>81</sup> Jim Chayka, Marin County Department of Parks and Open Space, Personal Communication, June 13, 2019.

## 11.0 COUNTY SERVICE AREA NO. 25 (MOUNT BURDELL PARK AND OPEN SPACE)

### 11.1 OVERVIEW

County Service Area No. 25 (CSA No. 25) is a dependent, single-purpose special district organized to provide park and open space services pursuant to County Service Area Law (California Government Code Section 25210 et seq.). CSA No. 25 was formed in 1975 to fund acquisition and preservation of the Mount Burdell area. This area, identified in the Marin County Parks and Open Space Strategic Plan, is an important land conservation area and a major element of a proposed greenbelt extending from Rush Creek wetlands to Stafford Lake Park. Since its formation, the Marin Open Space District, now a part of Marin County Department of Parks, has managed the Mount Burdell Preserve. CSA No. 25 currently provides no services and has no budget, fund balance, funding sources, or expenditures. As such, CSA No. 25 is considered inactive.

Table 11-1: CSA No. 25 Overview

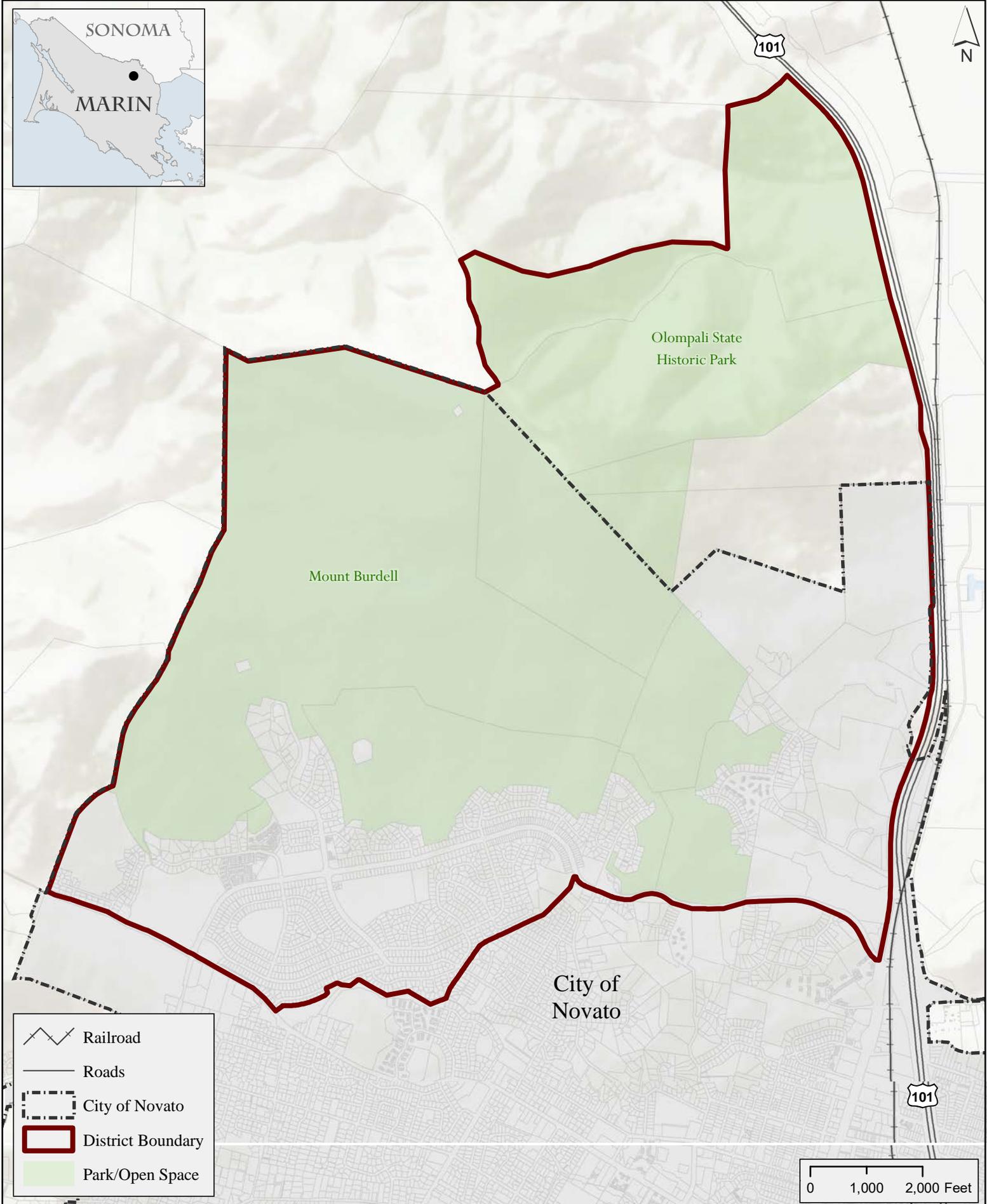
CSA No. 25 – Mount Burdell Park and Open Space			
<b>Primary Contact</b>	Jim Chayka, Superintendent Marin County Parks		
<b>Phone</b>	(415) 473-3795	<b>Email:</b>	jchayka@marincounty.org
<b>Office Location:</b>	3501 Civic Center Drive, Suite 260 San Rafael, CA 94903		
<b>Formation Date</b>	1975	<b>Services Provided</b>	Inactive

### 11.2 FORMATION AND DEVELOPMENT

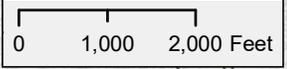
CSA No. 25 was formed in July 1975 by Board Resolution 75-224 as a means to raise funds for the purchase of several properties around Mount Burdell. The types of services authorized at its formation were local park and recreation facilities and services. The property purchase funded by the CSA included Exxon, Great Western, Nunes, and Exeter Equity holdings around Mount Burdell. Acquisition of the properties took place from 1976 to 1978 with the last property, Exeter, being purchased in February 1978<sup>82</sup>. Purchase was funded by bond sales in the amount of \$700,000 for the acquisition of the 1,266 acres and sale of land banked property as discussed below. Upon acquisition of the properties, the land was immediately conveyed to the Marin County Open Space District<sup>83</sup>.

<sup>82</sup> Marin County Department of Public Works, Board of Supervisors Memorandum Re: Joint CSA #25/ Open Space District Purchase of Exeter Equities Property – Mt. Burdell, February 9, 1978.

<sup>83</sup> Marin County Open Space District, Joint Powers Agreement with County Service Area No. 25, January 18, 1977.



-  Railroad
-  Roads
-  City of Novato
-  District Boundary
-  Park/Open Space



# CSA No. 25 - San Marin

Figure 11-1

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Sources: Boundaries, Roads, Parcels: Marin Map GIS.

A portion of the Exxon property, approximately 49 acres, was to be used for land banking. This property was sold to private enterprise for development purposes to help offset the cost of the total land purchase for CSA No. 25. Sale of land was expected to total no less than \$250,000. Any excess funds from the sale of this property, which occurred in 1977, was to be used to offset the purchase of additional land, primarily the Exeter property, around Mount Burdell<sup>84</sup>.

### **11.3 DISTRICT BOUNDARY AND SPHERE OF INFLUENCE**

CSA No. 25 was originally established with a boundary encompassing approximately 3,535 acres around Mount Burdell as shown in Figure 11-1. This includes the bond purchase area of 1,266 acres and additional land to the northeast which is now a portion of Olompali State Park.

### **11.4 MUNICIPAL SERVICES**

As discussed previously, CSA No. 25 was formed primarily as a funding mechanism to purchase open space parcels. In January 1977 the Marin County Open Space District and CSA No. 25 entered into a Joint Power Agreement which identified the funding commitments, ownership, and management functions for each participating agency. As part of the agreement, all lands purchased by the CSA were immediately conveyed to and managed by the Open Space District. Additionally, the Open Space District was to consult with the CSA Advisory Board on land stewardship activities<sup>85</sup>.

### **11.5 ORGANIZATIONAL STRUCTURE**

As a dependent special district, the Marin County Board of Supervisors serves as the CSA's governing body. The five-member Board of Supervisors meets the second and fourth Tuesday every month at 9:00 a.m. in the County of Marin Civic Building located at 3501 Civic Center Drive, Suite 260 in San Rafael. Upon the CSA's formation, an Advisory Board was created to consult with the Open Space District. However, that board has since been disbanded and there is no currently active Advisory Board. CSA functions would be carried out by various county departments, however, as mentioned previously, CSA No. 25 currently provides no services and is currently inactive.

### **11.6 FINANCIAL OVERVIEW**

Currently, CSA No. 25 provides no services and has no funding, no expenditures, and no fund balance. Marin County does not prepare an annual budget for this CSA. Originally, revenues generated from property taxes were used to pay off a \$700,000 general obligation bond that was used to acquire several properties for open space. Following the bond repayment, which was scheduled to be completed by 1997<sup>86</sup>, the CSA no longer has an operating budget and has since been inactive.

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<sup>84</sup> Ibid, 3.

<sup>85</sup> Ibid, 4.

<sup>86</sup> Marin County Board of Supervisors, Resolution No. 77-40, February 1, 1977.

## 11.7 GOVERNANCE STRUCTURE OPTIONS

In 2017, Senate Bill 448 (Weickowski) was passed to streamline the process for LAFCos to dissolve inactive special districts. The new legislation requires the State Controller's Office to create a list of inactive districts annually and to notify applicable LAFCos in which the inactive special districts are located. In accordance with Government Code (G.C.) Section 56879, the Commission must adopt a resolution initiating dissolution of inactive districts meeting the above definition within 90 days of notice from the State Controller's Office. Following the adoption of the resolution, the Commission must then hold a public hearing on the dissolution within an additional 90 days. Unless evidence is provided that qualifies the district as being active, the Commission must dissolve the district.

An inactive district is defined as a district that meets all the following criteria as set forth in G.C. Section 56042, as follows:

- a) The special district is as defined in Government Code Section 56036, which specifies a special district as "an agency of the state, formed for general law or special act, for the local performance of governmental or proprietary functions..."
- b) The special district has no financial transactions in the previous fiscal year.
- c) The special district has no assets and liabilities.
- d) The special district has no outstanding debts, judgements, litigation, contracts, liens, or claims.

CSA No. 25 meets the above criteria but has not yet been listed by the State Controller as inactive. Based on the County Auditor's Office determination that CSA 25 is inactive, LAFCo, in coordination with the County and the State Controller's Office, should take the appropriate steps to dissolve the district pursuant to G.C. Section 56879. Further, because CSA No. 25 has no assets, liabilities, outstanding debts, judgments, contracts or claims, there is no need to designate a successor agency for the district.

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## APPENDIX A

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# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> Consent Calendar: District Administrative and Risk/Safety Services Officer report on attendance at CalPELRA Conference.	<b>MEETING DATE:</b> December 9, 2019  <b>AGENDA ITEM NO.:</b> 5.g.
<b>RECOMMENDED ACTION:</b> Receive report, District Administrative and Risk/Safety Services Officer's attendance at the California Public Employers Labor Relations Association (CalPELRA) 2019 Annual Conference – information only.	
<b>SUMMARY AND DISCUSSION:</b>  <p>The District's Administrative and Risk/Safety Services Officer's attendance at the California Public Employers Labor Relations Association (CalPELRA) 2019 Annual Conference, November 19-22, 2019 in Monterey, CA.</p> <p>There were over 1700 attendees, mostly public sector, participating in ten different tracks of informative sessions with excellent speakers and quality presentations.</p> <p>The conference opened with Vanessa Van Edwards, author of <b>Captivate: The Science of Succeeding with People</b>, delivering an engaging presentation on actionable strategies for making positive impacts on the people around us. Subsequent conference sessions included a variety of public sector labor and employment topics such as: compensable activities, fitness for duty certifications and the interactive process under FMLA, recent harassment prevention legislation, successful interview techniques, performance management strategies, marijuana legalization and an analysis of legal decisions impacting labor and employment law over the past year, to name a just a few.</p>	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> dt, ssk	<b>GENERAL MANAGER:</b> SSK

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Consent Calendar – District and BioMarin Pharmaceutical Special Agreement.</b>	<b>MEETING DATE: December 9, 2019</b>  <b>AGENDA ITEM NO: 5.h.</b>
<b>RECOMMENDED ACTION:</b> Authorize the General Manager-Chief Engineer to prepare and issue a Special Agreement letter, pursuant to Section 809 (e) of the District’s Sewer Use Ordinance (SUO), to allow BioMarin Pharmaceutical to discharge and compensate the District for flows with Biochemical Oxygen Demand (BOD) values of greater than 400 mg/L.	
<b>SUMMARY AND DISCUSSION:</b> <p>The District’s Sewer Use Ordinance (Ordinance 70) or SUO, is based on the discharge of domestic wastewater into the District’s Sewer System. Domestic wastewater is typically characterized with a Biochemical Oxygen Demand (BOD) value of less than 400 mg/l. The SUO also contains language to address discharge of non-domestic wastewater into the sewer system, including discharges that may exceed a BOD value of 400 mg/l. Specifically, Section 809 <u>Specific Pollutant Limitations</u>, and particularly paragraph (e) of the SUO reads:</p> <p><i>“No Person shall discharge or cause to be discharged to the sewer system, any of the following:</i></p> <p><i>(e) Any wastewater having a BOD or TSS greater than 400 mg/l, unless a special agreement is entered into with the District providing payment for additional processing and plant capacity costs. Such special agreement shall specify that the District may at any time impose upon the discharger a maximum BOD and/or TSS concentration limit, if deemed necessary.”</i></p> <p>One of the District’s significant industrial dischargers, BioMarin Pharmaceutical (BioMarin), has experienced occasions where the BOD of its discharge exceeded 400 mg/l. Given the nature and potential impact of such exceedances over 400 mg/l, it is appropriate for the District to impose a “surcharge” on the excess amount above 400 mg/l.</p> <p>BioMarin has indicated that it is willing to pay the surcharge costs required to process BOD values exceeding 400 mg/l in its discharge to the District’s sewer system. The District’s current surcharge for BOD loading is \$0.27/surcharge pound of BOD. Staff proposes to assess an annual fee on BioMarin based on its total flow (discharge) into the District’s system and the average value of all of BOD samples of this flow for the year. The calculation would be as follows:</p> <p><b><i>(Average BOD value – 400 mg/L) x (Annual Flow as MGD) x (conversion factor for lbs) x \$/surcharge lb of BOD.</i></b></p> <p>The cost per pound of BOD shall be reevaluated annually in July. Authorizations for such surcharges are typically prepared and issued as a “Special Agreement letter” by the District’s General Manager-Chief Engineer. Accordingly, staff recommends that the Board authorize the General Manager-Chief Engineer to prepare and issue the Special Agreement letter.</p>	
<b>BUDGET INFORMATION:</b> The Special Agreement may generate incremental additional revenues to Account No. 41140 – Other Revenue, depending on the flow characteristics of the BioMarin discharge. These incremental revenues cannot be precisely identified at his time, but may range from about \$10,000 to \$50,000/year.	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 1 (Operational Excellence), and Goal 4 (Well Planned Finances with a Long Range Outlook), of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> eb	<b>GENERAL MANAGER:</b> SSK

**Recology Sonoma Marin  
Quarterly Report - Novato  
Service Period: 07/01/2019 to 09/30/2019**

<b>7.2.3 (a&amp;d) Garbage Collection (Tons)</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>Total</b>
Commercial	727.24	743.42	681.61	2,152.27
Multi Family	246.57	252.06	231.10	729.73
Residential	1,075.12	950.12	894.08	2,919.32
Roll Off (Debris Box)	116.66	89.70	98.39	304.75
<b>Totals</b>	<b>2,165.59</b>	<b>2,035.30</b>	<b>1,905.18</b>	<b>6,106.07</b>

<b>7.2.3 (b) Recyclable Material Collection (Tons)</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>Total</b>
Commercial	266.00	264.66	224.55	755.20
Multi Family	39.30	39.10	33.18	111.58
Residential	683.29	679.84	576.81	1,939.94
Roll Off (Debris Box)	329.42	290.28	323.14	942.84
Buy-back Center	29.03	40.44	27.54	97.01
<b>Totals</b>	<b>1,347.04</b>	<b>1,314.32</b>	<b>1,185.21</b>	<b>3,846.57</b>

**C&D Material** (included above) 253.15 286.31 275.77 815.23

Novato had 2,510 tons of incoming mixed recycling. Of these tons, RSM sent 1,588 tons to Pacific Recycling in Ukiah and 897 tons to Greenwaste in San Jose, accounting for 99.0% of incoming mixed recycling from Novato.

RSM is working toward an upgrade to improve recycling processing capabilities at the 3417 and allow the processing of all collected recycling in house. Current plans are to complete the upgrade by or before April 2021.

**Recology Sonoma Marin**  
**Quarterly Report - Novato**  
**Service Period: 07/01/2019 to 09/30/2019**

Recyclables and Processed	Curbside	Roll Off	Buyback	Total	
Single Stream	373.34	0.26	-	373.61	
Paper	380.82	0.19	-	381.02	
Metal	-	-	0.02	0.02	
Cardboard	1,048.74	1.24	-	1,049.98	
Glass	443.95	0.29	43.90	488.14	
Mixed Plastic	430.97	0.29	0.02	431.28	
Plastic-PET	-	-	38.46	38.46	
Plastic-HDPE	-	-	0.65	0.65	
Plastic-CHDPE	-	-	-	-	
Tin	64.93	20.60	13.96	99.49	
Tires & Trucks	-	-	-	-	
Other RCY	1.32	15.34	-	16.66	
Dry Waste	-	-	-	-	
C&D	62.65	752.58	-	815.23	
Concrete	-	40.63	-	40.63	
Wood Waste	-	12.73	-	12.73	
Dirt	-	111.41	-	111.41	
Yard Waste	2,963.56	195.10	-	3,158.66	
Food Waste	220.87	-	-	220.87	
<b>Total Collected</b>	<b>5,991.15</b>	<b>1,150.67</b>	<b>97.01</b>	<b>7,238.83</b>	
Residual	566.12	545.67	-	1,111.79	<b>Diversion</b>
<b>Total Diverted</b>	<b>5,425.03</b>	<b>605.00</b>	<b>97.01</b>	<b>6,127.04</b>	45.9%

\*Single Stream recycling and residuals calculated based on Q2 2019 Characterization study by Recology and Novato Sanitary District.

7.2.3 (c) Green Waste Collection (Tons)	July	August	September	Total
Commercial	52.83	49.63	51.84	154.29
Multi Family	25.00	23.49	24.54	73.03
Residential	1,053.93	992.36	910.82	2,957.11
Roll Off (Debris Box)	90.76	58.41	58.66	207.83
<b>Totals</b>	<b>1,222.52</b>	<b>1,123.89</b>	<b>1,045.86</b>	<b>3,392.26</b>
Food Waste (included above)	71.38	73.12	76.38	220.87
Wood Waste (included above)	7.56	2.15	3.02	12.73

Organic waste was processed at Redwood Landfill, W. Contra Costa Sanitary Landfill, and Napa Recycling and Waste Services.

**Recology Sonoma Marin**  
**Quarterly Report - Novato**  
**Service Period: 07/01/2019 to 09/30/2019**

**7.2.3 (e) MSW Accounts  
 by Receptacle Size**

					Number of Receptacles*		
	Commercial	MFU	Residential	Roll Off	MSW	RCY	OW
20 Gallon	2	1	2,681		2,692		
32 Gallon	127	19	10,510		11,541	1,470	90
64 Gallon	136	18	3,186		3,492	1,006	363
95 Gallon	118	13	403		624	15,726	16,729
1.5 yard	-					3	1
2 yard	119	13			133	83	24
3 yard	334	66			479	300	11
4 yard	64	5			75	131	2
6 yard	24	6			37	29	4
15 yard				24	27		
20 yard				54	67		
30 yard				19	33		
40 yard							
Compactors				15	24		
<b>Total</b>	<b>924</b>	<b>141</b>	<b>16,780</b>	<b>112</b>	<b>19,224</b>	<b>18,748</b>	<b>17,224</b>

\* RO Bins all listed in MSW and exclude on call boxes.

**7.2.3 (f) Bulky Waste**

	July	August	September	Total
No Charge Bulky Item Pick Ups	454	373	351	1,178
Charge Bulky Item Pick Ups	17	15	16	48
<b>Total Bulky Item Pick Ups</b>	<b>471</b>	<b>388</b>	<b>367</b>	<b>1,226</b>

*Bulky Items are included with rear loader routes. Recology does not have separate weights and diversion information. Bulky items are included with overall tonnage.*

**Community Outreach**

Attached: Novato 2019-Q3-Education and Outreach  
 Attached: Recology Novato Fall 2019 Newsletter

## Q3 2019 Novato WZ Summary

<b>2019</b>	Total Accounts Touched	Site Audit	Presentation/ Training	Host Table	Gave Outreach Materials	Started Recycling	Increased Recycling	Started Compost	Increased Compost	Decreased Garbage
July	14	5	0	2	3	0	2	4	0	1
August	25	23	0	0	16	1	3	4	1	0
September	16	11	1	1	15	2	1	1	1	0
	<b>55</b>	<b>39</b>	<b>1</b>	<b>3</b>	<b>34</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>2</b>	<b>1</b>

## Novato Waste Zero Q3 2019 Highlights

Date	Organization	Highlight	WZ Employees(s)	
2-Jul	Novato	Novato Chamber of Commerce	Government Affairs Committee Meeting	Garen
4-Jul	Novato	Recology	Participated in 4th of July Parade with antique truck	WZS Team
9-Jul	Novato	Novato Farmers Market	Novato Farmers Market Table	Garen
23-Jul	Novato	Novato Farmers Market	Novato Farmers Market Table	Garen
27-Sep	Novato	Recology	Designed and mailed Novato Fall 2019 newsletters	Casey, Celia
23-Sep	Novato	Novato Sanitary District	Rate Application Meeting	Garen
25-Sep	Novato	Bio Marin	Bio Marin Safety Fair Table	Garen

## Novato Waste Zero Q3 2019 Report

#	Date	Account Name	Address	City	Franchise Code	Account Type (MFD/ COM/ SCHOOL/ GOV)	Tier 3 AB1826 Applies? (Y/N)	First Time working with Customer? (Y/N)	Purpose or of visit/call	Outcome
1	7/3/19	The Meadows	1500 S Novato Blvd	Novato	NOV	MFD	Y	N	Contamination	follow up on contamination
2	7/9/2019	O'reilly Auto Parts - 2641	1400 Ignacio Blvd	Novato	NOV	COM	Y	Y	Compost	Started Compost, site audit
3	7/9/2019	Country Club Apartments	980 Ignacio Blvd	Novato	NOV	MFD	Y	N	Contamination	follow up on contamination
4	7/12/2019	Golden Gate Restaurant Partners. / Burger King	220 Alameda Del Prado	Novato	NOV	COM	Y	Y	Compost	Started Compost, gave outreach material, site audit
5	7/15/19	Professional Financial Investors	1510 Grant Ave	Novato	NOV	COM	Y	Y	Compost	Started Compost, gave outreach material, site audit
6	7/16/2019	Wild Fox	225 Alameda Del Prado	Novato	NOV	COM	Y	N	Contamination	follow up on contamination
7	7/17/2019	Sloat Garden Center	2000 Novato Blvd	Novato	NOV	COM	Y	Y	Compost	Started Compost, decreased garbage, gave outreach material, site audit
8	7/17/2019	Graphene Technologies	31 Commercial Blvd G	Novato	NOV	COM	N	Y	Contamination	follow up on contamination
9	7/17/2019	Biomarin Pharmaceutical	35 Leveroni Court	Novato	NOV	COM	Y	N	Contamination	follow up on contamination
10	7/19/2019	Posada East	200 Posada Del Sol	Novato	NOV	MFD	Y	N	Contamination	follow up on contamination
11	7/22/2019	Galli Square Associates	350 Ignacio Blvd	Novato	NOV	COM	Y	Y	Contamination	Increase recycle, follow up on contamination
12	7/22/2019	Marin French Cheese	7500 Red Hill Rd	Novato	NOV	COM	Y	Y	Increase Recycle	Increase Recycle
13	7/23/2019	City of Novato	550 Davidson St	Novato	NOV	GOV	Y	Y	Contamination	follow up on contamination, site audit
14	7/24/2019	Serenity Knolls	145 Tamal Rd	Forest Knoll	NOV	COM	Y	Y	New Start	site audit, follow up on new start

Novato 2019-Q3 Education & Outreach - Details

#	Date	Account Name	Address	City	Franchise Code	Account Type (MFD/ COM/ SCHOOL/ GOV)	Tier 3 AB1826 Applies? (Y/N)	First Time working with Customer? (Y/N)	Purpose or of visit/call	Outcome
15	8/2/19	Thorsson's Body Shop	862 Vallejo Ave	Novato	NOV	COM	Y	Y	contamination	Site audit, gave outreach material, follow up on contamination
16	8/2/19	Galli Square Associates	350 Ignacio Blvd	Novato	NOV	COM	Y	Y	increase recycling	Increase Recycling
17	8/6/19	Zenbay Real Estate *Target Account*	150 Alameda Del Prado	Novato	NOV	COM	Y	N	site audit	Site audit, follow up on new service change
18	8/6/19	Wildfox	225 Alameda Del Prado	Novato	NOV	COM	Y	N	site audit	Site audit, follow up on new service change
19	8/6/19	Golden Gate Rest,/ Burger King *Target Account*	220 Alameda Del Prado	Novato	NOV	COM	Y	N	site audit	Site audit, follow up on new service change, gave outreach material
20	8/6/19	Oak Creek Condo Owners	875 Tamalpais Ave	Novato	NOV	MFD	Y	Y	start compost, deliver pails	Start compost, gave outreach material
21	8/8/2019	Buck Institute *Target Account*	8001 Redwood Blvd	Novato	NOV	COM	Y	N	AB 1826	Start compost
22	8/8/2019	Nova Ro Corp	1130 7th Street	Novato	NOV	MFD	Y	N	Deliver bags	Site audit, gave outreach material, follow up on new service change
23	8/8/2019	Orchard Knolls Apartments	711 Diablo Ave	Novato	NOV	MFD	Y	Y	Deliver bags	Site audit, gave outreach material
24	8/9/2019	807 Grant Ave	807 Grant Ave	Novato	NOV	COM	Y	Y	Site Audit	Site audit, gave outreach material, start compost, start recycle
25	8/14/19	Tioga Investors LLC	1401 Grant Ave	Novato	NOV	COM	Y	N	Contamination	Site audit, gave outreach material, follow up on contamination
26	8/14/19	Quail Hollow Homeowners	186 Sandpiper Court	Novato	NOV	MFD	Y	N	contamination	Site audit, gave outreach material, follow up on contamination
27	8/15/2019	Ashfi, LLC	7420 Redwood Blvd	Novato	NOV	COM	Y	Y	contamination	Site audit, gave outreach material, follow up on contamination

Novato 2019-Q3 Education & Outreach - Details

#	Date	Account Name	Address	City	Franchise Code	Account Type (MFD/ COM/ SCHOOL/ GOV)	Tier 3 AB1826 Applies? (Y/N)	First Time working with Customer? (Y/N)	Purpose or of visit/call	Outcome
28	8/15/2019	Diablo Hills Center	400 Professional Center Drive	Novato	NOV	COM	Y	Y	contamination	Site audit, gave outreach material, follow up on contamination
29	8/16/2019	325 Rowland Blvd *Target Account*	325 Rowland Blvd	Novato	NOV	MFD	Y	Y	start compost	Site audit, start compost
30	8/21/2019	Inn Marin	250 Entrada Drive	Novato	NOV	COM	Y	Y	site audit	Site audit, follow up on contamination, gave outreach material, increase recycle, increase compost
31	8/22/2019	201 Alameda Del Prado	201 Alameda Del Prado	Novato	NOV	COM	Y	Y	site audit	Site audit, gave outreach material
32	8/22/2019	Lu Sutton Elementary	1800 Center Rd	Novato	NOV	SCHOOL	Y	N	contamination	Site audit, follow up on contamination
33	8/26/2019	Hamilton Marketplace	5800 Nave Drive	Novato	NOV	COM	Y	N	site audit	Site audit, gave outreach material, follow up on new service change
34	8/26/2019	Mc Donald's Restaurant *Target Account*	5600 Nave Drive	Novato	NOV	COM	Y	N	site audit	Site audit, gave outreach material, follow up on new service change
35	8/26/2019	Marriott CFRST *Target Account*	1400 N Hamilton Pkwy	Novato	NOV	COM	Y	N	site audit	Site audit, gave outreach material, follow up on new service change
36	8/29/2019	Peak Restaurant Partners *Target Account*	144 Vintage Way	Novato	NOV	COM	Y	N	site audit	Site audit, follow up on new service change
37	8/29/2019	Mod Super Fast Pizza *Target Account*	140 Vintage Way	Novato	NOV	COM	Y	N	site audit	Site audit, follow up on new service change
38	8/29/2019	Moylan's Brewery	15 Rowland Way	Novato	NOV	COM	Y	N	site audit	Site audit, follow up on new service change
39	8/29/2019	Century Theatres	44 Rowland Way	Novato	NOV	COM	Y	N	site audit	Site audit, follow up on new service change

Novato 2019-Q3 Education & Outreach - Details

#	Date	Account Name	Address	City	Franchise Code	Account Type (MFD/ COM/ SCHOOL/ GOV)	Tier 3 AB1826 Applies? (Y/N)	First Time working with Customer? (Y/N)	Purpose or of visit/call	Outcome
40	9/2/19	Taqueria Mi Pueblo	905 Grant Ave	Novato	NOV	COM	Y	N	Contamination	Site audit, Follow up on contamination tag, gave outreach material
41	9/2/19	School - Novato Unified	1015 7th Street	Novato	NOV	School	Y	Y	Contamination	Site audit, Follow up on contamination tag, gave outreach material
42	9/3/19	DPW Woodside	7250 Redwood Blvd	Novato	NOV	COM	Y	N	Compost	Site audit, gave outreach material
43	9/5/19	Nova Ro Corp	1130 7th St	Novato	NOV	MFD	Y	N	Recycle	Site audit, increase recycle
44	9/10/19	School - Hamilton Elementary	5530 Nave Dr	Novato	NOV	School	Y	Y	Lunchtime Sorting	Site audit, gave outreach material
45	9/10/19	The Speakeasy	504 Alameda Del Prado	Novato	NOV	COM	Y	Y	Contamination	Site audit, follow up on contamination tag, gave outreach material
46	9/11/19	Madison Marquette	5800 Nave Dr	Novato	NOV	COM	Y	N	Contamination	Site audit, follow up on contamination tag, gave outreach material
47	9/12/19	School - Pleasant Valley	755 Sutro Ave	Novato	NOV	School	Y	Y	Presentation	Gave School Presentation, increase compost
48	9/16/19	Sycamore Glade	1721 Novato Blvd	Novato	NOV	MFD	Y	Y	Recycle	Gave outreach material, start recycle
49	9/17/19	OWL Vans Engineering	285 Bel Marin Keys Blvd	Novato	NOV	COM	Y	N	Organics Survey	Site audit, gave outreach material
50	9/23/19	Fairway Apartments	1000 Ignacio Blvd	Novato	NOV	MFD	Y	N	Contamination	Follow up on contamination tag, gave outreach material
51	9/24/19	School - Olive Elementary	629 Plum St	Novato	NOV	School	Y	N	Meeting	Site Audit, gave outreach materials
52	9/24/19	The Square Shopping Center	2049 Novato Blvd 200	Novato	NOV	COm	Y	N	AB 1826, AB 341	Site audit, gave outreach materials, start compost, start recycling

Novato 2019-Q3 Education & Outreach - Details

#	Date	Account Name	Address	City	Franchise Code	Account Type (MFD/ COM/ SCHOOL/ GOV)	Tier 3 AB1826 Applies? (Y/N)	First Time working with Customer? (Y/N)	Purpose or of visit/call	Outcome
53	9/25/19	BioMarin	300 Bel Marin Keys Blvd	Novato	NOV	COM	Y	N	Safety Fair	Host Table, gave outreach material
54	9/26/19	Bijan, Feri	1132 Highland Dr	Novato	NOV	Residential	N	Y	Gave outreach material	Gave outreach material
55	9/26/19	Novato Center Owner	1767 Grant Ave	Novato	NOV	COM	Y	Y	Recycle Survey	Site audit, gave outreach material

# The Recology® RESOURCE

NOVATO | FALL 2019



Important information  
regarding your **recycle**,  
**compost**, and **garbage**  
service inside!



