NOVATO SANITARY DISTRICT

Meeting Date: August 10, 2026

The Board of Directors of the Novato Sanitary District will hold a regular in-person meeting at 5:30 p.m., Monday, August 10, 2026, at the District office, 500 Davidson Street, Novato.

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

REGULAR MEETING AGENDA

1. ROLL-CALL & PLEDGE OF ALLEGIANCE:

2. AGENDA APPROVAL (BY ACCLAMATION):

3. PUBLIC COMMENT (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT):

This item is to allow anyone wishing to address the Board of Directors on matters within the District's jurisdiction but not on the posted agenda. Each individual will be limited to a three-minute presentation. The Board President may refer any matter to staff for follow-up, or elect to have the matter placed on a future agenda. No action will be taken by the Board at this time as a result of any public comments made.*

**Note: Raise your hand and the Board President will recognize and notify you when it is your turn to speak.*

4. REVIEW OF MINUTES:

a. Approve minutes of the regular meeting of July 13, 2026.

5. CONSENT CALENDAR:

The General Manager–Chief Engineer has reviewed the following item(s) and has determined that they are routine in nature and, to his knowledge, without controversy. The item(s) can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.

a. Approve/ratify regular disbursements, July 14 - August 10, 2026.
b. Ratify payroll and payroll related disbursements, July 2026.
c. Receive deposit summary, July 2026.
d. Receive 4th Quarter Investment Report, Fiscal Year (FY) 25-26.
e. Receive 4th Quarter Financial Report, FY 25-26.
f. Receive Accounts Receivable (A/R) Summary Report as of July 31, 2026.
g. Approve transfer of $281,325.22 from the Capital Fund to the Operating Fund for staff time spent on Capital Fund projects in Fiscal Year (FY) 25-26.
h. Receive General Manager-Chief Engineer's report, National Association of Clean Water Agencies (NACWA) Utility Leadership Conference, 56th Annual Meeting and Awards Ceremony, in Cleveland, OH, July 14 - 17, 2026 – information only.

6. ANNUAL BUDGET:

a. Receive and adopt the Final Fiscal Year (FY) 26-27 District Annual Budget, subject to edits or amendments.
b. Adopt Resolution No. 3217 establishing the District's FY 26-27 Appropriations Limit.

7. WASTEWATER OPERATIONS:

a. Approve a proposal from Veolia Water for coating of secondary clarifier No. 2 metal work at the Novato Treatment Plant as "Additional Services" under Section 8 of the 2021 Extension to the Amended and Restated Contract Service Agreement (2021 Agreement), and authorize the General Manager-Chief Engineer to execute an Addendum to the 2021 Agreement in the not-to-exceed amount of $433,937.50 to perform this work.

b. Receive Wastewater Operations Report for July 2026 – information only:
   i. Collection Systems
   ii. Treatment Facilities
   iii. Reclamation Facilities

8. CAPITAL PROJECTS:

a. Approve an amendment to the contract with Dudek, Inc. in the amount of $90,425 for a new not-to-exceed amount of $532,225 for professional engineering services related to the Phase 2 Design of the Ignacio Transfer Pump Station Electrical Upgrades Project and authorize the General Manager-Chief Engineer to execute it.

b. Receive Capital Projects Update Report through July 2026 – information only.

9. STAFF REPORTS: (INFORMATION ONLY)

a. Receive report on CalPERS Health Plan Premium Rates for 2027.

b. Receive report on Fiscal Year (FY) 25-26 Capacity Charges, California Government Code (CGC) Section §66013.

c. Receive report on Uniform Public Construction Cost Accounting Act (UPCCAA) implementation for Fiscal Year (FY) 25-26.

10. GRAND JURY REPORT:

a. Review 2025-26 Marin County Civil Grand Jury report titled "*Better Service at Lower Cost — Optimizing Essential Services for the Future of Marin*", dated June 11, 2026.

b. Review draft response to the Grand Jury Report, and subject to any changes, edits, or revisions, authorize the Board President to provide the response to the Grand Jury.

11. BOARD OF DIRECTORS:

a. Adopt Resolution No. 3218 recognizing former Director Jean Mariani.

b. California Association of Sanitation Agencies (CASA) 2026 Annual Conference, Napa, CA, August 5-7, 2026 (verbal reports from attending Board members).

12. BOARD OF DIRECTORS – COMPENSATION, TRAVEL AND MEETINGS:

a. Approve Board Policy No. 4135, *Board Benefits*, including Attachment A, Board Health Plan Approval Procedures, and Attachment B, Board Health Reimbursement Procedures; and rescind Board Policy No. 4035, *Board of Directors' Health and Dental Insurance.*

b. (1) Hold public hearing on proposed Ordinance No. 125, An Ordinance Establishing Board Member Compensation and Adopting A Board Compensation Policy; (2) Adopt Ordinance No. 125, including Attachment A, Board Policy No. 4105, Board Compensation Policy.

13. GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:

a. Receive verbal report and announcements.

14. ADJOURN:

Next Resolution No. 3219.

Next regular meeting: Monday, September 14, 2026, 5:30 p.m.

Meeting location: Novato Sanitary District office, 500 Davidson Street, Novato, CA.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

NOVATO SANITARY DISTRICT

Draft Board Meeting Minutes
Meeting Date: July 13, 2026

A regular meeting of the Board of Directors of the Novato Sanitary District was held and called to order at 5:30 p.m., on Monday July 13, 2026, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Jerry Peters, Directors: Dennis Bentley (joined meeting @5:32), Carole Dillon-Knutson, Tim Fuette, Jeff Tarantino.

STAFF PRESENT: General Manager-Secretary Sandeep Karkal; Deputy General Manager Erik Brown; General Counsel/Administrative Services Manager Rachel Hundley; Information Technology & Security Officer Aaron Sternad; Administrative Services Analyst II Lynda Farmery.

ALSO PRESENT: John Bakker, Partner, Redwood Public Law.
Raquel Grande, Associate, Redwood Public Law.

ROLL-CALL & PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL (BY ACCLAMATION): The agenda was approved by acclamation.

PUBLIC COMMENT (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT): No public comments were submitted via email or regular mail prior to the meeting, and there were no public comments made during the public comment period.

CLOSED SESSION:
President Peters announced that the Board would go into closed session.
All attendees were excused from the meeting while the Board entered into closed session.

Conference With Legal Counsel—Anticipated Litigation
Paragraph (2) or (3) of subdivision (d) of Gov. Code § 54956.9
Significant exposure to litigation: (1)

STAFF PRESENT FOR CLOSED SESSION: General Manager-Secretary Sandeep Karkal, Deputy General Manager Erik Brown, and General Counsel Rachel Hundley.

ALSO PRESENT: John Bakker, Partner, Redwood Public Law.
Raquel Grande, Associate, Redwood Public Law.

CLOSED SESSION:
At 5:34 p.m. President Peters announced the Board would commence to meet in closed session.

Closed session ended at 6:09 p.m.

ADJOURN TO OPEN SESSION:
The Board adjourned to open session at 6:09 p.m. and attendees (noted below) rejoined the meeting.

BOARD MEMBERS PRESENT: President Jerry Peters, Directors: Dennis Bentley, Carole Dillon-Knutson, Tim Fuette, Jeff Tarantino

STAFF PRESENT: General Manager-Secretary Sandeep Karkal; Deputy General Manager Erik Brown; General Counsel/Administrative Services Manager Rachel Hundley; Field Services Manager Jeff Boheim; Environmental Programs Manager Casey Poldino; Finance Manager

Tony Clark; Information Technology & Security Officer Aaron Sternad; Administrative Services Analyst II Lynda Farmery.

ALSO PRESENT: Derek Dill, Project Leader, Veolia Water
Celia Furber, Waste Zero Manager, Recology Sonoma-Marin
Satu Taari, Waste Zero Specialist, Recology Sonoma-Marin

REPORT FROM CLOSED SESSION:
President Peters reported that the Board provided direction to staff.

REVIEW OF MINUTES:

Approve minutes of the Special meeting of June 24, 2026.
On motion of Director Fuette, seconded by Director Bentley, and carried by the following vote, the Board approved the minutes of the Special Meeting of June 24, 2026.
Ayes: Bentley, Dillon-Knutson, Fuette, Peters, Nos: None, Abstain: Tarantino

CONSENT CALENDAR:

a. Approval of Board member disbursements for the month of June 2026 in the amount of $2,809.03. Approval and ratification of operating check disbursements as follows: June 2026 second half in the amount of $735,021.92 and July 2026 first half in the amount of $254,901.01. Approval and ratification of capital check disbursements as follows: June 2026 second half in the amount $268,694.34 and July 2026 first half in the amount of $303,066.58.
b. Ratification of payroll and payroll related disbursements, June 2026 in the amount of $379,989.51.
c. Receive deposit summary, June 2026.
d. Approve the Environmental Programs Manager to attend the North American Hazardous Materials Management Association's (NAHMMA) 41st Annual Conference, in Nashville, Tennessee, October 11-15, 2026.
e. Authorize the General Manager-Chief Engineer to approve Project Plans for a Sewer Main Extension (SME), for 2019 Mill Road (Gamble Family SME).

On motion of Director Fuette, seconded by Director Tarantino, and carried unanimously, the Board approved the above listed consent calendar items.

SOLID/HOUSEHOLD HAZARDOUS WASTE OPERATIONS: (INFORMATION ONLY)

Receive Recology 1st Quarter 2026 report.
The General Manager introduced Ms. Satu Taari, Waste Zero Specialist, Recology Sonoma Marin. Ms. Taari reviewed RSM's 1st Quarter 2025 operations report by way of highlights of the written report provided in the agenda packet.

Receive 1st Quarter 2026 Disposal/Diversion report.
The General Manager introduced Casey Poldino, Environmental Programs Manager. Ms. Poldino reviewed the 1st Quarter 2025 Disposal/Diversion report by way of highlights of the written report provided in the agenda packet. She noted that the District is partnering with Recology working with multi-family dwellings and commercial accounts to increase use of compost and ensure proper sorting.

Receive 1st Quarter 2026 HHW and E-waste report and activities to date.
Ms. Poldino reviewed the 1st quarter 2026 HHW and E-waste report and activities to date by way of highlights of the written report provided in the agenda packet.

Receive report on Zero Waste Marin JPA and Local Task Force activities to date.
Ms. Poldino provided an update on Senate Bill SB 1383 activities by way of highlights of the written report provided in the agenda packet.

Receive update on Senate Bill SB 1383 activities to date.
Ms. Poldino provided an update on Senate Bill SB 1383 activities and legislation updates by way of highlights of the written report provided in the agenda packet.

WASTEWATER OPERATIONS:

Reclamation - Sludge Disposal, Account No. 63115: Approve a contract with Wetland Construction, Inc. for annual biosolids disposal and biosolids lagoons cleaning in a not-to-exceed amount of $222,625 and authorize the General Manager-Chief Engineer to execute it.
The General Manager introduced Jeff Boheim, Field Services Manager, who reported that the District had received two proposals from qualified service providers for the annual biosolids disposal services. Mr. Boheim noted that District staff reviewed both proposals and determined that Wetland Construction, Inc. had submitted the lowest-cost proposal. Staff is therefore recommending that the Board accept the proposal and authorize the General Manager to execute a contract with Wetland Construction, Inc. for annual biosolids disposal services.

On motion of Director Bentley, seconded by Director Fuette, and carried unanimously, the Board approved a contract with Wetland Construction, Inc. for annual biosolids disposal and biosolids lagoons cleaning in a not-to-exceed amount of $222,625 and authorized the General Manager-Chief Engineer to execute it.

Receive Wastewater Operations Report for June 2026 – information only:
The Wastewater Operations Reports were presented via highlights of the written reports provided in the agenda packet.

- Collection Systems: Field Services Manager Jeff Boheim presented the June 2026 Collection Systems Report.
- Treatment Facilities: Veolia Project Leader, Derek Dill presented the June 2026 Treatment Facilities Report.
- Reclamation Facilities: Field Services Manager Jeff Boheim presented the Reclamation Facilities Report.

CAPITAL PROJECTS:

Receive Capital Projects Update Report through June 2026 – information only.
The Deputy General Manager provided a brief update of the Capital Improvement Program projects for June 2026 by way of highlights of the written report in the agenda packet.

BREAK: The Board took a break at 6:56 p.m.
The meeting resumed at 7:10 p.m.

GRAND JURY REPORT:

Receive 2025-26 Marin County Civil Grand Jury report titled "*Better Service at Lower Cost — Optimizing Essential Services for the Future of Marin*", dated June 11, 2026.
The General Manager distributed informational materials to the Board and noted that a copy of the Grand Jury report was included in the agenda packet. He further advised that the Grand Jury is requiring a response to all Findings and Recommendations contained in the report. The General Manager noted the staff recommendation that the Board receive and review the Grand Jury report (Attachment 1) and authorize staff and District Counsel to prepare a draft response for the Board's consideration at the August 2026 Board meeting. Director Dillon-Knutson noted that she was not in favor of the Report's recommendation that the Board

consider adopting term limits for itself. She noted that doing so might cause loss of institutional memory on the Board and result in the District becoming a “staff-driven” organization.

Authorize staff and District Counsel to prepare a draft response for Board consideration at the August 2026 Board meeting.

On motion of Director Fuette, seconded by Direction Dillon-Knutson, and carried unanimously, the Board authorized staff and District Counsel to prepare a draft response for Board consideration at the August 2026 Board meeting.

BOARD OF DIRECTORS:

Presidential appointments: Board members to Board Committees, Fiscal Year 26-27.
The General Manager noted that as is customary at this time of year, the Board President appoints Committee members and at his/her option may choose to retain the prior year committee assignments or modifying them. He stated that President Peters has opted to retain the prior year assignments unless otherwise advised by Board members at this meeting, with recently appointed Director Tarantino assigned to the seats previously occupied by former Director Mariani.

Director Fuette opined that future appointments to the North Bay Watershed Association should be rotated among interested Board members.

Other Reports and Request(s), if any.
No additional reports or requests were presented.

BOARD OF DIRECTORS – COMPENSATION, TRAVEL AND MEETINGS:
The General Manager stated he would be addressing Items 12.a and 12.b together as presented in the agenda packet. He noted that at its April 13, 2026 meeting, the Board directed staff to return with proposed revisions to Board Policy 4100, *Compensation, Meetings, and Travel*. Specifically, the Board had requested the addition of a new provision to Section 4100.5 (Lodging Expenses) to allow Directors to adopt a "reasonableness standard" for overnight stays at events located less than fifty (50) miles from the District office.

He further noted that at the April 13, 2026 meeting, the Board had also directed staff to bring back revisions to paragraph 4100.4 (Per Diem Allowance) of Board Policy 4100 “Compensation, Meetings, and Travel”. The desired revision was to allow Board members to receive a total per diem per day reimbursement for travel per IRS guidelines for meal and incidental expenses, up to the US General Services Administration (GSA) per diem allowance rates for the location of the event, instead of the current provisions which provide reimbursement up to the GSA limits on a per meal basis following attendance at such events.

The General Manager then introduced Rachel Hundley, General Counsel to provide a presentation of the proposed revisions.

Adopt amendment to paragraph 4100.5 “Lodging Expenses” of Policy No. 4100 “Compensation, Meetings, and Travel” to add a “reasonableness standard” for overnight stays at events less than fifty (50) miles from the District office.
Ms. Hundley reviewed the new provision to paragraph 4100.5 “Lodging Expenses” of Policy 4100, provision for overnight stays, add the following language: Where a meeting or event is less than 50 miles from the District office, and where early or late attendance is required, prior Board approval (for Board members) and General Manager approval (for staff members) shall be required for lodging expenses related to overnight stays.

A brief discussion followed between the Board and staff, leading to a general consensus on the proposed language.

<u>Adopt amendment to paragraph 4100.4 “Per Diem Allowance” of Policy No. 4100 “Compensation, Meetings, and Travel” to provide meal reimbursement on a per-day basis net District-provided meals.</u>
Ms. Hundley reviewed the new provision to paragraph 4100.4 Per Diem” Allowance for Meals (including room service) and Incidental Expenses” to implement the desired change for Directors as well as District staff: The District shall follow the Internal Revenue Service (IRS) Guidelines and reimburse meal and incidental expenses. Reimbursement shall not exceed the total daily U.S. General Services Administration (GSA) per diem allowance applicable to the event location, reduced by the GSA meal allowance amounts attributable to any meals provided by the District or included as part of a conference, meeting, or event registration fee.

A brief discussion followed between the Board and staff, leading to a general consensus on the proposed language.

On motion of Director Bentley, seconded by Director Fuette, and carried unanimously, the Board adopted amendment to paragraph 4100.5 “Lodging Expenses” of Policy No. 4100 “Compensation, Meetings, and Travel” to add a “reasonableness standard” for overnight stays at events less than fifty (50) miles from the District office; and adopted amendment to paragraph 4100.4 “Per Diem Allowance” of Policy No. 4100 “Compensation, Meetings, and Travel” to provide meal reimbursement on a per-day basis net District-provided meals.

<u>Provide direction on: (1) An increase in the amount of Board Member compensation from $225/day to $325/day; (2) Amendment to list of compensable events to include conference attendance; and (3) Publishing notice of public hearing on proposed ordinance increasing compensation amount and establishing compensable events.</u>
The General Manager provided an overview, noting that at its April 13, 2026 meeting, the Board reviewed the current Board member compensation and reached a consensus to increase the rate from $225 to $325 per day. He noted that at that meeting, the Board had also directed staff to expand the list of Board-related activities eligible for District compensation. He further noted that, following the Board’s discussion at its May 11, 2026 meeting, staff conducted a survey of local agencies in Novato and Marin County, which is included in the Board packet for the current meeting. In addition, he explained that the District has historically used a plus-or-minus five percent (5%) of the median compensation of surveyed agencies as its threshold when evaluating compensation levels. On that basis, he noted the survey results indicate an average Board member compensation amount of about $250 per day.

The General Manager stated that he is seeking confirmation or additional direction on the desired increase in compensation amount, if any, along with the parameters of the authorization to receive compensation for multi-day conference attendance.

The General Manager then introduced Ms. Hundley, General Counsel. Ms. Hundley presented a PowerPoint compilation of the information provided to the Board, for further discussion and direction.

A discussion regarding the compensation increase, compensable events, and publishing notice of public hearing on a proposed ordinance increasing compensation and establishing compensable events followed between Board and staff, resulting in the below motions/actions.

The Board first considered Item 12.c.(1): Provide direction on an increase in the amount of Board Member compensation from $225/day to $325/day:

On motion of Director Fuette, seconded by Director Tarantino, to increase Board Member compensation from $225/day to $275/day, the Board voted as follows:
Ayes: Fuette and Tarantino. Nos: Peters, Dillon-Knutson, and Bentley. Abstain: None.
Accordingly, this Motion did not pass.

*On motion of Director Bentley, seconded by Director Dillon-Knutson, to increase the amount of Board Member compensation from $225/day to $300/day, the Board voted as follows:
Ayes: Dillon-Knutson and Bentley. Nos: Peters, Fuette, and Tarantino. Abstain: None.
Accordingly, this Motion did not pass.*

*On motion of Director Fuette, seconded by Director Tarantino, and carried by the following vote, the Board approved an increase in the amount of Board Member compensation from $225/day to $250/day.
Ayes: Peters, Fuette, and Tarantino. Nos: Dillon-Knutson and Bentley. Abstain: None.
Accordingly, this Motion Passed.*

Director Fuette opined that when the upcoming rate study is conducted, he would like the Board to also consider additional compensation if warranted.

Also, upon further discussion, the Board then considered Item 12.c.(2): Provide direction on amendment to list of compensable vents to include conference attendance.

*On motion of Director Bentley, seconded by Director Dillon-Knutson, and carried by the following vote, the Board approved to limit the list of additional compensable events to the California Association of Sanitation Agencies (CASA) summer and winter conferences, and that attendance at a multi-day conference would be considered compensable as a single meeting.
Ayes: Dillon-Knutson, Bentley, Tarantino, Fuette, Nos: Peters. Abstain: None.
Motion passed.*

The Board then considered Item 12.c.(3): Provide direction on publishing notice of public hearing on proposed ordinance increasing compensation amount and establishing compensable events.

On motion of Director Fuette, seconded by Director Tarantino, and carried unanimously, the Board approved publishing notice of public hearing on proposed ordinance increasing compensation amount and establishing compensable events.

<u>GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:</u>

<u>Receive verbal report and announcements.</u>

- The next regular Board meeting is scheduled for 5:30 p.m., Monday August 10, 2026, and will be in person at the District offices.
- Requested Director Tarantino to stay after the meeting to receive his copy of the Ralph M Brown Act.

Director Bentley asked for additional clarification regarding room reservations for the upcoming August CASA conference in Napa. The General Manager requested clarification from Ms. Hundley. Ms. Hundley explained that the policy as amended during tonight's meeting, would, in this specific instance only, require Board members to pay for their own rooms, and then submit receipts for approval of reimbursement by the Board of Directors at a future public meeting.

<u>ADJOURNMENT:</u> There being no further business to come before the Board, President Peters adjourned the meeting at 8:44 p.m.

Respectfully submitted,

Sandeep Karkal
Board Secretary

Lynda Farmery, Recording

Novato Sanitary District
Board Fees Check Register
For July 2026

Date	Num	Name	Credit
Aug 10, 26			
08/10/2026	10610	Bentley, Dennis E	207.79
08/10/2026	10611	Dillon-Knutson, Carole K.	207.78
08/10/2026	10612	Fuette, Timothy G	207.79
08/10/2026	10613	Peters, Arthur Gerald	107.79
08/10/2026	10614	Tarantino, Jeffrey J	207.79
Total for August 2026			**938.94**

Novato Sanitary District
Operating Check Register
July Second Half

Name	Credit
Pacific, Gas & Electric	144,845.66
Brown, Erik.	58.54
Alliant Insurance Services, Inc	1,371.00
Alpha Analytical Lab,Inc.	2,304.50
Amazon Business	142.10
AT&T Internet	160.50
Automation Direct	78.66
B&K Valves and Equipment	83.03
Bank of New York Mellon	227,200.60
Baywork	843.00
Big Brand Tire & Service	1,154.29
Caltest Analytical Lab Inc.	1,600.75
Cappstone, Inc	2,839.79
Central Marin Sanitation Agency	31,210.26
Comcast Business	1,050.55
Conservation Corps North Bay	28,648.00
CSRMA	218,081.56
Datco Billing Inc.	225.75
EEC	745.76
Elan Financial Services	6,980.40
Evoqua Water Technologies LLC	1,159.52
Grainger	193.22
Herc Corporation	1,209.67
IEDA, INC	1,644.16
KnowBe4, Inc.	4,226.40
Landesign Construction & Maintenance Inc.	10,699.00
Leete Generators	818.73
Linscott Engineering Contractors Inc	17,267.02
Marin Independent Journal	75.69
Marin Lock and Safe Service Inc	231.80
McMaster-Carr Supply Co.	241.86
Miksis Services Inc	5,878.00
NAPA Auto Parts	57.76
NASSCO PAC Program	225.00
North Marin Water District	1,379.66
North Marin Water District - Lab	5,570.80
North Marin Water District Payroll	2,303.25
Novato Toyota Corp	1,338.87
Novato, City	7,300.99
Oliver Automotive	1,290.42
Orkin Pest Control, Inc.	280.36
Owen Equipment, Inc	2,014.35
Pacific, Gas & Electric-non energy	13.90
Pini Hardware	85.94
Rauch Communication Consultants. Inc.	4,984.85
Redwood Public Law, LLP	3,456.00
Reladyne/Nick Barbieri Trucking, LLC	11,852.86
Renne Public Law Group LLP	VOID
Rice Lake, formerly Heusser Neweigh	894.38
Sweetser & Associates, Inc.	980.00
TeamLogic IT	11,469.03
Trugrit Traction Inc	4,119.78
UBEO West, LLC	656.14
Underground Service Alert, Inc.	5,827.10
UniFirst Corporation	638.64
Veolia Water North America, Inc.	231,572.72
Veolia Water North America, Lab	38,582.72
VWR International Inc.	1,738.43
WECO	2,913.77
Renne Public Law Group LLP	1,661.63
July 2026 Second Half Total	**1,056,479.12**

Novato Sanitary District
Capital Projects Check Register
July Second Half

Name	Credit
Amazon Business	787.38
Bank of New York Mellon	684,050.00
CDM Smith, Inc.	2,272.50
ClientFirst Consulting Group, LLC	1,592.13
Corrosion Integrity LLC	73,672.00
Dudek	13,658.75
Edge A1 Solutions, Inc	21,830.22
EEC	930.02
Environmental Science Associates	1,946.40
Fort Bragg Electric, Inc.	201,612.78
Lateral-Cline	2,750.00
Lateral-Gentry	2,750.00
Lateral-Miner	2,750.00
Minerva Construction, Inc	79,969.37
North Marin Water District	157.77
Nute Engineering Inc.	17,977.00
Psomas formerly Covello Group	9,838.70
Reliable Hardware & Steel	1,210.00
TerraVerde Energy	1,768.75
W.M. Lyles Company	81,980.00
Water Systems Consulting, Inc.	6,446.75
July 2026 Second Half Total	**1,209,950.52**

Novato Sanitary District
Operating Check Register
August First Half

Name	Credit
Karkal, Sandeep	327.00
Alliant Insurance Services, Inc	10,667.00
Alpha Analytical Lab,Inc.	3,175.75
B.W.S. Distributors, Inc.	3,846.74
Cappstone, Inc	2,732.00
Central Marin Sanitation Agency	11,292.32
City of Foster City	4,078.00
CleanEarth formerly Stericycle	34,705.00
Comcast Business	1,050.55
CWEA	1,153.00
Environmental Dynamics	992.60
Fire King Fire Protection, Inc.	1,219.08
Grainger	967.87
International Fire Inc.	2,181.38
Marin/Sonoma Mosquito Dist	1,083.31
McMaster-Carr Supply Co.	64.17
NAPA Auto Parts	546.83
North Bay Reprographics	16.35
North Marin Water District	1,336.52
Owen Equipment, Inc	3,338.44
Pacific, Gas & Electric	443.42
Phenova, Inc.	436.77
TeamLogic IT	5,679.59
UBEO West, LLC	747.62
Underground Service Alert, Inc.	2,188.70
Unicorn Group	211.73
Veolia Water North America, Inc.	1,301.33
Veolia Water North America, Lab	118.91
Veolia Water Recycled Water Oper.	33,177.73
Verizon Wireless	864.57
WEF Membership	399.00
Woodard & Curran formerly RMC	1,190.00
August 2026 First Half Total	**131,533.28**

Novato Sanitary District
Capital Projects Check Register
August First Half

Name	Credit
Beecher Engineering,Inc	520.00
Calcon Systems, Inc.	16,755.00
D&M Utility Services of CA	1,500.00
North Marin Water District	50.40
Psomas formerly Covello Group	2,250.00
Regional Government Services	3,838.60
August 2026 First Half Total	**24,914.00**

Novato Sanitary District
Payroll and Payroll Related Disbursements
July 2026

Date	Description	Amount
07/30/2026	Payroll	183,927.28
07/28/2026	CalPERS 457 Plan-EE	17,585.84
07/28/2026	CalPERS 457 Plan-ER	500.00
07/28/2026	CalPERS Health	44,762.38
07/28/2026	Dearborne Group	3,176.35
07/28/2026	Delta Dental	2,579.78
07/28/2026	Expert Pay-Child Support	1,472.00
07/28/2026	Local Union 315	416.00
07/28/2026	Lincoln Financial Group-401a Plan-EE	6,794.09
07/28/2026	Lincoln Financial Group-401a Plan-ER	6,863.71
07/28/2026	Lincoln Financial Group 457-EE	7,400.00
07/28/2026	Lincoln Financial Group 457-ER	300.00
07/28/2026	MissionSquare ICMA-RC-Vantagepoint	3,447.84
07/28/2026	CALPERS Retirement EE	20,471.48
07/28/2026	CALPERS Retirement ER	25,106.60
07/28/2026	Retirees Health Reimbursement	14,545.63
07/30/2026	Eft-State P/R Taxes	14,605.84
07/30/2026	Eft-Federal P/R Taxes	38,046.31
	Total	**392,001.13**

Novato Sanitary District
Deposit Detail
July 1 - 31, 2026

Item 5.c.
(Pages 15 to 16)

Type	Date	Name	Account		Amount
			11113 · Westamerica - Operations		
Deposit	**07/02/2026**				
		USCG	11200-Account Receivable	**(1)**	243.00
TOTAL					**243.00**
Deposit	**07/07/2026**	Marin H2O Inc	41040 · Permit & Inspection Fee		40.00
		Richard Munoz	41040 · Permit & Inspection Fee		60.00
		Voltus Inc.	41140 · Other Revenue		1,186.00
		North Marin Water District	11200-Account Receivable	**(2)**	8,360.17
		BioMarin	11200-Account Receivable	**(3)**	7,350.29
TOTAL					**16,996.46**
Deposit	**07/13/2026**	County of Marin	11200-Account Receivable	**(4)**	34.25
		County of Marin	11200-Account Receivable	**(4)**	2,908.24
TOTAL					**2,942.49**
Deposit	**07/13/2026**	USCG	11200-Account Receivable	**(1)**	17,799.00
TOTAL					**17,799.00**
Deposit	**07/14/2026**	County of Marin	11200-Account Receivable	**(4)**	325,304.92
		County of Marin	11200-Account Receivable	**(4)**	79.08
TOTAL					**325,384.00**
Deposit	**07/14/2026**	USCG	11200-Account Receivable	**(1)**	18,650.26
TOTAL					**18,650.26**
Deposit	**07/15/2026**	USCG	11200-Account Receivable	**(1)**	17,263.50
TOTAL					**17,263.50**
Deposit	**07/22/2026**	Discount Plumbing Rooter Services	41040 · Permit & Inspection Fee		40.00
		Discount Plumbing Rooter Services	41040 · Permit & Inspection Fee		80.00
		Yufen Wang	41040 · Permit & Inspection Fee		40.00
		Zaragoza Plumbing Team, Inc.	41040 · Permit & Inspection Fee		40.00
		Marin H2O Inc	41040 · Permit & Inspection Fee		40.00
		Better Rooter	41040 · Permit & Inspection Fee		40.00
		Loud & Clear, Inc.	41140 · Other Revenue		140.00
		Loud & Clear, Inc.	41140 · Other Revenue		25.00
		Loud & Clear, Inc.	41140 · Other Revenue		50.00
		Verily Life Sciences	11200-Account Receivable	**(5)**	1,625.00
		Auburn Ravine Ranch	11200-Account Receivable	**(6)**	9,995.34
TOTAL					**12,115.34**

Novato Sanitary District
Deposit Detail
July 1 - 31, 2026

Deposit	**07/28/2026**	Villa Technologies, Inc.	41040 · Permit & Inspection Fee		40.00
		Villa Technologies, Inc.	51020 · Connection Charges		9,140.72
		Hardiman Construction	41040 · Permit & Inspection Fee		40.00
		WLGD Daughters, LLC	41030 · Plan Check & Inspection Fee		4,190.00
		North Marin Water District	11200-Account Receivable	**(2)**	10,001.79
TOTAL					**23,412.51**

Total Deposits for July 2026 434,806.56

(1) Collection of USCG-sewer service charges for May 2026 and past due charges.

