FINAL BUDGET

FOR

Fiscal Year 2020-21

(And Preliminary Budget for Fiscal Year 2021-22)

Adopted August 10, 2020

NOVATO SANITARY DISTRICT
2020-22 Final Budget

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NOVATO SANITARY DISTRICT
500 DAVIDSON STREET * NOVATO * CALIFORNIA 94945 * PHONE (415) 892-1694 * FAX (415) 898-2279
www.novatosan.com

August 10, 2020

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

Honorable Board Members:

The proposed Final District Budget for fiscal year (FY) 20-21 and the Preliminary Budget for FY 21-22 is attached for your consideration and approval. The Final 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)
- FY 20-21 Wastewater Capital Reserve Fund (Section V)
- FY 20-21 Rate Stabilization Fund (Section VI)
- FY 20-21 Debt Service Requirements and Debt Service Fund Summary (Section VII).

Note that this year's average annual Sewer Service Charge (SSC) increases from $636 to 657 per service unit, (Equivalent Dwelling Unit, EDU), or an increase of 3.30% 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 basic average annual Sewer Service Charge of $657 is allocated between the Operating and Capital Budgets, consistent with the District's 2016 Sewer Rate Study. Therefore, for FY20-21, $363 (55%) of the SSC is allocated to the Operating Budget, and $294 (45%) is allocated to the Capital Budget. The District typically allocates the Sewer Service Charge (SSC) between the Operating and Capital Budgets.

Impact of COVID-19

The ongoing COVID-19 emergency will affect the District in multiple ways, many yet to be determined, and especially its FY 20-22 budget. The most significant revenue impact may be from the District's commercial and institutional customers. These customers faced partially/fully closures in response to COVID-19-related shelter-in-place, (SIP), orders issued by the County Health Department, and may continue to remain partially/fully closed. Recognizing the financial impacts of these closures, the District Board authorized a Sewer Service Charge relief program for such customers. Therefore, the FY 20-21 Final Budget includes provisions for a COVID-19 SSC relief program with an initial cap of about $895,000. (see Account No. 69300 under the COVID-19 Expenses Cost Center, page 18).
In addition, the District is evaluating a Low-Income Sewer Rate Assistance Program (LISRAP) for low-income single-family residential (SFR) ratepayer households of the District who are already enrolled in PG&E's California Alternate

Rates for Energy (CARE) Program. The LISRAP is initially provisioned at $90,000 in the FY 20-21 Final Budget and the FY21-22 Preliminary Budget, under Account No. 69201 · Prop Tax allocation to LISRAP.

Impact of Public Safety Power Shutdowns (PSPS)

Another factor affecting the FY 20-22 budget will be PG&E's ongoing PSPS program. While specific PSPS events are difficult to predict, the FY 20-21 Final Budget includes an additional amount of about $150,000 for staffing and equipment, distributed between various Operating Cost Centers and Capital Accounts, to provision for such events.

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.

Overall, it is projected that total FY 20-21 revenues will increase by about 2.25%. This overall increase results primarily from an approved 3.3.% increase in SSCs (as recommended by the 2016 SSC rate study, and adopted by District Ordinance No. 120), and a 2% increase in property tax revenue (assuming the County Assessor/Recorder's property tax estimates made prior to COVID-19 impacts do not change).

In terms of a revenue split to Operating and Capital Expenditures, the District typically uses a 55%-45% allocation of SSC revenue to the Operating and Capital budgets. Also, while the District has directed property tax revenue to the Capital budget in recent years, for FY 20-22 this revenue is being allocated 33%-67% between the Operating and Capital Funds to address COVID-19 impacts and funding the LISRAP.

Three-Year Summary comparisons and significant variances in the operating budgets between the FY 19-20 and FY 20-21 budget years are provided later in this letter.

Table 1: Summary of Revenues and Expenditures for FY 20 and FY 21

	FY 19-20	FY 20-21	% Change
	Adopted Budget	Proposed Budget	FY 20 to FY 21
Operating Revenues	$ 11,534,649	$ 12,599,878	9.24%
Capital Revenues	$ 11,420,960	10,871,468	-4.81%
Total Revenues	$ 22,955,609	$ 23,471,346	2.25%
Operating Expenditures	11,423,358	12,544,945	9.82%
CIP Expenditures	5,900,000	8,090,000	37.12%
Debt Service	6,829,956	6,529,350	-4.40%
Total Expenditures	$ 24,153,314	$ 27,164,295	12.47%

B. FISCAL YEAR FY 20-21 OPERATING BUDGET DETAILS

Operating Revenues

The proposed FY 20-21 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.

As seen from Table 2, total operating revenues are budgeted to increase by 9.24% or $1,065,229 from FY 19-20.

Other notable items include:

Operating SSCs budgeted increase of $397,344 or 3.86%, primarily from the approved 3.3% rate increase recommended by the 2016 sewer service charge rate study, and adopted by District Ordinance No. 120.

Property Taxes budgeted increase of $823,225 or 100%, due to a change in allocation of property tax revenues from 100% to the Capital budget in recent years to a 33%-67% allocation between the Operating and Capital budgets.

Interest Income budgeted to decrease by $150,000 or 83.33%, due to the general decline in interest rates across financial markets.

Ranch Income budgeted to decrease by $30,000 or 75% due to the renegotiated terms of the new lease agreement, to reflect a reduced but more realistic assessment of anticipated income.

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

Table 2: Operating Budget Revenue Three-Year Summary

Funding Sources by Category	FY 18-19 Adopted Budget	FY 19-20 Adopted Budget	FY 20-21 Proposed Budget	% Change FY 20 to FY 21
Operating Sewer Service Charges	$ 10,145,760	$ 10,306,800	$ 10,704,144	3.86%
Property Taxes	-	-	823,225	100.00%
Permit & Inspection fees	31,500	36,500	36,500	0.00%
Interest Income	120,000	180,000	30,000	-83.33%
Engineering/Admin Chgs	165,000	165,000	165,000	0.00%
Franchise Fees	55,041	58,210	59,740	2.63%
AB 939 Collector Fees	400,772	434,260	452,303	4.15%
Oil Grant and JPA Reimb	62,729	52,009	51,966	-0.08%
Ranch Income	70,000	40,000	10,000	-75.00%
Recycled Water Revenue	202,000	231,870	237,000	2.21%
Other Revenue	30,000	30,000	30,000	0.00%
Total Operating Revenue	$11,282,802	$11,534,649	$12,599,878	9.24%

Operating Expenditures

A summary of proposed and past two fiscal years Operating Expenditures is shown in Table 3.

Proposed FY 20-21 Operating Expenditures are also shown graphically in Figures 3 and 4 (by expense type with and without COVID-19 related expenses), and Figure 5 (by department or cost center), at the end of this letter. Operating expenditures are budgeted to increase by 1.70% or $182,155 between FY 19-20 and FY 20-21 if COVID-19 impacts are <u>not</u> considered, or by 9.82% or $1,121,587 after accounting for COVID-19 impacts.

<u>Pension and Other Post-Employment Benefit Liabilities</u>: In FY 16-17, the District adopted an approach to address its liabilities under Government Accounting Standards Board (GASB) Statement 45 (GASB 45 – Other Post-Employment Benefits or OPEB) and GASB Statement 68 (GASB 68 – Net Pension Liability or NPL) through a "restricted funds" account. The District set up and initiated funding an Internal Revenue Code (IRC) Section 115 trust account with Public Agency Retirement Services (PARS), Irvine, CA, which incorporates separate sub-accounts for each of the GASB 45 and GASB 68 liabilities.

In June 2018, the District implemented GASB 75, which superseded GASB 45 for disclosure and reporting of OPEB. Consistent with Board direction (provided November 14, 2016), future District budgets (including the FY 20-22 budgets) will include budget amounts to fund this trust, subject to Board approval.

Table 3: Operating Budget Expenditures 3-year Summary:				
Expenditures by Department	FY 18-19	FY 19-20	FY 20-21	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 20 to FY 21
Collections	$ 1,371,942	$ 1,414,791	$ 1,478,231	4.48%
Treatment	3,266,628	3,345,819	3,323,268	-0.67%
Reclamation	490,972	513,974	498,244	-3.06%
Laboratory	583,410	591,048	613,180	3.74%
Pump Stations	835,226	851,343	958,212	12.55%
Administration/Engineering	2,188,599	2,561,751	2,594,593	1.28%
Hazardous Household Waste	463,501	486,269	504,269	3.70%
Recycled Water	202,000	231,870	237,000	2.21%
Non-Departmental	1,338,212	1,426,493	1,421,646	-0.34%
COVID-19 Expenses	-	-	916,302	100.00%
Subtotal Expenditures	10,740,490	11,423,358	12,544,945	9.82%
Less: Passthroughs*	(665,501)	(718,139)	(741,269)	
Less: COVID-19 Expenses	-	-	(916,302)	
Total Expenditures	$ 10,074,989	$ 10,705,219	$ 10,887,374	1.70%

*Passthroughs include: 1. Household Hazardous Waste (HHW) cost center funded by AB 939 Collector fees and Oil Grant/JPA reimbursements, and 2. Recycled Water cost center funded by cost recovery from North Marin Water District (NMWD) with their recycled water sales.

Table 4 summarizes the main anticipated operating budget variances.

Table 4: Operating Budget, Significant Budget Variances FY 19-20 to FY 20-21			
Anticipated Budget Variances – Year-over-year, FY 19-20 to FY 20-21	Variance, %	Budget Impact, $	Budget Impact, %
1. Salaries and wages (across all cost centers).	3.0	$ 75,478	0.65
2. Employee Benefits (across all cost centers).	9.0	$ 100,182	0.86
3. Retiree Health Benefits.	(25.5)	$ (109,091)	-0.93
4. GASB 68 (Net Pension Liability) PARS Trust Fund contributions.	15.3	$ 55,244	0.47
5. Election Expense.	(68.4)	$ (65,000)	-0.56
6. Insurance Expense.	20.4	$ 37,000	0.32
7. Software Maintenance (across all cost centers).	50.5	$ 23,500	0.20
8. Outside consulting (Admin & Eng. cost center).	(9.5)	$ (27,000)	-0.23
9. PSPS Costs (New account)	100.0	$ 45,000	0.38
10. Travel, Meetings & Training.	(16.5)	$ (15,000)	-0.13
11. Property Tax Allocation to LIRAP.	100.0	$ 90,000	0.77
12. COVID-19 Expenses.	100.0	$ 916,302	7.84

C. FISCAL YEAR FY 20-21 CAPITAL BUDGET DETAILS

Capital Revenues

The proposed FY 20-21 Capital Budget by Revenue source is shown in Table 5 below, along with the figures for the past two fiscal years. Total capital revenues for FY 20-21 are expected to decrease by 4.81% or $549,492 from FY 19-20. Notable items include:

Capital SSC Revenues - projected increase of $247,344 or 2.94% primarily from the approved 3.30% rate increase recommended by the 2016 sewer service charge rate study, and adopted by District Ordinance No. 120.

