

NOVATO SANITARY DISTRICT

Meeting Date: June 26, 2017

The Board of Directors of Novato Sanitary District will hold a regular meeting at 5:30 p.m., Monday, June 26, 2017, at the District Offices, 500 Davidson Street, Novato.

Materials related to items on this agenda that are public records, are available for public inspection in the District Office, 500 Davidson Street, Novato, during normal business hours. They are also available on the District's website: www.novatosan.com. Note: All times and 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 June 12, 2017 regular meeting.
5. **PUBLIC HEARING PURSUANT TO SECTION 5471 ET SEQ. AND 6520.5 OF THE CALIFORNIA HEALTH AND SAFETY CODE – FY2017-18 SEWER SERVICE CHARGE REPORT, AND ELECTING TO COLLECT ON COUNTY TAX ROLLS:**
 - a. Sewer Service Charge Report.
 - b. Open public hearing.
 - c. Consider protests regarding sewer service charge report.
 - d. Close public hearing.
6. **RESOLUTION CONFIRMING FY2017-18 SEWER SERVICE CHARGE REPORT AND ELECTING TO COLLECT ON COUNTY TAX ROLLS:**
 - a. Adoption of Resolution No. 3108 – A Resolution Confirming Sewer Service Charge Report and Collection of Sewer Service Charges for Novato Sanitary District on the County of Marin Tax Rolls for Fiscal Year 2017-18.

7. **CONSENT CALENDAR:**

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

- a. Approve regular disbursements, June 12-26, 2017.
- b. Ratify June 2017 payroll and payroll related disbursements.

8. COMMITTEE REPORTS:

- a. Solid Waste: Receive report and recommendation to adopt preliminary Solid and Household Waste (S&HHW) budget for FY17-19.
- b. Wastewater Operations: Receive report and recommendation to adopt preliminary Operating Budget for FY17-19.
- c. Strategic Planning and New Facilities: Receive report and recommendation to adopt preliminary Capital Improvements Program (CIP) Budget for FY17-19.

9. ANNUAL BUDGET:

- a. Approve and adopt the 2017-19 Preliminary Budget.

10. CAPITAL PROJECTS:

- a. *NTP Corrosion Control, Account No. 73006*: Primary Clarifier No. 1 Coating Project - Grant Final Acceptance of the Project, and authorize staff to file the Notice of Completion.

11. GRAND JURY REPORT:

- a. Receive 2016-17 Marin County Civil Grand Jury report titled “The Big Picture – Funding Marin’s Public Employee Pensions & Retirement Health Care Benefits”, dated June 19, 2017 (note - no response required).

12. ADMINISTRATION:

- a. Review cost-of-living increase, Represented Employees group, effective July 1, 2017 – informational item.
- b. Approve cost-of-living increase, Management and Confidential Employees group, effective July 1, 2017.
- c. Approve cost-of-living increase, General Manager-Chief Engineer, effective July 1, 2017.

13. BOARD OF DIRECTORS:

- a. Presidential appointment of members to Board Committees for FY2017-18.

14. BOARD MEMBER REPORTS AND REQUESTS:

15. GENERAL MANAGER’S REPORT AND ANNOUNCEMENTS:

16. ADJOURNMENT:

Next Resolution No. 3109.

Next regular meeting date: Monday, July 10, 2017, 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: June 12, 2017

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, June 12, 2017, at the District offices, 500 Davidson Street, Novato.

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

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

ALSO PRESENT: John Bailey, Plant Manager, Veolia Water
Erik Brown, Technical Services Manager, Novato Sanitary District
Laura Creamer, Finance Officer, Novato Sanitary District
Brian Exberger, Assistant Plant Manager, Veolia Water
Steve Krauthem, Fields Services Manager, Novato Sanitary District
Dale Thrasher, Admin. Services/Safety Officer, Novato Sanitary District
David Gernetzke, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the May 22, 2017 meeting.

On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously, the meeting minutes of May 22, 2017 were approved with minor corrections.

BOARD OF DIRECTORS:

- Review connection fees for residential Accessory Dwelling Units (ADUs), and provide direction. A review of the current and anticipated legislation on Accessory Dwelling Units (ADUs) has led to conflicting and confusing local practices in applying connection fee charges by special districts, primarily water and sewer districts. Staff and District Counsel provided a synopsis of the legislation. The District Staff recommends adopting a District Policy that preemptively incorporates current, SB 1069 and AB 2299, as well as anticipated SB 229 legislation per the referenced memorandum.

District Counsel Kent Alm commented that it was not a legal issue but a District Policy issue and saw no risk in moving forward with staff recommendations to adopt a policy waiving connection fees for ADUs.

Mr. Gernetzke, citing the Fee Mitigation Act, indicated he should not have been charged connections fees for his unit. District Counsel commented the Fee Mitigation Act does not apply to Special Districts.

Director Dillon-Knutson commented that it appears legislation is moving towards not charging a fee. She felt that the fee for a second unit is out of reason and we should waive the fees.

On motion of Director Mariani, seconded by Director Long, with Directors Peters, Long, Mariani, and Miller voting aye, and Dillon-Knutson voting no, the Board adopted the policy titled "Novato Sanitary District Policy Regarding Connection and Permitting Fees for Residential Accessory Dwelling Units", retroactive to an effective date of January 1, 2017.

- Receive report on request for waiver of ADU connection fees for 1120 Mirabella Avenue, and provide direction (request by Mr. David Gernetzke).

On motion by Director Mariani, and seconded by Director Miller, and carried unanimously, the Board provided direction that the District shall refund connection fees for 1120 Mirabella Avenue as requested by Mr. Gernetzke, provided his request meets the requirements of the previously adopted Policy.

Director Mariani asked staff to review data for other people who have paid the fees in full and may also be due a refund based on the new policy.

Mr. Gernetzke left the meeting at 6:00 PM.

CONSENT CALENDAR:

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

- a. Approve Board member disbursements in the amount of \$2,187.88, regular disbursements in the amount of \$344,881.83, and capital project disbursements in the amount of \$49,601.90.
- b. Receive deposit Summary, May 2017.
- c. Cancel regular Board meetings of July 24, and August 28, 2017.

On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously, the above listed Consent Calendar items were approved.

ANNUAL BUDGET:

- Presentation of Preliminary Budget for Fiscal Years (FY) 17-18 and FY 18-19. The General Manager stated that the District's Preliminary Budget for Fiscal Years (FY) 2017-19 is being presented within the Agenda Packet for the Board's review (Attachment 1). He noted that the Board also traditionally reviews each of the Solid Waste, Operating, and Capital Improvement Program budgets by Committee, and that based on Board feedback, the following review schedule is presented:

1. Operating Budget review: Wastewater Operations Committee – 3:00pm, Tuesday, June 13, 2017 (Directors Peters and Miller).
2. Capital Improvement Program (CIP) budget review: New Facilities Committee – 1:00pm, Wednesday, June 14, 2017 (Directors Long and Dillon-Knutson).
3. Solid Waste Budget review: Solid Waste Committee – 3:30pm, Monday, June 19, 2017 (Directors Mariani and Dillon-Knutson).

WASTEWATER OPERATIONS:

- Receive Wastewater Operations Report, May 2017. Veolia Water Project Manager John Bailey provided an overview of the Treatment Facilities Monthly Operations Report for May 2017. The Project Manager reviewed the treatment plant performance summary, and noted that there were no excursions or violations for the month. He noted the plant is approaching typical dry weather flows of 4.27 MGD through the plant, and recycled water production of 16.6 MG. He outlined the safety training completed in May, and noted that that safety performance was excellent with a total of 2,563 accident-free days.

Field Services Manager Steve Krautheim presented the May 2017 Collections report, highlighting that 346 work orders were generated and completed, resulting in 65,074 feet of pipe being cleaned. The District's CCTV van televised 41 line segments for a total of 9,682 feet of pipe inspected. Staff also completed maintenance on 6 air relief valves (ARV). In the month of May staff attended 7 tailgates and training on SSO Volume Estimation, Condition Assessment and Certification of Pipelines and Manholes, Supervisor Safety Training, and training on Assertive Speaking/Active Listening. He noted that NSD's safety performance was also excellent with a total of 2,270 accident-free days since the last lost time injury.

The Field Services Manager then summarized the Reclamation Facilities report for May 2017. He noted that the rancher continued cutting pasture grass on sites 3 and 7, and there were no irrigation activities this month. The irrigation pond dropped 0.4 feet or 10 MG due to evaporation. He also noted that staff inventoried fallen eucalyptus trees at the Reclamation area for removal later this year. A short discussion followed on removal, disposal, and possible reuse of materials from the fallen eucalyptus trees.

CAPITAL PROJECTS:

- Collection System Improvements, Account No. 72706: East Hamilton Pump Station Force-main ARV Improvements – Grant Final Acceptance of the Project, and authorize staff to file the Notice of Completion. The Collection System Improvements, East Hamilton Pump Station Force-main ARV Improvements project is now complete. Staff requested that the Board grant final acceptance of the project and authorize staff to file the Notice of Completion.

On motion by Director Long, seconded by Director Dillon-Knutson and carried unanimously, Districts staff was authorized to file the Notice of Completion for the Collection System Improvements East Hamilton Pump Station Force-main ARV Improvements project.

GRAND JURY REPORT:

- Receive 2016-17 Marin County Civil Grand Jury report titled “The Budget Squeeze – How Will Marin Fund its Employee Pensions?”, dated June 5, 2017, and authorize staff and District Counsel to prepare a draft response for Board consideration. The General Manager reported that the 2016-17 Marin County Civil Grand Jury has issued a third report titled “The Budget Squeeze – How Will Marin Fund Its Public Employee Pensions”, dated June 5, 2017.

He noted that the Grand Jury states on Page 18 of 61, that: “Sanitary districts as a group appeared to be in the best financial condition based on both balance sheet and income statement data.” Further, the Grand Jury also singled out the District (page 19 of 61), as follows: “The Novato Sanitary District stood out as being in particularly good financial condition in that it spends less than 2% of its revenues on pension contributions and has a NPL that is 18% of its cash position.”

The General Manager stated that the Grand Jury is requesting that the District respond to Recommendations R3, R4, and R8 of the Report, and do so consistent with their attached Response Form. He recommended that the Board authorize staff and District Counsel to review the Report and prepare a draft response for the Board’s consideration at a future Board meeting. He noted that the Grand Jury typically requires a response within ninety (90) days from a Report’s release date, and has indicated that the District’s response to this Report is due by September 5, 2017.

On motion by Director Dillon-Knutson, seconded by Director Mariani, and carried unanimously, the Board authorized staff to prepare a draft response for the Board’s consideration at a future Board meeting.

NORTH BAY WATER REUSE AUTHORITY (NBWRA):

- Review the North Bay Water Reuse Authority Fourth Revised Memorandum of Understanding (MOU), and subject to minor changes or edits, authorize the Board President to sign the MOU. The General Manager stated that the third amended NBWRA MOU was adopted on March 25, 2013, with a five-year term. He noted that the NBWRA MOU Work Group has prepared the fourth Draft Amended NBWRA MOU. He stated that District Counsel and staff have reviewed the revised MOU, and recommend that the Board approve it, and authorize the Board President to sign it on behalf of the District.

On motion of Director Mariani, seconded by Director Dillon-Knutson and carried unanimously, the Board authorized the approval and signature of the fourth amended NBWRA MOU.

Director Miller stated that he had never seen any of the reports generated by the NBWRA. Director Long commented on the voluminous nature of prior NBWRA reports. The General Manager referred Director Miller to the NBWRA website as a source for previously published NBWRA reports.

Director Long stated that an NBWRA executive committee would like to start meeting to expedite NBWRA general meetings. Director Long asked for District Counsel's opinion, and a brief discussion followed.

BOARD OF DIRECTORS:

- Elect/appoint officers, and designate and authorize check signers, FY17-18. The District Board traditionally elects members to serve as President and President Pro-Tem in June. Typically, these officers serve two consecutive terms, with ratification for the second term. Traditionally, the Board elects a President and President Pro-tem for two, one-year terms. The Board elected Jerry Peters as president for FY16-17 and Carole Dillon-Knutson as President Pro-tem. If the Board follows its traditional practice, it would retain the same President and President Pro-tem into FY17-18.

Secretary/Treasurer and Secretary Pro-tem: The Board appoints the Secretary-Treasurer and the Secretary Pro-tem annually. Currently, the General Manager-Chief Engineer serves as the Secretary-Treasurer, and the Administrative Secretary that normally attends Board meetings serves as the Secretary Pro-tem. It is recommended that the Board re-appoint Sandeep Karkal as Secretary-Treasurer and Julie Hoover as Secretary Pro-tem for FY17-18.

Check Signers: The authorized signers are typically the Board President, President Pro-tem, another Board member, and the General Manager. It is recommended that this practice be maintained.

On motion by Director Miller, seconded by Director Mariani, and carried unanimously, the Board agreed to continue the 2016/17 officers as proposed through 2017/18.

BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Watershed Association (NBWA), meeting of June 2, 2017 (Director Miller). Director Miller stated that he attended the June NBWA Board meeting, which was held on Monday, June 2, 2017 at the Novato City Hall. He noted there were presentations from two North Bay scientists and briefly discussed them.

Other Reports: Director Long noted that he and North Marin Water District (NMWD) Director Rick Fraites recently met with City of Novato Community Development Director Bob Brown on the Urban Trails Plan. Director Long commented that, during the meeting, Mr. Brown also mentioned utility service extensions outside of the City's Urban Growth Boundary (UGB).

INFORMATIONAL ITEMS:

- a. E-mail from National Association of Clean Water Agencies (NACWA) titled "President's FY18 Budget Proposal for Clean Water".
- b. Obituary for Mr. Dietrich Stroeh, from the Santa Rosa Press Democrat.

GENERAL MANAGER’S REPORT AND ANNOUNCEMENTS:

The General Manager had the following reports and announcements:

- Reports:
 1. Pending construction: North Marin Water District (NMWD) Recycled Water Pipeline work at NSD is on-going especially at the front entrance of the plant. Please exercise caution if you come on site over the next two weeks or so.
- Announcements:
 1. Thanks to Administrative Secretary Julie Hoover who volunteered and staffed the Fairfax EcoFest booth on Saturday, June 10th. The booth was sponsored by the Wastewater Treatment Agencies of Marin County: CMSA, LGVSD, SAAM, Sausalito-Marín City SD, and SD #5 (Tiburon & Belvedere). Also, thanks to Dee Johnson who staffed the District/Novato Disposal Service booth at the Novato Art, Wine and Music Festival on Saturday, June 10th, and both Julie and Dee who staffed the booth on Sunday, June 11th.
 2. CASA San Diego conference, August 22-24, 2017. Please coordinate with Julie Hoover for sign-ups, reservations, etc.
 3. Committee meetings as noted in Board packet and announced earlier – WWOC Tuesday, June 13th at 3pm, New Facilities Committee on Wednesday, June 14th at 1pm, and Solid Waste Committee next Monday, June 19th at 3:30pm.
 4. The next Board meeting will be held on Monday, June 26, 2017 at 5:30 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Peters adjourned the meeting at 6:54 p.m.

Respectfully submitted,

Sandeep Karkal, Secretary

Julie Hoover, Recording

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Public Hearing: 2017-18 Sewer Service Charge Report, and Resolution Confirming Report on Sewer Service Charges	MEETING DATE: June 26, 2017 AGENDA ITEMS NO.: 5.a.b.c.d., & 6.a.
RECOMMENDED ACTION: Public Hearing, and adoption of Resolution No. 3108 confirming FY17-18 sewer service charge report and electing to collect on County tax rolls.	
SUMMARY AND DISCUSSION: <p>Upon completing the appropriate Proposition 218 requirements, the District Board, at its meeting of June 13, 2016, held a public hearing on, and thereafter adopted, Ordinance No. 120 titled "An Ordinance of the Novato Sanitary District Establishing Sewer Service Charges for Fiscal Years 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21".</p> <p>A copy of Ordinance No. 120 is provided for informational purposes, including its Attachment A – "Sewer Service Charge Schedule for Fiscal Years 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21".</p> <p>This public hearing of June 26, 2017 is to conduct the Hearing on the FY17-18 Sewer Service Charge report, and receive protests on individual sewer service charges on the sewer service charge report.</p> <p>Following the Hearing, the Board will consider adopting Resolution No. 3108 to collect the FY2017-18 Sewer Service Charges on the Marin County tax rolls. District staff will have the computerized database and the Sewer Service Charge report at the meeting so that anyone may request what their individual sewer service rate will be in the coming year and have an opportunity to protest.</p> <p>This public hearing of June 26, 2017 was "noticed" twice in the Marin Independent Journal (Marin IJ). A copy of the Proof of Publication is attached. Following the public hearing, the Board will consider adoption of Resolution No. 3108, "A Resolution Prescribing and Providing for the Collection of Sewer Service Charges for Novato Sanitary District on the Tax Rolls of the County of Marin for the Fiscal Year 2017-18".</p>	
Attachments to this Item Summary: <ol style="list-style-type: none"> 1. Copy of Ordinance No. 120 adopted June 13, 2016; provided for informational purposes. 2. Draft Resolution No. 3108, for consideration and adoption at this meeting. 3. Marin Independent Journal - Proof of Publication, Notice of Public Hearing; provided for informational purposes. 	
BUDGET INFORMATION: The Preliminary Budget for Fiscal Year 2017-18 estimates that the FY17-18 Sewer Service Charges will result in Operating Revenue of about \$9.69 million and Capital Revenue of about \$7.75 million, versus corresponding figures of \$9.20 million and \$7.59 million respectively for FY16-17.	
DEPT. MGR.: ssk	GENERAL MANAGER: SSK

ORDINANCE NO. 120

**AN ORDINANCE OF THE NOVATO SANITARY DISTRICT
ESTABLISHING SEWER SERVICE CHARGES
FOR FISCAL YEARS 2016-17, 2017-18, 2018-19, 2019-20, 2020-21**

WHEREAS, the Novato Sanitary District has previously developed and instituted a Sewer Service Charge Program to finance the services and facilities furnished by the District, and

WHEREAS, Ordinance No. 111, adopted by the Board of Directors on August 6, 2007, set the sewer service charges through fiscal year 2009-2010 and the methodology for calculating the charges; and

WHEREAS, in adopting Ordinance No. 111, the Board relied on various studies and documents, which are available for inspection at the District offices; and

WHEREAS, Section 23 of Ordinance No. 111 provides that from time to time, when rates and charges are updated but there is no modification of methodology, the Board may modify rates and charges by adopting new tables; and

WHEREAS, Ordinance No. 116, adopted by the Board of Directors on June 25, 2012, set the sewer service charges through fiscal year 2015-16; and

WHEREAS, on Monday, the 13th day of June, 2016, at the hour of 6:00 p.m. at the regular meeting place of the District, 500 Davidson Street, Novato, California, the Board of Directors of the District heard and considered proposed sewer service charge increases for fiscal years 2016-2017 through 2020-2021, and the Secretary published a notice of said hearing once a week for two successive weeks with at least five days intervening between the respective publication dates, with the first publication being at least fourteen days prior to the date set for said hearing, in the Independent Journal, a newspaper of general circulation printed and published in the County; and

WHEREAS, the Board of Directors of the District has reviewed the present sewer service charge schedule and has determined that the residential Service Unit rate should be increased by an amount of \$21.00 for each of fiscal years 2016-17; 2017-18; 2018-19; 2019-20; and 2020-21. Non-residential rates will be increased proportionately based on square footage and variable water use charges; and

WHEREAS, in determining that the sewer service charges should be increased, the Board of Directors also considered the “2016 Sewer Rate Study” completed by Bartle Wells Associates and dated April 20, 2016; and

WHEREAS, the District will consider, at its regular meeting on June 13, 2016, whether to elect, pursuant to Section 5473 of the Health and Safety Code of the State of California, to have the sewer service charges, established pursuant to this Ordinance No. 120, collected on the tax roll of the County of Marin; and

WHEREAS, in adopting this Ordinance, the Board of Directors finds that:

- a. Written notices of the proposed increases in sewer service charges were sent by first class U.S. mail to every owner of property connected in the District at least 45 days prior to the Public Hearing on the proposed increases conducted on June 13, 2016.
- b. All proper protests submitted by property owners or occupants (one protest per parcel) against the proposed increases in the sewer service charges, including those provided in person or by U.S. mail or fax or e-mail, were considered and tallied at the public hearing conducted on June 13, 2016, and the District was not presented with protests by a majority of the owners of the identified parcels affected by this change.
- c. Based on the draft budget, the amount of the charges imposed does not exceed the proportional cost of the service attributable to the properties receiving service and the charges are imposed only on those properties actually receiving service or for those which service is immediately available.
- d. Adoption of this Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273 because the Ordinance pertains to the adoption of charges necessary to maintain services within the District’s existing service area.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Novato Sanitary District as follows:

Section 1. Table 1A, Table 1, and Table 2 of Section 4 of that certain ordinance entitled “Ordinance No. 111, An Ordinance of the Novato Sanitary District “Repealing District Ordinance No. 42, and Prescribing Rates and Charges for Sewage Disposal Service and Providing Procedures and

Penalties for its Enforcement”, passed by the Board of Directors of the Novato Sanitary District on August 6, 2007 are hereby amended as set forth in Attachment A to this Ordinance.

Section 2. The rates for residential customers in Table 1A of Attachment A reflect the inclusion of an annual collection fee of Two and 00/100 Dollars (\$2.00) per County Assessor’s parcel billed. For each non-residential parcel whose service charges are collected on the Marin County tax roll, an additional Two and 00/100 Dollars (\$2.00) fee also will be collected.

Section 3. Charges for users of the District’s sewer system set out in this Ordinance will be initiated for the fiscal year beginning July 1, 2016, and shall continue thereafter in effect until further action of the Board of Directors. To the extent this Ordinance No. 120, or the sewer service charges adopted herein, is challenged and set aside for any reason, Ordinance No. 116 and the preexisting 2015-16 sewer service charges adopted therein shall be immediately restored and will be effective until further action of the Board of Directors.

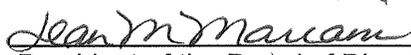
Section 4. Except as provided above, all of the balance of said Ordinance No. 111 shall remain in full force and effect.

Section 5. Upon adoption, this ordinance shall be entered in the minutes of the Novato Sanitary District Board, shall be published once in the Marin Independent Journal, a newspaper of general circulation published in the District, shall be posted in three (3) public places in the District, and shall take effect on July 1, 2016.

PASSED AND ADOPTED this 13th day of June, 2016, by the Board of Directors of the Novato Sanitary District by the following vote:

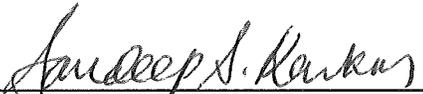
AYES:	Members:	Mariani, Peters, Dillon-Knutson, Long, Miller
NOES:	Members:	None
ABSENT:	Members:	None

SIGNED:



President of the Board of Directors
Novato Sanitary District

COUNTERSIGNED:



Secretary of the Novato Sanitary District
County of Marin, State of California

Approved as to Form:



Kenton L. Alm
Counsel for the District

**ATTACHMENT A
SEWER SERVICE CHARGE SCHEDULE FOR
FISCAL YEARS 2016-17, 2017-18, 2018-19, 2019-20, 2020-21
AND THEREAFTER UNTIL MODIFIED BY THE BOARD**

Table 1A – Residential Rates, annual*	Current Charge	2016-17	2017-18	2018-19	2019-20	2020-21
1 SU (Average Water Use)	\$552	\$573	\$594	\$615	\$636	\$657
Low Water Use	\$332	\$345	\$357	\$370	\$382	\$395
High Water use	\$992	\$1,030	\$1,068	\$1,105	\$1,143	\$1,181

*Rates apply to equivalent dwelling units including, but not limited to, single family residential homes, and each unit of multi-family residential buildings. Includes \$2 County of Marin charge for collection on tax rolls.

Table 1 - Non-Residential Rates

Fixed Charge Per Square Foot
Including flow factors

User Type	Floor Area Flow Factor	Current	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21
Base Charge/square foot	1.0	\$0.23	\$0.24	\$0.25	\$0.26	\$0.27	\$0.27
Office	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Retail	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Public office buildings	1.0	0.23	0.24	0.25	0.26	0.27	0.27
School classrooms/admin	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Churches	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Meeting halls w/kitchens	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Auto service stations	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Supermarkets	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Auditoriums theaters	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Gymnasium w/showers	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Hotels/motels (1)	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Mortuary	1.0	0.23	0.24	0.25	0.26	0.27	0.27
Medical offices	1.3	0.30	0.31	0.32	0.33	0.35	0.36
Veterinary offices	1.3	0.30	0.31	0.32	0.33	0.35	0.36
Dental offices	1.3	0.30	0.31	0.32	0.33	0.35	0.36
Hospitals	1.3	0.30	0.31	0.32	0.33	0.35	0.36
Cafeteria/dining area	2.0	0.45	0.47	0.48	0.50	0.52	0.54
Restaurants/cafes	2.0	0.45	0.47	0.48	0.50	0.52	0.54
Bakeries	2.0	0.45	0.47	0.48	0.50	0.52	0.54
Ice cream/yogurt shops	2.0	0.45	0.47	0.48	0.50	0.52	0.54
Delicatessens	2.0	0.45	0.47	0.48	0.50	0.52	0.54
Laundry & laundromats	3.0	0.68	0.71	0.73	0.76	0.78	0.81

(1) Not including restaurants

Note for Table 1: Warehouses, ministorage buildings and other storage buildings not connected to the sewers are not charged for sewer use.

Table 2 – Non-Residential Rates

Variable Charge
(water use and strength factors)

User Type	Strength Factor	Current Charge	Charge Per Hundred Cubic Feet (1)				
			FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21
Base Charge/square foot	1.0	\$3.00	\$3.11	\$3.23	\$3.34	\$3.46	\$3.57
Office	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Retail	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Public office buildings	1.0	3.00	3.11	3.23	3.34	3.46	3.57
School classrooms/admin	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Churches	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Auto service stations	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Auditoriums theaters	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Gymnasium w/showers	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Hotels/motels (2)	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Medical offices	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Veterinary offices	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Dental offices	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Hospitals	1.0	3.00	3.11	3.23	3.34	3.46	3.57
Laundries & laundromats	1.4	4.20	4.36	4.52	4.68	4.84	5.00
Meeting halls w/kitchens	1.4	4.20	4.36	4.52	4.68	4.84	5.00
Cafeteria/dining area	2.2	6.52	6.77	7.02	7.26	7.51	7.76
Restaurants/cafes	2.2	6.52	6.77	7.02	7.26	7.51	7.76
Supermarkets	2.2	6.52	6.77	7.02	7.26	7.51	7.76
Bakeries	2.2	6.52	6.77	7.02	7.26	7.51	7.76
Ice cream/yogurt shops	2.2	6.52	6.77	7.02	7.26	7.51	7.76
Delicatessens	2.2	6.52	6.77	7.02	7.26	7.51	7.76
Mortuary	2.2	6.52	6.77	7.02	7.26	7.51	7.76

(1) One hundred cubic foot is 748 gallons. Charges based on historical winter water consumption.

