



# FINAL BUDGET

FOR

Fiscal Year 2022-23

(And Preliminary Budget for Fiscal Year 2023-24)

*Adopted September 12, 2022*

**NOVATO SANITARY DISTRICT  
2022-24 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

### BOARD OF DIRECTORS

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Legal Counsel

September 12, 2022

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) 22-23 and Preliminary Budget for FY 23-24 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 and Summary of Anticipated Project Work (Section IV)
- FY 22-23 Wastewater Capital Reserve Fund (Section V)
- FY 22-23 Rate Stabilization Fund (Section VI)
- FY 22-23 Debt Service Summary and Balances (Section VII).

Note that after completing the appropriate Proposition 218 requirements, the District Board at its May 9, 2022 meeting, held a public hearing on, and thereafter adopted Ordinance No. 123 – “An Ordinance of the Novato Sanitary District Establishing Sewer Service Charges for Fiscal Years 2022-23, 2023-24, 2024-25, 2025-26, and 2026-27”. Ordinance No. 123 sets the FY 22-23 and FY 23-24 rates as follows:

	<u>FY 22-23</u>	<u>FY 23-24</u>
a. Low water use charge:	\$431/ EDU	\$444/EDU
b. Average water use charge:	\$677/EDU	\$698/EDU
c. High water use charge:	\$1,210/EDU	\$1,247/EDU

Notes: 1. EDU = Equivalent Dwelling Unit.

**However, at its meeting of August 5, 2022, the Board adopted Resolution No. 3169 – Resolution Adjusting FY 2022-23 Sewer Service Charges to Maintain FY 2020-21 Rates.** This Resolution notes that certain other revenue sources will likely exceed prior projections, that financial efficiencies implemented during the prior fiscal year produced substantial savings for the District, and that maintaining the FY 2020-21 sewer service charge rates for FY 2022-23 would not negatively impact the financial health or stability of the District.

Accordingly, Resolution No. 3169 sets the effective rates for FY 2022-23 as the rates established in FY 2020-21 and maintained in FY 2021-22, resulting in a reduction of charges for all customers as would be charged using the rates established by the Ordinance No. 123 schedules for the current fiscal year. Also, for budget planning purposes for FY

23-24 only, it is assumed that the adoption of this Resolution postpones the implementation of the rate schedules of Ordinance No. 123 by one year.

Therefore, it is being assumed that the FY 23-24 rates will be the rates previously set by Ordinance No. 123 for FY 22-23, although this assumption should by no means be construed as limiting the Board from reverting back to the original schedule of rates of Ordinance No. 123 in future budget years.

Based on the above discussion, the **final** FY 22-23 and FY 23-24 rates as used for budget purposes, are as follows:

	<u>FY 22-23</u>	<u>FY 23-24</u>
a. Low water use charge:	\$395/ EDU	\$431/EDU
b. Average water use charge:	\$657/EDU	\$677/EDU
c. High water use charge:	\$1,181/EDU	\$1,210/EDU

Notes: 1. EDU = Equivalent Dwelling Unit.

As in prior years, the basic average annual Sewer Service Charge (SSC) is allocated between the Operating and Capital Budgets. For FY 22-23, 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**

While the ongoing COVID-19 pandemic may impact the District's budget in FY 22-23 and possibly FY 23-24, it is anticipated that these impacts will not be as significant as anticipated in prior years. Therefore, the FY 22-24 Budgets include a nominal "Allowance for SSC Revenue Reduction Impacts" of \$50,000 in FY 22-23 and \$25,000 in FY 23-24. (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 2022.

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

Another factor affecting the FY 22-24 budget years will be PG&E's ongoing PSPS program. While specific PSPS events are difficult to predict, the Budget includes an additional amount of about \$45,000 in each of FY 22-23 and FY 23-24 for staffing and equipment, as indicated in Account 65301 (Page 12), 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 FY 21-22 with the proposed budget for FY 22-23.

Overall, it is projected that total FY 22-23 revenues will increase by about 3.68%, primarily from the proposed increases in sewer service charges discussed above. Variances between the two budget years are also provided later in this letter.

In terms of a revenue split to Operating and Capital Expenditures, the District typically uses a split of about 55%-45% of SSC revenue to the Operating and Capital budgets. Also, the property tax revenue is allocated at a split of about 25%/75% between the Operating and Capital Funds in each of FY 22-23 and FY 23-24.

Three-Year Summary comparisons and significant variances in the operating budgets between the FY 21-22 and FY 22-23 budget years are provided later in this letter.

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<b>Table 1: Summary of Revenues and Expenditures for FY 22 and FY 23</b>			
	<b>FY 21-22</b>	<b>FY 22-23</b>	<b>% Change</b>
	<b>Adopted Budget</b>	<b>Proposed Budget</b>	<b>*FYE 22 to FYE 23</b>
<b>Operating Revenues</b>	\$ 12,367,034	\$ 12,742,702	3.04%
<b>Capital Revenues</b>	11,549,443	11,521,943	-0.24%
<b>Total Revenues</b>	<b>\$ 23,916,477</b>	<b>\$ 24,797,347</b>	<b>3.68%</b>
<b>Operating Expenditures <sup>(1)</sup></b>	12,308,342	12,738,472	3.49%
<b>Operating Expenditures <sup>(2)</sup></b>	11,539,578	11,831,472	2.53%
<b>CIP Expenditures <sup>(3)</sup></b>	9,865,000	12,125,000	22.91%
<b>Debt Service</b>	6,526,600	6,509,350	-0.26%
<b>Total Expenditures</b>	<b>\$ 40,239,520</b>	<b>\$ 43,204,294</b>	<b>7.37%</b>

<sup>(1)</sup> with Pass through expenditures

<sup>(2)</sup> Excludes Pass through expenditures

<sup>(3)</sup> Includes Capital Expenditure Commitments/Encumbrances from FY 21-22 into FY 22-23.

\*Note: FYE-Fiscal Year Ending.

## B. FISCAL YEAR FY 22-23 OPERATING BUDGET DETAILS

### **Operating Revenues**

The proposed FY 22-23 Operating Budget by revenue source is shown in Table 2 below (and graphically in Figure 2), along with the adopted budget amounts for the past two fiscal years.

As seen from Table 2, total operating revenues are budgeted to increase by 3.04 percent or \$375,667 from FY 21-22.

Other notable items include:

**Operating SSCs** budgeted decrease of 1.38 percent, estimated after considering Sewer Service Charge (SCC) rates as set by the Board at its August 5, 2022 meeting in conjunction with SSC revenue received in FY 21-22, less annual LISRAP and SSC adjustments.

**Interest Income** budgeted to increase by \$279,385 or 739.11 percent, due to the general direction of interest rates.

**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).

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<b>Table 2: Operating Budget Revenue Three-Year Summary</b>				
<b>Funding Sources by Category</b>	<b>FY 20-21</b>	<b>FY 21-22</b>	<b>FY 22-23</b>	<b>% Change</b>
	<b>Adopted Budget</b>	<b>Adopted Budget</b>	<b>Proposed Budget</b>	<b>FYE 22 to FYE 23</b>
<b>Operating Sewer Service Charge</b>	10,704,144	10,718,664	10,571,076	-1.38%
<b>Property Tax Allocation</b>	823,225	508,903	688,798	35.35%
<b>Plan Check &amp; Inspection Fee</b>	500	500	500	0.00%
<b>Permit &amp; Inspection fees</b>	6,000	6,000	6,000	0.00%
<b>Interest Income</b>	30,000	37,800	317,185	739.11%
<b>Engineering/Admin Chgs</b>	165,000	165,000	165,000	0.00%
<b>Non-domestic Permit Fees</b>	30,000	30,000	30,000	0.00%
<b>Franchise Fees</b>	59,740	61,401	63,032	2.66%
<b>AB 939 Collector Fees</b>	452,303	471,250	498,684	5.82%
<b>Oil Grant and JPA Reimb</b>	51,966	48,816	48,816	0.00%
<b>Ranch Income</b>	10,000	40,000	40,000	0.00%
<b>Recycled Water Revenue</b>	237,000	248,700	283,610	14.04%
<b>Other Revenue</b>	20,000	20,000	20,000	0.00%
<b>Gain/Loss-disposal of assets</b>	10,000	10,000	10,000	0.00%
<b>Total Operating Revenue</b>	<b>\$ 12,599,878</b>	<b>\$ 12,367,034</b>	<b>\$ 12,742,702</b>	<b>3.04%</b>

### **Operating Expenditures**

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

Proposed FY 22-23 Operating Expenditures are also shown graphically in Figures 3 (by expense type) and Figure 4 (by department or cost center) at the end of this letter. Operating expenditures are budgeted to increase by 3.49% or \$291,896 between FY 21-22 and FY 22-23.

*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 (OPEB) and GASB 68 (Pension) 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 21-22 included budget amounts to fund each of the sub-accounts (Pension and OPEB) of this trust, subject to Board approval.

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 as of FY 20-21 (which was effectively structured as 7% debt) with the new 2.87% debt, thereby 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 FY 22-23 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 included 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. However, based on valuation results presented in

the most recent Actuarial Report prepared by the District's actuarial consulting firm (GovInvest, Inc.), it appears that the FY 22-23 allowance can be reduced from \$1.5 million to \$1.1 million (see Section I "Fund Balances", page 2).

<b>Table 3: Operating Budget Expenditures 3-year Summary:</b>				
<b>Expenditures by Department</b>	<b>FY 20-21</b>	<b>FY 21-22</b>	<b>FY 22-23</b>	<b>% Change</b>
	<b>Adopted Budget</b>	<b>Adopted Budget</b>	<b>Proposed Budget</b>	<b>FYE 22 to FYE 23</b>
<b>Collections</b>	1,478,231	1,580,399	1,653,938	4.65%
<b>Treatment</b>	3,323,269	3,288,336	3,586,572	9.07%
<b>Reclamation</b>	498,244	529,403	597,999	12.96%
<b>Laboratory</b>	613,180	621,018	648,597	4.44%
<b>Pump Stations</b>	958,212	1,041,961	1,086,384	4.26%
<b>Administration/Engineering</b>	2,594,593	2,807,324	2,989,366	6.48%
<b>Hazardous Household Waste</b>	504,269	520,066	623,390	19.87%
<b>Recycled Water</b>	237,000	248,700	283,610	14.04%
<b>Non-Departmental</b>	1,421,646	1,024,635	1,218,617	18.93%
<b>COVID-19 Expenses</b>	916,300	646,500	50,000	-92.27%
<b>Subtotal Expenditures</b>	<b>12,544,944</b>	<b>12,308,342</b>	<b>12,738,472</b>	<b>3.49%</b>
Less: Passthroughs*	(741,269)	(768,766)	(907,000)	
<b>Total Expenditures</b>	<b>\$ 11,803,675</b>	<b>\$ 11,539,576</b>	<b>\$ 11,831,472</b>	<b>2.53%</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 NMWD's recycled water sales.