Property Taxes budgeted decrease of $711,236 or 29.85%, due to a change in allocation of property tax revenues from 100% to the Capital budget in recent years, to a 33%-67% allocation between the Operating and Capital budgets.

Connection Fees – projected to increase $14,400 or 3.0% year-over-year, assuming about 40 new connections per year, consistent with the District's 2016 Capacity Fee Study.

Interest Income – projected decrease of $100,000 or 83.33% from the general decrease in interest rates across financial markets.

Table 5: Capital Budget Revenue 3-year Summary

Funding Sources by Category	FY 18-19 Adopted Budget	FY 19-20 Adopted Budget	FY 20-21 Proposed Budget	% Change FY 20 to FY 21
Capital Sewer Service Charges	$ 7,940,160	$ 8,422,128	$ 8,669,472	2.94%
Property Taxes	2,335,914	2,382,632	1,671,396	-29.85%
Connection Charges	461,200	475,200	489,600	3.03%
Collector/Special Equalization Chgs	2,000	1,000	1,000	0.00%
Interest Income	125,000	120,000	20,000	-83.33%
Grant Revenue	151,000	0	0	0.00%
Other Revenue	20,000	20,000	20,000	0.00%
Total Capital Revenues:	$11,035,274	$11,420,960	$10,871,468	-4.81%

Capital Expenditures

The proposed Capital Improvement Program (CIP) Budget for FY 20-21 is $14,619,350 or $1,889,394 or 14.8% more than last year. Capital projects for FY 20-21 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, Pump Station Rehabilitation Projects, potential Cogeneration/Alternative Energy Projects, and vehicle replacements.

Continuing work on regional efforts including recycled water projects through the North Bay Water Reuse Authority (NBWRA); Novato Creek Watershed projects with the County of Marin; and with the State Coastal Conservancy (SCC) on the District's Outfall pipeline in the Hamilton Wetlands area.

Debt service of $6,529,350 including principal and interest payments on the District's 2017 Revenue Refunding Bonds and 2019 Revenue Bonds.

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

Table 6: Capital Budget Expenditures, 3-year Summary

Capital Expenditures	FY 18-19 Adopted Budget	FY 19-20 Adopted Budget	FY 20-21 Proposed Budget	% Change FY 20 to FY 21
Capital Projects	$6,803,000	$5,900,000	$8,090,000	37.12%
Debt Service	6,839,456	6,829,956	6,529,350	-4.4%
Total	$13,642,456	$12,729,956	$14,619,350	14.8%

Debt Coverage Ratio (DCR): In the 2011 Certificates of Participation (COP) Installment Sale Agreement, the District agreed to collect rates and charges each fiscal year that would be 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 target DCR of 1.20.

In October 2017, the District retired these COPs by issuing the 2017 Revenue Refunding Bonds without extending the term of the original loan, thereby saving the District over $2 million in debt service. In August 2019, the District refinanced the State of California Clean Water Revolving Fund loan by issuing its 2019 Wastewater Revenue Refinancing Bonds, again without extending the original loan term, saving the District about $3.2 million in debt service.

While neither the 2017 Revenue Refunding Bonds nor the 2019 Revenue Refinancing Bonds require disclosure of the DCR, the District's projected DCR of 1.67 for FY 20-21 serves as an indicator of its continuing financial stability.

D. STANDARD & POORS GLOBAL RATING (S&P GLOBAL RATING)

The District's outstanding debt (2017 and 2019 Revenue Refinancing Bonds) continues to carry "AAA" ratings from Standard and Poors Global Rating (S&P Global Rating), which is the rating agency's highest possible rating designation. At this time, the District does not anticipate any change to its "AAA" rating in the FY 20-22 period, relative to COVID-19, PSPS, or broader financial market events.

E. 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, 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.

Table 7: Comparative Rates of Annual Sewer Service Charges

AGENCY	RATE ($/yr.)
Sanitary District No. 5 – Belvedere	1,985 (b)
City of Mill Valley	1,882 (b)
Tamalpais Community Service District	1,771 (a)
Sausalito-Marin City Sanitary District (1)	1,555 (b)
Sanitary District No. 1 – City of Larkspur	1,445 (b)
City of Santa Rosa	1,125 (b)
Sanitary District No. 5 - Tiburon	1,034 (b)
Ross Valley Sanitary District (SD#1)	1,024 (b)
Las Gallinas Valley Sanitary District	968 (b)
City of Petaluma	920 (a)
City of San Rafael	861(b)
Napa Sanitation District	739 (b)
Vallejo Sanitation & Flood Control District	715 (b)
NOVATO SANITARY DISTRICT	**657 (b)**
Town of Corte Madera	498 (a)

Notes:(1) Includes SMCSD charge of $906 & City of Sausalito charge of $649; (a) FY 19-20 charges; (b)FY 20-21 (proposed or adopted)

In conclusion, the proposed FY 20-21 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 S. Karkal

SANDEEP KARKAL, P.E.
General Manager-Chief Engineer

Laura Creamer

LAURA CREAMER, CPA
Finance Officer

Additional Charts for Informational Purposes:

Figure 1:

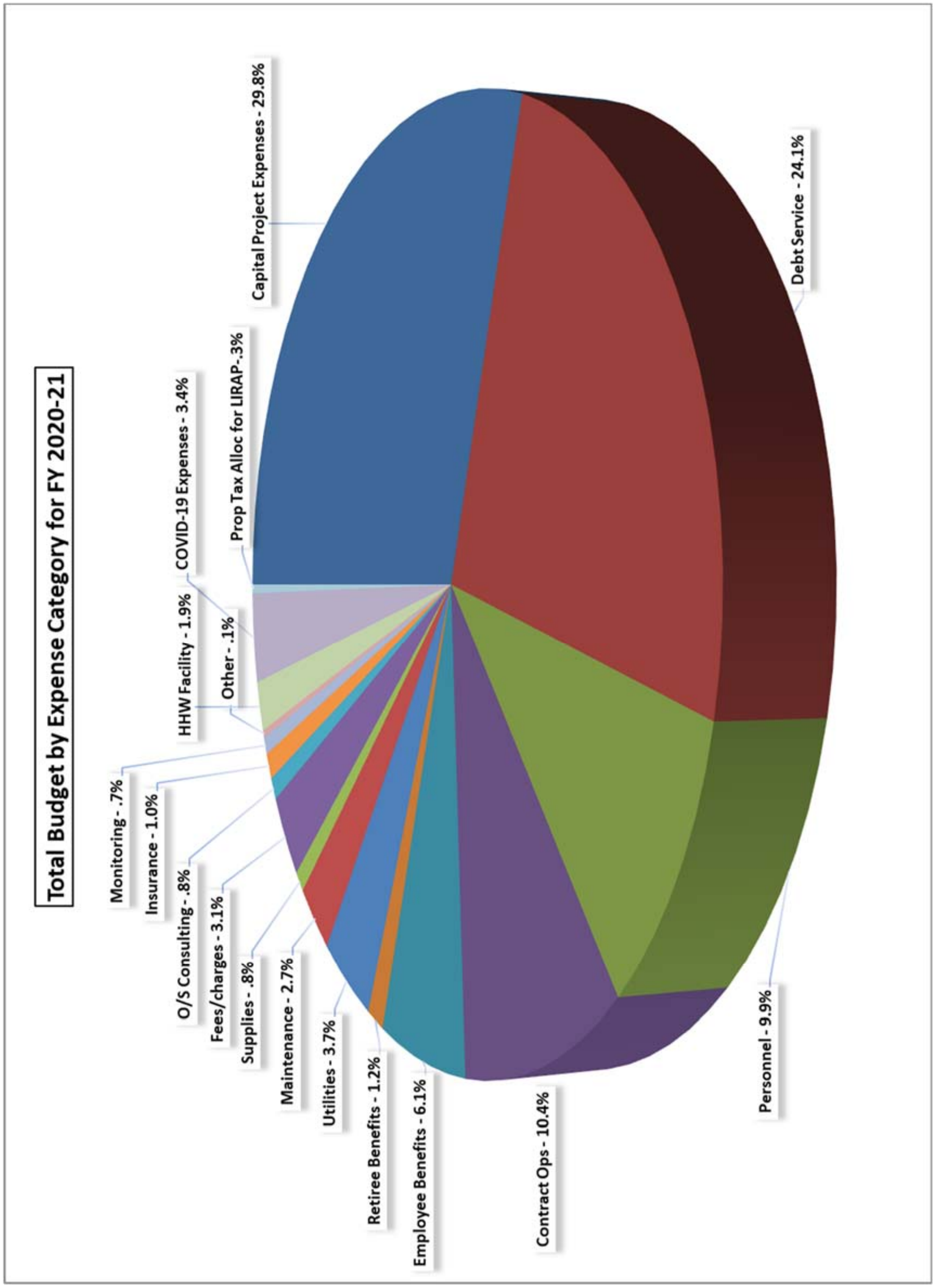


Figure 2:

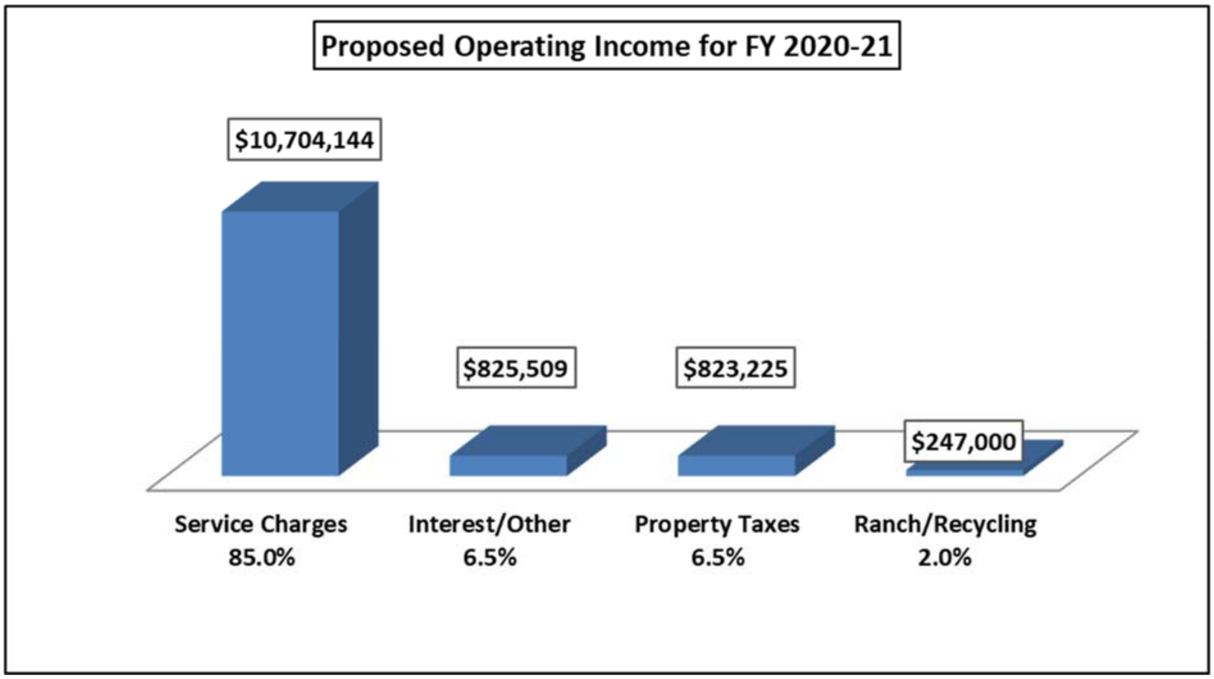

Proposed Operating Income for FY 2020-21
$10,704,144
$825,509
$823,225
$247,000
Service Charges
85.0%
Interest/Other
6.5%
Property Taxes
6.5%
Ranch/Recycling
2.0%

Figure 3:

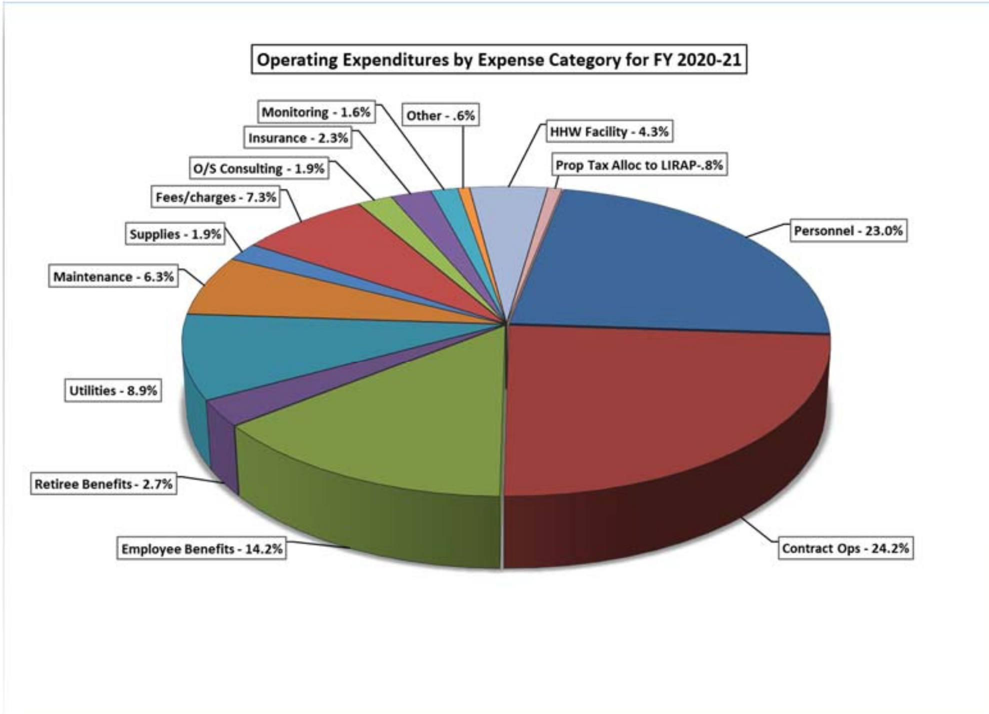


Figure 4:

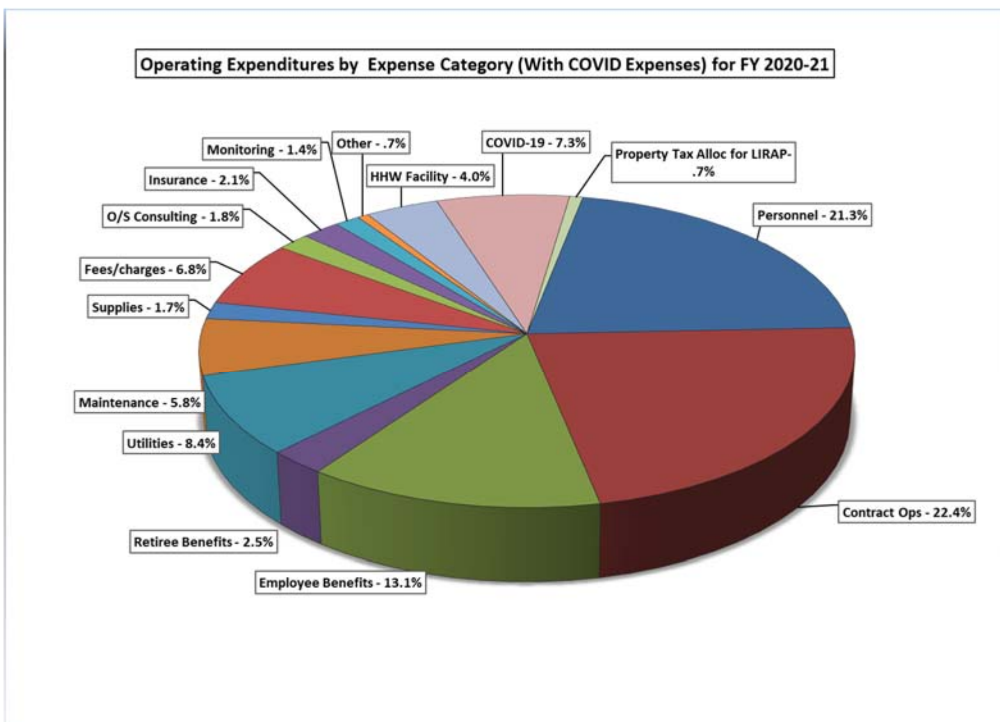


Figure 5:

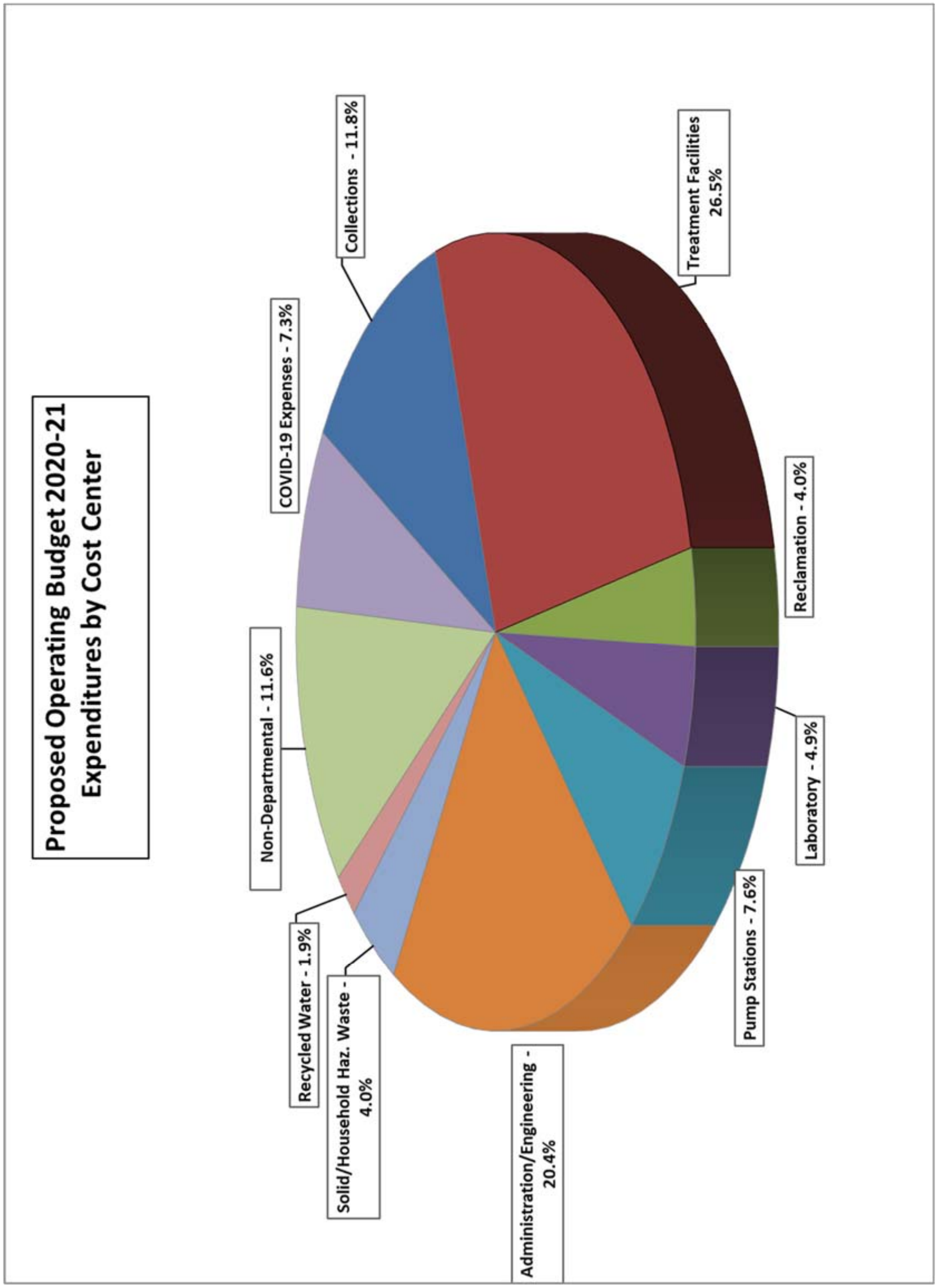
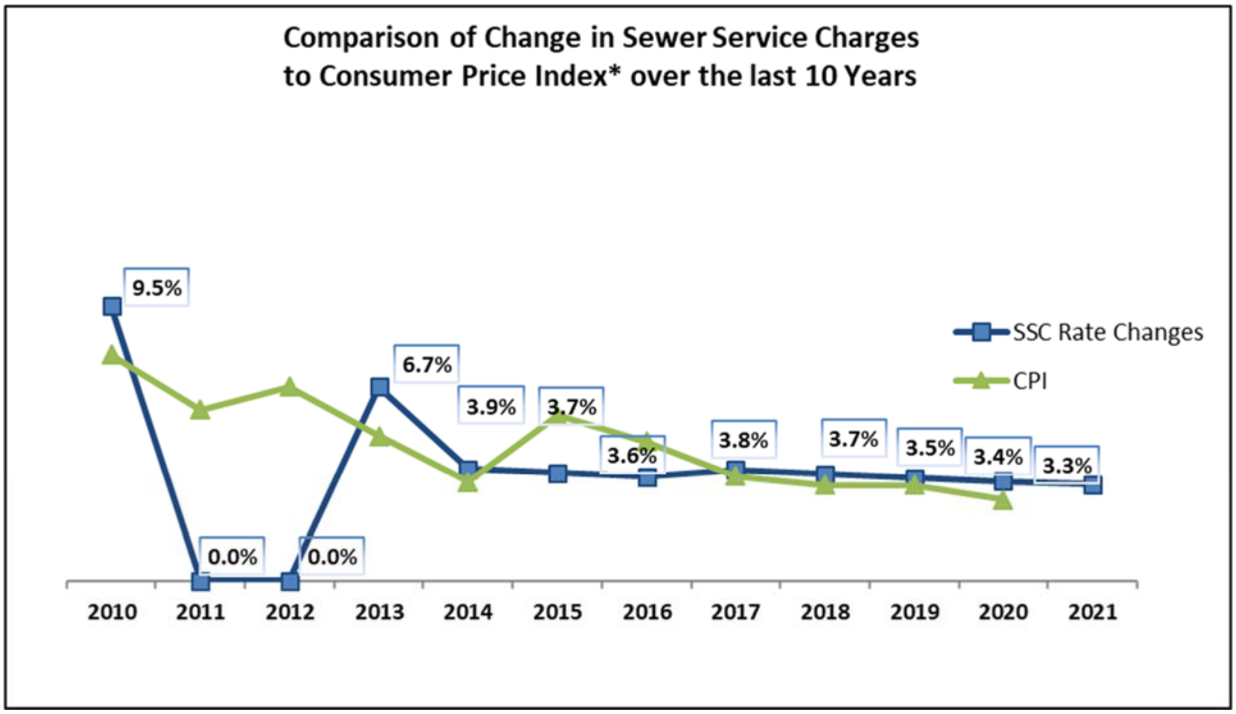

