



# **FINAL BUDGET**

## **FOR**

### **Fiscal Year 2021-22**

**(And Preliminary Budget for Fiscal Year 2022-23)**

*Adopted August 9, 2021*

**NOVATO SANITARY DISTRICT  
2021-23 Final Budget**

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## NOVATO SANITARY DISTRICT

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### BOARD OF DIRECTORS

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RACHEL HUNDLEY  
Legal Counsel

August 9, 2021

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) 21-22 and FY 22-23 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 21-22 Wastewater Capital Reserve Fund (Section V)
- FY 21-22 Rate Stabilization Fund (Section VI)
- FY 21-22 Debt Service Fund Summary (Section VII).

Note that after 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 – “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”. Ordinance No. 120 sets the FY 20-21 rates as follows:

- a. Low water use charge: \$395/Equivalent Dwelling Unit (EDU)
- b. Average water use charge: \$657/EDU
- c. High water use charge: \$1,181/EDU

Also, at its April 12, 2021 meeting the Board confirmed its intent to of no increase to the District's Sewer Service Charge (SSC) per EDU (SSC/EDU) for FY 21-22 from the prior fiscal year. Therefore, the SSC/EDU rates for the upcoming FY 21-22 will remain unchanged from FY 20-21, as above.

As in prior years, the basic average annual Sewer Service Charge (SSC) is allocated between the Operating and Capital Budgets, consistent with the District's 2016 Sewer Rate Study. For FY 21-22, the allocation of the average SSC of \$657/EDU to the Operating and Capital budgets is \$363 (55%) to the Operating Budget, and \$294 (45%) to the Capital Budget.

### Revenue Impact of COVID-19

The ongoing COVID-19 pandemic will continue to impact the District's budget in FY 21-22 and possibly FY 22-23. Given that such impacts may be unknown or difficult to quantify at this time, the most significant revenue impact may be from the District's commercial and institutional customers. These customers were likely partially/fully closed in response to COVID-19, which likely meant low/no wastewater discharge from such customers to District facilities. Since the SSCs for such customers are also based in part on their water usage, it is likely that the SSC revenue from

this customer base will be lower than in prior years. However, this impact will not be clear until the District receives its first installment of SSC revenue from the County in December 2021. Generally, for budgeting purposes in a “typical” year, the District assumes that 80% of its commercial/institutional customers are in the average tier rate. For FY 21-22, it is assumed that only 40% (rather than the more typical 80%) of the District’s commercial and institutional customers will be in this average tier (\$657/EDU) rate, and the other 40% will be in the low tier (\$395/EDU) SSC rate, which would result in a projected preliminary revenue loss of about \$630,000 over a typical year budget. Therefore, the FY 21-23 Preliminary Budget includes an “Allowance for SSC Revenue Reduction Impacts” of \$630,000 in the FY 21-22 Budget Year for the Board’s consideration (see Account No. 69301 under the COVID-19 Expenses Cost Center, page 18). Note too, that given the unknowns associated with these revenue projections, a mid-year budget adjustment may be needed after the District receives its first installment of SSC revenue from the County in December 2021.

### Impact of Public Safety Power Shutdowns (PSPS)

Another factor affecting the FY 21-23 budget years will be PG&E’s ongoing PSPS program. While specific PSPS events are difficult to predict, the 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 21-22 revenues will increase by about 1.90%. This overall increase results primarily from an assumed 2% increase in property tax revenue consistent with prior years.

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. As in the prior year, the District will allocate property tax revenue 20%/80% between the Operating and Capital Funds to mitigate COVID-19 impacts, and provision the District’s Low Income Sewer Rate Assistance Program (LISRAP).

Three-Year Summary comparisons and significant variances in the operating budgets between the FY 20-21 and FY 21-22 budget years are provided later in this letter.

**Table 1: Summary of Revenues and Expenditures for FY 21 and FY 22**

	FY 20-21	FY 21-22	% Change
	Adopted Budget	Proposed Budget	FY 21 to FY 22
<b>Operating Revenues</b>	\$ 12,599,878	\$ 12,367,034	-1.85%
<b>Capital Revenues</b>	10,871,468	11,549,443	6.24%
<b>Total Revenues</b>	<b>\$ 23,471,346</b>	<b>\$ 23,916,477</b>	<b>1.90%</b>
<b>Operating Expenditures</b>	12,544,945	12,308,344	-1.89%
<b>CIP Expenditures</b>	8,090,000	9,865,000	21.94%
<b>Debt Service</b>	6,529,350	6,526,600	-0.04%
<b>Total Expenditures</b>	<b>\$ 27,164,295</b>	<b>\$ 28,699,944</b>	<b>5.65%</b>

(next page)

## B. FISCAL YEAR FY 21-22 OPERATING BUDGET DETAILS

### **Operating Revenues**

The proposed FY 21-22 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 decrease by 1.85% or \$232,844 from FY 20-21.

Other notable items include:

**Operating SSCs** budgeted increase of less than one percent is due to no rate increase for the upcoming FY21-22.

**Interest Income** budgeted to increase by \$7,800 or 26.0%, due to the general direction of interest rates across financial markets.

**Ranch Income** budgeted to increase by \$40,000 or 300% due to the projection based on this current fiscal year's actual 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 19-20	FY 20-21	FY 21-22	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 21 to FY 22
Operating Sewer Service Charges	\$ 10,306,800	\$ 10,704,144	\$ 10,718,664	0.14%
Property Tax Allocation	-	823,225	508,903	-38.18%
Permit & Inspection fees	36,500	36,500	36,500	0.00%
Interest Income	180,000	30,000	37,800	26.00%
Engineering/Admin Chgs	165,000	165,000	165,000	0.00%
Franchise Fees	58,210	59,740	61,401	2.78%
AB 939 Collector Fees	434,260	452,303	471,250	4.19%
Oil Grant and JPA Reimb	52,009	51,966	48,816	-6.06%
Ranch Income	40,000	10,000	40,000	300.00%
Recycled Water Revenue	231,870	237,000	248,700	4.94%
Other Revenue	30,000	30,000	30,000	0.00%
<b>Total Operating Revenue</b>	<b>\$11,534,649</b>	<b>\$12,599,878</b>	<b>\$12,367,034</b>	<b>-1.85%</b>

### **Operating Expenditures**

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

Proposed FY 21-22 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 decrease by 1.89% or \$236,601 between FY 20-21 and FY 21-22 if COVID-19 impacts are not considered, or to increase by 0.05% or \$5,704, after accounting for COVID-19 impacts.

**Pension and Other Post-Employment Benefit Liabilities:** In FY 16-17, the District adopted a process 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 District’s GASB 45 (Pension) and GASB 68 (OPEB) 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), District budgets through FY 20-21 included budget amounts to fund each of the sub-accounts (Pension and OPEB) of this trust, subject to Board approval.

However, in October 2020, the District refinanced and paid-off its CalPERS NPL through the issuance of the 2020 Wastewater Revenue Refunding Bonds (“2020 bonds”). This debt issuance paid off the CalPERS liability of about \$6.33 million (which was effectively structured as 7% debt) with the new 2.87% debt, saving the District about \$2.8 million in debt service, while reducing the debt term from 23 years to 18 years. Therefore, it is anticipated that the FY21-22 budget and future budgets will not include allowances for contributions to the PARS Pension sub-account.

Also, based on direction provided by the Board at its January 25, 2021 meeting, the FY 21-23 budget includes an allowance of \$1.5 million in each of FY 21-22 and FY 22-23 (via transfers from reserves in the Operating Fund to the PARS OPEB sub-account), to pay off the District’s OPEB liability (see Section I “Summary of Fund Balances”).

**Table 3: Operating Budget Expenditures 3-year Summary:**

Expenditures by Department	FY 19-20	FY 20-21	FY 21-22	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 21 to FY 22
Collections	\$ 1,414,791	\$ 1,478,231	\$ 1,580,399	6.91%
Treatment	3,345,819	3,323,268	3,288,338	-1.05%
Reclamation	513,974	498,244	529,403	6.25%
Laboratory	591,048	613,180	621,018	1.28%
Pump Stations	851,343	958,212	1,041,961	8.74%
Administration/Engineering	2,561,751	2,594,593	2,807,324	8.20%
Hazardous Household Waste	486,269	504,269	520,066	3.13%
Recycled Water	231,870	237,000	248,700	4.94%
Non-Departmental	1,426,493	1,421,646	1,024,635	-27.93%
COVID-19 Expenses	-	916,302	646,500	100.00%
<b>Subtotal Expenditures</b>	<b>11,423,358</b>	<b>12,544,945</b>	<b>12,308,344</b>	<b>-1.89%</b>
Less: Passthroughs*	(718,139)	(741,269)	(768,766)	
Less: COVID-19 Expenses	-	(916,302)	(646,500)	
<b>Total Expenditures</b>	<b>\$ 10,705,219</b>	<b>\$ 10,887,374</b>	<b>\$ 10,893,078</b>	<b>0.05%</b>

\*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) through the sale of recycled water.

Table 4 summarizes the main anticipated operating budget variances.

**Table 4: Operating Budget, Significant Budget Variances FY 20-21 to FY 21-22**

Anticipated Budget Variances – Year-over-year, FY 20-21 to FY 21-22	Variance, %	Budget Impact, \$	Budget Impact, %
1. Salaries and wages (across all cost centers).	11.3	\$ 290,103	2.48
2. Employee Benefits (across all cost centers).	9.9	\$ 120,365	1.03
3. GASB 68 (Net Pension Liability) PARS Trust Fund contributions.	(100.0)	\$ (416,603)	-3.56
4. Election Expense.	(16.7)	\$ (10,000)	-0.09
5. Insurance Expense.	30.3	\$ 66,000	0.56
6. Attorney Expense.	27.3	\$ 15,000	0.13
7. Outside consulting (Admin & Engr. cost center).	22.5	\$ 40,800	0.35
8. Permits & Fees.	9.6	\$ 18,800	0.16
9. Property Tax Allocation LIRAP.	(72.2)	\$ (65,000)	-0.56
10. COVID-19 Expenses.	(29.4)	\$ (269,802)	-2.31

## C. FISCAL YEAR FY 21-22 CAPITAL BUDGET DETAILS

### Capital Revenues

The proposed FY 21-22 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 21-22 are expected to increase by 6.24% or \$677,975 from FY 20-21. Notable items include:

**Capital SSC Revenues** projected increase of less than one percent due to no rate increase for the upcoming FY21-22.

**Property Taxes** – projected increase of \$364,215 or 21.79% from: (a) The 2% annual basic tax increase per Proposition 13, (b) Increased housing market activity over the past few years, and (c) Increase in property tax allocation from 67% to 80% allocation to the Capital fund from the prior year.