(2) Not including restaurants

Notes for Table 2: The annual volume of water use in hundred cubic feet/year is calculated based on the average winter water use. (Winter bimonthly water use x 6 = annual volume of water use.)

Warehouses, ministorage buildings and other storage buildings not connected to the sewers are not charged for sewer use.

DRAFT RESOLUTION NO. 3108

**A RESOLUTION CONFIRMING SEWER SERVICE CHARGE REPORT
AND COLLECTION OF SEWER SERVICE CHARGES FOR
NOVATO SANITARY DISTRICT
ON THE COUNTY OF MARIN TAX ROLLS
FOR FISCAL YEAR FY2017-18**

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

WHEREAS, The District does hereby elect, pursuant to Section 5473 of the Health and Safety Code of the State of California, to have the sewer service charges for the fiscal year 2017-18, established by said District, collected on the tax roll of the County of Marin, State of California, in the manner provided pursuant to Sections 5471 through 5473.11 of the Health and Safety Code of the State of California.

WHEREAS, Monday, the 26th day of June, 2017, at the hour of 5:30 p.m. at the regular meeting place of said District, Novato Sanitary District, 500 Davidson Street, Novato, California, was fixed as the time and place for hearing on the sewer service charge report filed with the Secretary of this District, pursuant to law, and the Secretary published a notice of said hearing and of the filing of said report, once a week for two successive weeks with at least five days intervening between the respective publication dates, with the first publication being at least fourteen days prior to the date set for said hearing, in the Marin Independent Journal, a newspaper of general circulation printed and published in the County.

WHEREAS, notice was given of the time therein stated in the manner provided by law as appears by the affidavits of publication on file in the office of the Secretary of said District;

WHEREAS, said matter came on regularly for hearing at the time fixed; and

WHEREAS, there were no written or oral protests in placing the sewer service charges on the tax roll;

NOW, THEREFORE, IT IS ORDERED, as follows:

1. That objections to and protests against said report were not made by the owners of a majority of the separate parcels of property described in the report against which charges for the services and facilities provided by the District were fixed.
2. No objections to, or protests against, said report were made at the hearing.
3. That said report be, and it is hereby, adopted in full as revised, changed, reduced or modified by the Board, and that said charges shall be collected on the tax roll of the County of Marin, in the manner provided by law.
4. That the Secretary of this District be, and he is hereby, directed to timely file a copy of said report with the Director of Finance of Marin County upon which shall be endorsed, over his signature, a statement that the report has been finally adopted by the Board of Directors of the Novato Sanitary District.
5. The Director of Finance of Marin County shall, upon receipt of said report, enter the amounts of the charges against the respective lots or parcels as they appear on the assessment roll for the fiscal year 2017-18.
6. For premises connected to the sewer system of the District, the average sewer service rate per Service Unit or SU (or Single Family Unit or SFU; or Equivalent Dwelling Unit or EDU) for fiscal year 2017-18 shall be **FIVE HUNDRED AND NINETY-FOUR AND 00/100 DOLLARS (\$594.00)** as established by Novato Sanitary District Ordinance No. 120 adopted June 13, 2016. Said rate shall be subject to modification and change, from time to time, as may be required to permit the District to meet State and Federal revenue program guidelines and as the total number of Service Units and the budgetary requirements of the District change. Service Charges shall be calculated for various sewer user categories as described in Ordinance No. 111, and Ordinance No. 120 (including Tables 1A, 1, and 2).

For all users whose service charges are collected on the Marin County tax roll, the fiscal year 2017-18 sewer service rate includes a County collection fee of **TWO AND 00/100 DOLLARS (\$2.00)** per County Assessor's parcel billed.

* * * * *

I hereby certify that the foregoing resolution was duly and regularly passed and adopted by the Board of Directors of the Novato Sanitary District, Marin County, California, at a meeting thereof duly held on the 26th day of June 2017, by the following vote:

AYES, and in favor thereof, Directors:

NOES, Directors:

ABSENT, Directors:

President, Novato Sanitary District

COUNTERSIGNED:

Secretary

Marin Independent Journal

4000 Civic Center Drive, Suite 301
San Rafael, CA 94903
415-382-7335
legals@marinij.com

Item 5.a.b.c.d. & 6
Attachment 3
(Pages 19-20)

NOVATO SANITARY DISTRICT
500 DAVIDSON ST
NOVATO, CA 94945-3328

Account Number: 2071871

Ad Order Number: 0005962567

Customer's Reference
/ PO Number:

Publication: Marin Independent Journal

Publication Dates: 06/12/2017, 06/19/2017

Amount: \$128.65

Invoice Text: **NOVATO SANITARY DISTRICT**

NOTICE OF PUBLIC HEARING

SEWER SERVICE CHARGES 2017-18

NOTICE IS HEREBY GIVEN that pursuant to Section 5474 et seq. of the Health and Safety Code of the State of California, the Board of Directors of the NOVATO SANITARY DISTRICT has, by ordinance, adopted its sewer service charges through fiscal year 2020-21 and stated its intent to collect its charges on the tax roll in the same manner as its general taxes. The NOVATO SANITARY DISTRICT has caused to be filed with its Secretary a written report containing a description of each parcel of real property receiving sanitary sewerage service from said District and the anticipated amount of charges for each such parcel.

NOTICE IS FURTHER GIVEN that on Monday, the 26th day of June, 2017, at the hour of 5:30 p.m. at the regular meeting place of the District, Novato Sanitary District, 500 Davidson Street, Novato, California, said Board will hear and consider all protests and objections to said report.

By order of the Board of Directors of the Novato Sanitary District.

Dated: May 23, 2017

/s/ Sandeep Karkal
Sandeep Karkal
Secretary, Novato Sanitary District

NO. 647 June 12 and June 19, 2017

Marin Independent Journal

4000 Civic Center Drive, Suite 301
San Rafael, CA 94903
415-382-7335
legals@marinij.com
2071871

NOVATO SANITARY DISTRICT
500 DAVIDSON ST
NOVATO, CA 94945-3328

PROOF OF PUBLICATION (2015.5 C.C.P.)

STATE OF CALIFORNIA County of Marin

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer of the MARIN INDEPENDENT JOURNAL, a newspaper of general circulation, printed and published daily in the County of Marin, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Marin, State of California, under date of FEBRUARY 7, 1955, CASE NUMBER 25566; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

06/12/2017, 06/19/2017

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated this 19th day of June, 2017.



Signature

PROOF OF PUBLICATION

Legal No. **0005962567**

**NOVATO SANITARY DISTRICT
NOTICE OF PUBLIC HEARING
SEWER SERVICE CHARGES 2017-18**

NOTICE IS HEREBY GIVEN that pursuant to Section 5474 et seq. of the Health and Safety Code of the State of California, the Board of Directors of the NOVATO SANITARY DISTRICT has, by ordinance, adopted its sewer service charges through fiscal year 2020-21 and stated its intent to collect its charges on the tax roll in the same manner as its general taxes. The NOVATO SANITARY DISTRICT has caused to be filed with its Secretary a written report containing a description of each parcel of real property receiving sanitary sewerage service from said District and the anticipated amount of charges for each such parcel.

NOTICE IS FURTHER GIVEN that on Monday, the 26th day of June, 2017, at the hour of 5:30 p.m. at the regular meeting place of the District, Novato Sanitary District, 500 Davidson Street, Novato, California, said Board will hear and consider all protests and objections to said report.

By order of the Board of Directors of the Novato Sanitary District.

Dated: May 23, 2017

/s/ Sandeep Karkal
Sandeep Karkal
Secretary, Novato Sanitary District

NO. 647 June 12 and June 19, 2017

Novato Sanitary District Operating Check Register

June 26, 2017

Item 7.a.
(Pages 21-22)

Date	Num	Name	Credit
Jun 26, 17			
06/26/2017	60731	Pacific, Gas & Electric	73,645.47
06/26/2017	60722	GovInvest Inc.	18,525.00
06/26/2017	60735	Stericycle	14,512.56
06/26/2017	60714	Central Marin Sanitation District	14,395.86
06/26/2017	60713	Caltest Analytical Lab Inc.	8,502.15
06/26/2017	60718	F.D. Thomas, Inc.	8,000.00
06/26/2017	60709	American Express-21007	2,325.56
06/26/2017	60723	Grainger	1,684.39
06/26/2017	60724	Irvine Consulting Services Inc.	1,465.00
06/26/2017	60728	North Marin Water District	1,440.90
06/26/2017	60739	Frontier Communications of CA	1,438.52
06/26/2017	60737	Ravicz, Arthur-	1,350.00
06/26/2017	60712	California Diesel & Power	1,326.04
06/26/2017	60736	WaterSavers Irrigation Inc.	1,273.82
06/26/2017	60729	North Marin Water District Payroll	1,266.00
06/26/2017	60711	Calcon Systems, Inc.	1,159.28
06/26/2017	60733	Siemens Industry	1,020.62
06/26/2017	60716	CT Promotions	988.11
06/26/2017	60738	Frontier California Inc EQ	567.75
06/26/2017	60725	Jim-n-i Rentals Inc.	535.88
06/26/2017	60710	Cagwin & Dorward Inc.	448.00
06/26/2017	60715	Claremont EAP, Inc.	250.00
06/26/2017	60717	ECS Refining, Inc	215.49
06/26/2017	60730	Novato, City	105.00
06/26/2017	60734	Staples Advantage	80.06
06/26/2017	60720	Fishman Supply Company	71.57
06/26/2017	60726	Leonardi Automotive & Electric, Inc.	50.92
06/26/2017	60727	NAPA Auto Parts	49.09
06/26/2017	60732	Petty Cash	46.05
06/26/2017	60719	First Alarm	39.91
06/26/2017	60721	VOID	0.00
Jun 26, 17			<u>156,779.00</u>

Novato Sanitary District Capital Projects Check Register

June 26, 2017

Date	Num	Name	Credit
Jun 26, 17			
06/26/2017	3183	F.D. Thomas, Inc.	69,350.00
06/26/2017	3186	Mirabella Property-	10,860.00
06/26/2017	3187	RMC Water & Environment, Inc.	8,439.90
06/26/2017	3185	Linscott Engineering Contractors ...	3,052.97
06/26/2017	3184	Lateral-Antill	2,000.00
Jun 26, 17			<u>93,702.87</u>

**Novato Sanitary District
Payroll and Payroll Related Disbursements
June - 2017**

Item 7.b.

Date	Description	Amount
06/30/2017	June Payroll	122,297.71
06/22/2017	June - Retirees Health Benefits	12,283.06
06/22/2017	PARS-OPEB Contribution	63,636.36
06/22/2017	PARS-Pension Contribution	18,181.82
06/22/2017	CALPERS Retirement	11,161.05
06/30/2017	United States Treasury	26,130.46
06/22/2017	CalPers Supplemental Income Plan	4,000.00
06/30/2017	EDD	7,628.39
06/22/2017	Lincoln Financial Group 457	9,109.90
06/22/2017	Lincoln Financial Group 457 Roth	50.00
06/22/2017	Lincoln Financial Group-401a Plan	8,747.75
06/22/2017	CALPERS Retirement	14,802.18
06/22/2017	CalPERS Health	34,578.67
06/22/2017	Local Union 315	460.00
06/22/2017	Operating Engineers Trust	849.17
06/22/2017	Delta Dental	3,029.10
06/22/2017	Dearborne	348.98
		336,945.62

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Solid Waste Committee - Meeting Report, June 2017.	MEETING DATE: June 26, 2017 AGENDA ITEM NO.: 8.a.
RECOMMENDED ACTION: Receive report and recommendation to adopt preliminary Solid and Household Hazardous Waste (HHW) operating budget for FY17-19.	
SUMMARY AND DISCUSSION: <p>The Solid Waste Committee held its meeting on June 19, 2017. Solid Waste Board Committee members Mariani and Dillon-Knutson attended.</p> <p>The District’s Solid and Household Hazardous Waste (HHW) coordinator Ms. Dee Johnson of DLJ Associates was present.</p> <p>A copy of the Solid Waste Committee agenda packet, including the report, is attached.</p> <p>Ms. Johnson reviewed the preliminary FY17-19 Solid and HHW operating budget with the Committee. The Committee discussed a number of items relating to this preliminary budget including but not limited to the projected year-over-year increase in anticipated contractor costs in Account No. 67500 - Household Hazardous Waste, budget amounts for outreach to businesses and schools, and the increased participation rate in the HHW events. Ms. Johnson also briefly discussed the provided budget narrative with its summary discussion of projected revenues and expenditures.</p> <p>Upon close of discussion, the Committee unanimously agreed on a recommendation to the full Board of Directors to adopt the preliminary FY17-19 Solid and HHW operating budget at the Board’s June 26, 2017 meeting.</p>	
ATTACHMENTS: 1. Agenda Packet for Solid Waste Committee meeting of June 19, 2017.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence), Goal 3 (Alignment and Communications), and Goal 4 (Well Planned Finances with a Long Range Outlook) of the latest Strategic Plan Update.	
DEPT. MGR.: dlj, ssk	GENERAL MANAGER: SSK

NOVATO SANITARY DISTRICT
Solid Waste Committee

Meeting Date: June 19, 2017

The Solid Waste Committee of Novato Sanitary District will hold a meeting at 3:30pm, Monday, June 19, 2017 at the District offices, 500 Davidson Street, Novato CA.

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

AGENDA

1. APPROVE AGENDA:

2. 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 Committee at this time as a result of any public comments made.

3. ANNUAL SOLID AND HOUSEHOLD HAZARDOUS WASTE (S&HHW) PROGRAMS BUDGET:

- a. Review FY17-19 Preliminary S&HHW budget, and subject to minor changes and edits, recommend its adoption by the District Board of Directors.

4. ADJOURN:

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 SOLID WASTE COMMITTEE AGENDA ITEM SUMMARY

TITLE: Solid Waste Committee: Fiscal Year (FY) 17-19 Preliminary Solid and Household Hazardous Waste (S&HHW) Budget.	MEETING DATE: June 19, 2017 AGENDA ITEM NO.: 3.a.
RECOMMENDED ACTION: Review FY17-19 Preliminary S&HHW budget, and subject to minor changes and edits, recommend its adoption by the Board of Directors.	
SUMMARY AND DISCUSSION: <p>At the June 12, 2017 Board meeting, staff presented the District’s preliminary Budget for Fiscal Years 2017-19 to the Board.</p> <p>The Solid Waste Committee (Committee) is being presented the proposed preliminary S&HHW budget for the Committee’s review, and subject to minor changes and edits, requested to present its recommendation for adoption to the full Board. Similarly, the preliminary Operating budget and the preliminary Capital Improvements Program budget are being separately presented to the Wastewater Operations Committee, and the New Facilities Committee, respectively, with the request that each committee recommend adoption of their respective budgets to the full Board.</p> <p>The preliminary S&HHW budget and budget narrative are attached for the Solid Waste Committee’s review. Staff suggests that the Committee review these items, and subject to minor changes and edits, recommend the preliminary Solid Waste budget for adoption by the full Board at its June 26, 2017 meeting.</p>	
ATTACHMENTS: <ol style="list-style-type: none"> 1. Preliminary Solid and Household Hazardous Waste budget, Fiscal Years FY2017-19. 2. Proposed Preliminary FY2017-2019 Solid and Household Hazardous Waste (HHW) Programs Budget Narrative. 	
DEPT. MGR.: dlj, ssk	GENERAL MANAGER: SSK

**AB 939 SOLID, ZERO WASTE AND HAZARDOUS WASTE BUDGET
 FY 2017/2018 AND 2018/2019 PROPOSED BUDGET**

EXPENDITURES		Budget	Budget	Expenditures	Projected	Preliminary	Preliminary
Account	Program	FY15/16	FY16/17	thru'	Expenditures	Budget	Budget
				March 2017	FY16/17	FY17/18	FY18/19
67400	Management Services	\$131,464.00	\$134,750.00	\$56,400.00	\$100,555.00	\$138,118.00	\$142,464.00
67500	Household Hazardous Waste & E-Waste	\$211,500.00	\$220,000.00	\$128,948.00	\$230,000.00	\$242,500.00	\$248,000.00
67530	Used Oil and Beverage Container grant programs	\$22,537.00	\$22,537.00	\$4,050.00	\$22,537.00	\$22,537.00	\$22,537.00
67540	Outreach/Publicity/Education	\$22,000.00	\$23,500.00	\$11,122.00	\$23,500.00	\$21,000.00	\$23,500.00
67600	Other	\$5,000.00	\$5,000.00	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00
67610	City AB939 Admin Services	<u>\$10,000.00</u>	<u>\$10,000.00</u>	<u>\$0.00</u>	<u>\$10,000.00</u>	<u>\$10,000.00</u>	<u>\$10,000.00</u>
TOTAL AB939 SOLID/HAZARDOUS WASTE EXPENDITURES		\$402,501.00	\$415,787.00	\$200,520.00	\$391,592.00	\$439,155.00	\$451,501.00
REVENUES							
	AB939 Solid Waste Fees	\$342,621.00	\$354,134.00	\$354,134.00	\$342,621.00	\$376,426.00	\$388,722.00
	Used Oil Grant	\$15,060.00	\$15,060.00	\$15,060.00	\$15,060.00	\$15,060.00	\$15,060.00
	Beverage Container Recycling Grant	\$13,836.00	\$13,836.00	\$13,836.00	\$13,836.00	\$13,930.00	\$13,930.00
	JPA reimbursement & self haul fees	\$30,984.00	\$32,757.00	\$32,757.00	\$30,984.00	\$33,739.00	\$33,739.00
TOTAL AB939 SOLID/HAZARDOUS WASTE REVENUES		\$402,501.00	\$415,787.00	\$415,787.00	\$402,501.00	\$439,155.00	\$451,451.00

Proposed Preliminary FY2017-2019 Solid and Household Hazardous Waste (HHW) Programs Budget Narrative

Below is the narrative for the proposed preliminary budget for the Solid and Household Hazardous Waste programs for FY 2017/2018 and estimated FY2018/2019.

Expenditures

67400 - Management Services. Expenditures include the ongoing operation, administration and staffing of the permanent HHW facility, E-Waste events, HHW contracts, monthly, quarterly and annual reporting requirements, staffing of Committee meetings, attending Local Task Force and JPA meetings, managing Zero Waste programs, monitoring legislation, outreach to businesses, and multi-family and community events. Expenditures also include administration of 2 grant programs – Used Oil, and Beverage Container Recycling – funded entirely by these grants.

Staff time in FY2017/2018 will be dedicated to outreach and education at commercial establishments, multi-family properties and schools, and focusing on organics diversion, as required under AB1826 and AB341, the mandatory recycling and organics diversion laws. Ongoing outreach includes participating in community events, school assemblies and working with CalRecycle and Novato Disposal on mandatory recycling requirements, Zero Waste issues and ongoing HHW programs. Expenditures are also included for consulting services to study and plan for move of the HHW facility to a new location.

67500 – Household Hazardous Waste. Expenditures include contractor costs for the HHW facility, E-Waste events, and ongoing maintenance of the HHW facility including floor striping, repair of roll-up doors, signage and pigeon control.

Estimated expenditures for the HHW program contractor costs continue to increase due to increased participation and increasing waste streams. In 2016, participation at the HHW facility increased over 9% from 2015 – the highest participation ever at the facility. Since 2010, participation at the HHW Facility has increased by over 80%. This continues to result in higher waste disposal and labor costs. Although the Paintcare program, launched in March 2014, resulted in lower costs for disposal of latex and some oil base paints, Paintcare still does not accept many types of paints and related products, which account for a significant portion of our waste stream. In addition, increased participation and detailed sorting required by the Paintcare program has increased labor costs. With higher participation in the program, HHW contractor costs will continue to increase in FY2017/2018 and beyond. Also maintained in the FY2017/2018 budget are expenditures for purchase of sharps containers distributed for free at three Novato pharmacies and the HHW Facility, along with disposal of sharps waste.

67530/67530-1 – Used Oil and Beverage Container Grants. These CalRecycle grant funds are used exclusively for used oil and filter recycling, oil tank maintenance, supplies, and promotion of beverage container recycling.

67540 - Education, Publicity/Advertising, Outreach. As a result of increased outreach for the Zero Waste, organics diversion and multifamily/commercial recycling programs, expenditures include sponsorship and booth rental at many community events, handouts and promotional items, and advertising. Included are costs for website development, Facebook monitoring, newsletter articles, print advertising, and social media outreach. For FY 2017/2018, outreach will continue at local community events, farmer's markets and schools, along with increased focus on food waste and organics diversion at commercial facilities.

67600 - Other. A contingency of \$5,000 is included for unanticipated expenses.

67610 - City AB939 Administrative Services. Funds maintained for City staff services.

Revenues.

AB939 Solid Waste Fees. There is an increase (9%) in fees for FY2017/2018, as a result of increased HHW program costs. 85% of the revenues to fund these programs come from these fees assessed on the garbage rate. (AB939 fees).

Used Oil Grant. Grant amount is budgeted at \$15,060, which is the preliminary amount proposed by CalRecycle. Actual amount is not known until State budget passes.

Beverage Container Recycling Grant. Grant amount is budgeted at \$13,930. Actual amount is not known until State budget passes.

JPA reimbursement fees. JPA fee revenues are budgeted at \$33,739 for FY 2017/2018. The \$33,739 accounts for current fees on Novato self-haul waste disposed at Redwood Landfill.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Operations Committee – Meeting Report, June 2017.	MEETING DATE: June 26, 2017 AGENDA ITEM NO.: 8.b.
RECOMMENDED ACTION: Receive report and recommendation to adopt preliminary Operating Budget for FY17-19.	
SUMMARY AND DISCUSSION: <p>The Wastewater Operations (WWOC) Committee (or Committee) met on June 13, 2017. Board WWOC Committee members Peter and Miller attended. A copy of the agenda packet for the meeting is attached. A brief summary is provided below.</p> <p>Operating Budget:</p> <p>Staff reviewed the preliminary FY17-19 Operating Budget with the Committee. The Committee discussed a number of items relating to this preliminary budget including, but not limited to:</p> <ul style="list-style-type: none"> • Revenues and expenditures budgets for the Recycled Water Cost Center. • Staffing considerations, and budget amounts for the “benefits” component. • Budget amounts for the retiree health and pension liability components. • Reclamation area considerations including sludge disposal budget amounts. <p>Upon close of discussion, the Committee unanimously agreed on a recommendation to the full Board of Directors to adopt the preliminary FY17-19 Operating Budget at the Board’s June 26, 2017 meeting.</p>	
ATTACHMENTS: 1. Agenda Packet for Wastewater Operations Committee meeting of June 13, 2017.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long Range Outlook) of the latest Strategic Plan Update. The item also addresses other goals of the Strategic Plan including Goal 1 (Operational Excellence), and Goal 3 (Alignment and Communications).	
DEPT.MGR.: EB, SRK	GENERAL MANAGER: SSK

NOVATO SANITARY DISTRICT

Meeting Date: June 13, 2017

The Wastewater Operations Committee of Novato Sanitary District will hold a meeting at 3:00 PM, Tuesday, June 13, 2017, at the District offices, 500 Davidson Street, Novato.

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

AGENDA

- 1. AGENDA APPROVAL:**
- 2. 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 Committee at this time as a result of any public comments made.