Proposed Operating Budget 2020-21
Expenditures by Cost Center
Collections - 11.8%
Treatment Facilities 26.5%
COVID-19 Expenses - 7.3%
Reclamation - 4.0%
Non-Departmental - 11.6%
Laboratory - 4.9%
Recycled Water - 1.9%
Solid/Household Haz. Waste - 4.0%
Pump Stations - 7.6%
Administration/Engineering - 20.4%

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

SECTION I

SUMMARY OF FUND BALANCES

Novato Sanitary District
2020-22 Budget
Summary of Fund Balances

	Adopted [1] Budget 2019-20	Actual Rev/Exp 2019-20	Final Budget 2020-21	Preliminary Budget 2021-22
Operating Fund at July 1st Beginning of Each Year	14,050,274	14,075,547	14,211,286	12,712,487
Operating Revenue (p. 4)	11,534,649	11,808,516	12,599,878	12,664,405
Operating Expenditures (p. 5)	11,423,358	10,120,610	12,544,945	12,548,113
Net Operating Revenue	111,291	1,687,906	54,933	116,292
Operating Fund Balances before transfers at Year End	14,161,565	15,763,453	14,266,219	12,828,779
Transfers Out - to Rate Stabilization Fund (RSF)	52,167	52,167	53,732	55,344
Transfers Out - to Capital Improvement Fund	1,500,000	1,500,000	1,500,000	2,000,000
Operating Fund Balances after transfers at the End of Each Year	**12,609,398**	**14,211,286**	**12,712,487**	**10,773,435**
Capital Improvement Fund at July 1st Beginning of Each Year	10,405,062	10,403,231	13,158,208	10,835,326
Capital Revenue (p. 20)	11,420,960	12,260,265	10,871,468	10,932,456
Transfers In [2]	1,500,000	1,500,000	1,500,000	2,000,000
Total Capital Revenue and Fund Transfers	12,920,960	13,760,265	12,371,468	12,932,456
Capital Expenditures (p. 21)	5,900,000	4,092,123	8,090,000	8,410,000
Debt Service (p. 35)	6,829,956	6,163,165	6,529,350	6,526,600
Transfers Out [3]	750,000	750,000	75,000	100,000
Total Capital Expenditures and Fund Transfers	13,479,956	11,005,288	14,694,350	15,036,600
Capital Improvement Fund Balances after transfers at the End of Each Year	**9,846,066**	**13,158,208**	**10,835,326**	**8,731,182**
Wastewater Capital Reserve Fund (WCRF), Fund Balance at the End of Each Year (p. 30)	**1,074,653**	**1,074,653**	**1,149,653**	**1,249,653**
Rate Stabilization Fund (RSF), Fund Balance at the End of Each Year (p. 32)	**1,791,079**	**1,791,079**	**1,844,811**	**1,900,156**
Fund Balances at The End of Each Year	**25,321,195**	**30,235,226**	**26,542,277**	**22,654,426**

[1] As amended by Board action of 12/09/2019 to accommodate Public Safety Power Shutdown (PSPS) and Cogen/Alt Energy Related Projects.
[2] From Operating Fund Balances.
[3] To Wastewater Capital Reserve Fund.

SECTION II

OPERATING BUDGET SUMMARY SCHEDULES

Novato Sanitary District
2020-22 Operating Budget
Summary of Revenues

Operating Revenue Center - 41000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Revenues 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
41010 · Sewer Service Charges (1)	10,145,760	10,306,800	10,515,319	11,441,344	10,704,144	10,718,664
41015 · Property Tax allocation (2)	0		0	0	823,225	839,689
41030 · Plan Check & Inspection Fee	500	500	49,577	500	500	500
41040 · Permit & Inspection Fee	6,000	6,000	5,730	6,000	6,000	6,000
41060 · Interest Income(3)	120,000	180,000	304,521	30,000	30,000	31,500
41080 · Engineering & Admin Charges	165,000	165,000	110,506	165,000	165,000	165,000
41090 · Non-domestic Permit Fees (4)	25,000	30,000	35,853	30,000	30,000	30,000
41100 · Garbage Franchise Fees	55,041	58,210	60,113	59,740	59,740	61,532
41105 · AB 939 Collector Fees	400,772	434,260	434,260	452,303	452,303	468,519
41107 · Oil Grant/JPA Reimb (5)	62,729	52,009	51,536	51,966	51,966	52,000
41130 · Ranch Income	70,000	40,000	(24,429)	10,000	10,000	10,000
41135 · Recycled Water Revenue	202,000	231,870	234,916	237,000	237,000	251,000
41140 · Other Revenue (6)	20,000	20,000	20,614	20,000	20,000	20,000
41142 · Gain/Loss - disposal of assets	10,000	10,000	10,000	10,000	10,000	10,000
Totals	**11,282,802**	**11,534,649**	**11,808,516**	**12,513,853**	**12,599,878**	**12,664,405**

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 2020/21 the charge is $657 split between operating ($363) and capital ($294).**
- **For 2021/22 the charge is $657, with no rate increase from prior year, split between operating ($363) and capital ($294).**

(2) Reflects allocation of Property tax revenues between operating (33%) and capital (67%).

(3) Reflects assumption of significant decline in interest rates.

(4) Includes application fees, permits and monitoring charges.

(5) Oil Grant ~ $15,060/ JPA Reimb Fees $36,000

(6) Other revenue includes septic tank hauling fees, and miscellaneous revenue.

APPROPRIATIONS LIMITATION

The appropriations limitation, pursuant to Article XIIIB of the California Constitution, is determined to be $7,057,724 for the FY20-21.

Novato Sanitary District
2020-22 Budget
Operating Budget - Summary of Expenditures

Operating Cost Center	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
60000 · Collections	1,371,942	1,414,791	1,262,635	1,478,845	1,478,231	1,496,228
61000 · Treatment Facilities	3,266,628	3,345,819	3,065,050	3,409,561	3,323,268	3,427,646
63000 · Reclamation	490,972	513,974	454,696	498,269	498,244	479,225
64000 · Laboratory	583,410	591,048	554,455	613,180	613,180	627,885
65000 · Pump Stations	835,226	851,343	804,395	938,739	958,212	1,003,666
66000 · Administration/Engineering	2,188,599	2,561,751	2,254,003	2,565,576	2,564,593	2,635,583
67000 · Solid/Household Haz. Waste	463,501	486,269	318,883	504,269	504,269	520,519
68000 · Recycled Water	202,000	231,870	234,916	237,000	237,000	251,000
69000 · Non-Departmental*	1,338,212	1,426,493	1,164,178	1,351,645	1,421,646	1,481,362
69300 · COVID-19 Expenses (1)	0	0	7,399	915,408	916,302	625,000
TOTALS	10,740,490	11,423,358	10,120,610	12,512,491	12,514,945	12,548,113

***District-wide allocations**

(1) New cost center due to COVID-19 impact.