(2) Collection of Recycled Water Facility billing for March and April 2026.

(3) Collection of monitoring and analytical and surcharge fees from BioMarin.

(4) Collection of final teeter from County of Marin for Sewer Service Charges and Property Taxes for FY26.

(5) Collection of reimbursement for Lab sampling from Verily Life Science for June 2026.

(6) Collection of water usage reimbursement from Auburn Ravine Ranch.

Item 5.d.
(Pages 17 to 26)

Novato Sanitary District

QUARTERLY INVESTMENT REPORT - For Quarter Ended June 30, 2026

INVESTMENT TYPE	ACTIVITY	April	May	June	TOTALS/ BALANCES
A. INVESTMENT ACCOUNTS					
1. State Treasurer - Local Agency Investment Fund (LAIF)[1]	Total deposits/transfers in	9,683,987	0	0	**9,683,987**
	Total transfers out	775,000	1,485,000	365,000	**2,625,000**
	Beginning balance	15,715,437	24,624,424	23,139,424	
	Ending balance	24,624,424	23,139,424	22,774,424	
	Average daily balance	20,169,931	23,881,924	22,956,924	
	Interest earned - 3.92% as of 6/30/26			216,006	
	Ending Balance, June 30, 2026				**22,774,424**
The LAIF Pooled Money Investment Account Report is attached, per California Government Code (CGC) Section 53646 (e)					
2. Bank of New York Mellon Trust Company (or BNYM), US Treasuries	Total deposits/transfers in	0	0	0	**0**
	Total transfers out	0	0	0	**0**
	Fixed Income Securities - Staggered 6 month laddered treasury approach - ***0.89% Effective Yield, as of 6/30/26***				**1,953,028**
	Cash & Short Term Securities - Dreyfus Government Money Market Fund - ***3.42% Effective Yield, as 6/30/26***				**21,959,957**
	5 -Year Treasury Note Redemption Realized Gain ($1,068,000 - $981,169.82) = $86,830.18				**86,830**
	Dividend Income				**195,423**
	3.20% Combined Effective Yield				
	Ending Balance, June 30, 2026				**24,195,238**
B. BNYM TRUST ACCOUNTS					
1. For 2017 Refunding Wastewater Bond Funds[3]	Total deposits/transfers in	0	0	0	**0**
	Total transfers out	0	0	0	**0**
	Month End balance	0	0	0	**0**
2. For 2019 Refunding Wastewater Bond Funds[3]	Total deposits/transfers in	0	0	0	**0**
	Total transfers out	0	0	0	**0**
	Month End balance	0	0	0	**0**
3. For 2020 Revenue Refunding Bond Funds[3]	Total deposits/transfers in	0	0	0	**0**
	Total transfers out	0	0	0	**0**
	Month End balance	0	0	0	**0**
C. PARS - RESTRICTED TRUST ACCOUNTS[4]					
1. For OPEB Restricted Trust Account	Total deposits/transfers in	0	0	0	**0**
	Earnings/Losses (net of expenses)	169,330	83,061	5,888	**258,279**
	Month End balance	5,852,745	5,935,806	5,941,693	**5,941,693**
2. For Pension Restricted Trust Account	Total deposits/transfers in	0	0	0	**0**
	Earnings/Losses (net of expenses)	38,311	20,654	3,787	**62,752**
	Month End balance	2,446,205	2,466,859	2,470,646	**2,470,646**
D. CHECKING ACCOUNTS					
Interest Rate	**Operations Account**				
0.02%	Total deposits & transfers in	10,430,790	1,737,892	1,801,119	**13,969,801**
	Total checks & transfers out	10,252,572	1,578,014	1,433,740	**(13,264,325)**
	Beginning balance	141,983	320,226	480,101	
	Ending balance	320,226	480,101	847,478	**847,478**
	Interest Minus Charges Earned	25	(3)	(2)	
	Payroll Account				
	Total transfers in	197,200	192,300	195,000	**584,500**
	Total checks & transfers out	196,530	193,726	194,795	**(585,051)**
	Beginning balance	1,431	2,101	676	
	Ending balance	2,101	676	881	**881**
	Project Account				
	Total transfers in	377,000	742,316	383,000	**1,502,316**
	Total checks & transfers out	24,772	491,919	951,540	**(1,468,231)**
	Beginning balance	10,231	362,460	612,860	
	Ending balance	362,460	612,860	44,324	**44,324**
	Interest - Charges earned	1	3	4	

NOTES [1] The above investments are consistent with the Statement of Investment Policy (Board Policy No. 3120), as approved by the District Board, most recently as of March 2026. Also, per CGC section 53646(b)(2) and (3), the District has the ability to meet six months cash needs.

[2] LAIF interest rate for the quarter ended June 30, 2026 was 3.92%, a decrease from 3.42% in March 2026, a decrease from 4.20% in December 2025, and a decrease from 4.34% in September 2025.

[3] The 2017, 2019 and 2020 Bond fund accounts consist of debt service payments, no balance required in these accounts until debt service payments are funded which are due in February and August.

[4] The Restricted Trust accounts for PARS OPEB (Other Post Employee Benefits) and PARS Pension Accounts are restricted accounts for the payment of retiree health benefits or pension benefits only, and are managed by PARS, Inc. (Irvine, CA)

PMIA/LAIF Performance Report
as of 07/15/26

Quarterly Performance
Quarter Ended 06/30/26

LAIF Apportionment Rate[(2)]:	3.92
LAIF Earnings Ratio[(2)]:	0.00010743238142967
LAIF Administrative Cost[(1)]*:	TBD
LAIF Fair Value Factor[(1)]:	0.998872382
PMIA Daily[(1)]:	3.83
PMIA Quarter to Date[(1)]:	3.81
PMIA Average Life[(1)]:	269

PMIA Average Monthly Effective Yields[(1)]

June	**3.816**
May	3.810
April	3.811
March	3.826
February	3.871
January	3.931

Pooled Money Investment Account
Monthly Portfolio Composition [(1)]
06/30/26
$193.1 billion

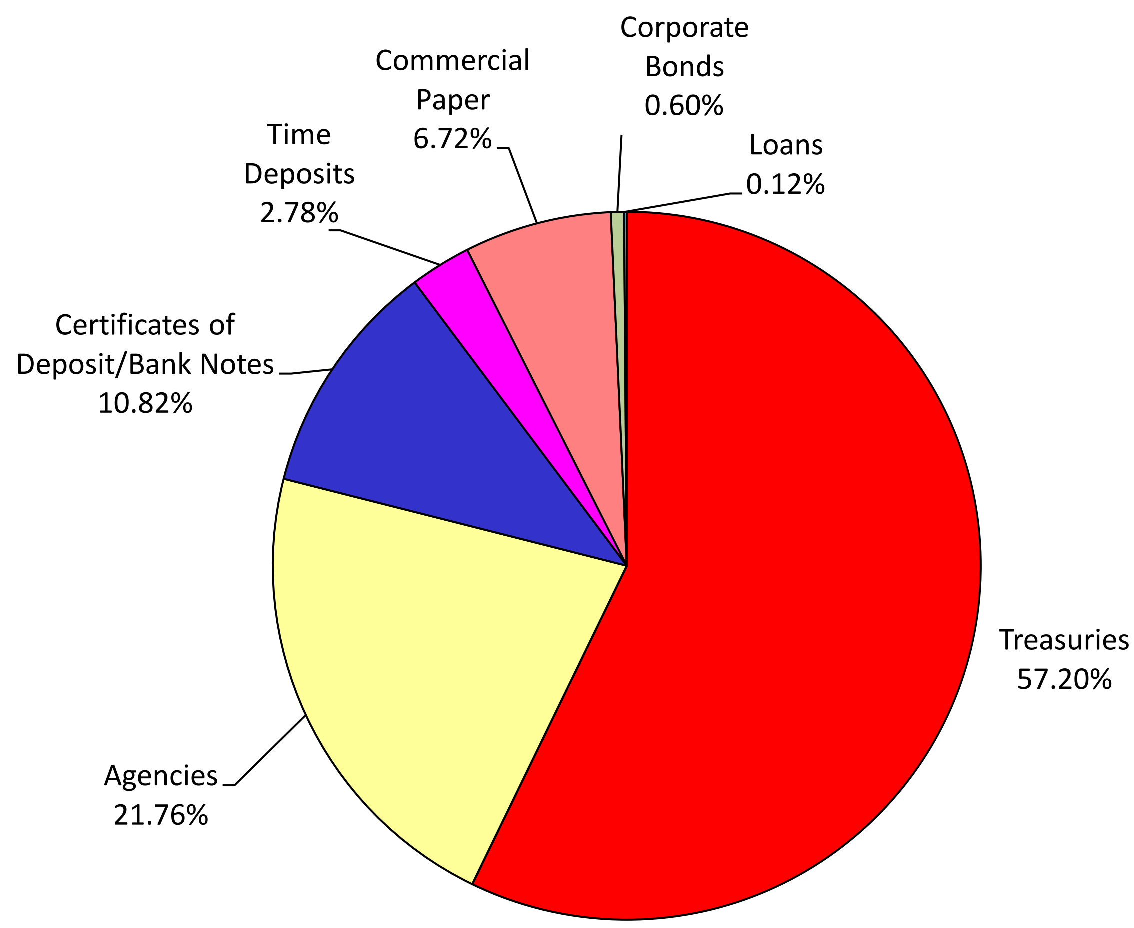


Chart does not include $749,000.00 in mortgages, which equates to 0.0004%. Percentages may not total 100% due to rounding.

Daily rates are now available here. View PMIA Daily Rates

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) .

**The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.*

Source:
[(1)] State of California, Office of the Treasurer
[(2)] State of California, Office of the Controller

State of California
Pooled Money Investment Account
Market Valuation
6/30/2026

Description	Carrying Cost Plus Accrued Interest Purch.	Amortized Cost	Fair Value	Accrued Interest
United States Treasury:				
Bills	$ 53,956,293,642.15	$ 54,370,981,183.64	$ 54,354,702,900.00	NA
Notes	$ 56,514,737,009.67	$ 56,445,352,276.91	$ 56,275,628,050.00	$ 561,918,976.00
Federal Agency:				
SBA	$ 294,424,579.31	$ 294,362,735.60	$ 291,947,378.89	$ 986,566.00
MBS-REMICs	$ 749,201.29	$ 749,201.29	$ 752,079.72	$ 3,268.33
Debentures	$ 4,821,250,477.12	$ 4,820,475,477.12	$ 4,797,156,290.00	$ 32,773,460.10
Debentures FR	$ -	$ -	$ -	$ -
Debentures CL	$ 2,250,000,000.00	$ 2,250,000,000.00	$ 2,235,928,900.00	$ 20,607,532.50
Discount Notes	$ 24,126,368,402.78	$ 24,332,766,631.97	$ 24,316,144,700.00	NA
Supranational:				
Debentures	$ 4,287,351,449.84	$ 4,285,202,838.72	$ 4,255,518,350.00	$ 52,039,494.00
Debentures FR	$ -	$ -	$ -	$ -
Debentures CL	$ 500,000,000.00	$ 500,000,000.00	$ 499,001,700.00	$ 3,950,555.00
Discount Notes	$ 5,749,777,055.58	$ 5,806,344,388.88	$ 5,803,113,000.00	NA
CDs and YCDs FR	$ -	$ -	$ -	$ -
Bank Notes	$ 600,000,000.00	$ 600,000,000.00	$ 599,120,644.11	$ 8,827,916.67
CDs and YCDs	$ 20,300,000,000.00	$ 20,300,000,000.00	$ 20,290,310,776.13	$ 221,811,819.47
Commercial Paper	$ 12,984,894,069.41	$ 13,095,711,486.04	$ 13,094,430,652.78	NA
Corporate:				
Bonds FR	$ -	$ -	$ -	$ -
Bonds	$ 1,148,300,783.15	$ 1,072,418,454.44	$ 1,142,091,653.00	$ 10,875,810.26
Repurchase Agreements	$ -	$ -	$ -	$ -
Reverse Repurchase	$ -	$ -	$ -	$ -
Time Deposits	$ 5,377,000,000.00	$ 5,377,000,000.00	$ 5,377,000,000.00	NA
PMIA & GF Loans	$ 235,475,543.00	$ 235,475,543.00	$ 235,475,543.00	NA
TOTAL	$ 193,146,622,213.30	$ 193,786,840,217.61	$ 193,568,322,617.63	$ 913,795,398.33

Fair Value Including Accrued Interest $ 194,482,118,015.96

Repurchase Agreements, Time Deposits, PMIA & General Fund loans, and
Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

The value of each participating dollar equals the fair value divided by the amortized cost (0.998872382)
As an example: if an agency has an account balance of $20,000,000.00, then the agency would report its participation in the LAIF valued at $19,977,447.63 or $20,000,000.00 x 0.998872382

Pooled Money Investment Account

Portfolio as of 06-30-2026

PAR VALUES MATURING BY DATE AND TYPE

Maturities in Millions of Dollars[1]

ITEM	1 day to 30 days	31 days to 60 days	61 days to 90 days	91 days to 120 days	121 days to 150 days	151 days to 180 days	181 days to 210 days	211 days to 270 days	271 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 year/out	Total	Weight (% of Total)
TREASURY	$ 8,550	$ 14,500	$ 17,450	$ 16,900	$ 2,250	$ 2,900	$ 850	$ 6,650	$ 7,300	$ 19,650	$ 10,150	$ 2,000	$ 2,200	**$ 111,350**	**57.14%**
AGENCY[2]	$ 10,094	$ 2,683	$ 6,550	$ 4,650	$ 3,600	$ 3,100	$ 500	$ 1,700	$ 850	$ 1,840	$ 2,470	$ 3,400	$ 1,450	**$ 42,888**	**22.01%**
CDs + BNs	$ 5,400	$ 2,150	$ 3,750	$ 2,800	$ 2,050	$ 1,100	$ 1,300	$ 1,650	$ 600	$ 100				**$ 20,900**	**10.73%**
CP	$ 4,150	$ 1,900	$ 2,400	$ 2,000	$ 1,500	$ 600	$ 300	$ 350						**$ 13,200**	**6.77%**
TDs	$ 2,139	$ 888	$ 1,499	$ 400	$ 165	$ 287								**$ 5,377**	**2.76%**
CORP BND	$ 30	$ 25	$ 34	$ 85	$ 25	$ 25	$ 34	$ 85	$ 75	$ 178	$ 185	$ 115	$ 255	**$ 1,151**	**0.59%**
REPO														**$ -**	**0.00%**
BAs														**$ -**	**0.00%**
TOTAL	**$ 30,363**	**$ 22,146**	**$ 31,683**	**$ 26,835**	**$ 9,590**	**$ 8,012**	**$ 2,984**	**$ 10,435**	**$ 8,825**	**$ 21,768**	**$ 12,805**	**$ 5,515**	**$ 3,905**	**$ 194,866**	**100.00%**
Percent	**15.58%**	**11.36%**	**16.26%**	**13.77%**	**4.92%**	**4.11%**	**1.53%**	**5.35%**	**4.53%**	**11.17%**	**6.57%**	**2.83%**	**2.00%**		
Cumulative %	**15.58%**	**26.95%**	**43.21%**	**56.98%**	**61.90%**	**66.01%**	**67.54%**	**72.90%**	**77.42%**	**88.59%**	**95.17%**	**98.00%**	**100.00%**		

[1] Figures are rounded to the nearest million. Percentages may be off due to rounding. Totals do not include PMIA and General Fund loans.

[2] SBA Floating Rate Securities are represented at coupon change date. Mortgages are represented at current book value.

BNY

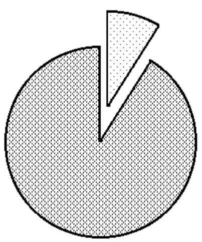
Account Statement

Statement Period 06/01/2026 Through 06/30/2026

Account Base Currency = USD
NOVATO SANITARY DISTRICT CUSTODY AC

CLIENT SERVICE MANAGER: LAUREN DEHNER
4655 SALISBURY RD STE 300
AIM-324-0000
JACKSONVILLE, FL 32256
904-645-1918
LAUREN.DEHNER@BNYMELLON.COM

Account Overview



Percent of all Investments	Asset Classification	Market Value
8%	FIXED INCOME	2,109,700.50
92%	CASH AND SHORT TERM	22,242,209.69
100%	**TOTAL OF ALL INVESTMENTS**	**24,351,910.19**

Summary of Assets Held by Asset Classification

Asset Classification	Market Value	Cost	Accrued Income	Estimated Annual Income	Market Yield
FIXED INCOME	2,109,700.50	1,953,028.26	51.22	18,850.00	0.89 %
CASH AND SHORT TERM	22,242,209.69	22,242,209.69	0.00	761,474.06	3.42 %
ACCOUNT TOTALS	**24,351,910.19**	**24,195,237.95**	**51.22**	**780,324.06**	**3.20 %**

Summary of Cash Transactions by Transaction Category

	Current Period			Year-to-Date	
Transaction Category	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	**51,283.47-**	**51,283.47**		**51,283.47-**	**51,283.47**
DIVIDENDS	61,008.30	0.00	0.00	365,483.00	0.00
INTEREST	14,097.50	0.00	0.00	14,097.50	0.00
SALES AND REDEMPTIONS	0.00	1,068,000.00	86,830.18	0.00	2,134,000.00

Summary of Cash Transactions by Transaction Category - Continued

	Current Period			Year-to-Date	
Transaction Category	**Income**	**Principal**	**Realized Gains/Losses**	**Income**	**Principal**
OTHER CASH DISBURSEMENTS	0.00	0.00	0.00	0.00	1,066,000.00-
PURCHASES	75,105.80-	1,068,000.00-	0.00	379,580.50-	1,068,000.00-
CLOSING BALANCE	**51,283.47-**	**51,283.47**	**86,830.18**	**51,283.47-**	**51,283.47**

The above cash transactions summary is provided for information purposes only and may not reflect actual taxable income or deductible expenses as reportable under the Internal Revenue Code.

Statement of Assets Held by Asset Classification

Shares/Par Value	Asset Description	Market Price	Market Value	Cost	Average Cost	Accrued Income	Estimated Income	Market Yield
FIXED INCOME								
1,072,000.000	UNITED STATES TREASURY NOTE/BOND CUSIP: MATURITY DATE: 12/31/2026 RATE: 1.250% MOODY'S Aa1	98.67500	1,057,796.00	991,567.76	92.49699	36.41	13,400.00	1.27%
1,090,000.000	UNITED STATES TREASURY NOTE/BOND CUSIP: MATURITY DATE: 06/30/2027 RATE: 0.500% MOODY'S Aa1	96.50500	1,051,904.50	961,460.50	88.20739	14.81	5,450.00	0.52%
Total FIXED INCOME			**2,109,700.50**	**1,953,028.26**		**51.22**	**18,850.00**	**0.89%**
CASH AND SHORT TERM								
2,690,876.370	DREYFUS TREASURY SECURITIES CM 582 DREYFUS TREASURY SECURITIES CM 582 CUSIP:	1.00000	2,690,876.37	2,690,876.37	1.00000	0.00	92,123.61	3.42%
19,551,333.320	DREYFUS TRSY SEC CM ADMIN 582 CUSIP:	1.00000	19,551,333.32	19,551,333.32	1.00000	0.00	669,350.45	3.42%
Total CASH AND SHORT TERM			**22,242,209.69**	**22,242,209.69**		**0.00**	**761,474.06**	**3.42%**
ACCOUNT TOTALS			**24,351,910.19**	**24,195,237.95**		**51.22**	**780,324.06**	**3.20%**

Total Market Value Plus Total Accrued Income 24,351,961.41

Statement of Transactions by Transaction Date

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
06/01/26	**ACCOUNT OPENING PERIOD BALANCE**	**51,283.47-**	**51,283.47**	**24,033,301.97**	
06/02/26	Purchase DREYFUS TREASURY SECURITIES CM 582 DREYFUS TREASURY SECURITIES CM 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP 61,008.300 SHARES	61,008.30-	0.00	61,008.30	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,968.84	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,967.60	0.00	0.00	0.00
06/02/26	Dividend	1,966.06	0.00	0.00	0.00

Statement of Transactions by Transaction Date - Continued

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
	DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP				
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,967.72	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	5,913.76	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,973.88	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,964.85	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,967.98	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,969.09	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	5,902.75	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,971.75	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	7,868.09	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,963.48	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,969.07	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582	1,967.47	0.00	0.00	0.00

Statement of Transactions by Transaction Date - Continued

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
	TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP				
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,965.85	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,966.37	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	5,896.26	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	1,967.70	0.00	0.00	0.00
06/02/26	Dividend DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/02/26 SET/DATE 06/02/26 CUSIP	5,909.73	0.00	0.00	0.00
06/02/26	**ACCOUNT CLOSING DAILY BALANCE**	**51,283.47-**	**51,283.47**	**24,094,310.27**	**0.00**
06/30/26	Purchase DREYFUS TRSY SEC CM ADMIN 582 TRADE DATE 06/30/26 SET/DATE 06/30/26 CUSIP 1,068,000.000 SHARES	0.00	1,068,000.00-	1,068,000.00	0.00
06/30/26	Purchase DREYFUS TREASURY SECURITIES CM 582 DREYFUS TREASURY SECURITIES CM 582 TRADE DATE 06/30/26 SET/DATE 06/30/26 CUSIP 14,097.500 SHARES	14,097.50-	0.00	14,097.50	0.00
06/30/26	Redemption UNITED STATES TREASURY NOTE/BOND RATE: 0.875% MATURITY: 06/30/26 TRADE DATE 06/30/26 SET/DATE 06/30/26 CUSIP 1,068,000.000 SHARES	0.00	1,068,000.00	981,169.82-	86,830.18
06/30/26	Interest UNITED STATES TREASURY NOTE/BOND RATE: 0.500% MATURITY: 06/30/27 TRADE DATE 06/30/26 SET/DATE 06/30/26 CUSIP 1,090,000.000 SHARES	2,725.00	0.00	0.00	0.00
06/30/26	Interest	4,672.50	0.00	0.00	0.00

Statement of Transactions by Transaction Date - Continued

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
	UNITED STATES TREASURY NOTE/BOND RATE: 0.875% MATURITY: 06/30/26 TRADE DATE 06/30/26 SET/DATE 06/30/26 CUSIP 1,068,000.000 SHARES				
06/30/26	Interest UNITED STATES TREASURY NOTE/BOND RATE: 1.250% MATURITY: 12/31/26 TRADE DATE 06/30/26 SET/DATE 06/30/26 CUSIP 1,072,000.000 SHARES	6,700.00	0.00	0.00	0.00
06/30/26	**ACCOUNT CLOSING DAILY BALANCE**	**51,283.47-**	**51,283.47**	**24,195,237.95**	**86,830.18**
06/30/26	**ACCOUNT CLOSING PERIOD BALANCE**	**51,283.47-**	**51,283.47**	**24,195,237.95**	**86,830.18**

Cumulative realized capital gain and loss position from 12/31/2025 for securities held in principal of account:

Short Term: 0.00 * Long Term: 86,830.18 *

* The above gain and loss position does not include transactions where tax cost information is incomplete or unavailable.