**Connection Fees** – projected to increase \$14,800 or 3.0% year-over-year, assuming about 40 new connections per year, consistent with the District's 2016 Capacity Fee Study.

**Interest Income** – budgeted to increase by \$5,200 or 26.0%, due to the general direction of interest rates across financial markets.

**Grant Revenue** – In FY 20-21, the District received a conditional reservation letter from the California Public Utility Commission's (CPUC) Self-Generation Incentive Program (SGIP) for a proposed 754 KW battery storage system, with project implementation anticipated in FY 21-22. While the overall SGIP grant amount is about \$2.13 million, the District's budget will only recognize the approximately \$282,000 amount that will be reimbursed to the District (in FY 21-22) for its direct expenses related to implementing the project - the remainder will be disbursed by the SGIP program directly to the other parties involved in project implementation.

Table 5: Capital Budget Revenue 3-year Summary				
Funding Sources by Category	FY 19-20	FY 20-21	FY 21-22	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 21 to FY 22
Capital Sewer Service Charges	\$ 8,422,128	\$ 8,669,472	\$ 8,681,232	0.14%
Property Taxes	2,382,632	1,671,396	2,035,611	21.79%
Connection Charges	475,200	489,600	504,400	3.02%
Collector/Special Equalization Chgs	1,000	1,000	1,000	0.00%
Interest Income	120,000	20,000	25,200	26.00%
Other Revenue	20,000	20,000	20,000	0.00%
Grant Revenue	0	0	282,000	100.00%
<b>Total Capital Revenues:</b>	<b>\$11,420,960</b>	<b>\$10,871,468</b>	<b>\$11,549,443</b>	<b>6.24%</b>

### Capital Expenditures

The proposed Capital Improvement Program (CIP) Budget for FY 21-22 is \$16,391,600 or 12.1% more than last year. Consistent with the District's budgeting history, capital projects for FY 21-22 are funded through a combination of sewer service charges, property taxes, connection fees, and budgeted Capital fund carryovers from prior years. 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 \$6,526,600 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.

<b>Table 6: Capital Budget Expenditures, 3-year Summary</b>				
<b>Capital Expenditures</b>	<b>FY 19-20</b>	<b>FY 20-21</b>	<b>FY 21-22</b>	<b>% Change</b>
	<b>Adopted Budget</b>	<b>Adopted Budget</b>	<b>Proposed Budget</b>	<b>FY 21 to FY 22</b>
Capital Projects	\$5,900,000	\$8,090,000	\$9,865,000	21.94%
Debt Service	6,829,956	6,529,350	6,526,600	0.0%
<b>Total</b>	<b>\$12,729,956</b>	<b>\$14,619,350</b>	<b>\$16,391,600</b>	<b>12.1%</b>

**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 ("2017 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 ("2019 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, the 2019 Revenue Refinancing Bonds, or the 2020 Wastewater Revenue Refunding Bonds require disclosure of the DCR, the District's projected DCR of 1.67 for FY 21-22 serves as an indicator of its continuing financial stability.

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

The major portion of the District's publicly issued non-taxable debt (the 2017 and 2019 bonds) continue to carry "AAA" ratings from Standard and Poors Global Rating (S&P Global Rating), which is the rating agency's highest possible rating designation. The 2020 bonds are a taxable, private issuance to California Bank and Trust (a unit of Zion's Bank Corp.), and are unrated. At this time, the District does not anticipate any change to its "AAA" rating in the FY 21-23 period, relative to COVID-19, PSPS, or broader financial market events.

(next page)



#### 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
Tamalpais Community Services District	1,787
Sausalito-Marín City Sanitary District <sup>(a)</sup>	1,617
Sanitary District No. 1 – City of Larkspur	1,529
City of Mill Valley	1,519
City of Santa Rosa	1,159
Ross Valley Sanitary District (SD#1)	1,083
Sanitary District No. 5 – Tiburon	1,034
Las Gallinas Valley Sanitary District	1,029
City of Petaluma	920 <sup>(b)</sup>
City of San Rafael	861
Vallejo Sanitation & Flood Control District	747
Napa Sanitation District	739
<b>NOVATO SANITARY DISTRICT</b>	<b>657</b>
Town of Corte Madera	498

Notes: All charges FY 21-22 (proposed or adopted) unless otherwise noted

<sup>(a)</sup> Includes SMCD charge of \$942 & City of Sausalito charge of \$675

<sup>(b)</sup> FY 20-21 charges.

In conclusion, the proposed FY 21-22 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,



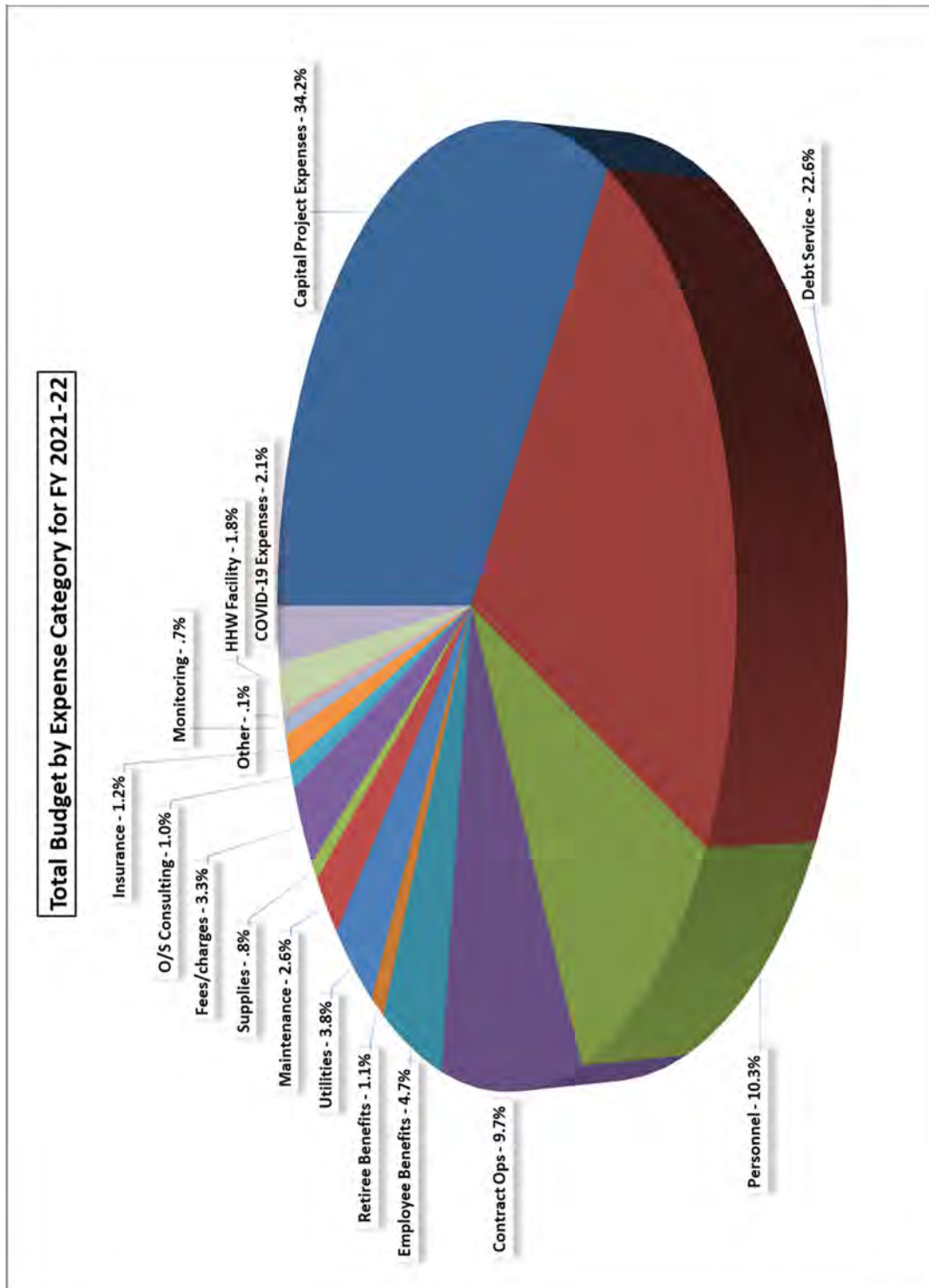
SANDEEP KARKAL, P.E.  
General Manager-Chief Engineer



LAURA CREAMER, CPA  
Finance Officer

## Additional Charts for Informational Purposes:

Figure 1:



**Figure 2:**

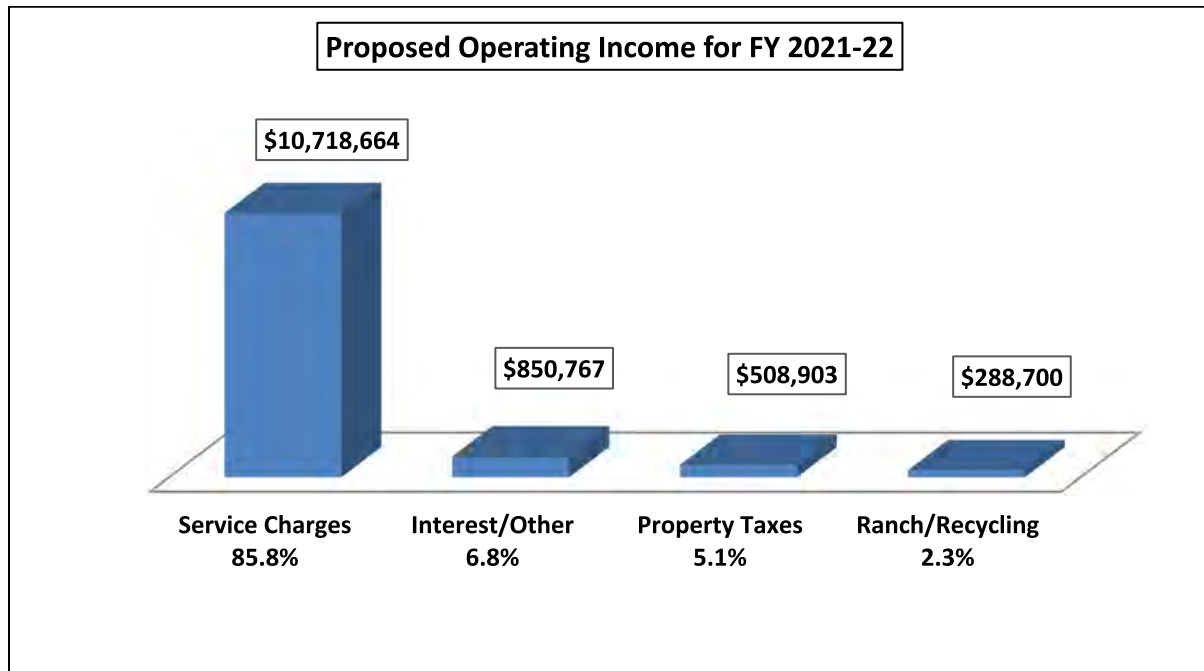


Figure 3:

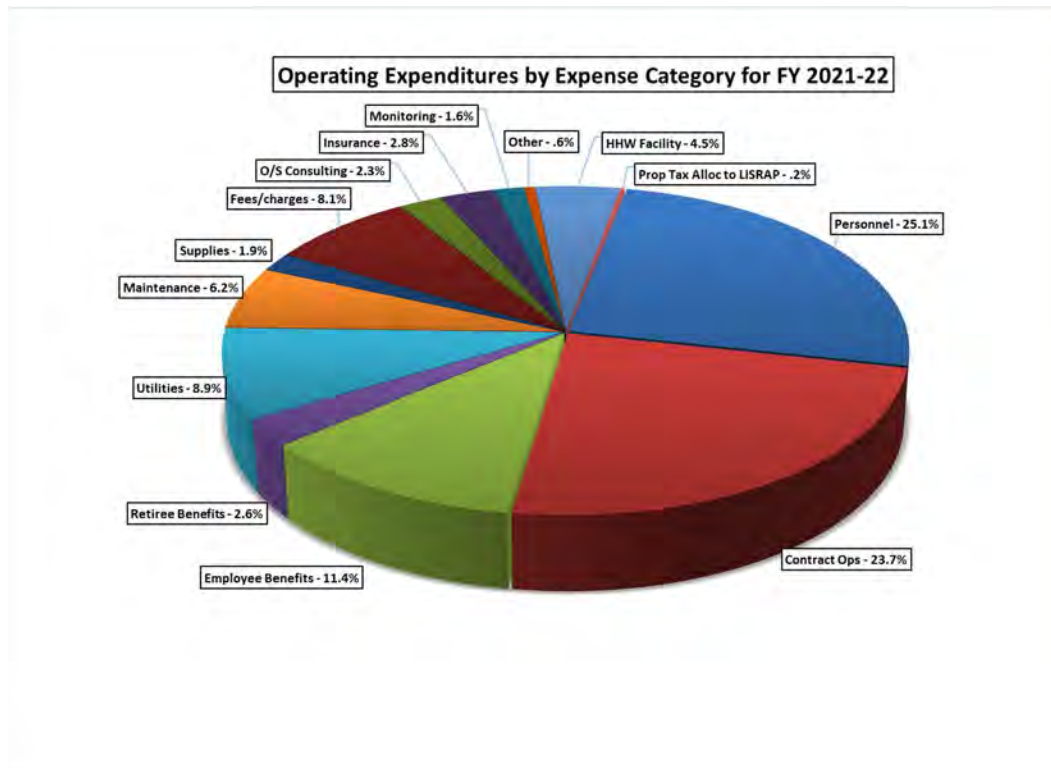


Figure 4:

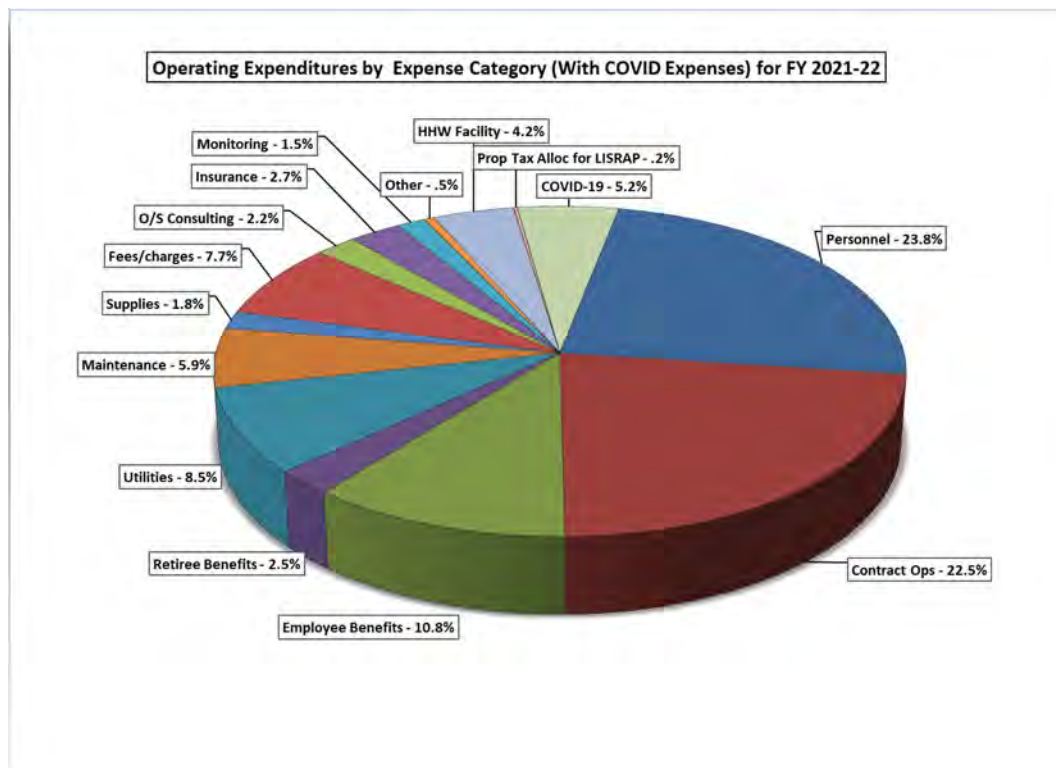
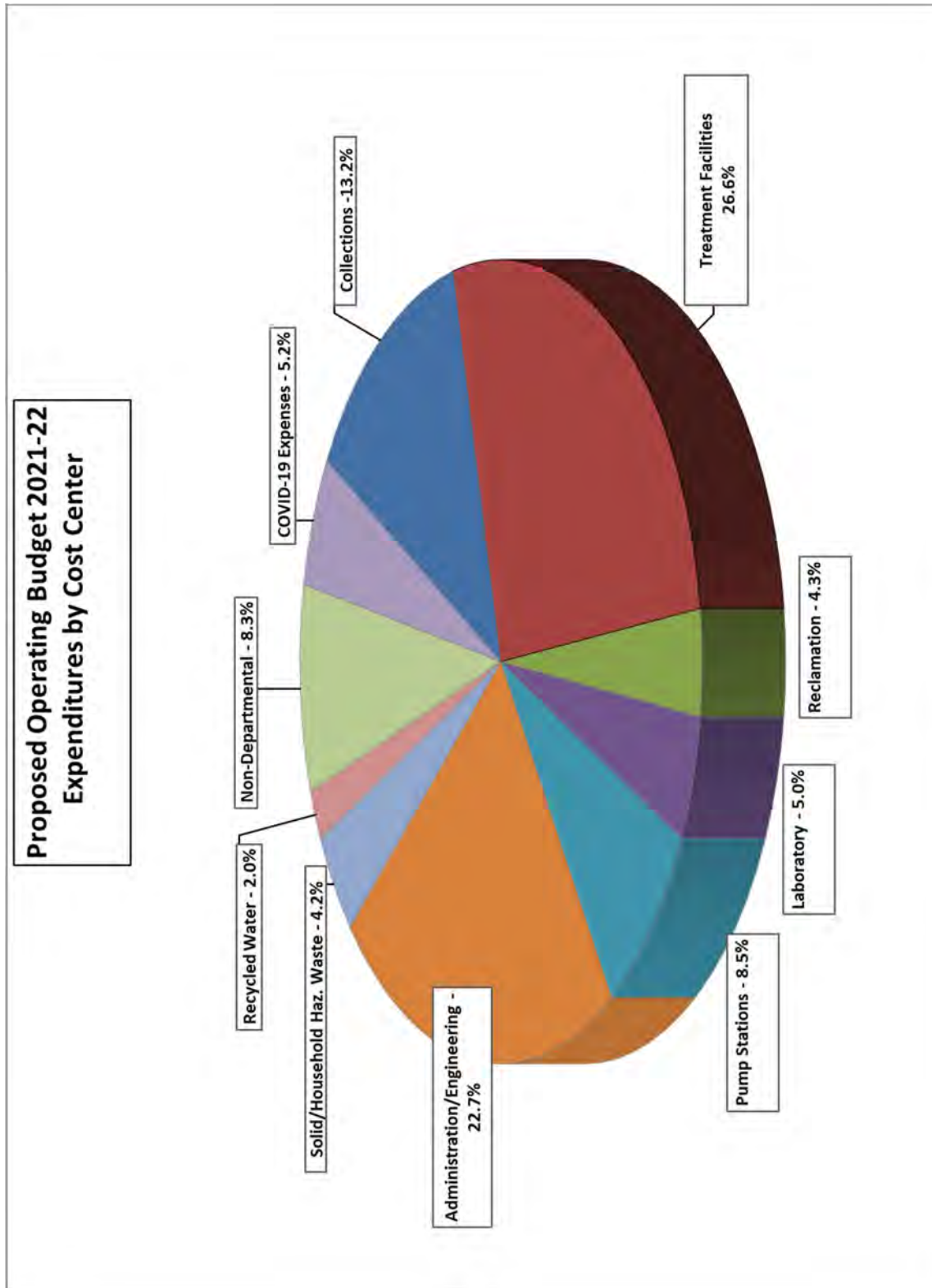
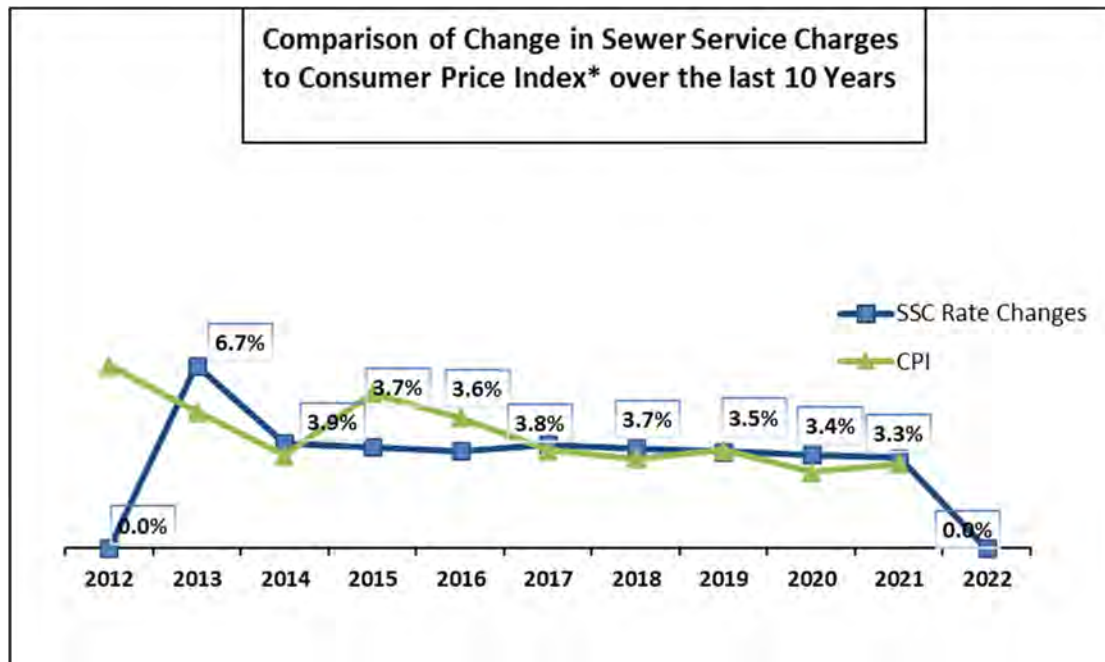