Novato Sanitary District
2020-21 Final 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	Non-Departmental	COVID-19 Impact	Total	As Percent of Budget	Over/ Under PY Budget	% Over/ Under PY Budget
Salaries and Wages		93,786		355,629	705,316	1,407,917					2,562,648	20.43%	75,478	3.03%
Contract Services (Operations & Lab)	2,341,809		405,180					66,000			2,812,989	22.42%	91,356	3.36%
Employee Benefits		26,957		147,723	354,915	688,976					1,218,571	9.71%	100,182	8.96%
Retiree Health Benefits									319,243		319,243	2.54%	(109,091)	-25.47%
Pension Expense(Trust)									416,603		416,603	3.32%	55,244	15.29%
Directors' Fees						23,400					23,400	0.19%	(9,000)	-27.78%
Election Expense									30,000		30,000	0%	(65,000)	-68.42%
Gasoline, Oil & Fuel		1,000	500	6,560	20,000	2,700					30,760	0.25%	2,260	7.93%
Insurance	14,000								204,000		218,000	1.74%	37,000	20.44%
Ins Claims Expense									45,000		45,000	0.36%	-	0.00%
Agency Dues									76,800		76,800	0.61%	2,000	2.67%
Memberships/Certifications									11,000		11,000	0.09%	1,000	10.00%
Office Expense						28,000					28,000	0.22%	-	0.00%
Safety		1,000	1,000	4,000	5,700	3,300					15,000	0.12%	(1,200)	-7.41%
Software Maint		2,000	1,000	7,000	60,000						70,000	0.56%	23,500	50.54%
Operating Supplies		2,000	20,500	10,000	28,000	5,000		5,000			70,500	0.56%	3,600	5.38%
Operating Chemicals				0				74,000			74,000	0.59%	1,880	2.61%
Sludge Disposal-Contractual		225,000									225,000	1.79%	-	0.00%
Accounting & Auditing						31,000					31,000	0.25%	1,000	3.33%
Attorney									55,000		55,000	0.44%	5,000	10.00%
Outside Consulting						256,000					256,000	2.04%	(27,000)	-9.54%
IT/Misc. Electrical						49,300					49,300	0.39%	(7,700)	-13.51%
Safety & Wellness Incentive Program									10,000		10,000	0.08%	-	0.00%
Printing & Publication									15,000		15,000	0.12%	(9,000)	-37.50%
Repairs & Maintenance		60,000	16,500	125,000	75,000	85,000		35,000			396,500	3.16%	(9,250)	-2.28%
PSPS Costs				45,000							45,000	0.36%	45,000	100.00%
Unusual Equipment Maint	150,000										150,000	1.20%	-	0.00%
Small Tools		500		2,100	2,000						4,600	0.04%	100	2.22%
Outside Services				77,500	125,000						202,500	1.61%	2,500	1.25%
Ditch/Dike Maintenance		11,000									11,000	0.09%	-	0.00%
Research & Monitoring			131,000					14,000			145,000	1.16%	1,000	0.69%
Travel, Mtgs & Train.									76,000		76,000	0.61%	(15,000)	-16.48%
Pollution Prevention/Pub. Ed.			30,000								30,000	0.24%	(10,000)	-25.00%
Gas & Electricity	727,460	65,000		118,000				43,000			953,461	7.60%	(99,372)	-9.44%
Water		5,000		7,200	12,000						24,200	0.19%	200	0.83%
Telephone				45,000	4,000	14,000					63,000	0.50%	4,500	7.69%
Other/Operational Assistance					1,300						1,300	0.01%	600	85.71%
Permits & Fees	90,000	5,000	7,500	7,500	85,000			0			195,000	1.55%	2,500	1.30%
Co. Collection Fees									68,000		68,000	0.54%	3,000	4.62%
Ser. Chg. System Exp									5,000		5,000	0.04%	-	0.00%
Property Tax allocation to LIRAP									90,000		90,000	0.72%	90,000	100.00%
COVID-19 Impact										916,302	916,302	7.30%	916,302	100.00%
AB 939 Solid Waste Programs							504,269				504,269	4.02%	18,000	3.70%
Subtotal before Pass through expenses	**3,323,268**	**498,244**	**613,180**	**958,212**	**1,478,231**	**2,594,593**	**504,269**	**237,000**	**1,421,646**	**916,302**	**12,544,945**	**100.00%**	**1,121,589**	**9.82%**
Pass through expenses							(504,269)	(237,000)			(741,269)	-6.81%	(23,130)	
Less: COVID-19										(916,302)	(916,302)	-8.42%	(916,302)	
Total	**3,323,269**	**498,244**	**613,180**	**958,212**	**1,478,231**	**2,594,593**	**0**	**0**	**1,421,646**	**0**	**10,887,374**	**84.78%**	**182,157**	**1.70%**
	30.52%	4.58%	5.63%	8.80%	13.58%	23.83%	0.00%	0.00%	13.06%	0.00%	100.00%			

(1): Note the one time emergency expense of approximately $916k due to COVID-19 increases the budget impact from 1.70% to 9.82%.

SECTION III

OPERATING BUDGET
By Cost Center and Account Category

Novato Sanitary District
2020-22 Budget
Operating Budget - Collections

Collections Cost Center - 60000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
60010 · Salaries & Wages	666,060	679,353	652,635	705,316	705,316	740,517
60020 · Employee Benefits	318,682	328,737	327,603	356,129	354,915	385,411
60060 · Gas, Oil & Fuel	15,000	18,000	17,558	20,000	20,000	21,000
60085 · Safety	3,500	5,500	3,749	5,700	5,700	6,000
60091 · Software Maint	50,000	35,000	19,133	60,000	60,000	75,000
60100 · Operating Supplies	25,000	25,000	19,297	28,000	28,000	28,000
60150 · Repairs & Maint	75,000	75,000	69,486	75,000	75,000	77,000
60152 · Small Tools	2,000	2,000	532	2,000	2,000	2,000
60153 · Outside Services	120,000	145,000	121,352	125,000	125,000	125,000
60192 · Water	12,000	12,000	10,635	12,000	12,000	12,000
60193 · Telephone	4,000	3,500	2,612	4,000	4,000	4,000
60200 · Other(Garbage Coll)	700	700	1,200	700	1,300	1,300
60201 · Permits & Fees	80,000	85,000	16,843	85,000	85,000	19,000
	1,371,942	**1,414,791**	**1,262,635**	**1,478,845**	**1,478,231**	**1,496,228**

Novato Sanitary District
2020-22 Budget
Operating Budget - Treatment Facilities

Treatment Facilities - Cost Center - 61000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
61000-1 · Fixed Fee(1)	2,262,042	2,275,786	2,200,786	2,341,810	2,341,809	2,409,814
61000-2 · Insurance & Bonds	14,000	14,000	11,112	14,000	14,000	14,000
61000-3 · Major Repair/Replcmnt	150,000	150,000	106,646	150,000	150,000	150,000
61000-4 · Water/Permits/Phone	85,000	90,000	85,179	90,000	90,000	90,000
61000-5 · Gas & Electricity(2)	755,586	816,033	661,327	813,750	727,460	763,833
	3,266,628	**3,345,819**	**3,065,050**	**3,409,561**	**3,323,268**	**3,427,646**

Comments:

(1) Fixed fee - 3% increase from prior year, and an allowance for contractual incentive payment.
FY21/22 - $188900.79*12=2,266,809+75,000 = $2,341,809

(2) Assumes 10% increase for purchased utility power based on actual expenditures for 2019-20.

Novato Sanitary District
2020-22 Budget
Operating Budget - Reclamation

Reclamation Cost Center - 63000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
63010 · Salaries & Wages	86,021	86,909	87,907	93,786	93,786	97,675
63020 · Employee Benefits	22,951	24,565	17,978	26,983	26,957	28,549
63060 · Gasoline & Oil	2,000	1,000	841	1,000	1,000	1,000
63085 · Safety	500	1,500	0	1,000	1,000	1,000
63091 · Software Maint	2,000	2,000	1,000	2,000	2,000	2,000
63100 · Operating Supplies	2,000	2,000	1,294	2,000	2,000	2,000
63115 · Sludge Disposal	220,000	225,000	211,450	225,000	225,000	225,000
63150 · Repairs & Maint	60,000	70,000	54,001	60,000	60,000	60,000
63152 · Small Tools	500	500	509	500	500	500
63157 · Ditch/Dike Maint	10,000	11,000	1,700	11,000	11,000	11,000
63191 · Gas & Electricity	75,000	80,000	71,471	65,000	65,000	40,000
63192 · Water	5,000	5,000	787	5,000	5,000	5,000
63201 · Permits & Fees	5,000	4,500	5,758	5,000	5,000	5,500
	490,972	**513,974**	**454,696**	**498,269**	**498,244**	**479,225**

Novato Sanitary District
2020-22 Budget
Operating Budget - Laboratory

Laboratory Cost Center - 64000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
64010 · Contract Lab Services (1)	378,910	379,848	375,491	405,180	405,180	416,885
64060 · Gasoline & Oil	1,500	500	231	500	500	500
64085 · Safety	1,000	1,000	0	1,000	1,000	1,000
64091 · Software Maintenance	1,000	1,000	0	1,000	1,000	1,000
64100 · Operating Supplies	20,000	20,500	19,621	20,500	20,500	21,000
64150 · Repairs & Maintenance	10,000	12,200	9,423	16,500	16,500	12,700
64160 · Research & Monitoring	125,000	130,000	126,522	131,000	131,000	132,000
64170 · Pollution Prev/Public Ed	40,000	40,000	16,815	30,000	30,000	35,000
64201 · Permits & Fees	6,000	6,000	6,352	7,500	7,500	7,800
	583,410	**591,048**	**554,455**	**613,180**	**613,180**	**627,885**

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
2020-22 Budget
Operating Budget - Pump Stations

Pump Stations Cost Center - 65000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
65010 · Salaries & Wages	345,078	337,492	327,753	355,629	355,629	374,576
65020 · Employee Benefits	144,149	136,951	133,568	148,250	147,723	159,090
65060 · Gasoline & Oil	5,000	6,400	7,941	6,560	6,560	6,800
65085 · Safety	2,000	4,000	3,735	4,000	4,000	4,500
65091 · Software Maintenance	7,000	8,500	5,551	7,000	7,000	7,000
65100 · Operating Supplies	10,000	10,000	9,377	10,000	10,000	10,500
65101 · Operating Chemicals	2,000	0	0	0	0	0
65150 · Repairs & Maintenance	120,000	120,000	120,371	125,000	125,000	126,000
65152 · Small Tools	2,000	2,000	508	2,100	2,100	2,200
65153 · Outside Services(1)	55,000	55,000	31,233	57,500	77,500	82,000
65191 · Gas & Electricity	105,000	115,000	116,891	118,000	118,000	124,000
65192 · Water	7,000	7,000	7,171	7,200	7,200	7,500
65193 · Telephone	24,000	42,000	35,647	45,000	45,000	46,000
65201 · Permits & Fees	7,000	7,000	4,649	7,500	7,500	7,500
65300 · PSPS Cost	0	0	0	45,000	45,000	46,000
	835,226	**851,343**	**804,395**	**938,739**	**958,212**	**1,003,666**

Comments: (1) Electrical services (including arc flash testing), and ITPS vegtation management

Novato Sanitary District
2020-22 Budget
Operating Budget - Pump Stations

Pump Stations Cost Center - 65000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
65010 · Salaries & Wages	345,078	337,492	327,753	355,629	355,629	374,576
65020 · Employee Benefits	144,149	136,951	133,568	148,250	147,723	159,090
65060 · Gasoline & Oil	5,000	6,400	7,941	6,560	6,560	6,800
65085 · Safety	2,000	4,000	3,735	4,000	4,000	4,500
65091 · Software Maintenance	7,000	8,500	5,551	7,000	7,000	7,000
65100 · Operating Supplies	10,000	10,000	9,377	10,000	10,000	10,500
65101 · Operating Chemicals	2,000	0	0	0	0	0
65150 · Repairs & Maintenance	120,000	120,000	120,371	125,000	125,000	126,000
65152 · Small Tools	2,000	2,000	508	2,100	2,100	2,200
65153 · Outside Services(1)	55,000	55,000	31,233	57,500	77,500	82,000
65191 · Gas & Electricity	105,000	115,000	116,891	118,000	118,000	124,000
65192 · Water	7,000	7,000	7,171	7,200	7,200	7,500
65193 · Telephone	24,000	42,000	35,647	45,000	45,000	46,000
65201 · Permits & Fees	7,000	7,000	4,649	7,500	7,500	7,500
65300 · PSPS Cost	0	0	0	45,000	45,000	46,000
	835,226	**851,343**	**804,395**	**938,739**	**958,212**	**1,003,666**