NOVATO SANITARY DISTRICT

MEMORANDUM

BOARD MEETING DATE: August 10, 2026

TO: District Board of Directors

FROM: Sandeep Karkal, General Manager-Chief Engineer
Tony Clark, Finance Manager

SUBJECT: Fiscal Year (FY) 25-26 Fourth Quarter Financial Report (Unaudited)

INTRODUCTION

This memorandum presents a summary unaudited year-to-date financial report for the District as of the FY25-26 Fourth Quarter ended June 30, 2026. The following items are presented as three sections herein:

1. Revenue and Expenditure Report.
2. Debt Service Schedule.
3. Operating and Capital Cash Flow.

1.0 REVENUE AND EXPENDITURES REPORT

This section presents an overview of revenues and expenditures for the operating and capital funds through the fourth quarter of FY 25-26. A more detailed summary is presented in the attached tables below. A brief discussion and analysis of items displaying variance from the final budget is also provided below, as appropriate.

Table 1: TEETER* PLAN ADVANCE: TWO-YEAR COMPARISON

TEETER Advance	Prior Year	Current Year	Over/(Under)	% change
Sewer Service Charges (SSC)	**$ 20,025,540**	**$ 20,965,455**	**$ 939,915**	**4.7%**
Allocation to Operating Fund	11,014,047	11,531,000		
Allocation to Capital Fund	9,011,493	9,434,455		
Property Tax	**$ 3,231,566**	**$ 3,313,297**	**$ 81,731**	**2.5%**
Allocation to Operating Fund	652,368	927,723		
Allocation to Capital Fund	2,579,198	2,385,574		

** The Teeter Plan is a method under state Revenue and Taxation Code Sections 4701-4716 that allows local agencies (such as the District) to receive charges through an advance of funds from the County via the county property tax roll, regardless of actual payments and delinquencies. These payments are typically received in December and April.*

OPERATING FUND

Table 2: OPERATING REVENUE

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. Received
41010 · Sewer Service Charges	11,995,232	11,802,949	192,283	101.6%
41015 · Property Tax allocation	927,723	887,940	39,783	104.5%
41030 · Plan Check & Inspection Fee	1,633	500	1,133	326.7%
41040 · Permit & Inspection Fee	6,090	6,000	90	101.5%
41060 · Interest Income	1,310,377	835,775	474,602	156.8%
41080 · Engineering & Admin Charges	281,325	300,000	(18,675)	93.8%
41090 · Non-domestic Permit Fees	140,236	30,000	110,236	467.5%
41100 · Garbage Franchise Fees	67,652	67,652	0	100.0%
41105 · AB 939 Collector Fees	882,002	882,002	0	100.0%
41107 · Oil/Bev/Tire Grants	7,477	7,000	477	106.8%
41108 · SB1383 Grant	0	140,160	(140,160)	0.0%
41130 · Ranch Income	108,711	40,000	68,711	271.8%
41135 · Recycle Water Facility Revenue	323,727	331,600	(7,873)	97.6%
41140 · Other Revenue	31,166	20,000	11,166	155.8%
41142 · Gain/Loss on disposal of assets	0	10,000	(10,000)	0.0%
Total OPERATING INCOME	**16,083,352**	**15,361,578**	**721,774**	**104.7%**

Discussion

Overall, operating revenues are about 4.7% or $721,774 higher than budgeted.

In addition to the County of Marin Teeter apportionment—which for the Operating Fund increased 4.7%, from $11,014,047 in 2025 to $11,531,000 in 2026—the District also collects sewer service charge revenues through direct billings to several local agencies.

Direct operating billings of over $464,000 cover roughly 40 customers across federal, municipal, school, utility, and homeowners-association accounts. These consist of semiannual charges to the Novato Unified School District, City of Novato, Indian Valley College, Novato Fire Protection District, Homeward Bound, North Marin Water District, and the Marin County Housing Authority, and monthly charges to the U.S. Coast Guard, along with commercial accounts (Frontier, AT&T, PG&E) and numerous HOAs billed semiannually.

Operating Fund property tax allocations totaled $927,723 for the full FY 2025-26, coming in $39,783 (about 4.5%) over budget. Aside from small early receipts—including Excess ERAF—nearly all revenue was received through the standard December and April secured property tax roll apportionments, fully consistent with the County's established distribution schedule.

Interest income of $1,310,377 through the fourth quarter significantly outperformed budget, driven by the maturity of two 5-year Treasury securities and elevated yields on the Local Agency Investment Fund (LAIF), resulting in materially higher earnings on pooled cash.

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Non-Domestic Permit Fees: At 467.5% of budget, industrial pretreatment and non-domestic discharge billings totaled $140,235.98 across five customers. Revenue was overwhelmingly driven by a single BOD-loading surcharge of approximately 72% of the total to a single significant industrial user. The remainder came from reimbursements for WaterSCAN public health sampling, PG&E, and the Buck Institute.

Ranch Income: At 271.8% of budget or $108,711, the Reclamation Area Ranch lease is billed quarterly in advance, with annual rent based on a fixed base amount plus quarterly grazing and hay production activity. Because actual cattle and hay market prices are not known at the start of the year, early payments are estimated and later adjusted to reflect actual activity and pricing. Revenues are significantly above budget, primarily due to catch-up billings and payments from prior periods, resulting in higher-than-anticipated revenue recognition during the fiscal year.

Table 3: OPERATING EXPENDITURES

	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
Total Operating Expenditures	**13,499,940**	**15,333,269**	**(1,833,329)**	**88.0%**

Discussion
Overall, operating expenditures are at 88% of budget at the end of FY 25-26. Variances by expenditure category are summarized below:

Table 4: Operating Expenditures - Collection System

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
60010 · Salaries & Wages	700,405	849,749	(149,344)	82.4%
60020 · Employee Benefits	421,259	474,813	(53,554)	88.7%
60060 · Gas, Oil & Fuel	25,715	23,000	2,715	111.8%
60085 · Safety	5,868	6,500	(632)	90.3%
60091 · Software Maint	53,242	83,920	(30,678)	63.4%
60100 · Operating Supplies	20,398	26,000	(5,602)	78.5%
60150 · Repairs & Maintenance	95,367	84,000	11,367	113.5%
60152 · Small Tools	1,585	2,000	(415)	79.3%
60153 · Outside Services	113,047	190,000	(76,953)	59.5%
60192 · Water	14,708	10,000	4,708	147.1%
60193 · Telephone	3,559	4,000	(441)	89.0%
60200 · Other(Garbage Coll)	0	1,300	(1,300)	0.0%
60201 · Permits & Fees	29,873	117,000	(87,127)	25.5%
Total COLLECTION SYSTEMS	**1,485,027**	**1,872,282**	**(387,255)**	**79.3%**

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General: Overall, no significant variances were noted for this cost center this quarter, and expenditures are at 79.3% of budget at fiscal yearend. Any material variances in individual expenditure accounts are discussed below.

Gas, Oil & Fuel: At 111.8% of budget, the variance is nominal given the small account budget of $23,000. Fuel expenditures totaled $25,715.12 in FY 2025-26, a $3,589.50 (16.2%) increase over the prior year's $22,125.62. Spending is split between two primary vendors: City of Novato quarterly fuel usage of $13,129.22 (up a modest 4.1%, reflecting stable fleet consumption) and Reladyne/Nick Barbieri Enterprises clear diesel deliveries of $12,459.10 (up 30.9%) for District standby generators and diesel fueled vehicles. The Reladyne increase of $2,943 accounts for roughly 82% of the year-over-year change and is attributable to the recent spike in diesel prices, which drove up per-gallon fuel costs.

Repairs & Maintenance: At 113.5% of budget, expenditures exceeded budget by approximately $11,367, driven primarily by major repairs and replacement parts for the District's sewer inspection and cleaning equipment. The remaining expenditures were attributable to routine vehicle maintenance, contractor repair services, CCTV equipment components, supplies, freight, and recurring service contracts necessary to support ongoing operations.

Water: At 147.1% of budget, the variance is not considered material given the small budget allocation for this category. Water expenditures payable to the North Marin Water District totaled $14,707.62 in FY 2025-26. Metered hydrant water on two accounts accounted for $8,517.62, a 22% increase over the prior year's $6,980.05, reflecting higher rates and usage. The remaining $6,190.00 consisted of recycled water (RW) load charges billed.

Table 5: ***Operating Expenditures - Treatment Facilities - Contract Operations***

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
61000-1 · Fixed Fee	2,677,141	2,744,023	(66,882)	97.6%
61000-2 · Insurance & Bonds	15,600	14,000	1,600	111.4%
61000-4 · Water/Permits/Telephone	147,037	160,000	(12,963)	91.9%
61000-5 · Gas & Electricity	1,097,255	1,156,585	(59,330)	94.9%
Total Contract Operations	**3,937,033**	**4,074,608**	**(137,575)**	**96.6%**

General: Overall, operating expenditures are approximately 96.6% of the budget at fiscal year-end. No significant variance noted for this cost center for the quarter.

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Table 6: Operating Expenditures - Reclamation/Disposal Facilities

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
63010 · Salaries & Wages	136,766	136,242	524	100.4%
63020 · Employee Benefits	47,946	55,719	(7,773)	86.0%
63060 · Gasoline & Oil	1,891	1,700	191	111.3%
63085 · Safety	0	1,000	(1,000)	0.0%
63091 · Software Maintenance	1,940	2,100	(160)	92.4%
63100 · Operating Supplies	37	3,000	(2,963)	1.2%
63115 · Sludge Disposal	215,325	260,000	(44,675)	82.8%
63150 · Repairs & Maintenance	57,071	85,000	(27,929)	67.1%
63152 · Small Tools	70	500	(430)	14.0%
63157 · Ditch/Dike Maintenance	22,968	20,000	2,968	114.8%
63191 · Gas & Electricity	135,581	150,000	(14,419)	90.4%
63192 · Water - Reclamation	1,555	5,000	(3,445)	31.1%
63201 · Permits & Fees	26,721	26,100	621	102.4%
Total RECLAMATION/DISPOSAL	**647,870**	**746,361**	**(98,491)**	**86.8%**

General: Overall, at 86.8% of budget at yearend, there is no significant variance noted for the overall cost center. Significant variances in individual expenditure accounts are discussed below.

Ditch / Dike Maintenance: At 114.8% of budget, the $2,968 variance is nominal. Expenditures totaled $22,967.84, driven by Cagwin & Dorward ($17,086), for seasonal mowing and trimming, and Linscott Engineering ($4,586) for DPS 3 & 7 tide gate maintenance.

Table 7: Operating Expenditures - Laboratory/Monitoring

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
64010 · Contract Lab Services	467,567	475,186	(7,619)	98.4%
64060 · Gasoline & Oil	116	500	(384)	23.3%
64085 · Safety	0	1,000	(1,000)	0.0%
64091 · Software Maintenance	1,787	1,700	87	105.1%
64100 · Operating Supplies	24,380	24,000	380	101.6%
64150 · Repairs & Maintenance	14,424	17,500	(3,076)	82.4%
64160 · Research & Monitoring	166,148	164,000	2,148	101.3%
64170 · Pollution Prevention/Public Ed	5,894	35,000	(29,106)	16.8%
64201 · Permits & Fees	7,627	15,000	(7,373)	50.8%
Total LABORATORY/MONITORING	**687,944**	**733,886**	**(45,942)**	**93.7%**

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General: Overall, no significant variances were noted for this cost center during the quarter, and it is at 93.7% of budget at year end. Any material variances in individual expenditure accounts are discussed below.

Research & Monitoring: At 101.31% of budget or $166,147.70, the $2,148 variance is nominal. Spending is concentrated among three primary labs — Caltest, Aqua Science, and Alpha Analytical — covering routine monthly analytical testing and quarterly whole-effluent toxicity (WET) testing, with the balance made up of the annual SFEI Regional Monitoring Program fee, CMSA FOG testing, NMWD WWTP lab results, and Onterris PCB analysis.

Table 8: Operating Expenditures - Pump Stations

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
65010 · Salaries & Wages	379,377	480,881	(101,504)	78.9%
65020 · Employee Benefits	224,039	256,588	(32,549)	87.3%
65060 · Gasoline & Oil	8,900	8,000	900	111.3%
65085 · Safety Expenses	4,970	5,000	(30)	99.4%
65091 · Software Maintenance	12,455	14,397	(1,942)	86.5%
65100 · Operating Supplies	11,235	11,550	(315)	97.3%
65150 · Repairs & Maintenance	116,783	141,750	(24,967)	82.4%
65152 · Small Tools	432	2,000	(1,568)	21.6%
65153 · Outside Services, Electrical	32,400	110,000	(77,600)	29.5%
65191 · Gas & Electricity	188,179	189,000	(821)	99.6%
65192 · Water	12,694	11,000	1,694	115.4%
65193 · Telephone	28,043	46,000	(17,957)	61.0%
65201 · Permits & Fees	8,886	8,000	886	111.1%
65301 · PSPS Cost	0	25,000	(25,000)	0.0%
Total PUMP STATIONS	**1,028,394**	**1,309,166**	**(280,772)**	**78.6%**

General: Overall, no significant variances were noted for the cost center this quarter, and it is at 78.6% of budget at year end. Variances in individual expenditure accounts are discussed below.

Water: At 115.4% of budget, the variance is not considered material, as the budget for this category is only $11,000, representing approximately 0.8% of the overall cost center budget. NMWD water expenses totaled approximately $12,694 across 16 service sites and lift stations, with the variance primarily driven by more frequent billing cycles at several locations during the fiscal year.

Permits & Fees: At 111.1% of budget, the variance is not material given the small $8,000 allocation (0.6% of the cost center budget). The increase reflects higher pump station permit costs—primarily Marin County Tax Collector hazardous materials business plan charges and related state surcharges posted in November—while recurring BAAQMD and CARB/PERP regulatory fees remained stable.

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Table 9: Operating Expenditures - Administration and Engineering

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
66010 · Salaries & Wages	1,970,644	2,067,810	(97,166)	95.3%
66020 · Employee Benefits	828,043	924,417	(96,374)	89.6%
66030 · Director's Fees	17,775	23,400	(5,625)	76.0%
66060 · Gasoline & Oil	4,837	4,000	837	120.9%
66085 · Safety	1,356	3,300	(1,944)	41.1%
66090 · Office Expense	28,331	22,000	6,331	128.8%
66091 · Software Maintenance	0	25,000	(25,000)	0.0%
66100 · Engineering Supplies	2,533	5,000	(2,467)	50.7%
66121 · Accounting & Auditing	53,613	60,800	(7,187)	88.2%
66123 · O/S Contractual	426,401	497,871	(71,470)	85.6%
66124 · IT/Misc Electrical	78,312	128,200	(49,888)	61.1%
66150 · Repairs & Maintenance	105,007	95,000	10,007	110.5%
66193 · Telephone	18,319	16,100	2,219	113.8%
Total ADMIN/ENGINEERING	**3,535,171**	**3,872,898**	**(337,727)**	**91.3%**

General: Overall, no significant variance is noted for the overall cost center for the quarter, and it is at 91.3% of budget at year end. Variances in individual expenditure accounts are discussed below.

Office Expense: At 128.8% of budget, the variance is not material given the small $22,000 allocation (0.5% of the cost center budget). Total office expenses of $28,331 were comprised of office supplies and postage ($8,800), copier leases and printing ($8,500), janitorial and restroom supplies ($4,100), bank service charges and fees ($3,800), and one-time Centennial Celebration costs ($3,200)—including the plaque, signage, banners, printing, staff shirts, and event supplies for the District's 100th Anniversary.

Telephone: At 113.8% of budget, the variance is not material given the small $16,100 allocation. Expenditures totaled $18,319.46, up 24.4% year-over-year—driven mainly by higher cellular costs (T-Mobile, Verizon) and a new Comcast Business charge, while GoTo Connect VoIP was flat.

Table 10: Operating Expenditures - AB 939 Solid Waste Programs

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
67010 · Salaries & Wages	157,056	155,546	1,510	101.0%
67020 · Employee Benefits	81,327	82,056	(729)	99.1%
67400 · Consulting Services	2,000	55,000	(53,000)	3.6%
67500 · Household Hazardous Waste	494,185	545,400	(51,215)	90.6%
67530 · Used Oil Grant	0	7,000	(7,000)	0.0%
67540 · Outreach/Publicity/Education	29,641	27,500	2,141	107.8%
67600 · Other	0	6,500	(6,500)	0.0%
67610 · City AB 939 Admin Services	10,000	10,000	0	100.0%
67620 · SB1383 CalRecycle	21,761	140,160	(118,399)	15.5%
Total AB 939 SOLID WASTE PROGRAMS	**795,970**	**1,029,162**	**(233,192)**	**77.3%**

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General: Overall, no significant variance noted for the overall cost center for the quarter, and it is at 77.3% of budget at year end. Variances in individual expenditure accounts are discussed below.

Table 11: Operating Expenditures - Recycled Water

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
68010 · O & M Services	122,282	72,000	50,282	169.8%
68100 · Operating Supplies	411	6,600	(6,189)	6.2%
68101 · Operating Chemicals	123,475	120,000	3,475	102.9%
68150 · Repairs & Maintenance	4,792	49,000	(44,208)	9.8%
68160 · Research & Monitoring	19,174	14,000	5,174	137.0%
68191 · Gas & Electricity	68,983	70,000	(1,017)	98.5%
Total Recycled Water	**339,117**	**331,600**	**7,517**	**102.3%**

General: Overall, no significant variance noted for the overall cost center for the quarter. Note that while the cost center is slightly above budget at 102.3% of budget at year end, all expenditures in this cost center costs are pass-through costs and are reimbursed to the District by the North Marin Water District (NMWD). Variances in individual expenditure accounts are discussed below.

O & M Services: At 169.8% of budget or $122,282, the $72,000 variance is driven largely by a timing difference in which the June 2025 invoice of $38,000 was received after fiscal year-end and posted in the current year. Excluding it, actual costs of $84,000 represent about 117% of budget, consistent with normal seasonal operations. These costs are reimbursable by NMWD, and the account is expected to normalize once reimbursement is received

Operating Chemicals: At 102.92% of budget at fiscal year-end, chemical costs totaled $123,475.49 for the year, billed across 8 service months with no activity during the winter months. Costs were concentrated in the summer irrigation season, with June–October 2025 accounting for approximately $96,900, or 78% of the annual total. The account finished the fiscal year essentially on budget, and these expenses are reimbursable to the District by NMWD.

Research & Monitoring: At 137% of budget ($19,174 actual against a $14,000 budget), lab and regulatory costs reflect routine recycled water laboratory testing performed by North Marin Water District ($17,673.80, 92%) and the annual State Water Resources Control Board permit fee ($1,500). The period includes normal recurring sampling cycles along with the required annual permit renewal, and the expenses are reimbursable to the District by NMWD.

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Table 12: Operating Expenditures - Non-Departmental

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
69021 · Retiree Health Benefits	227,782.92	254,306	(26,523)	89.6%
69040 · Election Expenses	76	35,000	(34,924)	0.2%
69070 · Insurance Expense	598,134	628,000	(29,867)	95.2%
69071 · Insurance Claim Expense	10,860	150,000	(139,140)	7.2%
69075 · Agency Dues	66,304	76,000	(9,696)	87.2%
69080 · Memberships/Certifications	9,599	18,000	(8,401)	53.3%
69122 · Attorney Fees	23,379	35,000	(11,621)	66.8%
69125 · Safety & Wellness Incentive	1,187	10,000	(8,813)	11.9%
69130 · Printing & Publications	912	5,000	(4,088)	18.2%
69170 · Board Travel & Training	8,296	25,000	(16,704)	33.2%
69171 · Staff Travel & Training	29,075	50,000	(20,925)	58.1%
69201 · Property Tax alloc to LISRAP	3,220	10,000	(6,781)	32.2%
69202 · County Fees-Property Taxes	38,357	35,000	3,357	109.6%
69203 · County Fees-Sewer Serv Chg	29,462	32,000	(2,538)	92.1%
Total Non-Departmental	**1,046,642**	**1,363,306**	**(316,664)**	**76.8%**

General: Overall, no significant variances were noted for this cost center during the quarter, and it is at 76.8% of budget at year end. Variances in individual expenditure accounts are discussed below.

County Fees – Property Taxes: At 109.6% of budget, the account is over budget due to the SB2557 property tax administration cost increase. Of the total $14,285,868 in allocable costs, only $3,535,322 is reimbursable to the County, as SB2557 exempts schools and the ERAF fund. Total allocable costs rose $1,507,022 year-over-year, driven largely by higher salary costs and reduced administrative cost recovery from supplemental property tax revenues at the County, increasing the District's proportionate share. The FY 2026-27 budget has been adjusted to reflect this rise in costs.

CAPITAL FUND

Table 13: CAPITAL REVENUE

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
51010 · Sewer Service Charges	9,818,465	9,707,926	(110,539)	101.1%
51015 · Property Taxes	2,385,574	2,283,274	(102,300)	104.5%
51020 · Connection Charges	208,152	568,400	360,248	36.6%
51040 · Special Equalization Charge	0	1,000	1,000	0.0%
51060 · Interest	571,061	417,868	(153,193)	136.7%
51070 · Other Revenue	0	20,000	20,000	0.0%
Total CAPITAL IMPROVEMENT INCOME	**12,983,252**	**12,998,468**	**15,216**	**99.9%**

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Discussion

Capital revenues ended the quarter and fiscal year at 99.9% of budget, consistent with the District's pattern of receiving most of its revenue in December and April.

At 101.1% of budget, Total Capital Fund sewer service charge revenue was $9,818,465 in FY 2025-26. Of this, $9,434,455 was received through the County of Marin Teeter apportionment—an increase of $422,962 (4.7%) over the prior year, reflecting the sewer service charge rate increase—and the remaining $384,010 consisted of direct billings to agencies not collected on the tax roll.

At 104.5% of budget, Capital Improvement Fund property tax allocations total $2,385,574 for the full fiscal year. Aside from small early receipts—including Excess ERAF—nearly all revenue was received through the standard December and April secured property tax roll apportionments, fully consistent with the County's established distribution schedule.

Interest income of $571,061 through the fourth quarter significantly outperformed budget, driven by the maturity of two 5-year Treasury securities and elevated yields on the Local Agency Investment Fund (LAIF), resulting in materially higher earnings on pooled cash.

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Table 14: CAPITAL EXPENDITURES

Account	YTD Balance	Annual Budget	Over/(Under) Budget	Pcr. of Budget
72000 · CAPITAL IMPROVEMENT PROJECTS				
72112 · Network and SCADA Upgrades	425,165	630,700	(205,535)	67.4%
72403 · Pump Station Rehabilitation	1,666,622	4,130,000	(2,463,378)	40.4%
72508 · N. Bay Water Recycling Auth	5,000	5,000	-	100.0%
72706 · Collection System Improv - Other	1,244,413	4,340,000	(3,095,587)	28.7%
72706-1 · Lateral Replacement Program	43,750	80,000	(36,250)	54.7%
72707 · Hamilton Wetlands/Outfall Integ	340	30,000	(29,660)	1.1%
72708 · Cogeneration/Alt Energy	262,907	3,002,000	(2,739,093)	8.8%
72802 · Annual Sewer Adj. for City Proj	-	50,000	(50,000)	0.0%
72803 · Annual Collection Sys Repairs	98,617	150,000	(51,383)	65.7%
72804 · Annual Reclamation Fac Imp	589,918	995,000	(405,082)	59.3%
72805 · Annual Treatment Plnt Improv	(115,858)	180,000	(295,858)	(64.4%)
72805-1·Treatment Plnt Major Repair	258,111	350,000	(91,889)	73.7%
72806 · Annual Pump Station Improv	194,930	150,000	44,930	130.0%
72807 · Annual Ignacio Facility Improv	749,754	850,000	(100,246)	88.2%
72808 · Strategic Plan Update	-	5,000	(5,000)	0.0%
72809 · Novato Creek Watershed	-	5,000	(5,000)	0.0%
73003 · Admin Bldg/Maint.Bldg Upgrades	96,097	210,000	(113,904)	45.8%
73004 · Odor Control & NTP Landscaping	-	55,000	(55,000)	0.0%
73006 · NTP Corrosion Control	375,333	380,000	(4,667)	98.8%
73007 · Solids Management	14,619	100,000	(85,381)	14.6%
73008 · Treatment Plant Elec Sys Improv	48,407	170,000	(121,593)	28.5%
73009 · Climate Adaption Improvements	-	20,000	(20,000)	0.0%
73090 · Vehicle Replacement	15,239	45,000	(29,761)	33.9%
Total 72000 · CIP	**5,973,364**	**15,932,700**	**(9,959,336)**	**37.5%**
78400 · Principal and Interest				
78500 · Interest - Capital Projects	1,612,850	1,612,850	0	100.0%
78501 · Principal - Capital Projects	4,895,000	4,895,000	0	100.0%
Total 78400 · Principal and Interest	**6,507,850**	**6,507,850**	**0**	**100.0%**
Total CAPITAL IMPROVEMENT Exp	**12,481,214**	**22,440,550**	**(9,959,336)**	**55.6%**

Discussion

The list of capital project accounts is shown above. Overall expenses are 55.6% of the budget.

Attachments:

1. Debt Service Schedule – June 30, 2026
2. Operating and Capital Cash Flow, July 2025-June 2026.

****

Novato Sanitary District
2019 Wastewater Revenue Refinancing Bonds, 2017 Wastewater Revenue Refunding Bonds
2020 Taxable Revenue Refunding Bond Payable Balances

2.0 Debt Service Schedule as of June 30, 2026

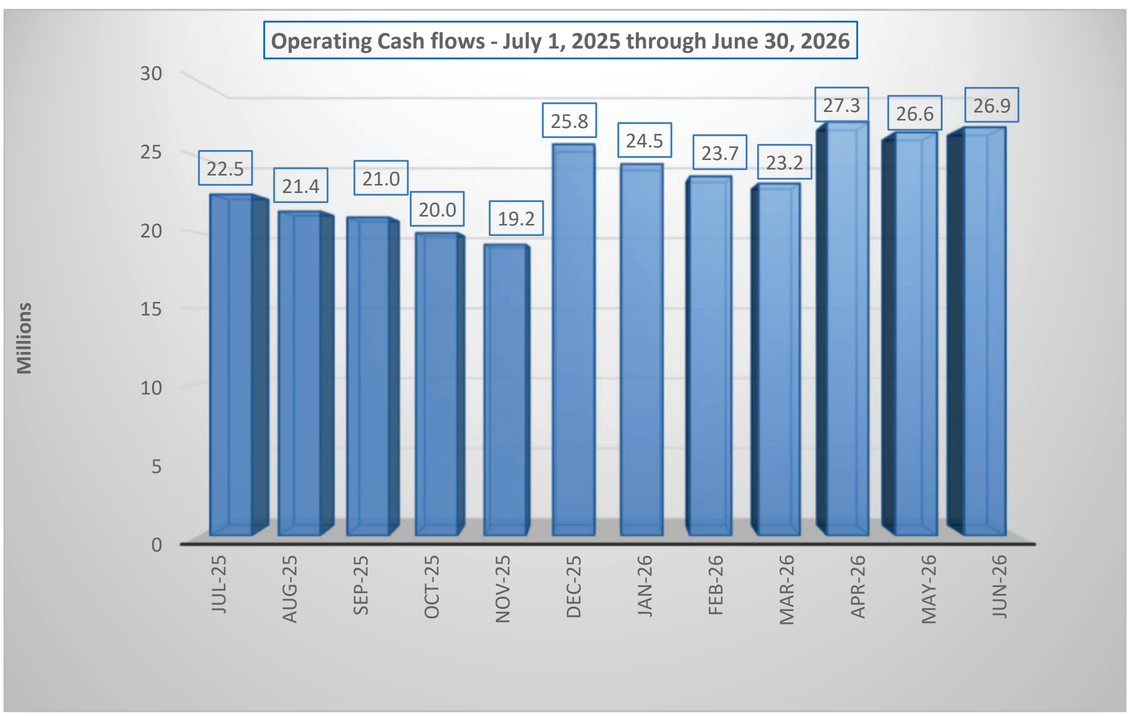
2019 Wastewater Revenue Refinancing Bonds	**Principal**	**Interest**
Revenue Bond Payable Balance 7/1/2025	26,070,000	
Principal Payment 2025-26	(3,835,000)	
Interest payments 2025-26		(1,254,600)
Revenue Bond Payable Balance/Interest Paid 6/30/2026	**22,235,000**	**(1,254,600)**
2017 Wastewater Revenue Refunding Bonds		
Revenue Bond Payable Balance 7/1/2025	7,165,000	
Principal Payment 2025-26	(1,060,000)	
Interest payments 2025-26		(358,250)
Revenue Bond Payable Balance/Interest Paid 6/30/2026	**6,105,000**	**(358,250)**
2020 Taxable Revenue Refunding Bonds		
Revenue Bond Payable Balance 7/1/2025	5,308,000	
Principal Payment 2025-26	(324,000)	
Interest payments 2025-26		(132,197)
Revenue Bond Payable Balance/Interest Paid 6/30/2026	**4,984,000**	**(132,197)**

Note 1: Principal and Interest payments for all of the above bond issuances are paid in August and February of each fiscal year.
Note 2: The 2020 Taxable revenue bonds are the CalPERS restucturing of the UAL (Unfunded Accrued Liability).