- 3. ANNUAL OPERATING BUDGET:**
 - a. Review FY17-19 proposed operating budget, and subject to minor changes and edits, recommend its adoption by the Board of Directors.
- 4. ADJOURNMENT:**

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 WASTEWATER OPERATIONS COMMITTEE AGENDA ITEM SUMMARY

TITLE: Wastewater Operations Committee: FY17-19 Preliminary Operating Budget.	MEETING DATE: June 13, 2017 AGENDA ITEM NO.: 3.a.
RECOMMENDED ACTION: Review FY17-19 proposed Preliminary Operating budget, and subject to minor changes and edits, recommend its adoption by the Board of Directors.	
SUMMARY AND DISCUSSION: <p>At the June 12, 2017 Board meeting, staff presented the District’s preliminary Budget for Fiscal Years 2017-19 to the Board.</p> <p>The Wastewater Operations Committee (Committee) is being presented the proposed preliminary Operating budget for the Committee’s review, and subject to minor changes and edits, requested to present its recommendation for adoption to the full Board. Similarly, the preliminary Solid Waste budget and the preliminary Capital Improvements Program Budget are being separately presented to the Solid Waste Committee, and the New Facilities Committee, respectively, with the request that each committee recommend adoption of their respective budgets to the full Board.</p> <p>The relevant elements of the preliminary Operating Budget are attached for review by the Wastewater Operations Committee. Staff suggests that the Committee review these items, and subject to minor changes and edits, recommend the preliminary Operating Budget for adoption by the full Board at its June 26, 2017 meeting.</p>	
ATTACHMENTS: 1. Preliminary operating budget for Fiscal Years FY2017-19.	
DEPT. MGR.: SRK, EB	GENERAL MANAGER: SSK



Preliminary Operating Budget

FOR

FISCAL YEARS 2017-19

Wastewater Operations Committee
June 13, 2017

**Abstracted from
Preliminary Budget for Fiscal Years 2017-19
as presented to the District Board on June 12, 2017**

**Novato Sanitary District
2017-19 Preliminary Operating Budget
Summary of Revenues**

Operating Fund Revenue Center - 41000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Revenues 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
41010 · Sewer Service Charges (1)	9,121,520	9,208,992	9,208,992	9,691,440	10,145,760
41030 · Plan Check & Inspection Fee	500	500	250	500	500
41040 · Permit & Inspection Fee	6,000	6,000	6,000	6,000	6,000
41060 · Interest Income	18,000	20,000	43,000	43,000	50,000
41080 · Engineering & Admin Charges	165,000	165,000	125,000	165,000	165,000
41090 · Non-domestic Permit Fees (2)	25,000	25,000	20,000	20,000	20,000
41100 · Garbage Franchise Fees	50,962	52,186	52,186	53,438	54,721
41105 · AB 939 Collector Fees	342,621	354,134	354,134	362,502	371,202
41107 · Oil/Bev/Tire Grants (3)	59,880	59,880	50,000	54,000	56,000
41130 · Ranch Income	70,000	70,000	70,000	70,000	70,000
41135 · Recycled Water Revenue	117,000	117,000	143,000	135,500	142,000
41140 · Other Revenue (4)	20,000	20,000	17,000	20,000	20,000
41142 · Loss on disposal of assets	10,000	10,000	3,000	10,000	10,000
Totals	10,006,483	10,108,692	10,092,562	10,631,380	11,111,183

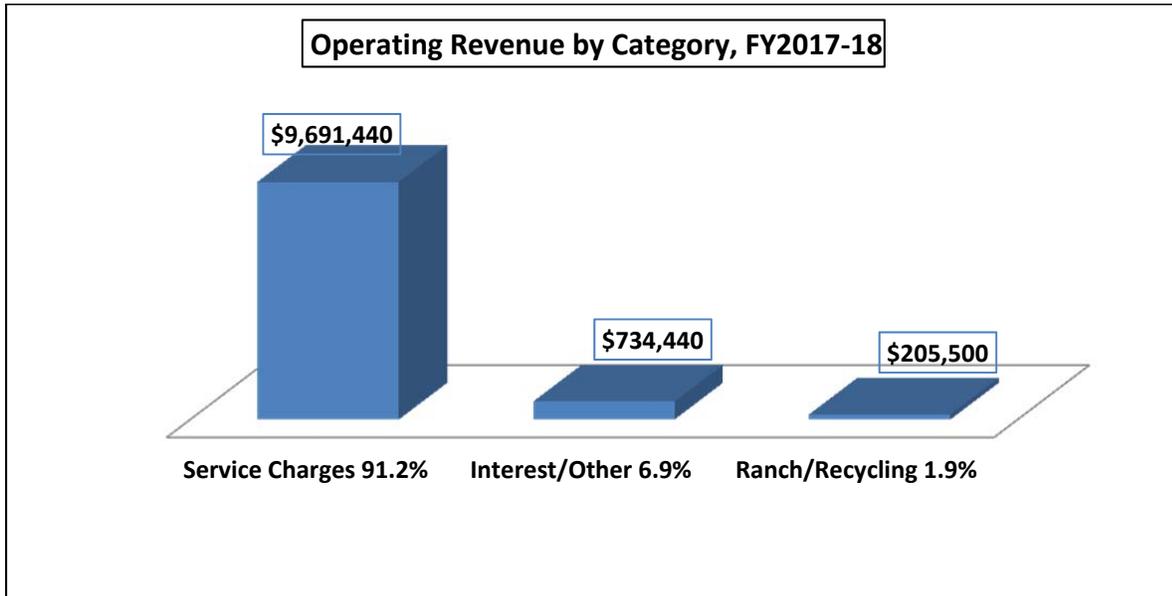
Comments:

- (1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:
 - For 2017/18 the charge is \$594 split between operating (\$330) and capital (\$264).
 - For 2018/19 the charge is \$615 split between operating (\$345) and capital (\$270).
- (2) Includes application fees, permits and monitoring charges.
- (3) Oil/Bev/Tire Grants ~ \$29,000/ JPA Reimb Fees \$25,000
- (4) Other revenue includes septic tank hauling fees, and miscellaneous revenue.

APPROPRIATIONS LIMITATION

The appropriations limitation, pursuant to Article XIIB of the California Constitution, will be determined prior to submission of the final budget in August.

Figure 1: Preliminary Operating Revenue by Revenue Category, FY 2017-18



**Novato Sanitary District
2017-19 Preliminary Budget
Operating Budget - Summary of Expenditures**

Operating Cost Center	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Collections	1,386,100	1,392,148	1,146,388	1,397,514	1,457,505
Treatment Facilities	3,018,331	3,076,191	3,033,186	3,160,475	3,382,423
Reclamation	487,029	521,538	473,085	555,541	522,007
Laboratory	601,633	648,636	564,188	599,461	605,492
Pump Stations	814,633	854,139	751,679	859,031	910,203
Administration/Engineering	2,936,237	2,947,210	3,412,400	3,173,328	3,469,071
Solid/Hazardous Household Waste	402,501	415,787	391,592	439,155	451,501
Recycled Water	117,000	117,000	97,695	135,500	141,640
	9,763,464	9,972,648	9,870,213	10,320,004	10,939,844

Figure 2: Preliminary Operating Expenditures by Expense Category, FY 2017-18

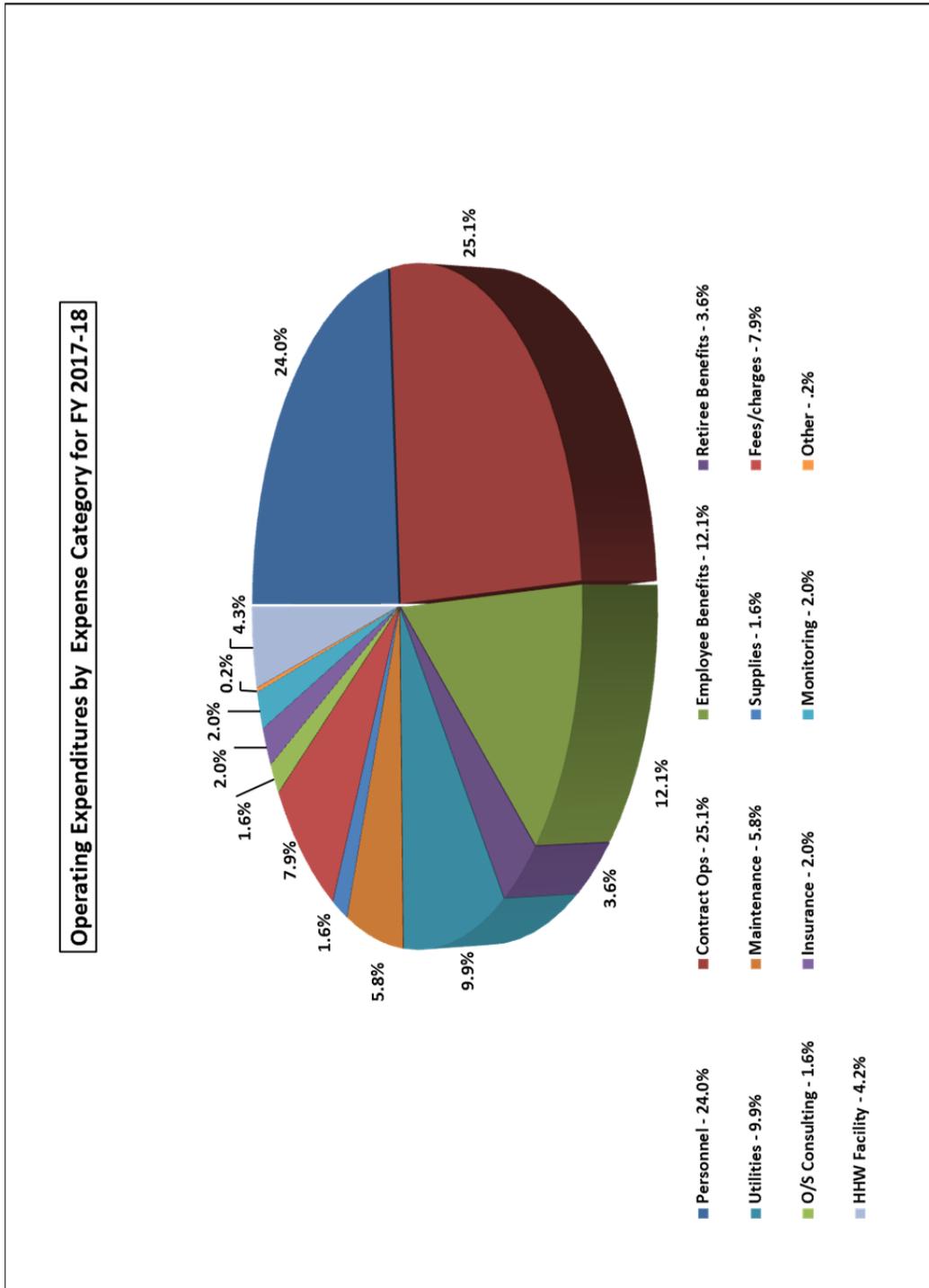
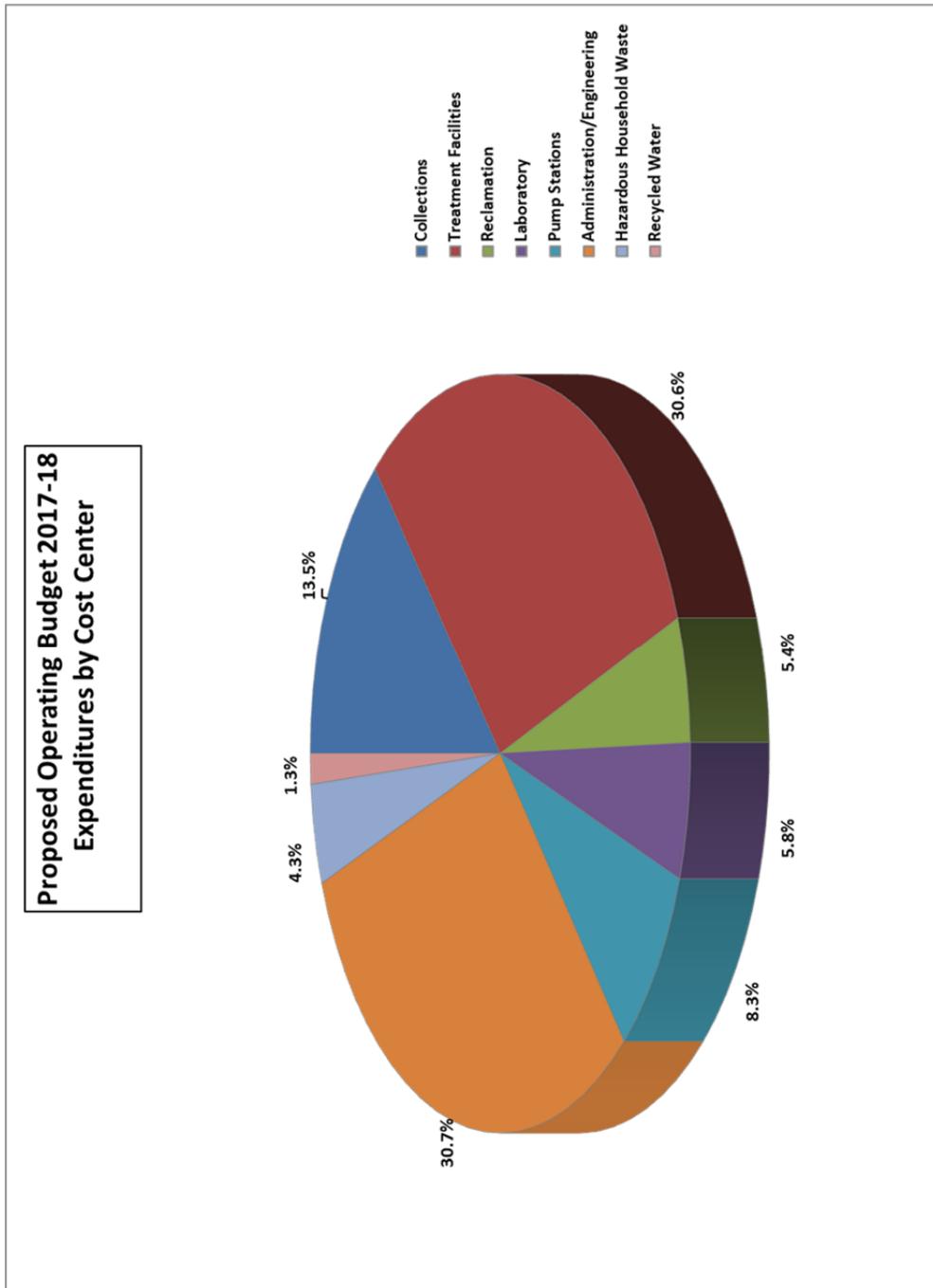


Figure 3: Preliminary FY 2017-18 Operating Budget Expenditures by Cost Center



Novato Sanitary District												
2017-18 Preliminary Operating Budget												
Operating Budget: By Cost Center and Account Category												
	Treatment Facilities	Recl	L-M	Pump Stations	Collection System	A-E	HHW Program	Recycled Water	Total	As Percent of Budget	Over/Under PY Budget	% Over/Under PY Budget
Salaries and Wages		94,562		372,332	678,903	1,226,084			2,371,881	22.98%	155,895	7.04%
Contract Services (Operations & Lab)	2,173,976		363,761					50,000	2,587,737	25.07%	56,322	2.22%
Employee Benefits		35,978		162,699	308,112	513,033			1,019,821	9.88%	68,772	7.23%
Retiree Health Benefits						370,060			370,060	3.59%	(7,288)	-1.93%
Pension Expense(Trust)						223,152			223,152	2.16%	223,152	100.00%
Directors' Fees						36,000			36,000	0.35%	(2,000)	-5.26%
Election Expense						0			-	0%	-	0.00%
Gasoline, Oil & Fuel		2,000	1,500	5,000	15,000	5,000			28,500	0.28%	(22,000)	-43.56%
Insurance	14,000					150,000			164,000	1.59%	-	0.00%
Ins Claims Expense						45,000			45,000	0.44%	(5,000)	-10.00%
Agency Dues						54,000			54,000	0.52%	(8,000)	-12.90%
Memberships						10,000			10,000	0.10%	-	0.00%
Office Expense						26,000			26,000	0.25%	(1,000)	-3.70%
Safety		500	1,000	2,000	3,500	2,000			9,000	0.09%	-	0.00%
Software Maint		2,000	1,000	8,000	20,000				31,000	0.30%	(62,000)	-66.67%
Operating Supplies		2,000	20,000	10,000	28,000	10,000		2,000	72,000	0.70%	(2,000)	-2.70%
Operating Chemicals				2,000				27,300	29,300	0.28%	(11,700)	-28.54%
Sludge Disposal-Contractual		240,000							240,000	2.33%	50,000	26.32%
Accounting & Auditing						26,000			26,000	0.25%	(1,000)	-3.70%
Attorney						50,000			50,000	0.48%	(25,000)	-33.33%
Outside Consulting						167,000			167,000	1.62%	(51,000)	-23.39%
IT/Misc. Electrical						40,000			40,000	0.39%	(5,000)	-11.11%
Safety & Wellness Incentive Program						10,000			10,000	0.10%	-	0.00%
Printing & Publication						22,000			22,000	0.21%	-	0.00%
Repairs & Maintenance		65,000	19,200	115,000	80,000	50,000		24,200	353,400	3.42%	(13,600)	-3.71%
Unusual Equipment Maint	150,000								150,000	1.45%	-	0.00%
Small Tools		500		2,000	2,000				4,500	0.04%	-	0.00%
Outside Services				30,000	175,000				205,000	1.99%	(5,000)	-2.38%
Ditch/Dike Maintenance		10,000							10,000	0.10%	(10,000)	-50.00%
Research & Monitoring			147,500					14,000	161,500	1.56%	(34,500)	-17.60%
Travel, Mtgs & Train.						55,000			55,000	0.53%	-	0.00%
Pollution Prevention/Pub. Ed.			41,500						41,500	0.40%	(1,500)	-3.49%
Gas & Electricity	732,499	95,000		115,000				17,000	959,499	9.30%	43,586	4.76%
Water		3,000		7,000	12,000				22,000	0.21%	-	0.00%
Telephone				24,000	4,000	12,000			40,000	0.39%	4,000	11.11%
Other/Operational Assistance					1,000				1,000	0.01%	-	0.00%
Permits & Fees	90,000	5,000	4,000	4,000	70,000			1,000	174,000	1.69%	(8,000)	-4.40%
Co. Collection Fees						66,000			66,000	0.64%	(2,000)	-2.94%
Ser. Chg. System Exp						5,000			5,000	0.05%	(150)	-2.91%
AB 939 Solid Waste Programs							439,155		439,155	4.26%	23,368	5.62%
Total	3,160,475	555,541	599,461	859,031	1,397,514	3,173,328	439,155	135,500	10,320,000	100.00%	347,356	3.48%
	30.62%	5.38%	5.81%	8.32%	13.54%	30.75%	4.26%	1%	100.00%			

SECTION III

OPERATING BUDGET
By Cost Center and Account Category

**Novato Sanitary District
2017-19 Preliminary Budget
Operating Budget - Collections**

Collections Cost Center - 60000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
60010 · Salaries & Wages	634,609	627,355	551,420	678,903	720,601
60020 · Employee Benefits	269,491	286,293	250,268	308,112	353,404
60060 · Gas, Oil & Fuel	28,000	28,000	12,000	15,000	15,000
60085 · Safety	7,000	3,500	3,500	3,500	3,500
60091 · Software Maint	25,000	75,000	20,000	20,000	20,000
60100 · Operating Supplies	30,000	30,000	30,000	28,000	28,000
60150 · Repairs & Maint	85,000	85,000	70,000	80,000	80,000
60152 · Small Tools	2,000	2,000	2,000	2,000	2,000
60153 · Outside Services	225,000	175,000	175,000	175,000	155,000
60192 · Water	12,000	12,000	12,000	12,000	12,000
60193 · Telephone	2,000	2,000	2,000	4,000	4,000
60200 · Other(Garbage Coll)	1,000	1,000	500	1,000	1,000
60201 · Permits & Fees	65,000	65,000	17,700	70,000	63,000
	1,386,100	1,392,148	1,146,388	1,397,514	1,457,505

**Novato Sanitary District
2017-19 Preliminary Budget
Operating Budget - Treatment Facilities**

Treatment Facilities - Cost Center - 61000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
61000-1 · Fixed Fee(1)	2,059,201	2,113,278	2,113,278	2,173,976	2,322,675
61000-2 · Insurance & Bonds	12,000	14,000	14,000	14,000	14,000
61000-3 · Major Repair/Replcmnt	150,000	150,000	150,000	150,000	150,000
61000-4 · Water/Permits/Phone	90,000	90,000	90,000	90,000	90,000
61000-5 · Gas & Electricity(2)	707,130	708,913	665,908	732,499	805,748
	3,018,331	3,076,191	3,033,186	3,160,475	3,382,423

Comments:

- (1) Fixed fee - 5% increase from prior year, and an allowance for contractual incentive payment.
(2) Assumes 10% increase for purchased utility power based on actual expenditures for 2016/17, and an allowance for contractual incentive payment with 50-50 sharing of savings from power usage below contract baseline, between District and Veolia.

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Reclamation**

Reclamation Cost Center - 63000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
63010 · Salaries & Wages	75,400	91,943	83,808	94,562	97,827
63020 · Employee Benefits	28,629	36,595	21,459	35,978	39,181
63060 · Gasoline & Oil	4,000	4,000	2,000	2,000	2,000
63085 · Safety	500	500	500	500	500
63091 · Software Maint	2,000	2,000	1,000	2,000	2,000
63100 · Operating Supplies	2,000	2,000	2,000	2,000	2,000
63115 · Sludge Disposal	210,000	190,000	188,818	240,000	200,000
63150 · Repairs & Maint	50,000	70,000	70,000	65,000	65,000
63152 · Small Tools	500	500	500	500	500
63157 · Ditch/Dike Maint	20,000	20,000	0	10,000	10,000
63191 · Gas & Electricity	85,000	95,000	95,000	95,000	95,000
63192 · Water	3,000	3,000	4,000	3,000	3,000
63201 · Permits & Fees	6,000	6,000	4,000	5,000	5,000
	487,029	521,538	473,085	555,541	522,007

**Novato Sanitary District
2017-19 Preliminary Budget
Operating Budget - Laboratory**

Laboratory Cost Center - 64000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
64010 · Contract Lab Services (1)	357,133	368,136	357,133	363,761	375,792
64060 · Gasoline & Oil	3,000	2,500	1,500	1,500	1,500
64085 · Safety	1,000	1,000	0	1,000	1,000
64091 · Software Maintenance	4,000	4,000	4,000	1,000	1,000
64100 · Operating Supplies	20,000	20,000	20,000	20,000	20,000
64150 · Repairs & Maintenance	10,500	25,000	10,000	19,200	10,700
64160 · Research & Monitoring	163,000	182,000	125,000	147,500	150,000
64170 · Pollution Prev/Public Ed	40,000	43,000	43,000	41,500	41,500
64201 · Permits & Fees	3,000	3,000	3,555	4,000	4,000
	601,633	648,636	564,188	599,461	605,492

Comments:

- (1) Includes fees and charges paid for contract laboratory and environmental services provided by Veolia Water and North Marin Water District (NMWD).

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Pump Stations**

Pump Stations Cost Center - 65000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
65010 · Salaries & Wages	337,753	344,528	300,955	372,332	394,791
65020 · Employee Benefits	141,880	154,611	114,272	162,699	186,413
65060 · Gasoline & Oil	5,000	6,000	3,000	5,000	5,000
65085 · Safety	2,000	2,000	2,000	2,000	2,000
65091 · Software Maintenance	12,000	12,000	12,000	8,000	8,000
65100 · Operating Supplies	10,000	10,000	8,000	10,000	10,000
65101 · Operating Chemicals	15,000	15,000	100	2,000	2,000
65150 · Repairs & Maintenance	110,000	115,000	115,000	115,000	120,000
65152 · Small Tools	1,000	2,000	2,000	2,000	2,000
65153 · Outside Services, Elect.	32,000	35,000	35,000	30,000	30,000
65191 · Gas & Electricity	100,000	110,000	111,352	115,000	115,000
65192 · Water	7,000	7,000	7,000	7,000	7,000
65193 · Telephone	24,000	24,000	24,000	24,000	24,000
65201 · Permits & Fees	17,000	17,000	17,000	4,000	4,000
	814,633	854,139	751,679	859,031	910,203

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Administration/Engineering**

Administration and Engineering Cost Center - 66000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
66010 · Salaries & Wages	1,102,409	1,152,160	983,396	1,226,084	1,292,503
66020 · Employee Benefits	440,568	473,551	444,537	513,033	582,764
66021 · Retiree Health Benefits(1)	375,260	377,348	191,960	207,274	224,242
66021-1 · Retiree Health Benefits(2)	0	0	700,000	162,786	167,521
66022 · Pension Expense (3)	0	0	0	223,152	290,041
66022-1 · Pension Expense (4)	0	0	200,000	0	0
66030 · Director's Fees	43,000	38,000	25,500	36,000	36,000
66040 · Election Expense	50,000	0	250	0	45,000
66060 · Gasoline & Oil	10,000	10,000	4,892	5,000	5,000
66070 · Insurance	135,000	150,000	150,486	150,000	150,000
66071 · Insurance Claim Expense	40,000	50,000	30,000	45,000	45,000
66075 · Agency Dues	55,000	62,000	50,000	54,000	54,000
66080 · Memberships	9,000	10,000	8,500	10,000	10,000
66085 · Safety	2,000	2,000	2,000	2,000	2,000
66090 · Office Expense	25,000	27,000	25,000	26,000	28,000
66100 · Engineering Supplies	8,000	10,000	8,000	10,000	10,000
66121 · Accounting & Auditing	24,000	27,000	23,000	26,000	27,000
66122 · Attorney Fees	90,000	75,000	50,000	50,000	60,000
66123 · O/S Contractual	270,000	218,000	270,000	167,000	170,000
66124 · IT/Misc Electrical	36,000	45,000	36,000	40,000	42,000
66125 · Safety & Wellness Incent Prog	10,000	10,000	10,000	10,000	10,000
66130 · Printing & Publications	22,000	22,000	22,000	22,000	24,000
66150 · Repairs & Maintenance	50,000	50,000	50,000	50,000	53,000
66170 · Travel, Meetings & Training	55,000	55,000	50,000	55,000	55,000
66193 · Telephone	10,000	10,000	10,879	12,000	12,000
66202 · County Fees-Property Taxes	27,000	26,000	26,000	26,000	27,000
66203 · County Fees-Sewer Ser Chg	42,000	42,000	35,000	40,000	42,000
66250 · Service Charge Sys Exp	5,000	5,150	5,000	5,000	5,000
	2,936,237	2,947,210	3,412,400	3,173,328	3,469,071

Comments:

- (1) Projected contribution to current retirees' health care premiums.
- (2) Represents FY16-17 contributions to set up a PARS* Trust (OPEB sub-account), per Board action of November 14, 2016, and FY17-19 Unfunded Actuarial Liability (UAL) contributions into the PARS Trust (OPEB sub-account).
- (3) Represents FY17-19 projected contributions to PARS Trust (Pension sub-account).
- (4) Represents FY16-17 contribution to set up a PARS Trust (Pension sub-account), per Board action of November 14, 2016.

*PARS = Public Agency Retirement Services.

OPEB = Other Post-Employment Benefits.

Novato Sanitary District									
Preliminary Operating Budget 2017-19									
PERSONNEL DETAIL									
Number	Position	Cost Center	Pay Range	Salaries					
				2017-18	2018-19				
1.00	General Manager-Chief Engineer.....	A/E		224,104	233,516				
1.00	Technical Services Manager.....	A/E	MC119	154,750	162,539				
1.00	Field Services Manager25AE/.25CS/.25PS/.25Rec	MC119	155,988	162,539				
1.00	Senior Engineer.....	.65AE/.25PS/.10Rec	MC116.5	138,120	143,921				
0.46	Administrative Services Specialist	A/E	MC117.5	66,941	69,752				
1.00	Administrative/Risk Services and Safety Officer (1)	A/E	MC117.5	132,640	145,119				
1.00	Administrative Assistant	A/E	MC103	46,296	67,537				
1.00	Administrative Secretary.....	A/E	MC106	82,728	86,203				
1.00	Finance Officer.....	A/E	MC115	128,328	133,718				
1.00	Staff Engineer.....	.5A/E/.5CS	47	105,576	110,010				
1.00	Construction Inspector.....	A/E	44.5	78,289	80,138				
1.00	Information System Specialist II.....	.5A/E/.5CS	43.5	89,028	92,767				
1.00	Electrical/Instrumentation Tech I.....	.34A/E/.33PS/.33Rec	40.5	66,986	73,292				
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	124,765	133,718				
1.00	Collection System Leadworker.....	.67CS/.33PS	47	98,154	107,391				
0.00	Collection System Worker III.....	.67CS/.33PS	43.5	-	-				
3.00	Collection System Worker II.....	.67CS/.33PS	40.5	222,240	239,143				
4.00	Collection System Worker I.....	.67CS/.33PS	38.5	258,596	282,143				
1.00	Admin Intern	A/E	N/A	7,200	7,200				
1.00	Engineering Aide - temp	A/E	N/A	8,640	8,640				
0.40	Hourly Electrician	.25AE/.25PS/.50Rec	N/A	33,000	32,000				
	Allowance for Overtime.....	C/S		33,000	33,000				
	Allowance for Overtime.....	A/E		7,500	7,500				
	Allowance for Standby Duty Pay.....	C/S		35,000	36,000				
	Adjustment for CMSA Reimbursement(1)	A/E		(17,276)	(18,739)				
	Subtotal			2,280,593	2,429,047				
	Allowance for Possible COLA - across the board	4.20%		91,288	76,675				
		3.30%							
				2,371,881	2,505,722				
23.86	Administration and Engineering (A/E)		1,226,084	1,292,503					
	Collection System	67%	678,903	720,601					
	Pump Stations	33%	372,332	394,791					
	Reclamation Facilities		94,562	97,827					
	Total/Check		2,371,881	2,505,722					
(1) A portion of the compensation for this position to be reimbursed by Central Marin Sanitation Agency (CMSA) under the Joint Safety Program between CMSA and the District.									