Comments: (1) Electrical services (including arc flash testing), and ITPS vegtation management

Novato Sanitary District
2020-22 Budget
Operating Budget - Administration/Engineering

Administration and Engineering Cost Center - 66000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
66010 · Salaries & Wages	1,208,103	1,383,416	1,249,052	1,407,917	1,407,917	1,476,083
66020 · Employee Benefits	541,496	628,135	631,867	690,459	688,976	756,800
66030 · Director's Fees	34,000	32,400	20,250	23,400	23,400	23,400
66060 · Gasoline & Oil	5,000	2,600	2,539	2,700	2,700	2,800
66085 · Safety	2,000	4,200	1,613	3,300	3,300	3,300
66090 · Office Expense	28,000	28,000	16,772	28,000	28,000	27,000
66100 · Admin/Engineering Supplies	5,000	5,000	1,967	5,000	5,000	5,000
66121 · Accounting & Auditing	28,000	30,000	28,526	31,000	31,000	32,000
66123 · O/S Contractual	231,000	283,000	197,117	226,000	256,000	196,000
66124 · IT/Misc Electrical	43,000	57,000	42,470	49,300	49,300	33,700
66150 · Repairs & Maintenance	50,000	95,000	46,295	85,000	85,000	65,000
66193 · Telephone	13,000	13,000	15,535	13,500	14,000	14,500
	2,188,599	**2,561,751**	**2,254,003**	**2,565,576**	**2,594,593**	**2,635,583**

Novato Sanitary District
Final Operating Budget 2020-22
PERSONNEL DETAIL

Number	Position	Cost Center	Pay Range	Salaries	Salaries
				2020-21	**2021-22**
1.00	General Manager-Chief Engineer……………………….	A/E		261,132	271,656
1.00	Deputy General Manager………………………………A	A/E	MC122.5	205,416	213,694
1.00	Field Services Manager …………………………………	.25AE/.25CS/.25PS/.25Rec	MC119	173,112	180,088
1.00	Senior Engineer……………………………………………	.65AE/.25PS/.10Rec	MC116.5	-	-
0.46	Project Manager (1)	A/E	MC119	79,901	83,121
0.46	Administrative Services Specialist (1) …………………	A/E	MC117.5	74,285	77,278
1.00	Administrative/Risk Services and Safety Officer (2)	A/E	MC117.5	160,944	167,430
1.00	Administrative Assistant …………………………………	A/E	MC103	48,933	71,267
1.00	Administrative Secretary…………………………………	A/E	MC106	91,812	95,512
1.00	Finance Officer……………………………………………	A/E	MC115	142,428	148,168
1.00	Staff Engineer………………………………………………	.5A/E/.5CS	47	117,168	121,890
1.00	Construction Inspector……………………………………	A/E	44.5	97,632	105,073
1.00	Information System Specialist II…………………………	.5A/E/.5CS	43.5	98,808	102,790
1.00	Electrical/Instrumentation Tech ……………………….	.34A/E/.33PS/.33Rec	46.5	95,084	103,861
1.00	Collection System Superintendent………………………	.67CS/.33PS	MC115	135,109	147,592
1.00	Collection System Leadworker…………………………..	.67CS/.33PS	47	117,168	121,890
0.00	Collection System Worker III…………………………….	.67CS/.33PS	43.5	-	-
4.00	Collection System Worker II………………………………	.67CS/.33PS	40.5	334,619	353,949
2.00	Collection System Worker I………………………………	.67CS/.33PS	38.5	137,658	149,758
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	32,000	32,000
	Allowance for Overtime……………………………………	C/S		24,000	26,000
	Allowance for Overtime……………………………………	A/E		5,000	5,000
	Allowance for Standby Duty Pay…………………………	C/S		38,000	39,000
	Adjustment for CMSA Reimbursement**(1)**	A/E		(20,929)	(21,557)
	Subtotal			2,465,120	2,611,300
	Allowance for salary adjustments (including COLA) ………………………………			97,528	77,551
				2,562,648	2,688,851

23.32			**2020-21**	**2021-22**
	Administration and Engineering (A/E)		1,407,917	1,476,083
	Collection System	67%	705,316	740,517
	Pump Stations	33%	355,629	374,576
	Reclamation Facilities		93,786	97,675
	Total/Check		2,562,648	2,688,851

(1) Part-time position.
(2) 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
2020-22 Budget
Operating Budget - Solid/Household Hazardous Waste

Solid/HHW Cost Center - 67000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
67400 · Management Services	142,464	147,500	79,920	150,000	150,000	155,250
67500 · Household Haz. Waste	260,000	292,000	208,005	310,000	310,000	320,000
67530 · Used Oil Grant	11,269	11,269	4,680	11,269	11,269	11,269
67530-1Beverage Container Grant	11,268	0	0	0	0	0
67540 · Education/Public Outreach	23,500	20,500	13,794	18,000	18,000	19,000
67600 · Other	5,000	5,000	2,484	5,000	5,000	5,000
67610 · City AB 939 Admin Service	10,000	10,000	10,000	10,000	10,000	10,000
	463,501	**486,269**	**318,883**	**504,269**	**504,269**	**520,519**

Comments:

Per proposed budget by HHW Coordinator.

Novato Sanitary District
2020-22 Budget
Operating Budget - Recycled Water

Recycled Water Cost Center - 68000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
68010 · O & M Services	55,000	66,000	90,471	66,000	66,000	66,000
68100 · Operating Supplies	4,400	4,400	4,445	5,000	5,000	5,500
68101 · Operating Chemicals	60,100	72,120	54,902	74,000	74,000	81,400
68150 · Repairs & Maintenance	30,500	33,550	21,880	35,000	35,000	36,850
68160 · Research & Monitoring	14,000	14,000	24,103	14,000	14,000	14,000
68191 · Gas & Electricity	38,000	41,800	39,115	43,000	43,000	47,300
	202,000	**231,870**	**234,916**	**237,000**	**237,000**	**251,000**

Novato Sanitary District
2020-22 Budget
Operating Budget - Non-Departmental

Non-Departmental (District-wide allocations) Cost Center - 69000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
69021 · Retiree Health Benefits(1)	218,550	226,673	201,661	214,142	193,612	209,101
69021-1 · Retiree Health Benefits(2)	212,146	201,661	202,135	105,100	125,631	118,921
69022 · Pension Expense (3)	290,016	361,359	361,359	416,603	416,603	478,700
69040 · Election Expenses	90,000	95,000	29,447	60,000	30,000	0
69070 · Insurance	180,500	167,000	169,169	194,000	204,000	223,000
69071 · Insurance Claim Expense	45,000	45,000	0	45,000	45,000	45,000
69075 · Agency Dues	66,000	74,800	68,352	76,800	76,800	80,640
69080 · Memberships/Certifications	14,000	10,000	9,070	11,000	11,000	11,000
69122 · Attorney Fees	50,000	50,000	6,851	55,000	55,000	55,000
69125 · Safety & Wellness Incent Prog	10,000	10,000	0	10,000	10,000	10,000
69130 · Printing & Publications	24,000	24,000	1,206	15,000	15,000	15,000
69170 · Board Travel & Training	19,000	26,000	17,109	22,000	22,000	20,000
69171 · Staff Travel & Training	51,000	65,000	39,125	54,000	54,000	50,000
69201 · Prop Tax allocation to LISRAP	0	0	0	0	90,000	90,000
69202 · County Fees-Property Taxes	33,000	33,000	29,410	35,000	35,000	36,000
69203 · County Fees-Sewer Ser Chg	30,000	32,000	28,924	33,000	33,000	34,000
69250 · Service Charge Sys Exp	5,000	5,000	360	5,000	5,000	5,000
	1,338,212	**1,426,493**	**1,164,178**	**1,351,645**	**1,421,646**	**1,481,362**

Comments:

(1) Projected contribution to current retirees' health care premiums.

(2) Represents FY 20-22 Unfunded Actuarial Liability (UAL) contributions into the PARS Trust (OPEB sub-account) established November 2016.

(3) Represents FY 20-22 projected contributions to PARS Trust (Pension sub-account).

***PARS = Public Agency Retirement Services.** **LISRAP = Low Income Sewer Rate Assistance Program**

OPEB = Other Post-Employment Benefits.

Novato Sanitary District
2020-22 Budget
Operating Budget - COVID-19 Expenses

COVID-19 Expenses Cost Center - 69300	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22(2)
Accounts						
69301 · COVID19 SSC Red. Prog. (1)	0	0	0	894,408	895,302	600,000
69323 · O/S Contractual	0	0	0	10,000	10,000	12,000
69324 · IT/Misc. Expenses	0	0	4,451	6,000	6,000	7,000
69385 · Safety Supplies/Equipment	0	0	2,948	5,000	5,000	6,000
	0	**0**	**7,399**	**915,408**	**916,302**	**625,000**

Comments:

(1) Sewer Service Charge (SSC) refunds to commercial and institutional customers with minimal/no wastewater discharge to District facilities during COVID-19 related Shelter-in-Place (SIP) shutdowns from March 17-May 31, 2020.

(2) Given the unknowns of COVID-19, it is difficult to estimate FY 21-22 expenses for this cost center. Therefore, expenses for the Preliminary FY 21-22 budget may be significantly different than shown, and adjustments will be required as part of the FY 21-22 budget planning, which will begin in early CY 2021.