Figure 5:



**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**  
**2021-23 Budget**  
**Summary of Fund Balances**

	<b>Adopted Budget 2020-21</b>	<b>Actual Rev/Exp 2020-21</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Operating Fund at July 1st Beginning of Each Year</b>	14,211,286	14,211,286	14,968,560	11,971,906
<b>Operating Revenue (p. 4)</b>	12,599,878	12,872,206	12,367,034	12,433,013
<b>Operating Expenditures (p. 5)</b>	12,544,945	10,561,200	12,308,344	12,259,880
<b>Net Operating Revenue</b>	54,933	2,311,006	58,690	173,134
<b>Operating Fund Balances before transfers at Year End</b>	14,266,219	16,522,292	15,027,250	12,145,039
<b>Transfers Out - to OPEB Trust Fund</b>	0	0	1,500,000	1,500,000
<b>Transfers Out - to Rate Stabilization Fund (RSF)</b>	53,732	53,732	55,344	57,005
<b>Transfers Out - to Capital Improvement Fund</b>	1,500,000	1,500,000	1,500,000	1,500,000
<b>Operating Fund Balances after transfers at the End of Each Year</b>	<b>12,712,487</b>	<b>14,968,560</b>	<b>11,971,906</b>	<b>9,088,034</b>
<b>Capital Improvement Fund at July 1st Beginning of Each Year</b>	13,158,208	13,158,208	17,179,781	13,737,624
<b>Capital Revenue (p. 20)</b>	10,871,468	12,178,257	11,549,443	11,356,671
<b>Transfers In <sup>(1)</sup></b>	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total Capital Revenue and Fund Transfers</b>	12,371,468	13,678,257	13,049,443	12,856,671
<b>Capital Expenditures (p. 21)</b>	8,090,000	3,047,334	9,865,000	12,015,000
<b>Debt Service (p. 33)</b>	6,529,350	6,534,350	6,526,600	6,509,350
<b>Transfers Out <sup>(2)</sup></b>	75,000	75,000	100,000	400,000
<b>Total Capital Expenditures and Fund Transfers</b>	14,694,350	9,656,684	16,491,600	18,924,350
<b>Capital Improvement Fund Balances after transfers at the End of Each Year</b>	<b>10,835,326</b>	<b>17,179,781</b>	<b>13,737,624</b>	<b>7,669,945</b>
<b>Wastewater Capital Reserve Fund (WCRF), Fund Balance at the End of Each Year (p. 29)</b>	<b>1,149,653</b>	<b>1,149,653</b>	<b>1,249,653</b>	<b>1,649,653</b>
<b>Rate Stabilization Fund (RSF), Fund Balance at the End of Each Year (p. 31)</b>	<b>1,844,811</b>	<b>1,844,811</b>	<b>1,900,155</b>	<b>1,957,160</b>
<b>Fund Balances at The End of Each Year</b>	<b>26,542,277</b>	<b>35,142,805</b>	<b>28,859,338</b>	<b>20,364,792</b>

<sup>(1)</sup> From Operating Fund Balances.

<sup>(2)</sup> To Wastewater Capital Reserve Fund.

OPEB: Other Post-Employment Benefits.



## ***SECTION II***

### ***OPERATING BUDGET SUMMARY SCHEDULES***

**Novato Sanitary District  
2021-23 Operating Budget  
Summary of Revenues**

<b>Operating Revenue Center - 41000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Revenues 2020-21</b>	<b>Adopted Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
41010 · Sewer Service Charges (1)	10,306,800	10,704,144	10,804,052	10,718,664	10,718,664	10,733,184
41015 · Property Tax allocation (2)	0	823,225	868,606	508,903	508,903	524,170
41030 · Plan Check & Inspection Fee	500	500	19,537	500	500	500
41040 · Permit & Inspection Fee	6,000	6,000	6,825	6,000	6,000	6,000
41060 · Interest Income(3)	180,000	30,000	98,157	37,800	37,800	39,600
41080 · Engineering & Admin Charges	165,000	165,000	108,993	165,000	165,000	165,000
41090 · Non-domestic Permit Fees (4)	30,000	30,000	81,890	30,000	30,000	30,000
41100 · Garbage Franchise Fees	58,210	59,740	59,613	61,532	61,401	63,243
41105 · AB 939 Collector Fees	434,260	452,303	452,303	471,250	471,250	487,500
41107 · Oil Grant/JPA Reimb (5)	52,009	51,966	46,825	43,000	48,816	48,816
41130 · Ranch Income	40,000	10,000	38,071	40,000	40,000	40,000
41135 · Recycled Water Revenue	231,870	237,000	251,632	248,700	248,700	265,000
41140 · Other Revenue (6)	20,000	20,000	25,702	20,000	20,000	20,000
41142 · Gain/Loss-disposal of assets	10,000	10,000	10,000	10,000	10,000	10,000
<b>Totals</b>	<b>11,534,649</b>	<b>12,599,878</b>	<b>12,872,206</b>	<b>12,361,349</b>	<b>12,367,034</b>	<b>12,433,013</b>

**Comments:**

- (1) Sewer Service Charge (SSC) revenue is based on rates approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:
  - For 2021-22 the avg. charge is \$657 split between operating (\$363) and capital (\$294) - assumes no rate increase from the FY 20-21 rate.
  - For 2022-23 the avg. charge is \$657 split between operating (\$363) and capital (\$294) - assumes no rate increase from the FY 20-21 rate.
- (2) Reflects allocation of Property Tax revenues between operating (25%) and capital (75%) in FY 21-22, and operating (20) and capital (80%) in FY 22-23.
- (3) Reflects significant decrease in interest rates.
- (4) Includes application fees, permits and monitoring charges.
- (5) Oil Grant ~ \$7,000/ JPA Reimb Fees \$41,816
- (6) Other revenue includes septic tank hauling fees, and miscellaneous revenue.

**APPROPRIATIONS LIMITATION**

The appropriations limitation, pursuant to Article XIII B of the California Constitution, is determined to be \$7,758.223 for the FY21-22.

**Novato Sanitary District  
2021-23 Budget  
Operating Budget - Summary of Expenditures**

Operating Cost Center	Adopted Budget 2019-20	Adopted Budget 2020-21	Actual Expenses 2020-21	Adopted Preliminary Budget 2021-22	Final Budget 2021-22	Preliminary Budget 2022-23
60000 · Collections	1,414,790	1,478,231	1,370,801	1,604,226	1,580,399	1,657,452
61000 · Treatment Facilities	3,345,819	3,323,268	3,116,637	3,342,198	3,288,338	3,413,134
63000 · Reclamation	513,974	498,244	489,647	534,838	529,403	529,034
64000 · Laboratory	591,048	613,180	518,620	646,555	621,018	644,914
65000 · Pump Stations	851,343	958,212	861,611	1,043,509	1,041,961	1,119,335
66000 · Administration/Engineering	2,561,751	2,594,593	2,422,526	2,740,271	2,807,324	2,930,222
67000 · Solid/Household Haz. Waste	486,269	504,269	382,986	514,250	520,066	536,316
68000 · Recycled Water	231,870	237,000	251,632	248,700	248,700	265,000
69000 · Non-Departmental*	1,426,493	1,421,646	1,134,727	999,634	1,024,635	1,114,471
69300 · COVID-19 Expenses	0	916,302	12,013	646,500	646,500	50,000
<b>TOTALS</b>	<b>11,423,358</b>	<b>12,544,945</b>	<b>10,561,200</b>	<b>12,320,681</b>	<b>12,308,344</b>	<b>12,259,880</b>