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Solid/Household Hazardous Waste**

Solid/HHW Cost Center - 67000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
67400 · Management Services	131,464	134,750	100,555	138,118	142,464
67500 · Household Haz. Waste	211,500	220,000	230,000	242,500	248,000
67530 · Used Oil Grant	11,269	11,269	11,269	11,269	11,269
67530-1 Beverage Container Grant	11,268	11,268	11,268	11,268	11,268
67540 · Education/Public Outreach	22,000	23,500	23,500	21,000	23,500
67600 · Other	5,000	5,000	5,000	5,000	5,000
67610 · City AB 939 Admin Service	10,000	10,000	10,000	10,000	10,000
	402,501	415,787	391,592	439,155	451,501

Comments:

Per proposed budget by HHW Coordinator.

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Recycled Water**

Recycled Water Cost Center - 68000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
68010 · O & M Services	50,000	50,000	31,695	50,000	50,000
68100 · Operating Supplies	2,000	2,000	2,000	2,000	2,200
68101 · Operating Chemicals	26,000	26,000	26,000	27,300	30,030
68150 · Repairs & Maintenance	22,000	22,000	14,000	24,200	25,410
68160 · Research & Monitoring	14,000	14,000	8,000	14,000	14,000
68191 · Gas & Electricity	2,000	2,000	16,000	17,000	19,000
68201 · Permits & Fees	1,000	1,000	0	1,000	1,000
	117,000	117,000	97,695	135,500	141,640

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Strategic Planning and New Facilities Committee – Meeting Report, June 2017.	MEETING DATE: June 26, 2017 AGENDA ITEM NO.: 8.c.
RECOMMENDED ACTION: Receive report and recommendation to adopt preliminary Capital Improvements Program (CIP) Budget for FY17-19.	
SUMMARY AND DISCUSSION: The Strategic Planning and New Facilities (SPNF) Committee (Committee) held its meeting on June 14, 2017. SPNF Board Committee members Long and Dillon-Knutson attended. A copy of the agenda packet for the meeting is attached. A brief summary is provided below. Strategic Items, FY17-19: The Committee discussed a number of strategic items relating to the District’s FY17-19 budget, and how they would factor into the District’s capital spending strategy for FY17-19. Items discussed included: expansion of the Recycled Water Facility (RWF) at the NTP site; FY17-18 Collection System Improvements projects; Novato Treatment Plant (NTP) projects; District-related North Bay Water Reuse Authority (NBWRA) project work; and potential alternative energy options, including cogeneration and solar, and the intent of the FY17-19 budgeted amount for this project account. Capital Improvements Program (CIP) Budget: Staff reviewed the preliminary FY17-19 Capital Budget with the Committee. Upon close of discussion, the Committee unanimously agreed on a recommendation to the full Board of Directors to adopt the preliminary FY17-19 Capital Budget at the Board’s June 26, 2017 meeting.	
ATTACHMENTS: 1. Agenda Packet for Strategic Planning and New Facilities Committee meeting of June 14, 2017.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long Range Outlook) of the latest Strategic Plan Update. The item also addresses other goals of the Strategic Plan including Goal 1 (Operational Excellence), and Goal 3 (Alignment and Communications).	
DEPT. MGR.: EB, SRK	GENERAL MANAGER: SSK

NOVATO SANITARY DISTRICT

Meeting Date: June 14, 2017

The Strategic Planning and New Facilities Committee of Novato Sanitary District will hold a meeting at 1:00 PM, Wednesday, June 14, 2017, at the District offices, 500 Davidson Street, Novato.

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

AGENDA

1. **AGENDA APPROVAL:**
2. **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 Committee at this time as a result of any public comments made.

3. **REVIEW CIP BUDGET HIGHLIGHTS, FY17-19:**

- a. Recycled Water Facility (RWF) Expansion.
- b. Cogeneration/Alternative Energy.
- c. Collection System Improvements.
- d. Treatment Plant.
- e. Collections System Operations.
- f. North Bay Water Reuse Authority (NBWRA).

4. **ANNUAL CAPITAL IMPROVEMENTS PROGRAM (CIP) BUDGET:**

- a. Review FY17-19 proposed preliminary CIP budget, and subject to minor changes and edits, recommend its adoption by the Board of Directors.

5. **ADJOURNMENT:**

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 STRATEGIC PLANNING & NEW FACILITIES COMMITTEE AGENDA ITEM SUMMARY

TITLE: New Facilities Committee: Annual Capital Improvements Program (CIP) Budget.	MEETING DATE: June 14, 2017 AGENDA ITEM NO.: 4.a.
RECOMMENDED ACTION: Review FY17-19 proposed preliminary CIP Budget, and subject to minor changes and edits, recommend its adoption by the Board of Directors.	
SUMMARY AND DISCUSSION: <p>At the June 12, 2017 Board meeting, staff presented the District's preliminary Budget for Fiscal Years 2017-19 to the Board.</p> <p>The New Facilities Committee (Committee) is being presented the proposed preliminary CIP budget for the Committee's review, and subject to minor changes and edits, requested to present its recommendation for adoption to the full Board. Similarly, the preliminary Solid Waste budget and the preliminary Operating Budget are being separately presented to the Solid Waste Committee, and the Wastewater Operations Committee, respectively, with the request that each committee recommend adoption of their respective budgets to the full Board.</p> <p>The relevant elements of the preliminary CIP Budget are attached for review by the Committee. Staff suggests that the Committee review these items, and subject to minor changes and edits, recommend the preliminary CIP Budget for adoption by the full Board at its June 26, 2017 meeting.</p>	
ATTACHMENTS: 1. Preliminary Capital Improvements Program (CIP) Budget for Fiscal Years 2017-19.	
DEPT. MGR.: EB, SRK	GENERAL MANAGER: SSK



**Preliminary Capital Improvements
Program (CIP) Budget
FOR
FISCAL YEARS 2017-19**

*Strategic Planning and New
Facilities Committee
June 14, 2017*

Novato Sanitary District

MEMORANDUM

TO: District Board of Directors

FROM: Sandeep Karkal, General Manager-Chief Engineer
Steve Krautheim, Field Services Manager
Erik Brown, Technical Services Manager

DATE: May 19, 2017

SUBJECT: FY17-19 Preliminary Capital Improvements Program (CIP) Budget –
Summary of Anticipated Project Work.

Introduction

This memo presents a summary of the potential or anticipated scope of work for projects and project work included within the various Accounts of the Capital Improvements Program (CIP) budget for FY17-19.

A copy of the proposed two-year FY17-19 capital improvement expenditures is included as Table 1: 2017-19 Preliminary Budget, Anticipated Capital Improvement Expenditures.

Account No. 72403: Pump Station Rehabilitation

This ongoing, long-term account provides for replacing the District's underground-type pump stations with submersible pump-type pump stations. The lift stations that remain to be rehabilitated include the two Vintage Oaks Pump Stations and the Rowland Plaza Pump Station. The rehabilitation schedule for these pump stations will be impacted by potential development in the Hanna Ranch and Vintage Oaks area, and work is being deferred until the development plans for the area become clearer.

Therefore, construction work is not anticipated during FY17-18. However, design work on the remaining pump stations may be initiated depending on how development plans for these areas evolve, and a placeholder amount is included in the account to initiate any needed design work.

In addition to the potential design related placeholder amount, an additional budget amount is also included for the design and installation of two dry pit submersible pumps at the Rowland Plaza Pump Station to replace the existing pumps and motors, as well as an above ground control panel. This work will ensure the reliability of this pump station until further upgrades/modifications are carried out.

Account No. 72508: North Bay Water Reuse Authority

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY17-18 will be the fourth year of the multi-year Phase 2 program, including a Feasibility Study and 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.

In the scoping study leading into the Phase 2 feasibility work, the District had identified three projects with a total estimated cost of about \$36 million. These projects have been substantially refined in the feasibility phase to Title XVI eligible projects with an estimate of about \$6.5 million, primarily a second (about 2021-22) expansion of the District's Recycled Water Facility (RWF).

In addition to RWF expansion, the Phase 2 environmental work will include preliminary environmental work for a potential third (after about 2025) non-Title XVI funded RWF expansion project, with a current estimate of about \$5 million. The Phase 2 environmental work will also provide programmatic (high level) environmental analyses of two recycled water storage alternatives on District owned property at the site of the existing reclamation facility, with current estimates of about \$6 million and \$8 million respectively.

A significant portion of the District's cost commitments towards Phase 2 have been satisfied in the prior three-year period from FY14-15 through FY16-17, and NBWRA estimates that continuing costs to the District will average about \$80,000 for each of FY17-18 and FY18-19. The District's preliminary FY17-19 CIP budget includes a budget amount of \$100,000 for each of these years.

Also, if the initial Title XVI eligible Phase 2 projects move into the design and construction phases, it is anticipated that grant funding from USBR would pay for up to 50% of design and construction costs for recycled water storage projects, and up to 25% of other recycled water projects (tertiary treatment, pipelines, pumping, etc.). The District would be required to come up with its share (local share) of the project costs, i.e. 50% of design and construction costs for storage projects and 75% of the design and construction costs for additional tertiary treatment facilities, etc.

Account No. 72706: Collection System Improvements

This account includes budget amounts for continuing work on rehabilitating the District's collection system. This fiscal year's project work includes:

1. The rehabilitation of about 1,850 feet of 12-inch sewer main along Redwood Blvd. between Lamont Avenue and Diablo Avenue.
2. The rehabilitation of about 950 feet of 10-inch and about 1,350 feet of 8-inch sewer main in Bel Marin Keys Blvd.
3. Continuing work associated with the Collection System Master Plan (CSMP) currently underway for the District.

4. An allowance for the potential design of a relief sewer in San Marin Drive between Simmons Lane and Campus Drive.
5. An allowance for the initial design of the Novato Boulevard Trunk Sewer between Diablo Avenue and Grant Avenue (if the City of Novato revives the Novato Boulevard street widening project).
6. An allowance for the relocation of about 700 feet of 8-inch sewer main that currently runs through an easement on the Marin Country Club's property to extend down Country Club Drive to the existing sewer on Birdie Drive.

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 program seeks to incentivize individual homeowners financially to replace the entire sewer lateral between their residence and the sewer main, and currently provides a grant for half of the replacement cost up to \$2,000 to replace a residential sewer lateral in the District's service area. In FY16-17, the District budgeted an overall budget amount of \$60,000 for this program.

Based on the District's FY16-17 experience with the program, the District's share, i.e. the maximum individual grant amount will remain at \$2,000 for FY2017-18, but the overall budget for the program will increase to \$80,000.

As in prior years, the District will continue to monitor and modulate the maximum individual grant and budget amounts on a yearly basis, based on its ongoing experience, and its goal of incentivizing lateral replacement.

Account No. 72707: Hamilton Wetlands/Outfall Integration

Previously, the District cooperated with the California State Coastal Conservancy (SCC) in a study to examine alternatives for a long-term SCC project to integrate the District's outfall into the SCC's Hamilton Wetlands project.

As noted in prior years, the SCC's 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.

While all funding to implement this project will be provided by the SCC, this account will continue to retain a "placeholder" status with nominal budget amounts in FY17-19 to meet any minor or unanticipated District expenses for coordination work with SCC staff.

Account No. 72708: Cogeneration

This account will fund the design and construction of a cogeneration project that will utilize digester gas produced in the anaerobic digestion process to produce power that may result in an offset to the District's utility power purchases.

The District will also pursue grant-funding opportunities for these projects, and the FY17-18 budget includes funds for initial engineering studies and design, potential California Environmental Quality Act (CEQA) related work, and assistance with securing grant funding.

Also, the budgeted amounts do not include any potential grants that may be received through programs such as the Clean Water State Revolving Fund Green Project Reserve (GPR), or rebates through the California Public Utility Commission's Self Generation Incentive Program (SGIP).

Account No. 72802: Annual Sewer Adjustment for City Projects

The budget in this account is established annually to compensate the City of Novato or County of Marin for work performed on District facilities through City or County Capital Improvement Projects.

An example of work funded through this account would be a City or County street paving or repaving project, when District manholes are raised to grade.

Account No. 72803: Annual Collection System Repairs

This account is established annually primarily to fund smaller projects to repair District collection system facilities, primarily point and spot repairs, or to replace short reaches of sewer main(s).

The Collection system staff generates the repair list during routine maintenance activities including sewer cleaning and CCTV work. The Field Services Manager then tracks and prioritizes repair projects in conjunction with the Collection System Superintendent, the Technical Services Manager, and the Construction Inspector.

Account 72804: Annual Reclamation Facilities Improvements

The budget in this account is established annually to fund small projects to repair District facilities at the Reclamation Area.

The work typically includes irrigation system repairs for lines larger than 4" in diameter, parcel rehabilitation work, and other miscellaneous repairs. Also included in the budget for this year is the removal of fallen eucalyptus trees and fence repairs.

Account No. 72805: Annual Treatment Plant Improvements

This budget account is established to fund small projects to repair District treatment related facilities at the Novato Treatment Plant.

This account is anticipated to fund minor mechanical & electrical work, water line repairs, pavement repairs, painting, and any other small repairs or improvements.

An allowance is also made this fiscal year for work associated with the cleaning of Digester No. 1.

Account No. 72806: Annual Pump Station Improvements

This budget account was established to fund small projects to repair District pumping facilities at the various pump stations throughout the District.

This account is anticipated to fund minor mechanical & electrical work, water line repairs, pavement repairs, painting, and any other small repairs or improvements at District pump stations.

Account No. 72807: Annual Ignacio Facility Improvements

This budget account is newly established this year to fund small projects to maintain the Ignacio facility (ex the Ignacio Transfer Pump Station), or perform demolition/site clean-up work related to the some of the abandoned treatment units of the decommissioned Ignacio Treatment Plant (ITP).

Account No. 72808: Strategic Plan Update:

The District's Strategic Plan document was most recently updated in 2016. While no specific updates have been identified or are expected for FY17-18, this account is established to serve as a "placeholder" account if the need to make any potential updates to the District's Strategic Plan document arise during the fiscal year.

Account No. 72809: Novato Creek Watershed

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

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

The budgeted amounts are a minimal amount and function as a "placeholder", or to meet minimal District commitments to potential, previously unidentified studies, through FY18-19. Future work (FY18-19 and beyond) arising out of these studies may require increased funding, but potential costs are unknown at this point.

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.

Paving of the abandoned aeration basins demolition site and installing utilities to service a temporary modular maintenance building was completed in FY 16-17. Additionally, procurement documents for the new modular maintenance building were produced.

Budgeted FY17-18 funds include procurement and placement of a temporary modular maintenance building and appurtenances.

Account No. 73004: Odor and Landscaping Improvements

This account budgets 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.

Installation of a new sodium hypochlorite tank and appurtenances at Ignacio Transfer Pump Station was completed in FY16-17.

Account No. 73005: RWF Expansion

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

The budgeted amounts do not include any potential grants that may be received through State Proposition 84 (Integrated Regional Water Management or IRWM) or Proposition 1 (State Water Bond) funds, or through the US Bureau of Reclamation (USBR) Title XVI (WaterSMART) program.

The project was originally planned to bid for construction in 2016-17, and budgeted accordingly in the FY16-17 budget, and the design of this first expansion was completed in FY 16-17. However, upon reviewing the construction bid climate with other agencies, and in consultation with its consultant, the District was advised that it might be more prudent to delay advertisement, bidding, and award of the project until late summer/early fall 2017 to benefit from a potentially more favorable bid environment. Therefore, at this time, the FY 17-18 budget includes funds for the construction of the expansion project, construction/project management and SCADA programming.

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.

It is anticipated that this account will see budgeting of funds on an ongoing basis. The budgeted funds for FY17-18 will focus on addressing corrosion issues at Headworks Channels and Effluent Box. Coating of Primary Clarifier No. 1 mechanism was completed in FY 16-17.

Account No. 73090: Vehicle Replacement

This account includes a budget amount for the purchase of a hydro-flusher truck, the replacement of the CCTV van, and a 40kw portable generator. Replacement of an additional light truck is anticipated in FY 18-19.

Also, staff has been working on the purchase of the hydro-flusher truck in FY16-17 (see Board Agenda Item No. 9.a., Board meeting of May 22, 2017). Depending on the timing of the purchase of the hydro-flusher truck and its payment, (the truck has a lead-time of approximately 20 weeks), the funds for FY17-18 and FY18-19 may be adjusted in the final FY17-18 budget.

SECTION IV

CAPITAL IMPROVEMENT BUDGET

***Abstracted from
Preliminary Budget for Fiscal Years 2017-19
as presented to the District Board on June 12, 2017***

**Novato Sanitary District
2017-19 Preliminary Budget
Capital Improvement Budget - Summary of Revenues**

			Projected	Proposed	Preliminary
Capital Fund	Adopted	Adopted	Revenue	Budget	Budget
Revenue Center - 51000	Budget 15/16	Budget 16/17	2016-17	2017-18	2018-19
Accounts					
Capital Improvement Income					
51010 · Sewer Service Charges(1)	7,435,040	7,595,952	7,595,952	7,753,152	7,940,160
51015 · Property Taxes	1,900,000	1,938,000	2,145,777	2,188,693	2,232,466
51015-1 · Redevelopment Agency(2)	0	0	81,000	0	0
51020 · Connection Charges(3)	518,000	434,400	175,000	447,600	461,200
51030 · Collector Sewer Charges	2,000	1,000	0	1,000	2,000
51040 · Special Equalization Chrg	4,000	1,000	0	1,000	4,000
51060 · Interest	22,000	25,000	40,000	40,000	45,000
51070 · Other Revenue(4)	20,000	20,000	230,000	20,000	20,000
51072 · Grant Revenue - RWF	0	0	0	475,000	0
Total Capital Improvement Income	9,901,040	10,015,352	10,267,729	10,926,445	10,704,826
Comments:					
(1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:					
- For 2017/18 the charge is \$594 split between operations(\$330) and capital (\$264).					
- For 2018/19 the charge is \$615 split between operations(\$345) and capital (\$270).					
(2) Redevelopment Agency(RDA) related revenues are being shown separately as they have increased over the past few years from the dissolution and distribution of assets of these agencies. Also, projections for future RDA fund distributions are not available at this time.					
(3) Connection Charges projected at 40 new connections each year.					
- Per Ordinance 120, the connection charge beginning July 1, 2017 is \$11,190 per EDU, and increases by 3% on July 1, 2018 to \$11,530 per EDU.					
(4) Includes one-time amount of \$225,000 in FY16-17 from settlement of the Bayside matter.					

**Novato Sanitary District
2017-2019 Preliminary Budget
Capital Improvement Budget - CIP Expenditures**

			Projected	Proposed	Preliminary
Capital Improvements	Adopted	Adopted	Exp	Budget	Budget
Cost Centers - 72000 & 73000	Budget 15/16	Budget 16/17	2016-17	2017-18	2018-19
Accounts					
72110 · Drainage PS 3&7 Outfall Rehab	5,000	0	0	0	0
72403 · Pump Station Rehabilitation	50,000	50,000	0	150,000	250,000
72508 · North Bay Water Reuse Authority (NBWRA)	403,000	440,000	207,344	100,000	100,000
72706 · Collection System Improvements	1,050,000	1,200,000	1,000,000	1,700,000	1,700,000
72706-1 · Lateral Replacement Program	50,000	60,000	60,000	80,000	100,000
72707 · Hamilton Wetlands/Outfall Integration	22,500	10,000	2,000	10,000	10,000
72708 · Cogeneration	20,000	45,000	45,000	350,000	700,000
72802 · Annual Sewer Adj. for City Proj	10,000	10,000	10,000	40,000	20,000
72803 · Annual Collection Sys Repairs	200,000	200,000	50,000	200,000	225,000
72804 · Annual Reclamation Fac Improvements	100,000	100,000	100,000	175,000	100,000
72805 · Annual Treatment Plant Improvements	300,000	100,000	80,000	300,000	100,000
72806 · Annual Pump Station Improvements	0	100,000	70,000	100,000	140,000
72807 · Annual Ignacio Facility Improvements	0	0	0	50,000	50,000
72808 · Strategic Plan Update	10,000	20,000	0	20,000	20,000
72809 · Novato Creek Watershed	15,000	10,000	0	5,000	5,000
73001 · WWTP Upgrade - Contract C (Solids handling)	10,000	0	0	0	0
73003 · Admin Building Upgrade/Maint. Building	740,000	350,000	35,000	350,000	50,000
73004 · Odor Control and NTP Landscaping	50,000	75,000	60,000	50,000	50,000
73005 · RWF Expansion (1)	150,000	1,300,000	200,000	1,460,000	50,000
73006 · NTP Corrosion Control	150,000	180,000	160,000	150,000	150,000
73090 · Vehicle Replacement	25,000	425,000	30,000	390,000	25,000
Subtotal before Debt Service	3,360,500	4,675,000	2,109,344	5,680,000	3,845,000
78500 · Interest - SRF Loan	1,698,525	1,610,195	1,610,195	1,519,744	1,427,123
78500 · Principal - SRF Loan	3,680,431	3,768,762	3,768,762	3,859,212	3,951,833
78500 · Interest - COP Bond	811,148	775,748	775,748	739,548	702,548
78500 · Principal - COP Bond	885,000	905,000	905,000	925,000	945,000
Subtotal for Debt Service	7,075,104	7,059,705	7,059,705	7,043,504	7,026,504
Totals	10,435,604	11,734,705	9,169,049	12,723,504	10,871,504

Comments:

(1) FY17-18 expenditures include provisions for USBR Title XVI grant funds through the NBWRA Phase I program, and potential reimbursement from the joint NMWD/NSD Recycled Water Capital Replacement and Expansion Fund.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: ANNUAL BUDGET: FY17-19 Preliminary Budget	MEETING DATE: June 26, 2017 AGENDA ITEM NO.: 9.a.
RECOMMENDED ACTION: Approve and adopt the 2017-19 Preliminary Budget.	
SUMMARY AND DISCUSSION: <p>At the May 22, 2017 Board meeting, staff presented the District's Preliminary Budget for Fiscal Years FY2017-19 to the District Board of Directors.</p> <p>Separately, staff reviewed the preliminary Solid Waste budget with the Solid Waste Committee, the preliminary Operating Budget with the Wastewater Operations Committee, and the preliminary Capital Improvement Program (CIP) budget with the Strategic Planning and New Facilities Committee.</p> <p>All three Committees have recommended adoption of the respective budgets to the full Board. Revisions and edits proposed during the respective Committee reviews were minor, and will be corrected in the final Budget presented for Board adoption in August.</p> <p>Accordingly, at this time, staff recommends that the Board approve and adopt the Preliminary Budget for FY17-19.</p>	
ATTACHMENTS: 1. Preliminary Budget for Fiscal Years 2017-19, as presented on May 22, 2017.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long Range Outlook) of the latest Strategic Plan Update. The item also addresses other goals of the Strategic Plan including Goal 1 (Operational Excellence), and Goal 3 (Alignment and Communications).	
DEPT. MGR.: lc, ssk	GENERAL MANAGER: SSK



Preliminary Budget
FOR
FISCAL YEARS 2017-19

Proposed June 12, 2017

TABLE OF CONTENTS

SECTION I	Letter of Transmittal.....	i-x
	Summary of Fund Balances.....	1
SECTION II	Operating Budget: Summary of Revenues	2
	Operating Budget: Summary of Expenditures	3
	Operating Budget: By Cost Center and Account Category.....	4
SECTION III	Operating Budget by Cost Center and Account Category	
	Collections	5
	Treatment Facilities	6
	Reclamation Facility	7
	Laboratory	8
	Pump Stations	9
	Administration and Engineering	10
	Personnel Detail	11
	Solid/Hazardous Household Waste Programs	12
	Recycled Water Facility.....	13
SECTION IV	Capital Improvement Budget	
	Capital Improvement: Summary of Revenues	14
	Capital Improvement: Summary of Expenditures	15
SECTION V	Wastewater Capital and Certificate of Participation (COP) Reserve Funds	
	Wastewater Capital Reserve Fund.....	16
	COP Reserve Fund.....	17
SECTION VI	Rate Stabilization Fund.....	18
SECTION VII	Debt Service Funds Summary	
	State Revolving Fund Loan & COP Bond Fund.....	19

SECTION I

***LETTER OF TRANSMITTAL AND SUMMARY OF FUND
BALANCES***

June 26, 2017

Honorable Board of Directors
Novato Sanitary District
500 Davidson Street
Novato, California 94945

Honorable Board Members:

The proposed Preliminary District Budget for fiscal years (FY) 2017-18 and 2018-19 fiscal years is attached for your consideration and approval. The Preliminary Budget includes the following components:

- Summary of Fund Balances including Operating, Capital Improvement, and Reserve Funds (Section I).
- Operating Budget: Summary Revenues/Expenditures, and Summary Budget by Cost Center and Account Category (Section II).
- Detailed Operating Budget by Cost Center and Account Category (Section III).
- Capital Improvement Budget: Revenue and Expenditures Budget (Section IV)
- FY17-18 Wastewater Capital Reserve Fund and Certificates of Participation Reserve Fund (Section V)
- FY17-18 Rate Stabilization Fund (Section VI)
- FY17-18 Debt Service Fund Summary for State Revolving Fund (SRF) Loan and Certificates of Participation (COP) Bond Fund (Section VII).

Note that this year's annual Sewer Service Charge (SSC) increases from \$573 to \$594 per service unit, or an increase of 3.7% over the prior year. The basis of the rate increase is District Ordinance No. 120 – AN ORDINANCE OF THE NOVATO SANITARY DISTRICT ESTABLISHING SEWER SERVICE CHARGES FOR FISCAL YEARS 2016-17, 2017-18, 2018-19, 2019-20, AND 2020-21. This Ordinance No. 120 was adopted by the District Board at its regular meeting of June 13, 2016 upon completion of the appropriate Proposition 218 process.