[Recology.com/SonomaMarin](http://Recology.com/SonomaMarin)

[RecologySonomaMarin@Recology.com](mailto:RecologySonomaMarin@Recology.com)

800.243.0291

[Facebook.com/RecologySonomaMarin](https://www.facebook.com/RecologySonomaMarin)



## HOLIDAY SERVICE INFORMATION INFORMACIÓN DE SERVICIO PARA LA TEMPORADA NAVIDEÑA

# Season's Greetings from Recology!

### HOLIDAY COLLECTION SCHEDULE

There will be no collection service on **Christmas and New Year's Day**. Service will be delayed by one day. You can check your service schedule at [www.Recology.com/RSMschedules](http://www.Recology.com/RSMschedules).

### HOLIDAY TREE RECYCLING - Trees must be cut in half and unflocked

- Project Safe Grad Fundraiser - Drop off at San Marin High School or pickup. Call 415.858.0321 for details.
- Clean holiday trees may be cut to fit inside your compost cart at any time. The lid of your cart must be closed.
- Curbside collection available from December 30th - January 4th.

### RECOLECCIÓN DURANTE LA TEMPORADA NAVIDEÑA

No habrá servicio de recolección de basura el Día de Navidad y Día de Año Nuevo El servicio se retrasará un día. Puede confirmar sus fechas de servicio visitando [www.Recology.com/RSMschedules](http://www.Recology.com/RSMschedules).

### RECICLAJE DE ÁRBOLES DE NAVIDAD - Los árboles deben cortarse por la mitad y sin nieve artificial

- Proyecto Safe Grad Fund Fundraiser - Pase a dejarlos en la escuela San Marin High School o ellos pasan a recogerlos a su domicilio. Llame al 415.858.0321 para más detalles.
- Los árboles de navidad limpios sin escarcha o adornos se pueden cortar y poner dentro de su contenedor de desechos del jardín. La tapa de su contenedor debe estar cerrada.
- Recolección a domicilio para los clientes residenciales del 30 de diciembre al 4 de enero.



# BULKY ITEM COLLECTION

## RECOLECCIÓN DE ARTÍCULOS VOLUMINOSOS

- ✓ **4 free pickups per year for residents**  
*4 recolecciones gratuitas por año para residentes*
- ✓ **Set out approximately 3 cubic yards of material**  
*Ponga aproximadamente 3 yardas cúbicas de material*
- ✓ **No liquid waste or hazardous materials**  
*No desechos líquidos ni materiales peligrosos*



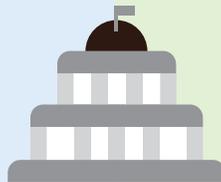
Novato residents can schedule a bulky item pickup by calling **800.243.0291** or emailing **RecologySonomaMarin@Recology.com**.

## LEGISLATIVE INFO

### State Law AB 341

#### Mandatory Commercial Recycling

California Assembly Bill 341 (AB 341) mandates that as of January 1, 2012 commercial establishments that generate 4 cubic yards or more of solid waste per week, and multifamily dwellings of 5 units or more must have recycling services.



### State Law AB 1826

#### Mandatory Commercial Organics

California Assembly Bill 1826 (AB 1826) mandates that as of January 1, 2019 commercial establishments that generate 4 cubic yards or more of solid waste per week must arrange for an organics recycling program.

Our Waste Zero Team can help your business, school, or multi-family dwelling comply with these state laws. Call **800.243.0291** or email **RecologySonomaMarin@Recology.com**.

## MONEY SAVERS!

### TRIM YOUR WASTE



**Recycle** and **Compost** more.  
Reduce your **Garbage**.  
Good for the environment.  
Good for your bank account!  
**Find out more at**  
**Recology.com/Novato.**

### SAVE SOME GREEN



# WINTER IS COMING... YA VIENE EL INVIERNO...



## KEEP YOUR LIDS CLOSED

When paper and cardboard get wet, they are difficult (if not impossible) to recycle. Therefore, it is important to keep the lids of your containers closed, especially during rainy season.

## MANTENGA SUS TAPAS CERRADAS

Cuando el papel y el cartón se mojan, hace que el material sea difícil (o imposible) de reciclar. Por eso es importante mantener cerradas las tapas de sus contenedores, especialmente durante la temporada de lluvias.

# YOUR GREEN CART SU CONTENEDOR VERDE

Keeping leaves and debris out of storm drains is essential to a healthy environment. **Please do not pile leaves from your property on the street. Use your compost cart instead.**

Mantener las hojas y los escombros fuera de los desagües pluviales es esencial para tener un medioambiente saludable. **No apile las hojas de su propiedad en la calle. Póngalas en su contenedor para los desechos del jardín.**



- ✓ Don't forget to put your holiday food scraps in your compost cart!
- ✓ Pick up a **free** kitchen compost pail at the Novato Recycling Center - 7576 Redwood Blvd. Novato.
- ✓ Prevent odors by lining your pail with newspaper or paper bags.

# WHAT GOES WHERE? ¿A DÓNDE VA CADA COSA?



## COMPOST



- ✓ **Food scraps**  
*Restos de comida*



- ✓ **Plant trimmings**  
*Recortes de plantas*



- ✓ **Soiled paper**  
*Papel sucio*



- ✓ **Wooden chop sticks & stir sticks**  
*Palillos chinos y palitos de madera*

- ✓ **YES, you can put food scraps & soiled paper in your green cart (AKA compost cart)!**
- ✓ Keeping food scraps and yard trimmings out of the landfill reduces methane (a potent greenhouse gas) emissions.



## RECYCLE



- ✓ **Aluminum & steel cans**  
*Latas de aluminio y acero*
- ✓ **Aluminum foil & trays**  
*Papel y charolas de aluminio*



- ✓ **Plastic containers**  
*Contenedores de plástico*



- ✓ **Glass bottles & jars**  
(metal caps & lids on)  
*Botellas y frascos de vidrio (incluya las tapas de metal)*



- ✓ **Paper & cardboard**  
*Papel y cartón*

- ♻️ Recyclables must be empty & dry. No food or liquids.
- ♻️ When it comes to plastics, think containers. Plastic bottles, tubs, jugs, and cups are accepted.  
**No plastic bags please.**

Find out more at  
[Recology.com/RSMWhatBin](http://Recology.com/RSMWhatBin).

## HOUSEHOLD HAZARDOUS WASTE

**DO NOT dispose of household hazardous waste in garbage, recycling, or compost bins.** It is extremely dangerous to sanitation workers and must be disposed of properly.

**The Novato Household Hazardous Waste Facility,** at 7576 Redwood Blvd, has several options for residents to properly dispose of household hazardous waste. They are open the 1st and 3rd Sunday and Monday of each month. For more information, please call 415.892.7344 or visit [www.novatosan.com](http://www.novatosan.com).



[www.NovatoSan.com](http://www.NovatoSan.com)





Item 6.b.  
Recology 2019 Novato Recycling  
Characterization Study  
(Pages 137 to 151)

**2019 Novato Recycling Characterization**  
Performed by Recology Sonoma Marin & Novato Sanitary District

Summary

The purpose of the Novato recycling characterization was to gain a more thorough understanding of the content in Novato’s commercial and residential recycle streams, and to determine an accurate average residual percentage for Novato specific material.

Methodology

Three separate days from April through June of 2019 were selected for the recycling audits. On each audit day, auditors met at the Recology Petaluma South transfer station, and watched commercial route 582 and residential route 052 drop their recyclables on the transfer station floor. Two 96 gallon carts worth of material were then randomly selected from each load. Materials were initially weighed, and then separated and weighed by commodity (glass, metal, plastic, mixed paper, cardboard, and residual).

Day 1 – April 4, 2019 – 10:00 am

Auditors Present: Garen, Dee, Celia

Residential Route 052 Load:



Commercial Route 582 Load:



Pre-sort Commercial Material:



Pre-sort Residential Material:



Post-sort Commercial Material:





Post-sort Residential Material:



Weights:

Residential

Cardboard	Glass	Plastic	Paper	Metal	Residual	Total
22.7 lbs	14.5 lbs	15.7 lbs	8.2 lbs	1.4 lbs	20.6 lbs	83.1 lbs

Commercial

Cardboard	Glass	Plastic	Paper	Metal	Residual	Total
26.9 lbs	9.5 lbs	9.2 lbs	6.1 lbs	2.3 lbs	11.9 lbs	65.9 lbs

Day 2 – June 10, 2019 – 10:00 am

Auditors present: Garen, Dee

Pre-sort Residential Material:



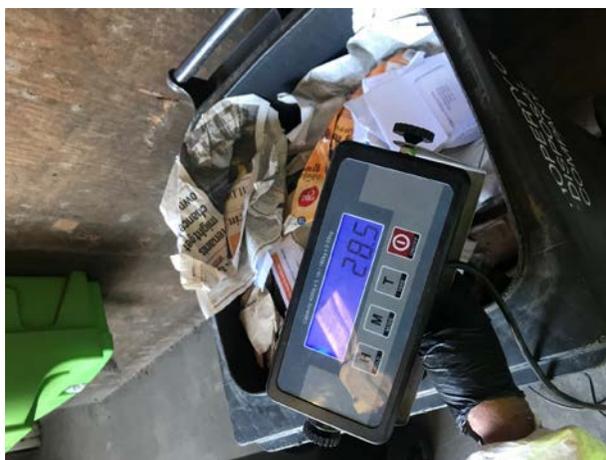
Pre-sort Commercial Material:



Post-sort Residential Material:



Post-sort Commercial Material:





Weights:

Residential

Cardboard	Glass	Plastic	Paper	Metal	Residual	Total
17.1 lbs	5.7 lbs	9.6 lbs	4.3 lbs	.7 lbs	1.5 lbs	38.9 lbs

Commercial

Cardboard	Glass	Plastic	Paper	Metal	Residual	Total
30.1 lbs	6.8 lbs	4.5 lbs	5.4 lbs	.9 lbs	2.9 lbs	50.6 lbs

Day 3 – June 26, 2019 – 10:00 am

Auditors present: Garen, Dee

Residential Route 052 Load:



Commercial Route 582 Load:



Pre-sort Commercial Material:



Pre-sort Residential Material:



Post-sort Commercial Material:





Post-sort Residential Material:





Weights:

Residential

Cardboard	Glass	Plastic	Paper	Metal	Residual	Total
17.4 lbs	8.7 lbs	8 lbs	14 lbs	.7 lbs	6.4 lbs	55.2 lbs

Commercial

Cardboard	Glass	Plastic	Paper	Metal	Residual	Total
18.2 lbs	1.4 lbs	3.8 lbs	.3 lbs	1.2 lbs	1.2 lbs	26.1 lbs



Conclusion:

Residential Characterization

Date	Measure	Cardboard	Glass	Plastic	Paper	Metal	Residual	Total
4-Apr	Lbs.	22.7	14.5	15.7	8.2	1.4	20.6	83.1
	%	27.3%	17.4%	18.9%	9.9%	1.7%	24.8%	100%
10-Jun	Lbs.	17.1	5.7	9.6	4.3	0.7	1.5	38.9
	%	44.0%	14.7%	24.7%	11.1%	1.8%	3.9%	100%
26-Jun	Lbs.	17.4	8.7	8	14	0.7	6.4	55.2
	%	31.5%	15.8%	14.5%	25.4%	1.3%	11.6%	100%
<b>Total</b>	<b>Lbs.</b>	<b>57.2</b>	<b>28.9</b>	<b>33.3</b>	<b>26.5</b>	<b>2.8</b>	<b>28.5</b>	<b>177.2</b>
<b>Average</b>	<b>%</b>	<b>32.3%</b>	<b>16.3%</b>	<b>18.8%</b>	<b>15.0%</b>	<b>1.6%</b>	<b>16.1%</b>	<b>100%</b>

Commercial Characterization

Date	Measure	Cardboard	Glass	Plastic	Paper	Metal	Residual	Total
4-Apr	Lbs.	26.9	9.5	9.2	6.1	2.3	11.9	65.9
	%	40.8%	14.4%	14.0%	9.3%	3.5%	18.1%	100%
10-Jun	Lbs.	30.1	6.8	4.5	5.4	0.9	2.9	50.6
	%	59.5%	13.4%	8.9%	10.7%	1.8%	5.7%	100%
26-Jun	Lbs.	18.2	1.4	3.8	0.3	1.2	1.2	26.1
	%	69.7%	5.4%	14.6%	1.1%	4.6%	4.6%	100%
<b>Total</b>	<b>Lbs.</b>	<b>75.2</b>	<b>17.7</b>	<b>17.5</b>	<b>11.8</b>	<b>4.4</b>	<b>16</b>	<b>142.6</b>
<b>Average</b>	<b>%</b>	<b>52.7%</b>	<b>12.4%</b>	<b>12.3%</b>	<b>8.3%</b>	<b>3.1%</b>	<b>11.2%</b>	<b>100%</b>

The average percentage of residual material in the Novato recycling loads was 16.1% for residential and 11.2% for commercial. Levels of contamination were manageable in Novato, and no hazardous materials were found. The vast majority of material was clean, dry, and able to be recycled.

**CITY OF NOVATO & DISTRICT AB939 DISPOSAL AND DIVERSION MONITORING**

Haulers: Recology  
Self Haulers

Reporting period: January - December 2019

<b>A. 2019 DIVERSION</b>	<u>1st Qtr.</u>	<u>2nd Qtr</u>	<u>3rd Qtr.</u>	<u>4th Qtr.</u>	<u>TOTAL 2019</u>
Recology Recycled (Curbside & Buyback)	3,183.00	2,899.00			
MRRC recovery	363.03	264.00			
Self haul Inerts Diverted Redwood Landfill	1,010.81	1,968.61			
Redwood Landfill self haul C&D& wood waste recycled	24.93	93.78			
City of Novato C&D diverted(included in Recology)	N/A	N/A			
ADC from MRRC	0.00	0.00			
Compost from MRRC	85.54	90.00			
Greenwaste From Redwood Landfill self haul/compost	146.86	82.13			
Recology Inerts	500.00	836.00			
Recology Green/Food Waste used for compost	3,485.00	4,043.00			
Recology commercial food waste used for compost	203.00	220.00			
<b>2019 TOTAL TONS DIVERTED</b>	<b>9,002.17</b>	<b>10,496.52</b>			
<b>B. 2019 DISPOSAL</b>					
Recology MSW& Debris Box	6,151.00	6,146.00			
Recology residuals	1,131.00	1,224.00			
MRRC Residuals	571.46	624.00			
MRRC Wood/Yard Waste incinerated/transformation	121.47	116.00			
Redwood Landfill self haul C&D waste disposed	965.34	1,518.80			
Novato waste disposed out-of-county	N/A	N/A			
<b>2019 TOTAL TONS DISPOSED</b>	<b>8,940.27</b>	<b>9,628.80</b>			
<b>C. 2019 TOTAL WASTE GENERATED(TONS)</b>	<b>17,942.44</b>	<b>20,125.32</b>			
<b>D. COMPLIANCE WITH AB939 DIVERSION MANDATE</b>	<b>50.24%</b>	<b>52.21%</b>			
<b>Percent Diverted Using Generation Based Calculation Method(includes 10% incineration waste)</b>					

**REDWOOD LANDFILL SELF HAUL BREAKDOWN (TONS)**

	<u>1st Qtr.</u>	<u>2nd Qtr</u>	<u>3rd Qtr.</u>	<u>4th Qtr.</u>	<u>TOTAL 2019</u>
Inerts/ Diverted	1,010.81	1,968.61			
Greenwaste Diverted/compost	146.86	82.13			
C&D/ Disposed	965.34	1,518.80			
C&D & Wood Waste Recycled	24.93	93.78			
<b>Total</b>	<b>2,147.94</b>	<b>3,663.32</b>			
<b>Percent Redwood self haul diverted</b>	<b>55.06%</b>	<b>58.54%</b>			

<u>RECOLOGY 2019 DISPOSAL/DIVERSION(TONS)</u>	<u>1stQ</u>	<u>2ndQ</u>	<u>3rdQ</u>	<u>4thQ</u>	<u>TOTAL</u>
Recology Recycled Collected (Curbside & Buyback)	3,183	2,899	2,646		
Recology C&D, Wood, Inerts	500	836	980		
Recology Green waste & residential food waste for compost	3,485	4,043	3,392		
Recology Commercial Food Waste for compost	203	220	221		
<b>TOTAL TONS COLLECTED AND PROCESSED FOR RECYCLING</b>	<b>7,372</b>	<b>7,997</b>	<b>7,239</b>		
<b>RECYCLING RESIDUALS DISPOSED</b>	<b>-1,131</b>	<b>-1,224</b>	<b>-1,112</b>		
<b>RESIDUALS DISPOSED AS PERCENT OF RECYCLING</b>	<b>15.34%</b>	<b>15.30%</b>	<b>15.36%</b>		
<b>TOTAL TONS DIVERTED</b>	<b>6,241</b>	<b>6,774</b>	<b>6,127</b>		
<b>GARBAGE DISPOSAL</b>					
MSW & Debris Box	6,151	6,146	6,106		
<b>TOTAL GARBAGE TONS DISPOSED</b>	<b>6,151</b>	<b>6,146</b>	<b>6,106</b>		
<b>TOTAL DISPOSAL (GARBAGE + RESIDUALS)</b>	<b>7,282</b>	<b>7,370</b>	<b>7,218</b>		
<b>TOTAL WASTE GENERATED(DISPOSAL + RESIDUALS + DIVERTED)</b>	<b>13,523</b>	<b>14,144</b>	<b>13,345</b>		
<b>PERCENT DIVERTED</b>	<b>46.15%</b>	<b>47.89%</b>	<b>45.91%</b>		
<b>PERCENT DIVERTED WITH REDWOOD &amp; MRRC</b>	<b>50.24%</b>	<b>52.21%</b>			

## NOVATO 2019 OUTREACH AND EDUCATION

1. **2/20/19 - Sr. Center Health Fair –Novato Senior. Center** – 9:30-noon;  
Recology shared table event with thermometer exchange, compost bucket “give away”; well attended event – 155 seniors attended; 25 compost pails given away; 15 mercury thermometers collected and exchanged for digitals; approx. 100 pill boxes, 100 cutlery sets, 100 notebooks and 30 seed packets
3. **4/28/19 - Novato Chamber of Commerce Business Expo** – 4:00pm – 7:00pm;  
Stonetree Golf Course; not very busy; shared table with Recology; gave away cutlery sets, seed packets, notebooks; compost pails
4. **5/4/19 – Tour of Novato** — 9:00- 2:00; benefit for Novato schools; shared table with Recology; busy event; at least 100-125 kids; played the Recycle game to win a prize; gave away notebooks, water bottles, lunch pails, cutlery sets, bookmarks ; not as busy as last year
5. **5/7, 7/9,7/23/19 - Farmer’s Markets** — 2:00-7:00; shared table with Recology; gave out compost pails, water bottles and lunch boxes; gave out compost pails to all food vendors and set up compost toters at Market
6. **6/8 & 6/9/19 - Novato Art & Wine Festival – 8:00am-6pm; 2 days**; shared table with Recology; very busy; prizes given out after spinning the wheel and answering an ecology question; gave out at least 200-250 notebooks, 100 cutlery sets, 200 water bottles, lunch pails, etc.; good questions from participants
7. **4<sup>th</sup> of July Parade** – Recology truck and 2 costumed characters as recycling and food waste toters – kids loved them; handed out mints
8. **10/26/19 -Novato “Scream on the Green”** – shared table with Recology; very busy event; prizes given out after playing the Recycle game; gave out over 150 water bottles, lunch pails, cutlery sets, notebooks;

### **SCHOOLS:**

Contacted all Novato schools to assist with recycling, food waste composting. With Recology, visited responding schools, some on several occasions, for classroom presentations, assemblies, lunch period food waste sorting. Schools include: Lu Sutton, Novato Charter, Olive, Lynwood, San Jose Middle School, Novato High, Hamilton, Pleasant Valley, Loma Verde. More assemblies and lunch period sorts are scheduled.

Item 6.g.  
HHW and E-Waste Report  
(Pages 155 to 157)

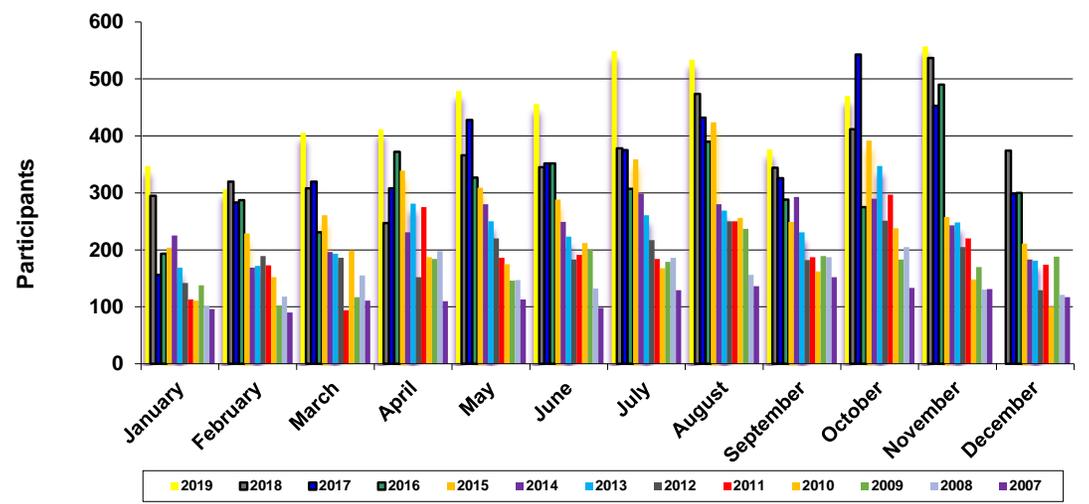
HHW FACILITY SUMMARY 2019	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
<b>Total Participants</b>	347	306	405	412	479	456	549	534	376	470	557		
Been to events before?(Yes)	288	258	357	347	408	387	472	460	312	402	473		
Permanent facility?	248	227	317	296	380	345	419	412	279	360	353		
Temporary events?	65	50	73	64	82	61	87	80	59	71	160		
First time user?	59	48	48	65	71	69	77	74	64	68	86		
<b>Type of waste brought in?</b>													
Antifreeze	19	8	26	28	22	22	31	46	16	31	30		
Asbestos	1	0	0	3	1	1	2	2	1	6	2		
Auto products	35	24	43	59	57	58	77	80	45	54	61		
Batteries, household	108	86	123	126	130	128	178	166	101	156	206		
Car batteries	10	2	3	3	5	9	11	9	6	4	53		
<b>Computer monitors</b>	33	26	39	21	38	32	39	37	33	36	51		
Cements, sealers	20	26	39	39	44	58	78	66	39	59	47		
<b>E-Waste(all types)</b>	165	158	180	193	189	185	227	213	140	206	215		
Fluorescent tubes& bulbs	58	43	70	67	81	47	101	89	50	86	101		
Fuels(gas, kerosene, diesel)	23	20	25	24	40	35	46	57	19	46	56		
<b>Household cleaners, polishes</b>	74	63	92	105	116	109	144	147	101	128	124		
<b>Latex paint</b>	84	72	117	118	147	153	176	181	136	160	177		
Motor oil/filters	49	28	53	64	70	60	74	92	36	63	85		
<b>Oil base paint</b>	44	44	71	88	96	90	122	103	81	112	102		
<b>Paint thinners, solvents</b>	58	48	82	84	97	85	115	115	82	102	109		
<b>Pesticides, herbicides, insecticides</b>	48	44	67	68	79	77	95	101	57	91	82		
Pet care products	9	5	11	10	12	8	13	17	7	9	12		
Photo chemicals	0	0	2	1	2	4	2	3	0	3	0		
Pool Chemicals	3	6	10	10	10	8	13	12	6	15	10		
Propane/helium tanks/fire extinguishers	24	13	25	38	46	42	54	45	28	41	40		
Sharps	7	1	9	7	3	4	7	8	3	4	8		
<b>Spray paints</b>	39	35	54	71	60	70	67	86	54	75	68		
<b>Television</b>	46	32	35	43	45	36	58	37	34	39	32		
Thermometers/Thermostats	8	0	4	4	7	2	8	4	4	4	5		
Wood preservatives, stains	26	14	36	40	52	48	61	63	38	59	58		
Other	6	5	10	12	8	10	13	10	2	6	6		
<b>Hear about program?</b>													
Recycling Center flier	132	113	130	158	189	169	195	188	130	129	218		
Sanitary District newsletter	86	44	92	99	107	83	118	101	85	91	96		
Sanitary District website	54	34	64	53	69	49	100	81	55	76	56		
Novato Disposal newsletter	114	102	176	158	190	182	218	200	128	170	212		
Word of mouth	48	58	61	78	72	77	83	87	74	79	64		
Other	21	24	30	23	30	28	30	27	27	43	37		
<b>Change your own motor oil?</b>													
<b>Yes</b>	45	45	56	53	64	54	94	81	45	68	73		
Novato Recycling Center	34	29	34	38	48	37	62	51	33	43	50		
O'Reilly's	10	20	21	20	25	21	37	33	18	30	27		
Pennzoil	1	2	2	2	0	1	3	2	0	2	0		
Other	3	1	6	3	0	2	6	6	3	1	3		
If yes, want curbside pickup?	19	17	17	12	22	13	39	26	20	20	34		
<b>No</b>	314	289	349	359	415	402	455	453	356	402	501		
<b>Comments</b>													
<b>Compliments/Good</b>	102	98	132	116	152	162	164	172	107	174	160		
<b>Open more Often</b>	3	2	6	5	8	7	6	4	3	4	5		
<b>Wait too long</b>				0	2	0	1	0	0	0	0		
<b>Wanted walk-up service</b>	0	1	1	0	0	0	0	0	0	0	0		
<b>E-Waste ONLY</b>	93	92	98	89	86	107	109	107	80	89	117		

% of E-Waste ONLY                      26.80%      30.07%      24.20%      21.60%      17.95%      23.46%      19.85%      20.04%      21.28%      18.94%      21.01%

HHW PARTICIPANTS 2006 - 2019

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Totals</u>
2019	347	306	405	412	479	456	549	534	376	470	557		4,891
2018	295	320	308	247	366	345	378	474	344	412	537	374	4,400
2017	156	283	320	308	428	352	375	432	326	543	453		4,275
2016	193	287	231	372	327	352	307	390	288	275	490	300	3,812
2015	204	229	261	339	309	288	359	424	249	392	258	211	3,523 open 3 days in April, 6 days in August
2014	225	169	196	231	280	249	299	280	293	290	262	183	2,957 open 3 days in April
2013	169	172	193	281	250	223	261	269	231	347	248	181	2,825
2012	142	189	186	152	220	183	217	250	182	251	205	129	2,306
2011	113	173	94	275	186	191	184	250	187	297	220	174	2,344
2010	111	152	199	187	175	212	168	256	162	238	148	100	2,108 August 6 days
2009	138	102	117	184	146	201	179	237	189	183	170	188	2,034 August 6 days
2008	101	118	155	198	147	132	186	156	187	205	130	121	1,836
2007	96	90	111	110	113	98	129	136	152	133	131	117	1,416
2006	57	118	115	112	140	111	145	120	119	95	106	73	1,311
<b>% Change from 2018</b>	17.63%	-4.38%	31.49%	66.80%	30.87%	32.17%	45.24%	12.66%	9.30%	14.08%	3.72%		

### HHW Facility Monthly Participation 2007- 2019



# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Finance Committee: Comprehensive Annual Financial Report (CAFR) for the Years Ended June 30, 2019 and 2018, including Audited Financial Statements.</b>	<b>MEETING DATE: December 9, 2019.</b>  <b>AGENDA ITEM NO.: 7.a.,b.,c., &amp; d.</b>
<b>RECOMMENDED ACTIONS:</b> <ol style="list-style-type: none"> <li>a. Receive report from the District’s independent external auditor, Maze and Associates.</li> <li>b. Receive Finance Committee report and recommendation, and accept the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2019 and 2018, including: Fiscal Year FY18-19 audit, and audited financial statements for the years ended June 30, 2019 and 2018.</li> <li>c. Receive and accept “Memorandum on Internal Control and Required Communications for Year ended June 30, 2019” from the District’s independent outside auditor, Maze and Associates.</li> <li>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.</li> </ol>	
<b>SUMMARY AND DISCUSSION:</b> <p>The District’s independent external auditors, Maze and Associates, completed the District’s annual financial audit for the Fiscal Year Ending (FYE) June 30, 2019, and presented it to the District’s Finance Committee at its December 2, 2019 meeting. Mr. David Alvey, CPA, Audit Partner with Maze and Associates, attended the 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, 2019 and 2018.</p> <p>A copy of the District’s CAFR (which includes 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. Alvey of 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 FY18-19 annual audit, and audited financial statements for the fiscal years ended June 30, 2019 and 2018. It is also recommended that the Board receive and accept the “Memorandum on Internal Control and Required Communications for Year ended June 30, 2019” from the District’s independent outside auditor, Maze and Associates.</p> <p>In addition, it is recommended that the Board authorize staff to submit the District CAFR to the Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting (CAFR Award). If approved, this will be the ninth year in a row that the District will have submitted its CAFR to the GFOA; the District has received this recognition for the last eight years.</p> <p>Besides 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>	
<b>ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. CAFR (including FY18-19 annual audit, and audited financial statements for fiscal years ended June 30, 2019 and 2018).</li> <li>2. “Memorandum on Internal Control and Required Communications for Year Ended June 30, 2019” from the District’s independent external auditor, Maze and Associates.</li> </ol>	
<b>STRATEGIC PLAN INFORMATION:</b> 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).	
<b>DEPT. MGR.:</b> lmc, ssk	<b>GENERAL MANAGER:</b> SSK

***Novato Sanitary District***  
***Novato, California***



***Comprehensive Annual Financial Report***

***For the Fiscal Years Ended***

***June 30, 2019***

***&***

***June 30, 2018***

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**NOVATO SANITARY DISTRICT, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**NOVATO SANITARY DISTRICT  
500 Davidson Street  
Novato, California 94945  
(415) 892-1694 – [www.novatosan.com](http://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, 2019 and 2018**

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# **Introductory Section**

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December 9, 2019

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, 2019 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, 2019 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, 2019 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 sewered areas of the City of Novato as well as developed areas outside the city limits. The District's sewered 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 10.9% of the District's total revenue (including capital contributions) for FYE 2018 and 2019. 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 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). In addition, in 2019, the District refinanced its 2011 State Revolving Fund (SRF) with debt service through 2031 at an interest rate of 2.41%, with the 2019 Revenue Refunding Bonds with debt service through 2031 at an effective interest rate of 1.41%, and a resulting savings of about \$3.2 million. A side benefit of these two successful refinancing efforts was that the District has achieved a "AAA" credit rating from S&P Global Ratings, which is the highest possible rating awarded by the credit rating agency.

## **RELEVANT FINANCIAL POLICIES**

### ***Reserve Policy***

The District's Reserves Policy (Policy No. 3500) anticipates and accounts for the fact that not all operating and capital expenses can be precisely forecast. The covenants of the 2017 Refunding Bonds and the 2019 Refinancing Bonds do not mandate the maintenance of reserve amounts for repayment of the bonds. However, the District will continue to maintain and fund the Wastewater Capital Reserve Fund previously mandated by covenants of the SRF loan, as a matter of financial prudence and reflective of its proactive asset management and replacement practices.