\*District-wide allocations

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



## ***SECTION III***

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

**Novato Sanitary District  
2021-23 Budget  
Operating Budget - Collections**

<b>Collections Cost Center - 60000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Expenses 2020-21</b>	<b>Adopted Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
<b>60010 · Salaries &amp; Wages</b>	679,353	705,316	706,842	765,048	765,193	820,316
<b>60020 · Employee Benefits</b>	328,737	354,915	366,588	389,378	389,406	411,836
<b>60060 · Gas, Oil &amp; Fuel</b>	18,000	20,000	16,657	21,000	21,000	21,000
<b>60085 · Safety</b>	5,500	5,700	5,708	6,000	6,000	6,000
<b>60091 · Software Maint</b>	35,000	60,000	36,780	60,500	54,500	76,000
<b>60100 · Operating Supplies</b>	25,000	28,000	16,215	28,000	25,000	28,000
<b>60150 · Repairs &amp; Maint</b>	75,000	75,000	68,884	77,000	77,000	80,000
<b>60152 · Small Tools</b>	2,000	2,000	2,211	2,000	2,000	2,000
<b>60153 · Outside Services</b>	145,000	125,000	39,815	145,000	120,000	145,000
<b>60192 · Water</b>	12,000	12,000	10,959	12,000	12,000	12,000
<b>60193 · Telephone</b>	3,500	4,000	2,363	4,000	4,000	4,000
<b>60200 · Other(Garbage Coll)</b>	700	1,300	1,027	1,300	1,300	1,300
<b>60201 · Permits &amp; Fees</b>	85,000	85,000	96,752	93,000	103,000	50,000
	<b>1,414,790</b>	<b>1,478,231</b>	<b>1,370,801</b>	<b>1,604,226</b>	<b>1,580,399</b>	<b>1,657,452</b>

**Novato Sanitary District  
2021-23 Budget  
Operating Budget - Treatment Facilities**

<b>Treatment Facilities - Cost Center - 61000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Expenses 2020-21</b>	<b>Adopted Prelim Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Prelim Budget 2022-23</b>
<b>Accounts</b>						
<b>61000-1 · Fixed Fee(1)</b>	2,275,786	2,341,809	2,256,664	2,324,364	2,328,877	2,403,401
<b>61000-2 · Insurance &amp; Bonds</b>	14,000	14,000	11,239	14,000	14,000	14,000
<b>61000-3 · Major Repair/Repl (3)</b>	150,000	150,000	86,803	150,000	150,000	165,000
<b>61000-4 · Water/Permits/Phone</b>	90,000	90,000	90,064	90,000	90,000	90,000
<b>61000-5 · Gas &amp; Electricity(2)</b>	816,033	727,460	671,867	763,833	705,460	740,733
	<b>3,345,819</b>	<b>3,323,268</b>	<b>3,116,637</b>	<b>3,342,198</b>	<b>3,288,338</b>	<b>3,413,134</b>

**Comments:**

(1) Fixed fee - 3.2% increase, based on contract.

FY 21-22 -  $\$188,055.32 \times 12 = 2,256,664 \times 1.032 = \$2,328,877$

FY 22-23 -  $\$194,073.09 \times 12 = 2,328,877 \times 1.032 = \$2,403,401$

(2) Assumes 5% increase for purchased utility power based on projected expenditures for FY 20-21.

(3) Major Repair/Replacement - with a 10% increase in FY 22-23 due to aging equipment

**Novato Sanitary District  
2021-2023 Budget  
Operating Budget - Reclamation**

<b>Reclamation Cost Center - 63000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Expenses 2020-21</b>	<b>Adopted Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
<b>63010 · Salaries &amp; Wages</b>	86,909	93,786	92,767	107,594	111,304	119,714
<b>63020 · Employee Benefits</b>	24,565	26,958	23,987	29,243	30,099	31,770
<b>63060 · Gasoline &amp; Oil</b>	1,000	1,000	958	1,000	1,000	1,000
<b>63085 · Safety</b>	1,500	1,000	0	1,000	1,000	1,000
<b>63091 · Software Maint</b>	2,000	2,000	1,000	2,000	2,000	2,000
<b>63100 · Operating Supplies</b>	2,000	2,000	1,548	2,000	2,000	2,100
<b>63115 · Sludge Disposal</b>	225,000	225,000	222,000	235,000	235,000	246,750
<b>63150 · Repairs &amp; Maint</b>	70,000	60,000	41,224	60,000	55,000	62,000
<b>63152 · Small Tools</b>	500	500	67	500	500	500
<b>63157 · Ditch/Dike Maint</b>	11,000	11,000	5,690	11,000	11,000	11,500
<b>63191 · Gas &amp; Electricity</b>	80,000	65,000	90,834	75,000	70,000	40,000
<b>63192 · Water</b>	5,000	5,000	1,258	5,000	5,000	5,000
<b>63201 · Permits &amp; Fees</b>	4,500	5,000	8,314	5,500	5,500	5,700
	<b>513,974</b>	<b>498,244</b>	<b>489,647</b>	<b>534,838</b>	<b>529,403</b>	<b>529,034</b>



**Novato Sanitary District  
2021-23 Budget  
Operating Budget - Laboratory**

<b>Laboratory Cost Center - 64000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Expenses 2020-21</b>	<b>Adopted Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
<b>64010 · Contract Lab Services (1)</b>	379,848	405,180	345,804	423,555	403,018	415,914
<b>64060 · Gasoline &amp; Oil</b>	500	500	223	500	500	500
<b>64085 · Safety</b>	1,000	1,000	0	1,000	1,000	1,000
<b>64091 · Software Maintenance</b>	1,000	1,000	0	2,200	2,200	2,500
<b>64100 · Operating Supplies</b>	20,500	20,500	16,482	21,000	21,000	21,500
<b>64150 · Repairs &amp; Maintenance</b>	12,200	16,500	14,999	16,500	16,500	15,500
<b>64160 · Research &amp; Monitoring</b>	130,000	131,000	120,664	139,000	139,000	145,000
<b>64170 · Pollution Prev/Public Ed</b>	40,000	30,000	16,948	35,000	30,000	35,000
<b>64201 · Permits &amp; Fees</b>	6,000	7,500	3,500	7,800	7,800	8,000
	<b>591,048</b>	<b>613,180</b>	<b>518,620</b>	<b>646,555</b>	<b>621,018</b>	<b>644,914</b>

**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  
2021-23 Budget  
Operating Budget - Pump Stations**

<b>Pump Stations Cost Center - 65000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Expenses 2020-21</b>	<b>Adopted Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
<b>65010 · Salaries &amp; Wages</b>	337,492	355,629	351,536	407,105	416,399	456,243
<b>65020 · Employee Benefits</b>	136,951	147,723	156,183	167,404	169,562	181,973
<b>65060 · Gasoline &amp; Oil</b>	6,400	6,560	5,999	6,800	6,800	7,000
<b>65085 · Safety</b>	4,000	4,000	2,338	4,500	4,500	4,500
<b>65091 · Software Maintenance</b>	8,500	7,000	5,700	7,000	7,000	7,200
<b>65100 · Operating Supplies</b>	10,000	10,000	2,603	10,500	7,500	10,500
<b>65150 · Repairs &amp; Maintenance</b>	120,000	125,000	109,635	126,000	121,000	130,000
<b>65152 · Small Tools</b>	2,000	2,100	1,120	2,200	2,200	2,200
<b>65153 · Outside Services</b>	55,000	77,500	47,978	82,000	82,000	85,000
<b>65191 · Gas &amp; Electricity</b>	115,000	118,000	114,165	124,000	124,000	127,720
<b>65192 · Water</b>	7,000	7,200	6,592	7,500	7,500	7,500
<b>65193 · Telephone</b>	42,000	45,000	37,532	46,000	46,000	46,000
<b>65201 · Permits &amp; Fees</b>	7,000	7,500	6,205	7,500	7,500	7,500
<b>65300 · PSPS Cost</b>	0	45,000	14,025	45,000	40,000	46,000
	<b>851,343</b>	<b>958,212</b>	<b>861,611</b>	<b>1,043,509</b>	<b>1,041,961</b>	<b>1,119,335</b>

**Novato Sanitary District  
2021-23 Budget  
Operating Budget - Administration/Engineering**

<b>Administration and Engineering Cost Center - 66000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Exp 2020-21</b>	<b>Adopted Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
<b>66010 · Salaries &amp; Wages</b>	1,383,416	1,407,917	1,352,375	1,535,591	1,559,855	1,641,565
<b>66020 · Employee Benefits</b>	628,135	688,976	680,533	744,280	749,868	783,607
<b>66030 · Director's Fees</b>	32,400	23,400	17,775	23,400	21,600	23,400
<b>66060 · Gasoline &amp; Oil</b>	2,600	2,700	4,187	2,800	2,800	2,900
<b>66085 · Safety</b>	4,200	3,300	966	3,300	2,800	3,300
<b>66090 · Office Expense</b>	28,000	28,000	13,780	20,000	17,000	22,000
<b>66100 · Admin/Engineering Supplies</b>	5,000	5,000	2,075	5,000	5,000	5,000
<b>66121 · Accounting &amp; Auditing</b>	30,000	31,000	31,959	35,000	36,700	37,500
<b>66123 · O/S Contractual</b>	283,000	256,000	172,448	226,000	266,800	247,450
<b>66124 · IT/Misc Electrical</b>	57,000	49,300	51,454	46,400	46,400	64,500
<b>66150 · Repairs &amp; Maintenance</b>	95,000	85,000	79,080	85,000	85,000	85,000
<b>66193 · Telephone</b>	13,000	14,000	15,894	13,500	13,500	14,000
	<b>2,561,751</b>	<b>2,594,593</b>	<b>2,422,526</b>	<b>2,740,271</b>	<b>2,807,324</b>	<b>2,930,222</b>