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**Table 4: Operating Budget, Significant Budget Variances FY 21-22 to FY 22-23**

Anticipated Budget Variances – Year-over-year, FY 20-21 to FY 21-22		Budget Impact, \$	Variance, %	Budget Impact, %
1	Salaries and wages (across all cost centers).	174,661	4.61%	1.38
2	Contract Services (Operations & Lab)	145,329	5.19%	1.15
3	Employee Benefits (across all cost centers).	52,938	3.52%	0.42
4	Retiree Health Benefits	(94,918)	-31.07%	-0.75
5	Insurance	119,000	41.90%	0.94
6	Ins Claims Expense	100,000	200.00%	0.79
7	Software Maint	(30,500)	-46.42%	-0.24
8	Sludge Disposal-Contractual	25,000	10.64%	0.20
9	Outside Consulting	28,200	15.07%	0.22
10	Repairs & Maintenance	31,350	8.05%	0.25
11	Unusual Equipment Maint	22,500	15.00%	0.18
12	Gas & Electricity	179,284	18.94%	1.42
13	Property Tax allocation to LISRAP	45,000	60.00%	0.36
14	COVID-19 Impact	(596,500)	-92.27%	-4.71
15	AB 939 Solid Waste Programs	103,324	19.87%	0.82

### C. FISCAL YEAR FY 22-23 CAPITAL BUDGET DETAILS

#### **Capital Revenues**

The proposed FY 22-23 Capital Budget by Revenue source is shown in Table 5, along with the figures for the past two fiscal years. Total capital revenues for FY 22-23 are expected to decrease by 0.24 percent or \$27,500 from FY 21-22. Notable items include:

**Capital SSC Revenues** budgeted decrease of 2.99 percent or \$259,741 estimated after considering Sewer Service Charge (SCC) rates as set by the Board at its August 5, 2022 meeting in conjunction with SSC revenue received in FY 21-22, less annual LISRAP and SSC adjustments.

**Connection Fees** projected increase of about 3.0 percent or \$15,200, assuming about 40 new connections per year consistent with the District's 2016 Capacity Fee Study.

**Interest Income** budgeted to increase by 739.11 percent or \$186,257 due to the general direction of interest rates.

**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 implementation beginning 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 22-23) 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.

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**Table 5: Capital Budget Revenue 3-year Summary**

Funding Sources by Category	FY 20-21	FY 21-22	FY 22-23	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FYE 22 to FYE 23
Capital Sewer Service Charges	8,669,472	8,681,232	8,421,491	-2.99%
Property Taxes	1,671,396	2,035,611	2,066,395	1.51%
Connection Charges	489,600	504,400	519,600	3.01%
Collector/Special Equalization Chgs	1,000	1,000	1,000	0.00%
Interest Income	20,000	25,200	211,457	739.11%
Other Revenue	20,000	20,000	20,000	0.00%
Grant Revenue	0	282,000	282,000	100.00%
<b>Total Capital Revenues</b>	<b>\$ 10,871,468</b>	<b>\$ 11,549,443</b>	<b>\$ 11,521,943</b>	<b>-0.24%</b>

### Capital Expenditures

The proposed Capital Improvement Program (CIP) Budget for FY 22-23 is \$18,634,350 or 13.68% over the last year.

Consistent with the District's budgeting history, FY 22-23 capital projects are funded through a combination of SSCs, 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 \$6,509,350 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 20-21	FY 21-22	FY 22-23	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FYE 22 to FYE 23
Capital Projects	8,090,000	9,865,000	12,125,000	22.91%
Debt Service	6,529,350	6,526,600	6,509,350	-0.26%
<b>Total Capital Expenditures</b>	<b>\$ 14,619,350</b>	<b>\$ 16,391,600</b>	<b>\$ 18,634,350</b>	<b>13.68%</b>

**Debt Coverage Ratio (DCR):** In the 2011 Certificates of Participation (COPs) 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 achieve a minimum target DCR of 1.20.

In October 2017, the District retired the 2011 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 discussed on page iv of this letter), require disclosure of the DCR, the District has elected to continue doing so to comport with generally accepted accounting "best practices". Accordingly, the District's

projected DCR of 1.72 for FY 22-23 serves as its commitment to “best practices” and demonstrating its continuing financial prudence and stability.

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

The major portion of the District’s publicly issued non-taxable debt (i.e., 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 although an unrated issuance, achieved a favorable interest rate to the District given its other “AAA” rated debt.

At this time, the District does not anticipate any change to its “AAA” rating in the FY 22-24 period, relative to COVID-19, PSPS events, or broader financial market events.

#### **E. COMPARISON OF ANNUAL SEWER SERVICE CHARGES LEVIED BY NEIGHBORING AGENCIES**

The following table (Table 7) compares the District’s rate with those of other nearby municipal agencies that provide wastewater services (comparative agencies) in Marin County and the North Bay region.

Needless to say, the District’s rates continue to compare very favorably against the rates of the competitive agencies, as has historically been the case.

For illustrative purposes, Figure 5 (following this letter) also 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**

<b>AGENCY</b>	<b>RATE(\$/yr.)</b>
Sanitary District No. 5 - Belvedere	\$1,985
Tamapais Community Services District	\$1,857
Sanitary District No. 1 - City of Larkspur	\$1,618
City of Mill Valley	\$1,519
Sausalito-Marín City Sanitary District	\$1,261
City of Petaluma	\$1,260
City of Santa Rosa	\$1,162
Ross Valley Sanitary District (SD#1)	\$1,146
Las Gallinas Valley Sanitary District	\$1,070
Sanitary District No. 5 - Tiburon	\$1,034
City of San Rafael	\$861
Vallejo Sanitation & Flood Control District	\$810
Napa Sanitation District	\$739
<b>NOVATO SANITARY DISTRICT</b>	<b>\$657</b>
Sanitary District No. 2 - Town of Corte Madera	\$498

Notes: All charges for FY 22-23 (proposed or adopted) unless otherwise noted

In conclusion, the proposed FY 22-23 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.