The District's major revenue sources, on an annualized basis over the last ten years, are its Sewer Service Charges (SCCs) (about 86%), and property taxes (about 11%), which are collected on the County tax rolls. Accordingly, the District's Policy No. 3510 sets Capital and Operating Fund targets and minimum fund balances as of July 1<sup>st</sup> each year

to meet cash flow for expenses in that fiscal year, and to account for the fact that the District receives about 55% of its revenues in December and 45% in April each year, consistent with the County's tax collection process.

### ***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 needed 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. As noted earlier, this SRF loan was recently refinanced on favorable terms to the District.

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 transfer pump station and conveyance pipeline replaced the old Ignacio plant, and transmits flow from the former Ignacio plant's tributary area to the Novato Plant for treatment and disposal. 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, 39 wastewater pump stations, 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 to be finalized by early 2020, 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 2019 the District contributed \$34,000 for the replacement of seventeen 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 and an increase in the nominal capacity to 2.55 MGD. The project was completed in February 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 collaboration on the ongoing Zero Waste Program element of the franchise to take recycling in the District's service area to the next level by significantly reducing material disposed to the landfill.

### **Specialized Staff Sharing.**

**Safety:** The District shares a single full-time safety officer with the Central Marin Sanitation Agency (CMSA). In addition, a portion of the District's Administrative/Risk Services Officer's time is allocated between the two agencies to provide functional supervision to the shared safety officer position.

**Laboratory:** The District and North Marin Water District (NMWD) also have an Agreement to share highly skilled laboratory staff.

**Mutual Aid:** The District is a signatory to a mutual aid agreement among the wastewater treatment agencies in the County, whereby the agencies can appropriately assist each other with staffing and equipment.

**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*

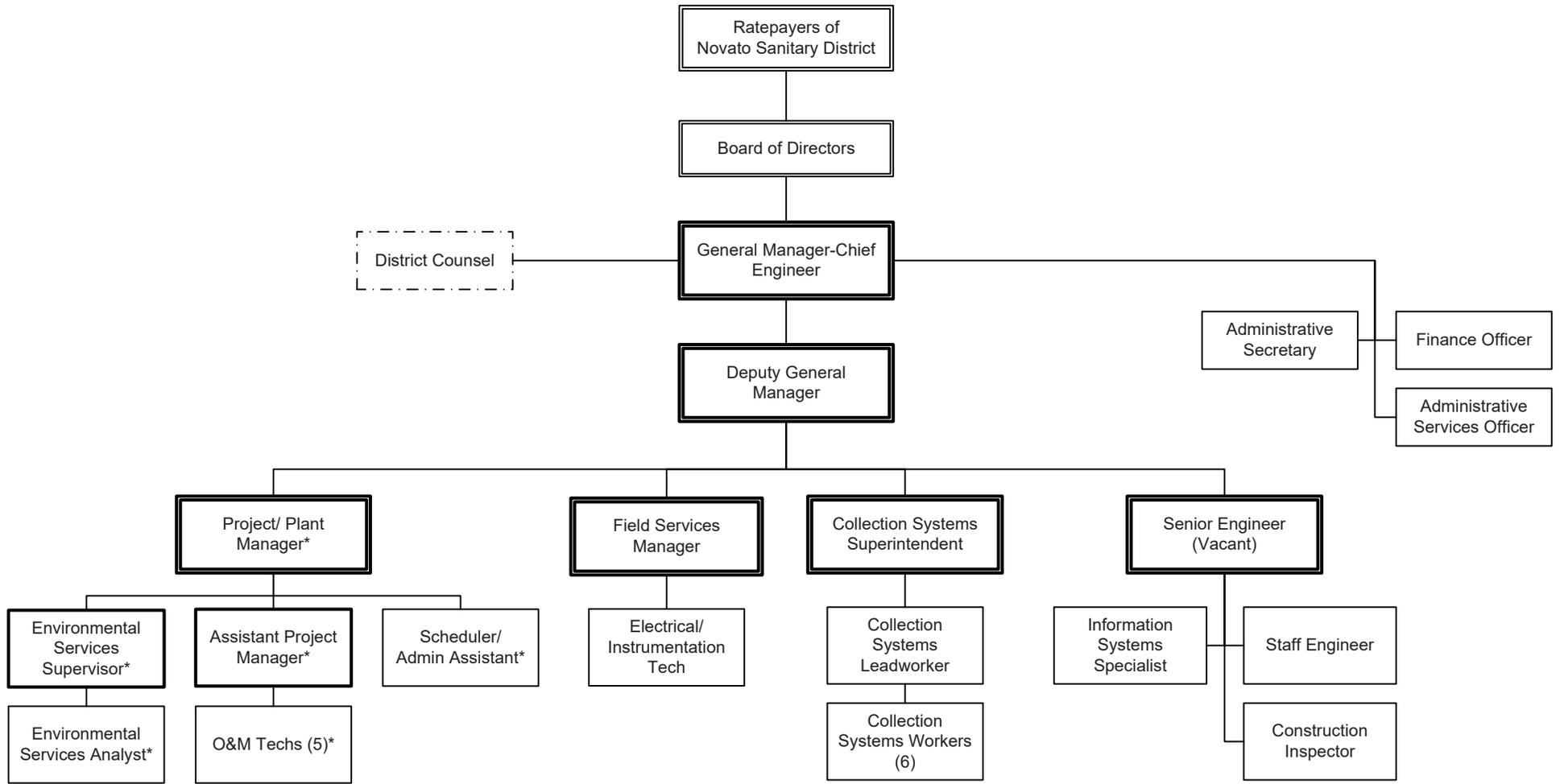
Novato Sanitary District provides wastewater collection, treatment, recycling and disposal services for the community of Novato, California. In addition, the District is responsible for refuse disposal, recycling, and greenwaste collection through its franchise collector, Recology, Inc.

### **Novato Sanitary District Board of Directors as of June 30, 2019**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>First Seated on Board</b>	<b>Current Term *</b>
Carole Dillon-Knutson	President	Elected	12/2015	12/18-11/22
William C. Long	Director	Elected	12/2001	12/18-11/22
Brant Miller	Director	Elected	12/2013	12/18-11/22
Jean Mariani	Director	Elected	5/2011	12/15-11/20
Jerry Peters	Director	Elected	12/2011	12/15-11/20

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

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



\* denotes Veolia Water staff



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for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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# 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, 2019 and 2018, 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 opinions.

### *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, 2019 and 2018, and changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which became effective during the year ended June 30, 2019 as discussed in Note 1P to the financial statements. This Statement had no material effect on the financial statements.

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

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

*Maze + Associates*

Pleasant Hill, California  
December 9, 2019

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## **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, 2019 and June 30, 2018. 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 2019, the District's net position increased 5.8% or \$6,521,396 to \$119,554,358. In 2018, the District's net position increased 1.1% or \$1,235,642 to \$113,032,962.
- In 2019, the District operating revenues increased 5.2% or \$946,231 primarily from a Sewer Service Charge (SSC) increase of approximately 3.5%. In 2018, the District operating revenues increased 4.3% or \$748,859 primarily from a SSC increase of approximately 3.7%. Both rate increases are part of a five-year series of SCC increases initially adopted by District Resolution No. 120 (effective July 1, 2016), and approved by the District Board each subsequent year.

### **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

	2019	2018	Change	2017	Change
<b>Assets:</b>					
Current assets	\$ 30,086,371	\$ 27,304,405	2,781,966	\$ 23,977,767	3,326,638
Capital assets, net	169,827,409	172,437,386	(2,609,977)	176,068,809	(3,631,423)
<b>Total assets</b>	<b>199,913,780</b>	<b>199,741,791</b>	<b>171,989</b>	<b>200,046,576</b>	<b>(304,785)</b>
Deferred Outflow of Resources (Note 7&10)	1,852,264	1,807,722	44,542	1,247,025	560,697
<b>Liabilities:</b>					
Current liabilities	7,096,340	7,735,349	(639,009)	6,805,339	930,010
Non-current liabilities	73,495,699	79,906,596	(6,410,897)	81,812,368	(1,905,772)
<b>Total liabilities</b>	<b>80,592,039</b>	<b>87,641,945</b>	<b>(7,049,906)</b>	<b>88,617,707</b>	<b>(975,762)</b>
Deferred Inflows of Resources(Note 7&10)	1,619,647	874,606	745,041	878,574	(3,968)
<b>Net Position (Note 8)</b>					
Net investment in capital assets	100,177,367	97,939,722	2,237,645	96,965,159	974,563
Restricted	1,311,222	745,826	565,396	-	745,826
Unrestricted	18,065,769	14,347,414	3,718,355	14,832,161	(484,747)
<b>Total net position</b>	<b>119,554,358</b>	<b>113,032,962</b>	<b>6,521,396</b>	<b>111,797,320</b>	<b>1,235,642</b>

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 \$119,554,358 and \$113,032,962 as of June 30, 2019 and June 30, 2018, respectively.

By far the largest portion of the District's net position (84% and 87% as of June 30, 2019 and June 30, 2018, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2019 and 2018, the District showed a positive balance in its unrestricted net position of \$18,065,769 and \$14,347,414 respectively, which may be utilized in future years, (see Note 8 for further discussion).

## Statement of Revenues, Expenses and Changes in Net Position

	2019	2018	Change	2017	Change
<b>Revenues:</b>					
Operating revenues	\$ 19,291,206	18,344,975	946,231	17,596,116	748,859
Non-operating revenues	3,327,763	3,028,160	299,603	2,857,094	171,066
<b>Total revenues</b>	<b>22,618,969</b>	<b>21,373,135</b>	<b>1,245,834</b>	<b>20,453,210</b>	<b>919,925</b>
<b>Expenses:</b>					
Operating expenses	8,457,722	9,131,926	(674,204)	9,173,987	(42,061)
Depreciation and amortization	5,917,189	5,793,254	123,935	5,744,111	49,143
Non-operating expenses	2,140,256	2,390,042	(249,786)	2,513,064	(123,022)
<b>Total expenses</b>	<b>16,515,167</b>	<b>17,315,222</b>	<b>(800,055)</b>	<b>17,431,162</b>	<b>(115,940)</b>
<b>Net income before capital contributions</b>	<b>6,103,802</b>	<b>4,057,913</b>	<b>2,045,889</b>	<b>3,022,048</b>	<b>1,035,865</b>
Capital contributions	417,594	367,530	50,064	227,767	139,763
<b>Change in net position</b>	<b>6,521,396</b>	<b>4,425,443</b>	<b>2,095,953</b>	<b>3,249,815</b>	<b>1,175,628</b>
<b>Net position, beginning of year</b>	<b>113,032,962</b>	<b>111,797,320</b>	<b>1,235,642</b>	<b>108,547,505</b>	<b>3,249,815</b>
Prior period adjustment	-	(3,189,801)	3,189,801	-	(3,189,801)
<b>Net position, end of year</b>	<b>\$ 119,554,358</b>	<b>113,032,962</b>	<b>6,521,396</b>	<b>111,797,320</b>	<b>1,235,642</b>

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 2019, the District's total revenues increased by 5.8% or \$1,245,834. A significant portion of the increase resulted from the District's sewer service charge (SSC) revenues, which increased 4.8% or \$853,593 over the prior year, due to an approved SSC increase of 3.5%. As noted earlier, this SSC increase was part of a five-year series of SSC increases initially adopted by District Resolution No. 120 (effective July 1, 2016).
- In 2019, the District's total expenses decreased 4.6% or \$800,055. In 2018, the District's total expenses decreased fractionally by 0.67% or \$115,940.
- In 2019, the District's net position increased by 5.8% or \$6,521,396. In 2018, the District's net position increased by 1.1% or \$1,235,642. The increases are due to a combination of an increase in overall revenues of 5.8% and a decrease in overall expenses of 4.6%.

## Operating and Non-Operating Revenues

	2019	2018	Change	2017	Change
<b>Operating revenues:</b>					
Sewer service charges	\$ 18,509,333	\$ 17,655,740	853,593	\$ 16,843,212	812,528
Other service charges	84,111	147,410	(63,299)	193,006	(45,596)
Permit, inspection and other fees	55,607	27,141	28,466	28,479	(1,338)
Recycled water facility	241,383	138,258	103,125	177,285	(39,027)
AB939 – solid waste programs	400,772	376,426	24,346	354,134	22,292
<b>Total operating revenues</b>	<b>19,291,206</b>	<b>18,344,975</b>	<b>946,231</b>	<b>17,596,116</b>	<b>748,859</b>
<b>Non-operating revenue:</b>					
Property taxes	2,502,875	2,360,251	142,624	2,292,988	67,263
Franchise fees	56,515	54,358	2,157	52,485	1,873
Rental revenue	29,339	77,732	(48,393)	94,439	(16,707)
Interest earnings	629,461	312,886	316,575	136,595	176,291
Gain/(Loss) on sale/disposition of assets	(40,576)	(34,250)	(6,326)	1,627	(35,877)
Grant revenue	150,149	257,183	(107,034)	51,069	206,114
Other non-operating revenue	-	-	-	227,891	(227,891)
<b>Total non-operating revenues</b>	<b>3,327,763</b>	<b>3,028,160</b>	<b>299,603</b>	<b>2,857,094</b>	<b>171,066</b>
<b>Total revenues</b>	<b>\$ 22,618,969</b>	<b>21,373,135</b>	<b>1,245,834</b>	<b>20,453,210</b>	<b>919,925</b>

In summary, total revenues increased by \$1,245,834 and by \$919,925 in fiscal years 2019 and 2018, respectively.

### Operating and Non-Operating Expenses

	2019	2018	Change	2017	Change
<b>Operating expenses:</b>					
Collection system	\$ 1,077,449	\$ 1,103,000	(25,551)	\$ 1,178,118	(75,118)
Treatment plant	2,957,149	2,909,669	47,480	2,824,699	84,970
Wastewater reclamation and disposal	458,191	456,134	2,057	493,926	(37,792)
Laboratory and monitoring	543,373	487,971	55,402	512,003	(24,032)
Pump Stations	715,265	735,079	(19,814)	731,684	3,395
Recycled water facility	241,382	138,239	103,143	105,327	32,912
AB939 – solid waste programs	332,294	350,937	(18,643)	341,580	9,357
Administrative and engineering	1,774,985	2,378,028	(603,043)	2,485,415	(107,387)
OPEB Expense	106,971	113,926	(6,955)	-	113,926
Pension Expense	250,663	458,943	(208,280)	501,235	(42,292)
<b>Total operating expenses</b>	<b>8,457,722</b>	<b>9,131,926</b>	<b>(674,204)</b>	<b>9,173,987</b>	<b>(42,061)</b>
<b>Depreciation expense</b>	<b>5,917,189</b>	<b>5,793,254</b>	<b>123,935</b>	<b>5,744,111</b>	<b>49,143</b>
<b>Non-operating expenses:</b>					
Interest expense	1,907,209	2,178,527	(271,318)	2,325,634	(147,107)
Other non-operating expenses	233,047	211,515	21,532	187,430	24,085
<b>Total non-operating expenses</b>	<b>2,140,256</b>	<b>2,390,042</b>	<b>(249,786)</b>	<b>2,513,064</b>	<b>(123,022)</b>
<b>Total expenses</b>	<b>\$ 16,515,167</b>	<b>17,315,222</b>	<b>(800,055)</b>	<b>17,431,162</b>	<b>(115,940)</b>

In summary, total expenses decreased by \$800,055 and increased by \$115,940 in fiscal years 2019 and 2018, respectively.

### Capital Asset Administration

Changes in capital assets amounts for 2019 were as follows:					
	Balance		Transfers/	Balance	
	2018	Additions	Deletions	2019	
<b>Capital assets:</b>					
Non-depreciable assets	\$ 8,635,264	700,031	(1,335,498)	7,999,797	
Depreciable assets	241,513,628	4,037,160	(281,333)	245,269,455	
Accumulated depreciation	(77,711,506)	(5,917,190)	186,853	(83,441,843)	
<b>Total capital assets, net</b>	<b>\$ 172,437,386</b>	<b>(1,179,999)</b>	<b>(1,429,978)</b>	<b>169,827,409</b>	
Changes in capital assets amounts for 2018 were as follows:					
	Balance		Transfers/	Balance	
	2017	Additions	Deletions	2018	
<b>Capital assets:</b>					
Non-depreciable assets	\$ 7,094,184	1,541,080	-	8,635,264	
Depreciable assets	240,920,323	655,004	(61,699)	241,513,628	
Accumulated depreciation	(71,945,698)	(5,793,257)	27,449	(77,711,506)	
<b>Total capital assets, net</b>	<b>\$ 176,068,809</b>	<b>(3,597,173)</b>	<b>(34,250)</b>	<b>172,437,386</b>	

At the end of fiscal year 2019 and 2018, the District's investment in capital assets amounted to \$169,827,409 and \$172,437,386 (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 2019 were as follows:							
				<b>Balance</b>			<b>Balance</b>
				<b>2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>2019</b>
	Loan payable			\$ 59,463,471	-	(3,951,834)	55,511,637
	2017 Waste water Revenue Bonds			\$ 13,410,000	-	(790,000)	12,620,000
	Total long-term debt			\$ 72,873,471	-	(4,741,834)	68,131,637
Changes in long-term debt amounts for 2018 were as follows:							
				<b>Balance</b>			<b>Balance</b>
				<b>2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>2018</b>
Long-term debt:							
	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

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.

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# **Basic Financial Statements**

NOVATO SANITARY DISTRICT  
STATEMENTS OF NET POSITION  
JUNE 30, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$28,243,720	\$25,733,311
Restricted - cash and investments (Note 2)	1,311,222	766,571
Accounts receivable, net (Note 3)	276,556	595,669
Accrued interest receivable	174,404	121,406
Prepaid expenses and other deposits	80,469	87,448
Total current assets	30,086,371	27,304,405
<b>NON-CURRENT ASSETS</b>		
Capital assets - not being depreciated (Note 4)	7,999,797	8,635,264
Capital assets - being depreciated, net (Note 4)	161,827,612	163,802,122
Total non-current assets	169,827,409	172,437,386
<b>TOTAL ASSETS</b>		
	199,913,780	199,741,791
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
OPEB related (Note 7)	358,212	232,875
Pension related (Note 10)	1,494,052	1,574,847
TOTAL DEFERRED OUTFLOWS	1,852,264	1,807,722
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	1,077,519	1,795,555
Customer deposits	27,000	2,000
Restricted - special assessment payable	159,618	172,595
Accrued interest payable	929,056	992,937
Long-term liabilities - due within one year:		
Compensated absences (Note 5)	36,470	30,428
State Revolving Fund Loan payable (Note 6)	4,046,677	3,951,834
Wastewater Revenue Refunding Bonds (Note 6)	820,000	790,000
Total current liabilities	7,096,340	7,735,349
<b>NON-CURRENT LIABILITIES</b>		
Long-term liabilities - due in more than one year:		
Compensated absences (Note 5)	109,410	91,283
State Revolving Fund Loan payable (Note 6)	51,464,961	55,511,637
Wastewater Revenue Refunding Bonds (Note 6)	13,318,404	14,264,938
Net OPEB liability/obligation (Note 7)	3,134,046	4,494,027
Net pension liability (Note 10)	5,468,878	5,544,711
Total non-current liabilities	73,495,699	79,906,596
<b>TOTAL LIABILITIES</b>		
	80,592,039	87,641,945
<b>DEFERRED INFLOWS OF RESOURCES</b>		
OPEB related (Note 7)	957,865	
Pension Related (Note 10)	661,782	874,606
TOTAL DEFERRED INFLOWS OF RESOURCES	1,619,647	874,606
<b>NET POSITION (Note 8)</b>		
Net investment in capital assets	100,177,367	97,939,722
Restricted - Pension Trust	1,311,222	745,826
Unrestricted	18,065,769	14,347,414
TOTAL NET POSITION	\$119,554,358	\$113,032,962

See accompanying notes to financial statements

NOVATO SANITARY DISTRICT  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
<b>OPERATING REVENUES</b>		
Sewer service charges	\$18,509,333	\$17,655,740
Other service charges	84,111	147,410
Permit, inspection and other fees	55,607	27,141
Recycled water facility	241,383	138,258
AB939 - solid waste programs	400,772	376,426
Total operating revenues	19,291,206	18,344,975
<b>OPERATING EXPENSES</b>		
Collection system	1,077,449	1,103,000
Treatment plant	2,957,149	2,909,669
Reclamation and disposal	458,191	456,134
Laboratory and monitoring	543,373	487,971
Pump stations	715,265	735,079
AB939 - solid waste programs	332,294	350,937
Recycled water	241,382	138,239
Administrative and engineering	1,774,985	2,378,028
OPEB expense (Note 7)	106,971	113,926
Pension expense (Note 10)	250,663	458,943
Total operating expenses	8,457,722	9,131,926
Operating income before depreciation	10,833,484	9,213,049
Depreciation (Note 4)	(5,917,189)	(5,793,254)
<b>OPERATING INCOME</b>	<b>4,916,295</b>	<b>3,419,795</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Property taxes	2,502,875	2,360,251
Franchise fees	56,515	54,358
Rental revenue	29,339	77,732
Interest income	629,461	312,886
Interest expense	(1,907,209)	(2,178,527)
Loss on sale/disposition of capital assets	(40,576)	(34,250)
Grant revenue	150,149	257,183
Other non-operating revenue (expenses)	(233,047)	(211,515)
Total nonoperating revenues (expenses), net	1,187,507	638,118
Net income (loss) before capital contributions	6,103,802	4,057,913
<b>CAPITAL CONTRIBUTIONS</b>		
Connection fees	319,240	234,495
Capital contributions	98,354	133,035
Total capital contributions	417,594	367,530
<b>CHANGES IN NET POSITION</b>	6,521,396	4,425,443
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>113,032,962</b>	<b>108,607,519</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$119,554,358</b>	<b>\$113,032,962</b>

See accompanying notes to financial statements

NOVATO SANITARY DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers for sewer service charges and services	\$19,696,173	\$18,521,206
Cash paid to or on behalf of employees for salaries, wages and benefits	(3,413,488)	(2,707,777)
Cash paid to vendors and suppliers for materials and services	(6,496,736)	(5,021,644)
Cash Flows from Operating Activities	9,785,949	10,791,785
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	2,502,875	2,360,251
Cash Flows from Noncapital Financing Activities	2,502,875	2,360,251
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,343,915)	(2,230,331)
Connection fees	319,240	367,530
Net proceeds from issuance of debt		17,215,712
Payment to bond escrow agent		(17,475,000)
Principal payments on long-term debt	(4,868,367)	(6,019,986)
Interest payments on long-term debt	(1,971,090)	(2,253,607)
Cash Flows (used for) Capital and Related Financing Activities	(9,864,132)	(10,395,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	630,368	243,483
Cash Flows from Investing Activities	630,368	243,483
NET CASH FLOWS	3,055,060	2,999,837
Cash, beginning of year	26,499,882	23,500,045
Cash, end of year	\$29,554,942	\$26,499,882
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$28,243,720	\$25,733,311
Restricted - cash and cash equivalents	1,311,222	766,571
Total cash and cash equivalents	\$29,554,942	\$26,499,882

(Continued)

NOVATO SANITARY DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$4,916,295	\$3,419,795
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,917,189	5,793,254
Other non-operating revenues	276,579	423,523
Other non-operating expenses	(233,047)	(211,515)
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable - sewer services	319,113	(44,141)
Prepaid expenses and other deposits	6,979	(13,257)
OPEB related deferred outflows of resources	(125,337)	(232,875)
Pension related deferred outflows of resources	80,795	(327,822)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued expenses	(718,036)	1,066,724
Customer deposits	25,000	
Restricted - special assessment payable	(12,977)	(8,115)
Compensated absences	24,169	(44,566)
Net OPEB liability	(1,359,981)	184,015
Collective net pension liability	(75,833)	790,733
OPEB related deferred inflows of resources	957,865	
Pension related deferred inflows of resources	(212,824)	(3,968)
Total adjustments	4,869,654	7,371,990
Net cash provided by operating activities	\$9,785,949	\$10,791,785
Schedule of Non-Cash Investing and Financing Activities:		
Capital contributions	\$98,354	\$133,035
Loss on disposition of capital assets	(40,576)	(34,250)

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, 2019 AND 2018

	2019	2018
ASSETS		
Investments with Trustees:		
Cash and cash equivalents	\$39,786	\$126,520
Mutual funds - equity	411,118	118,233
Mutual funds - fixed income	875,284	626,902
Total investments	1,326,188	871,655
TOTAL ASSETS	1,326,188	871,655
NET POSITION		
Net position held in trust for OPEB benefits	\$1,326,188	\$871,655

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, 2019 AND 2018

	2019	2018
ADDITIONS		
Contributions:		
District	\$382,147	\$162,786
Total contributions	382,147	162,786
Investment income:		
Interest, dividends and other	75,128	4,186
Less: investment expenses	(2,742)	(1,956)
Total net investment income	72,386	2,230
Total additions	454,533	165,016
Change in net position	454,533	165,016
NET POSITION		
NET POSITION, BEGINNING OF YEAR	871,655	706,639
NET POSITION, END OF YEAR	\$1,326,188	\$871,655

See accompanying notes to financial statements

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**NOVATO SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

<b>NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>
---

**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, 2019 and 2018**

<b>NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
---

**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, 2019 and 2018**

<b>NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
---

**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, 2019 and 2018**

<b>NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**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, 2019 and 2018**

**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, 2019.

**GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements** – The 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. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for the District’s fiscal year ending June 30, 2019. See Note 6D for relevant disclosures.

**NOTE 2 – CASH AND INVESTMENTS**

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

	2019	2018
Cash and cash equivalents	\$28,243,720	\$25,733,311
Restricted cash and investments	1,311,222	766,571
Total District Cash and Investments	29,554,942	26,499,882
Cash and investments held with OPEB trust	1,326,188	871,655
Total Cash and Investments	\$30,881,130	\$27,371,537

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

	2019	2018
<i>Held by District:</i>		
Cash on hand	\$838	\$2,386
Deposits with financial institutions	71,769	6,464
Local Agency Investment Fund	28,171,113	25,724,461
<i>Held by Fiscal Agent:</i>		
Deposits with financial institutions		20,745
<i>Held by OPEB Trust</i>		
Cash and investments	1,326,188	871,655
<i>Held by Pension Trust</i>		
Cash and investments	1,311,222	745,826
Total Cash and Investments	\$30,881,130	\$27,371,537

**NOVATO SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**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	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	N/A		100%	None

**NOVATO SANITARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2019 and 2018**

**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 Tax Code 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, 2019 and 2018**

**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, 2019 and 2018 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, 2019 and 2018, these investments matured in an average of 173 and 193 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, 2019, and 2018, 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, 2019 and 2018, respectively.

**NOVATO SANITARY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2019 and 2018**

**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:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Sewer services	\$106,075	\$165,276
Franchise/Lease	81,063	115,635
Property tax	33,850	10,257
Recycling	50,590	52,416
Other, net of allowance	4,978	252,085
	<u>\$276,556</u>	<u>\$595,669</u>

**NOVATO SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 4 – CAPITAL ASSETS**

**A. Capital Assets Activity**

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

	<b>Balance June 30, 2018</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Balance June 30, 2019</b>
Non-depreciable assets:				
Land and land rights	\$2,773,507			\$2,773,507
Easements	2,305,310	\$84,360		2,389,670
Construction-in-process	3,556,447	615,671	(\$1,335,498)	2,836,620
Total non-depreciable assets	<u>8,635,264</u>	<u>700,031</u>	<u>(1,335,498)</u>	<u>7,999,797</u>
Depreciable assets:				
Sewer system improvements	160,992,531	2,720,243		163,712,774
Sewer collection and outfall system	53,302,649	627,272		53,929,921
Sewer facilities equipment	25,088,108	514,877	(36,825)	25,566,160
Equipment	2,130,340	174,768	(244,508)	2,060,600
Total depreciable assets	<u>241,513,628</u>	<u>4,037,160</u>	<u>(281,333)</u>	<u>245,269,455</u>
Accumulated depreciation:				
Sewer system improvements	(50,544,220)	(4,158,329)		(54,702,549)
Sewer collection and outfall system	(16,650,630)	(693,034)		(17,343,664)
Sewer facilities equipment	(9,253,677)	(938,308)	22,576	(10,169,409)
Equipment	(1,262,979)	(127,518)	164,276	(1,226,221)
Total accumulated depreciation	<u>(77,711,506)</u>	<u>(5,917,189)</u>	<u>186,852</u>	<u>(83,441,843)</u>
Total depreciable assets, net	<u>163,802,122</u>	<u>(1,880,029)</u>	<u>(94,481)</u>	<u>161,827,612</u>
<b>Total capital assets, net</b>	<u><u>\$172,437,386</u></u>	<u><u>(\$1,179,998)</u></u>	<u><u>(\$1,429,979)</u></u>	<u><u>\$169,827,409</u></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, 2019 and 2018**

**NOTE 4 – CAPITAL ASSETS (Continued)**

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

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Balance June 30, 2018</b>
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>
<b>Total capital assets, net</b>	<u><u>\$176,068,809</u></u>	<u><u>(\$3,597,173)</u></u>	<u><u>(\$34,250)</u></u>	<u><u>\$172,437,386</u></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:

<b>Projects</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Collection system improvements	\$465,307	\$343,605	\$166,057
North Bay Water Reuse Authority	921,034	841,768	759,967
Hamilton Wetlands Outfall Monitoring	70,323	69,460	69,246
Novato Creek Watershed	100,834	100,835	100,834
Administrative building updates	1,099,733	759,538	759,538
RWF Expansion		1,232,073	215,590
Cogeneration	61,744		
Various other minor projects <\$50,000	117,645	209,168	77,170
Total	<u><u>\$2,836,620</u></u>	<u><u>\$3,556,447</u></u>	<u><u>\$2,148,402</u></u>

**NOVATO SANITARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2019 and 2018**

**NOTE 5 – COMPENSATED ABSENCES**

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

<b>Balance 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 2019</b>	<b>Due Within One Year</b>
\$121,711	27,626	(3,457)	\$145,880	\$36,470

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

**NOTE 6 – LONG-TERM DEBT**

**A. Long-Term Debt Activity**

Changes in long-term debt amounts for 2018-2019 were as follows:

	<b>Balance June 30, 2018</b>	<b>Retirements</b>	<b>Balance June 30, 2019</b>	<b>Due within one year</b>
Long-term debt:				
2017 Wastewater Revenue Refunding Bonds	\$13,410,000	(\$790,000)	\$12,620,000	\$820,000
Add: Unamortized premium	1,644,938	(126,534)	1,518,404	
SRF Loan payable	59,463,471	(3,951,833)	55,511,638	4,046,677
Total long-term debt	\$74,518,409	(\$4,868,367)	\$69,650,042	\$4,866,677

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

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2018</b>	<b>Due within one year</b>
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	\$80,797,683	\$17,215,712	(\$23,494,986)	\$74,518,409	\$4,741,834

**NOVATO SANITARY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2019 and 2018**

**NOTE 6 – LONG-TERM DEBT (Continued)**

***B. 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, 2019, the District has received \$81,328,983 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>
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	4,449,368	929,588	5,378,956
2025-2029	23,900,802	2,993,978	26,894,780
2030-2031	10,382,659	375,253	10,757,912
Total	<u>\$55,511,638</u>	<u>\$9,035,835</u>	<u>\$64,547,473</u>

**NOVATO SANITARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2019 and 2018**

**NOTE 6 – LONG-TERM DEBT (Continued)**

**C. 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 aggregate difference in debt service between the refunding debt and the refunded debt was \$4,409,109. The following table summarizes the debt service maturity of the District for the bonds as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	965,000	457,000	1,422,000
2025-2029	5,560,000	1,513,750	7,073,750
2030-2031	2,615,000	197,750	2,812,750
Total	<u>\$12,620,000</u>	<u>\$4,440,000</u>	<u>\$17,060,000</u>

The District’s bond covenants contain events of default that require the net revenue of the District to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure to pay any installment of the principal of any bonds when due; the failure to pay any installment of interest on the bonds when due; the failure of the District to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the District; or if any court or competent jurisdiction shall assume custody or control of the District. The District’s bonds also contain a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the notes, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs. Management believes that the District is in compliance with all applicable bond covenants.