Attachment 2
OPERATING AND CAPITAL CASH FLOWS

Operating:
Cash Flow For Novato Sanitary District
July 1, 2025 - June 30, 2026

Month Earned	Operating Revenue	Monthly Operating Expenditures	Cash Balance
			*23,983,234
Jul-25	12,678	1,492,871	22,503,041
Aug-25	67,637	1,188,352	21,382,326
Sep-25	738,001	1,132,945	20,987,382
Oct-25	76,748	1,104,643	19,959,487
Nov-25	206,268	967,718	19,198,037
Dec-25	7,588,396	984,888	25,801,545
Jan-26	205,239	1,508,202	24,498,582
Feb-26	141,506	953,783	23,686,305
Mar-26	562,876	1,034,297	23,214,883
Apr-26	5,036,200	973,117	27,277,967
May-26	241,504	929,792	26,589,679
Jun-26	1,206,299	876,009	26,919,969

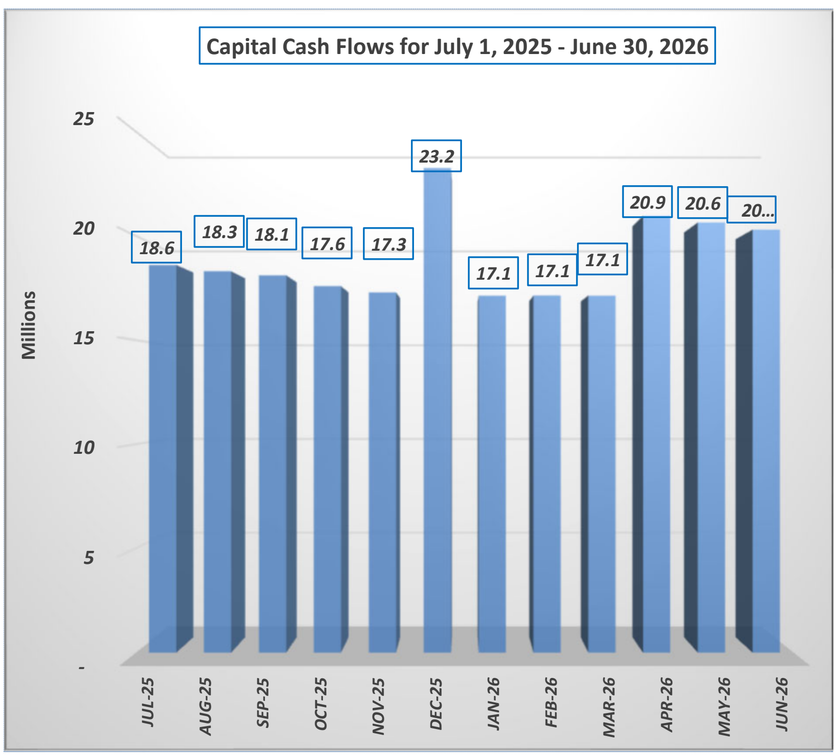


Note: Cash balances at year end split 55/45 - Operating/Capital based on split sewer service charges.

* Beginning balance adjusted for accrual vs cash basis differences.

Capital:
Cash Flow For Novato Sanitary District
July 1, 2025 - June 30, 2026

Month Earned	Monthly Capital Expenditures	Debt Service	Capital Revenue	Cash Balance
				19,780,683
Jul-25	397,488	806,425	14,235	18,591,005
Aug-25	353,226		53,431	18,291,211
Sep-25	400,017		207,462	18,098,656
Oct-25	585,783		64,717	17,577,590
Nov-25	467,806		171,918	17,281,703
Dec-25	695,455		6,648,195	23,234,443
Jan-26	471,763	5,701,425	64,778	17,126,033
Feb-26	99,873		106,327	17,132,486
Mar-26	159,394		151,721	17,124,813
Apr-26	913,331		4,723,592	20,935,074
May-26	331,554		22,715	20,626,235
Jun-26	1,097,674		754,161	20,282,721



NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: Accounts Receivable Aging Summary for the Period Ended July 31, 2026.	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 5.f.**

RECOMMENDED ACTION: Receive Accounts Receivable (A/R) Summary Report as of July 31, 2026

SUMMARY AND DISCUSSION:

The attached Accounts Receivable Summary shows the following receivables as of July 31, 2026:

1-45 days - $115,745: Current.

46-120 days - $243: Considered collectible.

120+ days - $9,827: Considered collectible.

ATTACHMENTS: 1. Accounts Receivable (A/R) Aging Summary.

STRATEGIC PLAN INFORMATION: This item addresses Goal 3 (Organizational Excellence) and Goal 4 (Outreach) of the latest Strategic Plan.

Prepared by: lc	**Reviewed by General Manager:** SSK

Novato Sanitary District
A/R Aging Summary
As of July 31, 2026

Customer	Current	46-120	> 120	TOTAL	
AT &T	0.00	0.00	1,887.44	1,887.44	**(1)**
Auburn Ravine Ranch	32,593.93	0.00	0.00	32,593.93	**(2)**
D.M. Christensen Construction Co	0.00	0.00	1,211.76	1,211.76	**(1)**
Ignacio Hills Owners & Assoc Inc	0.00	0.00	759.28	759.28	**(1)**
Madera Marin Homeowners Association	0.00	0.00	729.02	729.02	**(1)**
North Marin Water District	47,572.60	0.00	0.00	47,572.60	**(3)**
Novato Children's Center	0.00	0.00	632.24	632.24	**(1)**
Redwood Towne Homeowners Assoc Inc	0.00	0.00	729.00	729.00	**(1)**
Renaissance At Stone tree Golf Course	0.00	0.00	262.90	262.90	**(1)**
Scottsdale Lake Condominium & Owners Ass	0.00	0.00	385.74	385.74	**(1)**
Southern Pacific Transportation	0.00	0.00	238.32	238.32	**(1)**
USCG	19,136.26	243.00	529.65	19,908.91	**(4)**
Veolia Water	14,566.90	0.00	0.00	14,566.90	**(5)**
Verily Life Sciences	1,875.00	0.00	1,800.00	3,675.00	**(6)**
Western Oaks Village Assn	0.00	0.00	662.26	662.26	**(1)**
TOTAL	**115,744.69**	**243.00**	**9,827.61**	**125,815.30**	

(1) Non tax roll sewer service charges for first and second half of FY26.

(2) Auburn Ranch for fourth quarter billing for Ranch Lease.

(3) North Marin Water District Recycled Water billing for May of 2026. In addition, billing for Stafford Lake Treatment Plant for fourth quarter FY26.

(4) Primarily, United States Coast Guard sewer service billings for May and June 2026 with a very small past due amount.

(5) Fourth quarter billing for reimbursement of Veolia Water pass through costs.

(6) Verily Life Science billings for September 2025 and July 2026.

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: Annual Fund Transfer from Capital Account to Operating Account	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 5.g.**

RECOMMENDED ACTION: Approve transfer of $281,325.22 from the Capital Fund to the Operating Fund for staff time spent on Capital Fund projects in Fiscal Year (FY) 25-26.

SUMMARY AND DISCUSSION:

At the end of each fiscal year, the Operating Fund is reimbursed from the Capital Fund for staff time spent on Capital Projects. Expenditures are based on actual time spent on an hourly rate basis, plus an allowance of 35% for overhead and supervision.

On this basis, staff time for FY 25-26 amounted to $208,389.06 plus overhead of $72,936.16, for a total of $281,325.22.

For comparative purposes, the Capital Fund to Operating Fund transfer for FY 24-25 was $328,810.47.

STRATEGIC PLAN INFORMATION: This item addresses Goal 3 (Organizational Excellence) of the latest Strategic Plan.

BUDGET INFORMATION: Reclassifies $281,325.22 as expenditures from the Capital Fund to the Operating Fund.

Prepared by: lc, ssk	**Reviewed by General Manager:** SSK

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: National Association of Clean Water Agencies (NACWA), Utility Leadership Conference, July 14 – 17, 2026 – Information only.	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 5.h.**

RECOMMENDED ACTION: Receive General Manager-Chief Engineer's report, National Association of Clean Water Agencies (NACWA) Utility Leadership Conference, 56th Annual Meeting, and Awards Ceremony in Cleveland, OH, July 14 - 17, 2026 - information only.

SUMMARY AND DISCUSSION:

The District's General Manager-Chief Engineer attended the National Association of Clean Water Agencies (NACWA), Utility Leadership Conference, held in Cleveland, OH, July 14 – 17, 2026.

As with prior NACWA Leadership conferences, this event also featured excellent speakers, panelists, and other stakeholders. High level wastewater utility managers from across the nation heard from a full line-up of speakers ranging from organizational and motivational speakers to leadership experts and strategic thinkers, as well as a range of experts on infrastructure and infrastructure financing.

Individual sessions featured speakers on legal issues, utility operations, biosolids management, and leadership. In addition, dedicated sessions addressed ongoing/emerging areas of concern such as cybersecurity, and potential areas for productivity growth such as AI (Artificial Intelligence) along with associated issues such as AI Data Centers.

The Annual Association Business meeting was also held during the conference, and the General Manager-Chief Engineer attended the Board meeting in his capacity as a member of the NACWA Board of Directors.

A copy of the program agenda is attached for informational purposes.

ATTACHMENTS:

1. 2026 NACWA Utility Leadership Conference and 56th Annual Meeting - Agenda.

STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Staff) and Goal 4 (Outreach) of the latest Strategic Plan.

Prepared by: ssk	**Reviewed by General Manager:** SSK

NACWA

2026 Utility Leadership Conference & 56th Annual Meeting
Purpose-Driven Utilities: Leading with Intention, Delivering for Communities

July 14 - 17 | Hilton Cleveland Downtown | Cleveland, OH

All meetings are on the 5th Floor unless otherwise noted.

Δ Board of Directors Committee

As of July 8, 2026

Tuesday, July 14

Morning

9:00 – 1:00
Superior A

Women's Water Network Forum ***(Optional - Separate Registration Required)***
Join NACWA's Women's Water Network for a dynamic half-day program focused on succession planning, mentorship, and the defining moments that shape leadership journeys. This interactive session will bring together women leaders from across the water sector to share personal insights, reflect on pivotal career decisions, and explore how transitions—both expected and unexpected—can influence professional growth and purpose. Through facilitated discussions and a featured reflective conversation with industry leaders, participants will examine how values, resilience, and mentorship have guided their paths and how those lessons can be passed on to support the next generation.

11:45 – 1:45
Veterans Room C

Executive Committee Meeting and Lunch Δ

Afternoon

1:30 – 4:00
5th Floor Foyer

Registration

2:00 – 4:30
Superior C

Committee Discussion Sessions
All Conference attendees are welcome to attend the committee meetings, whether or not they are members of the committee.

2:00 – 3:00

Utility & Resource Management Committee
Building on ongoing conversations among NACWA's members regarding affordability and meeting growing revenue needs, the Committee discussion will dive into how utilities can strategically braid limited federal funding and financing, municipal bonds, and grants with private capital solutions like platform investments, energy contracts, and credit enhancements to stretch every dollar further. We will ground this conversation in affordability, highlighting the need for continued water bill assistance programs to integrate into long-term financial strategies that deliver for both communities and critical infrastructure.

Committee Leader

Nathan Qualls, *Co-Chair, Utility & Resource Management Committee*
Executive Director
NEW Water | Green Bay, WI

Speakers

Andrew Sawyers, Director, Office of Wastewater Management
US Environmental Protection Agency | Washington, DC

Tahne Corcutt, Principal Infrastructure Funding & Grants Consultant
Jacobs | Bellevue, WA

3:00 – 3:30 **Networking Break**

3:30 – 4:30 **Environmental Justice Committee**

AI-driven data center expansion is creating challenges for some communities and raising questions of whether principles of environmental justice and community transparency and engagement are being fully considered. What is the appropriate role of public water utilities in this space and how can they navigate both the potential opportunities and the environmental and public health impacts this growth presents? At the same time, how can targeted funding and technical assistance better equip very small and economically disadvantaged utilities to participate in the data center debate/negotiations – and benefit, rather than be left behind? The Committee meeting will focus on the roles that water utilities, environmental and other non-governmental organizations and research-based nonprofits play in economic development, environmental protection, and environmental justice strategies – ensuring that growth happens *with* communities, not *to* them.

Committee Leader

Sharise Horne, *Co-Chair, Environmental Justice Committee*
Chief of Equity & Community Partnerships
Louisville & Jefferson County Metropolitan Sewer District | Louisville, KY

Speakers

LaTricea Adams, Chief Executive Officer
Young Gifted & Green | Memphis, TN

Peter Grevatt, Chief Executive Officer
The Water Research Foundation | Alexandria, VA

Evening

5:00 – 6:00 **Registration**
5th Floor Foyer

5:30 – 6:30 **Welcoming Happy Hour**
Lakeside Foyer

Kick off the *Conference* by joining us at the Welcoming Happy Hour. Connect with fellow attendees, reconnect with familiar faces, and network in a relaxed atmosphere. Happy Hour is open to all so enjoy a quick bite and meet us there!

8:30 – 9:45 **NACWA Night at the Movies**
Superior C

Join us for the screening of "Unless Something Goes Terribly Wrong," filmed with the Portland Water District. Enjoy a fun and eye-opening evening with refreshments and snacks. Bring your friends and join us!

Wednesday, July 15

Morning

8:00 – 9:00 **First Time Attendee Networking Breakfast** ***(Separate Registration Required)***
Veterans Room AB

Connect with fellow first-time attendees, build new relationships, and gain insights that will help you make the most of your *Conference* experience. Enjoy a light breakfast while networking with peers before the day's sessions begin.

8:30 – 11:30 **Registration**
5th Floor Foyer

9:00 – 10:00 **Spouse & Guest Lounge**
Veterans Room C

9:00 – 5:00 *Lakeside Foyer*

NACWA Networking Lounge
The lounge provides an opportunity to connect with your peers during the *Conference*.

9:00 – 11:45 *Superior C*

Plenary Session I

9:00 – 9:15

Opening & Welcoming Remarks
Opening Remarks
Kyle Dreyfuss-Wells, *NACWA Vice President 2025-2026*
Chief Executive Officer
Northeast Ohio Regional Sewer District | Cleveland, OH

Welcoming Remarks
Chris Ronayne, Cuyahoga County Executive
Cuyahoga County | Cleveland, OH

9:15 – 10:15

Leading with Purpose: Building a Public Service Ethos from the Inside Out
Leadership sets the tone; culture ensures the work gets done well. This panel brings together clean water leaders to explore how intentional leadership, organizational culture, and authentic stakeholder engagement shape not only system performance, but public trust itself. Through a candid conversation, panelists will examine what it truly takes to build trust from the inside out – aligning leadership, values, and service to transform utilities into engines of resilience, public service and community strength.

Moderator
Beverley Stinson, Executive Vice President, Global Water Business Line Leader
AECOM | Chelmsford, MA

Speakers
Bret Berthold, Executive Director/Chief Executive Officer
Metropolitan St. Louis Sewer District | Saint Louis, MO

Diana Christy, Director
Metropolitan Sewer District of Greater Cincinnati | Cincinnati, OH

Suzanne Coffey, *NACWA Board Member*
Chief Executive Officer
Great Lakes Water Authority | Detroit, MI

10:15 – 10:30

Networking Break

10:30 – 10:45

Infrastructure Investment as a Catalyst for Community Trust
This session explores how transparent capital planning and candid communication about the water sector—from the urgent need for major infrastructure investment to the realities driving rate increases—can turn public skepticism into lasting confidence. Building trust is not simply a communications overlay; it is an operational imperative that must be intentionally embedded, delivered, and sustained across every stage of the infrastructure investment lifecycle.

Featured Speaker
Daven Oswalt, President, Water Business Division
GFT, Inc. | Rancho Santa Fe, CA

10:45 – 11:45

Powering Growth Together: Utilities, Data Centers, and Community Priorities

As data center expansion takes place at unprecedented speed, communities are growing increasingly uncertain and often distrustful—raising urgent questions about the viability of data centers in some communities. This discussion will explore how wastewater utilities—after decades of continued efforts to build public trust— can play a valuable role at the negotiating table to help set guardrails, ensure transparency, and shape partnerships that will help turn rapid data center growth into resilient, community-aligned infrastructure investments.

Moderator/Panelist

Laura Ziemelis, Vice President, Marketing & Client Development
LimnoTech | Ann Arbor, MI

Panelists

Keylin Lopez, Manager, Federal Affairs
Data Center Coalition | Washington, DC

Mark Peterson, Deputy General Manager
Loudoun Water | Ashburn, VA

Tom Birmingham, Water Team Manager
Meta | Rye, NH

Chris Pomeroy, President
AquaLaw PLC | Richmond, VA

11:45 – 12:00 *Superior C*

Annual Association Business Meeting

- Report of the President
- Report of the Treasurer
- Election of Directors
- Report of the Chief Executive Officer

Afternoon

12:00 – 2:15 **Lunch on Your Own**

12:15 – 2:15 *Superior B*

Board of Directors Meeting Δ

2:00 – 4:30 *5th Floor Foyer*

Registration

2:30 – 5:00 *Superior C*

Committee Discussion Sessions

All Conference attendees are welcome to attend the committee meetings, whether or not they are members of the committee.

2:30 – 3:30

Biosolids Management Committee

The saga over EPA's draft PFAS risk assessment for biosolids continues to evolve, with new Agency guidance – still forthcoming – expected to clarify what the draft does (and perhaps even more importantly does not!) mean, and what direction EPA is headed next on this issue. The Committee will dig into what the guidance says and what it could mean in practice, while also examining how other EPA offices are grappling with the widespread presence of PFAS and the challenges of managing these persistent chemicals.

Committee Leader

Kurt Fremont, *Co-Chair, Biosolids Management Committee*
Division Manager, Business Operations
City of Tacoma, Environmental Services Department | Tacoma, WA

Speakers

Andrew Sawyers, Director, Office of Wastewater Management
US Environmental Protection Agency | Washington, DC

Elizabeth Toot-Levy, Senior Water Resources Scientist
Geosyntec Consultants | Seven Hills, OH

3:30 – 3:45 **Networking Break**

3:45 – 5:00 **Communications and Public Affairs Committee**

Don't miss the official debut of NACWA's bold strategic communications initiative—the culmination of more than a year of research, planning, collaboration, and development. This landmark effort represents a forward-looking approach designed to transform the way public clean water utilities communicate while coordinating utility outreach efforts and elevating the influence of the clean water sector as a whole. The Committee will explore how effective communications planning mirrors the critical pre-construction and procurement phases of a major project—where vision, planning, coordination, and resource alignment lay the foundation for successful execution.

Committee Leaders

Bess McCoy, *Co-Chair, Communications & Public Affairs Committee*
Manager of Public Affairs
Metropolitan St. Louis Sewer District | St. Louis, MO

Jean Smith, *Co-Chair, Communications & Public Affairs Committee*
Director of Administration & External Affairs
Northeast Ohio Regional Sewer District | Cleveland, OH

Speakers

Mack Bradley, President
StandPoint Public Affairs | St. Louis, MO

Josh Weinstein, President & Creative Director
Creative Co-op | Exeter, NH

Evening

6:00 – 7:30 **Awards Ceremony & Reception**
Superior A

Join us for a celebratory evening honoring exceptional NACWA utility facilities for their outstanding achievements in compliance, and individuals for their unmeasured service to NACWA. Following the Ceremony, we invite you to join your colleagues in celebrating the evening's honorees at the Awards Reception.

Thursday, July 16

Morning

8:30 – 11:30 **Registration**
5th Floor Foyer

9:00 – 10:00 **Spouse & Guest Lounge**
Veterans Room C

9:00 – 5:00 **NACWA Networking Lounge**
Lakeside Foyer

The lounge provides an opportunity to connect with your peers during the conference.

9:00 – 11:45 **Plenary Session II**
Superior C

9:00 – 9:10 **Opening Remarks**

Kyle Dreyfuss-Wells, *NACWA President 2026-2027*

9:10 – 10:15 **Purpose to Performance: How Operational Excellence, Capital Strategy, and Collaboration Deliver Value**

Delivering reliable service in today's environment requires more than doing so with less—it demands doing things differently. This discussion will explore how clean water utilities are advancing operational excellence, rethinking capital delivery, and embracing regional collaboration to drive performance. Hear from utility executives and advisors on practical strategies that strengthen affordability, enhance resilience, and build public trust.

Moderator

Joe Crea, Vice President
Raftelis | Cincinnati, OH

Speakers

Paul Sayan, Deputy Bureau Head
Baltimore City Department of Public Works | Baltimore, MD

Rebecca West, Chief Executive Officer
Renewable Water Resources | Greenville, SC

Whit Wheeler, Department Director II
Raleigh Water | Raleigh, NC

10:15 – 10:45 **Networking Break**

10:45 – 11:00 **EPA Office of Water Priorities and Initiatives**

Hear from EPA's Deputy Assistant Administrator about the Agency's top priorities and how these will impact the clean water community in the years ahead. There will also be a unique opportunity for audience Q&A with Deputy Assistant Administrator Caitlin McHale.

Keynote Speaker

Caitlin McHale, Deputy Assistant Administrator for Strategic Initiatives
Office of Water
US Environmental Protection Agency | Washington, DC

11:00 – 12:00 **From Utilities to Ecosystems: Advancing Clean Water Priorities Through Unexpected Allies**

This panel will challenge the water sector to step out of its traditional lanes and expand its engagement beyond the usual municipal water stakeholders. The discussion will explore how utilities can strengthen their influence by building diverse partnerships—sometimes with unexpected allies—to amplify the sector's voice and impact.

Moderator

Todd Swingle, *NACWA Board Member*
Executive Director
Toho Water Authority | Kissimmee, FL

Speakers

Tom Kiernan, Chief Executive Officer
American Rivers | Washington, DC

Chistine Keck, Vice President, Chief Legislative & External Affairs Officer
American Water | Camden, NJ

Courtney Briggs, Senior Director, Government Affairs
American Farm Bureau Federation | Washington, DC

Christian Richter, Principal
The Policy Group, LLC | Washington, DC

12:00 **Closing Remarks**

Calvin Farr, Jr., *NACWA Treasurer 2026-2027*
General Manager/Chief Executive Officer
Prince William Water | Woodbridge, VA

Afternoon
12:00 – 2:00 **Lunch on Your Own**

12:00 – 2:00
Superior B
Optional Lunch – Hosted by the Water Collaborative Delivery Association: How a "Squiggly Line" Leads to Greater Cost Certainty through the Power of Collaborative Delivery *(Free; Separate RSVP Required)*
Curious about the "squiggly line"? Join the Water Collaborative Delivery Association (WCDA) for a complimentary luncheon to learn more about the benefits of collaborative delivery, with a focus on the management of project costs throughout the project lifecycle and how an iterative cost development process can create early cost certainty and avoid bid-day surprises. All attendees will receive a copy of WCDA's *Water and Wastewater Collaborative Delivery Handbook*, 6th Edition.

*Please complete this form by **July 6** to RSVP for this event.*

1:30 – 4:30 **Registration**
5th Level Foyer

2:00 – 4:30 **Committee Discussion Sessions**
Superior C
All Conference attendees are welcome to attend the committee meetings, whether or not they are members of the committee.

2:00 – 3:00 **Legal Affairs Committee**
Legal considerations are a key factor in utility decision-making, but when the legal landscape is uncertain, it can be difficult for utility leaders to know how to plan. Unsettled legal questions loom in PFAS litigation, courtroom battles over federal funding cuts, negotiations over a surge in local data centers, and many other issues important to clean water utilities. Join NACWA's Legal Affairs Committee as committee members share what they are seeing and provide perspectives on how utility counsel can help achieve the best outcomes for their communities.

Committee Leaders

Devon Goodrich, *Co-Chair, Legal Affairs Committee*
Senior Counsel, Environmental Law Division
New York City Department of Law | New York, NY

Emily Jackson, *Co-Chair, Legal Affairs Committee*
Chief Legal Officer
Metro Water Recovery | Denver, CO

Speaker

Erica Spitzig, Partner
Taft Stettinius & Hollister LLP | Cincinnati, OH

3:00 – 3:30 **Networking Break**

3:30 – 4:30 **Water Quality Committee**
Clean water utilities have invested billions to curb nitrogen and phosphorus—often driven by sources beyond their control—delivering decades of measurable progress even as population growth has surged. Now, nutrient policy is entering a far more

complex and costly phase. The Committee will examine the inflection point clean water utilities face as regulators layer nutrient obligations on top of PFAS, 6PPD, microplastics, and other emerging contaminants—all under intensifying regulatory pressure and rising community expectations. Importantly, the discussion will move beyond the challenge to focus on solutions, strategies, and policy pathways that have been effective at reducing nutrient loads while balancing affordability and long-term sustainability.

Committee Leaders

Martin Griffin, *Co-Chair, Water Quality Committee*
Director of Ecosystem Services
Madison Metropolitan Sewerage District | Madison, WI

Jamie Heisig-Mitchell, *Co-Chair, Water Quality Committee*
Chief of Water Quality
Hampton Roads Sanitation District | Virginia Beach, VA

Speakers

Roy Hesemann, Utilities Director
City of Cedar Rapids, Utilities Department | Cedar Rapids, IA

Kamuron Gurol, *NACWA Board Member*
Division Director
King County Wastewater Treatment Division | Seattle, WA

Evening

5:15 *Hotel Lobby*

Bus Transportation - President's Reception

Please meet in the Hotel Lobby to board the bus to our President's Reception. Please note that the bus will take approximately 10 minutes to reach the venue.

5:30 – 7:00 *Gordon Green (5400 Detroit Ave.)*

President's Reception

Join us for an evening of networking, conversation, and celebration as we honor NACWA's incoming President, Kyle Dreyfuss-Wells! Connect with attendees in a relaxed and festive atmosphere while recognizing Kyle's leadership and vision for the year ahead.