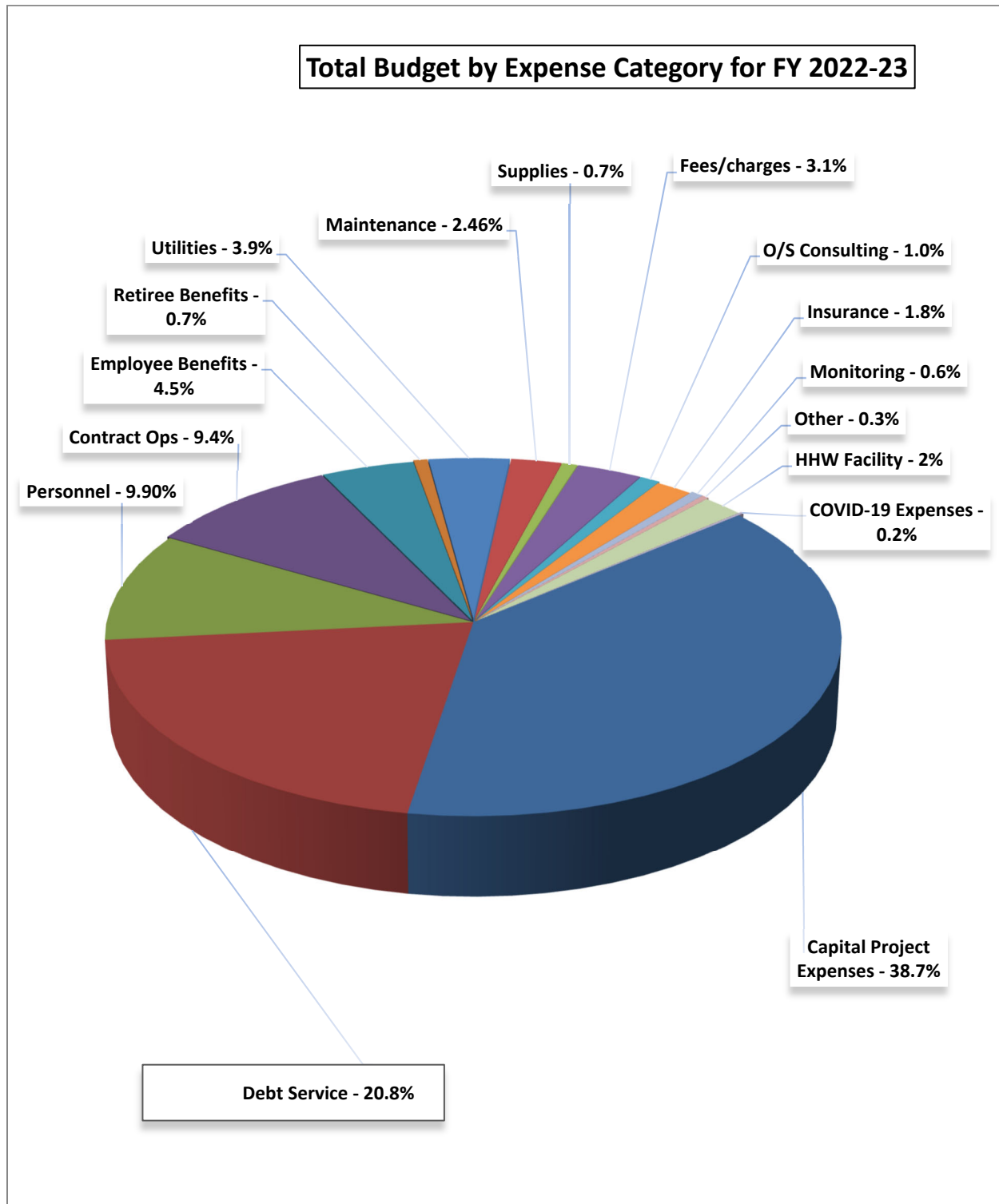
Sincerely,

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

ELENA KURAKINA, MBA  
Finance Officer

**Additional Charts for Informational Purposes:**

**Figure 1:**



**Figure 2:**

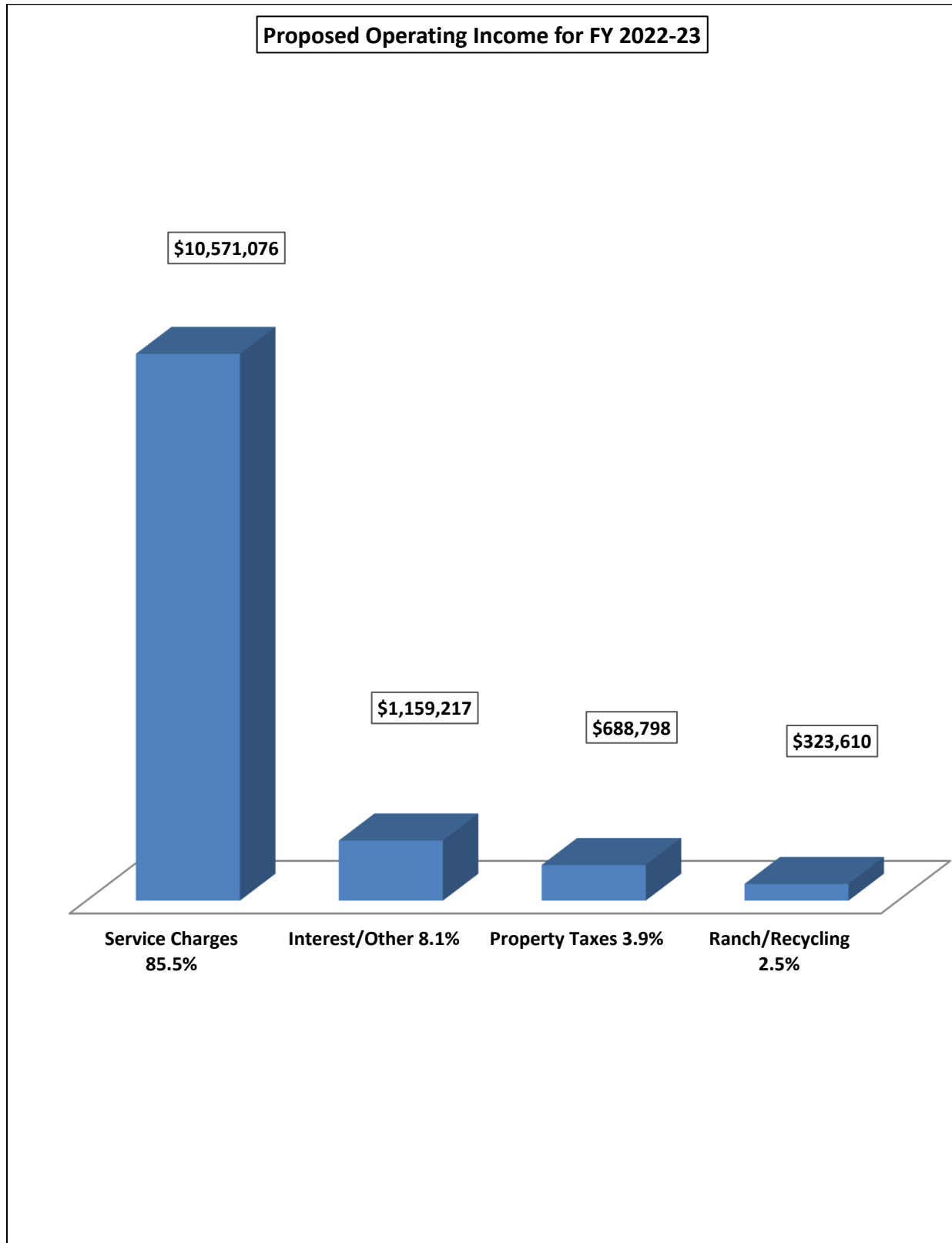


Figure 3:

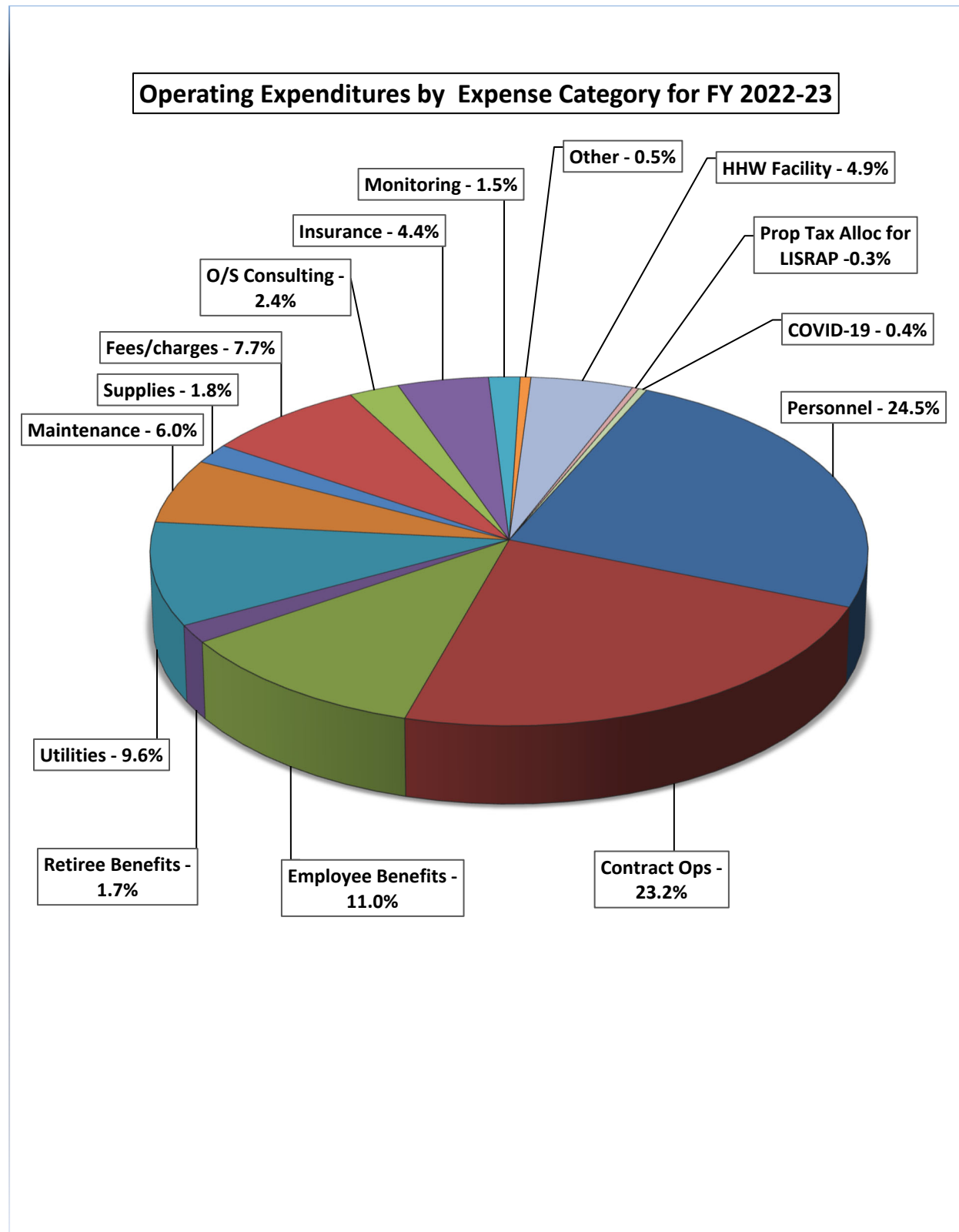


Figure 4:

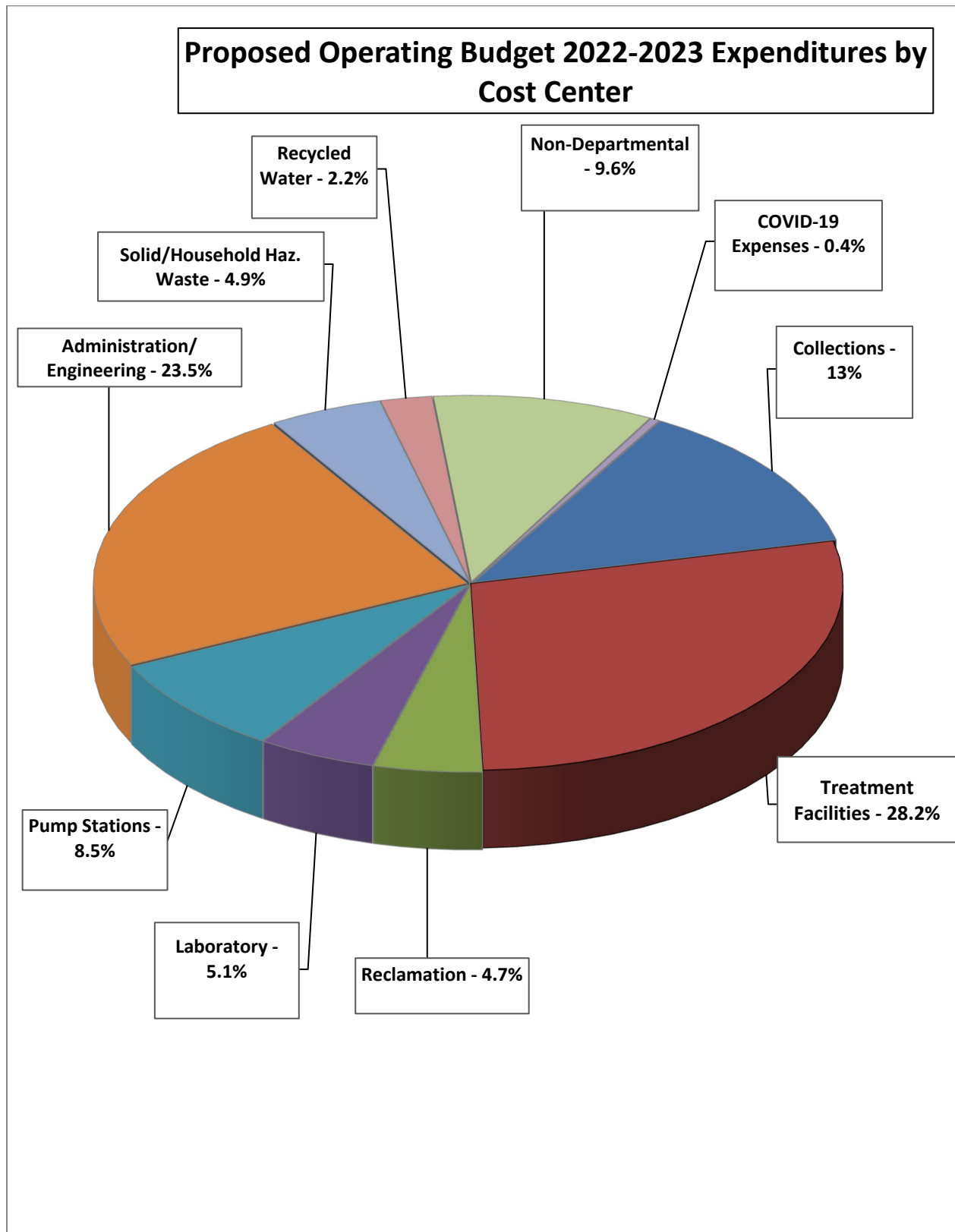
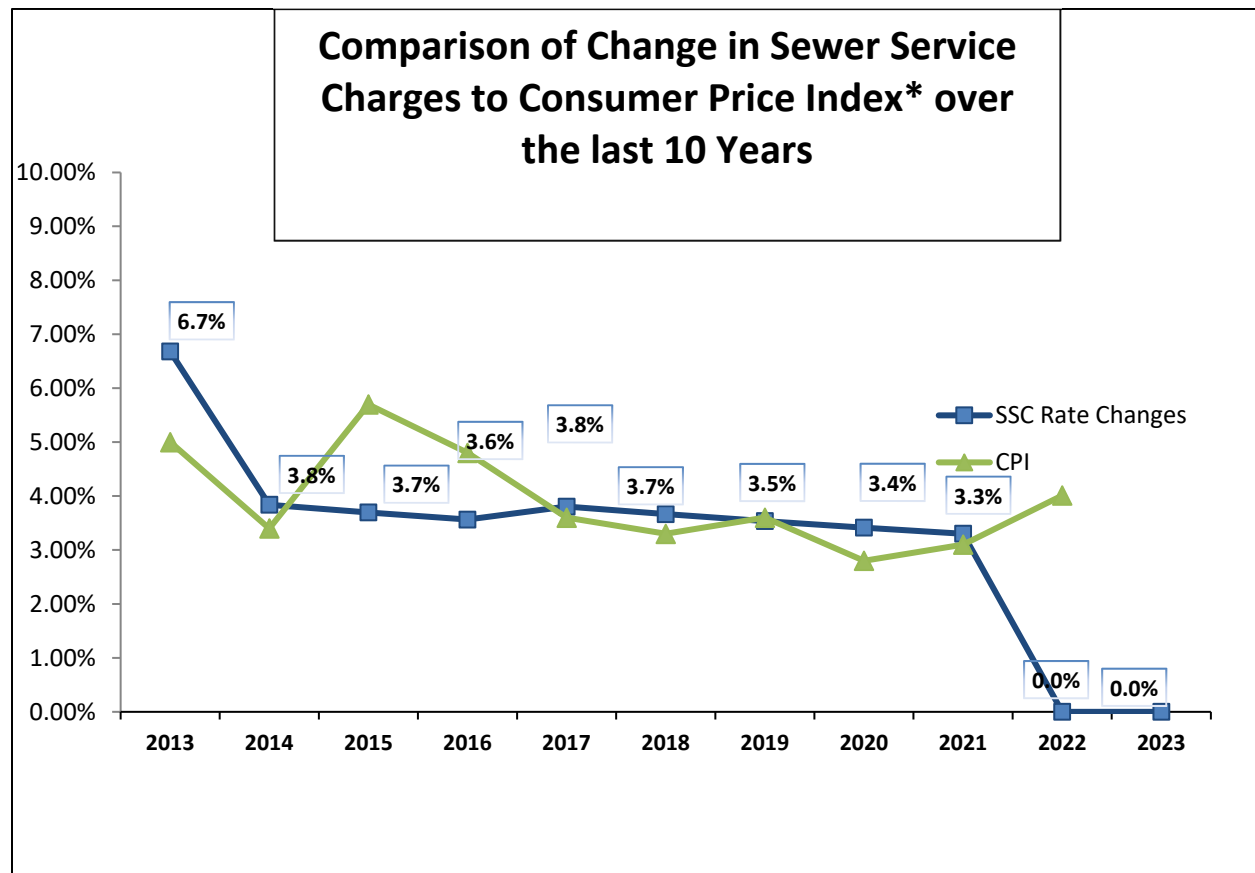