**NOVATO SANITARY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2019 and 2018**

**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:

	<b>2019*</b>	<b>2018*</b>	<b>2017*</b>
Active plan members	18	19	19
Retirees and beneficiaries receiving benefits	38	34	33
 Total plan membership	 56	 53	 52

\* OPEB membership includes all eligible members (including active employees, retirees, and beneficiaries) per GASB 75 requirements.

**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 2019 and 2018, this minimum amount was \$133 and \$136 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.

**NOVATO SANITARY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2019 and 2018**

**NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)**

**C. Funding Policy**

The District pays 100% of the cost of the post-employment benefit plan for those employees hired prior to July 1, 2008, and who 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.

**D. Actuarial Assumptions**

Net OPEB liability was measured as of June 30, 2019 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2019. The actuarial assumptions included (a) 5.61% 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 biannually 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 6/30/19
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, 2019 and 2018**

**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 for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	65%
Domestic Equity	25%
Cash	5%
International Equity	4%
Real Estate	1%
	<hr/>
Total	<u>100%</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, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 5.61%. 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, 2019 and 2018**

**NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)**

Net OPEB Liability

The components of the net OPEB liability of the District at June 30, 2019, were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2018 (Valuation Date)	\$5,358,899	\$864,872	\$4,494,027
Changes Recognized for the Measurement Period:			
Service Cost	117,613		117,613
Interest on the total OPEB liability	244,664		244,664
Difference between expected and actual experience	201,040		201,040
Changes of assumptions	(1,170,724)		(1,170,724)
Contributions:			
Employer - District's contribution		\$606,729	(606,729)
Employer - implicit subsidy		73,458	(73,458)
Employee			
Net investment income		75,128	(75,128)
Benefit payments, including refunds of employee contributions	(217,800)	(217,800)	-
Implicit rate subsidy fulfilled	(73,458)	(73,458)	-
Administrative Expense		(2,741)	2,741
Net Changes during July 1, 2017 to June 30, 2018	(898,665)	461,316	(1,359,981)
Balance at June 30, 2018 (Measurement Date)	<u>\$4,460,234</u>	<u>\$1,326,188</u>	<u>\$3,134,046</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

Measurement Date	June 30, 2019
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 2019
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	5.61%
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, 2019 and 2018**

**NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)**

Discount Rate

The discount rate used to measure the total OPEB liability was 5.61% as of June 30, 2019. 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, 2019, calculated using the discount rate of 5.61%, 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:

<u>Plan's Net OPEB Liability/(Asset)</u>		
<u>Discount Rate -1%</u>	<u>Current Discount</u>	<u>Discount Rate +1%</u>
<u>(4.61%)</u>	<u>Rate (5.61%)</u>	<u>(6.61%)</u>
<u>\$3,765,614</u>	<u>\$3,134,046</u>	<u>\$2,625,055</u>

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:

<u>Plan's Net OPEB Liability/(Asset)</u>		
<u>Discount Rate -1%</u>	<u>Healthcare Cost</u>	<u>Discount Rate +1%</u>
<u>Trend Rates (6.00%</u>	<u>Trend Rates (7.00%</u>	<u>Trend Rates (8.00 %</u>
<u>decreasing to 2.84%)</u>	<u>decreasing to 3.84%)</u>	<u>decreasing to 4.84%)</u>
<u>\$2,607,833</u>	<u>\$3,134,046</u>	<u>\$3,788,794</u>

**NOVATO SANITARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2019 and 2018**

**NOTE 7 – OTHER POST EMPLOYMENT BENEFITS PAYABLE (Continued)**

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$106,971. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$165,378	
Changes of assumptions	179,869	(\$957,865)
Net difference between projected and actual earnings on OPEB plan investments	12,965	
Total	\$358,212	(\$957,865)

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
2020	(\$127,052)
2021	(127,050)
2022	(116,283)
2023	(139,774)
Thereafter	(89,494)
	(\$599,653)

**NOVATO SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 8 – NET POSITION**

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

	<b>2019</b>	<b>2018</b>
<i><b>Net investment in capital assets:</b></i>		
Capital assets - not being depreciated	\$7,999,797	\$8,635,264
Capital assets, net - being depreciated	161,827,612	163,802,122
SRF Loan Payable	(55,511,638)	(59,463,471)
Wastewater Revenue Refunding Bonds	(14,138,404)	(15,054,938)
Unspent proceeds		20,745
Total net investment in capital assets	100,177,367	97,939,722
<i><b>Restricted net position:</b></i>		
Pension trust	1,311,222	745,826
Total restricted net position	1,311,222	745,826
<i><b>Unrestricted net position:</b></i>		
Non-spendable net position:		
Prepaid expenses and deposits	80,469	87,448
Total non-spendable net position	80,469	87,448
Spendable net position:		
Undesignated net position reserve	17,985,300	14,259,966
Total spendable net position	17,985,300	14,259,966
Total unrestricted net position	18,065,769	14,347,414
Total net position	\$119,554,358	\$113,032,962

**NOVATO SANITARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2019 and 2018**

**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, 2019 and 2018 amounted to \$3,286,694 and \$3,272,081 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, 2019 and 2018 amounted to \$1,041,531 and \$896,258, 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, 2019 and 2018**

**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 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. 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, 2019, are summarized as follows:

	<u><b>Miscellaneous Tier I</b></u>
	<u>Prior to January 1, 2012</u>
Hire date	2% @ 55
Benefit formula	5 years service
Benefit vesting schedule	monthly for life
Benefit payments	50 - 67
Retirement age	1.43% to 2.42%
Monthly benefits, as a % of eligible compensation	7.00%
Required employee contribution rates	9.409%
Required employer contribution rates	
	<u><b>Miscellaneous Tier II</b></u>
	<u>Between January 1, 2012</u>
	<u>through December 31, 2012</u>
Hire date	2% @ 60
Benefit formula	5 years service
Benefit vesting schedule	monthly for life
Benefit payments	50 - 67
Retirement age	1.1% to 2.42%
Monthly benefits, as a % of eligible compensation	7.00%
Required employee contribution rates	7.634%
Required employer contribution rates	
	<u><b>Miscellaneous Tier III</b></u>
	<u>On or after January 1, 2013</u>
Hire date	2% @ 62
Benefit formula	5 years service
Benefit vesting schedule	monthly for life
Benefit payments	50 - 67
Retirement age	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	6.25%
Required employee contribution rates	6.842%
Required employer contribution rates	

**NOVATO SANITARY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2019 and 2018**

**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 2019, 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 \$279,880 in fiscal year 2019.

For the year ended June 30, 2019, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions - employer        \$446,594    

***B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

As of June 30, 2019, 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	\$5,468,878

**NOVATO SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

	Miscellaneous
Proportion - June 30, 2017	0.14066%
Proportion - June 30, 2018	0.14511%
Change - Increase (Decrease)	0.00445%

For the year ended June 30, 2019, the District recognized pension expense of \$250,663. At June 30, 2019, 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	\$446,594	
Differences between actual and expected experience	209,832	(\$71,404)
Changes in assumptions	623,468	(152,800)
Change in employer's proportion and differences between the employer’s contributions and the employer’s proportionate share of contributions	187,121	
Net differences between projected and actual earnings on plan investments	27,037	(437,578)
Adjustments due to differences in proportion		
Total	\$1,494,052	(\$661,782)

The \$446,594 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, 2020. 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
2020	\$444,026
2021	208,736
2022	(217,898)
2023	(49,188)

**NOVATO SANITARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Years Ended June 30, 2019 and 2018**

**NOTE 10 – PENSION PLANS (Continued)**

*Actuarial Assumptions* – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Tier I, II, and III</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015, 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, 2019 and 2018**

**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 (1)	New Strategic Allocation	Real Return Years 1 - 10(2)	Real Return Years 11+(3)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%
Total	<u>100%</u>		

(1) In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% 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	\$8,531,538
Current Discount Rate	7.15%
Net Pension Liability	\$5,468,878
1% Increase	8.15%
Net Pension Liability	\$2,940,700

**NOVATO SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**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, 2019, 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, 2019, the District had a balance of \$1,326,188 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, 2019, 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 \$15,500,000 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 \$10,000,000 self-insured layer to \$15,500,000 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, 2019 and 2018**

**NOTE 11 – RISK MANAGEMENT (Continued)**

- Special form property coverage up to \$119,944,143 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 \$824,419 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, 2019, 2018 and 2017. 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, 2019, 2018 and 2017.

**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, 2019 and 2018 was \$570,000 and \$710,000, 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 \$102,167 of open construction contracts as of June 30, 2019.

**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.

**NOVATO SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 13 – SUBSEQUENT EVENT**

The District issued \$46,145,000 in Wastewater Revenue Refunding Bonds on July 24, 2019 to refinance the outstanding State Revolving Fund loan with the California State Water Resources Control Board and pay issuance costs. The Bonds are payable from net revenues of the District and bear an interest rate of 4.0% to 5.0%. Interest payments are due February 1 and August 1 of each year, commencing on February 1, 2020. Principal payments are due February 1 of each year commencing February 1, 2020 through 2031.

## **Required Supplementary Information**

**NOVATO SANITARY DISTRICT**  
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
 As of fiscal year ending June 30, 2019  
 Last 10 Years \*  
**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY AND RELATED RATIOS AS OF  
 THE MEASUREMENT DATE**

<b>Measurement Date:</b>	District Miscellaneous Plan				
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>
Plan's proportion of the Net Pension Liability (Asset)	0.05361%	0.05140%	0.05494%	0.05591%	0.05675%
Plan's proportion share of the Net Pension Liability (Asset)	\$3,335,896	\$3,528,248	\$4,753,977	\$5,544,711	\$5,468,878
Plan's Covered Payroll	1,882,361	1,426,443	1,721,479	1,974,484	1,802,724
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	177.22%	247.35%	276.16%	284.71%	303.37%
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%	75.85%
Plan's Proportionate Share of Aggregate Employer Contributions	441,326	551,726	578,932	620,318	654,101

\*Note: Fiscal year 2015 was the first year presented and therefore, only 5 years are shown. Additional years will be displayed as they become available.

**NOVATO SANITARY DISTRICT**  
 Cost-Sharing Multiple Employer Defined Benefit Pension Plan  
 As of fiscal year ending June 30, 2019  
**Last 10 Years\***  
**SCHEDULE OF CONTRIBUTIONS**

Fiscal Year	District Miscellaneous Plan				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$173,410	\$281,175	\$323,786	\$327,385	\$446,594
Contributions in relation to the actuarially determined contributions	(208,489)	(301,285)	(323,786)	(327,385)	(446,594)
Contribution deficiency (excess)	<u>(\$35,079)</u>	<u>(\$20,110)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$1,476,443	\$1,721,479	\$1,947,484	\$1,802,724	\$2,022,823
Contributions as a percentage of covered payroll	14.12%	17.50%	16.63%	18.16%	22.08%

**Notes to Schedule**

Valuation date: 6/30/2017

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	2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.65% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

\*Note: Fiscal year 2015 was the first year presented and therefore, only 5 years are shown.

**Novato Sanitary District  
Schedule of Changes in Net OPEB Liability and Related Ratios**

**Last Ten Fiscal Years \***

**Other Post-Employment Benefits (OPEB) - Agent-Multiple Employer Plan**

Measurement period	2017	2018	2019
<b>Total OPEB liability</b>			
Service cost	\$104,860	\$108,006	\$117,613
Interest	251,406	256,099	244,664
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	(21,960)	201,040
Changes of assumptions	-	277,245	(1,170,724)
Benefit payments	(187,852)	(277,142)	(217,800)
Implicit rate subsidy fulfilled	(68,761)	-	(73,458)
<b>Net change in total OPEB liability</b>	<b>99,653</b>	<b>342,248</b>	<b>(898,665)</b>
<b>Total OPEB liability - beginning</b>	<b>4,916,998</b>	<b>5,016,651</b>	<b>5,358,899</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$5,016,651</b>	<b>\$5,358,899</b>	<b>\$4,460,234</b>
<b>OPEB fiduciary net position</b>			
Net investment income	\$6,933	\$2,230	\$75,128
Contributions:			
Employer - District's Contribution	887,852	382,482	606,729
Employer - Implicit Subsidy	68,761	74,262	73,458
Benefit payments from PARS Trust	(187,852)	(226,479)	(217,800)
Implicit rate subsidy fulfilled	(68,761)	(74,262)	(73,458)
Administrative expense	(294)	-	(2,741)
<b>Net change in plan fiduciary net position</b>	<b>706,639</b>	<b>158,233</b>	<b>461,316</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>706,639</b>	<b>864,872</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>706,639</b>	<b>864,872</b>	<b>1,326,188</b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b>\$4,310,012</b>	<b>\$4,494,027</b>	<b>\$3,134,046</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>14.09%</b>	<b>16.14%</b>	<b>29.73%</b>
<b>Covered payroll</b>	<b>\$1,933,573</b>	<b>\$1,991,580</b>	<b>\$1,636,626</b>
<b>District's total OPEB liability as a percentage of covered payroll</b>	<b>259.45%</b>	<b>269.08%</b>	<b>191.49%</b>

\* 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**

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Actuarially determined contribution	\$411,241	\$401,663	\$441,931
Contributions in relation to the actuarially determined contribution	<u>956,613</u>	<u>456,744</u>	<u>680,187</u>
Contribution deficiency (excess)	<u>(\$545,372)</u>	<u>(\$55,081)</u>	<u>(\$238,256)</u>
Covered payroll	\$1,991,580	\$2,046,348	\$1,636,626
Contributions as a percentage of covered payroll	48.03%	22.32%	41.56%

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, 2019 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 06/30/19.

**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
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	5.61%
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	2019
Annual money-weighted rate of return, net of investment expense	4.00%	0.28%	7.10%

\* June 20, 2017 was the first year of implementation

# **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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	<b><u>Page No.</u></b>
<b>Financial Trends</b>	57-59
These schedules contain information to help the reader understand how the District’s Financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	60-66
These schedules contain information to help the reader assess the District’s most significant own-source revenue, sewer service charges.	
<b>Debt Capacity</b>	67-68
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.	
<b>Demographic Information</b>	69
This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	
<b>Operating Information</b>	70-71
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.	

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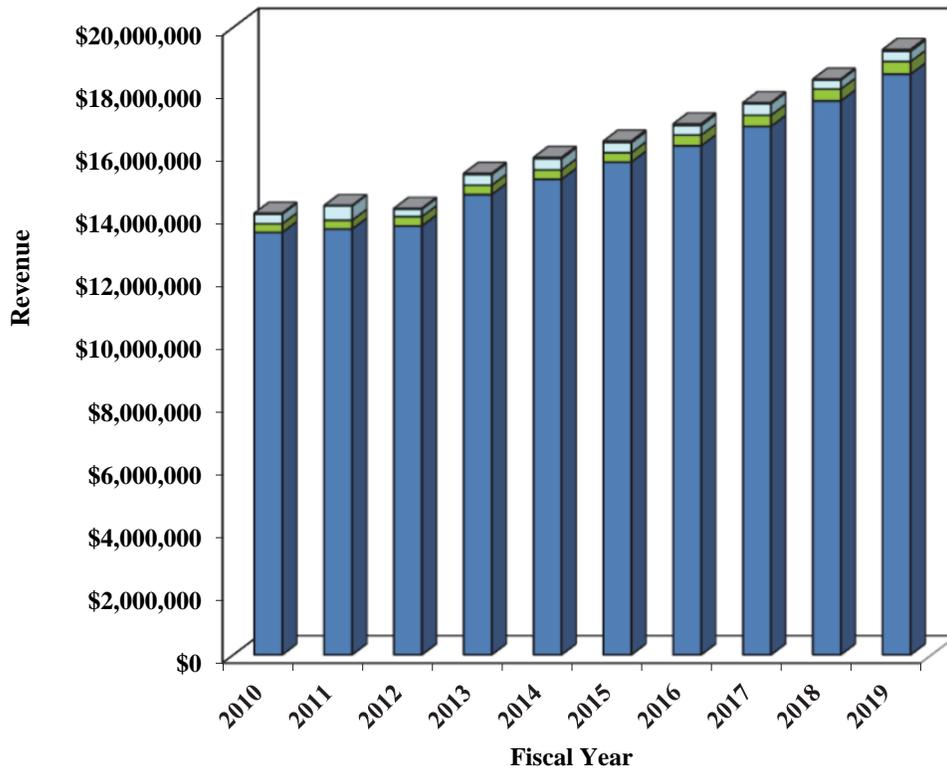
**Novato Sanitary District**  
**Changes in Net Position and Net Position by Component**  
 Last Ten Fiscal Years  
 Schedule 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
				<b>Restated</b>						
<b>Changes in net position:</b>										
Operating revenues (see Schedule 2)	\$ 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	19,291,206
Operating expenses (see Schedule 3)	(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)	(8,457,722)
Depreciation and amortization	(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)	(5,917,189)
<b>Operating income(loss)</b>	<b>2,128,372</b>	<b>3,545,848</b>	<b>1,219,883</b>	<b>2,635,418</b>	<b>2,434,093</b>	<b>3,276,563</b>	<b>2,865,240</b>	<b>2,678,018</b>	<b>3,419,795</b>	<b>4,916,295</b>
<b>Non-operating revenues(expenses)</b>										
Property taxes	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	2,502,875
Interest	196,303	30,387	37,129	67,050	45,673	43,117	71,592	136,595	312,886	629,461
Interest expense	(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)	(1,907,209)
Franchise fees/Rental Income	45,000	95,000	26,099	113,416	127,708	142,597	152,589	146,924	132,090	85,854
Deferred Charges Amortization	(18,689)	(16,744)	(10,564)	-	-	-	-	-	-	-
Gain/(Loss) on sale/disposition of assets	(909,553)	(6,634,450)	(367,095)	2,529	(3,502,140)	13,364	-	1,627	(34,250)	(40,576)
Other revenue/(expense), net	(17,644)	42,623	229,306	(339,663)	(270,260)	(135,556)	(82,683)	40,461	(211,515)	(233,047)
<b>Total non-operating revenues(expenses), net</b>	<b>(50,414)</b>	<b>(4,918,763)</b>	<b>(958,982)</b>	<b>(1,072,984)</b>	<b>(4,336,005)</b>	<b>(504,427)</b>	<b>(153,780)</b>	<b>292,961</b>	<b>380,935</b>	<b>1,037,358</b>
<b>Net income before capital contributions</b>	<b>2,077,958</b>	<b>(1,372,915)</b>	<b>260,901</b>	<b>1,562,434</b>	<b>(1,901,912)</b>	<b>2,772,136</b>	<b>2,711,460</b>	<b>2,970,979</b>	<b>3,800,730</b>	<b>5,953,653</b>
Connection Fees	1,277,790	174,631	880,541	146,949	343,773	291,565	223,240	227,567	234,495	319,240
Capital contributions	446,867	101,818	5,732	-	202,530	250,725	13,400	200	133,035	98,354
Capital Grant	-	221,689	1,433,561	-	16,250	-	-	51,069	257,183	150,149
Prior Year restatement(GASB 65)	-	-	(64,004)	-	-	-	-	-	-	-
<b>Changes in net position</b>	<b>\$ 3,802,615</b>	<b>(874,777)</b>	<b>2,516,731</b>	<b>1,709,383</b>	<b>(1,339,359)</b>	<b>3,314,426</b>	<b>2,948,100</b>	<b>3,249,815</b>	<b>4,425,443</b>	<b>6,521,396</b>
<b>Net position by component:</b>										
Prior Year adjustment	-	-	(64,004)	(6,774,168)	-	(4,299,128)	-	-	(3,189,801)	-
Net Investment in capital assets	102,065,015	106,497,126	105,262,788	104,411,068	94,531,379	94,572,835	96,235,212	96,965,159	97,939,722	100,177,367
Restricted	-	-	-	-	-	-	-	-	745,826	1,311,222
Unrestricted	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	18,065,769
<b>Total net position</b>	<b>\$ 111,346,297</b>	<b>110,471,520</b>	<b>112,988,251</b>	<b>107,923,466</b>	<b>106,584,107</b>	<b>105,599,405</b>	<b>108,547,505</b>	<b>111,797,320</b>	<b>113,032,962</b>	<b>119,554,358</b>

Source: Novato Sanitary District Accounting Department

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

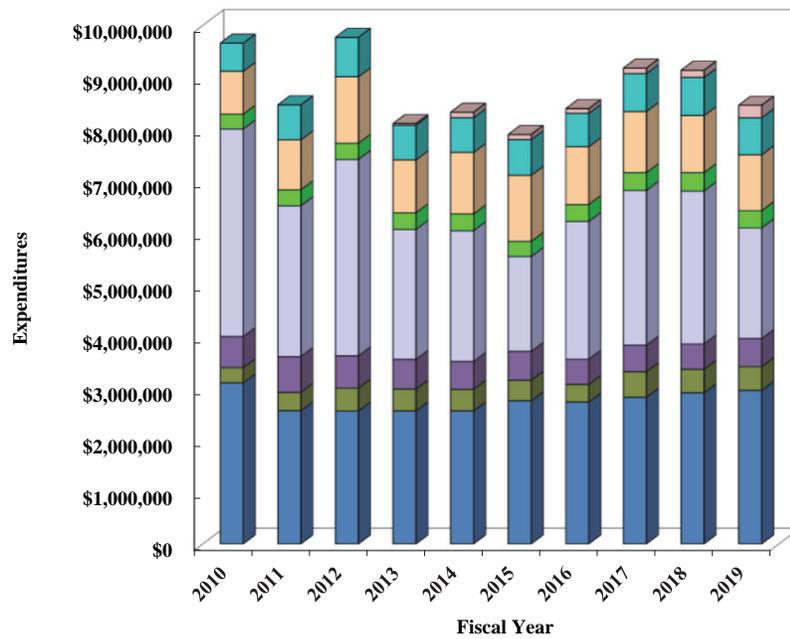
Fiscal Year	Wastewater Service Charges	Permits, Inspections and Other Fees	AB 939 Solid Waste Program	Other Operating Revenue	Total Operating Revenue
2010	\$13,462,437	\$23,163	\$277,299	\$308,817	\$14,071,716
2011	13,570,839	9,532	280,493	455,577	14,316,441
2012	13,671,131	21,441	297,586	235,204	14,225,362
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
2019	18,509,333	55,607	400,772	325,495	19,291,206



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
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
2019	1,077,449	2,957,149	458,191	543,373	715,265	241,382	332,294	2,132,619	8,457,722



**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
2010	\$9,432,410,765	
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	12,417,349,541	10.27%
2019	12,924,772,155	9.08%

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	
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	2,360,251	5,987	2,354,264	2,360,251	5,987	2,354,264	99.75%
2019	2,502,875	1,538	2,501,337	2,502,875	1,538	2,501,337	99.94%

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

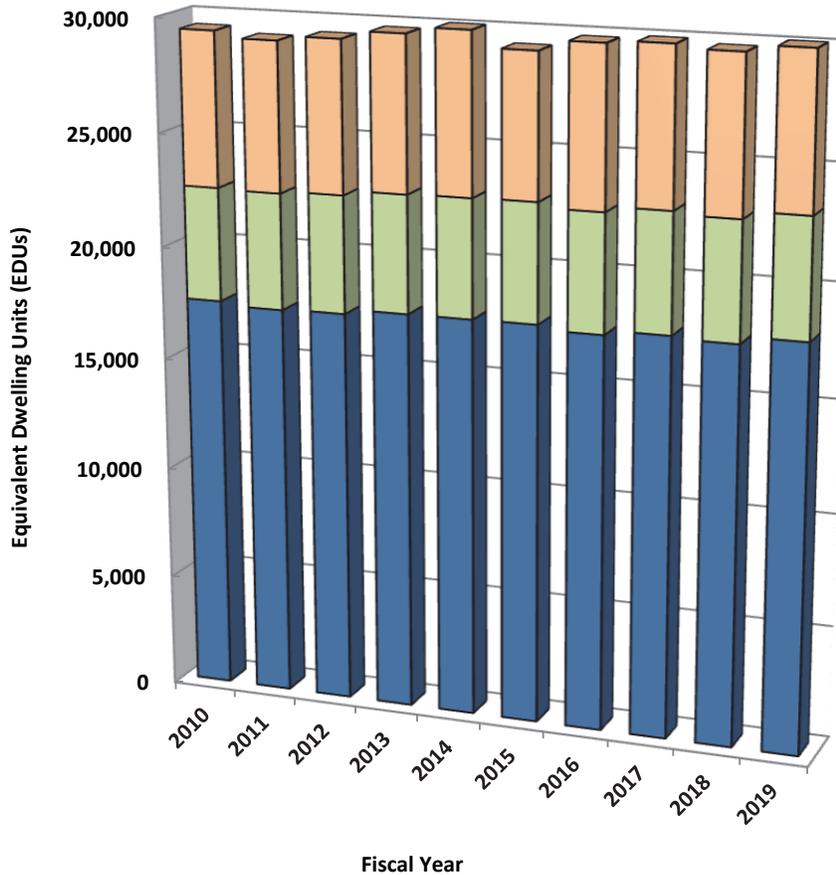
**Novato Sanitary District  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Schedule 6**

<b>Fiscal Year</b>	<b>Current Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes</b>	<b>Prior Year Tax Collections,</b>	<b>Percent of Current Taxes</b>	<b>Net Collections</b>
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	2,354,264	2,354,264	100.0%	5,987	0.3%	2,360,251
2019	2,501,337	2,501,337	100.0%	1,538	0.1%	2,502,875

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<sup>(1)</sup>**  
**Last Ten Fiscal Years<sup>(2)</sup>**  
**Schedule 7**

Fiscal Year	Single Family Residential	Multi family Residential (3)	Commercial	Total
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	17,761.00	5,252.00	6,865.00	29,878.00
2018	17,656.80	5,219.00	6,824.43	29,700.23
2019	17,992.80	5,231.00	7,019.30	30,243.10



**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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Rate per EDU per year (1)	\$ 462	\$ 462	\$ 462	\$ 493	\$ 512	\$ 531	\$ 552	\$ 573	\$ 594	\$ 615
Rate per EDU per month	\$ 38.50	\$38.50	\$ 38.50	\$ 41.08	\$ 42.67	\$ 44.25	\$ 46.00	\$ 47.75	\$ 49.50	\$ 51.25
<b>EDUs (2)</b>	<b>EDU Factors</b>									
Single Family	1									
Apartments, Condominiums, Duplexes & Townhouse	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									
<b>Non Residential (2)</b>	<i>Charge per *HCF water</i>									
Base Charge/ Unspecified	\$ 0.26		\$ 3.34							
Office	\$ 0.26		\$ 3.34							
Retail	\$ 0.26		\$ 3.34							
Public office	\$ 0.26		\$ 3.34							
School classrooms/administration	\$ 0.26		\$ 3.34							
Churches	\$ 0.26		\$ 3.34							
Meeting halls with kitchens	\$ 0.26		\$ 4.68							
Auto service stations	\$ 0.26		\$ 3.34							
Supermarkets	\$ 0.26		\$ 3.34							
Auditoriums theaters	\$ 0.26		\$ 3.34							
Gymnasiums w/showers	\$ 0.26		\$ 3.34							
Hotels/motels	\$ 0.26		\$ 3.34							
Mortuary	\$ 0.26		\$ 7.26							
Medical offices	\$ 0.33		\$ 3.34							
Veterinary offices	\$ 0.33		\$ 3.34							
Dental offices	\$ 0.33		\$ 3.34							
Hospitals	\$ 0.33		\$ 3.34							
Cafeteria/dining area	\$ 0.51		\$ 7.26							
Restaurants/cafes	\$ 0.51		\$ 7.26							
Bakeries	\$ 0.51		\$ 7.26							
Ice Cream/yogurt shops	\$ 0.51		\$ 7.26							
Delicatessens	\$ 0.51		\$ 7.26							
Laundry and Laundromats	\$ 0.77		\$ 4.68							
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, 2018

Source: Novato Sanitary District Technical Services Department

\*HCF= Hundred Cubic Feet

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

<b>Customer</b>	<b>2019</b>		<b>2010</b>	
	<b>EDU's</b>	<b>Percentage of Total</b>	<b>EDU's</b>	<b>Percentage of Total</b>
BioMarin Pharmaceutical	441.76	1.46%	235.50	0.80%
Novato Unified School District	431.47	1.43%	418.05	1.42%
Fireman's Fund	366.49	1.21%	356.34	1.21%
Vintage Oaks Shopping Center (not including Costco or Target)	241.96	0.80%	259.04	0.88%
Hamilton Hangars (3-10)	174.05	0.58%	208.69	0.71%
Sutter Health	159.98	0.53%	55.50	0.19%
Nave Merchant Assoc	129.19	0.43%	108.55	0.37%
Buck Institute	116.51	0.39%	60.33	0.21%
City Of Novato	96.75	0.32%	70.14	0.24%
Marin Community College District	95.30	0.32%	76.46	0.26%
<b>Total EDUs: Principal customers</b>	<b>2,253.46</b>	<b>7.46%</b>	<b>1,848.60</b>	<b>6.28%</b>
<b>Total Equivalent Dwelling Units (EDUs)</b>	<b>30,243.10</b>	<b>100.00%</b>	<b>29,397.37</b>	<b>100.00%</b>

Source: Novato Sanitary District Technical Services Department

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

Fiscal Year	Net Revenues	Operating Expenses <sup>(1),(3)</sup>	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2010	\$16,957,839	(\$9,654,452)	\$7,303,387	\$24,773,024	\$1,211,880	\$25,984,904	0.281
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	20,493,547	(9,173,987)	11,319,560	4,673,762	2,325,634	6,999,396	1.617
2018	21,529,150	(9,131,926)	12,397,224	4,804,212	2,178,527	6,982,739	1.775
2019	22,803,516	(8,457,722)	14,345,794	4,741,834	1,907,209	6,649,043	2.158