As in prior years, the sewer service charge is divided in FY17-18, with \$330 (55%) allocated to the Operating Budget, and \$264 (45%) allocated to the Capital Budget.

A. BUDGET STRUCTURE

The District's budget is prepared on a cash basis. Operating and Capital Revenues and Expenditures are summarized in Table 1, and illustrated in Figure 1 at the end of this letter. Table 1 also compares the adopted budget for the immediate past year with the proposed budget for the next year. Total revenues are projected to increase overall by about 7 percent from a combination of the sewer service charge increase discussed above and anticipated increases in property tax revenues accruing to the District. Variances between the two budget years are also provided later in this letter.

	FY 16/17 Adopted Budget	FY 17/18 Proposed Budget	% Change FY 17 to FY 18
Operating Revenues	\$ 10,108,692	\$ 10,631,380	5.17%
Capital Revenues	10,015,352	10,926,445	9.10%
Total Revenues	\$ 20,124,044	\$ 21,557,825	7.12%
Operating Expenditures	9,972,648	10,320,004	3.48%
CIP Expenditures	4,675,000	5,680,000	21.50%
Debt Service	7,059,705	7,043,504	-0.23%
Total Expenditures	\$ 21,707,353	\$ 23,043,508	6.16%

B. FISCAL YEAR 2017-18 OPERATING BUDGET DETAILS

Operating Revenues

The proposed FY 2017-18 Operating Budget by revenue source is shown in Table 2 below (and graphically in Figure 2), along with the figures for the past two fiscal years. Total operating revenues are budgeted to increase by 5.2% or \$522,688 from FY 2016-17.

Funding Sources by Category	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	FY 17-18 Proposed Budget	% Change FY 17 to FY 18
Operating Sewer Service Charges	\$ 9,121,520	\$ 9,208,992	\$ 9,691,440	5.24%
Permit & Inspection fees	31,500	31,500	26,500	-15.87%
Interest Income	18,000	20,000	43,000	115.00%
Engineering/Admin Chgs	165,000	165,000	165,000	0.00%
Franchise Fees	50,962	52,186	53,438	2.40%
AB 939 Collector Fees	342,621	354,134	362,502	2.36%
Oil and Beverage Grant	59,880	59,880	54,000	-9.82%
Ranch Income	70,000	70,000	70,000	0.00%
Recycled Water Revenue	117,000	117,000	135,500	15.81%
Other Revenue	30,000	30,000	30,000	0.00%
Total Operating Revenue	\$10,006,483	\$10,108,692	\$10,631,380	5.17%

Operating Sewer Service Charges (SSCs) budgeted increase of \$482,448 or 5.24% primarily from the approved 3.7% rate increase recommended by the 2016 sewer service charge rate study, and adopted by Ordinance No. 120.

Interest Income budgeted increase of \$13,000 or 115.0% from potential increase in interest rates.

AB 939 Collector Fees budgeted to increase by \$8,368 or 2.36% due to the current projection for the Solid/HHW Cost center revenue.

Recycled Water Revenue is based on projections for cost recovery of operating costs through an agreement with the North Marin Water District (NMWD).

Operating Expenditures

A summary of proposed and past two fiscal years Operating Expenditures is shown in Table 3. The proposed FY17-18 Operating Expenditures are also shown graphically in Figure 3 (by expense type) and Figure 4 (by department or cost center), at the end of this letter. Operating expenditures are budgeted to increase by 3.48% or \$347,356 between FY2016-17 and FY2017-18. In terms of staffing, note that FY16-17 expenditures for Salaries and Benefits within individual cost centers are skewed by one-time “savings” from vacant positions; two of these positions were filled in the latter part of this budget period. Also of note in FY16-17, the District moved forward on addressing its liabilities under Government Accounting Standards Board (GASB) Statement 45 (GASB 45 - Other Post-Employment Benefits or OPEB) and Statement 68 (GASB 68 - Net Pension Liability or NPL). The District set up and initiated funding a trust account with Public Agency Retirement Services (PARS), Irvine, CA, which incorporates separate sub-accounts for each of the GASB 45 and 68 liabilities. Consistent with Board direction (provided November 14, 2016) future District budgets (including FY17-19) will include amounts to fund this trust, subject to Board approval.

Table 3: Operating Budget Expenditures 3-year Summary:

Expenditures by Department	FY 15-16	FY 16-17	FY 17-18	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 17 to FY 18
Collections	\$ 1,386,100	\$ 1,392,148	\$ 1,397,514	0.39%
Treatment	3,018,331	3,076,191	3,160,475	2.74%
Reclamation	487,029	521,538	555,541	6.52%
Laboratory	601,633	648,636	599,461	-7.58%
Pump Stations	814,633	854,139	859,031	0.57%
Administration/Engineering	2,936,237	2,947,210	3,173,328	7.67%
Hazardous Household Waste	402,501	415,787	439,155	5.62%
Recycled Water	117,000	117,000	135,500	15.81%
Total Expenditures	\$ 9,763,464	\$ 9,972,648	\$ 10,320,004	3.48%

Table 4 summarizes the main anticipated operating budget variances.

Table 4: Operating Budget Significant Budget Variances 2016-17 to 2017-18

Anticipated Budget Variances – Year-over-year, FY 16-17 to FY 17-18	Budget Impact
1. 7.0% increase in Salaries & Wages (Merit based & COLA increases and two positions filled).	\$ 155,895
2. 7.2% increase in employee benefits category.	\$ 68,772
3. 100.0% increase for new account to fund trust for pension expenses.	\$ 223,152
4. 43.6% decrease in District's Gas, Oil and Fuel account.	\$ (22,000)
5. 12.9% decrease in the District's Agency Dues account.	\$ (8,000)
6. 66.7% decrease in District's Software maintenance expenses.	\$ (62,000)
7. 28.5% decrease in District's Operating Chemicals expenses.	\$ (11,700)
8. 26.3% increase in Sludge Disposal - contract for Reclamation cost center.	\$ 50,000
9. 33.3% decrease in attorney fees in the Admin & Eng. cost center.	\$ (25,000)
10. 23.4% decrease for Outside consulting in the Admin & Eng. cost center.	\$ (51,000)
11. 50.0% decrease in Ditch/Dike maintenance expenses in the Reclamation cost center.	\$ (10,000)
12. 17.6% decrease for Research & Monitoring fees in the Lab cost center.	\$ (34,500)

C. FISCAL YEAR 2017-18 CAPITAL BUDGET DETAILS

Capital Revenues

The proposed FY2017-18 Capital Budget by Revenue source is shown in Table 5 below, along with the figures for the past two fiscal years. Percentage changes in actual property tax revenue for the last ten years is illustrated in Figure 5. Total capital revenues for FY17-18 are expected to increase by 9.10% or \$ 911,093 from FY 2016-17. Notable items include:

Capital SSC Revenues - projected increase of \$157,200 or 2.07% primarily from the 3.7% rate increase recommended by the current sewer service charge rate study.

Property Taxes - projected increase of \$250,963 or 12.94% from greater activity in the housing market over the past few years. For comparative purposes, Figure 5 (attached to this letter) illustrates property tax-related revenues for the last ten years.

Connection Fees – projected to increase \$13,200 or 3.04% assuming about 40 new connections per year.

Interest Income – projected increase of \$15,000 or 60.0% from potential increase in interest rates.

Grant Revenue – projected increase of \$475,000 or 100.0% from potential USBR Title XVI grant funds through the North Bay Water Reuse Authority (NBWRA) Phase I Program for the Recycled Water Facility expansion project.

Table 5: Capital Budget Revenue 3-year Summary

Funding Sources by Category	FY 15-16	FY 16-17	FY 17-18	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 17 to FY 18
Capital Sewer Service Charges	\$ 7,435,040	\$ 7,595,952	\$ 7,753,152	2.07%
Property Taxes	1,900,000	1,938,000	2,188,693	12.94%
Connection Charges	518,000	434,400	447,600	3.04%
Collector/Special Equalization Chgs	6,000	2,000	2,000	0.00%
Interest Income	22,000	25,000	40,000	60.00%
Grant Revenue	0	0	475,000	100.00%
Other Revenue	20,000	20,000	20,000	0.00%
Total Capital Revenues:	\$9,901,040	\$10,015,352	\$10,926,445	9.10%

Capital Expenditures

The proposed Capital Improvement Program (CIP) Budget for FY17-18 is \$12,723,504 or \$988,799 more or an increase of 8.4% over last year. Capital projects for 2017-18 will be funded through sewer service charges, property taxes, and connection fees. Notable items include:

On-going major capital project work, including Collection System Improvements and the expansion of the Recycled Water Facility (RWF).

Continuing work on regional efforts including NBWRA, Novato Creek Watershed, and the Hamilton Wetlands/Outfall study.

Debt service of \$7,043,504 including principal and interest payments on the District's State Revolving Fund (SRF) loan and the 2011 Certificates of Participation (COPs).

Table 6 shows summary Capital Debt Service and Capital Project Costs for three fiscal years.

Capital Expenditures	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	FY 17-18 Proposed Budget	% Change FY 17 to FY 18
Capital Projects	\$3,360,500	\$4,675,000	\$5,680,000	21.50%
Debt Service	7,075,104	7,059,705	7,043,504	-0.2%
Total	\$10,435,604	\$11,734,705	\$12,723,504	8.4%

Debt Coverage Ratio

In the 2011 Certificates of Participation(COP) Installment Sale Agreement, the District agreed to collect rates and charges during each fiscal year that are sufficient to yield net revenues equal to at least 120 percent of the installment payments on the COPs and all parity debt in the fiscal year, or a debt coverage ratio of 1.20. The projected Debt Coverage Ratio for FY2017-18 is **1.60**.

D. COMPARISON OF ANNUAL SEWER SERVICE CHARGES LEVIED BY NEIGHBORING AGENCIES

The following table compares the District's rate with those of other nearby sanitation agencies. For illustrative purposes, see Figure 6 (following this letter) compares the District's SSC changes relative to changes in the Consumer Price Index (CPI) for the Water and Sewer Services industry for the last ten years.

AGENCY	RATE (\$/yr.)
Sanitary District No. 5 – Belvedere	1,985 ^(a)
Sausalito-Marin City Sanitary District ⁽¹⁾	1,377 ^(b)
Sanitary District No. 5 – Tiburon	1,034 ^(a)
Sanitary District No. 1 – City of Larkspur	1,125 ^(b)
Tamalpais Community Services District	1,397 ^(b)
City of Santa Rosa	957 ^(b)
City of Petaluma	823 ^(b)
Las Gallinas Valley Sanitary District	870 ^(b)
Ross Valley Sanitary District (SD #1)	856 ^(b)
City of Mill Valley	779 ^(b)
Napa Sanitation District	638 ^(b)
NOVATO SANITARY DISTRICT	594 ^(b)
Vallejo Sanitation & Flood Control District	520 ^(a)
Town of Corte Madera	500 ^(a)

Notes: ⁽¹⁾ Includes SMCS D charge of \$817 and City of Sausalito charge of \$492.

^(a)FY2016-17 charges; ^(b)FY2017-18 (proposed or adopted)

In conclusion, the proposed FY2017-18 budget will be able to accomplish the District's commitments to achieving the key goals set forth in its Strategic Plan while maintaining reasonable rates for its customers.

Sincerely,

SANDEEP KARKAL
General Manager-Chief Engineer

Additional Charts for Informational Purposes:
 Figure 1:

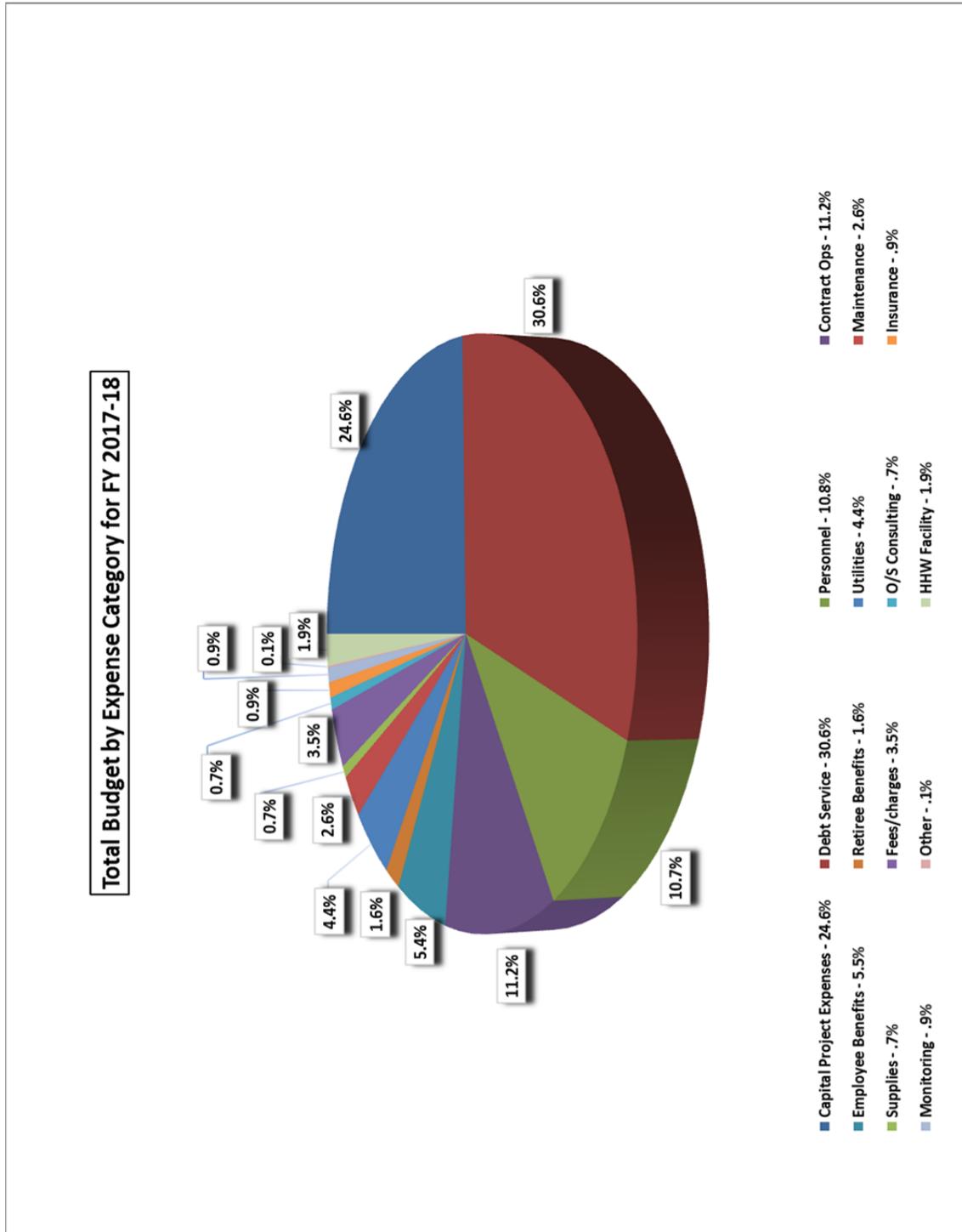


Figure 2:

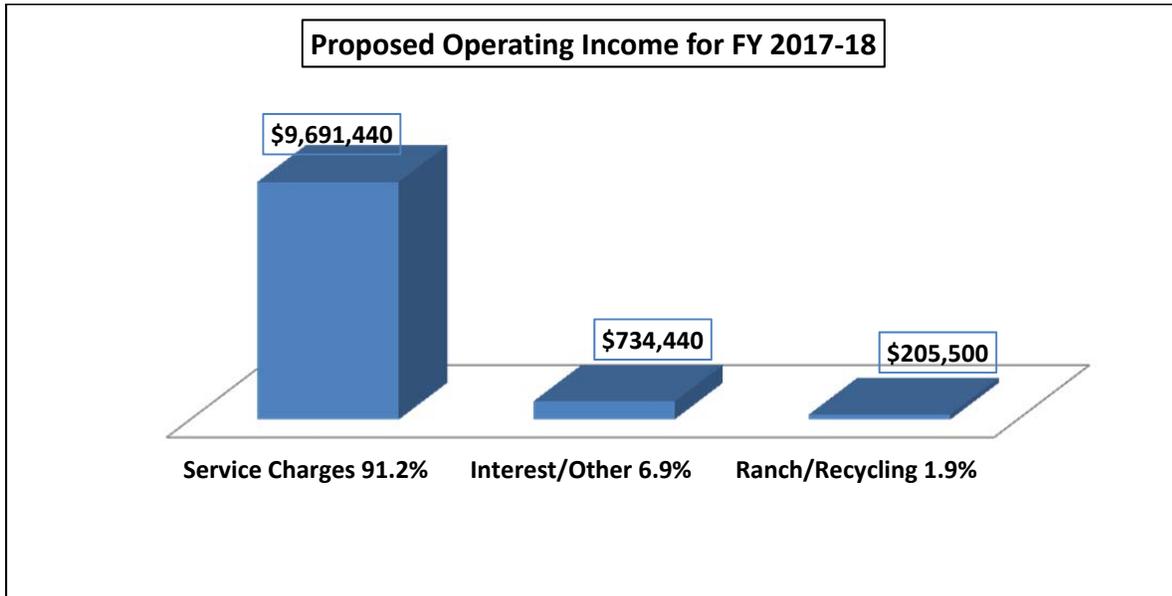


Figure 3:

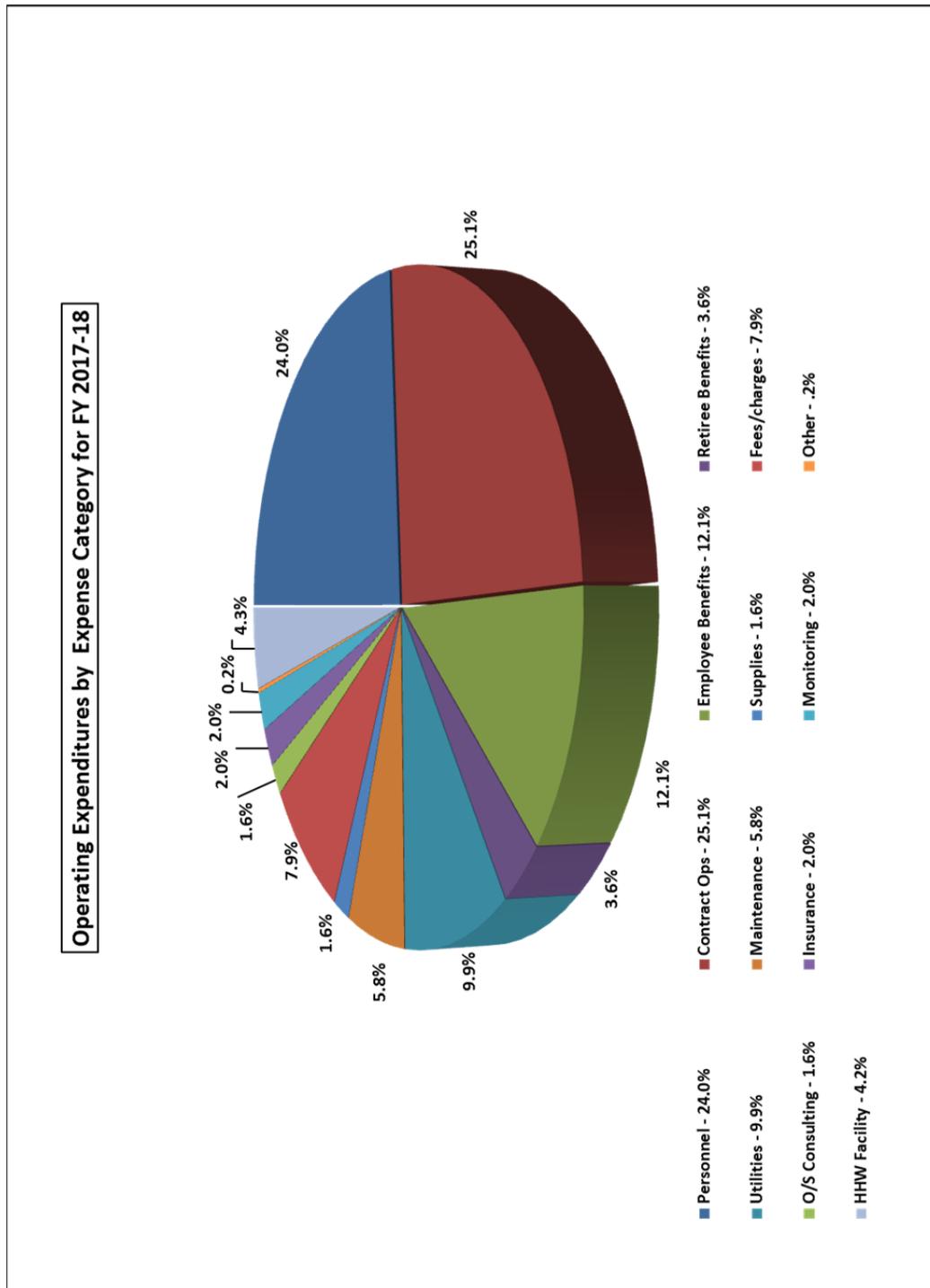


Figure 4:

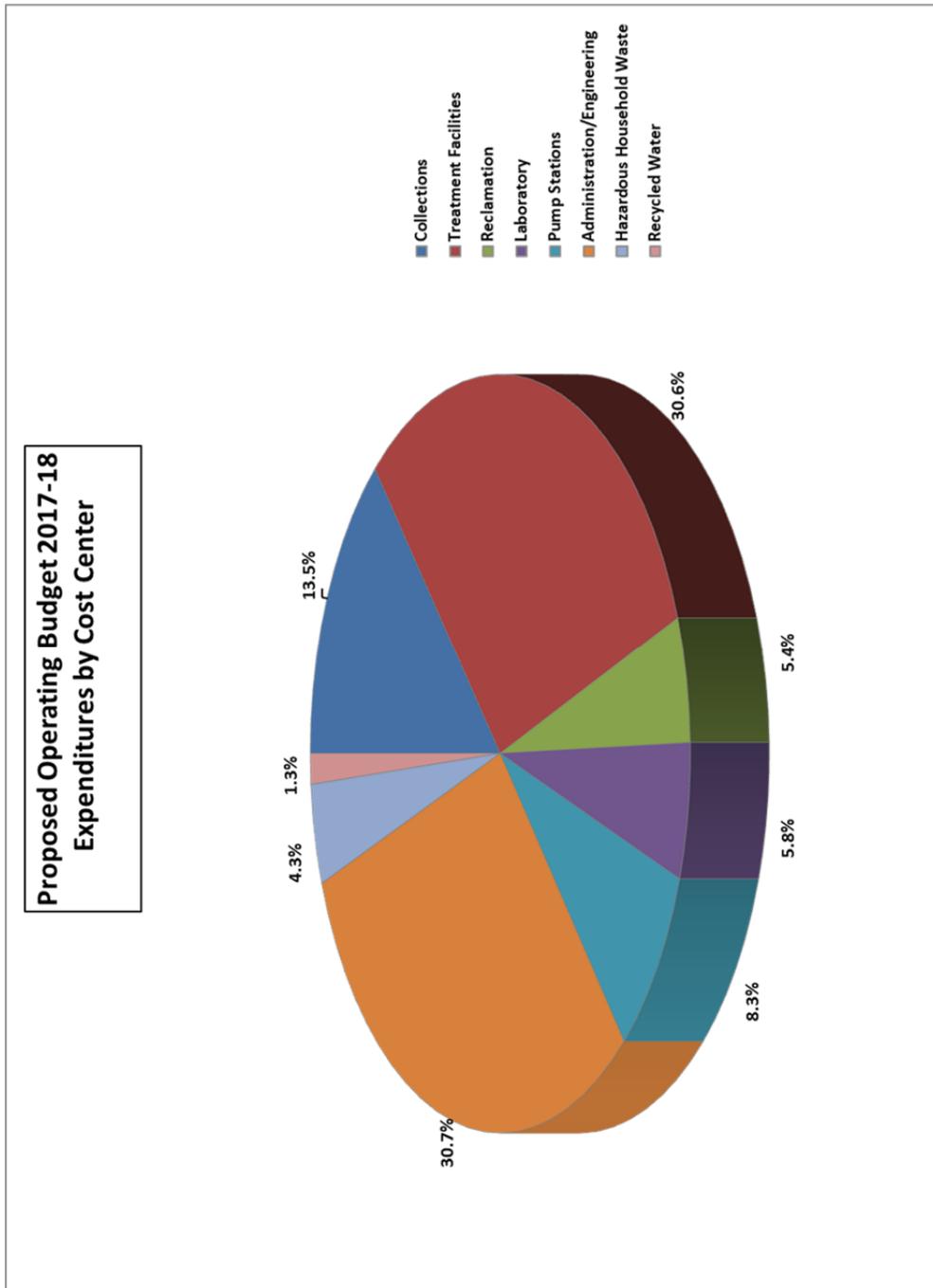
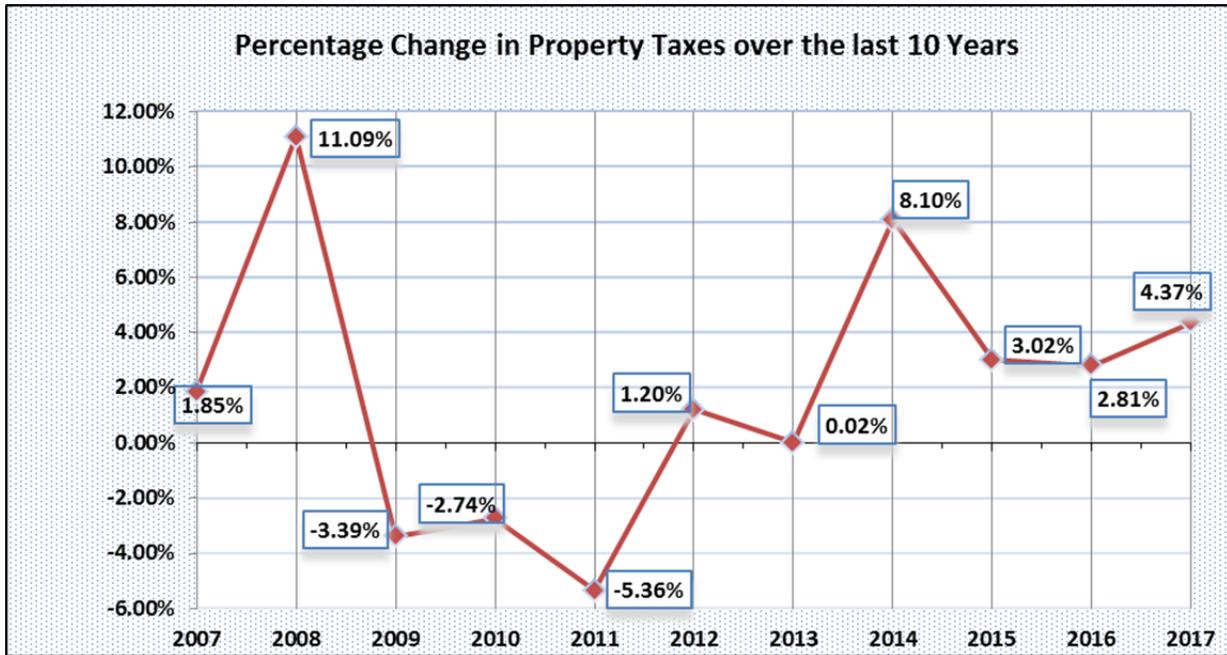
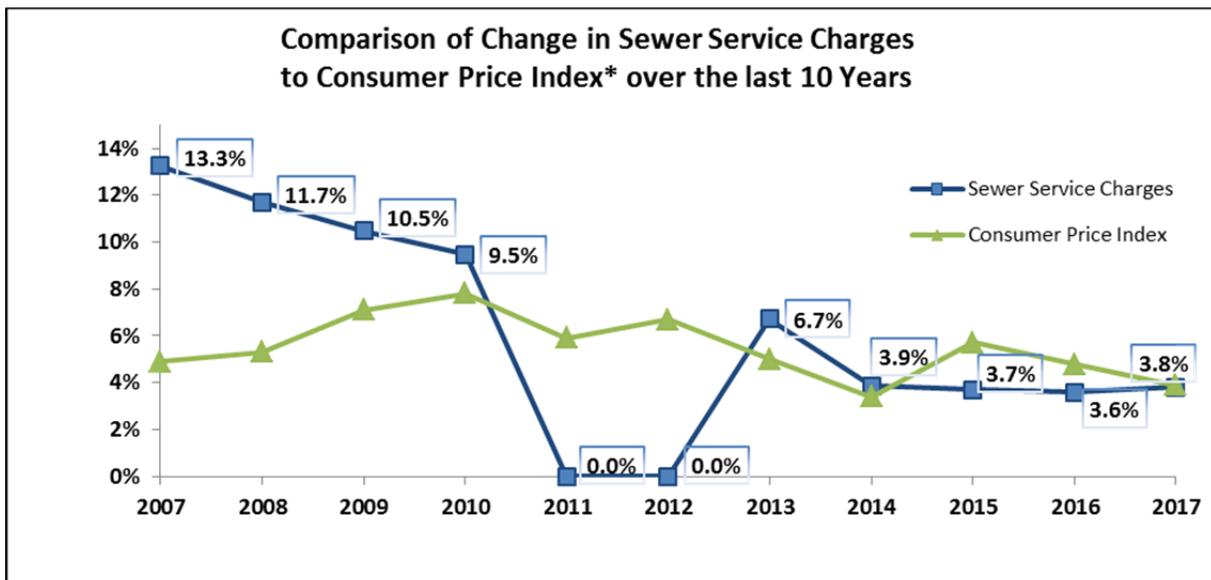


Figure 5:



Note: Based on actual revenues received through 15/16 and projected revenues for 16/17.