SECTION IV

CAPITAL IMPROVEMENT BUDGET

Novato Sanitary District
2020-22 Budget
Capital Improvement Budget - Summary of Revenues

Capital Fund Revenue Center - 51000	Adopted Budget 2018-19	Adopted Budget 2019-20	Actual Revenue 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
Capital Improvement Income						
51010 · Sewer Service Charges(1)	7,940,160	8,422,128	8,597,007	7,932,272	8,669,472	8,681,232
51015 · Property Taxes	2,335,914	2,382,632	2,494,621	2,430,285	1,671,396	1,704,824
51015-1 · Redevelopment Agency(2)	0	0	85,418	0	0	0
51020 · Connection Charges(3)	461,200	475,200	837,883	489,600	489,600	504,400
51030 · Collector Sewer Charges	1,000	0	0	0	0	0
51040 · Special Equalization Chrg	1,000	1,000	10,366	1,000	1,000	1,000
51060 · Interest	125,000	120,000	234,970	20,000	20,000	21,000
51070 · Other Revenue	20,000	20,000	0	20,000	20,000	20,000
51072 · Grant Revenue - RWF	151,000	0	0	0	0	0
Total Capital Improvement Income	**11,035,274**	**11,420,960**	**12,260,265**	**10,893,157**	**10,871,468**	**10,932,456**

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 SSC allocations are as follows:
- **For 2020/21 the charge is $657 split between operating ($363) and capital ($294).**
- **For 2021/22 the charge is $657, with no rate increase from prior year, split between operating ($363) and capital ($294).**

(2) Redevelopment Agency (RDA) revenues are being shown separately as the District continues to receive them from the dissolution and distribution of assets of these agencies. However, these RDA fund distributions are difficult to predict, and are set to zero for budget purposes.

(3) Connection Charges projected at 40 new connections each year.
- **Per District Ordinance No. 119, the connection charge beginning July 1, 2020 is $12,240 per EDU, and increases by 3% on July 1, 2021 to $12,610 per EDU.**

Novato Sanitary District
2020-22 Budget
Capital Improvement Budget - CIP Expenditures

Capital Improvements Cost Centers - 72000, 73000, & 78500	Adopted Budget 2018-19	Adopted [1] Budget 2019-20	Actual Expenses 2019-20	Adopted Preliminary Budget 2020-21	Final Budget 2020-21	Preliminary Budget 2021-22
Accounts						
72112 · Network and SCADA Upgrades[2]	0	0	0	225,000	225,000	75,000
72403 · Pump Station Rehabilitation	50,000	515,000	116,271	1,650,000	1,650,000	3,050,000
72508 · North Bay Water Reuse Authority (NBWRA)	80,000	25,000	14,081	25,000	25,000	25,000
72706 · Collection System Improvements	2,450,000	2,790,000	2,713,091	2,940,000	2,505,000	2,950,000
72706-1 · Lateral Replacement Program	80,000	60,000	32,000	60,000	60,000	60,000
72707 · Hamilton Wetlands/Outfall Integration	10,000	10,000	12,659	10,000	10,000	10,000
72708 · Cogeneration/Alt. Energy	350,000	1,010,000	103,206	1,075,000	1,100,000	775,000
72802 · Annual Sewer Adj. for City Proj	25,000	25,000	37,145	30,000	50,000	60,000
72803 · Annual Collection Sys Repairs	225,000	100,000	66,183	105,000	105,000	110,000
72804 · Annual Reclamation Fac Improvements	175,000	200,000	117,294	355,000	535,000	145,000
72805 · Annual Treatment Plant Improvements	300,000	350,000	187,263	100,000	100,000	100,000
72806 · Annual Pump Station Improvements	140,000	175,000	174,847	240,000	240,000	220,000
72807 · Annual Ignacio Facility Improvements	50,000	50,000	44,420	75,000	75,000	75,000
72808 · Strategic Plan Update	20,000	20,000	0	20,000	20,000	20,000
72809 · Novato Creek Watershed	5,000	5,000	0	5,000	5,000	5,000
73003 · Admin Building Upgrade/Maint. Building	350,000	150,000	96,391	350,000	350,000	130,000
73004 · Odor Control and NTP Landscaping	100,000	50,000	34,266	50,000	50,000	50,000
73005 · RWF Expansion (3)	2,020,000	(295,000)	(293,979)	0	0	0
73006 · NTP Corrosion Control	233,000	55,000	70,632	380,000	480,000	100,000
73007 · Solids Management	0	0	0	175,000	175,000	185,000
73090 · Vehicle Replacement	140,000	605,000	566,353	330,000	330,000	265,000
Subtotal before Debt Service	**6,803,000**	**5,900,000**	**4,092,123**	**8,200,000**	**8,090,000**	**8,410,000**
78500 · Interest - SRF Loan	1,427,123	1,332,279	140,629	0	0	0
78500 · Principal - SRF Loan	3,951,833	4,046,677	0	0	0	0
78500 · Interest - 2017 Rev. Refunding Bond	670,500	631,000	631,000	590,000	590,000	547,500
78500 · Principal - 2017 Rev. Refunding Bond	790,000	820,000	820,000	850,000	850,000	890,000
78500 · Interest - 2019 Refunding Bond	0	0	1,091,536	2,084,350	2,084,350	1,934,100
78500 · Principal - 2019 Refunding Bond	0	0	3,480,000	3,005,000	3,005,000	3,155,000
Subtotal for Debt Service	**6,839,456**	**6,829,956**	**6,163,165**	**6,529,350**	**6,529,350**	**6,526,600**
Totals	**13,642,456**	**12,729,956**	**10,255,288**	**14,729,350**	**14,619,350**	**14,936,600**

Comments:

[1] As amended by Board action of 12/09/2019 to accommodate Public Safety Power Shutdown (PSPS) and Cogen/Alt Energy Related Projects.

[2] New account.

[3] Reflect disbursement of $305,711 by North Marin Water District (NMWD) from joint District/NMWD RWF Capital Replacement and Expansion Fund.

Novato Sanitary District

MEMORANDUM

TO: District Board of Directors

FROM: Sandeep Karkal, General Manager-Chief Engineer
Erik Brown, Deputy General Manager

DATE: August 10, 2020

SUBJECT: FY 20-22 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 FY 20-22. Projected two-year FY 20-22 capital improvement expenditures are presented in the Capital Improvement Budget – CIP Expenditures.

Account No. 72112: Network and SCADA Upgrades

This new account was established to address the need for significant upgrades to the network and Supervisory Control and Data Acquisition (SCADA) systems. The account provides for an Information Technology (IT) Assessment/Master Planning study to commence in the first half of FY 20-21. Subsequently, computer network and SCADA upgrades will commence in the last half of FY 20-21, extending into FY 21-22.

Account No. 72403: Pump Station Rehabilitation

This ongoing account provides for the long-term replacement of the District's wet well/dry well type pump stations with submersible pump-type pump stations. The lift stations that remain to be replaced include the two Vintage Oaks Pump Stations and the Rowland Plaza Pump Station.

In October 2019, the District experienced multiple-day power outages from the Public Safety Power Shutoffs (PSPS) implemented throughout the region. The PSPS events have highlighted the need for several short- and long-term projects to assure resiliency of District operations, including the following four major capital projects:

1. Rowland Plaza Pump Station: Project work is to convert the Gorman Rupp style wet well/dry well pump station to a submersible pump-type station and includes a new emergency generator. Engineering design work commenced in FY 19-20 with construction anticipated in FY 20-21.

2. Marin Village Pump Station: Project to replace the existing wetwell/drypit type pump station with new submersible pump-type station. Engineering design work commenced in FY 19-20 with construction anticipated in the last quarter of FY 20-21, extending into FY 21-22.

3. Ignacio Transfer Pump Station: Project to replace the generator and upgrade switchgear. Engineering design work will commence in FY 20-21 with construction anticipated in FY 21-22, extending into FY 22-23.

4. Olive Pump Station: Project to replace the existing natural gas generator with a new diesel generator and upgrade electrical switchgear and related electrical equipment. Engineering design work commenced in FY 19-20 with construction anticipated in FY 20-21, extending into FY 21-22.

The rehabilitation schedule for the Vintage Oaks 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.

Account No. 72508: North Bay Water Reuse Authority

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY 20-21 will be the seventh year of the multi-year Phase 2 NBWRA program, including continuing 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.

For FY 20-21, the District expects its future Phase 2 participation to be limited to a programmatic level, at least until further recycled water demands are identified by the North Marin Water District (NMWD). Also, any effort to transition the NBWRA program to a more comprehensive North Bay Water Program, would result in a limited role for the District. Therefore, it is anticipated that the District's future participation in this expanded program will occur at a very modest level. Accordingly, the District's preliminary FY 20-22 CIP budget includes only a "placeholder" budget amount of $25,000 for each of these years.

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. Closeout work including final paving for the Redwood Blvd Sewer Rehabilitation Project. This Project included the rehabilitation of about 1,850 feet of 12-inch sewer main along Redwood Blvd. between Lamont Avenue and Diablo Avenue. The construction contract was completed in FY 19-20. However, the District decided to complete the final paving as a separate contract that will commence in early FY 20-21.
2. Continuing work on the rehabilitation of 10-inch sewer main in Bel Marin Keys Blvd. This project was bid in FY 18-19 and the lining work was completed in FY 19-20. Approximately 300 feet of the 10-inch sewer main was unable to be lined due to its condition. This account provides for the removal and replacement of this line with new PVC sewer main using traditional cut and cover construction.
3. The rehabilitation of about 150 feet of 6-inch sewer main between Midway Blvd. and Ridgeview Ct. and about 235 feet of 8-inch sewer between S. Novato Blvd. and Cambridge Street. Project design will commence in FY 20-21 with construction anticipated in FY 21-22.
4. Final paving for the Golden Gate Place to Rush Creek Place Sewer Replacement Phase II. The construction contract was completed in FY 19-20, however, the District decided to complete the final paving as a separate contract that will commence in early FY 20-21.

5. Replacement of about 1,500 feet of 10-inch sewer main with new 18-inch PVC sewer main on Center Road from Western Dr. to Eucalyptus Ave. This is the first phase of a multi-phase capacity improvement project identified in the preliminary Collection System Master Plan (CSMP) that will result in rerouting a portion of the sanitary sewer flow from Vineyard Road to Center Road via Eucalyptus Ave. Engineering design work will occur in FY 20-21, with construction potentially occurring in FY 21-22.
6. Replacement of about 560 feet of 6-inch sewer between Elm Drive and East Court. This is a structural rehabilitation project identified as a high priority rating in the preliminary CSMP. Engineering design work will occur in FY 20-21 with construction potentially occurring in FY 21-22.
7. The replacement of about 2,000 feet of sewer main in Del Mar Ave., Hotchkin Dr., and Diablo Ave., with new 10-inch PVC pipe from Hill Rd. to Center Rd. This is a capacity improvement project identified in the preliminary CSMP. Engineering design work will occur in FY 19-20 with construction occurring in FY 20-21, extending into FY 21-22.
8. Replacement and modification of eleven (11) air-relief valve (ARV) structures at various locations throughout the District. Construction commenced in FY 19-20 and will be completed in FY 20-21.
9. Follow up work associated with the Collection System Master Plan (CSMP) in the Project Verification and Implementation Planning effort.
10. Reconstructing and stabilizing approximately 90 feet of the bank of Vineyard Creek near Angelica Court to protect an existing 8-inch diameter VCP sewer main.
11. 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).