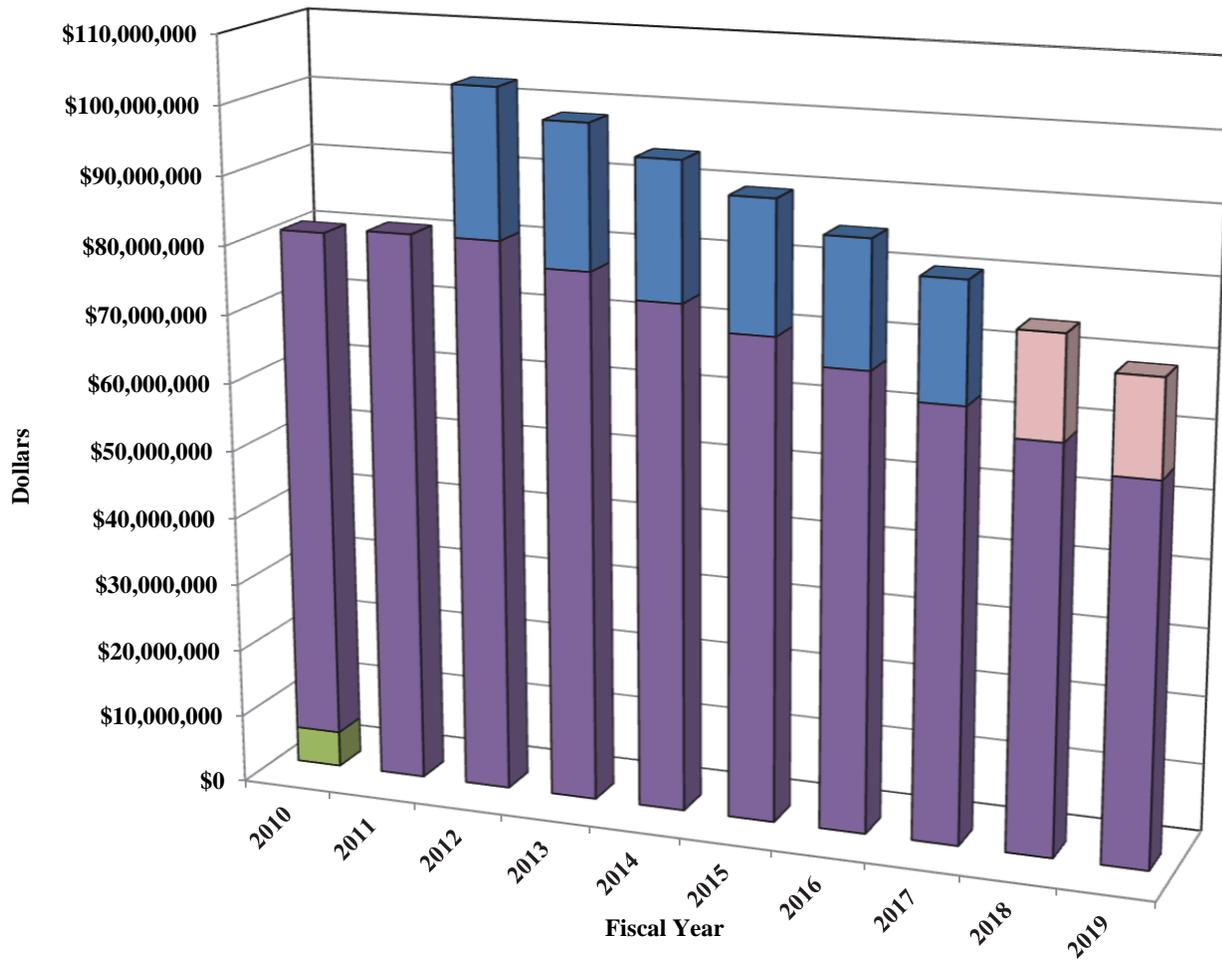
**Notes:**

- (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**

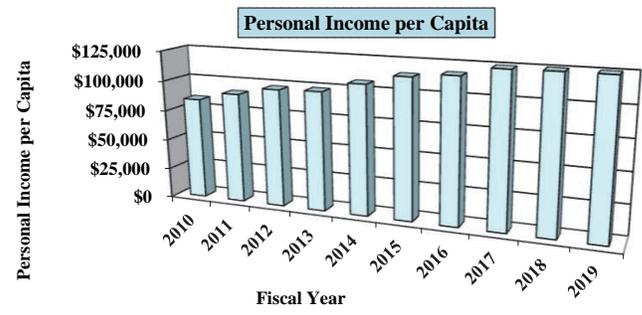
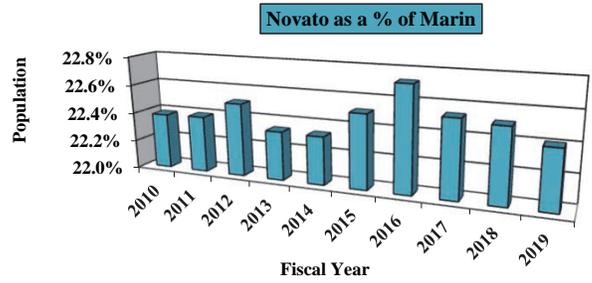
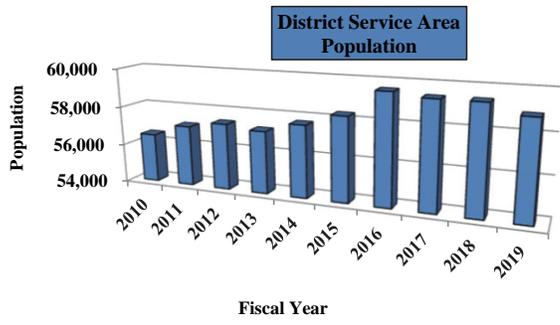
Fiscal Year	Credit Line	SRF Loan Payable	Certificates of Participation Bond Payable	Wastewater Revenue Bond Payable	Total		
					Debt	Per Capita	As a Share of Personal Income
2010	\$5,233,207	\$75,348,207			\$80,581,414	\$1,426.22	1.70%
2011	-	81,329,083			81,329,083	1,424.33	1.57%
2012	-	81,307,947	\$21,750,000		103,057,947	1,795.43	1.85%
2013	-	77,878,980	20,950,000		98,828,980	1,727.78	1.76%
2014	-	74,366,047	20,120,000		94,486,047	1,637.54	1.54%
2015	-	70,771,876	19,265,000		90,036,876	1,544.37	1.45%
2016	-	67,091,444	18,380,000		85,471,444	1,434.08	1.25%
2017	-	63,322,683	17,475,000		80,797,683	1,360.23	1.16%
2018	-	59,463,471	-	\$15,054,938	74,518,409	1,254.52	1.01%
2019	-	55,511,638	-	14,138,404	69,650,042	1,182.51	0.86%



Source: Novato Sanitary District Accounting Department

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

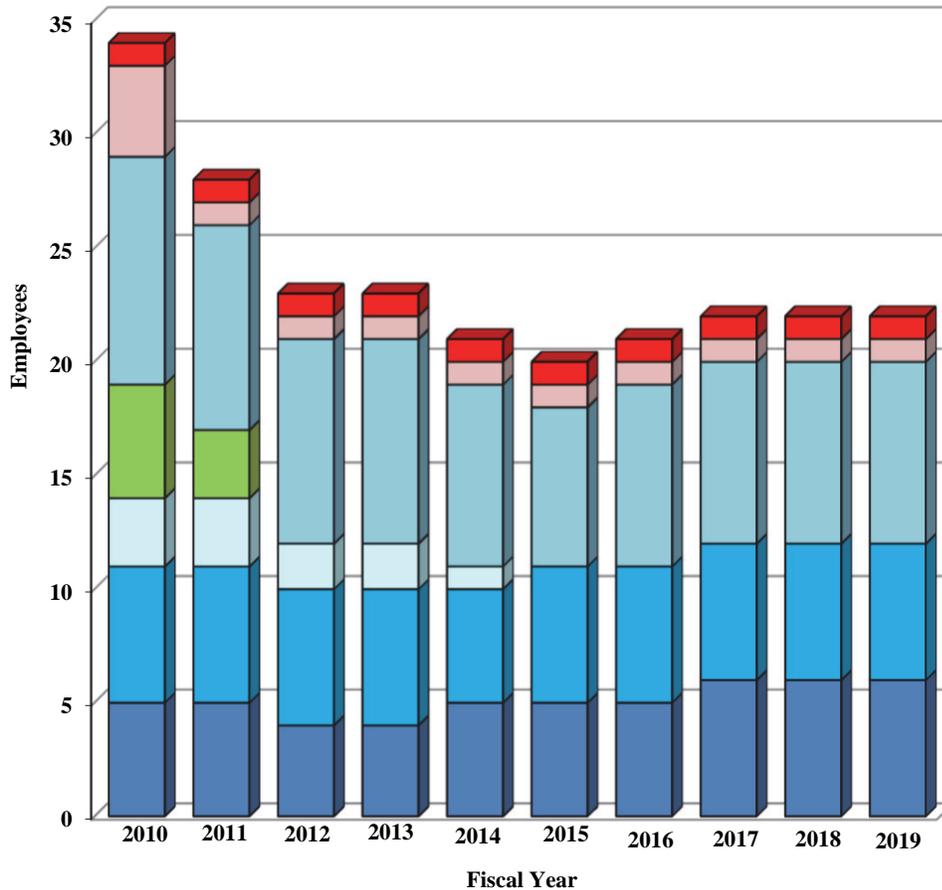
Year	District Service Area Population (1)	Novato as a % of Marin	County of Marin <sup>(2)</sup>			
			Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2010	56,500	22.4%	9.8%	252,409	\$21,202,861	\$84,002
2011	57,100	22.4%	9.5%	255,015	23,196,929	90,963
2012	57,400	22.5%	7.9%	255,031	24,807,885	97,274
2013	57,200	22.3%	6.0%	256,069	25,146,744	98,203
2014	57,700	22.3%	4.8%	258,365	27,528,274	106,548
2015	58,300	22.5%	3.9%	258,972	29,640,640	114,455
2016	59,600	22.7%	4.3%	262,274	30,830,833	117,552
2017	59,400	22.5%	3.0%	263,604	32,832,405	124,552
2018	59,400	22.5%	2.5%	263,886	34,510,906	130,780
2019	58,900	22.4%	2.4%	262,879	36,098,171	137,319



**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, Federal Reserve Economic Data(FRED) <http://fred.stlouisfed.org> and Bureau of Labor Statistics

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

Employees										
Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Administration</b>	5	5	4	4	5	5	5	6	6	6
<b>Engineering</b>	6	6	6	6	5	6	6	6	6	6
<b>Lab Services</b>	3	3	2	2	1	0	0	0	0	0
<b>Operations</b>	5	3	0	0	0	0	0	0	0	0
<b>Collections</b>	10	9	9	9	8	7	8	8	8	8
<b>Maintenance</b>	4	1	1	1	1	1	1	1	1	1
<b>Safety</b>	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>34</b>	<b>28</b>	<b>23</b>	<b>23</b>	<b>21</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>22</b>



**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**

<b>Fiscal Year</b>	<b>Miles of Pipe Lines (2)</b>	<b>Number of Pump Stations</b>	<b>Annual Average Flow (1)</b>	<b>Permitted Capacity(MGD)</b>	<b>Total Annual Treatment (MG) (1)</b>
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
2019	264	42	5.52	7.00	1,998

**Notes:**

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, 2019**

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

**For the Year Ended June 30, 2019**

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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), California, as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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  
December 9, 2019

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**NOVATO SANITARY DISTRICT  
MEMORANDUM ON INTERNAL CONTROL  
SCHEDULE OF OTHER MATTERS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE**

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

**EFFECTIVE FISCAL YEAR 2019/20:**

**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.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

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

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

**NOVATO SANITARY DISTRICT  
MEMORANDUM ON INTERNAL CONTROL  
SCHEDULE OF OTHER MATTERS  
FOR THE YEAR ENDED JUNE 30, 2019**

**GASB 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61***

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

**NOVATO SANITARY DISTRICT  
MEMORANDUM ON INTERNAL CONTROL  
SCHEDULE OF OTHER MATTERS  
FOR THE YEAR ENDED JUNE 30, 2019**

**EFFECTIVE FISCAL YEAR 2020/21:**

**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.

**NOVATO SANITARY DISTRICT  
MEMORANDUM ON INTERNAL CONTROL  
SCHEDULE OF OTHER MATTERS  
FOR THE YEAR ENDED JUNE 30, 2019**

**EFFECTIVE FISCAL YEAR 2021/22:**

**GASB 91 - Conduit Debt Obligations**

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
  - (1) an issuer
  - (2) a third-party obligor, and
  - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

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

**NOVATO SANITARY DISTRICT  
MEMORANDUM ON INTERNAL CONTROL  
SCHEDULE OF OTHER MATTERS  
FOR THE YEAR ENDED JUNE 30, 2019**

**GASB 91 - Conduit Debt Obligations (Continued)**

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

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

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## 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), California, for the year ended June 30, 2019. 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 83 - *Certain Asset Retirement Obligations***

#### **GASB 88 – *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placement***

#### *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 Liabilities and OPEB-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net OPEB liability is disclosed in Note 7 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 II 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 December 9, 2019.

***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  
December 9, 2019

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## NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> Finance Committee: Fiscal Year (FY) 2019-20 Annual Budget - Budget Amendment Request.	<b>MEETING DATE:</b> December 9, 2019  <b>AGENDA ITEM NO.:</b> 7.e.
<b>RECOMMENDED ACTION:</b> Receive Finance Committee recommendation and authorize a budget amendment to increase the Fiscal Year (FY) 19-20 budget for “Capital Improvements Cost Centers - 72000 and 73000”, Section IV (“Capital Improvement Budget - CIP Expenditures”) of the Final Budget for Fiscal Year 2019-20 from \$12,229,956 to \$12,729,956 with the transfer of \$500,000 from the unencumbered available cash balance in the Capital Fund.	
<b>SUMMARY AND DISCUSSION:</b>  <p>At the November 18, 2019 Board meeting, staff provided a debriefing presentation on the recent Public Safety Power Shutdown (PSPS) events by Pacific Gas &amp; Electric Co. (PG&amp;E). As discussed in the presentation, the PSPS events have highlighted the need for several short and long term projects to assure long term resiliency of District operations, including the following four major capital projects that should be implemented as soon as possible:</p> <ol style="list-style-type: none"> <li>1. Replacement of the Rowland Plaza Pump Station (RPPS),</li> <li>2. Replacement of the Marin Village Pump Station (MVPS),</li> <li>3. Generator replacement and switchgear upgrades, Ignacio Transfer Pump Station (ITPS), and</li> <li>4. Generator replacement and switchgear upgrades, Olive Street Pump Station (OSPS).</li> </ol> <p>All of these projects have been planned for implementation in future fiscal years. For instance, the MVPS replacement design was scheduled for FY 20-21, with construction in FY 21-22. Similarly, the RPPS was initially scheduled for replacement in FY 10-11, with design completed, and construction bids received. However, the project was not awarded to accommodate potential development plans in the RPPS sewershed by the City of Novato that have not fully materialized as of date. At this time, staff is of the opinion that the District should implement these replacement projects as soon as possible.</p> <p>At its December 2, 2019 meeting, the Finance Committee (Committee) reviewed the attached draft amended FY 19-20 budget for “Capital Improvements Cost Centers - 72000 and 73000” and the Accounts therein. Upon review, the Committee recommends adoption of the proposed budget amendment by the full Board. If approved, the budget amendment will be incorporated into the District’s budget document for the FY 20-21 year as part of the “truing-up” of actual-to-budgeted expenditures for FY 19-20.</p>	
<b>ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. Draft amended FY 19-20 budget table for “Capital Improvements Cost Centers - 72000 and 73000” and Accounts therein (draft amended table of page 16 of “Final Budget for Fiscal Year 2019-20”).</li> </ol>	
<b>BUDGET INFORMATION:</b> The proposed budget amendment amount of \$500,000 can be funded from the projected unencumbered available cash balance of approximately \$4 million (as of July 1, 2020) in the Capital Fund.	
<b>STRATEGIC PLAN INFORMATION:</b> 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).	
<b>DEPT. MGR.:</b> lmc, eb	<b>GENERAL MANAGER:</b> SSK

**Novato Sanitary District  
2019-21 Final Budget (with Proposed Amendments<sup>(1)</sup>)  
Capital Improvement Budget - CIP Expenditures**

					Proposed <sup>(1)</sup>		Proposed <sup>(1)</sup>
					Amended		Amended
Capital Improvements	Adopted	Adopted	Actual	Final	Final	Preliminary	Preliminary
Cost Centers - 72000 & 73000	Budget	Budget	Exp	Budget	Budget	Budget	Budget
	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21
<b>Accounts</b>							
72403 · Pump Station Rehabilitation	150,000	50,000	0	50,000	515,000	250,000	1,000,000
72508 · North Bay Water Reuse Authority (NBWRA)	100,000	80,000	79,266	25,000	25,000	25,000	25,000
72706 · Collection System Improvments	1,700,000	2,450,000	748,013	2,910,000	2,790,000	1,900,000	2,130,000
72706-1 · Lateral Replacement Program	80,000	80,000	34,000	60,000	60,000	60,000	60,000
72707 · Hamilton Wetlands/Outfall Integration	10,000	10,000	863	10,000	10,000	10,000	10,000
72708 · Cogeneration/Alt. Energy	350,000	350,000	27,867	400,000	1,010,000	550,000	3,100,000
72802 · Annual Sewer Adj. for City Proj	40,000	25,000	436	25,000	25,000	30,000	30,000
72803 · Annual Collection Sys Repairs	200,000	225,000	85,714	100,000	100,000	110,000	110,000
72804 · Annual Reclamation Fac Improvements	175,000	175,000	157,792	400,000	200,000	1,030,000	830,000
72805 · Annual Treatment Plant Improvements	300,000	300,000	22,873	300,000	350,000	100,000	400,000
72806 · Annual Pump Station Improvements	100,000	140,000	137,618	175,000	175,000	175,000	175,000
72807 · Annual Ignacio Facility Improvements	50,000	50,000	43,908	50,000	50,000	75,000	75,000
72808 · Strategic Plan Update	20,000	20,000	0	20,000	20,000	20,000	20,000
72809 · Novato Creek Watershed	5,000	5,000	0	5,000	5,000	5,000	5,000
73003 · Admin Building Upgrade/Maint. Building	350,000	350,000	323,628	150,000	150,000	130,000	130,000
73004 · Odor Control and NTP Landscaping	50,000	100,000	82,360	50,000	50,000	52,000	52,000
73005 · RWF Expansion (2)	1,460,000	2,020,000	1,478,479	10,000	(295,000)	0	0
73006 · NTP Corrosion Control	150,000	233,000	0	80,000	55,000	370,000	370,000
73090 · Vehicle Replacement	390,000	140,000	138,319	580,000	605,000	320,000	270,000
<b>Subtotal before Debt Service</b>	<b>5,680,000</b>	<b>6,803,000</b>	<b>3,361,136</b>	<b>5,400,000</b>	<b>5,900,000</b>	<b>5,212,000</b>	<b>8,792,000</b>
78500 · Interest - SRF Loan	1,519,744	1,427,123	1,427,123	1,332,279	1,332,279	1,235,159	1,235,159
78500 · Principal - SRF Loan	3,859,212	3,951,833	3,951,833	4,046,677	4,046,677	4,143,797	4,143,797
78500 · Interest - COP Bond/Rev. Refunding Bond	739,548	670,500	670,500	631,000	631,000	590,000	590,000
78500 · Principal - COP Bond/Rev. Refunding Bond	925,000	790,000	790,000	820,000	820,000	850,000	850,000
<b>Subtotal for Debt Service</b>	<b>7,043,504</b>	<b>6,839,456</b>	<b>6,839,456</b>	<b>6,829,956</b>	<b>6,829,956</b>	<b>6,818,956</b>	<b>6,818,956</b>
<b>Totals</b>	<b>12,723,504</b>	<b>13,642,456</b>	<b>10,200,592</b>	<b>12,229,956</b>	<b>12,729,956</b>	<b>12,030,956</b>	<b>15,610,956</b>

<sup>(1)</sup>Proposed to accomodate Public Safety Power Shutdown (PSPS) and Cogen/Alt Energy related projects.

<sup>(2)</sup>Includes reimbursement from the joint NMWD/NSD Recycled Water Capital Replacement and Expansion Fund.

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: NPDES Permit Renewal Update - Informational Item</b>	<b>MEETING DATE: December 9, 2019</b>  <b>AGENDA ITEM NO.: 8.a.</b>
<b>RECOMMENDED ACTION: Receive report on submittal of Report of Waste Discharge (RoWD) to the San Francisco Regional Water Quality Control Board (SF Water Board), to renew the District’s National Pollutant Discharge Elimination System (NPDES) permit (“discharge permit”) – information only.</b>	
<b>SUMMARY AND DISCUSSION:</b>  <p>At its April 8, 2019 regular meeting, the District’s Board of Directors authorized the General Manager-Chief Engineer to execute an agreement with Woodard &amp; Curran Inc. (W&amp;C) for 2020 National Pollutant Discharge Elimination System (NPDES) permit (“discharge permit”) renewal assistance.</p> <p>District staff worked with W&amp;C to develop the Report of Waste Discharge (RoWD) that serves as the application for renewal for the District’s NPDES discharge permit. Upon attending an initial meeting with San Francisco Bay Regional Water Quality Control Board (SF Water Board) staff in September, and working through a few iterations of a draft document, the RoWD was completed and submitted to the SF Water Board on November 22, 2019.</p> <p>District and W&amp;C staff expect that the 2020 Discharge Permit will remain largely unchanged from the District last (2015) Discharge Permit, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• The District has requested changes to effluent monitoring protocols, particularly that effluent flows be calculated by subtracting reclamation flows and recycled water delivery flows from influent flows. This change will assist the District with reliable and accurate flow reporting.</li> <li>• The District has requested operational changes and proposed year-round discharge to its current designated Discharge Point 001. The proposed changes reflect transitioning to year-round discharge to facilitate wetland restoration projects planned by Marin County, potential flood control projects as part of the Flood Control District’s HWY 37 Adaptation Study, and the Metropolitan Transportation Commission’s SR37 Transportation and Sea Level Rise Corridor Improvement Plan.</li> </ul>	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 1 (Operation Excellence) and Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
<b>DEPT. MGR.: EB</b>	<b>GENERAL MANAGER: SSK</b>

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> Wastewater Operations Report, November 2019.	<b>MEETING DATE:</b> December 9, 2019 <b>AGENDA ITEM NO.:</b> 8.b.
<b>RECOMMENDED ACTIONS:</b> Receive Wastewater Operations Report for November 2019: <ul style="list-style-type: none"><li>• Collection System</li><li>• Treatment Facilities</li><li>• Reclamation Facilities</li></ul>	
<b>SUMMARY AND DISCUSSION:</b> <p>The November 2019 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.</p>	
<b>ATTACHMENTS:</b> 1. Wastewater Operations Reports for the month of November 2019.	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> JO (Veolia), JA, JJB	<b>GENERAL MANAGER:</b> SSK

**Novato Sanitary District  
Wastewater Operations - Collection System Operations Report  
November 2019**

**1.0 General:**

The equivalent of about seven (7) full time employees (FTEs) 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:

- 1.1 FTE field workers for Sewer Maintenance (main line cleaning)
- 2.1 FTE field workers for Pump Station Maintenance
- 0.0 FTE field workers for Closed Circuit Television (CCTV) work
- 0.0 FTE field workers for Underground Service Alert Mark and Locate (USA)
- 1.8 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
- 2.0 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 365 work orders for the month. Collections staff completed 128 work orders, leaving 237 work orders outstanding. The completed work orders resulted in 24,232 feet of sewer pipelines cleaned by staff. The backlog of work orders was due to staff being dedicated to remaining tasks as a result of last month's PSPS event. Staff will work to reduce the backlog over the next few months.



6 inch, dry prime, pump bypass set up at Marin Village Pump Station

Closed Circuit Television (CCTV) Performance:

The District's CCTV equipment was in the field for zero (0) working days and televised a total of 0 feet of sewer main.

CCTV Findings:

- Infrastructure-related: CCTV work did not identify any new structural issues.
- 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 163 lift station inspections this month. Of these, 39 inspections were generated through the District's JobsCal Plus CMMS system. There are 23 outstanding work orders for the month. A Pump Stations' Work Order Statistics summary is attached.

**Novato Sanitary District  
Wastewater Operations - Collection System Operations Report  
November 2019**

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**4.0 Air Relief/Vacuum Valves (ARVs):**

Staff completed maintenance inspections on Fourteen (14) air relief/vacuum valves this month, no issues were identified.

**5.0 Safety and Training:**

General:

Collections staff attended three (3) safety tailgate meetings in November.

Specialized Training:

- Injury and Illness prevention training
- Motor Controls and Electrical Panels Hands-on 2 day Workshop (CWEA)

Safety performance:

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

**6.0 Miscellaneous Projects:**

- Rowland Plaza Damage Assessment

**Public Safety Power Shutdown (PSPS)**

Update: The Collections crew spent a few days in early November stabilizing the two pump stations affected by the PSPS.

At Marin Village P.S., a 6" trash pump was rented and setup to bypass from the wet-well into the force main.

A 100kW generator was sourced and received by NSD. This was then setup at the Marin Village PS and hard wired into the station to temporarily replace the damaged standby generator and power the three, 20hp pumps.

At Rowland Plaza P.S. 4-inch self-priming trash pump was rented and setup to pump from the wet-well to the force main. A SmartCover® monitoring manhole cover was also setup at the influent manhole outside the wet-well. After a few days of troubleshooting, and with help from the rental company, a reliable bypass system with a float control system was in place.



Javier Vega conducting a confined space entry damage assessment of the Rowland Plaza Pump Station.

**7.0 Sanitary Sewer Overflows (SSOs):**

There were no (zero) sanitary sewer overflows in November. The No Spills certification is ID#2559331.

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**Novato Sanitary District**  
**Collection System Monthly Report For November 2019 (as of November 30, 2019)**

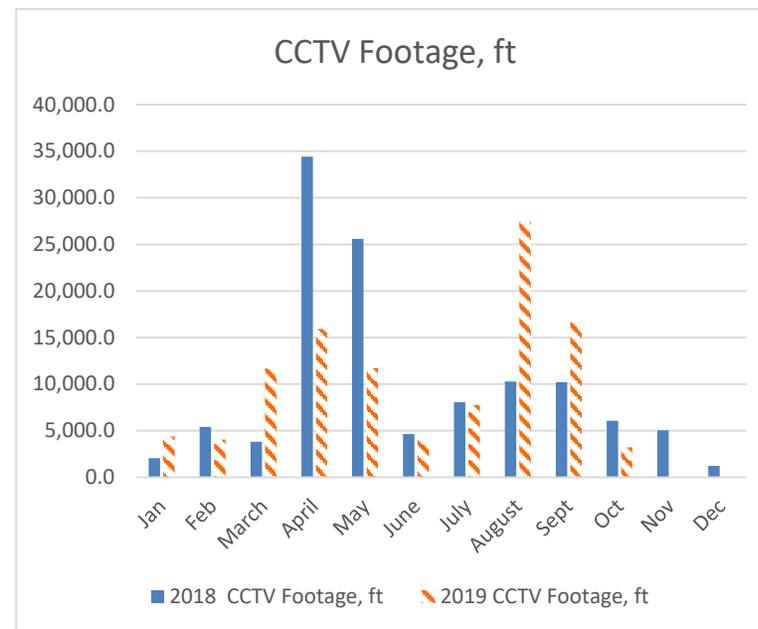
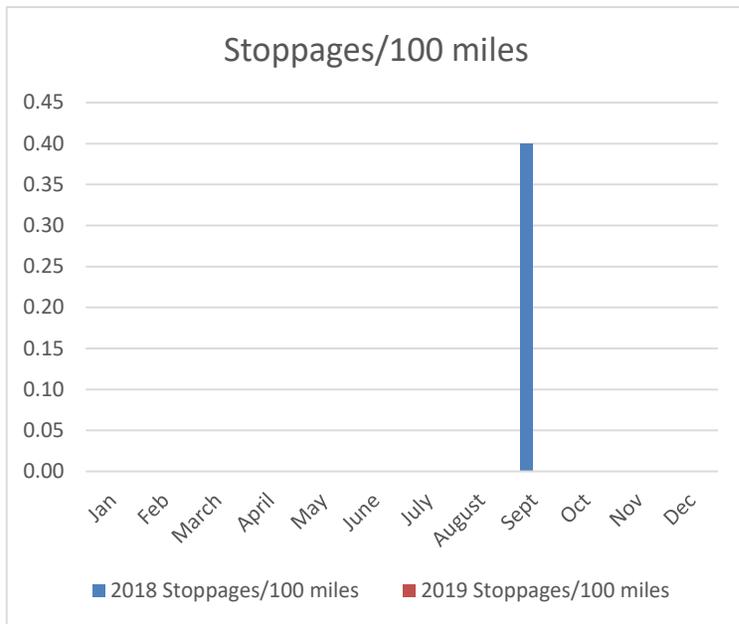
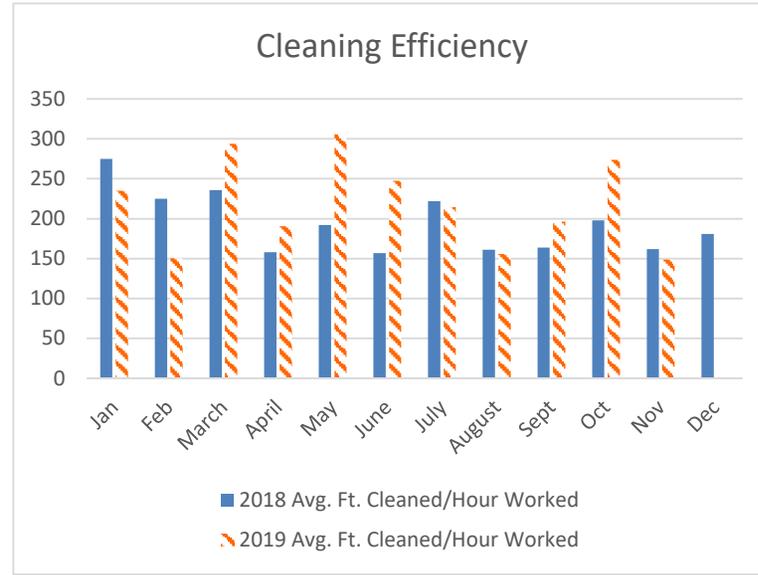
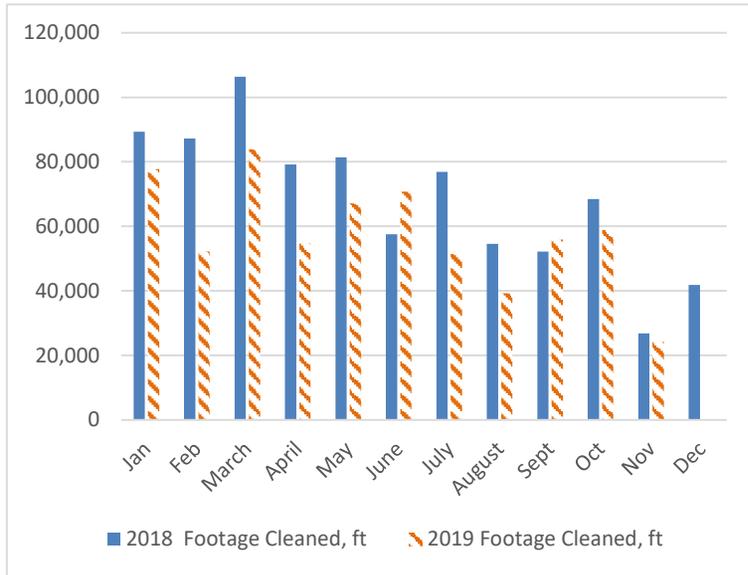
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
<b>A. Employee Hours Worked</b>														
Number of FTEs (main line cleaning)	1.8	2.2	1.7	1.9	1.2	1.8	1.3	1.5	1.7	1.1	1.1	0.0	NA	1.4
Number of FTEs (other)	1.9	2.7	3.0	3.0	3.2	3.4	1.7	2.1	2.1	2.2	1.8	0.0	NA	2.2
Number of FTEs (USAs)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	0.0
Number of FTEs (CCTV)	0.1	0.2	0.2	0.1	0.1	0.1	0.5	1.0	0.7	0.2	0.0	0.0	NA	0.3
Total, FTEs	3.8	5.1	4.9	5.0	4.6	5.3	3.5	4.5	4.5	3.5	2.8	0.0	NA	4.0
Regular Time Worked, (main line cleaning), hrs	331	348	286	288	220	286	240	253	285	215	163	0	2,911	243
Regular Time Worked on Other, hrs <sup>(1)</sup>	355	421	489	458	575	545	311	356	347	410	264	0	4,529	377
Regular Time Worked on USAs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Regular Time Worked on CCTV (2)	22	32	33	21	21	15	98	166	124	30	0	0	559	47
Total Regular time, worked, hrs	707	800	807	766	816	846	648	774	755	655	427	0	7,999	667
Total Vacation/Sick Leave/Holiday, hrs	197	164	175	129	238	79	403	159	194	204	301	0	2,241	187
Vacation/Sick Leave/Holiday, FTEs	1.1	1.0	1.1	0.8	1.3	0.5	2.2	0.9	1.3	1.1	2.0	0.0	13.3	1.1
Overtime Worked on Coll. Sys., hrs	24	42	11	4	4	18	5	8	8	0	0	0	123	10
Overtime Worked on Other, hrs (1)	2	2	0	14	9	4	10	3	11	2	0	0	56	5
Overtime Worked on USAs, hrs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overtime Worked on CCTV <sup>(2)</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Overtime, hrs	26	44	11	18	13	21	15	11	18	2	NA	NA	178	18
<b>B. Productivity</b>														
<b>1. Line Cleaning</b>														
Rodder Work Orders generated	43	33	61	24	23	57	29	59	55	74	33	0	491	41
Rodder 3208 ft. cleaned	1,453	681	5,520	4,872	6,711	9,624	5,408	3,157	4,383	1,028	207	0	43,044	3,587
Rodder - outside services, ft cleaned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Flusher Work Orders generated	338	240	390	366	354	311	347	196	239	243	332	0	3,356	280
Truck 3205V ft. cleaned	0	1,314	352	0	4,154	0	0	1,854	0	0	0	0	7,674	640
Truck 3206V ft. cleaned	14,940	5,330	15,040	13,499	28,015	12,282	5,711	0	2,749	20,920	3,258	0	121,744	10,145
Truck 3209F ft. cleaned	61,343	44,888	62,994	36,430	28,238	48,810	40,305	34,289	48,772	36,903	20,767	0	463,739	38,645
Flusher - outside services, ft. cleaned	0	405	0	0	0	34,577	17,861	0	0	0	0	0	52,843	0
Total Footage cleaned <sup>(3)</sup>	77,736	52,213	83,906	54,801	67,118	70,716	51,424	39,300	55,904	58,851	24,232	NA	636,201	57,836
Work Orders completed	381	306	451	390	377	543	376	255	294	317	128	0	3,818	318
Work Orders backlog	0	0	0	0	0	0	0	0	0	0	237	0	237	79
<b>2. Closed Circuit Television (CCTV)</b>														
Camera Work Orders generated	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CCTV Truck 3126T, ft. videoed	3,405	3,465	7,839	2,345	3,183	2,063	5,760	24,295	14,662	3,227	0	0	70,244	5,854
CCTV (hand cam), ft. videoed	979	596	3,839	13,582	8,529	1,927	1,982	3,156	2,016	0	0	0	36,606	3,051
CCTV Inspection - outside services, ft. videoed	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total CCTV footage <sup>(3)</sup>	4,384	4,061	11,678	15,927	11,712	3,990	7,742	27,451	16,678	3,227	NA	NA	106,850	10,685
<b>C. Sanitary Sewer Overflows (SSOs)</b>														
Minor (Category III)	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	NA
Volume Recovered	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Percent Recovered	NA	NA	NA	NA										
<b>D. Service Calls (non-SSO related)</b>														
Service calls, normal hours, #	7	4	6	2	5	0	5	2	5	5	0	0	41	3
Normal hours S.C. response time, mins (avg.)	26.4	18.25	19.83	10	30	0	12.6	8	24	20	0	0	169	14
Service Callouts, after hours, #	0	0	0	4	0	0	1	0	1	0	0	0	6	1
After Hours S.C. response time, mins (avg.)	NA	NA	NA	33	NA	NA	19	NA	27	NA	NA	NA	79	26
<b>E. Benchmarks</b>														
Average Ft. Cleaned/Hour Worked	235	150	294	191	306	247	215	156	196	274	149	NA	NA	219
Total Stoppages/100 Miles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA
Average spill response time (mins)	0	0	0	NA	NA	NA	0	NA	NA	NA	0	NA	NA	0
Callouts/100 Miles	0.0	0.0	0.0	1.8	0.0	0.0	0.4	0.0	0.4	0.0	0.0	0.0	2.6	0.2
Overtime hours/100 Miles	11	19	5	2	2	8	2	3	3	0	0	0	54.44	5
Overflow Gallons/100 Miles	0	0	0	0	0	0	0	0	0	0	0	0	0	0

<sup>(1)</sup>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.