Novato Sanitary District								
Final Operating Budget 2021-23								
PERSONNEL DETAIL								
				Pay				
Number	Position			Cost Center	Range	Salaries	Salaries	
						2021-22	2022-23	
1.00	General Manager-Chief Engineer.....			A/E		268,968	281,193	
1.00	Deputy General Manager.....			A/E	MC122.5	211,584	221,200	
1.00	Field Services Manager .....			.25AE/.25CS/.25PS/.25Rec	MC119	178,320	186,425	
1.00	Senior Engineer.....			.65AE/.25PS/.10Rec	MC116.5	107,406	149,717	
0.46	Project Manager (1)			A/E	MC119	82,301	86,041	
0.46	Administrative Services Specialist (1) .....			A/E	MC117.5	76,260	79,726	
1.00	Administrative/Risk Services and Safety Officer (2)			A/E	MC117.5	165,780	173,315	
1.00	Administrative Assistant .....			A/E	MC103	74,100	81,341	
1.00	Administrative Secretary.....			A/E	MC106	94,560	98,858	
1.00	Finance Officer.....			A/E	MC115	146,700	153,368	
1.00	Staff Engineer.....			.5A/E/.5CS	47	120,696	126,182	
1.00	Construction Inspector.....			A/E	44.5	103,044	111,717	
1.00	Information System Specialist II.....			.5A/E/.5CS	43.5	101,772	106,398	
1.00	Electrical/Instrumentation Tech .....			.34A/E/.33PS/.33Rec	46.5	107,975	118,533	
1.00	Collection System Superintendent.....			.67CS/.33PS	MC115	146,118	153,368	
1.00	Collection System Leadworker.....			.67CS/.33PS	47	120,696	126,182	
0.00	Collection System Worker III.....			.67CS/.33PS	43.5	-	-	
4.00	Collection System Worker II.....			.67CS/.33PS	40.5	350,778	367,630	
3.00	Collection System Worker I.....			.67CS/.33PS	38.5	182,290	234,384	
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		22,000	24,000	
	Allowance for Overtime.....			A/E		5,000	5,000	
	Allowance for Standby Duty Pay.....			C/S		38,500	40,000	
	Adjustment for CMSA Reimbursement (2)			A/E		(21,655)	(22,314)	
	Subtotal					2,731,033	2,950,101	
	Allowance for salary adjustments (including COLA) .....						121,718	87,737
						2,852,751	3,037,838	
24.32				2021-22		2022-23		
	Administration and Engineering (A/E)			1,559,855		1,641,565		
	Collection System		67%	765,193		820,316		
	Pump Stations		33%	416,399		456,243		
	Reclamation Facilities			111,304		119,714		
	Total/Check			2,852,751		3,037,838		
(1)	Part-time position.							
(2)	A portion of the compensation for this position is reimbursed by the Central Marin Sanitation Agency (CMSA) under the							
	Joint Safety Program between CMSA and the District.							

**Novato Sanitary District  
2021-23 Budget  
Operating Budget - Solid/Household Hazardous Waste**

<b>Solid/HHW Cost Center - 67000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Exp 2020-21</b>	<b>Adopted Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
<b>67400 · Management Services</b>	147,500	150,000	84,018	155,250	155,250	158,500
<b>67500 · Household Haz. Waste</b>	292,000	310,000	274,059	322,000	327,816	338,816
<b>67530 · Used Oil Grant</b>	11,269	11,269	5,850	7,000	7,000	7,000
<b>67540 · Education/Public Outreach</b>	20,500	18,000	6,314	15,000	15,000	17,000
<b>67600 · Other</b>	5,000	5,000	2,745	5,000	5,000	5,000
<b>67610 · City AB 939 Admin Service</b>	10,000	10,000	10,000	10,000	10,000	10,000
	<b>486,269</b>	<b>504,269</b>	<b>382,986</b>	<b>514,250</b>	<b>520,066</b>	<b>536,316</b>

**Comments:**

Per proposed budget by HHW Coordinator.

**Novato Sanitary District  
2021-23 Budget  
Operating Budget - Recycled Water**

<b>Recycled Water Cost Center - 68000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Expenses 2020-21</b>	<b>Previous Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
<b>68010 · O &amp; M Services</b>	66,000	66,000	84,440	66,000	66,000	66,000
<b>68100 · Operating Supplies</b>	4,400	5,000	1,381	5,000	5,000	5,000
<b>68101 · Operating Chemicals</b>	72,120	74,000	72,932	81,400	81,400	89,600
<b>68150 · Repairs &amp; Maintenance</b>	33,550	35,000	12,135	35,000	35,000	38,500
<b>68160 · Research &amp; Monitoring</b>	14,000	14,000	23,996	14,000	14,000	14,000
<b>68191 · Gas &amp; Electricity</b>	41,800	43,000	56,748	47,300	47,300	52,000
	<b>231,870</b>	<b>237,000</b>	<b>251,632</b>	<b>248,700</b>	<b>248,700</b>	<b>265,000</b>

**Novato Sanitary District  
2021-23 Budget  
Operating Budget - Non-Departmental**

<b>Non-Departmental (District-wide allocations) Cost Center - 69000</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Expenses 2020-21</b>	<b>Adopted Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
<b>69021 · Retiree Health Benefits(1)</b>	226,673	125,631	125,631	198,912	185,508	196,638
<b>69021-1 · Retiree Health Benefits(2)</b>	201,661	193,612	195,746	106,622	120,027	115,028
<b>69022 · Pension Expense (3)</b>	361,359	416,603	416,603	0	0	0
<b>69040 · Election Expenses</b>	95,000	30,000	250	5,000	50,000	50,000
<b>69070 · Insurance</b>	167,000	204,000	219,808	270,000	270,000	306,000
<b>69071 · Insurance Claim Expense</b>	45,000	45,000	0	50,000	50,000	50,000
<b>69075 · Agency Dues</b>	74,800	76,800	67,226	74,100	74,100	77,805
<b>69080 · Memberships/Certifications</b>	10,000	11,000	8,376	12,000	12,000	12,000
<b>69122 · Attorney Fees</b>	50,000	55,000	26,745	55,000	70,000	75,000
<b>69125 · Safety &amp; Wellness Incent Prog</b>	10,000	10,000	0	10,000	10,000	10,000
<b>69130 · Printing &amp; Publications</b>	24,000	15,000	903	15,000	15,000	15,000
<b>69170 · Board Travel &amp; Training</b>	26,000	22,000	4,459	24,000	24,000	26,000
<b>69171 · Staff Travel &amp; Training</b>	65,000	54,000	1,509	54,000	44,000	54,000
<b>69201 · Property Tax Alloc to LISRAP</b>	0	90,000	5,392	50,000	25,000	50,000
<b>69202 · County Fees-Property Taxes</b>	33,000	35,000	32,712	36,000	36,000	37,000
<b>69203 · County Fees-Sewer Ser Chg</b>	32,000	33,000	28,917	34,000	34,000	35,000
<b>69250 · Service Charge Sys Exp</b>	5,000	5,000	450	5,000	5,000	5,000
	1,426,493	1,421,646	1,134,727	999,634	1,024,635	1,114,471

**Comments:**

- (1) Projected contribution to current retirees' health care premiums.
- (2) Represents FY 21-23 Unfunded Actuarial Liability (UAL) contributions into the PARS Trust (OPEB sub-account) established November 2016.
- (3) The District refinanced its Pension UAL with its 2020 Wastewater Revenue Refunding Bonds, thereby eliminating its current GASB 78 related Pension Liability. Based on this, no further contributions into the District's PARS Trust (Pension sub-account) are deemed necessary.

\*PARS = Public Agency Retirement Services.

OPEB = Other Post-Employment Benefits.

LISRAP = Low Income Sewer Rate Assistance Program.

**Novato Sanitary District  
2021-23 Budget  
Operating Budget - COVID-19 Expenditures**

<b>COVID-19 Expenses(1) Cost Center - 69300</b>	<b>Adopted Budget 2019-20</b>	<b>Adopted Budget 2020-21</b>	<b>Actual Expenses 2020-21</b>	<b>Adopted Preliminary Budget 2021-22</b>	<b>Final Budget 2021-22</b>	<b>Preliminary Budget 2022-23</b>
<b>Accounts</b>						
69301 · Allowance for SSC Revenue Red. Impacts	0	895,302	475	630,000	630,000	50,000
69323 · O/S Contractual	0	10,000	4,788	10,000	10,000	0
69324 · IT/Misc. Expenses	0	6,000	6,127	2,500	2,500	0
69385 · Safety Supplies/Equipment	0	5,000	623	4,000	4,000	0
	<b>0</b>	<b>916,302</b>	<b>12,013</b>	<b>646,500</b>	<b>646,500</b>	<b>50,000</b>

**Comments:**

(1) Includes preliminary allowances, primarily for Sewer Service Charge (SSC) related refunds to commercial and institutional customers that may have experienced no/lowered discharges to the District's system from COVID impacts. Given the unknowns from such impacts, it is difficult to estimate expenses for this cost center. Accordingly, it is anticipated expenses may be significantly different than currently budgeted, and that adjustments may be required through this budget cycle.



## ***SECTION IV***

### ***CAPITAL IMPROVEMENT BUDGET***

**Novato Sanitary District  
2021-23 Budget  
Capital Improvement Budget - Summary of Revenues**

Capital Fund Revenue Center - 51000	Adopted Budget 2019-20	Adopted Budget 2020-21	Actual Revenue 2020-21	Adopted Preliminary Budget 2021-22	Final Budget 2021-22	Preliminary Budget 2022-23
<b>Accounts</b>						
<b>Capital Improvement Income</b>						
51010 · Sewer Service Charges(1)	8,422,128	8,669,472	8,833,886	8,681,232	8,681,232	8,692,992
51015 · Property Taxes (2)	2,382,632	1,671,396	1,763,629	2,035,611	2,035,611	2,096,679
51015-1 · Redevelopment Agency(3)	0	0	71,857	0	0	0
51020 · Connection Charges(4)	475,200	489,600	1,417,471	504,400	504,400	519,600
51040 · Special Equalization Chrg	1,000	1,000	11,133	1,000	1,000	1,000
51060 · Interest	120,000	20,000	80,281	25,200	25,200	26,400
51070 · Other Revenue	20,000	20,000	0	20,000	20,000	20,000
51072 · Grant Revenue - SGIP	0	0	0	0	282,000	0
<b>Total Capital Improvement Income</b>	<b>11,420,960</b>	<b>10,871,468</b>	<b>12,178,257</b>	<b>11,267,443</b>	<b>11,549,443</b>	<b>11,356,671</b>
<b>Comments:</b>						
(1) Sewer Service Charge (SSC) revenue is based on rates approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:						
- For 2021-22 the avg. charge is \$657 split between operating (\$363) and capital (\$294) - assumes no rate increase from the FY 20-21 rate.						
- For 2022-23 the avg. charge is \$657 split between operating (\$363) and capital (\$294) - assumes no rate increase from the FY 20-21 rate.						
(2) Reflects allocation of Property Tax revenues between operating (20%) and capital (80%).						
(3) 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.						
(4) Connection Charges projected at 40 new connections each year.						
- Per District Ordinance No. 119, the connection charge beginning July 1, 2021 is \$12,610 per EDU, and increases by 3% on July 1, 2022 to \$12,990 per EDU.						