Figure 6:



*CPI – Bureau of Labor Statistics – Series Id: CUUR0000SEHG01; Not Seasonally Adjusted; U.S. city average; Water and sewerage maintenance; Base Period: 1982-84=100

**Novato Sanitary District
2017-19 Preliminary Budget
Summary of Fund Balances**

	Adopted Budget 16/17	Projected Rev/Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Operating Fund at July 1st Beginning of Each Year	12,278,229	12,278,229	12,361,487	12,623,690
Operating Revenue (p. 2)	10,108,692	10,092,562	10,631,380	11,111,183
Operating Expenditures (p. 3)	9,972,648	9,870,213	10,320,004	10,939,844
Net Operating Revenue	136,044	222,349	311,376	171,339
Operating Fund before transfers at the End of Each Year	12,414,273	12,500,578	12,672,863	12,795,029
Transfers Out (1)	-	139,091	49,173	50,648
Operating Fund after transfers at the End of Each Year	12,414,273	12,361,487	12,623,690	12,744,381
Capital Improvement Fund at July 1st Beginning of Each Year	5,958,923	5,958,914	7,057,594	5,233,200
Capital Revenue (p. 15)	10,015,352	10,267,729	10,926,445	10,704,826
Capital Expenditures (p. 16)	4,675,000	2,109,344	5,680,000	3,845,000
Debt Service (p. 19)	7,059,705	7,059,705	7,043,504	7,026,504
Transfers Out (2)	0	0	27,336	297,317
Total Capital Expenditures	11,734,705	9,169,049	12,750,840	11,168,821
Capital Improvement Fund Balance at the End of Each Year (3)	4,239,570	7,057,594	5,233,200	4,769,205
Wastewater Capital Reserve Fund Balance at the End of Each Year (p. 16)	-	-	27,336	324,653
Rate Stabilization Fund Balance at the End of Each Year (p. 18)	-	1,639,091	1,688,263	1,738,911
Fund Balances at The End of Each Year	16,653,843	21,058,172	19,572,489	19,577,150

(1) To Rate Stabilization Fund.

(2) To Wastewater Capital Reserve Fund.

(3) Includes the 2011 Certificates of Participation(COP) Reserve fund balance (See also p. 17).

SECTION II

OPERATING BUDGET SUMMARY SCHEDULES

**Novato Sanitary District
2017-19 Preliminary Operating Budget
Summary of Revenues**

Operating Fund Revenue Center - 41000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Revenues 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
41010 · Sewer Service Charges (1)	9,121,520	9,208,992	9,208,992	9,691,440	10,145,760
41030 · Plan Check & Inspection Fee	500	500	250	500	500
41040 · Permit & Inspection Fee	6,000	6,000	6,000	6,000	6,000
41060 · Interest Income	18,000	20,000	43,000	43,000	50,000
41080 · Engineering & Admin Charges	165,000	165,000	125,000	165,000	165,000
41090 · Non-domestic Permit Fees (2)	25,000	25,000	20,000	20,000	20,000
41100 · Garbage Franchise Fees	50,962	52,186	52,186	53,438	54,721
41105 · AB 939 Collector Fees	342,621	354,134	354,134	362,502	371,202
41107 · Oil/Bev/Tire Grants (3)	59,880	59,880	50,000	54,000	56,000
41130 · Ranch Income	70,000	70,000	70,000	70,000	70,000
41135 · Recycled Water Revenue	117,000	117,000	143,000	135,500	142,000
41140 · Other Revenue (4)	20,000	20,000	17,000	20,000	20,000
41142 · Loss on disposal of assets	10,000	10,000	3,000	10,000	10,000
Totals	10,006,483	10,108,692	10,092,562	10,631,380	11,111,183

Comments:

- (1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:
 - For 2017/18 the charge is \$594 split between operating (\$330) and capital (\$264).
 - For 2018/19 the charge is \$615 split between operating (\$345) and capital (\$270).
- (2) Includes application fees, permits and monitoring charges.
- (3) Oil/Bev/Tire Grants ~ \$29,000/ JPA Reimb Fees \$25,000
- (4) Other revenue includes septic tank hauling fees, and miscellaneous revenue.

APPROPRIATIONS LIMITATION

The appropriations limitation, pursuant to Article XIIB of the California Constitution, will be determined prior to submission of the final budget in August.

**Novato Sanitary District
2017-19 Preliminary Budget
Operating Budget - Summary of Expenditures**

Operating Cost Center	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Collections	1,386,100	1,392,148	1,146,388	1,397,514	1,457,505
Treatment Facilities	3,018,331	3,076,191	3,033,186	3,160,475	3,382,423
Reclamation	487,029	521,538	473,085	555,541	522,007
Laboratory	601,633	648,636	564,188	599,461	605,492
Pump Stations	814,633	854,139	751,679	859,031	910,203
Administration/Engineering	2,936,237	2,947,210	3,412,400	3,173,328	3,469,071
Solid/Hazardous Household Waste	402,501	415,787	391,592	439,155	451,501
Recycled Water	117,000	117,000	97,695	135,500	141,640
	9,763,464	9,972,648	9,870,213	10,320,004	10,939,844

Novato Sanitary District												
2017-18 Preliminary Operating Budget												
Operating Budget:By Cost Center and Account Category												
	Treatment Facilities	Recl	L-M	Pump Stations	Collection System	A-E	HHW Program	Recycled Water	Total	As Percent of Budget	Over/Under PY Budget	% Over/Under PY Budget
Salaries and Wages		94,562		372,332	678,903	1,226,084			2,371,881	22.98%	155,895	7.04%
Contract Services (Operations & Lab)	2,173,976		363,761	162,699	308,112	513,033		50,000	2,587,737	25.07%	56,322	2.22%
Employee Benefits		35,978							1,019,821	9.88%	68,772	7.23%
Retiree Health Benefits						370,060			370,060	3.59%	(7,288)	-1.93%
Pension Expense(Trust)						223,152			223,152	2.16%	223,152	100.00%
Directors' Fees						36,000			36,000	0.35%	(2,000)	-5.26%
Election Expense						0			-	0%	-	0.00%
Gasoline, Oil & Fuel		2,000	1,500	5,000	15,000	5,000			28,500	0.28%	(22,000)	-43.56%
Insurance	14,000					150,000			164,000	1.59%	-	0.00%
Ins Claims Expense						45,000			45,000	0.44%	(5,000)	-10.00%
Agency Dues						54,000			54,000	0.52%	(8,000)	-12.90%
Memberships						10,000			10,000	0.10%	-	0.00%
Office Expense						26,000			26,000	0.25%	(1,000)	-3.70%
Safety		500	1,000	2,000	3,500	2,000			9,000	0.09%	-	0.00%
Software Maint		2,000	1,000	8,000	20,000	10,000		2,000	31,000	0.30%	(62,000)	-66.67%
Operating Supplies		2,000	20,000	10,000	28,000	10,000			72,000	0.70%	(2,000)	-2.70%
Operating Chemicals				2,000				27,300	29,300	0.28%	(11,700)	-28.54%
Sludge Disposal-Contractual		240,000							240,000	2.33%	50,000	26.32%
Accounting & Auditing						26,000			26,000	0.25%	(1,000)	-3.70%
Attorney						50,000			50,000	0.48%	(25,000)	-33.33%
Outside Consulting						167,000			167,000	1.62%	(51,000)	-23.39%
IT/Misc. Electrical						40,000			40,000	0.39%	(5,000)	-11.11%
Safety & Wellness Incentive Program						10,000			10,000	0.10%	-	0.00%
Printing & Publication						22,000			22,000	0.21%	-	0.00%
Repairs & Maintenance		65,000	19,200	115,000	80,000	50,000		24,200	353,400	3.42%	(13,600)	-3.71%
Unusual Equipment Maint									150,000	1.45%	-	0.00%
Small Tools		500		2,000					4,500	0.04%	-	0.00%
Outside Services				30,000	175,000				205,000	1.99%	(5,000)	-2.38%
Ditch/Dike Maintenance									10,000	0.10%	(10,000)	-50.00%
Research & Monitoring								14,000	161,500	1.56%	(34,500)	-17.60%
Travel, Mfgs & Train.			147,500						55,000	0.53%	-	0.00%
Pollution Prevention/Pub. Ed.			41,500						41,500	0.40%	(1,500)	-3.49%
Gas & Electricity	732,499	95,000		115,000				17,000	959,499	9.30%	43,586	4.76%
Water		3,000		7,000	12,000				22,000	0.21%	-	0.00%
Telephone				24,000	4,000	12,000			40,000	0.39%	4,000	11.11%
Other/Operational Assistance					1,000				1,000	0.01%	-	0.00%
Permits & Fees			4,000	4,000	70,000			1,000	174,000	1.69%	(8,000)	-4.40%
Co. Collection Fees	90,000	5,000							66,000	0.64%	(2,000)	-2.94%
Ser. Chg. System Exp						5,000			5,000	0.05%	(150)	-2.91%
AB 939 Solid Waste Programs						439,155			439,155	4.26%	23,368	5.62%
Total	3,160,475	555,541	599,461	859,031	1,397,514	3,173,328	439,155	135,500	10,320,000	100.00%	347,356	3.48%
	30.62%	5.38%	5.81%	8.32%	13.54%	30.75%	4.26%	1%	100.00%			

SECTION III

***OPERATING BUDGET
By Cost Center and Account Category***

**Novato Sanitary District
2017-19 Preliminary Budget
Operating Budget - Collections**

Collections Cost Center - 60000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
60010 · Salaries & Wages	634,609	627,355	551,420	678,903	720,601
60020 · Employee Benefits	269,491	286,293	250,268	308,112	353,404
60060 · Gas, Oil & Fuel	28,000	28,000	12,000	15,000	15,000
60085 · Safety	7,000	3,500	3,500	3,500	3,500
60091 · Software Maint	25,000	75,000	20,000	20,000	20,000
60100 · Operating Supplies	30,000	30,000	30,000	28,000	28,000
60150 · Repairs & Maint	85,000	85,000	70,000	80,000	80,000
60152 · Small Tools	2,000	2,000	2,000	2,000	2,000
60153 · Outside Services	225,000	175,000	175,000	175,000	155,000
60192 · Water	12,000	12,000	12,000	12,000	12,000
60193 · Telephone	2,000	2,000	2,000	4,000	4,000
60200 · Other(Garbage Coll)	1,000	1,000	500	1,000	1,000
60201 · Permits & Fees	65,000	65,000	17,700	70,000	63,000
	1,386,100	1,392,148	1,146,388	1,397,514	1,457,505

**Novato Sanitary District
2017-19 Preliminary Budget
Operating Budget - Treatment Facilities**

Treatment Facilities - Cost Center - 61000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
61000-1 · Fixed Fee(1)	2,059,201	2,113,278	2,113,278	2,173,976	2,322,675
61000-2 · Insurance & Bonds	12,000	14,000	14,000	14,000	14,000
61000-3 · Major Repair/Replcmnt	150,000	150,000	150,000	150,000	150,000
61000-4 · Water/Permits/Phone	90,000	90,000	90,000	90,000	90,000
61000-5 · Gas & Electricity(2)	707,130	708,913	665,908	732,499	805,748
	3,018,331	3,076,191	3,033,186	3,160,475	3,382,423

Comments:

- (1) Fixed fee - 5% increase from prior year, and an allowance for contractual incentive payment.**
- (2) Assumes 10% increase for purchased utility power based on actual expenditures for 2016/17, and an allowance for contractual incentive payment with 50-50 sharing of savings from power usage below contract baseline, between District and Veolia.**

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Reclamation**

Reclamation Cost Center - 63000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
63010 · Salaries & Wages	75,400	91,943	83,808	94,562	97,827
63020 · Employee Benefits	28,629	36,595	21,459	35,978	39,181
63060 · Gasoline & Oil	4,000	4,000	2,000	2,000	2,000
63085 · Safety	500	500	500	500	500
63091 · Software Maint	2,000	2,000	1,000	2,000	2,000
63100 · Operating Supplies	2,000	2,000	2,000	2,000	2,000
63115 · Sludge Disposal	210,000	190,000	188,818	240,000	200,000
63150 · Repairs & Maint	50,000	70,000	70,000	65,000	65,000
63152 · Small Tools	500	500	500	500	500
63157 · Ditch/Dike Maint	20,000	20,000	0	10,000	10,000
63191 · Gas & Electricity	85,000	95,000	95,000	95,000	95,000
63192 · Water	3,000	3,000	4,000	3,000	3,000
63201 · Permits & Fees	6,000	6,000	4,000	5,000	5,000
	487,029	521,538	473,085	555,541	522,007

**Novato Sanitary District
2017-19 Preliminary Budget
Operating Budget - Laboratory**

Laboratory Cost Center - 64000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
64010 · Contract Lab Services (1)	357,133	368,136	357,133	363,761	375,792
64060 · Gasoline & Oil	3,000	2,500	1,500	1,500	1,500
64085 · Safety	1,000	1,000	0	1,000	1,000
64091 · Software Maintenance	4,000	4,000	4,000	1,000	1,000
64100 · Operating Supplies	20,000	20,000	20,000	20,000	20,000
64150 · Repairs & Maintenance	10,500	25,000	10,000	19,200	10,700
64160 · Research & Monitoring	163,000	182,000	125,000	147,500	150,000
64170 · Pollution Prev/Public Ed	40,000	43,000	43,000	41,500	41,500
64201 · Permits & Fees	3,000	3,000	3,555	4,000	4,000
	601,633	648,636	564,188	599,461	605,492

Comments:

- (1) Includes fees and charges paid for contract laboratory and environmental services provided by Veolia Water and North Marin Water District (NMWD).

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Pump Stations**

Pump Stations Cost Center - 65000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
65010 · Salaries & Wages	337,753	344,528	300,955	372,332	394,791
65020 · Employee Benefits	141,880	154,611	114,272	162,699	186,413
65060 · Gasoline & Oil	5,000	6,000	3,000	5,000	5,000
65085 · Safety	2,000	2,000	2,000	2,000	2,000
65091 · Software Maintenance	12,000	12,000	12,000	8,000	8,000
65100 · Operating Supplies	10,000	10,000	8,000	10,000	10,000
65101 · Operating Chemicals	15,000	15,000	100	2,000	2,000
65150 · Repairs & Maintenance	110,000	115,000	115,000	115,000	120,000
65152 · Small Tools	1,000	2,000	2,000	2,000	2,000
65153 · Outside Services, Elect.	32,000	35,000	35,000	30,000	30,000
65191 · Gas & Electricity	100,000	110,000	111,352	115,000	115,000
65192 · Water	7,000	7,000	7,000	7,000	7,000
65193 · Telephone	24,000	24,000	24,000	24,000	24,000
65201 · Permits & Fees	17,000	17,000	17,000	4,000	4,000
	814,633	854,139	751,679	859,031	910,203

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Administration/Engineering**

Administration and Engineering Cost Center - 66000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
66010 · Salaries & Wages	1,102,409	1,152,160	983,396	1,226,084	1,292,503
66020 · Employee Benefits	440,568	473,551	444,537	513,033	582,764
66021 · Retiree Health Benefits(1)	375,260	377,348	191,960	207,274	224,242
66021-1 · Retiree Health Benefits(2)	0	0	700,000	162,786	167,521
66022 · Pension Expense (3)	0	0	0	223,152	290,041
66022-1 · Pension Expense (4)	0	0	200,000	0	0
66030 · Director's Fees	43,000	38,000	25,500	36,000	36,000
66040 · Election Expense	50,000	0	250	0	45,000
66060 · Gasoline & Oil	10,000	10,000	4,892	5,000	5,000
66070 · Insurance	135,000	150,000	150,486	150,000	150,000
66071 · Insurance Claim Expense	40,000	50,000	30,000	45,000	45,000
66075 · Agency Dues	55,000	62,000	50,000	54,000	54,000
66080 · Memberships	9,000	10,000	8,500	10,000	10,000
66085 · Safety	2,000	2,000	2,000	2,000	2,000
66090 · Office Expense	25,000	27,000	25,000	26,000	28,000
66100 · Engineering Supplies	8,000	10,000	8,000	10,000	10,000
66121 · Accounting & Auditing	24,000	27,000	23,000	26,000	27,000
66122 · Attorney Fees	90,000	75,000	50,000	50,000	60,000
66123 · O/S Contractual	270,000	218,000	270,000	167,000	170,000
66124 · IT/Misc Electrical	36,000	45,000	36,000	40,000	42,000
66125 · Safety & Wellness Incent Prog	10,000	10,000	10,000	10,000	10,000
66130 · Printing & Publications	22,000	22,000	22,000	22,000	24,000
66150 · Repairs & Maintenance	50,000	50,000	50,000	50,000	53,000
66170 · Travel, Meetings & Training	55,000	55,000	50,000	55,000	55,000
66193 · Telephone	10,000	10,000	10,879	12,000	12,000
66202 · County Fees-Property Taxes	27,000	26,000	26,000	26,000	27,000
66203 · County Fees-Sewer Ser Chg	42,000	42,000	35,000	40,000	42,000
66250 · Service Charge Sys Exp	5,000	5,150	5,000	5,000	5,000
	2,936,237	2,947,210	3,412,400	3,173,328	3,469,071

Comments:

- (1) Projected contribution to current retirees' health care premiums.
- (2) Represents FY16-17 contributions to set up a PARS* Trust (OPEB sub-account), per Board action of November 14, 2016, and FY17-19 Unfunded Actuarial Liability (UAL) contributions into the PARS Trust (OPEB sub-account).
- (3) Represents FY17-19 projected contributions to PARS Trust (Pension sub-account).
- (4) Represents FY16-17 contribution to set up a PARS Trust (Pension sub-account), per Board action of November 14, 2016.

*PARS = Public Agency Retirement Services.

OPEB = Other Post-Employment Benefits.

Novato Sanitary District									
Preliminary Operating Budget 2017-19									
PERSONNEL DETAIL									
Number	Position	Cost Center	Pay Range	Salaries					
				2017-18	2018-19				
1.00	General Manager-Chief Engineer.....	A/E		224,104	233,516				
1.00	Technical Services Manager.....	A/E	MC119	154,750	162,539				
1.00	Field Services Manager25AE/.25CS/.25PS/.25Rec	MC119	155,988	162,539				
1.00	Senior Engineer.....	.65AE/.25PS/.10Rec	MC116.5	138,120	143,921				
0.46	Administrative Services Specialist	A/E	MC117.5	66,941	69,752				
1.00	Administrative/Risk Services and Safety Officer (1)	A/E	MC117.5	132,640	145,119				
1.00	Administrative Assistant	A/E	MC103	46,296	67,537				
1.00	Administrative Secretary.....	A/E	MC106	82,728	86,203				
1.00	Finance Officer.....	A/E	MC115	128,328	133,718				
1.00	Staff Engineer.....	.5A/E/.5CS	47	105,576	110,010				
1.00	Construction Inspector.....	A/E	44.5	78,289	80,138				
1.00	Information System Specialist II.....	.5A/E/.5CS	43.5	89,028	92,767				
1.00	Electrical/Instrumentation Tech I.....	.34A/E/.33PS/.33Rec	40.5	66,986	73,292				
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	124,765	133,718				
1.00	Collection System Leadworker.....	.67CS/.33PS	47	98,154	107,391				
0.00	Collection System Worker III.....	.67CS/.33PS	43.5	-	-				
3.00	Collection System Worker II.....	.67CS/.33PS	40.5	222,240	239,143				
4.00	Collection System Worker I.....	.67CS/.33PS	38.5	258,596	282,143				
1.00	Admin Intern	A/E	N/A	7,200	7,200				
1.00	Engineering Aide - temp	A/E	N/A	8,640	8,640				
0.40	Hourly Electrician	.25AE/.25PS/.50Rec	N/A	33,000	32,000				
	Allowance for Overtime.....	C/S		33,000	33,000				
	Allowance for Overtime.....	A/E		7,500	7,500				
	Allowance for Standby Duty Pay.....	C/S		35,000	36,000				
	Adjustment for CMSA Reimbursement(1)	A/E		(17,276)	(18,739)				
	Subtotal			2,280,593	2,429,047				
	Allowance for Possible COLA - across the board	4.20%		91,288	76,675				
		3.30%							
				2,371,881	2,505,722				
23.86	Administration and Engineering (A/E)		1,226,084	1,292,503					
	Collection System	67%	678,903	720,601					
	Pump Stations	33%	372,332	394,791					
	Reclamation Facilities		94,562	97,827					
	Total/Check		2,371,881	2,505,722					
(1) A portion of the compensation for this position to be reimbursed by Central Marin Sanitation Agency (CMSA) under the Joint Safety Program between CMSA and the District.									

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Solid/Household Hazardous Waste**

Solid/HHW Cost Center - 67000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
67400 · Management Services	131,464	134,750	100,555	138,118	142,464
67500 · Household Haz. Waste	211,500	220,000	230,000	242,500	248,000
67530 · Used Oil Grant	11,269	11,269	11,269	11,269	11,269
67530-1 Beverage Container Grant	11,268	11,268	11,268	11,268	11,268
67540 · Education/Public Outreach	22,000	23,500	23,500	21,000	23,500
67600 · Other	5,000	5,000	5,000	5,000	5,000
67610 · City AB 939 Admin Service	10,000	10,000	10,000	10,000	10,000
	402,501	415,787	391,592	439,155	451,501

Comments:

Per proposed budget by HHW Coordinator.

**Novato Sanitary District
2017-2019 Preliminary Budget
Operating Budget - Recycled Water**

Recycled Water Cost Center - 68000	Adopted Budget 15/16	Adopted Budget 16/17	Projected Exp 2016-17	Proposed Budget 2017-18	Preliminary Budget 2018-19
Accounts					
68010 · O & M Services	50,000	50,000	31,695	50,000	50,000
68100 · Operating Supplies	2,000	2,000	2,000	2,000	2,200
68101 · Operating Chemicals	26,000	26,000	26,000	27,300	30,030
68150 · Repairs & Maintenance	22,000	22,000	14,000	24,200	25,410
68160 · Research & Monitoring	14,000	14,000	8,000	14,000	14,000
68191 · Gas & Electricity	2,000	2,000	16,000	17,000	19,000
68201 · Permits & Fees	1,000	1,000	0	1,000	1,000
	117,000	117,000	97,695	135,500	141,640

SECTION IV

CAPITAL IMPROVEMENT BUDGET

**Novato Sanitary District
2017-19 Preliminary Budget
Capital Improvement Budget - Summary of Revenues**

			Projected	Proposed	Preliminary
Capital Fund	Adopted	Adopted	Revenue	Budget	Budget
Revenue Center - 51000	Budget 15/16	Budget 16/17	2016-17	2017-18	2018-19
Accounts					
Capital Improvement Income					
51010 · Sewer Service Charges(1)	7,435,040	7,595,952	7,595,952	7,753,152	7,940,160
51015 · Property Taxes	1,900,000	1,938,000	2,145,777	2,188,693	2,232,466
51015-1 · Redevelopment Agency(2)	0	0	81,000	0	0
51020 · Connection Charges(3)	518,000	434,400	175,000	447,600	461,200
51030 · Collector Sewer Charges	2,000	1,000	0	1,000	2,000
51040 · Special Equalization Chrg	4,000	1,000	0	1,000	4,000
51060 · Interest	22,000	25,000	40,000	40,000	45,000
51070 · Other Revenue(4)	20,000	20,000	230,000	20,000	20,000
51072 · Grant Revenue - RWF	0	0	0	475,000	0
Total Capital Improvement Income	9,901,040	10,015,352	10,267,729	10,926,445	10,704,826
Comments:					
(1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:					
- For 2017/18 the charge is \$594 split between operations(\$330) and capital (\$264).					
- For 2018/19 the charge is \$615 split between operations(\$345) and capital (\$270).					
(2) Redevelopment Agency(RDA) related revenues are being shown separately as they have increased over the past few years from the dissolution and distribution of assets of these agencies. Also, projections for future RDA fund distributions are not available at this time.					
(3) Connection Charges projected at 40 new connections each year.					
- Per Ordinance 120, the connection charge beginning July 1, 2017 is \$11,190 per EDU, and increases by 3% on July 1, 2018 to \$11,530 per EDU.					
(4) Includes one-time amount of \$225,000 in FY16-17 from settlement of the Bayside matter.					