Friday, July 17

Morning

8:30 – 10:00 *5th Level Foyer*

Registration

9:00 – 11:00 *Superior C*

Plenary Session III

9:00 – 9:02

Opening Remarks

Laura Briefer, *NACWA Vice President 2026-2027*
Director of Public Utilities
Salt Lake City Corporation | Salt Lake City, UT

9:02 – 10:00

Innovation in a Rapidly Changing Landscape: Setting the Pace for the Water Sector

Innovation in the water sector is no longer just about new technology—it's about new ways of working. As market pressures, climate risks, and community expectations accelerate, clean water utilities are increasingly finding that meaningful innovation depends on trusted, mission-aligned partnerships that deliver tangible public benefits.

Moderator/Panelist

Snehal Desai, Executive Vice President, Chief Growth & Commercial Officer

Xylem, Inc. | Pittsburgh, PA

Panelists

Sara Smith, Assistant General Manager
Metropolitan Council of Environmental Services | Saint Paul, MN

Kristen Atha, *NACWA Board Member*
Director
Columbus Water & Power | Columbus, OH

10:00 – 11:00 The Final Word: Choose the Conversation that Shapes Your Next Move

End on impact by joining a curated discussion with your fellow clean water leaders on the biggest forces facing utilities today. Each table tackles a timely issue – giving you the chance to trade insights, test ideas, and walk away with perspective you can put into action.

Table Topics:

- ***Crisis Communications***
  Explore how utilities prepare for, respond to, and recover from crises while maintaining public trust and organizational credibility.
- ***Data Centers and Water Reuse***
  Examine the opportunities and challenges associated with growing data center demand, water reuse investments, and long-term resource planning.
- ***Innovation, Technology, and AI***
  Explore how utilities are leveraging innovation, digital tools, and artificial intelligence.
- ***Workforce***
  Discuss workforce recruitment, retention, succession planning, and leadership development.
- ***Water Quality***
  Explore emerging water quality priorities, regulatory developments, public expectations, and strategies for protecting environmental and public health outcomes.

11:00 Closing Remarks

Laura Briefer, *NACWA Vice President 2026-2027*

Item 6.a.
(Pages 54 to 101)

FINAL BUDGET

FOR

Fiscal Year 2026-27

(And Preliminary Budget for Fiscal Year 2027-28)

Presented August 10, 2026

NOVATO SANITARY DISTRICT
FY2026-28 Final Budget

TABLE OF CONTENTS

NOVATO SANITARY DISTRICT

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

August 10, 2026

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) 26-27 and Preliminary Budget for FY 27-28 is attached for your consideration and approval. The document is organized into the following sections:

- Section I: Summary of Fund Balances including Operating, Capital Improvement, and Reserve Funds.
- Section II: Operating Budget: Summary Revenues/Expenditures, and Summary Budget by Cost Center and Account Category.
- Section III: Operating Budget by Cost Center and Account Category.
- Section IV: Capital Improvement Budget: Revenue and Expenditures Budget.
- Section V: FY 26-27 Wastewater Capital Reserve Fund.
- Section VI: FY 26-27 Rate Stabilization Fund.
- Section VII: FY 26-27 Debt Service Summary and Balances.

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".

At its February 9, 2026 meeting, the Board adopted Resolution No. 3211, adjusting sewer service charges for FY 2026-27 pursuant to Ordinance No. 123 and rescinding Resolution No. 3200. The Board directed staff to calculate FY 2026-27 charges using an average residential Equivalent Dwelling Unit (EDU) rate of $760, a $31 increase from the prior fiscal year and a nominal savings of $2 per EDU compared to Ordinance No. 123. All other rates and charges will be adjusted commensurately.

Since Ordinance No. 123 establishes rates through FY 26-27 only, the preliminary budget for FY 27-28 presented herein assumes that FY 27-28 rates will remain at FY 26-27 levels. However, it is anticipated that a cost-of-service based sewer service charge rate study will be conducted in FY 26-27 consistent with Proposition 218 requirements, and will inform implementation of updated rates (if any) to be effective July 1, 2027.

Based upon the above discussion, this Budget document utilizes the following residential rates:

	FY 26-27	FY 27-28
a. Low water use charge:	$483/EDU	$483/EDU
b. Average water use charge:	$760/EDU	$760/EDU
c. High water use charge:	$1,358/EDU	$1,358/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 26-27, the allocation of the average SSC of $760/EDU to the Operating and Capital budgets is $418 (55%) to the Operating Budget, and $342 (45%) to the Capital Budget.

A. BUDGET STRUCTURE

The District's budget is prepared on a cash basis. Operating and Capital Revenues and Expenditures are summarized in Table 1. Table 1 also provides a comparison of the adopted budget for FY 25-26 with the proposed budget for FY 26-27.

On the revenue side, total FY 26-27 Operating revenues are projected to increase by about 6.68%, primarily from approved rate increases and from interest income. On the expenditures side, the District typically uses a 55%/45% allocation of SSC revenue to the Operating and Capital Expenditures budgets. In FY 25-26, the property tax revenue allocation was 28%/72% between the Operating and Capital Funds, however, a 35%/65% allocation is assumed in FY 26-27 to better balance operating and capital cash flow requirements. Overall, Operating Expenditures are projected to rise 6.68% excluding passthrough expenditures, or 6.71% with pass-through expenditures. Three-Year Summary comparisons and significant variances in the operating budgets between the FY 25-26 and FY 26-27 budget years are provided later in this letter.

Table 1: Summary of Revenues and Expenditures for FY 26 and FY 27

	2025-26	2026-27	FYE 26 to FYE 27
	Adopted Budget	**Proposed**	**% Change**
Operating Revenues	$ 15,361,578	$ 16,387,008	6.68%
Capital Revenues	12,998,468	13,315,600	2.44%
Total Revenues	**$ 28,360,046**	**$ 29,702,608**	**4.73%**
Operating Expenditures (1)	15,333,269	16,362,499	6.71%
CIP Expenditures (2)	15,932,700	19,081,000	19.76%
Debt Service	6,507,850	6,503,100	-0.07%
Total Expenditures	**$ 37,773,819**	**$ 41,946,599**	**11.05%**

1) Includes pass through expenditures
2) Includes Capital Expenditure Commitments/Encumbrances from FY 25-26 into FY 26-27.

B. FISCAL YEAR FY 26-27 OPERATING BUDGET DETAILS

Operating Revenues

The proposed FY 26-27 Operating Budget by revenue source is shown in Table 2 (and illustrated in Figure 2 at the end of this letter), along with the adopted budget amounts for the past two fiscal years. Overall, total operating revenues are budgeted to increase by 6.7 percent or $1,025,430 from FY 25-26. Other notable items include:

Operating SSCs budgeted increase of 5.2 percent, or $615,126 from approved FY 26-27 rate increases.

Property Taxes projected increase of 29.2 percent or $259,593 primarily from a change in allocation between the Operating and Capital funds.

Interest Income budgeted increase of 1.7 percent or $14,157 from conservative interest rate projections.

AB 939 Collector Fees budgeted increase of 9.4% or $83,034 from cost recovery in the Solid/Household Hazardous Waste (S/HHW) cost center (see Table 2) from factors a new District staff position (Environmental Programs Manager) and projected Consumer Price Index (CPI) increase for HHW collection and disposal.

Table 2: Operating Budget Revenue Three-Year Summary

Funding Sources by Category	2024-25 Adopted Budget	2025-26 Adopted Budget	2026-27 Proposed	FYE 26 to FYE 27 % Change
Operating Sewer Service Charges	11,335,309	11,802,949	12,418,075	5.2%
Property Tax Allocation	780,151	887,940	1,147,533	29.2%
Plan Check & Inspection Fee	500	500	500	0.0%
Permit & Inspection fees	6,000	6,000	6,000	0.0%
Interest Income	801,852	835,775	849,932	1.7%
Engineering/Admin Chgs	165,000	300,000	300,000	0.0%
Non-domestic Permit Fees	30,000	30,000	40,000	33.3%
Franchise Fees	65,682	67,652	69,682	3.0%
AB 939 Collector Fees	697,870	882,002	965,036	9.4%
Oil Grant and JPA Reimb	7,508	7,000	-	-100.0%
SB1383 Grant	99,184	140,160	124,000	-11.5%
Ranch Income	40,000	40,000	50,000	25.0%
Recycled Water Revenue	317,127	331,600	359,750	8.5%
Other Revenue	20,000	20,000	46,500	132.5%
Gain/Loss-disposal of assets	10,000	10,000	10,000	0.0%
Total Operating Revenue	**$ 14,376,183**	**$ 15,361,578**	**$ 16,387,008**	**6.7%**

Operating Expenditures

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

Proposed FY 26-27 Operating Expenditures are also shown graphically in Figure 4 (by department or cost center), at the end of this letter. Operating expenditures are budgeted to increase by 6.68 percent or $933,707 (excluding pass-through expenditures) between FY 25-26 and FY 26-27.

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.

Thereafter, in October 2020, the District refinanced its CalPERS NPL by issuing 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, saving the District about $2.8 million in debt service, while reducing the debt term from 23 years to 18 years. Therefore, the FY 22-23 budget did not include allowances for contributions to the PARS Pension sub-account, and subsequent budgets including the current FY 26-28 budgets do not as well.

Table 3: Operating Budget Expenditures 3-year Summary:

Expenditures by Department	2024-25	2025-26	2026-27	FYE 26 to FYE 27
	Adopted Budget	Adopted Budget	Proposed	% Change
Collections	1,728,120	1,872,282	1,934,873	3.34%
Treatment	4,024,230	4,074,608	4,289,058	5.26%
Reclamation	703,897	746,361	861,658	15.45%
Laboratory	734,746	733,886	776,818	5.85%
Pump Stations	1,253,999	1,309,166	1,395,578	6.60%
Administration/Engineering	3,525,505	3,872,898	4,216,808	8.88%
Hazardous Household Waste	804,562	1,029,162	1,096,536	6.55%
Recycled Water	317,127	331,600	359,750	8.49%
Non-Departmental	1,263,275	1,363,306	1,431,420	5.00%
Subtotal Expenditures	**14,355,460**	**15,333,269**	**16,362,499**	**6.71%**
Less: Passthroughs*	(1,121,689)	(1,360,762)	(1,456,286)	
Total Expenditures	**$ 13,233,772**	**$ 13,972,507**	**$ 14,906,214**	**6.68%**

*Passthroughs include: 1. Solid/Household Hazardous Waste (S/HHW) cost center funded by AB 939 Collector fees and Oil ($0 for FY 26-27 & FY 27-28), Grant reimbursements, and 2. Recycled Water cost center funded by cost recovery from North Marin Water District (NMWD) through NMWD's recycled water sales.

Significant budget variances between the FY 25-26 and FY 26-27 budgets are presented in Table 4.

Table 4: Operating Budget, Significant Budget Variances FY 25-26 to FY 26-27

Anticipated Budget Variances – Year-over-year		Budget Impact, $	Variance, %	Budget Impact, %
1	Salaries and wages (across all cost centers)	278,982	7.89%	1.71
2	Contract Services (Operations & Lab)	151,281	4.60%	0.92
3	Employee Benefits (across all cost centers)	465,218	27.18%	2.84
4	Insurance	29,650	4.62%	0.18
5	Software Maintenance	31,315	24.63%	0.19
6	Outside Consulting	(20,906)	-4.20%	-0.13
7	IT/Misc. Electrical	17,960	14.01%	0.11
8	Research & Monitoring	23,250	13.06%	0.14
9	Gas & Electricity	112,977	7.22%	0.69
10	Permits & Fees	22,350	6.85%	0.14

In dollar terms, the most significant variances are to the Salaries and Wages and Employee Benefits categories and are explained by projected step increases and cost-of-living increase linked to the relevant Consumer Price Index (CPI) in the current inflationary environment.

The Contract Services category also reflects projected increases in the CPI factor impacting this category. Projected increases to the Insurance category are based on estimates provided by the District's risk managers at the California Sanitation Risk Management Agency (CSRMA) and are reflective of the current insurance marketplace.

Projected increases to the Software Maintenance and IT/Misc. Electrical categories are primarily from the increasing sophistication (and thereby cost) of the business and industrial software packages utilized by the District including the cost of Enterprise Resource Planning (ERP) & Computerized Maintenance Management System (CMMS) software as well as cybersecurity products and services.

The increase in Research and Monitoring costs is primarily from increases lab testing costs and the number of required operating permits from regulatory agencies (for e.g. Regional Water Board and Bay Area Air District) as well as permit fees are estimated to increase significantly.

C. FISCAL YEAR FY 26-27 CAPITAL BUDGET DETAILS

Capital Revenues

The proposed FY 26-27 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 26-27 are expected to increase by 2.44 percent or $317,132 from FY 25-26. Notable items include:

Capital SSC Revenues budgeted increase of 4.66 percent or $452,317, from the FY 26-27 rate increase.

Property Taxes projected decrease of 6.66 percent or $152,141 which is attributable to the allocation change or 72% in FY 25-26 to 65% in FY 26-27.

Connection Charges projected increase of about 3.03 percent or $17,200, assuming about 40 new connections per year consistent with the District's most recent Capacity Fee Study.

Interest Income budgeted to increase by 0.18 percent or $755 from conservative interest rate projections.

Grant Revenue – No new grant monies are anticipated at this time through FY 26-28, although the District continues to actively seek such funds. Prior grant amounts received from the California Public Utility Commission's (CPUC) Self-Generation Incentive Program (SGIP) have been expended on the District's 754 KW-hr battery storage system.

Table 5: Capital Budget Revenue 3-year Summary

Funding Sources by Category	2024-25	2025-26	2026-27	FYE 26 to FYE 27
	Adopted Budget	Adopted Budget	Proposed	% Change
Capital Sewer Service Charges	9,268,977	9,707,926	10,160,243	4.66%
Property Taxes	2,340,452	2,283,274	2,131,133	-6.66%
Connection Charges	551,600	568,400	585,600	3.03%
Collector/Special Equalization Chgs	1,000	1,000	0	-100%
Interest Income	400,926	417,868	418,623	0.18%
Other Revenue	20,000	20,000	20,000	0.00%
Total Capital Revenues	**$ 12,582,955**	**$ 12,998,468**	**$ 13,315,600**	**2.44%**

Capital Expenditures

The proposed FY 26-27 Capital Improvement Program (CIP) Budget is budgeted to increase by 14.01 percent or $3,143,550 between FY 25-26 and FY 26-27.

Consistent with the District's budgeting history, FY 26-27 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 $6,503,100 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	2024-25	2025-26	2026-27	FYE 26 to FYE 27
	Adopted Budget	Adopted Budget	Proposed	% Change
Capital Projects	12,233,000	15,932,700	19,081,000	19.76%
Debt Service	6,505,850	6,507,850	6,503,100	-0.07%
Total Capital Expenditures	**$ 18,738,850**	**$ 22,440,550**	**$ 25,584,100**	**14.01%**

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 iii 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 2.05 for FY 26-27 serves as its commitment to "best practices" and demonstrates 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) continues to carry "AAA" ratings from Standard and Poors Global Rating (S&P Global Rating), which is the rating agency's highest possible rating designation.

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 26-28 period, relative to factors such as 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 comparative 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

AGENCY	RATE ($/yr.)
Sanitary District No. 5 - Belvedere	$2,460
Sanitary District No. 5 - Tiburon	$2,460
Sanitary District No. 1 - City of Larkspur	$1,918
Las Gallinas Valley Sanitary District	$1,641
Tamalpais Community Services District	$1,638
City of Mill Valley	$1,415
Ross Valley Sanitary District (SD#1)	$1,340
Vallejo Sanitation & Flood Control District	$1,223
City of Petaluma	$1,211
City of Santa Rosa	$1,144
Sanitary District No. 2 - Town of Corte Madera	$1,087
Sausalito-Marin City Sanitary District	$1,074
City of San Rafael	$1,062
Napa Sanitation District	$761
NOVATO SANITARY DISTRICT	**$760**

Notes: Final charges for Agencies other than Novato Sanitary District may be subject to change.

In conclusion, the proposed FY 26-27 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

TONY CLARK
Finance Manager

Additional Charts for Informational Purposes:

Figure 1:

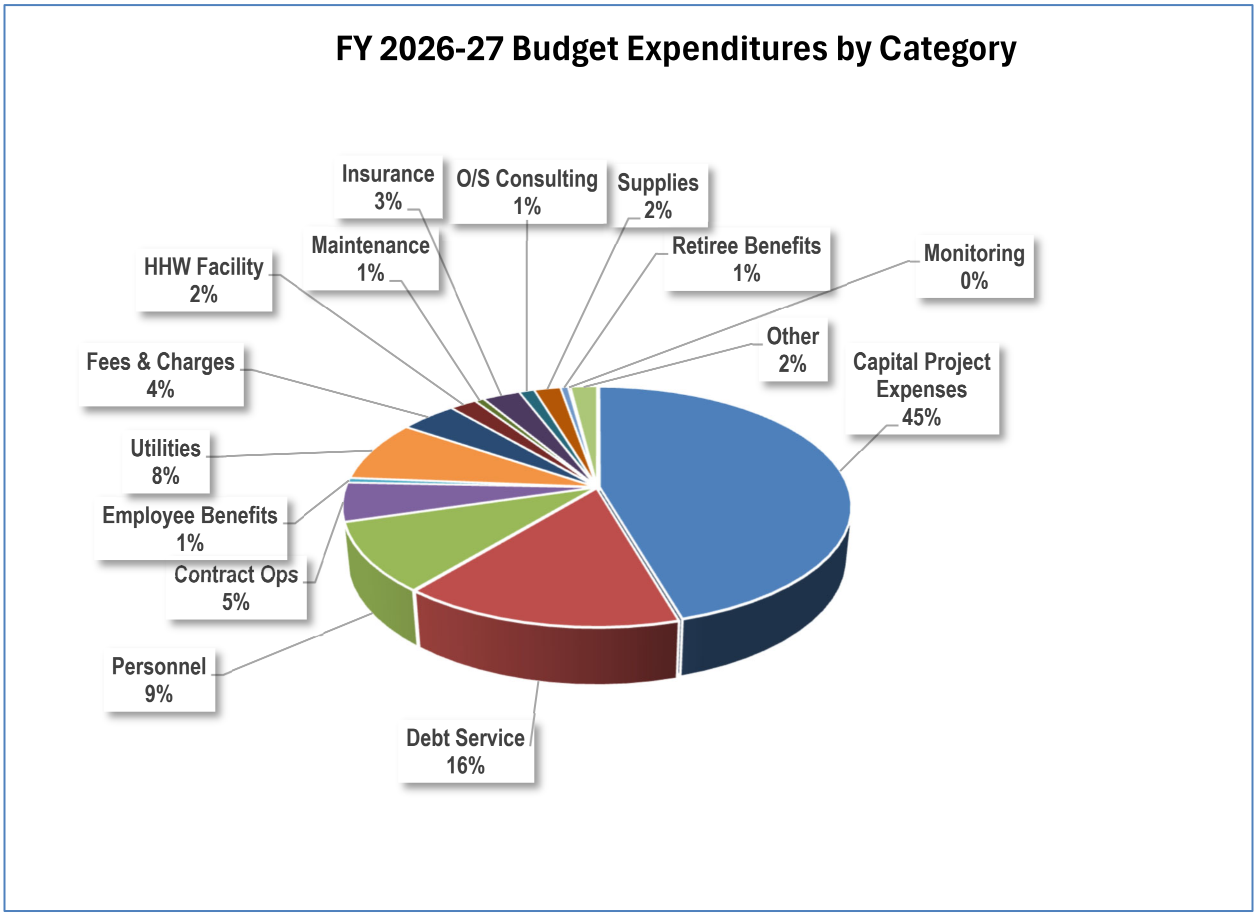


Figure 2:

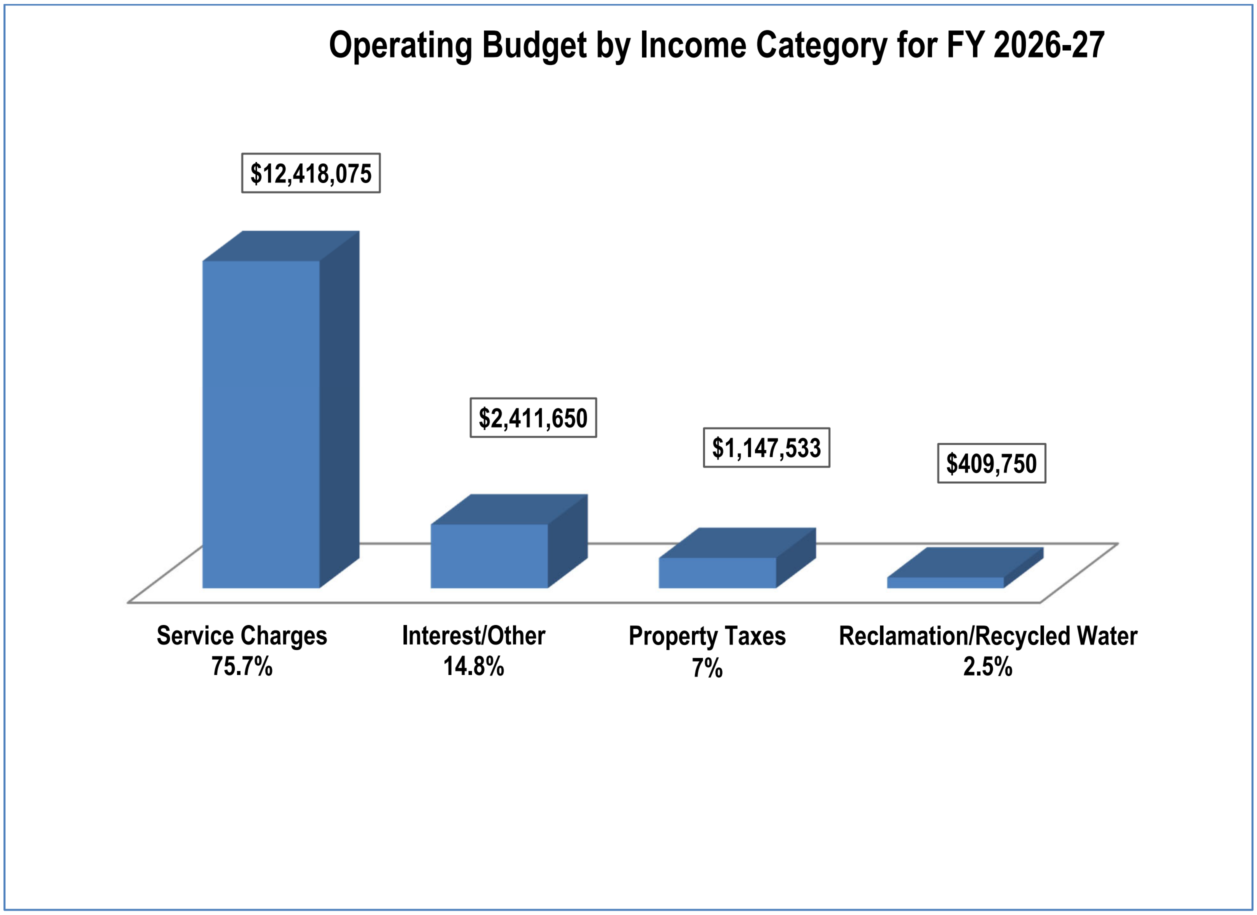

Operating Budget by Income Category for FY 2026-27
$12,418,075
$2,411,650
$1,147,533
$409,750
Service Charges
75.7%
Interest/Other
14.8%
Property Taxes
7%
Reclamation/Recycled Water
2.5%

Figure 3:

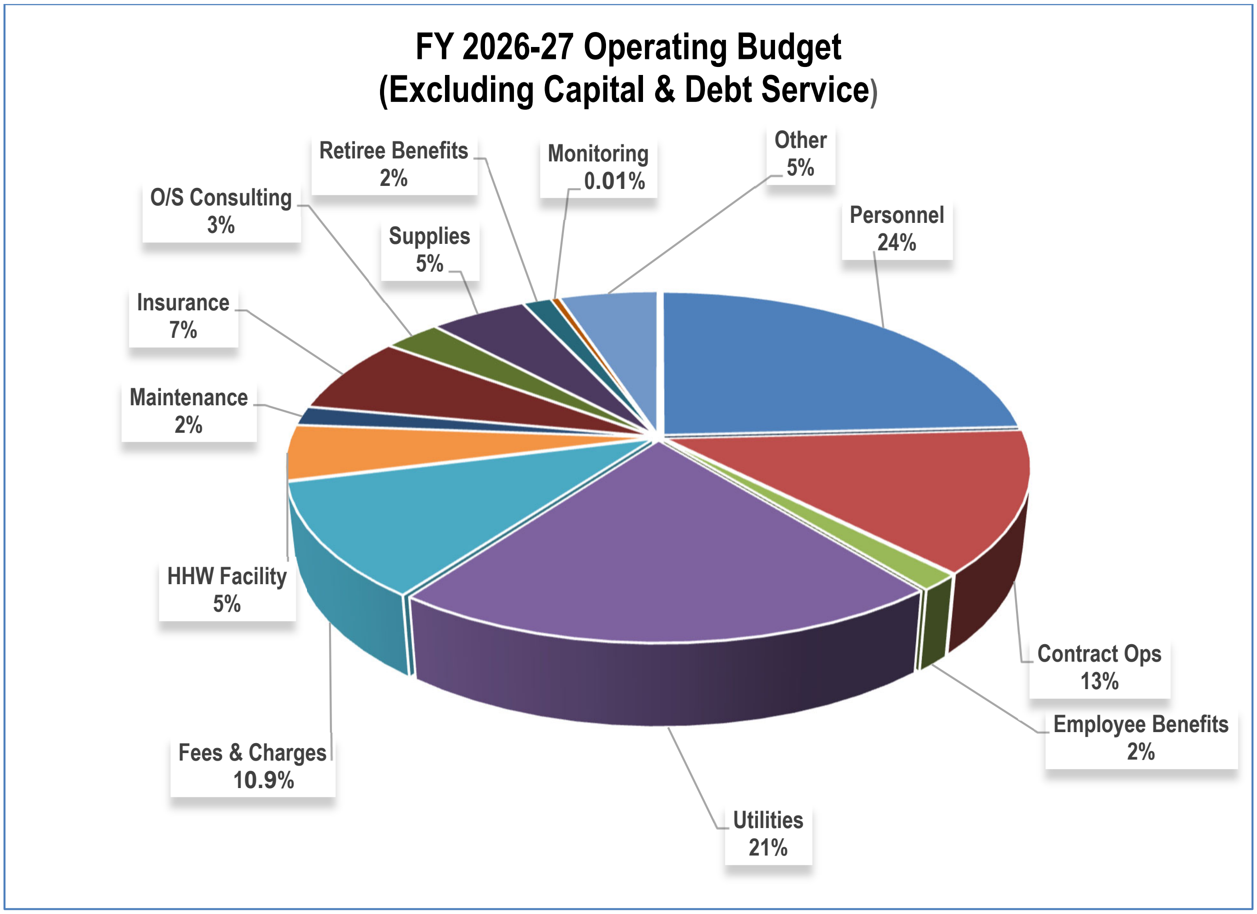

FY 2026-27 Operating Budget
(Excluding Capital & Debt Service)
Retiree Benefits 2%
Monitoring 0.01%
Other 5%
O/S Consulting 3%
Supplies 5%
Personnel 24%
Insurance 7%
Maintenance 2%
HHW Facility 5%
Contract Ops 13%
Employee Benefits 2%
Fees & Charges 10.9%
Utilities 21%