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

<sup>(3)</sup>Does not include outside services (tracked separately)

# Collection System: 2018 & 2019 Graphs



Novato Sanitary District

Pump Station Monthly Report For November 2019 (as of November 30, 2019)

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
<b>Employee Hours Worked</b>	262	188	203	202	224	236	283	318	288	615	409	0	3,225	
Number of Employees (FTEs)	1.1	0.9	1.1	1.1	1.1	1.2	1.4	1.6	1.4	2.4	2.2	0.0		1.3
Regular Time Worked on Pump Sta	200	149	174	173	199	196	255	274	234	451	329	0	2,633	
Overtime Worked on Pump Sta	62	39	30	29	25	40	28	44	54	164	80	0	592	
After Hours Callouts	0	0	0	0	0	0	0	0	0	0	0	0	0	
Average Callout response time (mins)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Work Orders</b>														
Number generated in month	50	46	42	48	38	38	46	41	50	39	39	0	477	40
Number closed in month	50	46	42	48	38	38	46	41	50	39	38	0	476	40
Backlog	0	0	0	0	0	0	0	0	0	0	1	0	1	0

**PUMP STATIONS  
WORK ORDER STATISTICS  
November 1, 2019-November 30, 2019**

	<b>Open Work Orders Due Prior to 11/1/2019</b>	<b>Open Work Orders 11/1/2019-11/30/2019</b>	<b>Total Open Work Orders</b>
Preventive	0	39	39
Corrective	0	0	0
Total	0	39	39

	<b>Closed Work Orders 11/1/2019 -11/30/2019</b>
Preventive	38
Corrective	0
Total	38

<b>Total Outstanding Work Orders as of 11/30/2019</b>	<b>1</b>
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Item 8.b.  
Operations Report  
(Pages 277 to 311)

December 5, 2019

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

**Subject: Veolia Water Operations Report – November 2019**

Dear Mr. Karkal:

I am pleased to provide the Monthly Operations report for November

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 2019

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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- C: OPERATIONS AND MAINTENANCE STATUS / REVIEW
- D: ENVIRONMENTAL SERVICES ACTIVITIES SUMMARY
- 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 Complaints Received
  - 7) Jerome Meter Readings and Locations
-

**A: TREATMENT PLANT PERFORMANCE SUMMARY – November 2019**

**National Pollution Discharge Elimination System Permit – Table 1.0**

Parameter	Value		Limits	
	Ave	Max		
Flow, MGD (monthly ave/max)	3.71	7.73	N/A	
<b>Influent</b>				
BOD <sub>5</sub> , lb/day (month ave/max)	9,926	13,211	N/A	
TSS, lb/day (monthly ave/max)	9,224	12,623	N/A	
<b>Effluent</b>				
BOD <sub>5</sub> , mg/L (monthly ave/max weekly ave)	<5	<5	15	30
TSS, mg/L (monthly ave/max weekly ave)	<3	4	10	20
BOD <sub>5</sub> - % Removal, Average	98		85 minimum	
TSS - % Removal, Average	99		85 minimum	
Ammonia, mg/L – (monthly ave/daily max)	2	2	5.9	21
pH, su (min / max)	6.9	7.2	6.5	8.5
Enterococcus, MPN/100 ml (30 day geo mean)	3.02		35	
Fecal Coliform, MPN/100 ml (monthly median)	N/A		140	
Fecal Coliform, MPN/100 ml (90 <sup>th</sup> PCTL)	N/A		430	
Total Coliform, MPN/100 ml (5 sample median)	N/A		240	
Total Coliform, MPN/100 ml (monthly maximum)	N/A		10,000	

Peak Rainfall Flow Rate = 9.0 million gallon per day, November 30, 2019, 8:49 pm

Total Rainfall = 1.35 inches

**Title 22 - Recycled Water Production and Quality – Table 2.0**

Description	Units	Value	Limit
Volume Produced	Million Gallons	7.445	N/A
Average Turbidity	NTU	0.6	2.0
Turbidity > 5 NTU (in 24 hour)	Minutes	24	72
Minimum CT (disinfection)	mg-min/L	>450	450 minimum
Minimum Dissolved Oxygen (DO)	mg/L	8.5	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
- Reclaimed (Recycle) Water - None
- Recycled Water Permit – None
- Bay Area Air Quality Management District - None

**B: SAFETY AND TRAINING:**

- Monthly plant safety inspections for Novato Wastewater Treatment Plant and Ignacio Transfer Pump Station completed



- No safety incidents for the month of November 2019
- Monthly Safety Topics Class Room Training: Cold Stress and Winter Safety
- California Water Environment Association - Motor controls and electrical panel hands-on workshop  
– 2 Veolia employees attended

**C: OPERATIONS & MAINTENANCE STATUS / REVIEW:****Key events for the period:****Wastewater Treatment Plant Power Outages**

- On November 27<sup>th</sup> a power outage occurred from approximately 1:00 am to 2:00 am. All four standby generators were online

**Novato Wastewater Treatment Plant**

- Routine rounds, readings and preventative maintenance
- Turblex Blowers Troubleshooting - Calcon Systems verified Howden's (new owner of Turblex) troubleshooting recommendations on November 13<sup>th</sup>. Findings were forwarded to Howden for review and comment
- UV Channel #1 Recoating Project – Redwood Painting Company completed the recoating process on November 15<sup>th</sup>
- James Loven, Veolia Central/West Technical Director conducted a review of the Veolia process control management plan for the Novato plant on November 21<sup>st</sup>. No correction required.
- Battery amperage meter replaced on UV standby generator
- Heating Ventilation and Air Conditioning / Rooftop Fans – semi-annual service performed

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

- Aeration Basin #1 & #3 (standby)
- Primary Clarifier #2 (standby)
- Secondary Clarifier #2 (standby)

**Ignacio Transfer Pump Station**

- Routine rounds, readings and preventative maintenance
- Annual Flygt conveyance pump service performed
- Conveyance Pump #3 – VFD repair performed
- Heating Ventilation and Air Conditioning / Rooftop Fans - semi-annual service performed

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

- None

**Recycled Water Plant (RWP)**

- Routine rounds and maintenance
- RWP shutdown for the season on November 25<sup>th</sup> due to low demand and problems with disinfection during the production of water. Potable water provided at the request of the North Marin Water District on November 25<sup>th</sup> & 30<sup>th</sup>. "Filter Influent Flow" from November 25-30, 2019 includes recirculated water for individual filter cleaning and flushing for seasonal shutdown.

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

- None

**Sludge Lagoons (and Reclamation Area)**

- Conducted routine checks
- Evaluated each of the six inlet valves and six telescoping decanting valves for operation. Refurbished the telescoping valves

**D: ENVIRONMENTAL SERVICES ACTIVITIES SUMMARY****Discharge to San Pablo Bay – November 1 – 30, 2019****Regulatory Programs:****Laboratory Program****Enterococcus**

When effluent is discharged to San Pablo Bay the bacterial requirement includes monitoring for Enterococcus. The recycled water use agreement with the California State Coastal Conservancy requires that Enterococcus data be provided, which continued through November 2019.

**Environmental Laboratory Accreditation Program (ELAP)**

The biannual renewal application was forwarded to ELAP as required. The current certification expires January 31, 2020.

**National Pollutant Discharge Elimination System (NPDES) Permit - Report of Waste Discharge**

Operational data and technical support was provided to Woodward and Curran project staff during October and November 2019 for the Report of Waste Discharge to the San Francisco Regional Water Quality Control Board for the NPDES permit renewal.

**Monitoring Wells**

Sampling of the groundwater monitoring wells was conducted on November 6<sup>th</sup> by Kurt Hawkyard, Veolia Water Laboratory Technician.

**Pretreatment Program****Discharge Permits**

- One new Non-Significant Categorical Industrial User was issued for a Non-Domestic Discharge Permit.

**Inspections and Sampling**

- Inspected one Significant Industrial User.

**Fats, Oils and Grease Program****Compliance Reporting**

- Received support documentation confirming compliance from 2 Food Service Establishments.



**E: ADMINISTRATION:**

- October 2019 Electronic Discharge Monitoring Report (EDMR-US EPA) and October 2019 Self-Monitoring Report (SMR-State of California) submitted on November 26, 2019.

**F: ODORS & LANDSCAPING:**

- Jerome meter (H<sub>2</sub>S) parts per million (ppm) readings performed in adjacent neighborhood
- Values ranged from 0.0000-0.0015 ppm. These readings are within an acceptable range.

**G: MISCELLANEOUS**

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

**Veolia Support Staff On/Off Site (Various Times)**

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

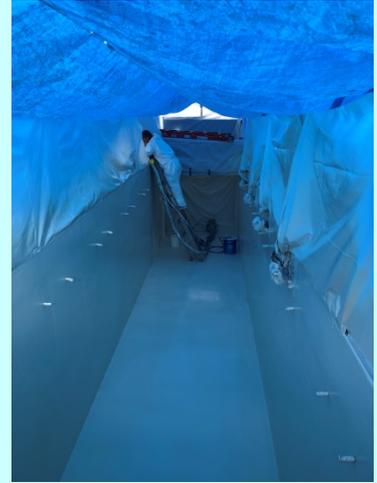
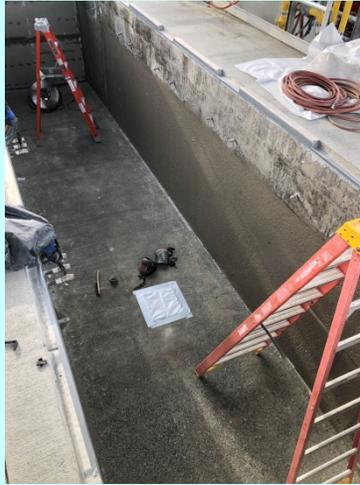
Melissa Sandvold, Veolia West Region VP of Operations

James Loven, Veolia Central/West Technical Director

Joe Hart, Veolia Regional Asset Manager

## ***1) PHOTOS***

PLANT OPERATION AND MAINTENANCE  
NOVEMBER 2019  
UV CHANNEL #1 RECOATING PROJECT



Above left – initial channel cleaning  
Above center – side wall leveling compound  
Above right – recoating process  
Below left – final finish and touchup  
Below right – detail work around the drain valve and inlet gate

## **2) LABORATORY DATA**

Novato Sanitary District  
BOD/TSS Report



November, 2019

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		
11/01/19	3.25										
11/02/19	3.42										
11/03/19	3.46										
11/04/19	3.34										
11/05/19	3.24										
11/06/19	3.39	320	9,047	269	7,605	<5	<137	4	109	98.4	98.5
11/07/19	3.46										
11/08/19	3.39										
11/09/19	3.53										
11/10/19	3.42										
11/11/19	3.53										
11/12/19	3.34	320	8,914	335	9,332	<5	<130	<3	<78	98.4	99.1
11/13/19	3.67					<5	<143	<3	<86		
11/14/19	3.50										
11/15/19	3.39										
11/16/19	3.59										
11/17/19	3.70										
11/18/19	3.38										
11/19/19	3.57										
11/20/19	3.44										
11/21/19	3.41	300	8,532	258	7,337	<5	<142	3	85	98.3	98.8
11/22/19	3.51										
11/23/19	3.52										
11/24/19	3.47										
11/25/19	3.90										
11/26/19	4.40	360	13,211	344	12,623	<5	<183	<3	<110	98.6	99.1
11/27/19	4.65										
11/28/19	4.05										
11/29/19	3.66										
11/30/19	7.73										
<b>Weekly Averages</b>											
11/02/19	Week 1	350	9,983	405	11,552	7	200	6	171		
11/09/19	Week 2	320	9,047	269	7,605	5	137	4	109		
11/16/19	Week 3	320	8,914	335	9,332	5	137	3	82		
11/23/19	Week 4	300	8,532	258	7,337	5	142	3	85		
11/30/19	Week 5	360	13,211	344	12,623	5	183	3	110		
<b>Monthly</b>											
Minimum	3.24	300	8,532	258	7,337	<5	<130	<3	<78	98	99
Maximum	7.73	360	13,211	344	12,623	<5	<183	4	<110	99	99
Total	111.31										
Average	3.71	325	9,926	302	9,224	<5	<147	<3	<94	98	99

Novato Sanitary District  
Conventional Pollutants Report



November, 2019

Date	INFLUENT - A001			Effluent - E002							
	Flow Total	pH	Ammonia	Coliform / Bacteria			pH	Ammonia	Oil & Grease	Temp	Rainfall
				Fecal	Entero	Total					
	MGD	su	mg/L	MPN/100 mL			su	mg/L	mg/L	Deg C	Inches
11/01/19	3.25	7.4					7.0			21.5	0.00
11/02/19	3.42										0.00
11/03/19	3.46										0.00
11/04/19	3.34	7.7					7.0			22.3	0.00
11/05/19	3.24	7.9			6.3		7.0			22.4	0.00
11/06/19	3.39	7.7			6.7		7.0			21.6	0.00
11/07/19	3.46	7.5			6.3		7.0			21.5	0.00
11/08/19	3.39	7.6					6.9			21.3	0.00
11/09/19	3.53										0.00
11/10/19	3.42										0.00
11/11/19	3.53				8.0		7.0			22.2	0.00
11/12/19	3.34	7.7			3.1		7.0			21.7	0.00
11/13/19	3.67	7.5			2.0		7.0	2.00	<1.4	22.1	0.00
11/14/19	3.50	7.4					7.0			21.3	0.01
11/15/19	3.39	7.5					7.0			21.8	0.00
11/16/19	3.59										0.00
11/17/19	3.70										0.00
11/18/19	3.38	7.2			<1.0		7.0			22.5	0.00
11/19/19	3.57	7.3			6.3		7.1			21.3	0.00
11/20/19	3.44	7.7					7.0			21.5	0.00
11/21/19	3.41				5.0		7.2			20.9	0.00
11/22/19	3.51	7.5					7.0			20.9	0.00
11/23/19	3.52										0.00
11/24/19	3.47										0.00
11/25/19	3.90				1.0		7.1			20.2	0.00
11/26/19	4.40	7.5			1.4		7.0			19.7	0.48
11/27/19	4.65	7.4			1.0		6.9			18.8	0.17
11/28/19	4.05						7.0			18.2	0.04
11/29/19	3.66						7.0			19.2	0.02
11/30/19	7.73										0.62
<b>Monthly</b>											
Minimum	3.24	7.2			<1.0		6.9	2.00	<1.4	18.2	0.00
Maximum	7.73	7.9			8.0		7.2	2.00	<1.4	22.5	0.62
Total	111.31										1.34
Average	3.71	7.5					7.0	2.00	<1.4	21.1	0.04
Geomean					3.02						

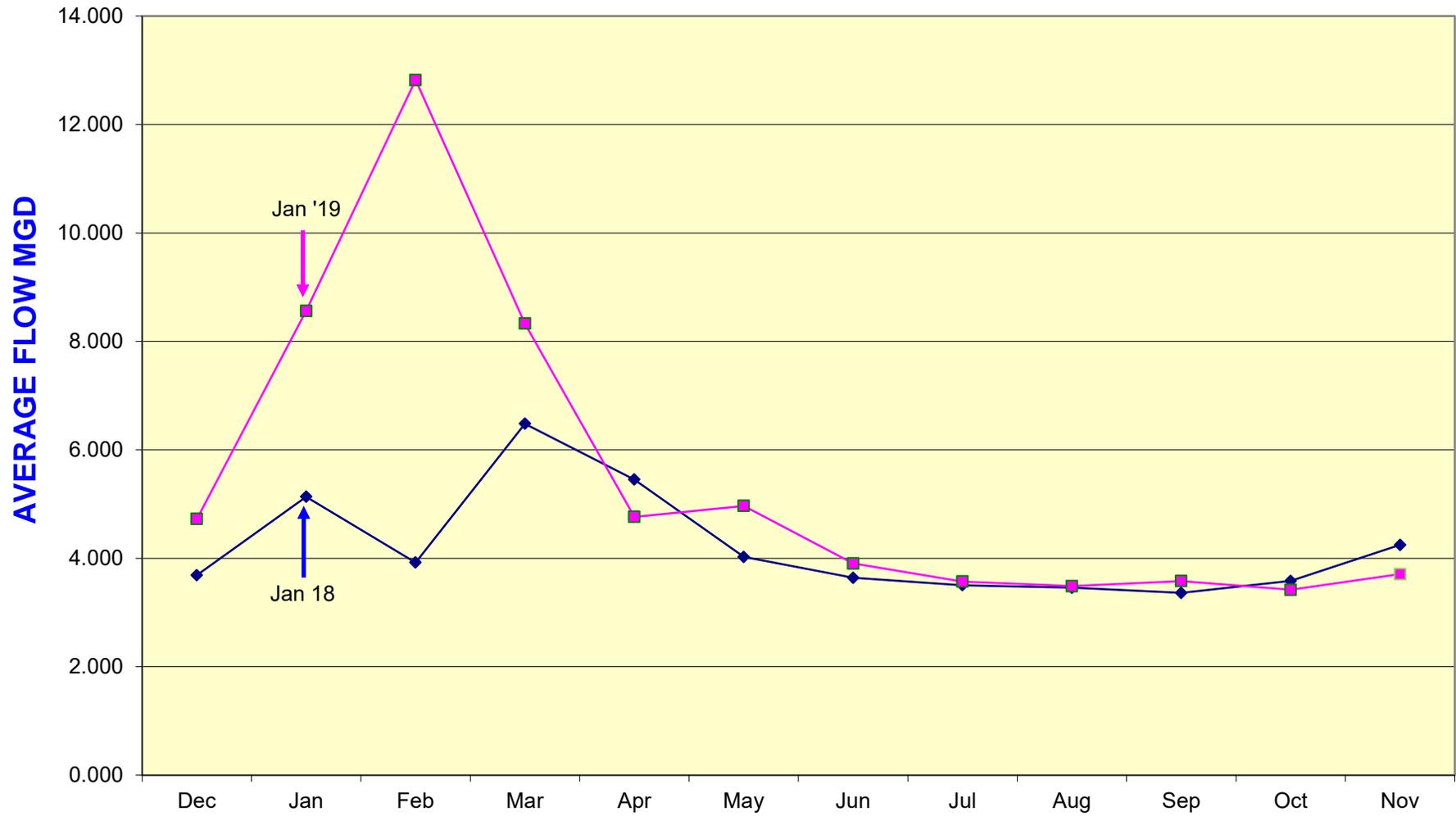
### **3) *RECYCLED WATER REPORT***

NOVATO SANITARY DISTRICT  
RECYCLED WATER  
COMPLIANCE SUMMARY REPORT

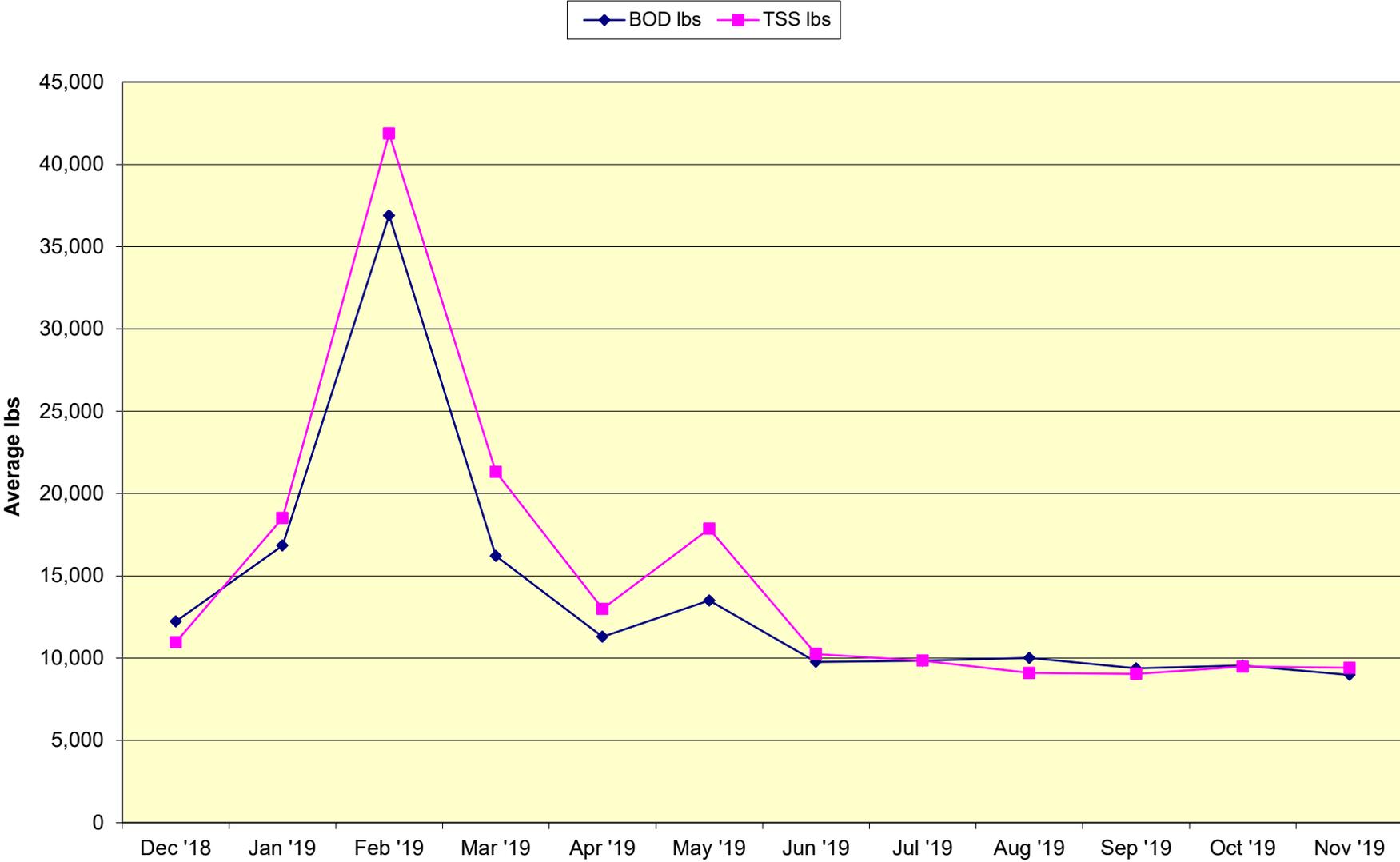
Date	Filter Influent Flow	Recycled Water Flow to Plum St.	Potable Water To Plum St Tank	Recycled Water Influent Turbidity Ave.	Minutes Over 5 NTU Turbidity	Filter Effluent 24 Hr Average Turbidity	Filter Effluent Dissolved Oxygen	Filter Effluent Total Coliform	Disinfection CT Value
	MGD	MGD	MGD	NTU	(m)	NTU	(mg/l)	MPN/100ml	mg-min/l
11/1/2019	0.960	0.972		2.7	2	0.5		<1	>450.000
11/2/2019	0.860	0.401		4.3	0	0.7	8.7	<1	>450.000
11/3/2019	0.810	0.531		2.9	0	1.2	8.5	<1	>450.000
11/4/2019	0.720	0.463		2.5	0	0.8	8.5	<1	>450.000
11/5/2019	0.730	0.316		3.0	0	1.2	8.6	<1	>450.000
11/6/2019	0.750	0.116		3.9	0	0.5		<1	>450.000
11/7/2019	0.930	0.261		2.3	2	0.4		<1	>450.000
11/8/2019	0.970	0.247		2.7	0	0.3		<1	>450.000
11/9/2019	0.860	0.200		2.1	0	0.3		<1	>450.000
11/10/2019	0.740	0.126		2.3	0	0.2	8.7	<1	>450.000
11/11/2019	0.860	0.261		2.4	0	0.2	8.9	<1	>450.000
11/12/2019	0.820	0.212		2.1	0	0.1	8.9	<1	>450.000
11/13/2019	0.830	0.240		2.5	0	0.2		<1	>450.000
11/14/2019	0.800	0.282		3.1	0	0.2		<1	>450.000
11/15/2019	1.040	0.691		1.8	0	0.5		<1	>450.000
11/16/2019	1.250	0.975		1.6	2	1.0		<1	>450.000
11/17/2019	0.740	0.264		1.6	24	1.2		<1	>450.000
11/18/2019	0.730	0.184		2.1	1	0.8	8.7	<1	>450.000
11/19/2019	1.010	0.239		1.3	0	1.0	8.7	<1	>450.000
11/20/2019	0.810	0.162		0.8	0	0.9	8.7	<1	>450.000
11/21/2019	0.740	0.000							
11/22/2019	0.960	0.000							
11/23/2019	1.050	0.000							
11/24/2019	0.780	0.302		0.8	0	0.7	9.0	<1	>450.000
11/25/2019	1.140	0.000	0.349						
11/26/2019	0.810	0.000							
11/27/2019	1.050	0.000							
11/28/2019	1.220	0.000							
11/29/2019	0.890	0.000							
11/30/2019	1.130	0.000	0.215						
Total	26.990	7.445	0.564						
Minimum	0.720	0.000	0.215	0.8	0	0.1	8.5	<1	>450.0
Maximum	1.250	0.975	0.349	4.3	24	1.2	9.0	<1	>450.0
Average	0.900	0.248	0.282	2.3	1	0.6	8.7	<1	>450.0