Figure 5:



\*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  
2022-24 Final Budget  
Summary of Fund Balances**

	<b>Adopted Budget 2021-22</b>	<b>Actual Rev/Exp 2021-22</b>	<b>Proposed Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Operating Fund</b>				
<b>Starting Balances at Beginning of Each Year</b>	14,968,560	14,968,560	13,950,519	10,797,744
Operating Revenue (p. 4)	12,367,034	12,667,620	12,742,702	13,219,711
Operating Expenditures (p. 5)	12,308,342	10,630,318	12,738,472	13,211,939
Net Operating Revenue	58,692	2,037,303	4,230	7,772
Operating Fund Balances before transfers at Year End	15,027,252	17,005,863	13,954,748	10,805,516
Transfers Out - to OPEB <sup>(1)</sup> Trust Fund	1,500,000	1,500,000	1,100,000	0
Transfers Out - to Rate Stabilization Fund (RSF)	55,344	55,344	57,005	58,715
Transfers Out - to Capital Improvement Fund	1,500,000	1,500,000	2,000,000	2,000,000
<b>Operating Fund Balances after transfers at the End of Each Year</b>	<b>11,971,908</b>	<b>13,950,519</b>	<b>10,797,744</b>	<b>8,746,801</b>
<b>Capital Improvement Fund</b>				
<b>Starting Balances - Beginning of Each Year</b>	17,179,781	17,179,781	21,093,202	15,580,795
Capital Revenue (p. 20)	11,549,443	13,153,334	11,521,943	11,831,055
Transfers In <sup>(2)</sup>	1,500,000	1,500,000	2,000,000	2,000,000
Total Capital Revenue and Fund Transfers	13,049,443	14,653,334	13,521,943	13,831,055
Capital Expenditures <sup>(3)</sup> (p. 21)	9,865,000	4,113,313	12,125,000	13,690,000
Debt Service (p. 33)	6,526,600	6,526,600	6,509,350	6,507,850
Transfers Out <sup>(4)</sup>	100,000	100,000	400,000	400,000
Total Capital Expenditures and Fund Transfers	16,491,600	10,739,913	19,034,350	20,597,850
<b>Capital Improvement Fund Balances after transfers at the End of Each Year</b>	<b>13,737,624</b>	<b>21,093,202</b>	<b>15,580,795</b>	<b>8,814,000</b>
<b>Available Fund Balances at the End of Each Year</b>	<b>25,709,532</b>	<b>35,043,721</b>	<b>26,378,539</b>	<b>17,560,801</b>
<b>Wastewater Capital Reserve Fund (WCRF), Fund Balance at the End of Each Year (p. 29)</b>	<b>1,249,653</b>	<b>1,249,653</b>	<b>1,649,653</b>	<b>2,049,653</b>
<b>Rate Stabilization Fund (RSF), Fund Balance at the End of Each Year (p. 31)</b>	<b>1,900,155</b>	<b>1,900,155</b>	<b>1,957,160</b>	<b>2,015,875</b>
<b>Restricted Fund Balances at the End of Each Year</b>	<b>3,149,808</b>	<b>3,149,808</b>	<b>3,606,813</b>	<b>4,065,528</b>

<sup>(1)</sup> OPEB - Other Post-Employment Benefits.

<sup>(2)</sup> From Operating Fund Balances.

<sup>(3)</sup> Includes Capital Expenditure Commitments/Encumbrances from FY 21-22 into FY 22-23.

<sup>(4)</sup> To Wastewater Capital Reserve Fund.

## ***SECTION II***

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

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Summary of Revenues**

Operating Revenue Center - 41000	Adopted Budget 2020-21	Adopted Budget 2021-22	Actual Rev 2021-22	Adopted Preliminary Budget 2022-23	Final Budget 2022-23	Preliminary Budget 2023-24
<b>Accounts</b>						
41010 · Sewer Service Charges <sup>(1)</sup>	10,704,144	10,718,664	10,887,326	11,028,864	10,571,076	11,028,864
41015 · Property Tax allocation <sup>(2)</sup>	823,225	508,903	555,879	500,529	688,798	709,462
41030 · Plan Check & Inspection Fee	500	500	31,430	500	500	500
41040 · Permit & Inspection Fee	6,000	6,000	14,165	6,000	6,000	6,000
41060 · Interest Income <sup>(3)</sup>	30,000	37,800	71,523	44,100	317,185	236,712
41080 · Engineering & Admin Charges	165,000	165,000	120,865	165,000	165,000	165,000
41090 · Non-domestic Permit Fees <sup>(4)</sup>	30,000	30,000	21,165	30,000	30,000	30,000
41100 · Garbage Franchise Fees	59,740	61,401	61,196	62,821	63,032	64,923
41105 · AB 939 Collector Fees	452,303	471,250	471,250	498,684	498,684	555,434
41107 · Oil Grant/JPA Reimb <sup>(5)</sup>	51,966	48,816	49,470	48,816	48,816	48,816
41108 · SB1383 Grant	0	0	75,890	0	0	0
41130 · Ranch Income	10,000	40,000	38,355	40,000	40,000	40,000
41135 · Recycled Water Revenue	237,000	248,700	250,540	283,610	283,610	304,000
41140 · Other Revenue <sup>(6)</sup>	20,000	20,000	18,567	20,000	20,000	20,000
41142 · Gain/Loss-disposal of assets	10,000	10,000	0	10,000	10,000	10,000
<b>Totals</b>	<b>12,599,878</b>	<b>12,367,034</b>	<b>12,667,620</b>	<b>12,738,924</b>	<b>12,742,702</b>	<b>13,219,711</b>

**Comments:**

- <sup>(1)</sup> For FY 22-23, estimated from Sewer Service Charge (SCC) rates as set by the Board at its August 5, 2022 meeting, and SSC revenue received in FY 21-22, less annual LISRAP/SSC adjustments.  
For FY 23-24, the avg. SSC is assumed to be \$677/EDU, split between operating (\$373) and capital (\$304).
- <sup>(2)</sup> Projections based on actual FY 21-22 property tax revenue escalated by 3% per year for each of FY 22-23 and FY 23-24, and allocated between operating (25%) and capital (75%) in FY 22-23 and FY 23-24.
- <sup>(3)</sup> Projected based on current trends in LAIF rates, and yields on the District's portfolio of US Treasury securities.
- <sup>(4)</sup> Includes application fees, permits and monitoring charges.
- <sup>(5)</sup> Oil Grant ~ \$7,000/ JPA Reimb Fees \$41,816.
- <sup>(6)</sup> Other revenue includes septic tank hauling fees, and miscellaneous revenue.