Figure 4:

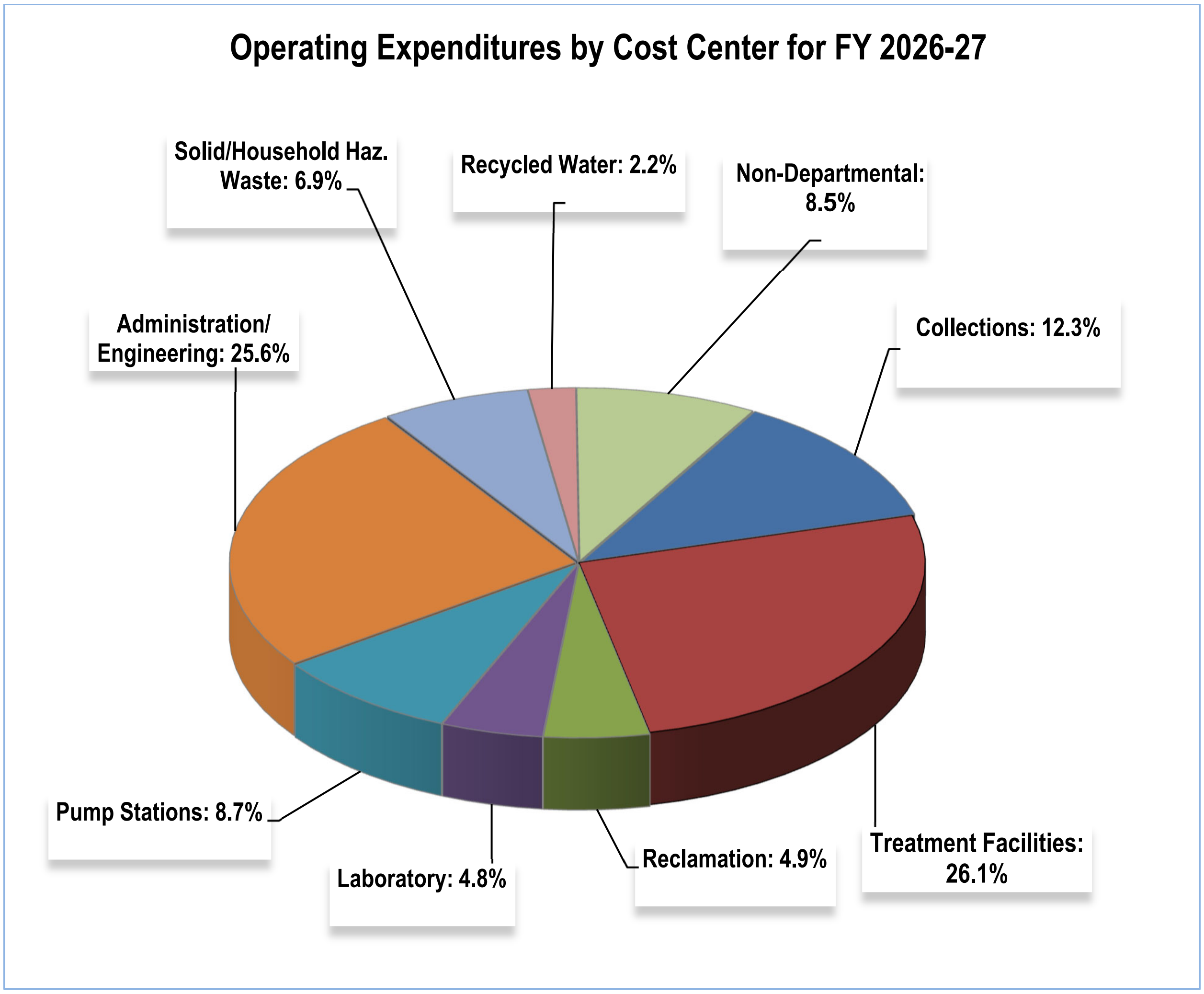
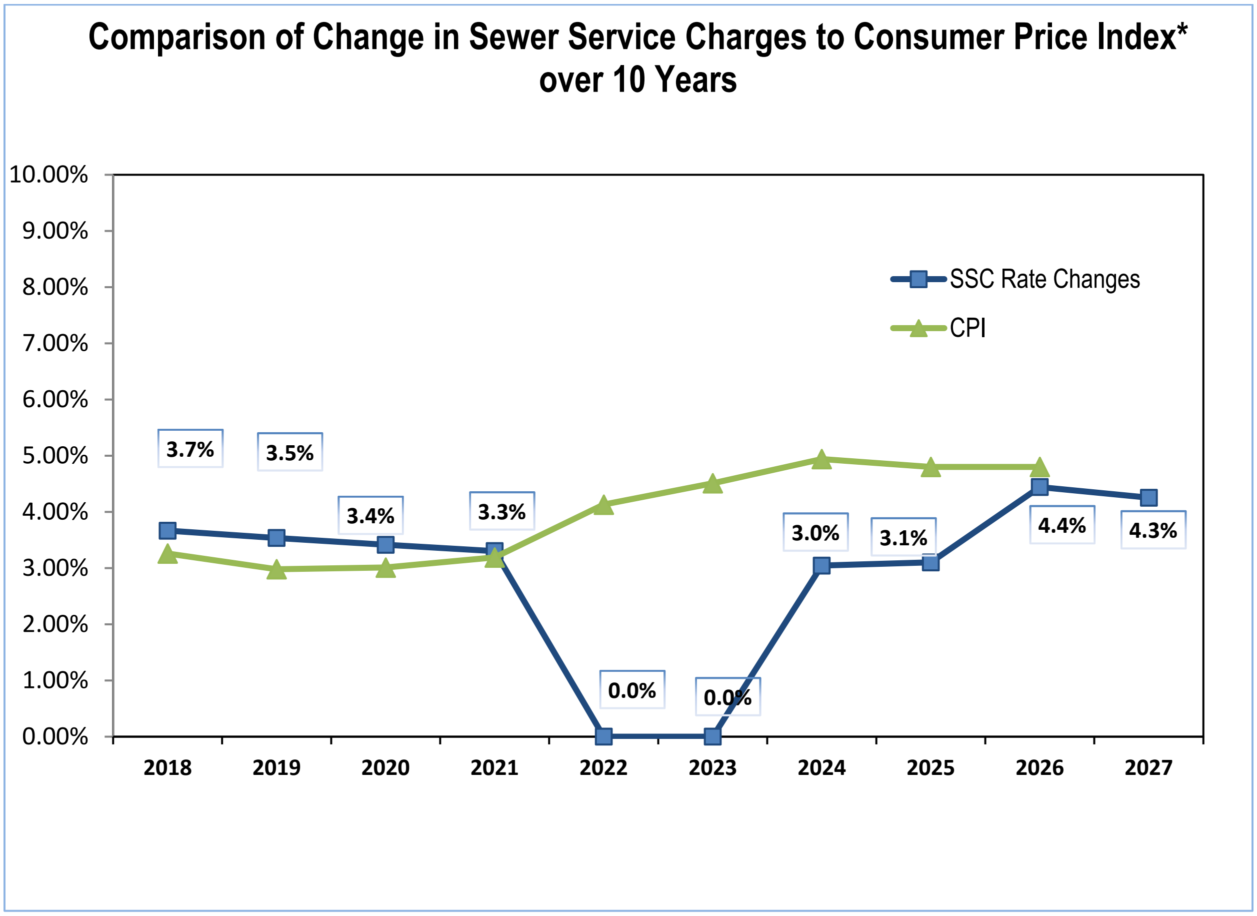

Operating Expenditures by Cost Center for FY 2026-27
Solid/Household Haz. Waste: 6.9%
Recycled Water: 2.2%
Non-Departmental: 8.5%
Administration/ Engineering: 25.6%
Collections: 12.3%
Pump Stations: 8.7%
Laboratory: 4.8%
Reclamation: 4.9%
Treatment Facilities: 26.1%

Figure 5:


Comparison of Change in Sewer Service Charges to Consumer Price Index*
over 10 Years
10.00%
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
SSC Rate Changes
CPI
3.7%
3.5%
3.4%
3.3%
0.0%
0.0%
3.0%
3.1%
4.4%
4.3%
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027

SECTION I

SUMMARY OF FUND BALANCES

Novato Sanitary District
2026-2028 Final Budget
Summary of Fund Balances

	Adopted Budget 2025-26	Actual Rev/Exp 2025-26[5]	Final Budget 2026-27	Preliminary Budget 2027-28
A. Operating Fund				
Starting Balances at Beginning of Each Year	13,541,501	13,541,501	14,559,395	13,019,744
Operating Revenue (p. 4)	15,361,578	16,083,352	16,387,008	16,902,322
Operating Expenditures (p. 5)	15,333,269	13,503,167	16,362,499	16,900,607
Net Operating Revenue	28,309	2,580,185	24,508	1,716
Operating Fund Balances before transfers at Year End	13,569,810	16,121,686	14,583,903	13,021,460
Transfers Out - to OPEB[1] Trust Fund	0	0	0	0
Transfers Out - to Rate Stabilization Fund (RSF)	62,291	62,291	64,159	66,084
Transfers Out - to Capital Improvement Fund	1,500,000	1,500,000	1,500,000	1,500,000
Available Operating Fund Balances after transfers at the End of Each Year	**12,007,520**	**14,559,395**	**13,019,744**	**11,455,376**
B. Capital Improvement Fund				
Starting Balances - Beginning of Each Year	26,525,223	26,525,223	28,127,261	16,958,760
Capital Revenue (p. 19)	12,998,468	12,983,252	13,315,600	12,384,022
Transfers In [2]	1,500,000	1,500,000	1,500,000	1,500,000
Total Capital Revenue and Fund Transfers	14,498,468	14,483,252	14,815,600	13,884,022
Capital Expenditures[3] (p. 20)	15,932,700	5,973,364	19,081,000	17,252,725
Debt Service (pgs. 20, 33, & 34)	6,507,850	6,507,850	6,503,100	6,496,350
Transfers Out [4]	400,000	400,000	400,000	400,000
Total Capital Expenditures and Fund Transfers	22,840,550	12,881,214	25,984,100	24,149,075
Available Capital Improvement Fund Balances after transfers at the End of Each Year	**18,183,141**	**28,127,261**	**16,958,760**	**6,693,708**
Available Fund Balances at the End of Each Year	**30,190,662**	**42,686,656**	**29,978,504**	**18,149,083**
C. Wastewater Capital Reserve Fund (WCRF) Restricted Fund Balance at the End of Each Year (p. 29)	**2,849,653**	**2,849,653**	**3,249,653**	**3,649,653**
D. Rate Stabilization Fund (RSF) Restricted Fund Balance at the End of Each Year (p. 31)	**2,138,642**	**2,138,642**	**2,202,801**	**2,268,885**
Restricted Fund Balances at the End of Each Year	**4,988,295**	**4,988,295**	**5,452,454**	**5,918,538**

Comments:

[1] OPEB - Other Post-Employment Benefits.

[2] From Operating Fund Balances.

[3] Includes Capital Expenditure Committments/Encumbrances from FY 25-26 into FY 26-27.

[4] To Wastewater Capital Reserve Fund.

[5] Reflects unaudited balances prior to final reconciliation of accounts, consistent with Generally Accepted Accounting Principles (GAAP).

SECTION II

OPERATING BUDGET SUMMARY SCHEDULES

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Summary of Revenues

Operating Revenue Center - 41000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Revenue 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
41010 · Sewer Service Charges[1]	11,335,309	11,802,949	11,995,232	12,348,597	12,418,075	12,418,075
41015 · Property Tax allocation[2]	780,151	887,940	927,723	896,819	1,147,533	1,984,329
41030 · Plan Check & Inspection Fee	500	500	1,633	500	500	500
41040 · Permit & Inspection Fee	6,000	6,000	6,090	6,000	6,000	6,000
41060 · Interest Income[3]	801,852	835,775	1,310,377	647,596	849,932	563,866
41080 · Engineering & Admin Charges	165,000	300,000	281,325	300,000	300,000	300,000
41090 · Non-domestic Permit Fees[4]	30,000	30,000	140,235	30,000	40,000	40,000
41100 · Garbage Franchise Fees	65,682	67,652	67,652	69,682	69,682	71,772
41105 · AB 939 Collector Fees	697,870	882,002	882,002	948,655	965,036	1,060,056
41107 · Oil Grant/JPA Reimb	7,508	7,000	7,477	7,000	0	0
41108 · SB1383 Grant (CalRecycle)[5]	99,184	140,160		0	124,000	0
41130 · Ranch Income	40,000	40,000	108,711	40,000	50,000	50,000
41135 · Recycled Water Revenue	317,127	331,600	323,727	341,331	359,750	377,725
41140 · Other Revenue [6]	20,000	20,000	31,166	20,000	46,500	20,000
41142 · Gain/Loss-disposal of assets	10,000	10,000	0	10,000	10,000	10,000
Totals	**14,376,183**	**15,361,578**	**16,083,352**	**15,666,180**	**16,387,008**	**16,902,322**

Comments:

(1) Sewer Service Charge (SSC) revenue for FY 26-27 is based on rates set by by Board Resolution No. 3211 adopted February 8, 2026 with an average SSC of $760/Equivalent Dwelling Unit (EDU) split between Operating ($418) and Capital ($342). For FY 27-28, SSC revenue is assumed to remain the same as in FY 26-27, pending the results of a rate study to be completed in FY 26-27. Therefore, FY 27-28 revenues are also estimated based on an average SSC of $760/Equivalent Dwelling Unit (EDU) split between Operating ($418) and Capital ($342).

(2) Estimated acutal FY 25-26 property tax revenue is based on estimates from the County of Marin Department of Finance and escalated 1% per year in FY 26-27 and FY 27-28. These projections are then allocated between operating (35%) and capital (65%) for FY 26-27, and 60% Operating and 40% Capital in FY 27-28.

(3) Projected based on current trends in LAIF (Local Agency Investment Fund) rates, Bank of New York money market rates, and yields on the District's portfolio of US Treasury securities.

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

(5) Received (2) Cal Recycle Grants - $75,890 in FY 21-22 & $163,454 in FY 23-24 ($239,344 in total); of which $53,960 was refunded back to CalRecycle in FY 23-24.

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

APPROPRIATIONS LIMIT

The appropriations limit, pursuant to Article XIIIB of the California Constitution, is determined to be $7,647,702 for FY 26-27

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Summary of Expenditures

Operating Cost Center	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
60000 · Collections	1,728,120	1,872,282	1,485,027	1,917,905	1,934,873	1,983,739
61000 · Treatment Facilities	4,024,230	4,074,608	3,937,033	4,270,945	4,289,058	4,492,345
63000 · Reclamation	703,897	746,361	647,869	778,741	861,658	897,297
64000 · Laboratory	734,746	733,886	687,944	764,018	776,818	778,994
65000 · Pump Stations	1,253,999	1,309,166	1,028,394	1,368,268	1,395,578	1,451,574
66000 · Administration/Engineering	3,525,505	3,872,898	3,535,171	3,861,291	4,216,808	4,382,726
67000 · Solid/Household Haz. Waste	804,562	1,029,162	795,970	955,655	1,096,536	1,060,056
68000 · Recycled Water	317,127	331,600	339,117	341,331	359,750	377,725
69000 · Non-Departmental(1)	1,263,275	1,363,306	1,046,642	1,388,300	1,431,420	1,476,150
TOTALS	**14,355,460**	**15,333,269**	**13,503,167**	**15,646,453**	**16,362,499**	**16,900,607**

Comments:
(1) **District-wide allocations**

Novato Sanitary District
2026-2028 Final Budget
Operating Budget: By Cost Center and Account Category for FY 26-27

	Cost Centers											Over/	% Over/
Expense Categories	Treatment Facilities	Recl	Lab	Pump Stations	Collection System	Admin / Engineering	S/HHW Program	Recycled Water	Non-Departmental	Total	As Percent of Budget	Under PY Budget	Under PY Budget
Salaries and Wages		175,709		486,572	833,398	2,144,835	173,149			3,813,664	23.31%	278,982	7.89%
Contract Services (Operations & Lab)	2,848,296		494,193					100,000		3,442,490	21.04%	151,281	4.60%
Employee Benefits		99,283		308,023	527,825	1,152,487	89,136			2,176,755	13.30%	465,218	27.18%
Retiree Health Benefits									255,320	255,320	1.56%	1,014	0.40%
Directors' Fees						35,000				35,000	0.21%	11,600	49.57%
Election Expense									55,000	55,000	0.34%	20,000	57.14%
Gasoline, Oil & Fuel		1,785	500	8,400	24,150	4,400				39,235	0.24%	2,035	5.47%
Insurance	15,650								656,000	671,650	4.10%	29,650	4.62%
Ins Claims Expense									150,000	150,000	0.92%	-	0.00%
Agency Dues									74,000	74,000	0.45%	(2,000)	-2.63%
Memberships/Certifications									15,000	15,000	0.09%	(3,000)	-16.67%
Office Expense						22,018				22,018	0.13%	18	0.08%
Safety		1,000	1,000	5,500	6,500	3,500				17,500	0.11%	700	4.17%
Software Maint		2,205	1,800	15,117	90,000	49,310				158,432	0.97%	31,315	24.63%
Operating Supplies		3,150	25,200	12,128	27,300	5,000		5,000		77,778	0.48%	1,628	2.14%
Operating Chemicals								130,000		130,000	0.79%	10,000	8.33%
Sludge Disposal-Contractual		273,000								273,000	1.67%	13,000	5.00%
Accounting & Auditing						60,583				60,583	0.37%	(217)	-0.36%
Attorney									30,000	30,000	0.18%	(5,000)	-14.29%
Outside Consulting						476,965				476,965	2.91%	(20,906)	-4.20%
IT/Misc. Electrical						146,160				146,160	0.89%	17,960	14.01%
Safety & Wellness Incentive Program									10,000	10,000	0.06%	-	0.00%
Printing & Publication									5,000	5,000	0.03%	-	0.00%
Repairs & Maintenance		89,250	18,375	148,838	88,200	97,850		35,000		477,513	2.92%	5,263	1.11%
PSPS Costs				26,250						26,250	0.16%	1,250	5.00%
Small Tools		525		2,000	2,000					4,525	0.03%	25	0.56%
Outside Services				115,500	195,000					310,500	1.90%	10,500	3.50%
Ditch/Dike Maintenance		25,000								25,000	0.15%	5,000	25.00%
Research & Monitoring			185,000					16,250		201,250	1.23%	23,250	13.06%
Travel, Mtgs & Train.									95,000	95,000	0.58%	20,000	26.67%
Pollution Prevention/Pub. Ed.			35,000							35,000	0.21%	-	0.00%
Gas & Electricity	1,249,112	157,500		198,450				73,500		1,678,562	10.26%	112,977	7.22%
Water		5,250		11,800	10,000					27,050	0.17%	1,050	4.04%
Telephone				48,300	8,000	18,700				75,000	0.46%	8,900	13.46%
Other/Operational Assistance					2,500					2,500	0.02%	1,200	92.31%
Permits & Fees	176,000	28,000	15,750	8,700	120,000			0		348,450	2.13%	22,350	6.85%
Co. Collection Fees									76,100	76,100	0.47%	9,100	13.58%
Ser. Chg. System Exp									0	-	0.00%	-	0.00%
Property Tax allocation (LISRAP/SSCs)									10,000	10,000	0.06%	-	0.00%
COVID-19 Impact										-	0.00%	-	0.00%
AB 939 Solid Waste Programs							834,250			834,250	5.10%	(194,912)	-18.94%
Subtotal before Pass through expenses	4,289,058	861,658	776,818	1,395,578	1,934,873	4,216,808	1,096,536	359,750	1,431,420	16,362,499	100.00%	1,029,230	6.71%
Pass through expenses							(1,096,536)	(359,750)		(1,456,286)	-9.77%	(95,524)	
Total	4,289,058	861,658	776,818	1,395,578	1,934,873	4,216,808	0	0	1,431,420	14,906,214	90.23%	933,707	6.68%
	28.77%	5.78%	5.21%	9.36%	12.98%	28.29%	0.00%	0.00%	9.61%	100.00%			

SECTION III

OPERATING BUDGET
By Cost Center and Account Category

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Collections

Collections Cost Center - 60000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
60010 · Salaries & Wages	825,265	849,749	700,405	885,240	833,398	890,746
60020 · Employee Benefits	412,555	474,813	421,259	494,477	527,825	551,693
60060 · Gas, Oil & Fuel	23,000	23,000	25,715	24,150	24,150	25,400
60085 · Safety	6,500	6,500	5,868	6,500	6,500	6,500
60091 · Software Maint	37,500	83,920	53,242	87,238	90,000	91,000
60100 · Operating Supplies	26,000	26,000	20,398	27,300	27,300	27,300
60150 · Repairs & Maint	80,000	84,000	95,367	88,200	88,200	92,500
60152 · Small Tools	2,000	2,000	1,585	2,000	2,000	2,000
60153 · Outside Services	190,000	190,000	113,047	140,000	195,000	150,000
60192 · Water	10,000	10,000	14,708	10,500	10,000	10,500
60193 · Telephone	4,000	4,000	3,559	4,000	8,000	8,400
60200 · Other (Garbage Coll)	1,300	1,300	0	1,300	2,500	2,700
60201 · Permits & Fees	110,000	117,000	29,873	147,000	120,000	125,000
	1,728,120	**1,872,282**	**1,485,027**	**1,917,905**	**1,934,873**	**1,983,739**

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Treatment Facilities

Treatment Facilities Cost Center - 61000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
61000-1 · Fixed Fee [(1)]	2,643,568	2,744,023	2,677,141	2,831,832	2,848,296	2,945,138
61000-2 · Insurance & Bonds	15,000	14,000	15,600	14,000	15,650	16,182
61000-3 · Major Repair/Repl [(2)]	189,750	0	0	0	0	0
61000-4 · Water/Permits/Phone	105,000	160,000	147,037	176,000	176,000	181,984
61000-5 · Gas & Electricity [(3)]	1,070,912	1,156,585	1,097,255	1,249,112	1,249,112	1,349,040
	4,024,230	**4,074,608**	**3,937,033**	**4,270,945**	**4,289,058**	**4,492,345**

Comments:

[(1)] **Fixed fee - escalated by Consumer Price Index (CPI) as allowed by contract, where the CPI factor is based on the CPI as published by the US Bureau of Labor Statistics, Series ID: CUURS49BSA0 (April-to-April).**
- **FY 26-27: $2,744,023 * 1.038 = $2,848,296 (based on April-to-April CPI of 3.8%)**
- **FY 27-28: $2,848,296 * 1.034 = $2,945,138 (based on an assumed April-to-April CPI of 3.4%)**

[(2)] **Beginning FY 25-26, expenditures in Account No. 61000-3 were migrated to Account No. 72805-1 to better address cost capitalizations within this category.**

[(3)] **Reflects 8% increase for purchased utility power in FY 26-27 & FY 27-28**

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Reclamation

Reclamation Cost Center - 63000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
63010 · Salaries & Wages	130,493	136,242	136,766	141,146	175,709	196,520
63020 · Employee Benefits	50,204	55,719	47,946	56,430	99,283	104,552
63060 · Gasoline & Oil	1,700	1,700	1,891	1,785	1,785	1,900
63085 · Safety	1,000	1,000	0	1,000	1,000	1,000
63091 · Software Maint	2,000	2,100	1,940	2,205	2,205	2,300
63100 · Operating Supplies	3,000	3,000	37	3,150	3,150	3,200
63115 · Sludge Disposal	260,000	260,000	215,325	273,000	273,000	275,000
63150 · Repairs & Maint	85,000	85,000	57,071	89,250	89,250	89,500
63152 · Small Tools	500	500	69	525	525	525
63157 · Ditch/Dike Maint	20,000	20,000	22,968	21,000	25,000	27,500
63191 · Gas & Electricity	125,000	150,000	135,581	157,500	157,500	160,000
63192 · Water	5,000	5,000	1,555	5,250	5,250	5,300
63201 · Permits & Fees	20,000	26,100	26,721	26,500	28,000	30,000
	703,897	**746,361**	**647,869**	**778,741**	**861,658**	**897,297**

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Laboratory

Laboratory Cost Center - 64000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
64010 · Contract Lab Services [1]	460,146	475,186	467,567	494,193	494,193	509,019
64060 · Gasoline & Oil	500	500	116	500	500	500
64085 · Safety	1,000	1,000	0	1,000	1,000	1,000
64091 · Software Maintenance	1,600	1,700	1,787	1,800	1,800	1,900
64100 · Operating Supplies	23,000	24,000	24,380	25,200	25,200	25,200
64150 · Repairs & Maintenance	17,000	17,500	14,424	18,375	18,375	18,375
64160 · Research & Monitoring	185,500	164,000	166,148	172,200	185,000	171,000
64170 · Pollution Prev/Public Ed	35,000	35,000	5,894	35,000	35,000	36,000
64201 · Permits & Fees	11,000	15,000	7,627	15,750	15,750	16,000
	734,746	**733,886**	**687,944**	**764,018**	**776,818**	**778,994**

Comments:

[1] Includes fees and charges paid for contract laboratory and environmental services provided by Veolia Water and North Marin Water District (NMWD). Budget amount includes a CPI-based fee increase of 4% in FY 26-27 & 3% in FY 27-28.`

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Pump Stations

Pump Stations Cost Center - 65000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
65010 · Salaries & Wages	465,090	480,881	379,377	500,977	486,572	522,374
65020 · Employee Benefits	224,909	256,588	224,039	267,359	308,023	323,600
65060 · Gasoline & Oil	8,000	8,000	8,900	8,400	8,400	8,800
65085 · Safety	5,000	5,000	4,970	5,000	5,500	5,500
65091 · Software Maintenance	8,000	14,397	12,455	15,117	15,117	17,000
65100 · Operating Supplies	11,000	11,550	11,235	12,128	12,128	12,600
65150 · Repairs & Maintenance	135,000	141,750	116,783	148,838	148,838	150,000
65152 · Small Tools	2,000	2,000	432	2,000	2,000	2,000
65153 · Outside Services	105,000	110,000	32,400	115,500	115,500	115,500
65191 · Gas & Electricity	180,000	189,000	188,179	198,450	198,450	198,450
65192 · Water	11,000	11,000	12,694	11,550	11,800	12,000
65193 · Telephone	46,000	46,000	28,043	48,300	48,300	48,300
65201 · Permits & Fees	8,000	8,000	8,886	8,400	8,700	9,200
65301 · PSPS impacts(1)	45,000	25,000	0	26,250	26,250	26,250
	1,253,999	**1,309,166**	**1,028,394**	**1,368,268**	**1,395,578**	**1,451,574**

Comments:
(1) Allowance for impacts from PG&E related Public Safety Power Shutdowns (PSPS) events.