## ***4) ANNUAL PERFORMANCE SUMMARY – GRAPHS***

## WASTEWATER INFLUENT FLOW COMPARISON

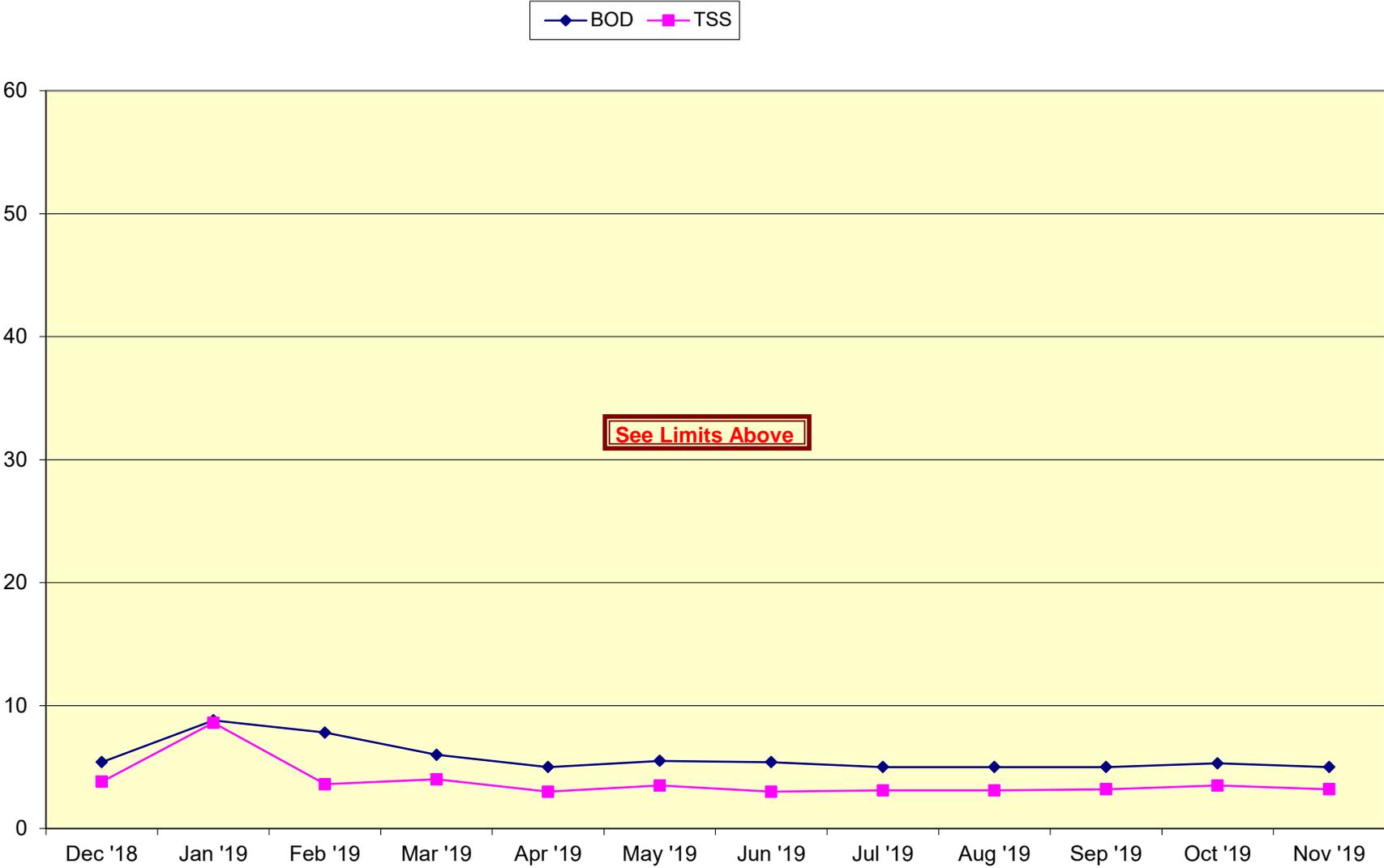


### Influent Load BOD / TSS lbs



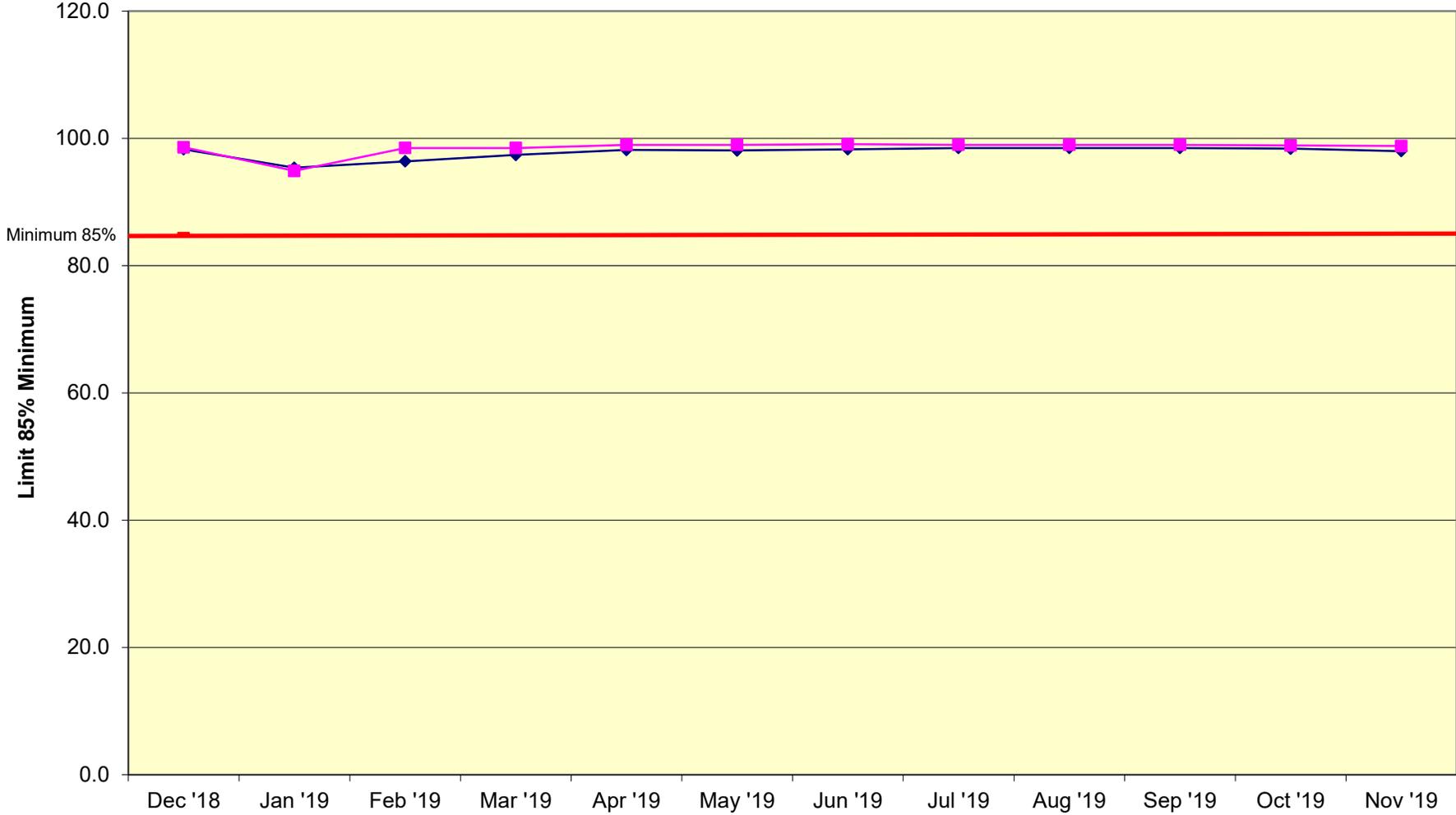
# Effluent BOD / TSS Concentration

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

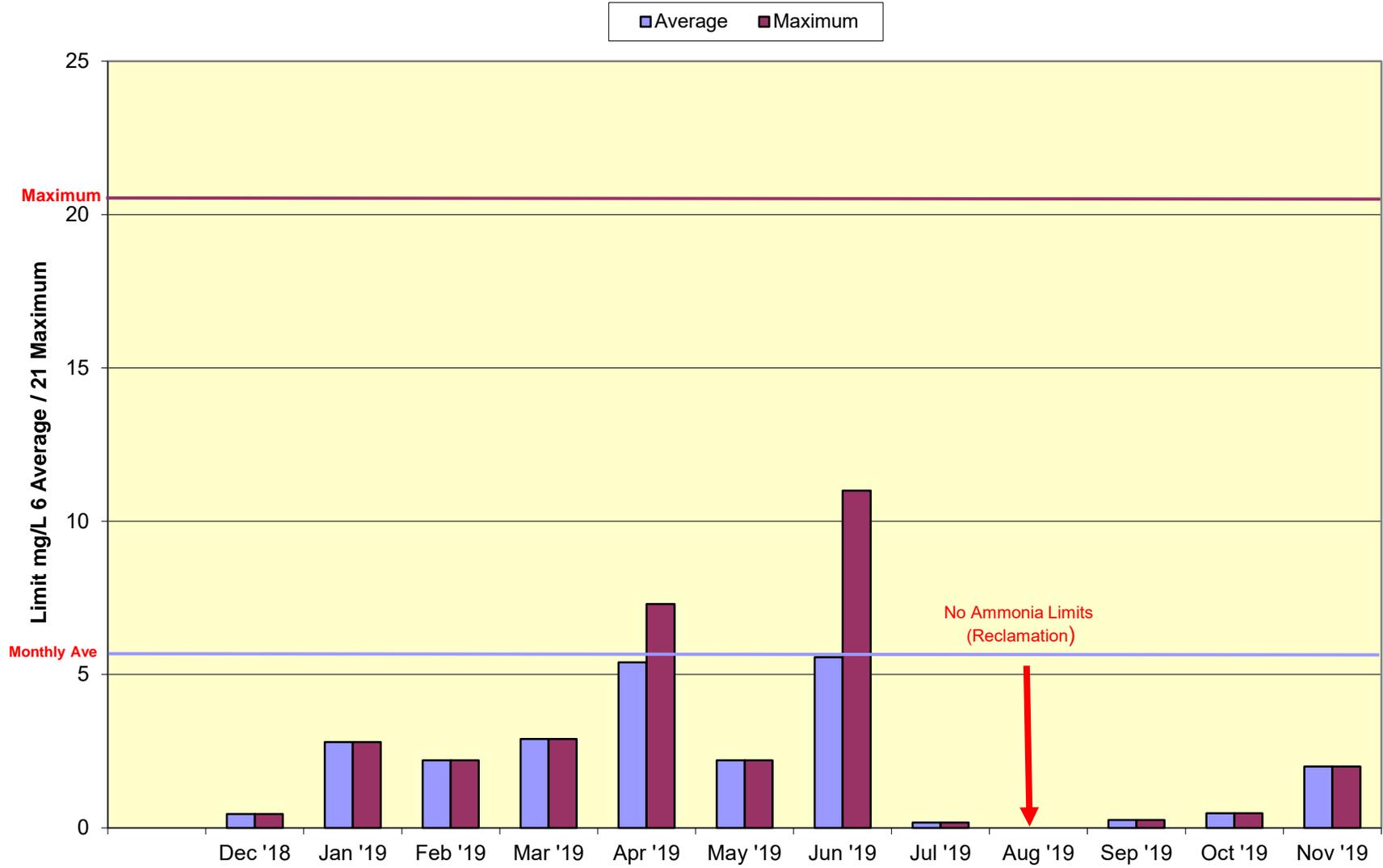


### BOD / TSS Percent Removal

◆ BOD    ■ TSS

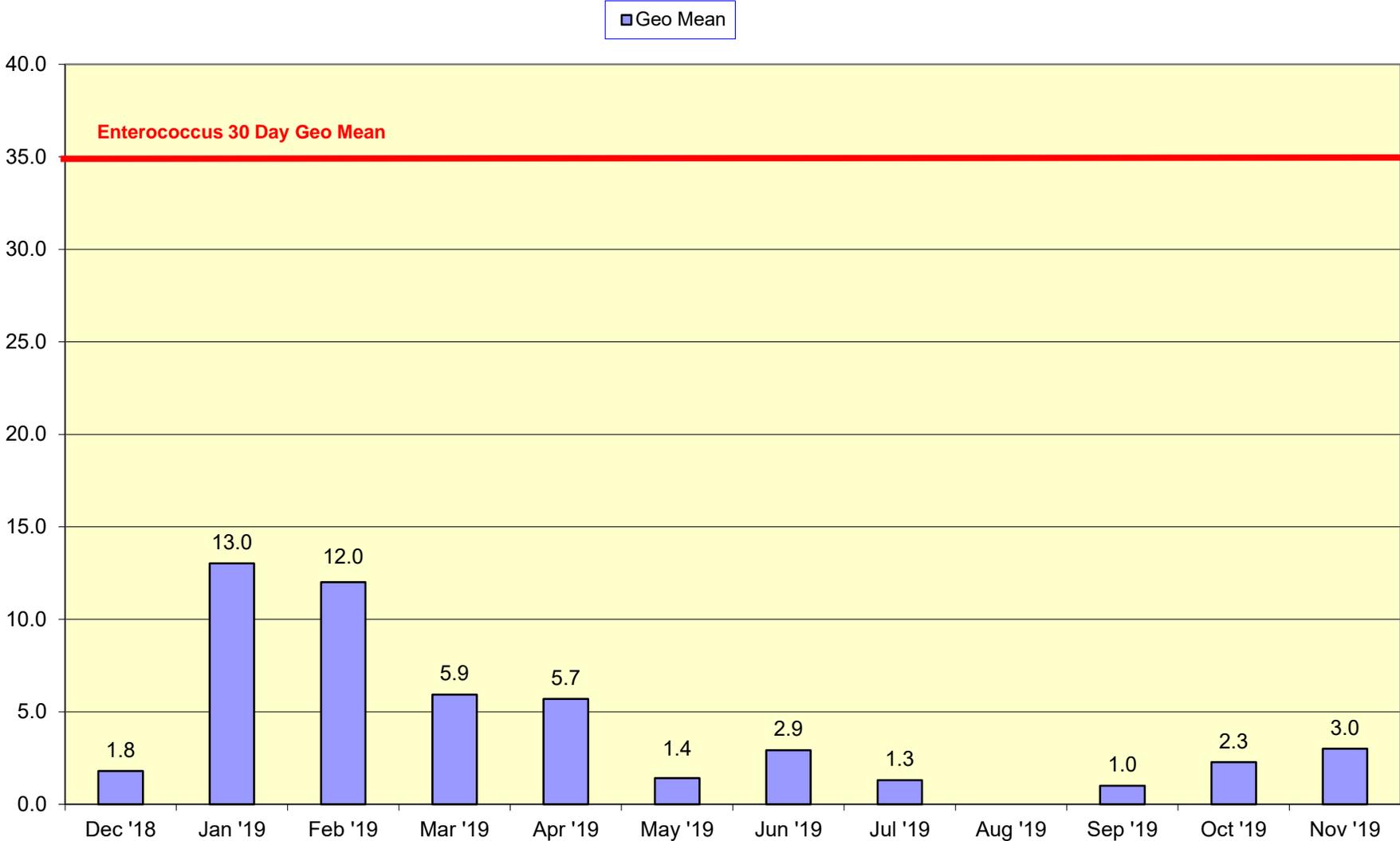


# Effluent Ammonia

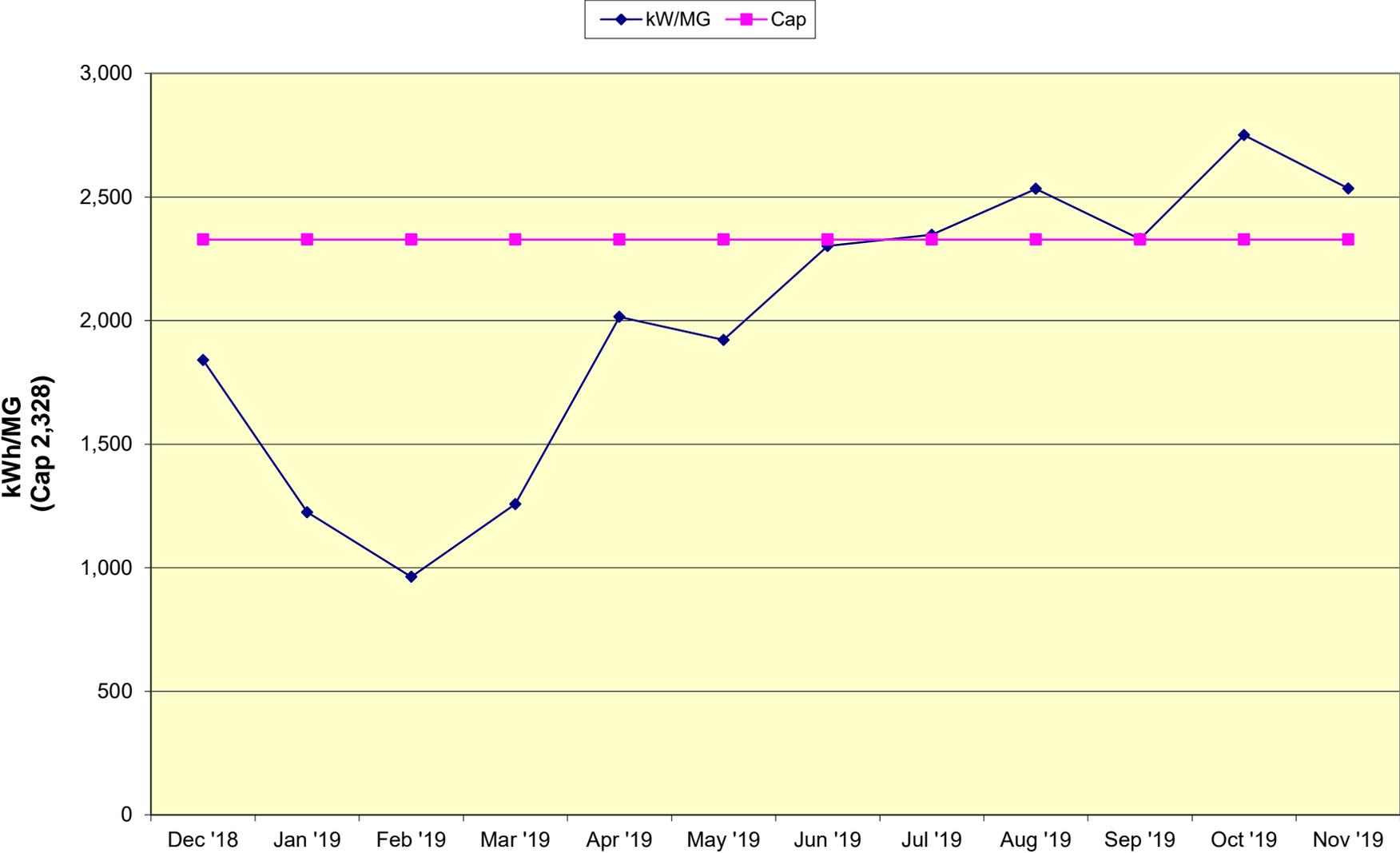


# Disinfection - Enterococcus

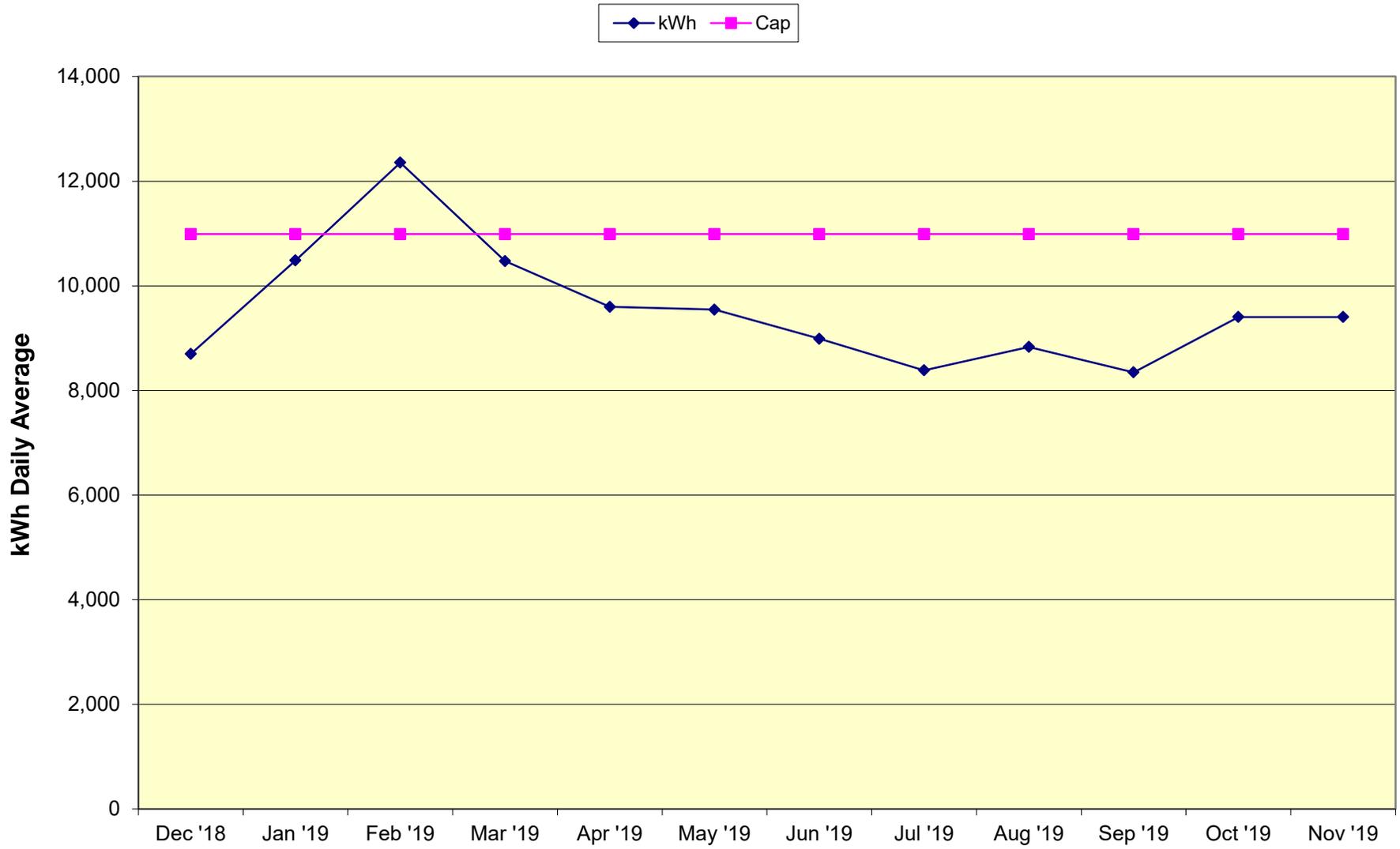
LIMITS - NPDES  
Enterococcus 30 day geo mean 35 mpn /100ml



### Energy kWh/MG

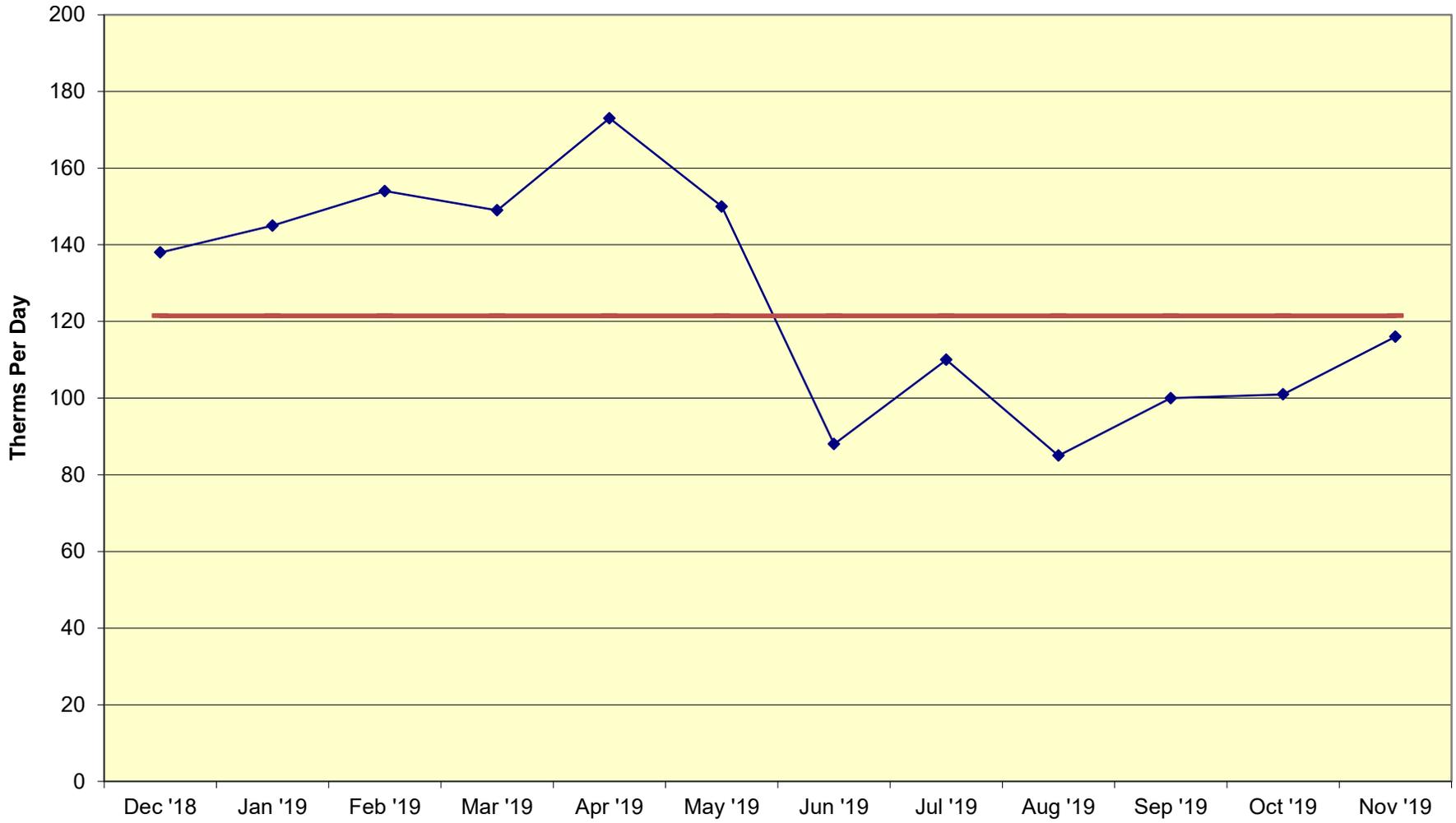


# Energy kWh



### Natural Gas Use

◆ Natural Gas — Cap

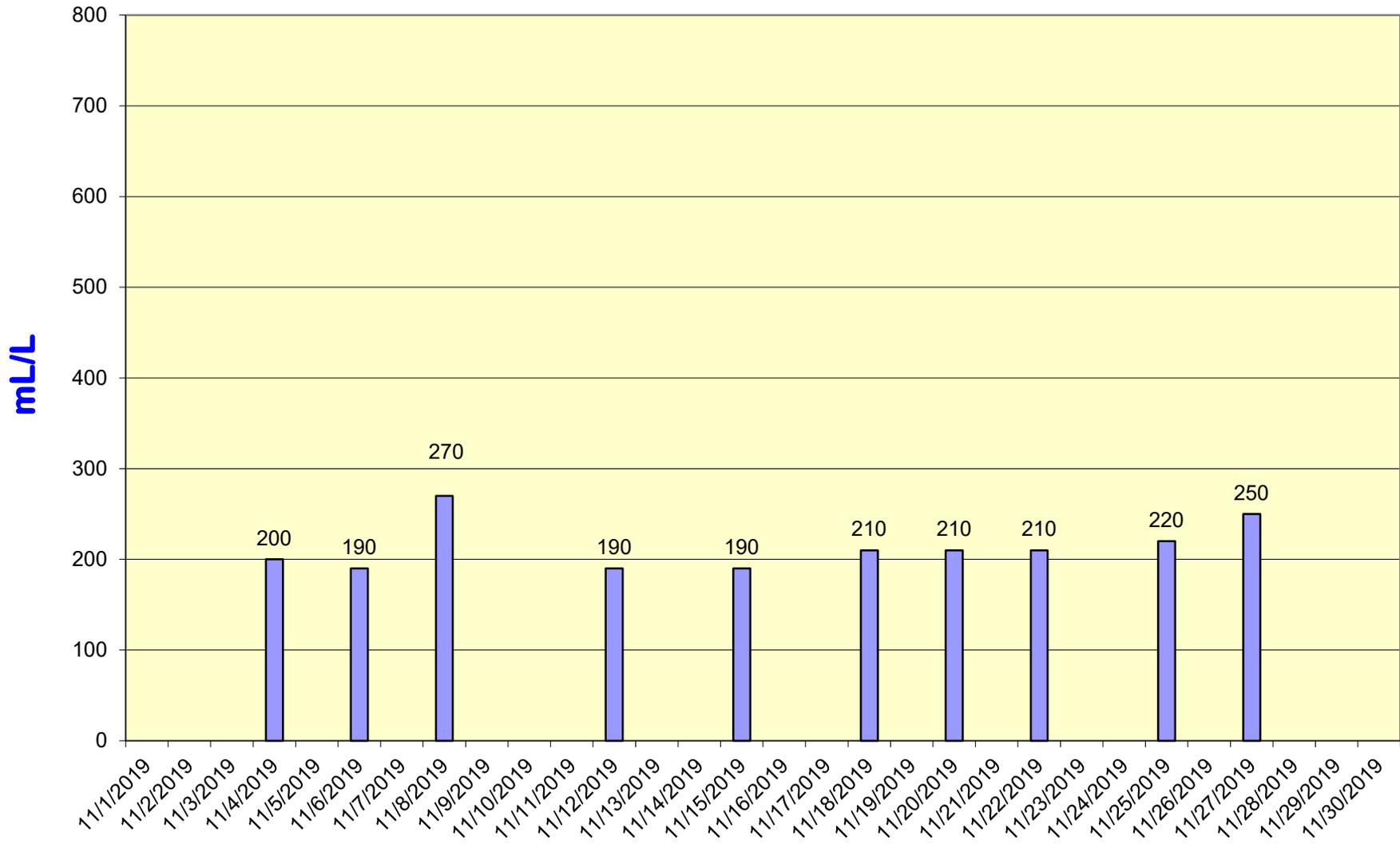


## ***5) PROCESS CONTROL DATA / GRAPHS***

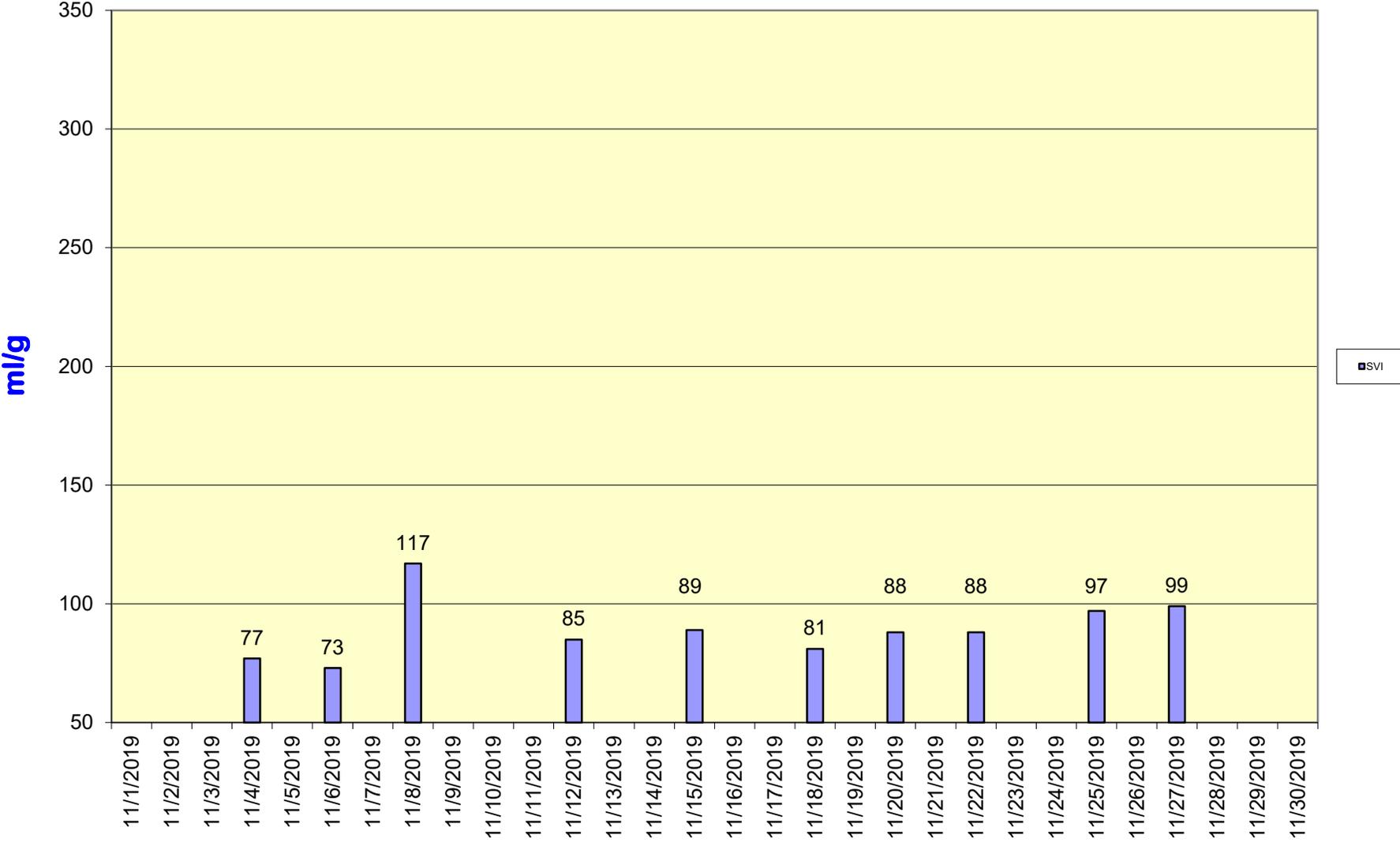
## Process Control Data

	Influent Flow	Settleability	MLSS Concentration	MLSS Inventory	MCRT	SVI
11/1/2019	3.25					
11/2/2019	3.42					
11/3/2019	3.46					
11/4/2019	3.34	200	2,600	46,317	11.8	77
11/5/2019	3.24					
11/6/2019	3.39	190	2,600	46,317	8.0	73
11/7/2019	3.46					
11/8/2019	3.39	270	2,310	41,151	7.4	117
11/9/2019	3.53					
11/10/2019	3.42					
11/11/2019	3.53					
11/12/2019	3.34	190	2,230	39,726	8.7	85
11/13/2019	3.67					
11/14/2019	3.50					
11/15/2019	3.39	190	2,140	38,122	8.3	89
11/16/2019	3.59					
11/17/2019	3.70					
11/18/2019	3.38	210	2,600	46,317	6.7	81
11/19/2019	3.57					
11/20/2019	3.44	210	2,390	42,576	7.9	88
11/21/2019	3.41					
11/22/2019	3.51	210	2,380	42,398	7.7	88
11/23/2019	3.52					
11/24/2019	3.47					
11/25/2019	3.90	220	2,270	40,438	8.0	97
11/26/2019	4.40					
11/27/2019	4.65	250	2,520	44,892	8.7	99
11/28/2019	4.05					
11/29/2019	3.66					
11/30/2019	7.73					
Minimum	3.24	190	2,140	38,122	6.7	73
Maximum	7.73	270	2,600	46,317	11.8	117
Total	111.31					
Average	3.71	214	2,404	42,825	8.3	89