**APPROPRIATIONS LIMITATION**

The appropriations limit, pursuant to Article XIII B of the California Constitution, is determined to be \$7,727,073 for FY 22-23

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Summary of Expenditures**

<b>Operating Cost Center</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>60000 · Collections</b>	1,478,231	1,580,399	1,378,450	1,614,314	1,653,938	1,712,883
<b>61000 · Treatment Facilities</b>	3,323,269	3,288,336	3,230,125	3,507,405	3,586,572	3,776,567
<b>63000 · Reclamation</b>	498,244	529,403	539,991	596,712	597,999	617,708
<b>64000 · Laboratory</b>	613,180	621,018	554,334	648,597	648,597	656,247
<b>65000 · Pump Stations</b>	958,212	1,041,961	833,507	1,078,600	1,086,384	1,144,001
<b>66000 · Administration/Engineering</b>	2,594,593	2,807,324	2,560,206	2,900,742	2,989,366	3,090,814
<b>67000 · Solid/Household Haz. Waste</b>	504,269	520,066	439,315	623,390	623,390	604,250
<b>68000 · Recycled Water</b>	237,000	248,700	226,370	283,610	283,610	304,000
<b>69000 · Non-Departmental*</b>	1,421,646	1,024,635	866,346	1,350,617	1,218,617	1,280,467
<b>69300 · COVID-19 Expenses</b>	916,300	646,500	1,673	50,000	50,000	25,000
<b>TOTALS</b>	12,544,945	12,308,342	10,630,318	12,653,986	12,738,472	13,211,939

\*District-wide allocations

**Novato Sanitary District**  
**2022-24 Final Budget**  
**Operating Budget By Cost Center and Account Category**

	Treatment Facilities	Recl	L-M	Pump Stations	Collection System	A-E	S/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		119,373		428,399	805,181	1,674,460					3,027,412	23.77%	174,661	6.12%
Contract Services (Operations & Lab)	2,454,227		422,997					66,000			2,943,224	23.10%	145,329	5.19%
Employee Benefits		36,926		177,285	420,457	757,206					1,391,874	10.93%	52,938	3.95%
Retiree Health Benefits									210,617		210,617	1.65%	(94,918)	-31.07%
Pension Expense(Trust)									0		-	0.00%	-	0.00%
Directors' Fees						21,600					21,600	0.17%	-	0.00%
Election Expense									50,000		50,000	0%	-	0.00%
Gasoline, Oil & Fuel		1,500	500	7,500	21,000	2,800					33,300	0.26%	1,200	3.74%
Insurance	14,000								389,000		403,000	3.16%	119,000	41.90%
Ins Claims Expense									150,000		150,000	1.18%	100,000	200.00%
Agency Dues									75,000		75,000	0.59%	900	1.21%
Memberships/Certifications									17,000		17,000	0.13%	5,000	41.67%
Office Expense						17,000					17,000	0.13%	-	0.00%
Safety		1,000	1,000	4,500	6,000	2,800					15,300	0.12%	-	0.00%
Software Maint		2,000	1,000	7,200	25,000						35,200	0.28%	(30,500)	-46.42%
Operating Supplies		2,200	21,500	10,500	25,000	5,000		5,500			69,700	0.55%	4,200	6.41%
Operating Chemicals								98,560			98,560	0.77%	17,160	21.08%
Sludge Disposal-Contractual		260,000									260,000	2.04%	25,000	10.64%
Accounting & Auditing						47,000					47,000	0.37%	10,300	28.07%
Attorney									75,000		75,000	0.59%	5,000	7.14%
Outside Consulting						295,000					295,000	2.32%	28,200	10.57%
IT/Misc. Electrical						65,500					65,500	0.51%	19,100	41.16%
Safety & Wellness Incentive Program									10,000		10,000	0.08%	-	0.00%
Printing & Publication									15,000		15,000	0.12%	-	0.00%
Repairs & Maintenance		65,000	16,000	130,000	80,000	87,500		42,350			420,850	3.30%	31,350	8.05%
PSPS Costs				45,000							45,000	0.35%	5,000	12.50%
Unusual Equipment Maint	172,500										172,500	1.35%	22,500	15.00%
Small Tools		500		2,000	2,000						4,500	0.04%	(200)	-4.26%
Outside Services				85,000	130,000						215,000	1.69%	13,000	6.44%
Ditch/Dike Maintenance		11,500									11,500	0.09%	500	4.55%
Research & Monitoring			142,000					14,000			156,000	1.22%	3,000	1.96%
Travel, Mtgs & Train.									75,000		75,000	0.59%	7,000	10.29%
Pollution Prevention/Pub. Ed.			35,000								35,000	0.27%	5,000	16.67%
Gas & Electricity	855,846	85,000		128,000				57,200			1,126,046	8.84%	179,284	18.94%
Water		5,000		7,500	12,000						24,500	0.19%	-	0.00%
Telephone				46,000	3,000	13,500					62,500	0.49%	(1,000)	-1.57%
Other/Operational Assistance					1,300						1,300	0.01%	-	0.00%
Permits & Fees	90,000	8,000	8,600	7,500	123,000			0			237,100	1.86%	23,300	10.90%
Co. Collection Fees									77,000		77,000	0.60%	7,000	10.00%
Ser. Chg. System Exp									5,000		5,000	0.04%	-	0.00%
Property Tax allocation (LISRAP/SSCs)									70,000		70,000	0.55%	45,000	180.00%
COVID-19 Impact										50,000	50,000	0.39%	(596,500)	-92.27%
AB 939 Solid Waste Programs							623,390				623,390	4.89%	103,324	19.87%
Subtotal before Pass through expenses	3,586,573	597,999	648,597	1,086,384	1,653,938	2,989,366	623,390	283,610	1,218,617	50,000	12,738,472	100.00%	430,128	3.49%
Pass through expenses							(623,390)	(283,610)			(907,000)	-7.67%	(138,234)	
<b>Total</b>	<b>3,586,573</b>	<b>597,999</b>	<b>648,597</b>	<b>1,086,384</b>	<b>1,653,938</b>	<b>2,989,366</b>	<b>0</b>	<b>0</b>	<b>1,218,617</b>	<b>0</b>	<b>11,831,472</b>	<b>92.33%</b>	<b>291,894</b>	<b>2.53%</b>
	30.31%	5.05%	5.48%	9.18%	13.98%	25.27%	0.00%	0.00%	10.31%	0.00%	100.00%			

## ***SECTION III***

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

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Collections**

<b>Collections Cost Center - 60000</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>60010 · Salaries &amp; Wages</b>	705,316	765,193	713,601	767,247	805,181	840,959
<b>60020 · Employee Benefits</b>	354,915	389,406	349,714	418,767	420,457	429,124
<b>60060 · Gas, Oil &amp; Fuel</b>	20,000	21,000	22,456	21,000	21,000	22,000
<b>60085 · Safety</b>	5,700	6,000	5,507	6,000	6,000	6,500
<b>60091 · Software Maint</b>	60,000	41,500	12,533	25,000	25,000	26,000
<b>60100 · Operating Supplies</b>	28,000	25,000	25,529	25,000	25,000	26,000
<b>60150 · Repairs &amp; Maint</b>	75,000	77,000	72,733	80,000	80,000	84,000
<b>60152 · Small Tools</b>	2,000	2,000	278	2,000	2,000	2,000
<b>60153 · Outside Services</b>	125,000	133,000	139,502	130,000	130,000	135,000
<b>60192 · Water</b>	12,000	12,000	7,648	12,000	12,000	12,000
<b>60193 · Telephone</b>	4,000	4,000	2,170	3,000	3,000	3,000
<b>60200 · Other(Garbage Coll)</b>	1,300	1,300	722	1,300	1,300	1,300
<b>60201 · Permits &amp; Fees</b>	85,000	103,000	26,057	123,000	123,000	125,000
	<b>1,478,231</b>	<b>1,580,399</b>	<b>1,378,450</b>	<b>1,614,314</b>	<b>1,653,938</b>	<b>1,712,883</b>

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Treatment Facilities**

<b>Treatment Facilities Cost Center - 61000</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>61000-1 · Fixed Fee <sup>(1)</sup></b>	2,341,809	2,328,877	2,337,448	2,444,136	2,454,227	2,532,762
<b>61000-2 · Insurance &amp; Bonds</b>	14,000	14,000	940	14,000	14,000	14,000
<b>61000-3 · Major Repair/Repl <sup>(2)</sup></b>	150,000	150,000	34,737	181,500	172,500	198,375
<b>61000-4 · Water/Permits/Phone</b>	90,000	90,000	78,959	90,000	90,000	90,000
<b>61000-5 · Gas &amp; Electricity <sup>(3)</sup></b>	727,460	705,460	778,042	777,769	855,846	941,430
	<b>3,323,269</b>	<b>3,288,336</b>	<b>3,230,125</b>	<b>3,507,406</b>	<b>3,586,572</b>	<b>3,776,567</b>

**Comments:**

**(1) Fixed fee - escalated by CPI as allowed by contract, where the CPI factor is based on the Consumer Price Index, as published by the US Bureau of Labor Statistics, Series ID: CUURS49BSA0 (April-to-April).**

FY 21-22: actual fees = \$2,337,448

FY 22-23: \$2,337,448 \* 1.05 = 2,454,227 (Proposed Final - based on actual CPI of ~5% (April-to-April)

FY 23-24: \$2,454,227 \* 1.032 = \$2,532,762 (Preliminary - based on assumed 3.2% CPI)

**(2) Major Repair/Replacement - assumes 15% increase in FY 22-23 Y-o-Y due to aging equipment.**

**(3) Assumes 10% increase for purchased utility power in each of FY 22-23 & FY 23-24, based on FY 21-22 expenditures.**

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Reclamation**

<b>Reclamation Cost Center - 63000</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>63010 · Salaries &amp; Wages</b>	93,786	111,304	92,001	117,889	119,373	125,043
<b>63020 · Employee Benefits</b>	26,958	30,099	27,599	37,123	36,926	37,965
<b>63060 · Gasoline &amp; Oil</b>	1,000	1,000	1,097	1,500	1,500	1,500
<b>63085 · Safety</b>	1,000	1,000	-	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	61	2,200	2,200	2,200
<b>63115 · Sludge Disposal</b>	225,000	235,000	233,110	260,000	260,000	270,000
<b>63150 · Repairs &amp; Maint</b>	60,000	55,000	54,947	65,000	65,000	68,000
<b>63152 · Small Tools</b>	500	500	-	500	500	500
<b>63157 · Ditch/Dike Maint</b>	11,000	11,000	9,557	11,500	11,500	11,500
<b>63191 · Gas &amp; Electricity</b>	65,000	70,000	109,571	85,000	85,000	85,000
<b>63192 · Water</b>	5,000	5,000	2,248	5,000	5,000	5,000
<b>63201 · Permits &amp; Fees</b>	5,000	5,500	8,799	8,000	8,000	8,000
	<b>498,244</b>	<b>529,403</b>	<b>539,991</b>	<b>596,713</b>	<b>597,999</b>	<b>617,708</b>

\*

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Laboratory**

<b>Laboratory Cost Center - 64000</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>64010 · Contract Lab Services <sup>(1)</sup></b>	405,180	403,018	391,191	422,997	422,997	423,747
<b>64060 · Gasoline &amp; Oil</b>	500	500	252	500	500	500
<b>64085 · Safety</b>	1,000	1,000	224	1,000	1,000	1,000
<b>64091 · Software Maintenance</b>	1,000	2,200	0	1,000	1,000	1,000
<b>64100 · Operating Supplies</b>	20,500	21,000	5,975	21,500	21,500	22,000
<b>64150 · Repairs &amp; Maintenance</b>	16,500	16,500	3,205	16,000	16,000	16,500
<b>64160 · Research &amp; Monitoring</b>	131,000	139,000	125,462	142,000	142,000	145,000
<b>64170 · Pollution Prev/Public Ed</b>	30,000	30,000	20,704	35,000	35,000	37,500
<b>64201 · Permits &amp; Fees</b>	7,500	7,800	7,322	8,600	8,600	9,000
	<b>613,180</b>	<b>621,018</b>	<b>554,334</b>	<b>648,597</b>	<b>648,597</b>	<b>656,247</b>

**Comments:**

- (1) Includes fees and charges paid for contract laboratory and environmental services provided by Veolia Water and North Marin Water District (NMWD).  
FY 22-23 budget amount includes fee increase of 5.2% (Veolia) and \$15.8K (NMWD).