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Administration and Engineering

Administration and Engineering Cost Center - 66000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-2026	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
66010 · Salaries & Wages	1,887,610	2,067,810	1,970,644	2,175,520	2,144,835	2,336,186
66020 · Employee Benefits	914,902	924,417	828,043	934,423	1,152,487	1,222,758
66030 · Director's Fees	23,400	23,400	17,775	23,400	35,000	35,000
66060 · Gasoline & Oil	4,000	4,000	4,837	4,400	4,400	4,400
66085 · Safety	3,300	3,300	1,356	3,500	3,500	3,500
66090 · Office Expense	22,000	22,000	21,429	22,000	14,150	13,660
66090-1 · Copier Leases	0	0	6,902	0	7,868	8,340
66091 · Software Maint	0	25,000	0	40,000	49,310	49,310
66100 · Admin/Engineering Supplies	5,000	5,000	2,533	5,000	5,000	5,000
66121 · Accounting & Auditing	59,000	60,800	53,613	64,000	60,583	59,586
66123 · O/S Contractual	398,968	497,871	426,401	334,598	476,965	364,366
66124 · IT/Misc Electrical	99,225	128,200	78,312	140,000	146,160	163,320
66150 · Repairs & Maintenance	92,000	95,000	105,007	97,850	97,850	98,000
66193 · Telephone	16,100	16,100	18,319	16,600	18,700	19,300
	3,525,505	**3,872,898**	**3,535,171**	**3,861,291**	**4,216,808**	**4,382,726**

Novato Sanitary District
2026-2028 Final Budget
Personnel Detail

FTE	Position	Cost Center	Pay Range	Salaries	Salaries
				2026-27	**2027-28**
1.00	General Manager-Chief Engineer	A/E		333,360	350,028
1.00	Deputy General Manager	A/E	MC122.5	262,224	275,335
1.00	General Counsel/Admin Services Manager	A/E	MC121	243,636	268,000
1.00	Field Services Manager	.25AE/.25CS/.25PS/.25Rec	MC119	220,992	232,042
1.00	Capital Projects Manager	.65AE/.25PS/.10Rec	MC115	173,148	190,463
0.26	Project Manager [1]	A/E	MC119	57,762	60,650
1.00	Admin Services Analyst II	A/E	MC 109.5	128,236	141,060
1.00	Admin. Services Tech	A/E	MC104	64,280	106,062
1.00	Finance Manager	A/E	MC117	189,382	208,320
0.43	Financial Services Specialist[1]	A/E	MC117	76,361	80,179
1.00	Staff Engineer	.5A/E/.5CS	47	149,580	157,059
1.00	Information Tech & Security Officer	A/E	MC116.5	195,672	205,456
1.00	Construction Inspector II	A/E	44.5	120,120	132,132
1.00	Information System Specialist II	.5A/E/.5CS	43.5	103,764	114,140
1.00	Environmental Programs Manager	Solid/HHW	MC115	164,904	181,394
1.00	Electrical/Instrumentation Tech	.34A/E/.33PS/.33Rec	46.5	146,016	153,317
1.00	Collection System Superintendent	.67CS/.33PS	MC115	181,812	190,903
1.00	Collection System Leadworker	.67CS/.33PS	47	149,580	157,059
2.00	Collection System Worker II	.67CS/.33PS	40.5	210,258	231,284
3.00	Collection System Worker I	.67CS/.33PS	38.5	280,212	294,223
1.00	Field Services Worker I	.50Rec/.25PS/.25CS	37.5	64,530	88,931
0.23	Admin Intern	A/E	N/A	7,200	7,200
0.23	Engineering Aide - temp	A/E	N/A	8,640	8,640
0.20	Electrician [1]	.25AE/.25PS/.50Rec	N/A	28,658	30,091
	Allowance for Overtime	.67CS/.33PS		27,583	28,962
	Allowance for Overtime	A/E		5,305	5,570
	Allowance for Standby Duty Pay	.67CS/.33PS		39,600	41,580
	Subtotal			3,632,815	3,940,078
	Allowance for salary adjustments (including COLA)			180,849	196,212
23.35	Total			3,813,664	4,136,290
				2026-27	**2027-28**
11.44	Administration and Engineering (A/E)	49%		2,144,835	2,336,186
1.00	Solid/HHW	4%		173,149	190,464
6.19	Collection System (CS)	27%		833,398	890,746
3.44	Pump Stations (PS)	15%		486,572	522,374
1.28	Reclamation Facilities (Rec)	5%		175,709	196,520
23.35	Total	100%		3,813,664	4,136,290

[1] Part-time/Annuitant position.

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Solid/Household Hazardous Waste

Solid/HHW Cost Center - 67000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
67010 · Salaries & Wages(1)	0	155,546	157,056	167,990	173,149	190,464
67020 · Employee Benefits(1)	0	82,056	81,327	87,133	89,136	95,042
67400 · Management Services(2)	152,870	55,000	2,000	60,500	0	0
67500 · Household Haz. Waste	505,000	545,400	494,185	589,032	642,000	738,300
67530 · Used Oil Grant	7,508	7,000	0	7,000	7,500	0
67540 · Education/Public Outreach	25,000	27,500	29,641	27,500	48,750	33,750
67600 · Other	5,000	6,500	0	6,500	2,000	2,500
67610 · City AB 939 Admin Service	10,000	10,000	10,000	10,000	10,000	0
67620 · SB1383 CalRecycle(3)	99,184	140,160	21,761	0	124,000	0
	804,562	**1,029,162**	**795,970**	**955,655**	**1,096,536**	**1,060,056**

Comments:

(1) Account Nos. 67010 and 67020 are new as of FY 25-26, when this function was brought in-house through the creation (in FY 24-25) of the Environmental Programs Manager position.

(2) No outside management services are anticipated in FY 26-27.

(3) Received two (2) SB 1383 CalRecycle Grants: $75,890 in FY 21-22 & $163,454 in FY 23-24 ($239,344 in total); of which $53,960 was refunded back to CalRecycle in FY 23-24.

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Recycled Water

Recycled Water Cost Center - 68000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
68010 · O & M Services	68,310	72,000	122,282	72,000	100,000	105,000
68100 · Operating Supplies	6,262	6,600	411	6,831	5,000	5,300
68101 · Operating Chemicals	112,211	120,000	123,475	126,000	130,000	136,500
68150 · Repairs & Maintenance	48,215	49,000	4,792	49,000	35,000	36,750
68160 · Research & Monitoring	14,490	14,000	19,174	14,000	16,250	17,000
68191 · Gas & Electricity(1)	67,639	70,000	68,983	73,500	73,500	77,175
	317,127	**331,600**	**339,117**	**341,331**	**359,750**	**377,725**

Comments:

(1) Includes an estimated increase of 5% in FY 27-28 over FY 26-27 budgeted amounts.

Novato Sanitary District
2026-2028 Final Budget
Operating Budget - Non-Departmental

Non-Departmental (District-wide allocations) Cost Center - 69000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Expenses 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
69021 · Retiree Health Benefits [(1)]	242,275	254,306	227,783	274,650	255,320	280,850
69022 · Pension Expense [(2)]	0	0	0	0	0	0
69040 · Election Expenses	35,000	35,000	76	10,000	55,000	5,000
69070 · Insurance	548,000	628,000	598,134	659,400	656,000	720,000
69071 · Insurance Claim Expense	150,000	150,000	10,860	150,000	150,000	150,000
69075 · Agency Dues	78,000	76,000	66,304	80,000	74,000	77,700
69080 · Memberships/Certifications	18,000	18,000	9,599	18,900	15,000	15,000
69122 · Attorney Fees (outside services)	35,000	35,000	23,379	30,000	30,000	30,000
69125 · Safety & Wellness Incent Prog	10,000	10,000	1,187	10,000	10,000	7,500
69130 · Printing & Publications	5,000	5,000	912	5,000	5,000	4,000
69170 · Board Travel & Training[(3)]	25,000	25,000	8,296	25,000	50,000	50,000
69171 · Staff Travel & Training	40,000	50,000	29,075	45,000	45,000	45,000
69201 · Property Tax Alloc (LISRAP/SSCs)[(4)]	10,000	10,000	3,220	10,000	10,000	10,000
69202 · County Fees-Property Taxes	35,000	35,000	38,357	36,750	42,500	47,500
69203 · County Fees-Sewer Ser Chg	32,000	32,000	29,462	33,600	33,600	33,600
	1,263,275	**1,363,306**	**1,046,642**	**1,388,300**	**1,431,420**	**1,476,150**

Comments:

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

[(2)] The District refinanced its Pension UAL with its 2020 Wastewater Revenue Refunding Bonds, thereby eliminating its GASB 68 related Pension Liability as of FY 20-21. Based on this, no further contributions into the District's PARS Trust (Pension sub-account) are anticipated. Also, bond payments for the 2020 Revenue Bonds are provisioned within the "Employee Benefits" Account in each Cost Center (as applicable), since these costs are considered as employment costs.

[(3)] Based on attendance at two (2) Conferences of the California Association of Sanitation Agencies (CASA) per year.

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

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

SECTION IV

CAPITAL IMPROVEMENT BUDGET

Novato Sanitary District
2026-2028 Final Budget
Capital Improvement Budget - Summary of Revenues

Capital Fund Revenue Center - 51000	Adopted Budget 2024-25	Adopted Budget 2025-26	Actual Revenue 2025-26	Preliminary Budget 2026-27	Final Budget 2026-27	Preliminary Budget 2027-28
Accounts						
51010 · Sewer Service Charges[1]	9,268,977	9,707,926	9,818,465	10,108,756	10,160,243	10,160,243
51015 · Property Taxes[2]	2,340,452	2,283,274	2,385,574	2,306,107	2,131,133	1,322,886
51020 · Connection Charges[3]	551,600	568,400	208,152	585,452	585,600	603,168
51040 · Special Equalization Chrg	1,000	1,000	0	1,000	0	0
51060 · Interest	400,926	417,868	571,061	323,817	418,623	277,725
51070 · Other Revenue	20,000	20,000		20,000	20,000	20,000
Totals	**12,582,955**	**12,998,468**	**12,983,252**	**13,345,132**	**13,315,600**	**12,384,022**

Comments:

[1] Sewer Service Charge (SSC) revenue for FY 26-27 is based on rates set by by Board Resolution No. 3211 adopted February 8, 2026 with an average SSC of $760/Equivalent Dwelling Unit (EDU) split between Operating ($418) and Capital ($342). For FY 27-28, SSC revenue is assumed to remain the same as in FY 26-27, pending the results of a rate study to be completed in FY 26-27. Therefore, FY 27-28 revenues are also estimated based on an average SSC of $760/Equivalent Dwelling Unit (EDU) split between Operating ($418) and Capital ($342).

[2] FY 25-26 property tax revenue is based on estimates from the County of Marin Department of Finance and escalated 1% per year in each of FY 26-27 and FY 27-28, and then allocated between operating (35%) and capital (65%) for FY 26-27 and Operating (60%) and Capital (40%) in FY 27-28.

[3] Per District Ordinance No. 119, the connection charge beginning July 1, 2026 is $14,640 per EDU, and increases by 3% on July 1, 2027 to $15,080 per EDU.

Novato Sanitary District
2026-2028 Final Budget
Table 1: Capital Improvement Budget - CIP Expenditures

Capital Improvements Cost Centers - 72000, 73000, & 78500	Adopted Budget (1) 2024-25	Adopted Budget (1) 2025-26	Actual Expenses 2025-26	Preliminary Budget (2) 2026-27	Final Budget (2) 2026-27	Preliminary Budget (2) 2027-28
Accounts						
72112 · Network and SCADA Upgrades	456,000	630,700	425,165	478,208	575,500	300,500
72403 · Pump Station Rehabilitation	3,280,000	4,130,000	1,666,622	5,070,000	5,600,000	4,970,000
72508 · North Bay Water Reuse Authority (NBWRA)	5,000	5,000	5,000	5,000	10,000	10,000
72706 · Collection System Improvments	2,855,000	4,340,000	1,244,413	4,040,000	6,095,000	4,775,000
72706-1 · Lateral Replacement Program	80,000	80,000	43,750	80,000	80,000	80,000
72707 · Hamilton Wetlands/Outfall Integration	30,000	30,000	340	30,000	30,000	30,000
72708 · Cogeneration/Alt. Energy(3)	512,000	3,002,000	262,907	3,003,000	2,753,000	1,000,000
72802 · Annual Sewer Adj. for City Projects	50,000	50,000	0	50,000	50,000	50,000
72803 · Annual Collection Sys Repairs	120,000	150,000	98,617	157,500	157,500	162,225
72804 · Annual Reclamation Fac. Improvements	875,000	995,000	589,918	465,000	635,000	1,040,000
72805 · Annual Treatment Plant Improvements	525,000	180,000	(115,858)	126,000	100,000	100,000
72805-1 · Treatment Plant Major Repair/Repl(4)	0	350,000	258,111	210,000	330,000	315,000
72806 · Annual Pump Station Improvements	210,000	150,000	194,930	182,500	275,000	285,000
72807 · Annual Ignacio Facility Improvements	525,000	850,000	749,754	35,000	460,000	50,000
72808 · Strategic Plan Update	20,000	5,000	0	5,000	5,000	5,000
72809 · Novato Creek Watershed	5,000	5,000	0	5,000	5,000	5,000
73003 · Admin. Building Upgrade/Maint. Building	850,000	210,000	96,097	50,000	405,000	205,000
73004 · Odor Control and NTP Landscaping	200,000	55,000	0	60,000	60,000	60,000
73006 · NTP Corrosion Control	350,000	380,000	375,333	50,000	475,000	350,000
73007 · Solids Management	925,000	100,000	14,619	775,000	225,000	2,575,000
73008 · Treatment Plant Elec. Sys. Improvements	200,000	170,000	48,407	550,000	550,000	750,000
73009 · Climate Adaption Improvements	20,000	20,000	0	20,000	20,000	20,000
73090 · Vehicle Replacement	140,000	45,000	15,239	65,000	185,000	115,000
Subtotal before Debt Service	**12,233,000**	**15,932,700**	**5,973,364**	**15,512,208**	**19,081,000**	**17,252,725**
78500 · Interest - 2017 Rev. Refunding Bond	408,750	358,250	358,250	305,250	305,250	249,750
78501 · Principal - 2017 Rev. Refunding Bond	1,010,000	1,060,000	1,060,000	1,110,000	1,110,000	1,160,000
78500 · Interest - 2019 Refunding Bond	1,437,100	1,254,600	1,254,600	1,062,850	1,062,850	861,600
78501 · Principal - 2019 Refunding Bond	3,650,000	3,835,000	3,835,000	4,025,000	4,025,000	4,225,000
Subtotal for Debt Service	**6,505,850**	**6,507,850**	**6,507,850**	**6,503,100**	**6,503,100**	**6,496,350**
Totals	**$ 18,738,850**	**$ 22,440,550**	**$ 12,481,214**	**$ 22,015,308**	**$ 25,584,100**	**23,749,075**

Comments:

(1)As amended and trued-up, consistent with section 3512.5 of District Policy No. 3152 "Annual Budget - Non-Personnel Related Charges to Budget Amounts"

(2)Includes amounts committed or encumbered for multi-year contracts awarded (or expenses authorized) in prior fiscal years that may be partially or fully expended in FY 26-28

(3)The FY 27-28 preliminary budget amount will be adjusted in a future budget document, based on project financing options to be considered and implemented by the fourth quarter (Q4) of FY 26-27

(4)New sub-account, with expenditures migrated from Account No. 61000-3, to better address cost capitalizations within this category.

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 10, 2026

SUBJECT: FY 26-28 Final 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 26-28.

A copy of the draft preliminary two-year FY 26-28 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 implementation of recommendations from the Information Technology (IT) Assessment Master Plan completed in FY 21-22.

This account includes funds for Cyber and Physical Security Assessments and implementation, Document Management and Digitization, Workstation Replacements, and implementation of the Enterprise Resource Planning (ERP) and Computerized Maintenance Management (CMMS) Systems in FY 26-27 and follow-on work in these high priority areas in FY 27-28.

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 replaced include the two Vintage Oaks Pump Stations. 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 major projects:

1. Marin Village Pump Station: Project to replace the existing wetwell/dry pit type pump station with a new submersible pump-type station. Substantial completion was achieved in the 4th quarter of FY 24-25. Final completion is anticipated in the 4th quarter of FY 25-26. A placeholder amount of $10,000 is provided in FY 26-27 for any warranty/closeout related items.

2. Ignacio Transfer Pump Station: Project to replace the generator, upgrade switchgear, and perform other site improvements. Preliminary engineering design work was completed in FY 24-25. Final engineering design work will commence in the 4th quarter of FY 25-26 and throughout FY 26-27 with construction anticipated to commence in FY 27-28.
3. Olive Pump Station: Project to replace the existing natural gas generator with a new diesel generator and upgrade electrical switchgear, HVAC, and related electrical and mechanical equipment. Construction commenced in Q3 of FY 25-26; the majority of construction will occur in FY 26-27, extending into FY 27-28.
4. Bahia Pump Station: This account includes funds in FY 27-28 for condition assessment and preliminary design for pump station upgrades.
5. Pump Station Corrosion Improvements: Project to replace conduits and other upgrades to resist corrosion at the BMK 5, Automart and Blackpoint pump stations. Preliminary engineering design and condition assessment work was completed in the 3rd quarter of FY 25-26. Final engineering design work will commence in the 4th quarter of FY 25-26, extending through FY 26-27 and construction anticipated to commence FY 27-28.
6. Force Mains Condition Assessment: This account includes funds in FY 26-27 and FY 27-28 to perform condition assessments on the District's network of force main pipelines.
7. Pump Stations Condition Assessment: This account includes funds in each of FY 26-27 and FY 27-28 for the planning, prioritization and performance of condition assessments at various pump stations throughout the District.

Account No. 72508: North Bay Water Reuse Authority

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY 26-27 will be the thirteenth 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 26-27, 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 26-28 CIP budget includes only a "placeholder" budget amount of $10,000 for each year. The placeholder amount has been increased from $5,000 in previous years to $10,000 due to development of a new MOU that may result in an increase in annual dues for Associate members.

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. Collection System Master Plan: This account includes funds in FY 26-28 for follow up work associated with the Collection System Master Plan including additional flow monitoring.

2. Meyers Subdivision Sewer Replacements: Replacement of about 1,875 feet of 6-inch sewer between Mirabella Avenue and Court Road. A portion of this project (originally entitled Elm Drive to East Court) was identified as a structural rehabilitation project identified with a high priority rating in the CSMP. The project has been expanded to include the portions of sewer that were originally slated for replacement in 2005 but were never completed. This account includes funds in FY 27-28 to update the design for construction in FY 28-29.
3. 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. The District's design was completed in FY 25-26 and construction is anticipated in FY 26-27.
4. Highway 101 Crossings: Abandonment of the Enfrente pump station to convert to gravity flow via an underground crossing to the east side of Highway 101 and replacement of two additional Highway 101 crossings between Enfrente and HWY 37. Design work commenced in the third quarter of FY 22-23 and will extend into FY 26-27, with construction potentially starting in late FY 26-27, with the majority of construction in FY 27-28.
5. High Priority Structural Rehab Projects: This account includes funds for high priority structural rehab projects identified in the 2019 Collection System Master Plan. The Main Interceptor 2 Repair project was completed in FY 25-26. A placeholder amount of $10,000 is provided in FY 26-27 for any warranty/closeout related items.

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 $2,750 to replace a residential sewer lateral in the District's service area. In FY 25-26, the District budgeted an overall amount of $80,000 for this program.

It is expected that about 60% of the budget funds will be expended in FY 25-26. Staff expect the same or higher level of participation in FY 26-27. In FY 25-26 the Board approved increasing the District's share, i.e., the maximum individual grant amount by 10%, from $2,500 to $2,750 to encourage participation in the program and to account for increased construction costs. Staff did not observe a notable increase in program participation in FY 25-26. This could be due to many factors including general economic concerns, although inflation and construction prices have been less volatile over the last few years. Staff recommend keeping the individual grant amount at the current $2,750 level. The overall budget for the program will remain $80,000 in each of FY 26-28.

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 26-28 to meet any minor or unanticipated District expenses for coordination work with SCC staff.

Account No. 72708: Cogeneration/Alternative Energy

NTP Energy Recovery & Efficiency Project: This account will fund a progressive design-build project delivery method for a cogeneration project that will utilize digester gas produced in the anaerobic digestion process to produce power that may result in an offset to the District's utility power purchases. Additionally, this project will include installation of a Solar PV System, energy efficiency upgrades and a Microgrid Controller to manage and distribute power generated from the Cogeneration System, Battery Energy Storage System and Utility Power. The Design-Build team was selected in FY 25-26. The Phase I Design process will proceed in late FY 25-26 through FY 26-27 with construction commencing early FY 27-28.

Battery Energy Storage System (BESS): Installation of the BESS was completed in FY 23-24. This account will continue to retain nominal budget amounts in FY 26-28 for third party monitoring of battery performance.

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), or loans through the Water Infrastructure Finance and Innovation Act (WIFIA).

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 Collection System Superintendent then tracks and prioritizes repair projects in conjunction with the Field Services Manager, 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, irrigation pump station strainer replacements, pasture fencing and road upgrades, drainage pump station telemetry upgrades and condition assessments, and outfall improvements based on the outfall condition assessment performed in 2022.

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. 72805-1: Treatment Plant Major Repairs and Replacements

This account was established in FY 25-26 and includes funds to address major repairs and replacements at the Novato Treatment Plant and Ignacio Transfer Pump Station. Historically, these activities were accounted for in the Operating Budget- Treatment Facilities under 61000-3 Major Repairs and Replacements, and fund major repairs/replacements that exceed the $10,000 cap established in the contract for Operations, Maintenance and Management of the Wastewater Treatment Facilities. Due to the nature of these repairs/replacements and the $10,000 threshold, staff recommended Treatment Plant Major Repairs and Replacements be included in the CIP budget moving forward. This account includes funds for replacement of an influent pump in each of FY 26-27 and FY 27-28.

Account No. 72806: Annual Pump Station Improvements

This account includes funds for small projects to repair District pumping facilities at the various pump stations throughout the District, including minor mechanical & electrical work, water line repairs, pavement repairs, painting, and any other small repairs or improvements at District pump stations.

Account No. 72807: Annual Ignacio Facility Improvements

This includes funds for 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 a placeholder amount of $10,000 is provided in FY 26-27 for any warranty/closeout related items associated with the Ignacio Facility Potable Water Improvements Project.

Account No. 72808: Strategic Plan Update

This account includes funds for updating the Strategic Plan. The 2024 Strategic Plan was completed in May 2024. This account includes “placeholder” amounts for Strategic Plan implementation and annual updates.

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 26-28. Future work (beyond FY 26-28) 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 and updates to the Board room and engineering/admin interior. This account includes funds for a Physical Security Assessment and Implementation and Office and Open Workspace Updates in each of FY 26-27 and FY 27-28.

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.

Account No. 73006: NTP Corrosion Control

This account includes funds for corrosion control projects at the Novato Treatment Plant site. As the facilities age, the effects of the aggressive nature of wastewater corrosion appear and need to be addressed. It is anticipated that this account will see budgeting of funds on an ongoing basis. This account includes funds for the protective coating of the metalwork of Secondary Clarifier No. 2 in FY 26-27 and Primary Clarifier No. 1 in FY 27-28.

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.

1. Biosolids Facilities Improvements: This account includes funds for exploring operational alternatives and upgrading the Biosolids Handling Facilities at Deer Island including the sludge lagoons, final digested sludge and return decanted pipelines and the Dedicated Land Disposal Site (DLD). The Biosolids Management Study and Solids Dewatering Alternatives Analysis was completed in FY 25-26. The recommendations from that analysis were that extending the service life of the existing Biosolids Facilities would be the most economical pathway. This account includes funds for determining the feasibility of removal and placement of accumulated biosolids in the DLD in FY 26-27 and implementation in FY 27-28.

A "placeholder" amount of $25,000 is being budgeted for each of FY 26-28 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 budget account was established in FY 22-23 and includes funds to address major maintenance, or capital projects associated with the District's plant electrical systems.

1. PLC Upgrades: This account includes funds for a scoping study in FY 26-27 and implementation of PLC Upgrades in FY 27-28 at NTP.
2. Plant Power Systems Study: This account includes funds to conduct a Plant Power Systems Study which will result in an updated software-based power analytics model, revised NFPA 70E labelling plant wide, as well as revised electrical system record drawings that will include all changes made subsequent to the 2010/11 Upgrade Project record drawings such as the recycled water system project and the digester upgrade project (beginning 2012) project, as well as the more recent battery energy storage system (BESS). The study commenced in FY 23-24 and will be completed in FY 26-27.
3. Electrical Raceway Improvements: This project will repair damage to the electrical raceways at the east end of the NTP aeration basins. A physical assessment and circuit identification and labeling will occur in Q4 of FY 25/26, with improvements anticipated in FY 26-27.

Account No. 73009: Climate Adaptation Improvements

This budget account was established FY 22-23 and includes funds to evaluate potential risks for District facilities associated with climate change including more frequent extreme weather events, flooding, fire, and sea level rise and identify capital projects and improve climate resilience. A "placeholder" amount of $20,000 is budgeted for each year of FY 26-28 for initiating any Climate Adaptation studies.

Account No. 73090: Vehicle Replacement

This account includes budget amounts in each of FY 26-27 and FY 27-28 for a portable generator, and an EV equivalent replacement for a ¾ ton truck, in FY 27-28.

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SECTION V

WASTEWATER CAPITAL RESERVE FUND

Novato Sanitary District
2026-2028 Final Budget
Wastewater Capital Reserve Fund

	Prelim	Final
Wastewater Capital Reserve Fund		
FUND BALANCE 6/30/25 - Consists of:		
Unused Bonding Capacity	3,275,000	3,275,000
Transfers in prior years	2,449,653	2,449,653
Balance before FY 25-26 transfer	5,724,653	5,724,653
Transfer in FY 25-26	400,000	400,000
FUND BALANCE 6/30/26	**6,124,653**	**6,124,653**
FUND BALANCE 6/30/26 - Consists of:		
Unused Bonding Capacity	3,275,000	3,275,000
Transfers in prior years	2,849,653	2,849,653
Balance before FY 26-27 transfer	6,124,653	6,124,653
Proposed Transfer in FY 26-27	400,000	400,000
ANTICIPATED FUND BALANCE 6/30/27	**6,524,653**	**6,524,653**
FUND BALANCE 6/30/27 - Consists of:		
Unused Bonding Capacity	3,275,000	3,275,000
Transfers in prior years	3,249,653	3,249,653
Balance before FY 27-28 transfer	6,524,653	6,524,653
Proposed Transfer in FY 27-28	400,000	400,000
ANTICIPATED FUND BALANCE 6/30/28	**6,924,653**	**6,924,653**

Note:
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 also be used to offset, dollar for dollar, the required cash deposits to the WCRF.