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 FY 19-20, the District budgeted an overall budget amount of $60,000 for this program.
The level of participation for the lateral replacement program in FY 19-20 has been on track with and is likely to exceed participation for the previous year. It is expected that more than half of the budget funds will be expended in FY 19-20. As word continues to get out about the replacement program, staff expect the same or increased level of participation in FY 20-21. Therefore, the District's share, i.e. the maximum individual grant amount will remain at $2,000 and the overall budget for the program will remain $60,000 in FY 20-21.

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.

SCC has started construction on Phase I of the BMK Unit V Wetland Restoration Project (Project). The District has entered into an Agreement with SCC to provide reclaimed water for the purposes of soil moisture conditioning, compaction, dust control, and plant irrigation. While all funding to implement this project will be provided by the SCC, this account will continue to retain nominal budget amounts in FY 20-22 to meet any minor or unanticipated District expenses for coordination work with SCC staff.

Account No. 72708: Cogeneration/Alternative Energy

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.

Additionally, this account will fund alternative energy (battery storage and/or solar) and energy efficiency projects. The District also anticipates pursuing grant-funding opportunities for these projects, and the FY 20-21 budget includes funds for initial engineering studies and design, California Environmental Quality Act (CEQA) related work, and assistance with securing grant funding.

Note that 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, wherein 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 Deputy General 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-inch in diameter, parcel rehabilitation work, and other miscellaneous repairs.

Also included in the budget for this year is the removal of fallen eucalyptus trees, repairs to Drainage Pump stations nos. 3 and 7, and initial engineering studies for rehabilitating the access road from Deer Island Lane to Site 2.

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.

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. Additionally, this account will fund transitioning from flowchart recorders to SCADA monitoring, and installation of security cameras at various pump stations.

Account No. 72807: Annual Ignacio Facility Improvements

This budget account was established to fund small projects to maintain the Ignacio facility (excluding the Ignacio Transfer Pump Station); or perform demolition/site clean-up work related to 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 FY 16-17. While no specific updates have been identified or are expected for FY 20-21, 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 FY 20-21. Future work (beyond FY 20-21) 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 and Annex Buildings.

This account also includes funds for relocating the Admin building HVAC units from the roof to ground level, re-roofing the laboratory portion of the Administration Building and installing electronic FOB entry points to enhance building security.

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.

It is anticipated that this account will see budgeting of funds on an ongoing basis. Significant cleanup/removal of the District’s landscaping was completed in FY 19-20 and this work as well as odor bed management work will continue in FY 20-21.

Account No. 73005: RWF Expansion

This account funded the design and construction of an incremental capacity expansion to the existing Recycled Water Facility (RWF) at the Novato Treatment Plant site. The RWF expansion was needed due to the expansion by the North Marin Water District (NMWD) of its Central Area Project, which pushed NMWD’s recycled water distribution pipelines into the Central Novato/Ignacio geographic areas.

The expansion project achieved final completion in FY18-19. No funds will be budgeted for this account in FY 20-21.

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.

One of the three UV channels was coated in FY 19-20. The two remaining channels will be coated in FY 20-21. Engineering design work for addressing corrosion issues at the Headworks Channels and Effluent Box will be completed with the corrective work budgeted in FY 20-21. Also, engineering design work for addressing corrosion of the metal work in primary clarifier No. 2 is budgeted for FY 20-21.

Account No. 73007: Solids Management

This new account includes funds to address major maintenance or capital projects associated with the District's solids processing.

Cleaning of Digester 2 is being funded in FY 20-21, and cleaning of Digester No. 1 will be funded in FY 21-22. Additionally, a "placeholder" amount will be budgeted for FY 21-22 to initiate studies to investigate the feasibility of processing the District's biosolids further to create a Class A fertilizer or similarly marketable product.

Account No. 73090: Vehicle Replacement

This account includes a budget amount for the purchase a portable 100 kW generator, a portable bypass pump, 2 light-to-medium duty pickup trucks and 1 passenger vehicle. This account also includes an allowance for an overhaul of an existing combination vac/flusher. Replacement of additional portable generators, 1 light duty truck and a utility truck is anticipated in FY 21-22.

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SECTION V

WASTEWATER CAPITAL RESERVE FUND

Novato Sanitary District
2020-22 Budget
Wastewater Capital Reserve Fund

	2020-22 Budget	
	Prelim	Final
Wastewater Capital Reserve Fund		
FUND BALANCE 6/30/19	3,599,653	3,599,653
Transfers In	750,000	750,000
FUND BALANCE 6/30/20	**4,349,653**	**4,349,653**
Transfers In	75,000	75,000
ANTICIPATED FUND BALANCE 6/30/21	**4,424,653**	**4,424,653**
Proposed Deposits/Transfers In	100,000	100,000
ANTICIPATED FUND BALANCE 6/30/22	**4,524,653**	**4,524,653**

Note: 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 required 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 was $3,599,654 of which $3,275,000 was 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 required the remainder to be funded as follows: $27,336 in FY17-18, and $297,317 in FY18-19. These amounts were funded from unreserved amounts in the capital improvement fund, and the total of these required deposits (i.e. $324,653) were included in the 'Summary of Fund Balances' table (Page 1). Separately, unreserved amounts in the capital improvement fund are being transferred into the WCRF beginning with the FY 19-20 year to serve as reserves for future projects.

SECTION VI

RATE STABILIZATION FUND

Novato Sanitary District
2020-22 Budget
Rate Stabilization Fund

			2020-22	Budget
			Prelim	Final
	RATE STABILIZATION FUND			
	FUND BALANCE 6/30/19 ……………………………..		1,738,912	1,738,912
		Required Deposits/Transfers from Operating	52,167	52,167
	FUND BALANCE 6/30/20……………………………..		**1,791,079**	**1,791,079**
		Required Deposits/Transfers from Operating	53,732	53,732
	FUND BALANCE 6/30/21 …………………………….		**1,844,811**	**1,844,811**
		Required Deposits/Transfers from Operating	55,344	55,344
	FUND BALANCE 6/30/22 …………………………….		**1,900,156**	**1,900,156**
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 REQUIREMENTS AND DEBT SERVICE FUNDS SUMMARY

Novato Sanitary District
FY 20-22 Budget
Debt Service Summary

DEBT SERVICE REQUIREMENTS*

The principal of and interest payable on outstanding debt ("2017 Bonds" and "2019 Bonds") is set forth below:

Fiscal Year Ending June 30	2017 Bonds			2019 Bonds			
	Principal	Interest	Total	Principal	Interest	Total	Grand Total
2020	820,000	631,000	1,451,000	3,480,000	1,091,536	4,571,536	6,022,536
2021	850,000	590,000	1,440,000	3,005,000	2,084,350	5,089,350	6,529,350
2022	890,000	547,500	1,437,500	3,155,000	1,934,100	5,089,100	6,526,600
2023	920,000	503,000	1,423,000	3,310,000	1,776,350	5,086,350	6,509,350
2024	965,000	457,000	1,422,000	3,475,000	1,610,850	5,085,850	6,507,850
2025	1,010,000	408,750	1,418,750	3,650,000	1,437,100	5,087,100	6,505,850
2026	1,060,000	358,250	1,418,250	3,835,000	1,254,600	5,089,600	6,507,850
2027	1,110,000	305,250	1,415,250	4,025,000	1,062,850	5,087,850	6,503,100
2028	1,160,000	249,750	1,409,750	4,225,000	861,600	5,086,600	6,496,350
2029	1,220,000	191,750	1,411,750	4,435,000	650,350	5,085,350	6,497,100
2030	1,275,000	130,750	1,405,750	4,660,000	428,600	5,088,600	6,494,350
2031	1,340,000	67,000	1,407,000	4,890,000	195,600	5,085,600	6,492,600
Total	**$12,620,000**	**$4,440,000**	**$17,060,000**	**$46,145,000**	**$14,387,886**	**$60,532,886**	**$77,592,886**

*Source: Official statement, "$46,145,000 Novato Sanitary District, 2019 Wastewater Revenue Refunding Bonds"

Novato Sanitary District
2020-22 Budget
State Revolving Fund Loan and
2017 and 2019 Wastewater Revenue Bonds - Balances

		2020-22 Budget	
		Preliminary	Final
State Revolving Fund Loan			
DEBT BALANCE 6/30/19		55,511,639	55,511,639
Principal Payment 2019-20		(55,511,639)	(55,511,639.00)
Interest payments 2019-20		(140,629)	(140,629.00)
Transfer from Capital Improvement Fund 2019-20		140,629	140,629.00
DEBT BALANCE 6/30/20		-	-
2017 Wastewater Revenue Refunding Bonds			
DEBT BALANCE 6/30/19		12,620,000	12,620,000
Principal Payment 2019-20		(820,000)	(820,000)
Interest payments 2019-20		(631,000)	(631,000)
Transfer from Capital Improvement Fund 2019-20		631,000	631,000
DEBT BALANCE 6/30/20		11,800,000	11,800,000
Principal Payment 2020-21		(850,000)	(850,000)
Interest payments 2020-21		(590,000)	(590,000)
Transfer from Capital Improvement Fund 2020-21		590,000	590,000
ANTICIPATED DEBT BALANCE 6/30/21		**10,950,000**	**10,950,000**
2019 Wastewater Revenue Bonds			
DEBT BALANCE 6/30/19		-	-
Bonds Issued for Refinance of SRF Loan		46,145,000	46,145,000
Principal Payment 2019-20		(3,480,000)	(3,480,000)
Interest payments 2019-20		(1,091,536)	(1,091,536)
Transfer from Capital Improvement Fund 2019-20		1,091,536	1,091,536
DEBT BALANCE 6/30/20		42,665,000	42,665,000
Principal Payment 2020-21		(3,005,000)	(3,005,000)
Interest payments 2020-21		(2,084,350)	(2,084,350)
Transfer from Capital Improvement Fund 2020-21		2,084,350	2,084,350
ANTICIPATED DEBT BALANCE 6/30/21		**39,660,000**	**39,660,000**

Debt Coverage Ratio(1)	**Budget 19/20**	**Actual Rev/Exp 2019-20**	**Final Budget 2020-21**	**Preliminary Budget 2021-22**
Net Operating Revenue	**111,291**	**1,687,906**	**54,933**	**116,292**
Capital Revenue	**11,420,960**	**12,328,169**	**10,871,468**	**10,932,456**
Annual Debt Service	**6,829,956**	**6,163,165**	**6,529,350**	**6,526,600**
Debt Coverage Ratio	**1.69**	**2.27**	**1.67**	**1.69**

Net revenues covenant requires a 1.20 coverage ratio

(1) Net Operating Revenue + Capital Revenue/ Annual Debt Service = Debt Coverage Ratio