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Pump Stations**

<b>Pump Stations Cost Center - 65000</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>65010 · Salaries &amp; Wages</b>	355,629	416,399	355,554	422,364	428,399	453,158
<b>65020 · Employee Benefits</b>	147,723	169,562	144,566	175,535	177,285	181,843
<b>65060 · Gasoline &amp; Oil</b>	6,560	6,800	7,247	7,500	7,500	7,500
<b>65085 · Safety</b>	4,000	4,500	2,196	4,500	4,500	4,500
<b>65091 · Software Maintenance</b>	7,000	7,000	6,758	7,200	7,200	7,500
<b>65100 · Operating Supplies</b>	10,000	7,500	7,421	10,500	10,500	11,000
<b>65150 · Repairs &amp; Maintenance</b>	125,000	121,000	83,187	130,000	130,000	130,000
<b>65152 · Small Tools</b>	2,100	2,200	2,019	2,000	2,000	2,000
<b>65153 · Outside Services</b>	77,500	82,000	55,373	85,000	85,000	110,000
<b>65191 · Gas &amp; Electricity</b>	118,000	124,000	117,492	128,000	128,000	130,000
<b>65192 · Water</b>	7,200	7,500	8,555	7,500	7,500	7,500
<b>65193 · Telephone</b>	45,000	46,000	35,715	46,000	46,000	46,000
<b>65201 · Permits &amp; Fees</b>	7,500	7,500	7,426	7,500	7,500	8,000
<b>65301 · PSPS impacts <sup>(1)</sup></b>	45,000	40,000	0	45,000	45,000	45,000
	<b>958,212</b>	<b>1,041,961</b>	<b>833,507</b>	<b>1,078,600</b>	<b>1,086,384</b>	<b>1,144,001</b>

<sup>(1)</sup> Allowance for impacts from PG&E related PSPS events (PSPS - Public Safety Power Shutdowns).

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Administration/Engineering**

<b>Administration and Engineering Cost Center - 66000</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>66010 · Salaries &amp; Wages</b>	1,407,917	1,559,855	1,363,124	1,637,400	1,674,460	1,740,860
<b>66020 · Employee Benefits</b>	688,976	749,868	740,026	761,343	757,206	775,967
<b>66030 · Director's Fees</b>	23,400	21,600	19,800	23,400	21,600	23,400
<b>66060 · Gasoline &amp; Oil</b>	2,700	2,800	2,897	2,800	2,800	2,900
<b>66085 · Safety</b>	3,300	2,800	2,206	2,800	2,800	3,300
<b>66090 · Office Expense</b>	28,000	17,000	20,046	17,000	17,000	22,000
<b>66100 · Admin/Engineering Supplies</b>	5,000	5,000	1,907	5,000	5,000	5,000
<b>66121 · Accounting &amp; Auditing</b>	31,000	36,700	47,279	37,500	47,000	47,738
<b>66123 · O/S Contractual</b>	256,000	266,800	231,064	247,000	295,000	323,150
<b>66124 · IT/Misc Electrical</b>	49,300	46,400	34,948	65,500	65,500	42,500
<b>66150 · Repairs &amp; Maintenance</b>	85,000	85,000	82,781	87,500	87,500	90,000
<b>66193 · Telephone</b>	14,000	13,500	14,126	13,500	13,500	14,000
	<b>2,594,593</b>	<b>2,807,324</b>	<b>2,560,206</b>	<b>2,900,742</b>	<b>2,989,366</b>	<b>3,090,814</b>

**Novato Sanitary District  
Final Operating Budget 2022-24  
PERSONNEL DETAIL**

FTE	Position	Cost Center	Pay Range	Salaries 2022-23	Salaries 2023-24
1.00	General Manager-Chief Engineer	A/E		285,348	293,908
1.00	Deputy General Manager	A/E	MC122.5	224,472	231,206
1.00	Field Services Manager	.25AE/.25CS/.25PS/.25Rec	MC119	189,180	194,855
1.00	Senior Engineer	.65AE/.25PS/.10Rec	MC116.5	119,340	147,504
0.46	Project Manager <sup>(1)</sup>	A/E	MC119	87,312	89,931
0.23	Administrative Services Specialist <sup>(1)</sup>	A/E	MC117.5	18,115	18,658
1.00	Administrative/Risk Services and Safety Officer	A/E	MC117.5	175,872	181,148
1.00	Administrative Assistant	A/E	MC103	82,536	85,012
1.00	Senior Secretary	A/E	MC108	105,336	108,496
1.00	Finance Officer	A/E	MC115	137,808	141,942
0.46	Finance Officer <sup>(1)</sup>	A/E	MC115	32,057	33,019
1.00	Staff Engineer	.5AE/.5CS	47	128,040	131,881
0.46	Staff Engineer <sup>(1)</sup>	.5AE/.5CS	47	51,216	52,752
1.00	Construction Inspector I	A/E	41.5	84,397	86,929
0.46	Construction Inspector II <sup>(1)</sup>	A/E	44.5	53,894	55,511
1.00	Information System Specialist II	.5AE/.5CS	43.5	107,976	111,215
1.00	Electrical/Instrumentation Tech	.34AE/.33PS/.33Rec	46.5	120,280	123,888
1.00	Collection System Superintendent	.67CS/.33PS	MC115	155,640	160,309
1.00	Collection System Leadworker	.67CS/.33PS	47	128,040	131,881
0.00	Collection System Worker III	.67CS/.33PS	43.5	-	-
3.00	Collection System Worker II	.67CS/.33PS	40.5	279,828	292,546
3.00	Collection System Worker I	.67CS/.33PS	38.5	237,562	254,886
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	Electrician <sup>(1)</sup>	.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		40,000	42,000
	Adjustment for CMSA Reimbursement <sup>(2)</sup>	A/E		(22,973)	(23,323)
	Subtotal			2,898,116	3,024,998
	Allowance for salary adjustments (including COLA)			129,296	135,022
24.47				3,027,412	3,160,020

		2022-23	2023-24
Administration and Engineering (A/E)		1,674,460	1,740,860
Collection System	67%	805,181	840,959
Pump Stations	33%	428,399	453,158
Reclamation Facilities		119,373	125,043
Total/Check		3,027,412	3,160,020

(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  
2022-24 Final Budget  
Operating Budget - Solid/Household Hazardous Wasts**

<b>Solid/HHW Cost Center - 67000</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>67400 · Management Services</b>	150,000	155,250	83,032	158,500	158,500	163,250
<b>67500 · Household Haz. Waste</b>	310,000	327,816	317,474	350,000	350,000	400,000
<b>67530 · Used Oil Grant</b>	11,269	7,000	5,400	7,000	7,000	7,000
<b>67540 · Education/Public Outreach</b>	18,000	15,000	21,937	17,000	17,000	19,000
<b>67600 · Other</b>	5,000	5,000	1,471	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>67620 · SB1383 CalRecycle</b>	0	0	0	75,890	75,890	0
	<b>504,269</b>	<b>520,066</b>	<b>439,315</b>	<b>623,390</b>	<b>623,390</b>	<b>604,250</b>

**Comments:**

Proposed budget by Solid/Household Haz Waste Coordinator.

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Recycled Water**

<b>Recycled Water Cost Center - 68000</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>68010 · O &amp; M Services</b>	66,000	66,000	71,832	66,000	66,000	66,000
<b>68100 · Operating Supplies</b>	5,000	5,000	2,067	5,500	5,500	6,050
<b>68101 · Operating Chemicals (1)</b>	74,000	81,400	85,034	98,560	98,560	108,416
<b>68150 · Repairs &amp; Maintenance (1)</b>	35,000	35,000	8,774	42,350	42,350	46,585
<b>68160 · Research &amp; Monitoring</b>	14,000	14,000	15,532	14,000	14,000	14,000
<b>68191 · Gas &amp; Electricity (1)</b>	43,000	47,300	43,130	57,200	57,200	62,920
	<b>237,000</b>	<b>248,700</b>	<b>226,370</b>	<b>283,610</b>	<b>283,610</b>	<b>304,000</b>

**Comments:**

Per Veolia staff:

(1) Budget includes estimated increase of 21% in FY 22-23, and 10% in FY 23-24 to account for increase in chemical costs, aging equipment and purchased utility power/gas costs.,

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - Non-Departmental**

Non-Departmental (District-wide allocations) Cost Center - 69000	Adopted Budget 2020-21	Adopted Budget 2021-22	Actual Expenses 2021-22	Adopted Preliminary Budget 2022-23	Final Budget 2022-23	Preliminary Budget 2023-24
<b>Accounts</b>						
69021 · Retiree Health Benefits <sup>(1)</sup>	193,612	185,508	186,749	210,617	210,617	227,467
69021-1 · Retiree Health Benefits <sup>(2)</sup>	125,631	120,027	120,027	0	0	0
69022 · Pension Expense <sup>(3)</sup>	416,603	0	0	0	0	0
69040 · Election Expenses	30,000	50,000	34,986	50,000	50,000	10,000
69070 · Insurance	204,000	270,000	323,006	389,000	389,000	439,000
69071 · Insurance Claim Expense	45,000	50,000	0	150,000	150,000	150,000
69075 · Agency Dues	76,800	74,100	65,653	75,000	75,000	80,000
69080 · Memberships/Certifications	11,000	12,000	13,426	17,000	17,000	18,000
69122 · Attorney Fees	55,000	70,000	23,942	75,000	75,000	80,000
69125 · Safety & Wellness Incent Prog	10,000	10,000	1,537	10,000	10,000	10,000
69130 · Printing & Publications	15,000	15,000	12,490	15,000	15,000	20,000
69170 · Board Travel & Training	22,000	24,000	3,407	28,000	25,000	30,000
69171 · Staff Travel & Training	54,000	44,000	18,492	54,000	50,000	51,500
69201 · Property Tax Alloc (LISRAP/SSCs) <sup>(4)</sup>	90,000	25,000	1,906	200,000	70,000	80,000
69202 · County Fees-Property Taxes	35,000	36,000	31,176	37,000	37,000	37,000
69203 · County Fees-Sewer Ser Chg	33,000	34,000	28,951	35,000	40,000	40,000
69250 · Service Charge Sys Exp	5,000	5,000	600	5,000	5,000	7,500
	<b>1,421,646</b>	<b>1,024,635</b>	<b>866,346</b>	<b>1,350,617</b>	<b>1,218,617</b>	<b>1,280,467</b>

**Comments:**

\*

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

(2) Represents FY 22-24 Unfunded Actuarial Liability (UAL) contributions into the PARS Trust (OPEB sub-account) established November 2016. This line item account is projected to "zero out" in FY 22-23 and FY 23-24, after a \$1.0 million transfer to the OPEB Trust Fund from the Operating Fund (see line item titled "Transfers Out - to OPEB Trust Fund", Page 2 - Summary of Fund Balances).