**Novato Sanitary District
2017-2019 Preliminary Budget
Capital Improvement Budget - CIP Expenditures**

			Projected	Proposed	Preliminary
Capital Improvements	Adopted	Adopted	Exp	Budget	Budget
Cost Centers - 72000 & 73000	Budget 15/16	Budget 16/17	2016-17	2017-18	2018-19
Accounts					
72110 · Drainage PS 3&7 Outfall Rehab	5,000	0	0	0	0
72403 · Pump Station Rehabilitation	50,000	50,000	0	150,000	250,000
72508 · North Bay Water Reuse Authority (NBWRA)	403,000	440,000	207,344	100,000	100,000
72706 · Collection System Improvements	1,050,000	1,200,000	1,000,000	1,700,000	1,700,000
72706-1 · Lateral Replacement Program	50,000	60,000	60,000	80,000	100,000
72707 · Hamilton Wetlands/Outfall Integration	22,500	10,000	2,000	10,000	10,000
72708 · Cogeneration	20,000	45,000	45,000	350,000	700,000
72802 · Annual Sewer Adj. for City Proj	10,000	10,000	10,000	40,000	20,000
72803 · Annual Collection Sys Repairs	200,000	200,000	50,000	200,000	225,000
72804 · Annual Reclamation Fac Improvements	100,000	100,000	100,000	175,000	100,000
72805 · Annual Treatment Plant Improvements	300,000	100,000	80,000	300,000	100,000
72806 · Annual Pump Station Improvements	0	100,000	70,000	100,000	140,000
72807 · Annual Ignacio Facility Improvements	0	0	0	50,000	50,000
72808 · Strategic Plan Update	10,000	20,000	0	20,000	20,000
72809 · Novato Creek Watershed	15,000	10,000	0	5,000	5,000
73001 · WWTP Upgrade - Contract C (Solids handling)	10,000	0	0	0	0
73003 · Admin Building Upgrade/Maint. Building	740,000	350,000	35,000	350,000	50,000
73004 · Odor Control and NTP Landscaping	50,000	75,000	60,000	50,000	50,000
73005 · RWF Expansion (1)	150,000	1,300,000	200,000	1,460,000	50,000
73006 · NTP Corrosion Control	150,000	180,000	160,000	150,000	150,000
73090 · Vehicle Replacement	25,000	425,000	30,000	390,000	25,000
Subtotal before Debt Service	3,360,500	4,675,000	2,109,344	5,680,000	3,845,000
78500 · Interest - SRF Loan	1,698,525	1,610,195	1,610,195	1,519,744	1,427,123
78500 · Principal - SRF Loan	3,680,431	3,768,762	3,768,762	3,859,212	3,951,833
78500 · Interest - COP Bond	811,148	775,748	775,748	739,548	702,548
78500 · Principal - COP Bond	885,000	905,000	905,000	925,000	945,000
Subtotal for Debt Service	7,075,104	7,059,705	7,059,705	7,043,504	7,026,504
Totals	10,435,604	11,734,705	9,169,049	12,723,504	10,871,504

Comments:

(1) FY17-18 expenditures include provisions for USBR Title XVI grant funds through the NBWRA Phase I program, and potential reimbursement from the joint NMWD/NSD Recycled Water Capital Replacement and Expansion Fund.

SECTION V

***WASTEWATER CAPITAL RESERVE FUND &
CERTIFICATE OF PARTICIPATION (COP)
RESERVE FUND***

**Novato Sanitary District
2017-19 Preliminary Budget
Wastewater Capital Reserve Fund**

		2017-19 Budget	
		Prelim	Final
<u>Wastewater Capital Reserve Fund</u>			
FUND BALANCE 6/30/16		3,275,000	3,275,000
	Required Deposits	0	0
FUND BALANCE 6/30/17		3,275,000	3,275,000
	Required Deposits/Transfers In	27,336	
ANTICIPATED FUND BALANCE 6/30/18		3,302,336	
	Required Deposits/Transfers In	297,317	
ANTICIPATED FUND BALANCE 6/30/19		3,599,653	0
Note:	<p>The District borrowed \$81,307,947 between 2008 and 2011 from the State Revolving Fund (SRF) program, under a loan agreement with the State Water Resources Control Board (SWRCB). The loan agreement requires the District to deposit sufficient funds to build up the Wastewater Capital Reserve Fund (WCRF) at a minimum rate of 0.5% of the SRF loan amount each year for a period of ten years, beginning in FY08-09. The District's unused bonding capacity of \$3,275,000 from the 1970 and 1986 General Obligation (GO) bonds may be used to offset, dollar for dollar, the required cash deposits to the WCRF. The maximum required WCRF balance is \$3,599,654 of which \$3,275,000 is satisfied by the unused GO bonding capacity. District Policy No. 3500 (adopted August 8, 2013), paragraph 3500.33, sets the reserve amounts in accordance with the terms of the loan, and requires the remainder to be funded as follows: \$27,336 in FY17-18, and \$297,317 in FY18-19. These amounts are being funded from unreserved amounts in the capital improvement fund, and the total of these required deposits (i.e. \$324,653) is included in the Summary of Fund Balances table (Page 1).</p>		

**Novato Sanitary District
2017-19 Preliminary Budget
COP Reserve Fund**

		2017-19 Budget			
		Preliminary	Final		
<u>Certificates of Participation Reserve Fund</u>					
FUND BALANCE 6/30/16		-	0		
	Interest Income	176	176		
	Transfer from Capital Improvement Fund (Note 2)	1,693,858	1,693,858		
FUND BALANCE 6/30/17		1,694,034	1,694,034		
	Interest Income	185	-		
ANTICIPATED FUND BALANCE 6/30/18		1,694,219			
	Interest Income	185	-		
ANTICIPATED FUND BALANCE 6/30/19		1,694,404	0		
Summary of COP Activity:					
		15/16	16/17	17/18	18/19
	Beginning Balance each year	1,693,343	1,693,858	1,694,034	1,694,219
	Cop Proceeds	-	-	-	-
	Less Withdrawals	-	-	-	-
	Interest earned and Reinvested	515	176	185	185
	Cash Balance for COP Expenditures	1,693,858	1,694,034	1,694,219	1,694,404
Note 1: The Trust Agreement established a reserve fund in October 2011.					
The reserve fund is funded based on the upcoming annual debt service payment which is currently at \$1.6 million, and is held by the Trustee. This amount will be used to make the final payment on the COPs, and the Reserve Fund will be closed out at that time.					
Note 2: Transfer from Capital Improvement Fund (CIP) to present COP Reserve fund as separate fund on the Summary of Funds page, previously included with the activity of the CIP Fund.					

SECTION VI

RATE STABILIZATION FUND

**Novato Sanitary District
2017-19 Preliminary Budget
Rate Stabilization Fund**

		2017-19 Budget	
		Prelim	Final
<u>RATE STABILIZATION FUND</u>			
	FUND BALANCE 6/30/16	1,500,000	0
	Required Deposits/Transfers from Operating	139,091	0
	FUND BALANCE 6/30/17.....	1,639,091	0
	Required Deposits/Transfers from Operating	49,173	
	FUND BALANCE 6/30/18	1,688,263	0
	Required Deposits/Transfers from Operating	50,648	
	FUND BALANCE 6/30/19	1,738,911	0
Note: This fund is maintained at a minimum balance of \$1,500,000 adjusted annually for inflation from unreserved amounts in the operating fund. Beginning FY17-18, this Fund is also included in the Summary of Fund Balances table (Page 1) to relate the cash based methodology of the budget document with the accrual methodology of the Comprehensive Annual Financial Report (CAFR).			

SECTION VII

DEBT SERVICE FUND SUMMARY

**Novato Sanitary District
2017-19 Preliminary Budget
State Revolving Fund Loan
and
COP Bond Fund**

		2017-18 Budget			
		Preliminary	Final		
<u>State Revolving Fund Loan</u>					
DEBT BALANCE 6/30/16		67,091,044	67,091,044		
Principal Payment 2016-17		(3,768,762)	0		
Interest payments 2016-17		(1,610,195)	0		
Transfer from Capital Improvement Fund 2016-17		1,610,195	0		
DEBT BALANCE 6/30/17		63,322,282	0		
Principal Payment 2017-18		(3,859,212)	0		
Interest payments 2017-18		(1,519,744)	0		
Transfer from Capital Improvement Fund 2017-18		1,519,744	0		
ANTICIPATED DEBT BALANCE 6/30/18		59,463,070	0		
<u>COP Bond Financing Issued October 2011</u>					
DEBT BALANCE 6/30/16		18,380,000	-		
Principal Payment 2016-17		(905,000)	-		
Interest payments 2016-17		(775,748)	-		
Transfer from Capital Improvement Fund 2016-17		775,748	-		
DEBT BALANCE 6/30/17		17,475,000	0		
Principal Payment 2017-18		(925,000)	-		
Interest payments 2017-18		(739,548)	-		
Transfer from Capital Improvement Fund 2017-18		739,548	-		
ANTICIPATED DEBT OWED 6/30/18		16,550,000	0		
		Projected	Preliminary		
		Rev/Exp	Budget		
Debt Coverage Ratio(1)		Budget 16/17	2017-18	2018-19	
Net Operating Revenue		136,044	222,349	311,376	171,339
Capital Revenue		10,015,352	10,267,729	10,926,445	10,704,826
Annual Debt Service		7,059,705	7,059,705	7,043,504	7,026,504
Debt Coverage Ratio		1.44	1.49	1.60	1.55
Net revenues covenant requires a 1.20 coverage ratio					
(1) Net Operating Revenue + Capital Revenue/ Annual Debt Service = Debt Coverage Ratio					

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects: NTP Corrosion Control, Account No. 73006.	MEETING DATE: June 26, 2017 AGENDA ITEM NO.: 10.a.
RECOMMENDED ACTION: <i>NTP Corrosion Control, Account No. 73006: Primary Clarifier No. 1 Protective Coating - Grant Final Acceptance of the Project, and authorize staff to file the Notice of Completion.</i>	
SUMMARY AND DISCUSSION: <p>Using the informal bid provisions of the Uniform Public Construction Cost Accounting Act (UPCCAA), as adopted by the Board of Directors, District staff requested bids for application of protective coating for the District's primary clarifier No. 1, located at the Novato Treatment Plant. The protective coating system was applied to all of the metal components of the clarifier mechanism to protect against corrosion. The Project was awarded on March 10, 2017 to F.D. Thomas, Inc. for a low bid of \$172,000, within the General Manager-Chief Engineer's signing authority per District Policy No. 3135. The bid included two optional items totaling \$60,000. During construction, it was determined that the optional items did not need to be performed, resulting in a base bid of \$112,000.</p> <p>At this time, the Contractor has completed the work and the project is ready for final acceptance. There were two Owner generated change orders for the project for \$8,500 and \$5,500 resulting in a final cost for the project of \$126,000. It is recommended that final acceptance be granted, and staff be authorized to file the Notice of Completion.</p>	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence) and Goal 2 (Build and Maintain Safe, Reliable, and Efficient Facilities) of the latest Strategic Plan Update.	
BUDGET INFORMATION: The FY16-17 budget for Account No. 73006 includes a budget amount of \$180,000, with a projected expenditure of \$160,000 through the end of the fiscal year.	
DEPT. MGR.: eb	GENERAL MANAGER: SSK

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Grand Jury Report: “The Big Picture – Funding Marin’s Public Employee Pensions & Retirement Health Care Benefits”.	MEETING DATE: June 26, 2017 AGENDA ITEM NO.: 11.a.
RECOMMENDED ACTION: Receive 2016-17 Marin County Civil Grand Jury report titled “The Big Picture – Funding Marin’s Public Employee Pensions & Retirement Health Care Benefits”, dated June 19, 2017 (note – no response required).	
SUMMARY AND DISCUSSION: The 2016-17 Marin County Civil Grand Jury has issued a fourth report titled “The Big Picture – Funding Marin’s Public Employee Pensions & Retirement Health Care Benefits”, dated June 19, 2017. A copy of the report is attached (Attachment 1). Note that this report is informational in nature and the District is not required to respond to this report.	
ATTACHMENT: 2016-17 Marin County Civil Grand Jury report titled “The Big Picture – Funding Marin’s Public Employee Pensions & Retirement Health Care Benefits” dated June 19, 2017.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence), and Goal 3 (Alignment and Communications), of the latest Strategic Plan Update.	
DEPT. MGR.: ssk	GENERAL MANAGER: SSK

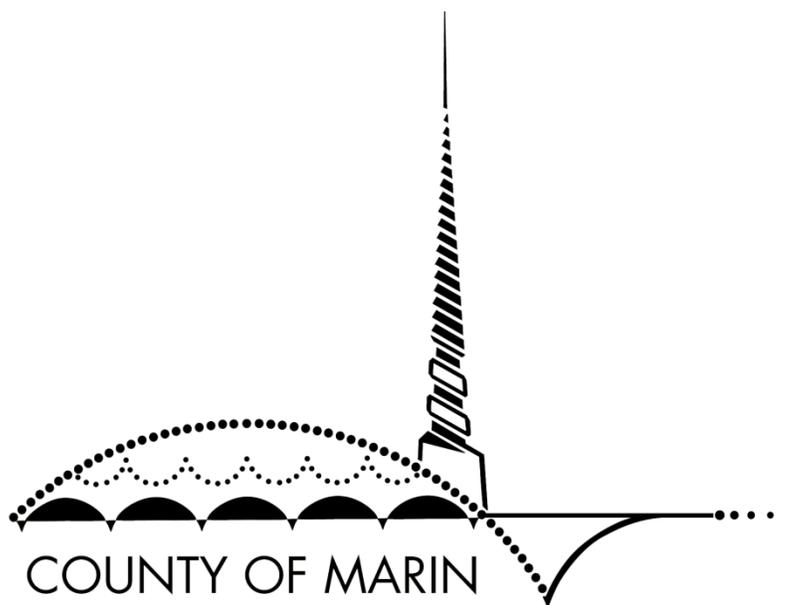
2016-2017 MARIN COUNTY CIVIL GRAND JURY

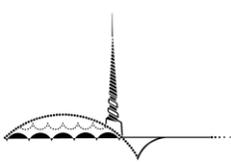
The Big Picture

*Funding Marin's Public Employee Pensions &
Retirement Health Care Benefits*

Report Date: June 8, 2017

Public Release Date: June 19, 2017





The Big Picture

Funding Marin's Public Employee Pensions & Retirement Health Care Benefits

SUMMARY

This year, the Grand Jury published two reports that examined the issue of employee retirement funding facing Marin's public agencies. We found that collective unfunded pension liability for the 46 public agencies we studied in Marin County is \$1.0 billion¹ and unfunded retiree health care (OPEB) liability is \$548.1 million. Together, these 46 public agencies' liabilities exceed \$1.5 billion – and are growing.

While the Grand Jury conducted separate investigations on pension and retiree health care, we believe that publishing a consolidated report, which provides the total of current unfunded liabilities, provides a more comprehensive perspective to the public.

While there are significant differences between the OPEB and pension obligations, the combined impact has serious implications for the county's public agencies, taxpayers and employees. The Grand Jury suggests that an agency wishing to reduce its unfunded liabilities might start by first reducing its unfunded OPEB liability, which is more straightforward than reducing its unfunded pension liability.

BACKGROUND

Public employees are typically granted two retirement benefits: a defined benefit pension and "Other Postemployment Benefits" (OPEB) – primarily retiree health care. Defined benefit pension plans guarantee the employee a predictable future income stream in retirement that is protected by California Law.² Similarly, if the employee meets specified periods of service and age, the agency will provide OPEB upon retirement to the employee (and for some agencies, to his/her spouse and/or dependents).

The present value of OPEB and pension liabilities is determined by an *actuary* and reported in an *actuarial valuation*. The OPEB valuation is based on a number of variables, including: agency's annual prefunding contribution, prefunding rate of return, retiree lifespan, and anticipated expenses. If the amount set aside to pay for these future financial obligations is insufficient, the benefit is referred to as *unfunded*.

The key difference between pension and OPEB obligations is that agencies do not have a choice about how much to contribute to their *pension* plans on an annual basis. The annual contribution amount is calculated by the pension plan administrator and agencies are obligated to make the contributions. A portion of an agency's yearly contributions is the amortization of the unfunded

¹ ["The Budget Squeeze: How Will Marin Fund Its Public Employee Pensions?"](#) Marin County Civil Grand Jury. June 2017.

² ["California Public Employee Retirement Law \(PERL\) January 1, 2016."](#) CalPERS.

liability (Net Pension Liability, or NPL). Consequently, when the net pension liability increases, yearly contributions also increase.

Unlike pensions, however, OPEBs are typically not guaranteed or protected by state law. “State and local governments have much more latitude to scale back OPEB and share OPEB-related costs with retirees. Many have implemented changes to that effect.”³

The pension plan administrators for Marin's public employees (CalPERS, CalSTRS, and MCERA) recently reduced their discount rates to reflect a prolonged period of disappointing investment returns. The math is inescapable; a lower discount rate means that the NPL will be higher, which will increase the annual payments required to amortize the liability. The lowered rates are not yet fully reflected on agencies' latest financial reports, and will cause public agencies to increase their contributions annually to achieve their pension funding goals. In short, the problem is significant, and will only get worse.

METHODOLOGY

In order to understand the financial and historical details of pension and OPEB plans, the Grand Jury:

- Reviewed Marin County Civil Grand Jury reports and agency responses.
- Researched legal issues.
- Reviewed Governmental Accounting Standards Board Statements (GASB) and related literature.
- Analyzed all available Comprehensive Annual Financial Reports (CAFRs) and Audits of public agencies since Fiscal Year 2012.
- Analyzed GASB 45 Actuarial Valuations of OPEB benefits and liabilities, prepared for public agencies.
- Watched city/town council audit and financial presentations.
- Interviewed agency staff and consultants involved with the actuarial process.
- Interviewed staff and management from selected public agencies and selected pension fund administrators.
- Reviewed literature for examples and best practices of public pensions and OPEB.

³ [“Effective Advocacy & Key City Issues.”](#) *League of California Cities*. 20 Jan. 2016.

DISCUSSION

The Grand Jury analyzed the following Marin public agencies' financial reports:

- **Municipalities (12):** City of Belvedere, City of Larkspur, City of Mill Valley, City of Novato, City of San Rafael, City of Sausalito, County of Marin, Town of Corte Madera, Town of Fairfax, Town of Ross, Town of San Anselmo, and Town of Tiburon.
- **School Districts (16):** Bolinas-Stinson Union School District, Dixie Elementary School District, Kentfield School District, Larkspur-Corte Madera School District, Marin Community College District, Marin County Office of Education, Mill Valley School District, Novato Unified School District, Reed Union School District, Ross School District, Ross Valley School District, San Rafael City Schools - Elementary, San Rafael City Schools - High School, Sausalito Marin City School District, Shoreline Unified School District, and Tamalpais Union High School District.
- **Special Districts – Safety (6):** Central Marin Police Authority, Kentfield Fire Protection District, Novato Fire Protection District, Ross Valley Fire Department, Southern Marin Fire Protection District, and Tiburon Fire Protection District.
- **Special Districts – Utility (12):** Central Marin Sanitation Agency, Las Gallinas Valley Sanitary District, Marin Municipal Water District, Marin/Sonoma Mosquito & Vector Control District, Marinwood Community Services District, North Marin Water District, Novato Sanitary District, Richardson Bay Sanitary District, Ross Valley Sanitary District, Sanitary District # 5 Tiburon-Belvedere, Sausalito Marin City Sanitation District, and Tamalpais Community Services District.

The Grand Jury chose several balance sheet and income statement items to provide context in calculating the relative burden that pension and OPEB obligations placed on each agency. We focused on two metrics: 1) The percentage of revenue spent on pension and OPEB contributions each year and 2) The Net Pension Liability (NPL) + Unfunded Actuarial Accrued Liability (UAAL) as a percentage of cash on the balance sheet. The first metric indicates how much of an agency's budget is spent on yearly retirement contributions. The second metric addressed the question of whether an agency had sufficient financial resources to pay down pension and OPEB liabilities in order to reduce their future yearly contributions.

Using the latest Comprehensive Annual Financial Reports (CAFR) and Audits, the Grand Jury summarized the agency retirement liability as:

Agencies	Revenue	Pension + OPEB Contributions	Contributions as % of Revenue	Cash	Net Pension Liability (NPL)	OPEB UAAL	Total Liability	Liability % of Cash
Municipalities	\$928.2 M	\$114.3 M	12.3%	\$662.4 M	\$475.6 M	\$387.6 M	\$863.1 M	130.3%
School Districts	\$618.9 M	\$35.6 M	5.8%	\$348.0 M	\$387.3 M	\$38.3 M	\$425.6 M	122.3%
Special Districts Safety	\$75.6 M	\$15.7 M	20.8%	\$35.6 M	\$52.3 M	\$45.3 M	\$97.6 M	274.0%
Special Districts Utility	\$190.6 M	\$18.6 M	9.8%	\$130.2 M	\$109.1 M	\$77.0 M	\$186.1 M	143.0%
FY 2016 Total	\$1.8 B	\$184.2 M	10.2%	\$1.2 B	\$1.0 B	\$548.1 M	\$1.6 B	133.7%

(The pension report looked at all of the 46 agencies, while the OPEB report – which was a follow up to the Grand Jury’s 2013 report – looked at a subset. The unfunded retiree health care liability of this subset is \$540 million.⁴)

As of May 4, 2017, the City of Larkspur, the Town of Fairfax, and the Central Marin Police Authority had not released their FY 2016 CAFRs. For those agencies, we therefore needed to use their “older” FY 2015 financial data instead. Those agencies are indicated with an asterisk [*] following their names throughout this report.

Appendix A contains a detailed breakdown of selected FY 2016 public agency balance sheet data. Appendix B contains selected FY 2016 public agency income statement data.

Over the past two years, the agencies that manage pension funds announced lowered discount rates:

- In early 2015, MCERA cut its discount rate from 7.50% to 7.25%.
- In December 2016, CalPERS voted to reduce its discount rate from 7.5% to 7.0% over three years.
- In February 2017, CalSTRS announced that it will cut its rate first to 7.25% and then to 7.00% by 2018.⁵

The full effect of these decreased discount rates will start to appear in FY 2017 financial documents:

The three-year reduction of the discount rate will result in average employer rate increases of about 1 percent to 3 percent of normal cost as a percent of payroll for most miscellaneous retirement plans, and a 2 percent to 5 percent increase for most safety plans... Additionally, many CalPERS employers will see a 30 to 40 percent increase in their current unfunded accrued liability payments. These payments are made to amortize unfunded liabilities over 20 years to bring the Fund to a fully funded status over the long-term.⁶

⁴ [“Marin’s Retirement Health Care Benefits: The Money Still Isn’t There.”](#) Marin County Civil Grand Jury. May 2017.

⁵ Myers, John. [“California Teacher Pension Fund Lowers its Investment Predictions, Sending a Bigger Invoice to State Lawmakers.”](#) LA Times.com. 1 Feb. 2017.

⁶ [“CalPERS to Lower Discount Rate to Seven Percent Over the Next Three Years.”](#) CalPERS. 2015 Dec. 21.

The Grand Jury believes that pension discount rates are likely to continue to decrease. Agencies' OPEB liabilities are also *increasing* from OPEB underfunding, upcoming GASB 75 reporting requirements, and increasing health care expenses.

CONCLUSION

The combined financial impact of pension and OPEB liabilities will affect the budgeting priorities in coming years for all of these agencies. For some, the relative size of the problem will force them to consider noticeable reductions in services.

For further detail on these subjects – including our methodology, findings and recommendations – we refer the readers to the 2016-2017 Grand Jury's reports *Marin's Retirement Health Care Benefits: The Money Still Isn't There* and *The Big Squeeze: How Will Marin Fund Its Public Employee Pensions*.

Sharing Our Data

Despite the fact that agencies' financial documents are publicly available, the Grand Jury expended an enormous effort to gather the documents (not all of the documents were available online nor text-searchable), extract the data, and analyze it. With the rise of the Open Data Movement (examples include: Data.gov, the Data Foundation, OpenGov, Marin County's Open Data Portal, and the City of Sausalito's Budget Transparency Tool), we wanted other organizations – including future Grand Juries – to be able to leverage our public data. Therefore, we have created a data portal consisting of all the Comprehensive Annual Financial Reports (CAFRs) and Audits for the agencies we researched for FY 2011 - FY 2016 along with a spreadsheet containing validated data extracted from those and other financial reports (including Annual Required Contributions (ARCs), discount rates, amortization periods, and the change of assets, liabilities, and unfunded liability). This information is available online here: <https://goo.gl/oYfQNp>.

Note: At the time this report was prepared information was available at the websites listed.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

GLOSSARY

Actuarial Accrued Liability (AAL): The portion of the actuarial present value benefits allocated to prior years of employment—and thus not provided for by future normal costs.⁷

Actuary: A professional dealing with the assessment and management of risk for financial investments, insurance policies, and any other ventures involving a measure of uncertainty.⁸

Comprehensive Annual Financial Report (CAFR): A report issued by a government entity that includes the entity's audited financial statements for the fiscal year as well as other information about the entity. The report must meet accounting standards established by the Governmental Accounting Standards Board (GASB).⁹ Audited financial reports may be referred to as “audit reports” or “financial statements” by various public agencies.

California Public Employees' Retirement System (CalPERS): An agency in the California executive branch that serves more than 1.7 million members in its retirement system and administers benefits for nearly 1.4 million members and their families in its health program.¹⁰

California State Teachers' Retirement System (CalSTRS): A pension fund in California established in 1913 to manage the retirement benefits of public school educators.

Governmental Accounting Standards Board (GASB): “The independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. Established in 1984 by agreement of the Financial Accounting Foundation (FAF) and 10 national associations of state and local government officials, the GASB is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments.”¹¹

Marin County Employees Retirement Association (MCERA): A pension fund in Marin County, CA, that manages the retirement assets and benefits of several municipalities and public agencies.