**Novato Sanitary District**  
**2021-23 Budget**  
**Table 1: Capital Improvement Budget - CIP Expenditures**

Capital Improvements	Adopted <sup>(1)</sup>	Adopted <sup>(2)</sup>	Actual	Adopted		
Cost Centers - 72000, 73000, & 78500	Budget	Budget	Expenses	Preliminary	Final	Preliminary
	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23
<b>Accounts</b>						
72112 · Network and SCADA Upgrades	0	225,000	16,535	275,000	275,000	100,000
72403 · Pump Station Rehabilitation	515,000	1,083,241	158,435	2,775,000	2,775,000	2,310,000
72508 · North Bay Water Reuse Authority (NBWRA)	25,000	25,000	137	25,000	25,000	25,000
72706 · Collection System Improvements	2,790,000	2,505,000	732,313	3,695,000	3,695,000	5,070,000
72706-1 · Lateral Replacement Program	60,000	60,000	44,000	80,000	80,000	80,000
72707 · Hamilton Wetlands/Outfall Integration	10,000	22,806	22,806	30,000	30,000	5,000
72708 · Cogeneration/Alt. Energy	1,010,000	1,100,000	224,129	645,000	645,000	2,525,000
72802 · Annual Sewer Adj. for City Proj	25,000	50,000	33,000	50,000	50,000	60,000
72803 · Annual Collection Sys Repairs	100,000	105,000	11,449	100,000	100,000	110,000
72804 · Annual Reclamation Fac Improvements	200,000	535,000	305,226	450,000	450,000	675,000
72805 · Annual Treatment Plant Improvements	350,000	178,318	178,318	100,000	145,000	100,000
72806 · Annual Pump Station Improvements	175,000	240,000	193,443	220,000	220,000	200,000
72807 · Annual Ignacio Facility Improvements	50,000	143,290	143,290	240,000	240,000	75,000
72808 · Strategic Plan Update	20,000	20,000	0	20,000	20,000	5,000
72809 · Novato Creek Watershed	5,000	5,000	0	5,000	5,000	5,000
73003 · Admin Building Upgrade/Maint. Building	150,000	350,000	56,971	400,000	400,000	120,000
73004 · Odor Control and NTP Landscaping	50,000	50,000	0	75,000	75,000	50,000
73005 · RWF Expansion (2)	(295,000)	0	0	0	0	0
73006 · NTP Corrosion Control	55,000	480,000	14,681	355,000	355,000	200,000
73007 · Solids Management	0	175,000	175,256	10,000	10,000	10,000
73008 · Treatment Plant Elec Sys Improvements	0	0	0	0	0	20,000
73009 · Climate Adaption Improvements	0	0	0	0	0	20,000
73090 · Vehicle Replacement	605,000	737,345	737,345	270,000	270,000	250,000
<b>Subtotal before Debt Service</b>	<b>5,900,000</b>	<b>8,090,000</b>	<b>3,047,334</b>	<b>9,820,000</b>	<b>9,865,000</b>	<b>12,015,000</b>
78500 · Interest - SRF Loan	1,332,279	0	0	0	0	0
78500 · Principal - SRF Loan	4,046,677	0	0	0	0	0
78500 · Interest - 2017 Rev. Refunding Bond	631,000	590,000	595,000	547,500	547,500	503,000
78500 · Principal - 2017 Rev. Refunding Bond	820,000	850,000	850,000	890,000	890,000	920,000
78500 · Interest - 2019 Refunding Bond	0	2,084,350	2,084,350	1,934,100	1,934,100	1,776,350
78500 · Principal - 2019 Refunding Bond	0	3,005,000	3,005,000	3,155,000	3,155,000	3,310,000
<b>Subtotal for Debt Service</b>	<b>6,829,956</b>	<b>6,529,350</b>	<b>6,534,350</b>	<b>6,526,600</b>	<b>6,526,600</b>	<b>6,509,350</b>
<b>Totals</b>	<b>12,729,956</b>	<b>14,619,350</b>	<b>9,581,684</b>	<b>16,346,600</b>	<b>16,391,600</b>	<b>18,524,350</b>

**Comments:**

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

<sup>(2)</sup> As amended and trued-up, consistent with section 3512.5 of District Policy No. 3152 "Annual Budget - Non-Personnel Related Changes to Budget Amounts".

# Novato Sanitary District

## MEMORANDUM

**TO:** District Board of Directors

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

**BOARD MEETING DATE:** August 9, 2021

**SUBJECT:** FY 21-23 Capital Improvements Program (CIP) Budget – Summary of Anticipated Project Work

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### 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 21-23.

Projected two-year FY 21-23 capital improvement expenditures are presented in the Capital Improvement Budget – CIP Expenditures.

### **Account No. 72112: Network and SCADA Upgrades**

This account was established in FY 20-21 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 that commenced in the last quarter of FY 20-21, extending into FY 21-22. Subsequently, computer network and SCADA upgrades will commence in the first half of FY 21-22.

### **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 stations. The lift stations that remain to be rehabilitated include the two Vintage Oaks Pump Stations and the Rowland Plaza Pump Station.

However, the District experienced a multiple day power outage in October 2019 due to 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 to convert the Gorman Rupp style wet well/dry well pump station to submersible pump-type station and new emergency generator. Engineering design work commenced in FY 19-20 with construction anticipated the last in the first half of FY 21-22.

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

Note: 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 21-22 will be the eighth 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 21-22, 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 21-23 CIP budget includes only a "placeholder" budget amount of \$25,000 for each year.

#### **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. 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. Construction is anticipated first quarter of FY 21-22.
2. 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. Construction began in FY 20-21 extending into FY 21-22.
3. A placeholder amount of \$10,000 in FY 21-22 for any warranty/closeout related items for Redwood Blvd./Golden Gate Place Paving.

4. Replacement of about 2,200 feet of 10-inch sewer main with new 18-inch PVC sewer main on Center Road from Western Dr. to St. Francis Ave. This is the first phase of a multi-phase capacity improvement project identified in the 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 began in FY 20-21, with construction anticipated to commence in FY 21-22, extending into FY 22-23.
5. Replacement of about 560 feet of 6-inch sewer between Elm Drive and East Court. This is a structural rehabilitation project identified with a high priority rating in the CSMP. Project design work anticipated in FY 21-22, with construction potentially in FY 22-23.
6. The replacement of about 2,200 feet of sewer main in Del Mar Ave., Hotchkiss Dr., and Diablo Ave., with new 8-inch and 10-inch PVC pipe from Hill Rd. to Center Rd. This is a capacity improvement project identified in the preliminary CSMP. Engineering design work began in FY 19-20 with construction anticipated to extend into FY 21-22.
7. A placeholder amount of \$10,000 in FY 21-22 for follow up work associated with the Collection System Master Plan (CSMP) in the Project Verification and Implementation Planning effort.
8. Stabilization of approximately 90 lineal feet of creek bank along Vineyard Creek near Angelica Court to ensure stability of existing 8-inch sewer within the creek bank that had been exposed due to erosion. Project design and permitting work commenced in FY 19-20 with construction anticipated in FY 21-22.
9. A new parallel trunk sewer in Novato Boulevard Trunk Sewer between Diablo Avenue and Grant Avenue in coordination with the City of Novato's Novato Blvd. Improvements Project. Design work commenced in FY 20-21 with construction anticipated to begin FY 21-22, extending into FY 22-23.
10. Abandonment of the Enfrente Pump Station to convert to gravity flow via an underground crossing to the east side of HWY 101. Design work to commence in the first quarter of FY 21-22 with construction anticipated the last half of FY 22/23

#### **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 20-21, the District budgeted an overall budget amount of \$60,000 for this program.

The level of participation for the lateral replacement program in FY 20-21 has exceeded participation for the previous year. As word continues to get out about the replacement program, staff expect the same or increased level of participation in FY 21-22. Therefore, the District's share, i.e., the maximum individual grant amount will remain at \$2,000, but the overall budget for the program will increase by \$20,000 to \$80,000 in each of FY 21-23.

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 21-23 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. Engineering Design commenced in FY 20-21, extending into FY 21-22. Construction is anticipated in FY 22-23.

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 21-22 budget includes funds for initial engineering studies and design, California Environmental Quality Act (CEQA) related work, and assistance with securing grant funding. The District received a conditional reservation letter from the California Public Utility Commission's Self Generation Incentive Program (SGIP) for its proposed 754kW battery storage system in FY 20-21 with project implementation anticipated in FY 21-22.

Note that the budgeted amounts do not include any potential grants that may be received through programs such as the 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 by 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, sludge and telescoping valve replacements, and initial engineering studies to inspect the District's outfall.

**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, in FY 21-22, this account will fund installation of security cameras at various pump stations, electrical panel upgrades and upgrading the dry weather pumps at the East Hamilton Pump Station.

**Account No. 72807: Annual Ignacio Facility Improvements**

This budget account was established in FY 17-18 to fund small projects to maintain the Ignacio facility (excluding the Ignacio Transfer Pump Station), or perform demolition/site clean-up work related to some of the abandoned treatment units of the decommissioned Ignacio Treatment Plant (ITP). Additionally, this account will fund a new automated gate and a new fire service line and hydrants at the site.



**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 21-22, 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 were 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 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 21-23. Future work (beyond FY 21-23) 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 upgrading the Admin building HVAC units, 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 21-22.

**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 FY 18-19. No funds will be budgeted for this account in FY 21-22, and consistent with District budgeting practices, the Account will be closed out in FY 22-23.

**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 21-22. The Headworks Protective Coating Project construction commenced the last quarter of FY 20-21, extending into FY 21-22. Also, engineering design work for addressing corrosion of the metal work in primary clarifier No. 2 is budgeted for FY 21-22.

**Account No. 73007: Solids Management**

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

A "placeholder" amount of \$10,000 is being budgeted for each of FY 21-22 and FY 22-23 to initiate studies to investigate the feasibility of processing the District's biosolids further to create a Class A fertilizer or similarly saleable product.

**Account No. 73008: Treatment Plant Electrical System Improvements**

This new account includes funds for major upgrades to the treatment plant electrical systems.

A "placeholder" amount of \$20,000 is being budgeted in FY 22-23 to initiate a Treatment Plant Electrical Master Planning effort.

**Account No. 73009: Climate Adaptation Improvements**

This new account includes funds to mitigate potential impacts to District facilities from climate change including sea level rise, extreme weather events and multi-year drought conditions.