(3) The District refinanced its Pension UAL with its 2020 Wastewater Revenue Refunding Bonds, thereby eliminating its GASB 68 related Pension Liability as of FY20-21. Based on this, no further contributions into the District's PARS Trust (Pension sub-account) are anticipated.

(4) Property tax allocations to annual LISRAP and/or Sewer Service Charge adjustments.

\*PARS = Public Agency Retirement Services.

OPEB = Other Post-Employment Benefits.

LISRAP = Low Income Sewer Rate Assistance Program

**Novato Sanitary District  
2022-24 Final Budget  
Operating Budget - COVID-19 Expenditures**

<b>COVID-19 Expenses Cost Center - 69300</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Expenses 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>69301 · Allowance for SSC Revenue Red. Impacts<sup>(1)</sup></b>	895,300	630,000	0	50,000	50,000	25,000
<b>69323 · O/S Contractual</b>	10,000	10,000	0	0	0	0
<b>69324 · IT/Misc. Expenses</b>	6,000	2,500	1,673	0	0	0
<b>69385 · Safety Supplies/Equipment</b>	5,000	4,000	0	0	0	0
	<b>916,300</b>	<b>646,500</b>	<b>1,673</b>	<b>50,000</b>	<b>50,000</b>	<b>25,000</b>

**Comments:**

<sup>(1)</sup> 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  
2022-24 Final Budget  
Capital Improvement Budget - Summary of Revenues**

<b>Capital Fund Revenue Center - 51000</b>	<b>Adopted Budget 2020-21</b>	<b>Adopted Budget 2021-22</b>	<b>Actual Revenue 2021-22</b>	<b>Adopted Preliminary Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>Preliminary Budget 2023-24</b>
<b>Accounts</b>						
<b>Capital Improvement Income</b>						
<b>51010 · Sewer Service Charges<sup>(1)</sup></b>	8,669,472	8,681,232	8,680,241	8,976,512	8,421,491	8,988,672
<b>51015 · Property Taxes<sup>(2)</sup></b>	1,671,396	2,035,611	2,231,982	2,002,115	2,066,395	2,128,387
<b>51015-1 · Redevelopment Agency<sup>(3)</sup></b>	0	0	42,598	0	0	0
<b>51020 · Connection Charges<sup>(4)</sup></b>	489,600	504,400	2,068,106	519,600	519,600	535,188
<b>51040 · Special Equalization Chrg</b>	1,000	1,000	0	1,000	1,000	1,000
<b>51060 · Interest</b>	20,000	25,200	58,505	29,400	211,457	157,808
<b>51070 · Other Revenue</b>	20,000	20,000	71,902	20,000	20,000	20,000
<b>51072 · Grant Revenue - SGIP<sup>(5)</sup></b>	0	282,000	0	282,000	282,000	0
<b>Total Capital Improvement Income</b>	<b>10,871,468</b>	<b>11,549,443</b>	<b>13,153,334</b>	<b>11,830,627</b>	<b>11,521,943</b>	<b>11,831,055</b>

**Comments:**

<sup>(1)</sup> For FY 22-23, estimated from Sewer Service Charge (SCC) rates as set by the Board at its August 5, 2022 meeting, and SSC revenue received in FY 21-22, less annual LISRAP/SSC adjustments.

For FY 23-24, the avg. SSC is assumed to be \$677/EDU, split between operating (\$373) and capital (\$304).

<sup>(2)</sup> Projections based on actual FY 21-22 property tax revenue escalated by 3% per year for each of FY 22-23 and FY 23-24, and allocated between operating (25%) and capital (75%) in FY 22-23 and FY 23-24.

<sup>(3)</sup> 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.

<sup>(4)</sup> Connection Charges projected at 40 new connections each year.

- Per District Ordinance No. 119, the connection charge beginning July 1, 2022 is \$12,990 per EDU, and increases by 3% on July 1, 2023 to \$13,380 per EDU.

<sup>(5)</sup> Reflects reimbursement of District expenses from the Small Generator Incentive Program (SGIP) up to an allowable maximum amount of \$282,000. Also, due to supply chain issues at the the District's vendor, the timing of reimbursable payment is delayed into FY 22-23.

**Novato Sanitary District  
2022-24 Final Budget  
Capital Improvement Budget - CIP Expenditures**

Capital Improvements Cost Centers - 72000, 73000, & 78500	Adopted Budget 2020-21	Adopted Budget 2021-22 <sup>(1)</sup>	Actual Expenses 2021-22	Adopted Preliminary Budget 2022-23	Committed Expenses 2022-23 <sup>(2)</sup>	Final New Exp 2022-23	Final Budget 2022-23	Preliminary Budget 2023-24
<b>Accounts</b>								
72112 · Network and SCADA Upgrades	225,000	275,000	68,192	310,000	0	310,000	310,000	565,000
72403 · Pump Station Rehabilitation	1,083,241	2,775,000	618,413	5,490,000	4,871,550	618,450	5,490,000	3,120,000
72508 · North Bay Water Reuse Authority (NBWRA)	25,000	25,000	13,934	25,000	0	25,000	25,000	25,000
72706 · Collection System Improvements	2,505,000	3,695,000	2,025,151	3,260,000	2,527,000	733,000	3,260,000	5,525,000
72706-1 · Lateral Replacement Program	60,000	80,000	66,000	80,000	0	80,000	80,000	80,000
72707 · Hamilton Wetlands/Outfall Integration	22,806	30,000	4,505	5,000	0	5,000	5,000	5,000
72708 · Cogeneration/Alt. Energy	1,100,000	645,000	157,703	550,000	115,000	435,000	550,000	3,000,000
72802 · Annual Sewer Adj. for City Proj	50,000	50,000	30,045	50,000	0	50,000	50,000	50,000
72803 · Annual Collection Sys Repairs	105,000	100,000	49,397	100,000	0	100,000	100,000	110,000
72804 · Annual Reclamation Fac Improvements	535,000	450,000	284,654	745,000	400,000	345,000	745,000	170,000
72805 · Annual Treatment Plant Improvements	178,318	145,000	93,631	100,000	0	100,000	100,000	110,000
72806 · Annual Pump Station Improvements	240,000	220,000	118,560	200,000	0	200,000	200,000	210,000
72807 · Annual Ignacio Facility Improvements	143,290	240,000	76,064	125,000	0	125,000	125,000	75,000
72808 · Strategic Plan Update	20,000	20,000	0	5,000	0	5,000	5,000	5,000
72809 · Novato Creek Watershed	5,000	5,000	8,838	5,000	0	5,000	5,000	5,000
73003 · Admin Building Upgrade/Maint. Building	350,000	400,000	95,146	410,000	0	410,000	410,000	120,000
73004 · Odor Control and NTP Landscaping	50,000	75,000	11,602	150,000	0	150,000	150,000	50,000
73006 · NTP Corrosion Control	480,000	355,000	378,386	300,000	0	300,000	300,000	100,000
73007 · Solids Management	175,000	10,000	1,278	125,000	0	125,000	125,000	275,000
73008 · Treatment Plant Elec Sys Improvements	NA	NA	NA	20,000	0	20,000	20,000	20,000
73009 · Climate Adaption Improvements	NA	NA	NA	20,000	0	20,000	20,000	20,000
73090 · Vehicle Replacement	737,345	270,000	11,814	50,000	0	50,000	50,000	50,000
<b>Subtotal before Debt Service</b>	<b>8,090,000</b>	<b>9,865,000</b>	<b>4,113,313</b>	<b>12,125,000</b>	<b>7,913,550</b>	<b>4,211,450</b>	<b>12,125,000</b>	<b>13,690,000</b>
78500 · Interest - SRF Loan	0	0	0	0	0	0	0	0
78501 · Principal - SRF Loan	0	0	0	0	0	0	0	0
78500 · Interest - 2017 Rev. Refunding Bond	590,000	547,500	547,500	503,000	0	503,000	503,000	457,000
78501 · Principal - 2017 Rev. Refunding Bond	850,000	890,000	890,000	920,000	0	920,000	920,000	965,000
78500 · Interest - 2019 Refunding Bond	2,084,350	1,934,100	1,934,100	1,776,350	0	1,776,350	1,776,350	1,610,850
78501 · Principal - 2019 Refunding Bond	3,005,000	3,155,000	3,155,000	3,310,000	0	3,310,000	3,310,000	3,475,000
<b>Subtotal for Debt Service</b>	<b>6,529,350</b>	<b>6,526,600</b>	<b>6,526,600</b>	<b>6,509,350</b>	<b>0</b>	<b>6,509,350</b>	<b>6,509,350</b>	<b>6,507,850</b>
<b>Totals</b>	<b>14,619,350</b>	<b>16,391,600</b>	<b>10,639,913</b>	<b>18,634,350</b>	<b>7,913,550</b>	<b>10,720,800</b>	<b>18,634,350</b>	<b>20,197,850</b>

**Comments:**

<sup>(1)</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".

<sup>(2)</sup> Includes amounts committed or encumbered for multi-year contracts awarded (or expenses authorized) in FY 21-22, that may be partially or fully expended in FY 22-23.

# Novato Sanitary District

## MEMORANDUM

**TO:** District Board of Directors

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

**COMMITTEE**

**MEETING DATE:** September 12, 2022

**SUBJECT:** FY 22-24 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 22-24.

A copy of the anticipated two-year FY 22-24 capital improvement expenditures is included as Table 1: 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 completed in FY 21-22.

Implementation of the IT Master Plan includes approximately \$2.4M of projects over approximately 5 years, with Cyber and Physical Security assessments totaling \$50,000 in the 4<sup>th</sup> quarter of FY 21-22; \$310,000 budgeted in FY22-23 to update the District's Enterprise Content Management System, Procurement System and GIS Database System; and \$565,000 in FY 23-24 for a new CMMS, developing online services/e-forms capabilities, and upgrading the District's permitting system; with the remainder of the work to be budgeted and expended in the following three years (i.e. FY 24-27). Additionally, computer network and SCADA upgrades will commence in the first half of FY 22-23.

### **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 from PG&E's Public Safety Power Shutoff events (PSPS) that highlighted the need for several additional short- and long-term projects to assure resiliency of District operations, including the following five major 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. Construction commenced the last quarter of FY 21-22, and will extend into FY 22-23.
2. Marin Village Pump Station: Project to replace the existing wet well/dry well type pump station with new submersible pump-type station. Construction commenced in the last quarter of FY 21-22, and will extend into FY 22-23.
3. Ignacio Transfer Pump Station: Project to replace the generator and upgrade switchgear. Engineering design work commenced in the last quarter of FY 21-22 with construction anticipated in FY 22-23, and will extend into FY 23-24.
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 22-23, extending into FY 23-24.
5. Bahia Pump Station: This account includes funds in FY 23-24 for a scoping study and preliminary design for pump station upgrades.