Net Pension Liability (NPL): The total pension obligation of an organization for its employees less the value of assets held to fund those benefits.

Other Postemployment Benefits (OPEB): Benefits (other than pensions) that U.S. state and local governments provide to their retired employees. These benefits principally involve health care benefits, but also may include life insurance, disability, legal and other services.¹²

Public Employees' Retirement System (PERS): See CalPERS.

Unfunded Actuarial Accrued Liability (UAAL): The excess of the Actuarial Accrued Liability (AAL) over the actuarial value of assets.¹³

⁷ [“Other Postemployment Benefits: A Plain-Language Summary of GASB Statements No. 43 and No. 45.”](#) *Governmental Accounting Standards Board.*

⁸ [“Definition of ‘Actuary.’”](#) *Investopedia.*

⁹ [“Comprehensive Annual Financial Report \(CAFR\).”](#) *Municipal Securities Rulemaking Board.*

¹⁰ [“CalPERS Story.”](#) *CalPERS.* Accessed March 2017.

¹¹ [“FACTS about GASB.”](#) *Governmental Accounting Standards Board.* 2012–2014.

¹² [“Other Postemployment Benefits \(OPEB\).”](#) *Governmental Accounting Standards Board.*

¹³ [“Other Postemployment Benefits: A Plain-Language Summary of GASB Statements No. 43 and No. 45.”](#) *Governmental Accounting Standards Board.*

APPENDIX A: FY 2016 Public Agency Balance Sheet Data

Municipalities	Assets	Cash	Net Position	Net Pension Liability (NPL)	OPEB UAAL	Total Liability	Liability % of Assets	Liability % of Cash
City of Belvedere	\$10,054,000	\$3,595,630	\$5,678,000	\$3,080,855	\$1,036,193	\$4,117,048	40.9%	114.5%
City of Larkspur*	\$45,030,851	\$14,151,668	\$24,277,367	\$9,046,789	\$13,698,307	\$22,745,096	50.5%	160.7%
City of Mill Valley	\$61,952,000	\$17,919,732	\$4,017,000	\$25,010,100	\$20,156,488	\$45,166,588	72.9%	252.0%
City of Novato	\$375,695,895	\$59,936,536	\$291,122,782	\$32,111,535	\$3,673,318	\$35,784,853	9.5%	59.7%
City of San Rafael	\$300,378,000	\$66,009,979	\$141,542,000	\$142,323,127	\$32,727,000	\$175,050,127	58.3%	265.2%
City of Sausalito	\$93,777,974	\$28,955,501	\$27,987,699	\$19,635,621	\$5,730,670	\$25,366,291	27.0%	87.6%
County of Marin	\$1,992,947,827	\$408,896,116	\$1,390,055,902	\$203,688,484	\$294,375,000	\$498,063,484	25.0%	121.8%
Town of Corte Madera	\$78,944,247	\$15,323,517	\$47,275,642	\$14,263,877	\$9,704,000	\$23,967,877	30.4%	156.4%
Town of Fairfax*	\$11,962,960	\$2,463,991	-\$1,376,349	\$6,078,042	\$835,400	\$6,913,442	57.8%	280.6%
Town of Ross	\$19,557,803	\$10,528,331	\$13,434,401	\$3,548,143	\$383,000	\$3,931,143	20.1%	37.3%
Town of San Anselmo	\$29,217,215	\$6,606,250	\$10,925,168	\$5,299,442	\$1,628,827	\$6,928,269	23.7%	104.9%
Town of Tiburon	\$63,662,493	\$21,441,460	\$52,944,160	\$5,412,997	\$3,629,754	\$9,042,751	14.2%	42.2%
Total	\$3.1 B	\$655.8 M	\$2.0 B	\$469.5 M	\$387.6 M	\$857.1 M	27.8%	130.7%

School Districts	Assets	Cash	Net Position	Net Pension Liability (NPL)	OPEB UAAL	Total Liability	Liability % of Assets	Liability % of Cash
Bolinas-Stinson Union	\$4,810,121	\$2,828,769	\$1,406,313	\$3,039,017	\$412,018	\$3,451,035	71.7%	122.0%
Dixie Elementary	\$32,522,470	\$18,194,342	-\$11,279,305	\$18,296,623	\$1,128,416	\$19,425,039	59.7%	106.8%
Kentfield	\$36,650,017	\$16,899,110	-\$6,602,777	\$13,427,307	\$1,340,399	\$14,767,706	40.3%	87.4%
Larkspur-Corte Madera	\$63,370,037	\$6,262,719	-\$20,314,913	\$15,695,360	\$189,127	\$15,884,487	25.1%	253.6%
Marin Community College District	\$297,031,000	\$17,857,000	-\$5,569,000	\$45,723,000	\$877,366	\$46,600,366	15.7%	261.0%
Marin County Office Of Education	\$71,319,233	\$44,767,583	\$39,274,235	\$21,263,747	\$862,966	\$22,126,713	31.0%	49.4%
Mill Valley	\$90,032,772	\$21,001,383	-\$22,426,359	\$33,102,435	\$4,662,117	\$37,764,552	41.9%	179.8%
Novato Unified	\$144,877,763	\$29,605,956	-\$7,019,803	\$60,585,951	\$1,503,161	\$62,089,112	42.9%	209.7%
Reed Union	\$52,162,124	\$10,224,426	-\$650,150	\$17,787,987	\$5,867,732	\$23,655,719	45.4%	231.4%
Ross	\$35,969,694	\$4,473,827	\$7,390,298	\$5,578,419	\$3,086,992	\$8,665,411	24.1%	193.7%
Ross Valley	\$64,424,216	\$18,159,492	-\$13,237,323	\$20,577,136	\$1,561,792	\$22,138,928	34.4%	121.9%
San Rafael City Schools - Elementary	\$123,144,010	\$50,000,124	-\$15,195,483	\$33,037,132	\$6,200,000	\$39,237,132	31.9%	78.5%
San Rafael City Schools - High School	\$109,218,754	\$54,037,304	-\$17,227,292	\$28,004,648	\$5,400,000	\$33,404,648	30.6%	61.8%
Sausalito Marin City	\$27,255,480	\$4,092,629	\$2,360,366	\$3,502,310	\$107,144	\$3,609,454	13.2%	88.2%
Shoreline Unified	\$22,411,328	\$7,043,760	-\$2,374,726	\$10,009,533	\$2,013,470	\$12,023,003	53.6%	170.7%
Tamalpais Union HS	\$203,339,657	\$42,522,717	\$7,712,183	\$57,699,928	\$3,053,537	\$60,753,465	29.9%	142.9%
Total	\$1.4 B	\$348.0 M	-\$63.8 M	\$387.3 M	\$38.3 M	\$425.6 M	30.9%	122.3%

APPENDIX A: FY 2016 Public Agency Balance Sheet Data (cont'd)

Special Districts Safety	Assets	Cash	Net Position	Net Pension Liability (NPL)	OPEB UAAL	Total Liability	Liability % of Assets	Liability % of Cash
Central Marin Police Authority*	\$16,470,963	\$178,725	-\$1,124,490	\$11,532,085	\$15,155,425	\$26,687,510	162.0%	14932.2%
Kentfield Fire Protection District	\$9,789,704	\$3,507,855	\$2,947,286	\$4,310,797	\$2,146,412	\$6,457,209	66.0%	184.1%
Novato Fire Protection District	\$35,403,303	\$15,930,859	\$10,305,465	\$17,430,800	\$13,567,350	\$30,998,150	87.6%	194.6%
Ross Valley Fire Department	\$3,008,924	\$1,338,192	-\$6,955,625	\$7,800,931	\$5,121,615	\$12,922,546	429.5%	965.7%
Southern Marin Fire Protection District	\$13,349,870	\$9,102,154	\$7,896,367	\$6,033,143	\$7,089,540	\$13,122,683	98.3%	144.2%
Tiburon Fire Protection District	\$11,652,619	\$5,564,687	\$5,444,495	\$5,232,050	\$2,182,181	\$7,414,231	63.6%	133.2%
Total	\$89.7 M	\$35.6 M	\$18.5 M	\$52.3 M	\$45.3 M	\$97.6 M	108.8%	274.0%

Special Districts Utility	Assets	Cash	Net Position	Net Pension Liability (NPL)	OPEB UAAL	Total Liability	Liability % of Assets	Liability % of Cash
Central Marin Sanitation Agency	\$106,391,299	\$14,974,538	\$45,625,458	\$6,643,602	\$2,496,424	\$9,140,026	8.6%	61.0%
Las Gallinas Valley Sanitary District	\$81,480,447	\$20,316,117	\$63,883,215	\$2,098,373	\$2,094,980	\$4,193,353	5.1%	20.6%
Marin Municipal Water District	\$460,030,200	\$16,947,252	\$243,058,604	\$69,753,895	\$33,104,000	\$102,857,895	22.4%	606.9%
Marin/Sonoma Mosquito & Vector Control District	\$19,472,738	\$11,634,371	\$8,780,059	\$4,135,340	\$15,038,000	\$19,173,340	98.5%	164.8%
Marinwood Community Services District	\$6,784,666	\$2,387,836	-\$470,389	\$3,322,116	\$6,477,757	\$9,799,873	144.4%	410.4%
North Marin Water District	\$136,897,391	\$5,411,426	\$92,672,784	\$8,619,837	\$4,085,375	\$12,705,212	9.3%	234.8%
Novato Sanitary District	\$201,851,460	\$19,742,079	\$108,547,505	\$3,528,249	\$6,313,211	\$9,841,460	4.9%	49.9%
Richardson Bay Sanitary District	\$17,826,465	\$1,595,379	\$16,376,465	\$1,101,797	\$939,582	\$2,041,379	11.5%	128.0%
Ross Valley Sanitary District	\$122,064,345	\$18,937,993	\$66,824,699	\$4,506,476	\$693,717	\$5,200,193	4.3%	27.5%
Sanitary District # 5 Tiburon-Belvedere	\$30,527,780	\$5,434,555	\$20,083,181	\$1,786,666	\$802,868	\$2,589,534	8.5%	47.6%
Sausalito Marin City Sanitary District	\$46,001,842	\$11,215,025	\$39,986,927	\$1,863,054	\$2,249,556	\$4,112,610	8.9%	36.7%
Tamalpais Community Services District	\$8,062,948	\$1,575,641	\$1,239,870	\$1,756,793	\$2,684,959	\$4,441,752	55.1%	281.9%
Total	\$1.2 B	\$130.2 M	\$706.6 M	\$109.1 M	\$77.0 M	\$186.1 M	15.0%	143.0%

APPENDIX B: FY 2016 Public Agency Income Statement Data

Municipalities	Revenue	Expenses	Pension Contribution	OPEB Contribution	Total Contributions	Contributions as % of Revenue
City of Belvedere	\$7,855,000	\$7,404,000	\$327,816	\$18,824	\$346,640	4.4%
City of Larkspur*	\$21,009,094	\$16,693,255	\$802,226	\$328,289	\$1,130,515	5.4%
City of Mill Valley	\$39,916,000	\$38,133,000	\$2,551,885	\$2,172,659	\$4,724,544	11.8%
City of Novato	\$47,954,000	\$42,687,000	\$2,604,320	\$267,682	\$2,872,002	6.0%
City of San Rafael	\$100,490,000	\$110,893,000	\$19,339,577	\$2,194,000	\$21,533,577	21.4%
City of Sausalito	\$26,588,325	\$24,491,036	\$1,763,040	\$464,325	\$2,227,365	8.4%
County of Marin	\$611,801,000	\$554,877,000	\$48,302,323	\$26,079,404	\$74,381,727	12.2%
Town of Corte Madera	\$23,593,928	\$20,264,214	\$1,810,099	\$939,000	\$2,749,099	11.7%
Town of Fairfax*	\$9,212,366	\$8,630,597	\$1,276,895	\$168,648	\$1,445,543	15.7%
Town of Ross	\$9,264,385	\$7,320,448	\$1,339,398	\$114,820	\$1,454,218	15.7%
Town of San Anselmo	\$19,216,454	\$19,350,623	\$466,182	\$85,847	\$552,029	2.9%
Town of Tiburon	\$11,341,758	\$11,029,817	\$753,153	\$105,580	\$858,733	7.6%
Total	\$928.2 M	\$861.8 M	\$81.3 M	\$32.9 M	\$114.3 M	12.3%

School Districts	Revenue	Expenses	Pension Contribution	OPEB Contribution	Total Contributions	Pension Contribution as % of Revenue
Bolinas-Stinson Union	\$4,070,898	\$4,252,221	\$254,367	\$62,030	\$316,397	7.8%
Dixie Elementary	\$25,361,193	\$24,220,753	\$1,463,819	\$129,394	\$1,593,213	6.3%
Kentfield	\$19,712,081	\$18,964,836	\$1,065,278	\$69,252	\$1,134,530	5.8%
Larkspur-Corte Madera	\$21,966,152	\$23,618,998	\$1,214,607	\$19,944	\$1,234,551	5.6%
Marin Community College District	\$67,403,849	\$82,922,415	\$3,922,649	\$1,507,929	\$5,430,578	8.1%
Marin County Office Of Education	\$56,776,827	\$55,642,573	\$1,851,569	\$121,963	\$1,973,532	3.5%
Mill Valley	\$50,815,837	\$47,724,947	\$2,592,161	\$719,258	\$3,311,419	6.5%
Novato Unified	\$94,185,666	\$91,973,207	\$4,150,779	\$89,921	\$4,240,700	4.5%
Reed Union	\$25,711,228	\$24,983,096	\$1,333,084	\$640,925	\$1,974,009	7.7%
Ross	\$8,748,369	\$8,844,112	\$440,091	\$115,448	\$555,539	6.4%
Ross Valley	\$29,323,920	\$29,952,113	\$1,621,067	\$98,511	\$1,719,578	5.9%
San Rafael City Schools - Elementary	\$62,306,271	\$59,610,089	\$2,888,024	\$97,185	\$2,985,209	4.8%
San Rafael City Schools - High School	\$37,919,147	\$39,926,631	\$2,009,294	\$203,492	\$2,212,786	5.8%
Sausalito Marin City	\$7,421,237	\$7,798,127	\$253,588	\$0	\$253,588	3.4%
Shoreline Unified	\$14,823,677	\$14,594,704	\$723,686	\$111,627	\$835,313	5.6%
Tamalpais Union HS	\$92,371,238	\$88,169,381	\$5,256,408	\$583,425	\$5,839,833	6.3%
Total	\$618.9 M	\$623.2 M	\$31.0 M	\$4.6 M	\$35.6 M	5.8%

APPENDIX B: FY 2016 Public Agency Income Statement Data (cont'd)

Special Districts Safety	Revenue	Expenses	Pension Contribution	OPEB Contribution	Total Contributions	Pension Contribution as % of Revenue
Central Marin Police Authority*	\$11,087,891	\$12,682,790	\$1,486,735	\$100,000	\$1,586,735	14.3%
Kentfield Fire Protection District	\$5,014,333	\$4,243,041	\$951,986	\$287,506	\$1,239,492	24.7%
Novato Fire Protection District	\$27,838,320	\$21,367,857	\$4,848,895	\$1,779,203	\$6,628,098	23.8%
Ross Valley Fire Department	\$9,598,396	\$8,237,907	\$1,119,907	\$485,075	\$1,604,982	16.7%
Southern Marin Fire Protection District	\$14,911,632	\$12,863,646	\$2,072,079	\$692,858	\$2,764,937	18.5%
Tiburon Fire Protection District	\$7,184,792	\$7,604,639	\$1,471,646	\$425,512	\$1,897,158	26.4%
Total	\$75.6 M	\$67.0 M	\$12.0 M	\$3.8 M	\$15.7 M	20.8%

Special Districts Utility	Revenue	Expenses	Pension Contribution	OPEB Contribution	Total Contributions	Pension Contribution as % of Revenue
Central Marin Sanitation Agency	\$16,952,527	\$16,834,929	\$936,613	\$292,702	\$1,229,315	7.3%
Las Gallinas Valley Sanitary District	\$12,976,695	\$7,881,853	\$295,427	\$211,861	\$507,288	3.9%
Marin Municipal Water District	\$62,502,430	\$68,704,175	\$5,725,637	\$4,053,217	\$9,778,854	15.6%
Marin/Sonoma Mosquito & Vector Control District	\$8,638,747	\$8,584,599	\$968,417	\$419,203	\$1,387,620	16.1%
Marinwood Community Services District	\$5,837,007	\$6,013,031	\$321,909	\$153,530	\$475,439	8.1%
North Marin Water District	\$17,912,719	\$17,534,252	\$828,792	\$168,935	\$997,727	5.6%
Novato Sanitary District	\$19,299,289	\$16,587,829	\$280,935	\$242,322	\$523,257	2.7%
Richardson Bay Sanitary District	\$2,993,714	\$3,239,823	\$77,297	\$106,061	\$183,358	6.1%
Ross Valley Sanitary District	\$23,623,985	\$19,998,903	\$543,759	\$200,000	\$743,759	3.1%
Sanitary District # 5 Tiburon-Belvedere	\$6,264,746	\$4,558,920	\$1,781,586	\$93,664	\$1,875,250	29.9%
Sausalito Marin City Sanitary District	\$8,391,876	\$5,167,530	\$276,804	\$283,349	\$560,153	6.7%
Tamalpais Community Services District	\$5,245,439	\$5,655,202	\$308,274	\$32,863	\$341,137	6.5%
Total	\$190.6 M	\$180.8 M	\$12.3 M	\$6.3 M	\$18.6 M	9.8%

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration: Cost-of-living increase, represented employee group.	MEETING DATE: June 26, 2017 AGENDA ITEMS NO.: 12.a.
RECOMMENDED ACTION: Review cost-of-living increase, Represented Employees group, effective July 1, 2017 – informational item.	
SUMMARY AND DISCUSSION: <p>In 2014, the District negotiated a four-year Memorandum of Understanding (MOU) with its represented employee group, the Teamsters Bargaining Unit (TBU). The MOU term is July 1, 2014 through June 30, 2018. The MOU has a provision for a cost-of-living increase effective July 1, 2017 as determined by the April 2016 to April 2017 Consumer Price Index (CPI) (SF Bay Area 82-100) movement plus 0.5 percent (Exhibit B of the MOU).</p> <p>The US Bureau of Labor Statistics (BLS) value for the April-April CPI (SF Bay Area 1982-84=100) – Urban Wage Earners and Clerical Workers change is +3.7% (see Attachment 1), therefore the corresponding increase would be 4.2%.</p>	
ATTACHMENTS: 1. Chart - US Bureau of Labor Statistics (BLS) value for the April-April CPI (SF Bay Area 1982-84=100) – Urban Wage Earners and Clerical Workers.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
BUDGET INFORMATION: The preliminary FY17-18 budget includes a provision for a projected 4.2% salary increase.	
DEPT. MGR.: ssk	GENERAL MANAGER: SSK

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CPI-Urban Wage Earners and Clerical Workers (Current Series)

Series Id: CWURA422SA0
 Not Seasonally Adjusted
 Series Title: All items in San Francisco-Oakland-San Jose, CA, urban wage earners and clerical workers, not seasonally adjusted
 Area: San Francisco-Oakland-San Jose, CA
 Item: All items
 Base Period: 1982-84=100

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2007		208.803		211.189		211.422		211.620		213.133		214.204	211.370	209.986	212.754
2008		214.913		217.913		221.454		221.385		221.192		213.685	218.441	217.487	219.396
2009		216.797		218.587		220.996		221.279		221.708		220.121	219.645	218.182	221.109
2010		222.049		223.821		224.185		224.195		224.352		224.152	223.624	223.012	224.236
2011		226.638		231.600		230.605		231.445		232.371		231.109	230.337	229.074	231.600
2012		234.648		236.626		236.890		238.445		240.864		236.454	237.097	235.572	238.622
2013		240.262		241.764		243.052		242.903		243.711		242.602	242.125	241.141	243.109
2014		245.148		247.932		250.085		249.877		250.508		247.680	248.326	247.097	249.555
2015		249.809		252.875		254.736		256.060		256.107		255.492	253.910	252.041	255.780
2016		257.141		259.386		261.017		262.326		264.026		263.222	260.830	258.715	262.946
2017		265.569		268.896											

12-Month Percent Change

Series Id: CWURA422SA0
 Not Seasonally Adjusted
 Series Title: All items in San Francisco-Oakland-San Jose, CA, urban wage earners and clerical workers, not seasonally adjusted
 Area: San Francisco-Oakland-San Jose, CA
 Item: All items
 Base Period: 1982-84=100

Download: [xls](#) [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2007		3.1		3.1		3.0		2.4		3.4		4.2	3.2	3.1	3.2
2008		2.9		3.2		4.7		4.6		3.8		-0.2	3.3	3.6	3.1
2009		0.9		0.3		-0.2		0.0		0.2		3.0	0.6	0.3	0.8
2010		2.4		2.4		1.4		1.3		1.2		1.8	1.8	2.2	1.4
2011		2.1		3.5		2.9		3.2		3.6		3.1	3.0	2.7	3.3
2012		3.5		2.2		2.7		3.0		3.7		2.3	2.9	2.8	3.0
2013		2.4		2.2		2.6		1.9		1.2		2.6	2.1	2.4	1.9
2014		2.0		2.6		2.9		2.9		2.8		2.1	2.6	2.5	2.7
2015		1.9		2.0		1.9		2.5		2.2		3.2	2.2	2.0	2.5
2016		2.9		2.6		2.5		2.4		3.1		3.0	2.7	2.6	2.8
2017		3.3		3.7											

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NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration: Cost-of-living increase, Management and Confidential employee group.	MEETING DATE: June 26, 2017 AGENDA ITEMS NO.: 12.b.
RECOMMENDED ACTION: Approve cost-of-living increase, Management and Confidential Employees group effective July 1, 2017.	
SUMMARY AND DISCUSSION: <p>In 2014, the District negotiated a four-year Memorandum of Understanding (MOU) with its represented employee group, the Teamsters Bargaining Unit (TBU). The MOU term is July 1, 2014 through June 30, 2018. The MOU has a provision for a cost-of-living increase effective July 1, 2017 as determined by the April 2016 to April 2017 Consumer Price Index (CPI) (SF Bay Area 82-100) movement plus 0.5 percent. The US Bureau of Labor Statistics (BLS) value for the April-April CPI (SF Bay Area 1982-84=100) – Urban Wage Earners and Clerical Workers is 3.7%, therefore the corresponding increase would be 4.2%.</p> <p>The Management and Confidential (M&C) group has agreed to the same terms as the represented employee group in terms of a cost-of-living increase. Therefore, it is recommended that the Board approve a 4.2% increase for the Management and Confidential group effective July 1, 2017.</p>	
STRATEGIC PLAN INFORMATION: This item addresses Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
BUDGET INFORMATION: The preliminary FY17-18 budget includes a provision for a projected 4.2% salary increase.	
DEPT. MGR.: ssk	GENERAL MANAGER: SSK

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration: Cost-of-living increase, General Manager-Chief Engineer.	MEETING DATE: June 26, 2017 AGENDA ITEMS NO.: 12.c.
RECOMMENDED ACTION: Approve cost-of-living increase, General Manager-Chief Engineer, effective July 1, 2017.	
SUMMARY AND DISCUSSION: <p>In 2014, the District negotiated a four-year Memorandum of Understanding (MOU) with its represented employee group, the Teamsters Bargaining Unit (TBU). The MOU term is July 1, 2014 through June 30, 2018. The MOU has a provision for a cost-of-living increase effective July 1, 2017 as determined by the April 2016 to April 2017 Consumer Price Index (CPI) (SF Bay Area 82-100) movement plus 0.5 percent. The US Bureau of Labor Statistics (BLS) value for the April-April CPI (SF Bay Area 1982-84=100) – Urban Wage Earners and Clerical Workers is 3.7%, therefore the corresponding increase would be 4.2%.</p> <p>The terms of the General Manager-Chief Engineer’s agreement stipulate that he shall be eligible for cost-of-living increases which shall be no greater than that authorized for the Management and Confidential (M&C) staff. Therefore, if a 4.2% increase is approved for the M&C Group as per Agenda item 12.b., it is requested that the Board also approve a 4.2% increase for the General Manager-Chief Engineer effective July 1, 2017.</p>	
STRATEGIC PLAN INFORMATION: This item addresses Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
BUDGET INFORMATION: The preliminary FY17-18 budget includes a provision for a projected 4.2% salary increase.	
DEPT. MGR.: ssk	GENERAL MANAGER: SSK

NOVATO SANITARY DISTRICT

BOARD AGENDA ITEM SUMMARY

TITLE: Board of Directors: Presidential appointment of Board Committee members	MEETING DATE: June 26, 2017 AGENDA ITEM NO.: 13.a.
RECOMMENDED ACTION: Presidential appointment of members to Board Committees for FY2017-18.	
SUMMARY AND DISCUSSION: <p>Current committee assignments for Fiscal Year (FY)16-17 are provided in Attachment 1. Director Peters was elected as the FY16-17 Board President at the June 12, 2017 Board meeting. The President appoints the committee members, generally at the second Board meeting in June. At his/her option, the Board President traditionally has the options of choosing to retain the prior year committee assignments, modifying them at this meeting, or modifying them at a subsequent Board meeting.</p>	
ATTACHMENTS: 1. List of Fiscal Year FY16-17 Committee Assignments.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 5 (Effective Governance and Administration) of the latest Strategic Plan Update.	
DEPT. MGR.: ssk	GENERAL MANAGER: SSK

A. Standing Committees:

1. Joint City/District Solid Waste Committee:
Jean Mariani
Carole Dillon-Knutson
Brant Miller, Alternate
2. Wastewater Operations Committee:
Brant Miller
Jerry Peters
Jean Mariani, Alternate
3. Strategic Planning and New Facilities Committee:
Carole Dillon-Knutson
William C. Long
Brant Miller, Alternate
4. Finance Committee:
William C. Long
Jerry Peters
Carole Dillon-Knutson, Alternate

B. Regular Committees:

1. California Association of Sanitation Agencies:
Jean Mariani, Delegate
Jerry Peters, Alternate
2. California Sanitation Risk Management Authority:
Sandeep Karkal, Delegate
Brant Miller, Alternate
3. North Bay Water Reuse Authority:
William C. Long, Delegate
Jerry Peters, Alternate
4. North Bay Watershed Association:
Brant Miller, Delegate
Sandeep Karkal, Alternate

C. Ad Hoc Committees:

1. Personnel Committee (created March 13, 2017, ends June 30, 2017):
Jean Mariani
Jerry Peters