A "placeholder" amount of \$20,000 is being budgeted in FY 22-23 to initiate a Climate Change Adaptation Master Planning effort.

**Account No. 73090: Vehicle Replacement**

This account includes budget amounts for the purchase of two portable generators, a utility truck, in each of FY 21-22 and FY 22-33, and a light duty vehicle to replace the construction inspector's truck in FY 21-22.

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## ***SECTION V***

### ***WASTEWATER CAPITAL RESERVE FUND***

**Novato Sanitary District  
2021-23 Budget  
Wastewater Capital Reserve Fund**

		2021-23	Budget
		Prelim	Final
<b>Wastewater Capital Reserve Fund</b>			
<b>FUND BALANCE 6/30/20 - Consists of: . . . . .</b>			
	Unused Bonding Capacity	3,275,000	3,275,000
	Transfers in prior years	1,074,653	1,074,653
	Balance before current year (FY 20-21) transfer	4,349,653	4,349,653
	Transfer in current year (FY 20-21)	75,000	75,000
<b>FUND BALANCE 6/30/21 . . . . .</b>		<b>4,424,653</b>	<b>4,424,653</b>
<b>FUND BALANCE 6/30/21 - Consists of: . . . . .</b>			
	Unused Bonding Capacity	3,275,000	3,275,000
	Transfers in prior years	1,149,653	1,149,653
	Balance before current year (FY 21-22) transfer	4,424,653	4,424,653
	Transfer in current year (FY 21-22)	100,000	100,000
<b>FUND BALANCE 6/30/22 . . . . .</b>		<b>4,524,653</b>	<b>4,524,653</b>
<b>FUND BALANCE 6/30/22 - Consists of: . . . . .</b>			
	Unused Bonding Capacity	3,275,000	3,275,000
	Transfers in prior years	1,249,653	1,249,653
	Balance before proposed current year (FY 22-23) transfer	4,524,653	4,524,653
	Proposed Transfer in current year (FY 22-23)	400,000	400,000
<b>ANTICIPATED FUND BALANCE 6/30/23 . . . . .</b>		<b>4,924,653</b>	<b>4,924,653</b>
<b>Note:</b> The District borrowed \$81,307,947 from the State Revolving Fund (2011 SRF Loan) between 2008 and 2011. The loan was repaid in full in 2019 through the issuance of the 2019 Revenue Refinancing Bonds. The 2011 SRF loan agreement terms required that the District establish and maintain a "Wastewater Capital Reserve Fund" for expansion, major repair, or replacement of the wastewater facilities for the term of the loan agreement. The District established the Wastewater Capital Reserve Fund (WCRF) by Resolution No. 2933 adopted on April 24, 2006. While the original 2011 SRF loan has been repaid, the District recognizes that it may require future SRF funding to rebuild/renew its wastewater treatment facilities. Therefore, by Policy No. 3500 (Reserves Policy) adopted February 8, 2021, the District must deposit sufficient funds to build up the WCRF at a minimum rate of 0.5% of the original SRF loan amount each year (or approximately \$400,000/year) to demonstrate good faith efforts towards meeting typical State Revolving Fund (SRF) loan covenants and position the District competitively for consideration for future SRF loans. 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.			

## ***SECTION VI***

### ***RATE STABILIZATION FUND***

**Novato Sanitary District  
2021-23 Budget  
Rate Stabilization Fund**

			<b>2021-23</b>	<b>Budget</b>
			Prelim	Final
		<b><u>RATE STABILIZATION FUND</u></b>		
		<b>FUND BALANCE 6/30/20 .....</b>	1,791,079	1,791,079
		Required Deposits/Transfers from Operating	53,732	53,732
		<b>FUND BALANCE 6/30/21 .....</b>	1,844,811	<b>1,844,811</b>
		Required Deposits/Transfers from Operating	55,344	55,344
		<b>FUND BALANCE 6/30/22 .....</b>	1,900,155	<b>1,900,155</b>
		Required Deposits/Transfers from Operating	57,005	57,005
		<b>FUND BALANCE 6/30/23 .....</b>	1,957,160	<b>1,957,160</b>
		<b>Note:</b> This fund is maintained at a minimum balance of \$1,500,000 adjusted annually for inflation from unreserved amounts in the operating fund. Beginning FY 17-18, 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 21-23 Budget  
Debt Service Summary**

**DEBT SERVICE REQUIREMENTS**

The principal of and interest payable on, the District's outstanding 2017, 2019, and 2020 Bonds, is set forth below:

<b>Fiscal Year Ending June 30</b>	<b>2017 Bonds*</b>			<b>2019 Bonds*</b>			<b>2020 Bonds**</b>			<b>Grand Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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	234,000	208,200	442,200	6,968,800
2023	920,000	503,000	1,423,000	3,310,000	1,776,350	5,086,350	301,000	154,342	455,342	6,964,692
2024	965,000	457,000	1,422,000	3,475,000	1,610,850	5,085,850	308,000	147,143	455,143	6,962,993
2025	1,010,000	408,750	1,418,750	3,650,000	1,437,100	5,087,100	316,000	139,765	455,765	6,961,615
2026	1,060,000	358,250	1,418,250	3,835,000	1,254,600	5,089,600	324,000	132,197	456,197	6,964,047
2027	1,110,000	305,250	1,415,250	4,025,000	1,062,850	5,087,850	330,000	124,450	454,450	6,957,550
2028	1,160,000	249,750	1,409,750	4,225,000	861,600	5,086,600	338,000	116,548	454,548	6,950,898
2029	1,220,000	191,750	1,411,750	4,435,000	650,350	5,085,350	346,000	108,456	454,456	6,951,556
2030	1,275,000	130,750	1,405,750	4,660,000	428,600	5,088,600	356,000	100,162	456,162	6,950,512
2031	1,340,000	67,000	1,407,000	4,890,000	195,600	5,085,600	364,000	91,641	455,641	6,948,241
2032			0			0	372,000	82,931	454,931	454,931
2033			0			0	382,000	74,017	456,017	456,017
2034			0			0	390,000	64,878	454,878	454,878
2035			0			0	400,000	55,537	455,537	455,537
2036			0			0	409,000	45,969	454,969	454,969
2037			0			0	419,000	35,551	454,551	454,551
2038			0			0	433,000	22,961	455,961	455,961
2039			0			0	445,000	9,968	454,968	454,968
<b>Total</b>	<b>\$12,620,000</b>	<b>\$4,440,000</b>	<b>\$17,060,000</b>	<b>\$46,145,000</b>	<b>\$14,387,886</b>	<b>\$60,532,886</b>	<b>\$6,467,000</b>	<b>\$1,714,716</b>	<b>\$8,181,716</b>	<b>\$85,774,602</b>

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

\*\* Source: 2020 UAL Bond financing documents - Titled -"Parity debt service coverage calculation".



**Novato Sanitary District**  
**2021-23 Budget**  
**2017 2019 2020**  
**Wastewater Revenue Bonds Balances**

			2021-23	Budget	
			Preliminary	Final	
	<b><u>2017 Wastewater Revenue Refunding Bonds</u></b>				
	<b>DEBT BALANCE 6/30/20 . . . . .</b>		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	
	<b>DEBT BALANCE 6/30/21 . . . . .</b>		10,950,000	10,950,000	
	Principal Payment 2021-22		(890,000)	(890,000)	
	Interest payments 2021-22		(547,500)	(547,500)	
	Transfer from Capital Improvement Fund 2021-22		547,500	547,500	
	<b>ANTICIPATED DEBT BALANCE 6/30/22 . . . . .</b>		10,060,000	10,060,000	
	<b><u>2019 Wastewater Revenue Bonds</u></b>				
	<b>DEBT BALANCE 6/30/20 . . . . .</b>		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	
	<b>DEBT BALANCE 6/30/21 . . . . .</b>		39,660,000	39,660,000	
	Principal Payment 2021-22		(3,155,000)	(3,155,000)	
	Interest payments 2021-22		(1,934,100)	(1,934,100)	
	Transfer from Capital Improvement Fund 2021-22		1,934,100	1,934,100	
	<b>ANTICIPATED DEBT BALANCE 6/30/22 . . . . .</b>		36,505,000	36,505,000	
	<b><u>2020 Wastewater Revenue Refunding Bonds (2)</u></b>				
	Bonds Issued to Refinance CalPERS Unfunded Accrued Liability (UAL)		6,467,000	6,467,000	
	Cost of Issuance 2020-21		(128,816)	(128,816)	
	Principal Payment 2020-21		-	-	
	Interest payments 2020-21				
	Transfer from Bank of NY-2020 Wastewater Revenue Refunding Fund		128,816	128,816	
	<b>DEBT BALANCE 6/30/21 . . . . .</b>		6,467,000	6,467,000	
	Principal Payment 2021-22		(234,000)	(234,000)	
	Interest payments 2021-22		(208,200)	(208,200)	
	Transfer from Operating Fund 2021-22		208,200	208,200	
	<b>ANTICIPATED DEBT BALANCE 6/30/22 . . . . .</b>		6,233,000	6,233,000	
			<b>Actual</b>	<b>Final</b>	<b>Preliminary</b>
			<b>Rev/Exp</b>	<b>Budget</b>	<b>Budget</b>
	<b>Debt Coverage Ratio(1)</b>	<b>Budget 20-21</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
	<b>Net Operating Revenue</b>	<b>54,933</b>	<b>2,311,006</b>	<b>58,690</b>	<b>173,134</b>
	<b>Capital Revenue</b>	<b>10,871,468</b>	<b>12,178,257</b>	<b>11,549,443</b>	<b>11,356,671</b>
	<b>Annual Debt Service</b>	<b>6,529,350</b>	<b>6,534,350</b>	<b>6,968,800</b>	<b>6,964,692</b>
	<b>Debt Coverage Ratio</b>	<b>1.67</b>	<b>2.22</b>	<b>1.67</b>	<b>1.66</b>
	<b>Net revenues covenant requires a 1.20 coverage ratio</b>				
	<b>(1) Net Operating Revenue + Capital Revenue/ Annual Debt Service = Debt Coverage Ratio</b>				
	<b>(2) Debt service for 2020 Wastewater Revenue Refunding Bonds is allocated to the employee benefits account of each relevant cost center. This allocation reflects the nature of the debt issuance, i.e. to pay off the CalPERS UAL of the employees' pension plan.</b>				