Note: The rehabilitation schedule for the Vintage Oaks pump stations will potentially be affected 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 22-23 will be the ninth 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 22-23, 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 22-24 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. Bel Marin Keys Sewer Rehab: The project includes the removal and replacement of approximately 300 feet of 10-inch sewer main with new PVC sewer main using traditional cut-and-cover construction. Construction was completed in the last quarter of FY 21-22. A placeholder amount of \$10,000 is provided in FY 22-23 for any warranty/closeout related items.
2. Lines E&F Pipebursting: 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 completed first quarter of FY 21-22. A placeholder amount of \$10,000 is provided in FY 22-23 for any warranty/closeout related items.

3. Center Road- Western to St. Francis: 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 is anticipated to be completed in the last quarter of FY 21-22, with construction anticipated to commence FY 22-23.
4. Elm Drive and East Court: 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 22-23, with construction commencing in FY 23-24.
5. Del Mar Avenue Sewer Improvements: Replacement of about 2,200 feet of sewer main in Del Mar Ave., Hotchkin 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 CSMP. Construction commenced in FY 21-22, and will extend into FY 22-23.
6. Collection System Master Plan: This account includes funds in FY 22-23 for follow up work associated with the Collection System Master Plan (CSMP) in the Project Verification and Implementation Planning effort including additional flow monitoring.
7. Vineyard Creek Bank Stabilization: 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 was completed in FY 21-22. A placeholder amount of \$10,000 is provided in FY 22-23 for any warranty/closeout related items.
8. Novato Blvd. Trunk Sewer: 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 22-23, extending into FY 23-24.
9. Enfrente Highway 101 Crossing: Abandonment of the Enfrente pump station to convert to gravity flow via an underground crossing to the east side of Highway 101. Design work will potentially commence in the fourth quarter of FY 21-22 and extend into FY 22-23, with construction anticipated FY 23-24.
10. Arthur Street Sewer Improvements: Replacement of approximately 1,200 feet of sewer main in Arthur Street with new 15-inch PVC pipe from west of Hayes Street to S. Novato Blvd. This is a capacity improvement project identified in the CSMP. Engineering Design work will begin FY 22-23, with construction anticipated in FY 23-24.

#### **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 21-22, the District budgeted an overall budget amount of \$80,000 for this program.

It is expected that most of the budget funds will be expended in FY 21-22. Staff expect the same level of participation in FY 22-23. 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 \$80,000 in each of FY 22-24.

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 completed construction on Phase I of the BMK Unit V Wetland Restoration Project. While all funding to implement subsequent phases of this project will be provided by the SCC, this account will continue to retain nominal budget amounts in FY 22-24 to meet any minor or unanticipated District expenses for coordination work with SCC staff.

#### **Account No. 72708: Cogeneration/Alternative Energy**

Cogeneration System: This account will fund the design and construction of a cogeneration project that will utilize digester gas produced in the anaerobic digestion process to produce power that may result in an offset to the District's utility power purchases. The Basis of Design effort will be completed in the fourth quarter of FY 21-22. Engineering Design will commence FY 22-23 with construction anticipated to commence in FY 23-24.

Battery Energy Storage System (BESS): 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 March of 2021 and entered into a BESS Supply and Installation and BESS Services Agreements with Tesla, Inc. in the third quarter of FY 21-22. Installation of the BESS will be completed in FY 22-23.

Alternative Energy: Additionally, this account includes provisions to consider the feasibility of future options in the alternative energy space.

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).

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 inspection of the District's outfall.

**Account No. 72805: Annual Treatment Plant Improvements**

This account is established to fund small projects to repair District treatment related facilities at the Novato Treatment Plant, and seeks 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. The 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 22-23, this account will fund installation of security cameras at various pump stations and upgrades to the dry weather pumps at 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 abandoned treatment units of the decommissioned Ignacio Treatment Plant (ITP). Additionally, this account will fund new water and fire service lines and hydrants at the site.

**Account No. 72808: Strategic Plan Update:**

While no specific updates have been identified or are expected for FY 22-23, 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 impacts. 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 22-24. Future work (beyond FY 22-24) 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, as well as funds for upgrading the Admin building HVAC units, re-roofing 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. Additionally, in FY 22-23, this account will fund relocation of the foul air intake for primary clarifier No. 1 (PC1) and removal/abandonment of the PC1 odor bed.

**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 22-23. Remaining work for the Headworks Protective Coating Project will be completed in FY 22-23. Also, engineering design work for addressing corrosion of the metal work in primary clarifier No. 2 is budgeted for FY 22-23.

**Account No. 73007: Solids Management:**

This budget account was established in FY 21-22 and includes funds to address major maintenance or capital projects associated with the District’s solids processing. A “placeholder” amount of \$20,000 is being budgeted for each of FY 22-23 and FY 23-24 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. 73090: Vehicle Replacement**

This account includes budget amounts for the purchase of a light duty vehicle to replace the construction inspector’s truck, a high occupancy vehicle for the vehicle pool in FY 22-23, and a “placeholder” amount of \$50,000 in FY 23-24 for any other vehicle replacement as needed.

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## ***SECTION V***

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

**Novato Sanitary District  
2022-24 Final Budget  
Wastewater Capital Reserve Fund**

		2022-24	Budget
		Prelim	Final
<b>Wastewater Capital Reserve Fund</b>			
<b>FUND BALANCE 6/30/21 - Consists of: . . . . .</b>			
	Unused Bonding Capacity	3,275,000.00	3,275,000.00
	Transfers in prior years	1,149,653.00	1,149,653.00
	Balance before current year (FY 21-22) transfer	4,424,653.00	4,424,653.00
	Transfer in current year (FY 21-22)	100,000.00	
<b>FUND BALANCE 6/30/22 . . . . .</b>		<b>4,524,653.00</b>	<b>4,424,653.00</b>
<b>FUND BALANCE 6/30/22 - Consists of: . . . . .</b>			
	Unused Bonding Capacity	3,275,000.00	3,275,000.00
	Transfers in prior years	1,249,653.00	1,249,653.00
	Balance before proposed current year (FY 22-23) transfer	4,524,653.00	4,524,653.00
	Transfer in current year (FY 22-23)	400,000.00	400,000.00
<b>FUND BALANCE 6/30/23 . . . . .</b>		<b>4,924,653.00</b>	<b>4,924,653.00</b>
<b>FUND BALANCE 6/30/23 - Consists of: . . . . .</b>			
	Unused Bonding Capacity	3,275,000.00	3,275,000.00
	Transfers in prior years	1,649,653.00	1,649,653.00
	Balance before proposed current year (FY 22-23) transfer	4,924,653.00	4,924,653.00
	Proposed Transfer in current year (FY 23-24)	400,000.00	400,000.00
<b>ANTICIPATED FUND BALANCE 6/30/23 . . . . .</b>		<b>5,324,653.00</b>	<b>5,324,653.00</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  
2022-24 Final Budget  
Rate Stabilization Fund**

		<b>2022-24</b>	<b>Budget</b>
		Prelim	Final
<b><u>RATE STABILIZATION FUND</u></b>			
	<b>FUND BALANCE 6/30/21 .....</b>	1,844,811	1,844,811
	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>
	Required Deposits/Transfers from Operating	58,715	58,715
	<b>FUND BALANCE 6/30/24 .....</b>	<b>2,015,875</b>	<b>2,015,875</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 Annual Comprehensive Financial Report (ACFR).		

## ***SECTION VII***

### ***DEBT SERVICE SUMMARY AND BALANCES***

**Novato Sanitary District  
2022-24 Final Budget  
Debt Service Summary**

DEBT SERVICE REQUIREMENTS							UAL			
The principal of and interest payable on, the District's outstanding 2017, 2019, and 2020 Bonds, is										
Fiscal Year	2017 Bonds*			2019 Bonds*			2020 Bonds**			
Ending June 30	Principal	Interest	Total	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	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
Total	\$12,620,000	\$4,440,000	\$17,060,000	\$46,145,000	\$14,387,886	\$60,532,886	\$6,467,000	\$1,714,716	\$8,181,716	\$85,774,602
*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  
2022-24 Final Budget  
2017, 2019, and 2020  
Wastewater Revenue Bonds - Balances**

		<b>2022-24 Budget</b>		
		Preliminary	Final	
<b><u>2017 Wastewater Revenue Refunding Bonds</u></b>				
<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>DEBT BALANCE 6/30/22</b> . . . . .		10,060,000	10,060,000	
Principal Payment 2022-23		(920,000)	(920,000)	
Interest payments 2022-23		(503,000)	(503,000)	
Transfer from Capital Improvement Fund 2022-23		503,000	503,000	
<b>ANTICIPATED DEBT BALANCE 6/30/23</b> . . . . .		9,140,000	9,140,000	
<b><u>2019 Wastewater Revenue Bonds</u></b>				
<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>DEBT BALANCE 6/30/22</b> . . . . .		36,505,000	36,505,000	
Principal Payment 2022-23		(3,310,000)	(3,310,000)	
Interest payments 2022-23		(1,776,350)	(1,776,350)	
Transfer from Capital Improvement Fund 2022-23		1,776,350	1,776,350	
<b>ANTICIPATED DEBT BALANCE 6/30/23</b> . . . . .		33,195,000	33,195,000	
<b><u>2020 Wastewater Revenue Refunding Bonds <sup>(1)</sup></u></b>				
<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>DEBT BALANCE 6/30/22</b> . . . . .		6,233,000	6,233,000	
Principal Payment 2022-23		(301,000)	(301,000)	
Interest payments 2022-23		(154,342)	(154,342)	
Transfer from Capital Improvement Fund 2022-23		154,342	154,342	
<b>ANTICIPATED DEBT BALANCE 6/30/23</b> . . . . .		5,932,000	5,932,000	
	<b>Budget</b>	<b>Actual</b>	<b>Proposed</b>	<b>Preliminary</b>
	<b>Budget</b>	<b>Rev/Exp</b>	<b>Budget</b>	<b>Budget</b>
<b>Debt Coverage Ratio <sup>(2)</sup></b>	<b>2021-22</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Net Operating Revenue	58,692	2,075,273	132,510	110,806
Capital Revenue	11,549,443	13,031,636	11,939,803	11,984,406
Annual Debt Service	6,526,600	6,526,600	6,951,550	6,963,192
Debt Coverage Ratio	1.78	2.31	1.74	1.74
<b>(1) Debt service for the 2020 Wastewater Revenue Refunding Bonds is allocated to the employee benefits account of each relevant cost center to reflect the nature of the debt issuance i.e., to pay off the CalPERS UAL of the employees' pension plan.</b>				
<b>(2) Debt Coverage Ratio (DCR) = (Net Operating Revenue + Capital Revenue)/ Annual Debt Service</b>				
<b>While not required to do so by any of its debt covenants, the District elects to calculate its DCR and maintain a minimum value of 1.20 to comport with generally accepted accounting "best practices".</b>				