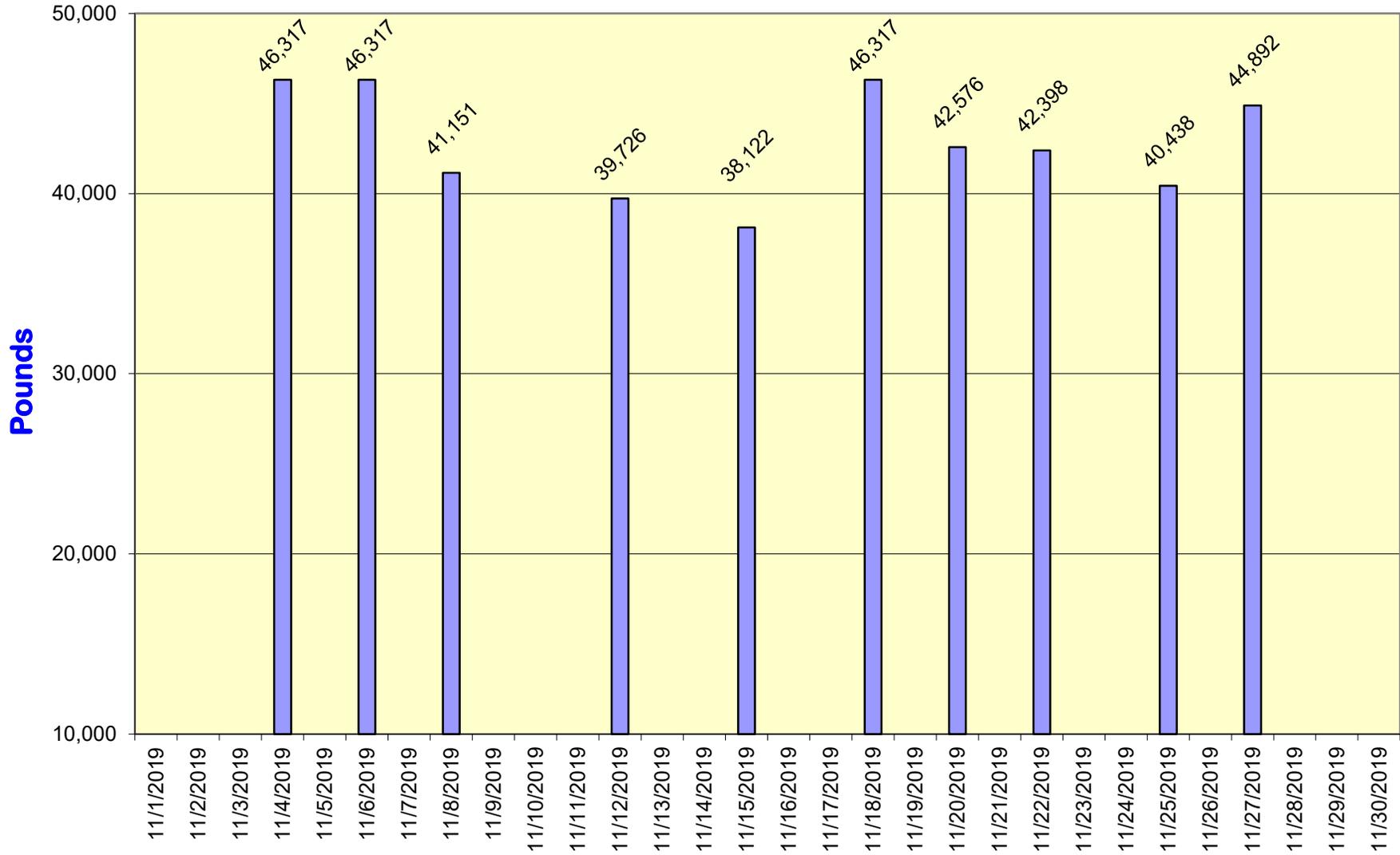
# Settleability



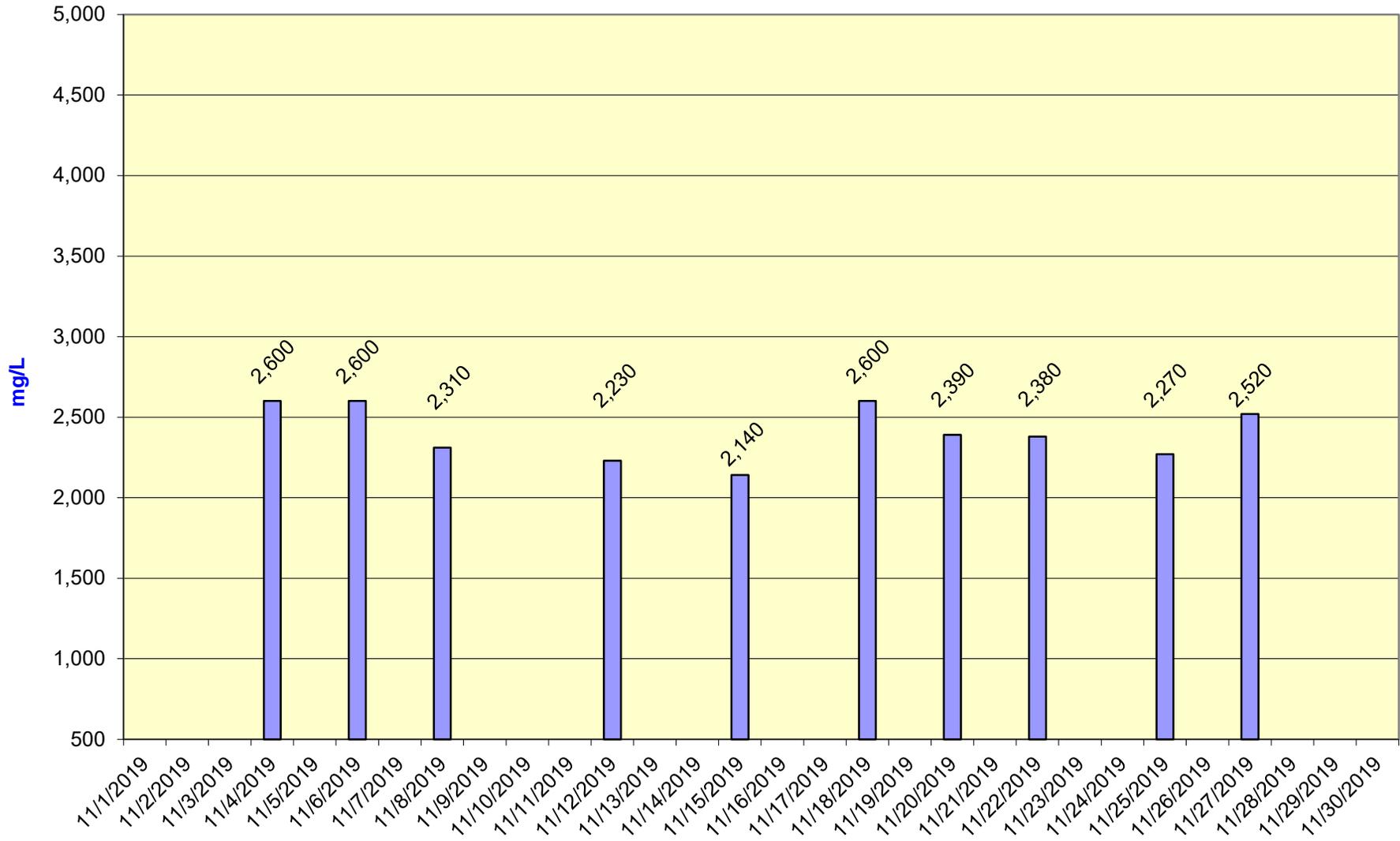
# Sludge Volume Index



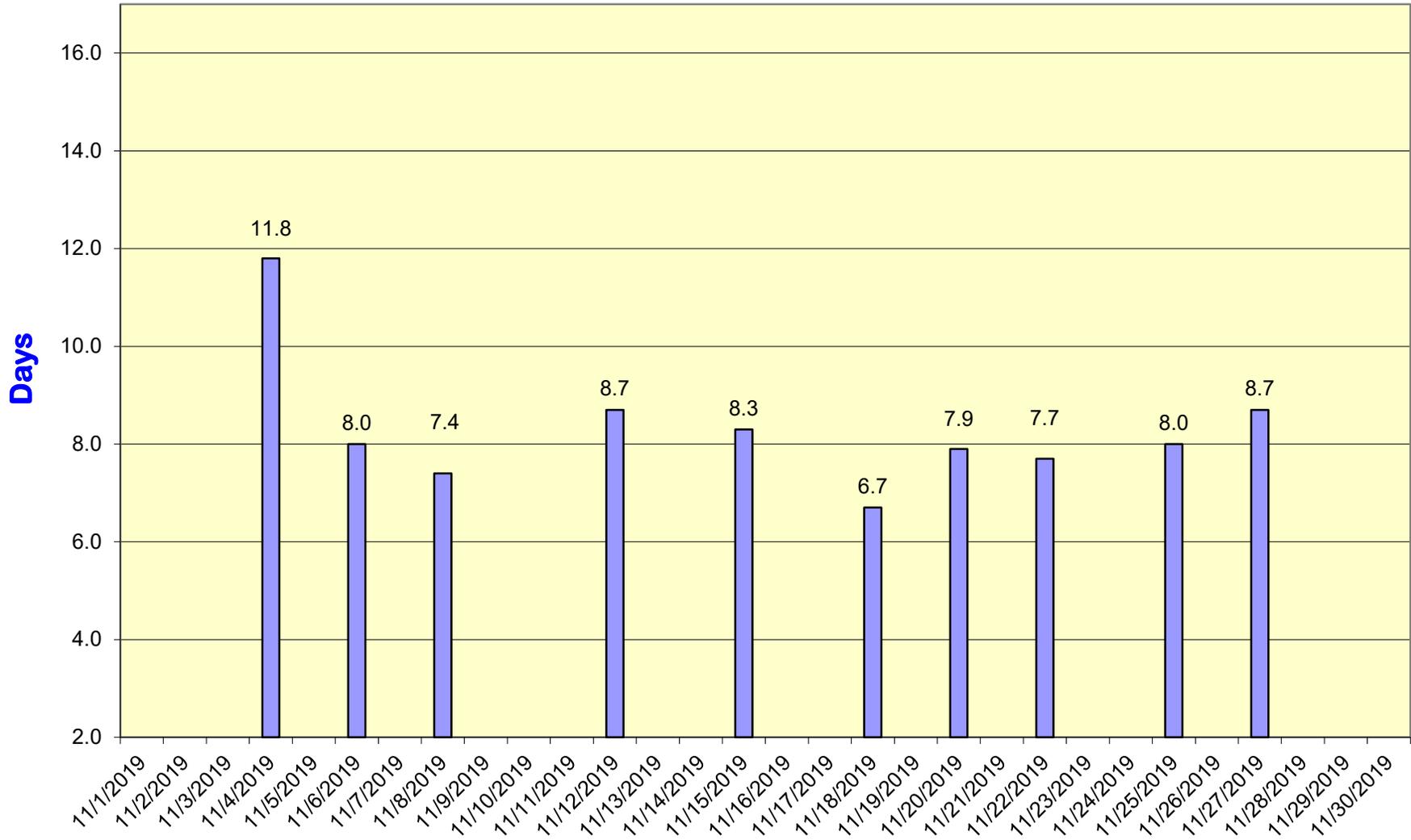
## MLSS Inventory



### MLSS Concentration

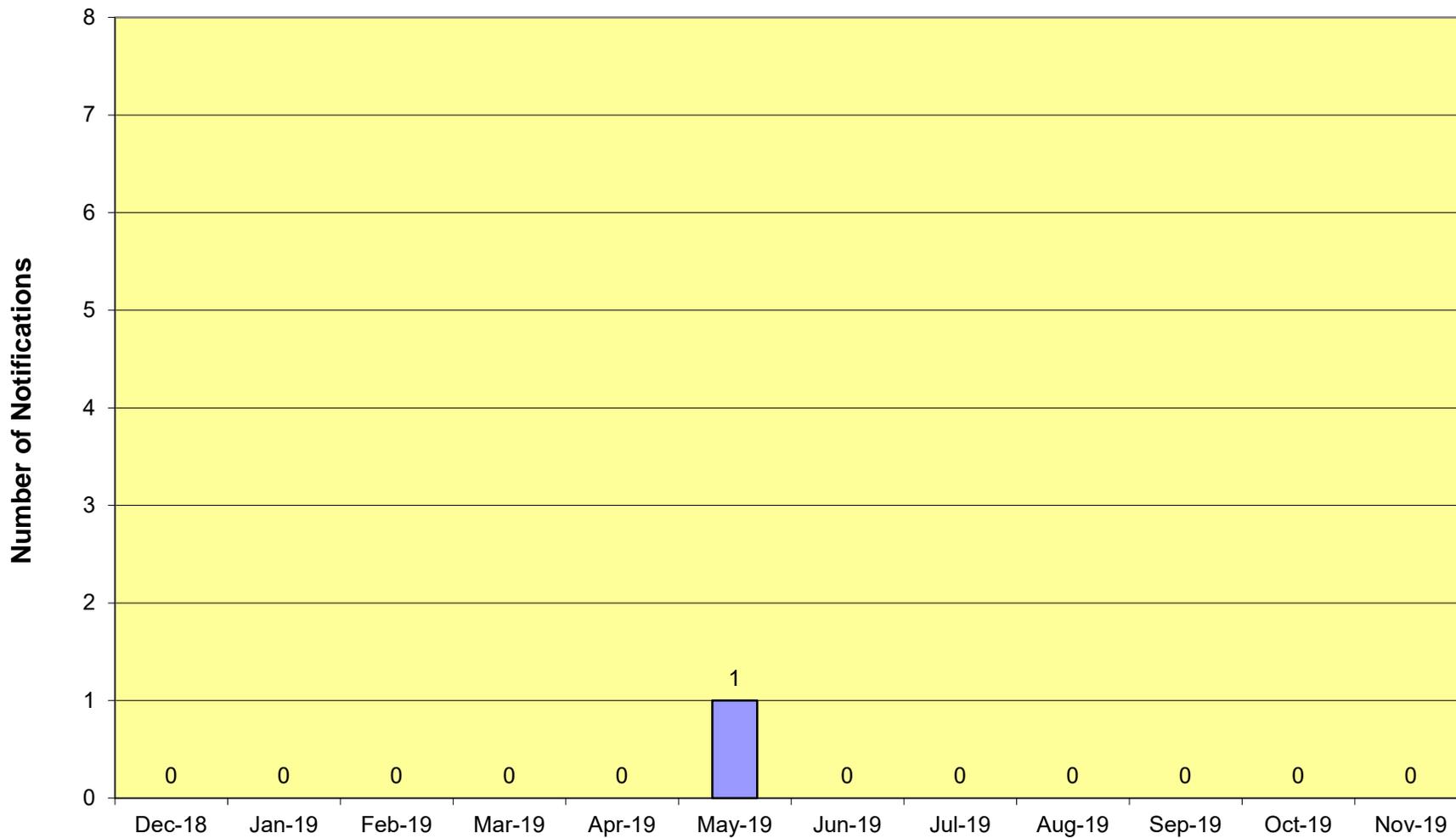


# Mean Cell Residence Time



## ***6) NEIGHBORHOOD COMPLAINTS RECEIVED***

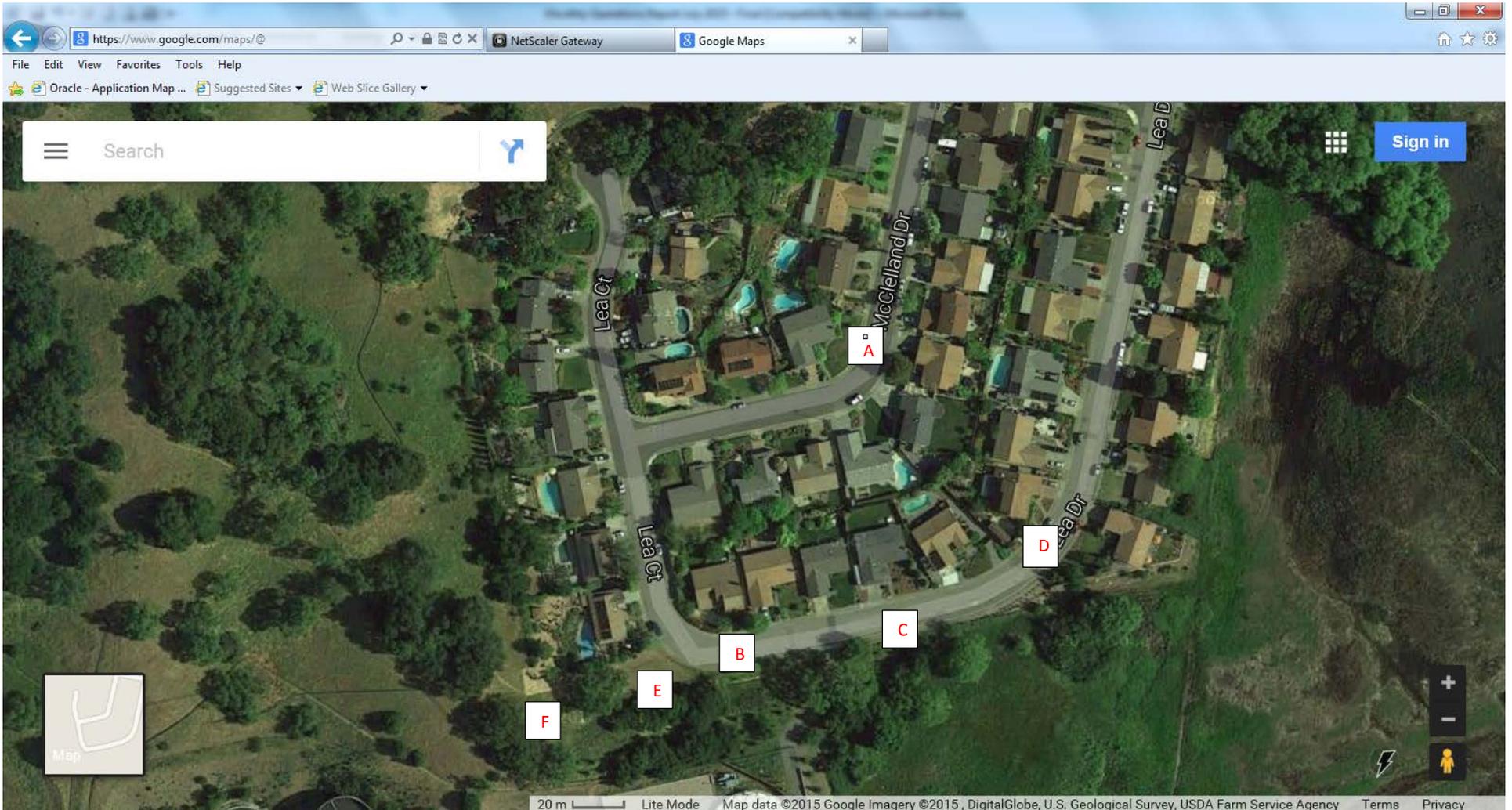
# Neighborhood Complaints Received



## ***7) JEROME METER READINGS & LOCATIONS***

JEROME METER READINGS - NOVEMBER 2019				
Sample Location	Min	Max	Ave	NOTES / COMMENTS
A: McLelland	0.000	0.001	0.0005	Neighborhood
B: Lea 1	0.000	0.000	0.0000	Neighborhood
C: Lea 2	0.000	0.001	0.0005	Neighborhood
D: Lea 3	0.000	0.001	0.0005	Neighborhood
E: Lea 4	0.002	0.002	0.0010	Neighborhood
F: Lea 5	0.003	0.003	0.0015	Neighborhood

# NEIGHBORHOOD JEROME METER LOCATIONS – LEA AND McCLELLAND



**NOVATO SANITARY DISTRICT**  
**Wastewater Operations - Reclamation Facilities Report**  
**November 2019**

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**1.0 Summary:**

1.1 During November 2019:

- The treatment plant was in bay discharge mode throughout November 2019.
- Volunteers with Point Blue Conservation counted shore birds at Site 2 on Friday, November, 15, 2019.

**2.0 Ranch Operations:**

- 2.1 Drainage Pump Stations No. 3 and 7 did not pump any water in November.
- 2.2 Approximately 225 cows and their calves grazed the irrigated pastures at Site 3 and Site 7 throughout November.

**3.0 Irrigation Parcels:**

- 3.1 No irrigation occurred in November 2019.

**4.0 Irrigation Pump Station:**

- 4.1 The Wildlife Pond maintained its level at 4.5 feet during November.
- 4.2 Storage pond Nos. 1 and 2 levels dropped from 2.6 feet to 2.5 feet throughout November.
- 4.3 3 volunteers from Point Blue Conservation counted shore birds near the District storage and wildlife ponds on November 15, 2019. Over 45 species of shore birds were counted including 100 Canadian Geese and 270 Mallards.



**1. Volunteers from Point Blue Conservation prepare to count shore birds at Site 2 on November 15, 2019.**

**5.0 Biosolids (sludge) Handling & Disposal:**

- 5.1 No biosolids activities occurred in the District Reclamation areas in November 2019.

**NOVATO SANITARY DISTRICT**

**Reclamation Facility - Monthly Statistics for Calendar Year 2019, as of November 30, 2019**

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year to Date	Annualized Monthly Average
<b>Irrigation Pump Station</b>														
Plant flow to ponds (MG)	0	0	0	0	0	0	0	69.6	49.6	0	0		119.2	
Irrigation (MG)	0	0	0	0	0	0	0	28.4	80.8	8.5	0		117.7	
Irrigation Pump 1 Hours	0	0	0	0	0	0	0	48	113.3	16.6	0		177.9	
Irrigation Pump 2 Hours	0	0	0	0	0	0	0	48	164.5	17	0		229.5	
Irrigation Pump 3 Hours	0	0	0	0	0	0	0	48	155.7	16.3	0		220.0	
Washdown Water Pump Hours	0	0	0	0	0	0	0	0	0	0	0		-	
Wildlife Feed Pump Hours	0	0	0	168	744	720	744	744	0	0	0		3,120.0	
Water Circulated through Wildlife Pond (MG)	0	0	0	10.6	46.9	45.4	46.9	46.9	0.0	0.0	0.0		196.7	
Strainer No. 1 Hours	0	0	0	0	0	0	0	18.7	54.3	6.3	0		79.3	
Strainer No. 2 Hours	0	0	0	0	0	0	0	18.7	55.5	3.7	0		77.9	
Pond 1 Gauge @ Beginning of Month (feet)	3	4	5.8	5.8	5.6	5	4.7	3.8	5.5	3.4	2.6			
Pond 1 Gauge @ End of Month (feet)	4	5.8	5.8	5.6	5	4.7	3.8	5.5	3.4	2.6	2.5			
Pond 1 Gallons Stored @ End of Month(MG)	28	43	43	41	36	34	26	40	23	17	16			
Pond 2 Gauge @ Beginning of Month (feet)	3	4	5.8	5.8	5.6	5	4.7	3.8	5.5	3.4	2.6			
Pond 2 Gauge @ End of Month (feet)	4	5.8	5.8	5.6	5	4.7	3.8	5.5	3.4	2.6	2.5			
Pond 2 Gallons Stored @ End of Month(MG)	36	55	55	53	47	44	34	52	30	21	20			
Total Irrigation Water Stored (MG)	64	98	98	94	83	78	60	92	53	38	36			
<b>Drainage Pump Station No. 3</b>														
Drainage Pump No. 1 Hours	411.3	639.2	302.1	0	0	0.4	0	0	0	0	0		1353	
Drainage Pump No. 2 Hours	555.8	666.8	692	359.6	0	1.6	0	0	0	0	0		2275.8	
Drainage Pump No. 3 Hours	192.9	478.6	655.3	0	68.8	0	0	0	0	0	0		1395.6	
Total Gallons Stormwater Pumped (MG)	348	535.38	494.82	107.88	20.64	0.6	NA	0	0	0	0	--	1507.32	251.22
<b>Drainage Pump Station No. 7</b>														
Drainage Pump No. 1 Hours	39.2	305.1	72.6	0	0	0	0	0	0	0	0		416.9	--
Drainage Pump No. 2 Hours	249.3	276.8	319.6	72.5	41.8	0	0	0	0	0	0		960	--
Drainage Pump No. 3 Hours	23.4	1.9	0	0	0	2	0	0	0	0	0		27.3	--
Total Gallons Stormwater Pumped (MG)	140.36	262.71	176.49	32.63	18.81	0.90	NA	0	0	0.00	0.00	--	631.9	105.3

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> Capital Projects Update, November 2019.	<b>MEETING DATE:</b> December 9, 2019 <b>AGENDA ITEM NO.:</b> 9.a.
<b>RECOMMENDED ACTIONS:</b> Receive Capital Projects Update for November 2019.	
<b>SUMMARY AND DISCUSSION:</b>  The November 2019 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.	
<b>ATTACHMENTS:</b> 1. Capital Projects Update, November 2019.	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> EB	<b>GENERAL MANAGER:</b> SSK

**Novato Sanitary District  
Capital Improvement Program (CIP)  
Capital Projects Update  
November 2019**

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**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.

1. Rowland Plaza Pump Station: Conversion of Gorman Rupp style wet well/dry well pump station to submersible pump-type station.
  - Negotiating contract with Consultant to update previous plans & specs to include a permanent backup generator.
  - Estimated construction Summer 2020.
2. Marin Village Pump Station: Replace existing wetwell/drypit type pump station with new submersible pump-type station.
  - Requested proposal from Consultant for design services.
  - Estimated construction Summer 2021

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

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). Fiscal Year (FY) 19-20 is the sixth 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 period.

**Account No. 72706: Collection System Improvements**

2. 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 pipeline installation is complete.
  - Pipe testing, manhole rehabilitation and paving work will continue in December. Severe weather in late November created some challenges for the contractor's temporary trench patch paving.
  - Substantial completion estimated for December, 2019.
3. Bel Marin Keys Blvd. Sewer Rehab Project: Rehabilitation of about 900 feet of 10-inch and about 1,410 feet of 8-inch sewer main in Bel Marin Keys Blvd.
  - Project is substantially complete.
  - Notice of Completion (NOC) expected to be filed in January, 2020.
4. Golden Gate Place Phase II: Realignment/replacement of approximately 940 feet of 8-inch sewer with new 8-inch and 10-inch PVC sewer.
  - Pipeline work is complete.
  - Substantial completion estimated for early December, 2019.

5. Collection System Master Plan (CSMP): Continuing work associated with the CSMP currently underway by the District's consultant Woodard and Curran (W&C):
  - The CSMP has been finalized.
  - Received scope of work from Consultant for professional services for project verification and implementation planning.
5. ARV Replacement Project: Replacement of Air Relief Valves (ARV) and modifications of their maintenance vaults at 11 separate locations throughout the system.
  - Bids for this project are expected in early January.
6. Vineyard Creek at Angelica Court Bank Repair:
  - The District's Consultant is preparing submittal packages for review by the applicable regulatory agencies.

**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.

- The FY 19-20 final budget for this account is \$60,000. Three grants totaling \$6,000 have been distributed this FY, as of this time.

**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.

- The District continued to supply secondary treated effluent to the Project per the Interagency Agreement between the District and SCC for use of reclaimed water executed on September 23, 2019.

**Account No. 72708: Cogeneration/Alt. Energy**

- The Board approved a contract with Woodard & Curran (Consultant) to develop a basis of design for a cogeneration project at the September 9, 2019 Board meeting.

Subsequently, the District has been in discussions with a fuel cell technology company who has proposed that the District consider the technology for cogeneration. Before moving forward with the design contract, the District has asked its Consultant to perform a side by side analysis of fuel cell technology as compared to microturbines and internal combustion (IC) engines that were previously studied as part of the Cogeneration Technical Memorandum.

- At the November Board meeting, TerraVerde Energy, LLC (TerraVerde) presented on opportunities in energy saving, use-optimization, and generation, through the deployment of Distributed Energy Resources (DERs) to the District Board. Per the California Energy Commission (CEC) grant administered by MCE, and per direction from the District Board, TerraVerde is developing Requests for Proposals (RFPs) for the DERs selected by the District including:

- Solar PV arrays with Battery Storage
- Replacing Interior Lighting w/ LED Lighting and Occupancy Sensors
- Replacing Exterior Lighting w/ LED Lighting
- Virtual Power Plant

**Account No. 72803: Annual Collection System Repairs**

Collection system repairs are generally reported monthly in the Collection System Operations report, and 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 in the Reclamation Facilities Operations report, and annually in the UPCAAs staff 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 UPCAAs staff report.

- Digester No. 1 Cleaning – At its regular meeting of August 12, 2019, the Board approved a contract with Veolia for cleaning of Digester No. 1. Veolia is working with their contractor to schedule the work. The contractor’s schedule is being impacted by weather and delays on his current projects; schedule updates will be provided when available.

**Account No. 72806: Annual Pump Station Improvements**

Pump station repairs are generally reported monthly as part of the Collection System Operations report, and annually in the UPCAAs staff 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). Projects are generally reported monthly in the Wastewater Operations report, and annually in the UPCAAs staff report.

**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 (MCFCD).

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 period.

**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.

- Work to install electrical equipment and a power connection from the new modular building to the existing electrical service is ongoing.
- Occupancy expected January 2020.

**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 period.

**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 was 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.

- The Notice of Completion (NoC) has been filed, and the Project is in the warranty period.
- District staff worked with NMWD staff for a partial reimbursement for the Project from the Recycled Water Capital Replacement and Expansion Fund per the Third Revised Interagency Agreement for Recycled water between the District and NMWD.

**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 Spring 2020, with construction during the time of lowest influent flows in late summer/early fall of 2020.
- Coating of ultraviolet (UV) disinfection flow channel #1 was completed in November.

**Account No. 73090: Vehicle Replacement**

This account includes a FY 19-20 budget amount of \$580,000 for the purchase of a combination jetter/vacuum truck (combo unit), two new portable generators, and an allotment of \$40,000 to overhaul one of the District's existing combo units.

- The Board authorized issuance of a purchase order for a new combo unit at the September 9, 2019 Board meeting. The purchase order has been issued to Owen Equipment, Inc., in the amount of \$444,517.87.
- The Board authorized issuance of a purchase order for two new 30kW portable generators at the November 18, 2019 Board meeting. The purchase order has been issued to Bay City Electric Works in the amount of \$65,773.90.

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