SECTION VI

RATE STABILIZATION FUND

Novato Sanitary District
2026-2028 Final Budget
Rate Stabilization Fund

	Prelim	Final
<u>Rate Stabilization Fund</u>		
FUND BALANCE 6/30/25	**2,076,351**	**2,076,351**
Required Deposits/Transfers from Operating	62,291	62,291
FUND BALANCE 6/30/26	**2,138,642**	**2,138,642**
Required Deposits/Transfers from Operating	64,159	64,159
FUND BALANCE 6/30/27	**2,202,801**	**2,202,801**
Required Deposits/Transfers from Operating	66,084	66,084
FUND BALANCE 6/30/28	**2,268,885**	**2,268,885**

Note:

This fund is maintained at a minimum balance of $1,500,000 adjusted annually for inflation from unreserved amounts in the operating fund. Beginning FY 17-18, this Fund is also included in the Summary of Fund Balances table (Page 2) 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
2026-2028 Final 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:

Fiscal Year	2017 Bonds*				2019 Bonds*				2020 Bonds**				
Ending June 30	Principal	Interest	Total	Outstanding Balance	Principal	Interest	Total	Outstanding Balance	Principal	Interest	Total	Outstanding Balance	Annual Totals
2020	820,000	631,000	1,451,000	11,800,000	3,480,000	1,091,536	4,571,536	42,665,000					6,022,536
2021	850,000	590,000	1,440,000	10,950,000	3,005,000	2,084,350	5,089,350	39,660,000					6,529,350
2022	890,000	547,500	1,437,500	10,060,000	3,155,000	1,934,100	5,089,100	36,505,000	234,000	208,200	442,200	6,233,000	6,968,800
2023	920,000	503,000	1,423,000	9,140,000	3,310,000	1,776,350	5,086,350	33,195,000	301,000	154,342	455,342	5,932,000	6,964,692
2024	965,000	457,000	1,422,000	8,175,000	3,475,000	1,610,850	5,085,850	29,720,000	308,000	147,143	455,143	5,624,000	6,962,993
2025	1,010,000	408,750	1,418,750	7,165,000	3,650,000	1,437,100	5,087,100	26,070,000	316,000	139,765	455,765	5,308,000	6,961,615
2026	1,060,000	358,250	1,418,250	6,105,000	3,835,000	1,254,600	5,089,600	22,235,000	324,000	132,197	456,197	4,984,000	6,964,047
2027	1,110,000	305,250	1,415,250	4,995,000	4,025,000	1,062,850	5,087,850	18,210,000	330,000	124,450	454,450	4,654,000	6,957,550
2028	1,160,000	249,750	1,409,750	3,835,000	4,225,000	861,600	5,086,600	13,985,000	338,000	116,548	454,548	4,316,000	6,950,898
2029	1,220,000	191,750	1,411,750	2,615,000	4,435,000	650,350	5,085,350	9,550,000	346,000	108,456	454,456	3,970,000	6,951,556
2030	1,275,000	130,750	1,405,750	1,340,000	4,660,000	428,600	5,088,600	4,890,000	356,000	100,162	456,162	3,614,000	6,950,512
2031	1,340,000	67,000	1,407,000	0	4,890,000	195,600	5,085,600	0	364,000	91,641	455,641	3,250,000	6,948,241
2032			0				0		372,000	82,931	454,931	2,878,000	454,931
2033			0				0		382,000	74,017	456,017	2,496,000	456,017
2034			0				0		390,000	64,878	454,878	2,106,000	454,878
2035			0				0		400,000	55,537	455,537	1,706,000	455,537
2036			0				0		409,000	45,969	454,969	1,297,000	454,969
2037			0				0		419,000	35,551	454,551	878,000	454,551
2038			0				0		433,000	22,961	455,961	445,000	455,961
2039			0				0		445,000	9,968	454,968	0	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
2026-2028 Final Budget
Wastewater/Taxable Revenue Bonds - Balances

	Prelim	Final
2017 Wastewater Revenue Refunding Bonds		
DEBT BALANCE 6/30/25	**7,165,000**	**7,165,000**
Principal Payment	(1,060,000)	(1,060,000)
Interest payments	(358,250)	(358,250)
Transfer from Capital Improvement Fund	358,250	358,250
DEBT BALANCE 6/30/26	**6,105,000**	**6,105,000**
Principal Payment	(1,110,000)	(1,110,000)
Interest payments	(305,250)	(305,250)
Transfer from Capital Improvement Fund	305,250	305,250
ANTICIPATED DEBT BALANCE 6/30/27	**4,995,000**	**4,995,000**
2019 Wastewater Revenue Bonds		
DEBT BALANCE 6/30/25	**26,070,000**	**26,070,000**
Principal Payment	(3,835,000)	(3,835,000)
Interest payments	(1,254,600)	(1,254,600)
Transfer from Capital Improvement Fund	1,254,600	1,254,600
DEBT BALANCE 6/30/26	**22,235,000**	**22,235,000**
Principal Payment	(4,025,000)	(4,025,000)
Interest payments	(1,062,850)	(1,062,850)
Transfer from Capital Improvement Fund	1,062,850	1,062,850
ANTICIPATED DEBT BALANCE 6/30/27	**18,210,000**	**18,210,000**
2020 Taxable Wastewater Revenue Refunding Bonds [(1)]		
DEBT BALANCE 6/30/25	**5,308,000**	**5,308,000**
Principal Payment	(324,000)	(324,000)
Interest payments	(132,197)	(132,197)
Transfer from Capital Improvement Fund	132,197	132,197
DEBT BALANCE 6/30/26	**4,984,000**	**4,984,000**
Principal Payment	(330,000)	(330,000)
Interest payments	(124,450)	(124,450)
Transfer from Operating Fund	124,450	124,450
ANTICIPATED DEBT BALANCE 6/30/27	**4,654,000**	**4,654,000**

Debt Coverage Ratio [(2)]	**Budget 2025-26**	**Actual Rev/Exp 2025-26**	**Final Budget 2026-27**	**Preliminary Budget 2027-28**
Net Operating Revenue	**28,309**	**2,580,185**	**24,508**	**1,716**
Capital Revenue	**12,998,468**	**12,983,252**	**13,315,600**	**12,384,022**
Annual Debt Service	**6,507,850**	**6,507,850**	**6,503,100**	**6,496,350**
Debt Coverage Ratio	**2.00**	**2.39**	**2.05**	**1.91**

[(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.

[(2)] Debt Coverage Ratio (DCR) = (Net Operating Revenue + Capital Revenue)/ Annual Debt Service 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 acccepted accounting "best practices".

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Appropriations Limit for Fiscal Year (FY) 26-27.	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 6.b.**

RECOMMENDED ACTION: Adopt Resolution No. 3217 establishing the District's FY 26-27 Appropriations Limit.

SUMMARY AND DISCUSSION:

Under the Gann Spending-Limitation Initiative (Article XIII B of the State Constitution) adopted as Proposition 4 in June 1979 (and subsequently modified by Proposition 111 in June 1990), the District is required to annually adopt a resolution setting an appropriations limit for the upcoming year. For FY 26-27, staff projects that the District's appropriations subject to limitation will be $7,647,702.

The Gann Spending-Limitation Initiative provides for the limitation of state and local government appropriations and is actually a limitation on tax revenues rather than a direct limitation on appropriations.

Appropriations subject to limitation may not exceed appropriations made in 1978-79 except as adjusted for increases in the cost of living, population, and service responsibility transfers.

Appropriations financed through service fees (to the degree that they do not exceed the cost of performing the service), grant programs, and other specified "non-tax" sources are not subject to the appropriations limit.

Originally, the Gann Initiative was self-executing, requiring no formal review; however, Proposition 111 requires that the annual calculation be reviewed as part of the annual financial audit.

The annual adjustment factors for changes in population and cost of living for the appropriations limit calculation must be selected by a recorded vote of the Board.

ATTACHMENTS:

1. Memorandum: FY 26-27 Appropriations Limit
2. Draft Resolution No. 3217.

STRATEGIC PLAN INFORMATION: This item addresses Goal 3 (Organizational Excellence) of the latest Strategic Plan.

Prepared by: tc, ssk	**Reviewed by General Manager:** SSK

MEMORANDUM

TO: Board of Directors

FROM: Sandeep Karkal, General Manager-Chief Engineer
Tony Clark, Finance Manager

BOARD MEETNG DATE: August 10, 2026

SUBJECT: Fiscal Year (FY) 2026-27 Appropriations Limit

It is necessary to determine the District's appropriations limit for FY 2026-27 based on growth factors provided by the State Department of Finance.

Price Factor
Proposition 111, adopted in 1990, specifies that each entity of local government select its cost of living factor by a vote of its governing body. The District may select either: (a) the percentage change in the California per capita personal income (CPCPI), or (b) the percentage change in the local assessment roll due to the addition of non-residential new construction.

The CPCPI percentage change over the prior year is 4.95% according to the State Department of Finance. Information obtained from the County Auditor-Controller's office shows the change in assessment due to new non-residential construction amounts to .0195%**.** The percentage change in the local assessment roll due to the addition of non-residential new construction is being used to set the 2026-27 appropriations limit.

Change in Population
Senate Bill 88, implementing Proposition 111, provides that a special district shall select its change in population annually by a recorded vote of the governing body. The Board may choose to use the change in population within its jurisdiction or within the county in which it is located. If a special district is wholly within a county, the county population shall be used unless the district requests a special census from the Department of Finance.

2026-27 Appropriations Limit
It is recommended that the 2026-27 appropriations limit be set at $7,647,702 using the change in the local assessment roll due to the addition of non-residential new construction percentage change and the annual percentage change in population for Marin County.

Attached are worksheets showing the adjustment factors to obtain the 2026-27 limit, and a historical Comparison of the Limit to Tax Revenue.

Attachments

Novato Sanitary District
APPROPRIATIONS LIMIT **2026-27**

APPROPRIATION LIMIT ADJUSTMENT FACTORS

Under law (Proposition 111), the District's appropriations limit may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local non-residential construction:

May use Per Capita Change:	4.95%	
Per Capita converted to a ratio:	1.0495	
or		
Change due to non-residential construction (1):	0.0195%	
Change due to non-residential construction ratio:	1.0002	Use for 2026-27 Calculation
Population Change for Marin County:	-0.9274%	
Change due to non-residential construction ratio:	1.0002	
Population converted to a ratio:	0.9907	

Calculation of Factor for FY 2026-27:

Price factor (1.0002) x Population factor (0.9907)= 0.9909

The change factor is applied to last year's appropriation limit to obtain this year's limit:

Appropriation Limit prior FY	2025-26	7,717,790
Change Factor for this FY	2026-27	0.9909
APPROPRIATION LIMIT FOR	**2026-27**	**$ 7,647,702**

(1) The following information was provided by the County Auditor-Controller's Office:

Change in AV due to Construction Growth from 3-1-25 to 3-1-26	108,004	=	0.0195%
Increase in total AV (+exemptions) from 2024-25 to 2025-26	554,402,335		

APPROPRIATIONS LIMIT WORKSHEET

Comparison of Limit to Tax Revenue

	APPROPRIATIONS SUBJECT TO LIMITATION				
Year Ended June 30	Approp Limit	Increase over PY	Tax Revenue	Increase/Decrease over PY	Amount Under Limit
2013	5,899,391	0.99%	1,795,781	0.02%	4,103,610
2014	5,925,116	0.44%	1,941,241	8.10%	3,983,875
2015	5,936,316	0.19%	1,999,816	3.02%	3,936,500
2016	5,995,198	0.99%	2,055,935	2.81%	3,939,263
2017	6,075,132	1.33%	2,171,007	5.60%	3,904,125
2018	6,310,643	3.88%	2,290,112	5.49%	4,020,531
2019	6,553,365	3.85%	2,435,047	6.33%	4,118,318
2020	6,804,989	3.84%	2,580,039	5.95%	4,224,950
2021	7,057,724	3.71%	2,704,092	4.81%	4,353,631
2022	7,758,222	9.93%	2,830,459	4.67%	4,927,763
2023	7,727,073	-0.40%	3,035,425	7.24%	4,691,648
2024	7,679,616	-0.61%	3,137,232	3.35%	4,542,384
2025	7,617,947	-0.80%	3,212,393	2.40%	4,405,554
(1) 2026	7,717,790	1.31%	3,171,214	-1.28%	4,546,576
2027	7,647,702	-0.91%	3,278,667	3.39%	4,369,035
15-Year Average		1.85%		4.13%	

(1) As Provided in Proposition 111, the change in the District's non-residential construction factor was used to calculate appropriations limit.

NOVATO SANITARY DISTRICT

DRAFT RESOLUTION NO. 3217

A RESOLUTION ESTABLISHING THE APPROPRIATION LIMIT FOR FISCAL YEAR 2026-27

BE IT RESOLVED by the Board of Directors of the Novato Sanitary District, Marin County, California, that in order to conform to modifications in the appropriation limit calculation as provided by Proposition 111 amending Article XIIIB of the Constitution of the State of California and regulations adopted thereunder and by Senate Bill No. 88, Chapter 60 of Statutes of 1990 and especially the amendment of Section 7901 relating to the calculations of appropriation limits and the addition of Section 7914 defining "qualified capital outlay project" of the Government Code of the State of California, and in order to correct and adjust earlier calculations to comply with constitutional changes and with regulations adopted thereunder, the previously calculated limits for the District shall be amended in accordance with the appropriation limit calculations which have been on file and available in the office of the Secretary of the Novato Sanitary District.

BE IT FURTHER RESOLVED that the District has calculated the maximum limit applicable to the appropriation of tax proceeds for the fiscal year 2026-27 to be the sum of SEVEN MILLION SIX HUNDRED FORTY SEVEN THOUSAND SEVEN HUNDRED TWO AND NO/100 dollars **($7,647,702.00)**; that the basis of said calculations are available and on file in the office of the Secretary; and that the Board of Directors does hereby determine that for said fiscal year the calculations are based on the percentage change in the California per capita personal income and the population change of the County of Marin within which the District is situated, and that this resolution shall be effective immediately.

* * * * * * *

I hereby certify that the foregoing resolution was passed and adopted by the Board of Directors of the Novato Sanitary District, Marin County, California, at a meeting thereof held on the 10th day of August 2026, by the following vote of the members thereof:

AYES, and in favor thereof, Directors: ______________________

NOES, Directors: ______________________

ABSTAIN, Directors ______________________

ABSENT, Directors: ______________________

____
A. Gerald Peters,
President, Board of Directors
Novato Sanitary District

ATTEST:

____
Sandeep Karkal,
Secretary, Board of Directors
Novato Sanitary District

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: NTP Corrosion Control, Account No. 73006	**REGULAR MEETING DATE: August 10, 2026** **MEETING AGENDA ITEM NO.: 7.a.**

RECOMMENDED ACTION: Approve a proposal from Veolia Water for coating of secondary clarifier No. 2 metal work at the Novato Treatment Plant as "Additional Services" under Section 8 of the 2021 Extension to the Amended and Restated Contract Service Agreement (2021 Agreement), and authorize the General Manager-Chief Engineer to execute an Addendum to the 2021 Agreement in the not-to-exceed amount of $433,937.50 to perform this work.

SUMMARY AND DISCUSSION:

As part of an ongoing proactive maintenance program, and to combat the corrosive nature of wastewater on District facilities, the District's Secondary Clarifier No. 2 is due for application of new protective coating. Veolia Water (Veolia), through their Capital Program Management (CPM) division has the ability to manage this maintenance project.

Veolia has demonstrable experience in managing similar projects at treatment facilities that they operate nationwide including a similar clarifier coating project for the District in FY 25/26. Section 8.1.3 and 8.2 of the District's 2021 Extension to the Amended and Restated Contract Service Agreement (2021 Agreement) with Veolia provides for additional services on a negotiated basis. Staff requested, and Veolia has provided a proposal to manage the coating of the clarifier including contracting with a contractor for the surface preparation, coating and associated activities, contractor coordination, construction management, inspection, and quality control.

To prepare their proposal, Veolia developed specifications and solicited bids from the three contractors that attended the required pre-bid meeting. Three companies provided proposals for the installation; Redwood Painting Co., Inc. of Pittsburgh, CA Jeffco Painting and Coating, Inc of Vallejo, CA and Polytech Industrial, Inc., of Fresno CA. Veolia negotiated a contract with Polytech Industrial who will perform the coating of the clarifier metal work and associated tasks, for a lump sum of $315,000. Veolia's proposal also includes $33,926.40 for inspection services by their subconsultant, Bay Area Coating Consultants, Inc., $9,645 for Biological Monitoring of swallow nesting activity within the clarifier, a $3,150 allowance for miscellaneous tools and supplies for the project, $10,757.14 for project and construction management, and a markup of 16.5% ($61,458.96) on the subcontractor costs for Selling, General & Administrative (SG&A) expenses including upfront project development costs, and Overhead and Profit. Staff find the proposal to be reasonable. The total not to exceed cost will be $433,937.50 to the District.

The proposal does not include any allowance or contingency for unforeseen site conditions that may be encountered during construction. If unforeseen or changed site conditions are encountered, Veolia will track any additional time, labor and materials and submit a change order request.

Staff recommend that the Board approve the Veolia proposal and authorize the General Manager-Chief Engineer to execute an Addendum to the Agreement in the not-to-exceed amount of $433,937.50.

STRATEGIC PLAN INFORMATION: This item addresses Goal 2 (Facilities) and Goal 4 (Outreach) of the latest Strategic Plan.

BUDGET INFORMATION: The work will be funded from Account No. 73006 – NTP Corrosion Control, which has a FY 26-27 Preliminary Budget amount of $475,000.

Prepared by: eb	**Reviewed by General Manager:** SSK

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Operations Report, July 2026.	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 7.b.**

RECOMMENDED ACTIONS: Receive Wastewater Operations Report for July 2026 – <u>information only</u>:

i. Collection System

ii. Treatment Facilities

iii. Reclamation Facilities

SUMMARY AND DISCUSSION:

The July 2026 Wastewater Operations Report incorporating operations reports for the collection system, wastewater treatment facilities, and the reclamation facilities is attached.

District and Veolia staff will be present at the meeting to provide overviews of the reports for their operational areas, and will be available to discuss the reports or respond to any questions.

ATTACHMENTS: 1. Wastewater Operations Reports for the month of July 2026.

STRATEGIC PLAN INFORMATION: This item addresses Goal 2 (Facilities) of the latest Strategic Plan.

Prepared by: dd (Veolia), ja, jjb	**Reviewed by General Manager:** SSK

Novato Sanitary District
Wastewater Operations - Collection System Operations Report
July 2026

1.0 General:

The equivalent of about six (6) full-time employees (FTEs) worked on collection system maintenance activities during the month. The breakdown of staff time for the month in terms of equivalent FTE hours utilized, works out approximately as follows:

- 2.0 FTE for sewer maintenance (main line cleaning)
- 0.7 FTE for pump station maintenance
- 0.8 FTE for Closed Circuit Television (CCTV) work
- 0.2 FTE for Underground Service Alerts (USAs)
- 0.6 FTE for time spent on data input, training, service calls, overflow response, or any other activity that does not directly relate to the activities listed above, or special activities (for example, smoke testing of mainlines), and
- 1.8 FTE for vacation, holiday, or sick leave.

Figure 1: CSW Jason Roach lowering the CCTV camera down into a manhole.

2.0 Collection System Maintenance:

Performance metrics are presented in the attached graphs showing the length of line cleaned/month, footage cleaned/hours worked, overflows/month, and the CCTV footage achieved. A brief discussion is also provided below.

Line Cleaning Performance: The Computerized Maintenance Management System (CMMS) generated 736 work orders for the month. Collections staff completed 302 work orders leaving 434 work orders outstanding due to competing priorities and staff being out sick or on vacation or holiday in July. The outstanding work orders are expected to be completed over the next few months. Completed work orders resulted in 57,198 feet of sewer pipelines being cleaned by staff, 4032 feet of which was performed by CCTV in lieu of cleaning.

Closed Circuit Television (CCTV) Performance:

The District's CCTV equipment was in the field for ten (10) working days and televised a total of 12,858 feet of sewer main for the month.

CCTV Findings:

- Infrastructure-related: CCTV-work identified one new defect this month in need of repairs: a separated joint located in an easement off of Highland Drive. It has been added to the repair list.
- O&M related: Condition assessment through CCTV-work did not identify any new areas that would require a change in sewer line maintenance operations.

3.0 Pump Station (PS) Maintenance:

Collections staff conducted 144 lift station inspections this month. Of these, 38 inspections were generated through the District's JobsCal Plus CMMS system. There are zero (0) outstanding work orders for the month. A Pump Stations Statistics summary is attached.

4.0 Air Relief/Vacuum Valves (ARVs):

Staff completed maintenance inspections of seven (7) air relief/vacuum valves this month.

Novato Sanitary District
Wastewater Operations - Collection System Operations Report
July 2026

5.0 Safety and Training:

General:

Collections staff attended three (3) tailgate meetings in July.

Specialized Training:

- RTU call box refresher training.
- AI policy training.
- Traffic Control/Flagger Training (classroom)
- Know B4 cybersecurity training.

Safety performance:

There were zero (0) lost time accidents in July.

6.0 Miscellaneous Projects/Repairs:

- Fire extinguisher annual service
- 3211 front toolbox brackets repaired and re-installed.
- Camera head into shop for lights not working.
- Camera tractor wheel modules in shop for repairs.
- Olive Pump Station PLC failed. Analog input module replaced.
- BMK 9 pump 2 replaced.
- BMK 3 breaker for pump one replaced.
- 3212 Dodge pump truck in the shop for gear shifter replacement.
- 7/30/26 Response to multiple power outages due to downed power pole and fire from a traffic accident off HWY 101.
- 7/31/26 response to PGE power outage.

7.0 Sanitary Sewer System Spills:

The Novato Sanitary District Collection System had zero (0) Sanitary Sewer System Spills in July 2026. The No Spill certification confirmation number is 2719760.

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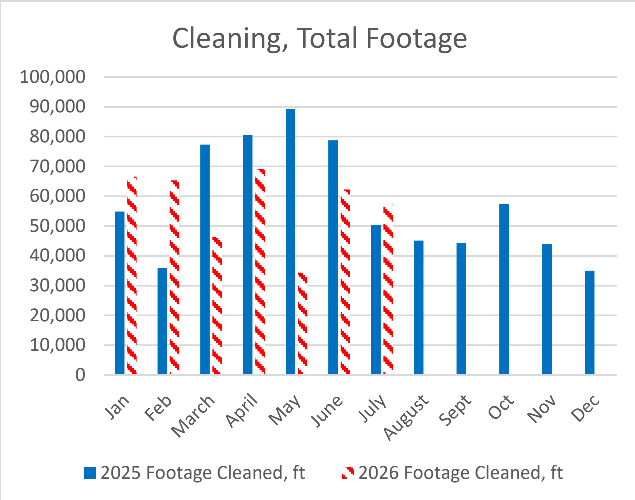
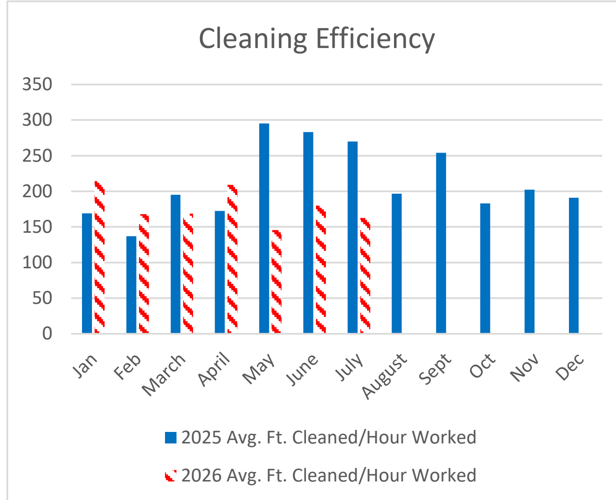
Novato Sanitary District
Collection System Monthly Report For July 2026 (as of July 31, 2026)

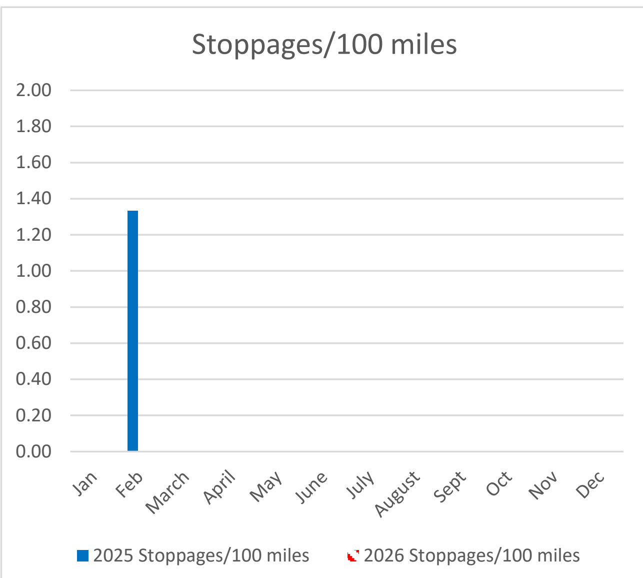
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
A. Employee Hours Worked														
Number of FTEs (main line cleaning)	1.8	2.4	1.6	1.9	1.4	1.9	2.0	0.0	0.0	0.0	0.0	0.0	NA	1.9
Number of FTEs (other)	0.9	1.1	0.7	0.9	0.9	0.9	0.6	0.0	0.0	0.0	0.0	0.0	NA	0.8
Number of FTEs (USAs)	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	NA	0.0
Number of FTEs (CCTV)	1.3	0.6	1.8	1.5	1.2	0.8	0.8	0.0	0.0	0.0	0.0	0.0	NA	1.2
Total, FTEs	4.1	4.1	4.1	4.3	3.5	3.6	3.5	0.0	0.0	0.0	0.0	0.0	NA	3.9
Regular Time Worked, (main line cleaning), hrs	311	390	275	331	236	346	352						2,239	320
Regular Time Worked on Other, hrs (1)	151	177	128	157	143	153	103						1,011	144
Regular Time Worked on USAs	0	0	0	0	0	0	27						27	0
Regular Time Worked on CCTV (2)	228	95	322	271	203	148	143						1,408	201
Total Regular time, worked, hrs	690	661	724	758	582	647	624	0	0	0	0	0	4,685	669
Total Vacation/Sick Leave/Holiday, hrs	134	99	126	75	226	149	313						1,122	160
Vacation/Sick Leave/Holiday, FTEs	0.8	0.6	0.7	0.4	1.3	0.9	1.8	0.0	0.0	0.0	0.0	0.0	6.5	0.9
Overtime Worked on Coll. Sys., hrs	31	0	0	0	0	2	0						33	16.5
Overtime Worked on Other, hrs (1)	1	20	29	0	5	0	0						54	13.6
Overtime Worked on USAs, hrs	0	0	0	0	0	0	1						1	0.0
Overtime Worked on CCTV (2)	0	0	0	0	0	1	0						1	0.0
Total Overtime , hrs	32	20	29	NA	5	3	0	NA	0	NA	NA	NA	88	17.6
B. Productivity														
1. Line Cleaning														
Rodder Work Orders generated	70	91	48	155	105	103	150						722	103
Rodder 3208 ft. cleaned	0	0	54	272	577	693	2,397						3,993	570
Rodder - outside services and handrodding, ft cleaned	730	0	0	294	0	997	259						2,280	326
Flusher Work Orders generated	537	498	288	379	482	595	586						3,365	481
Truck 3209F ft. cleaned	437	0	53	9,468	1,894	1,835	0						13,687	1,955
Truck 3210V ft. cleaned	18,897	24,269	8,826	4,257	150	0	0						56,399	8,057
Truck 3211V ft. cleaned	32,683	39,261	35,303	51,922	29,986	38,109	53,166						280,430	40,061
Flusher - outside services, ft. cleaned , foamed	0	0	0	0	0	21,815	0						21,815	3,116
CCTV Truck + Hand Cam in lieu of cleaning	13,831	1,834	2,110	2,911	1,789	518	4,032						27,025	3,861
Total Footage cleaned (3)	66,578	65,364	46,346	69,124	34,396	62,277	57,198	0	0	0	0	0	401,283	57,326
Work Orders completed	326	326	211	332	159	314	302						1,970	281
Work Orders backlog	281	264	125	202	428	384	434						2,118	303
2. Closed Circuit Television (CCTV)														
Camera Work Orders generated	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CCTV Truck 3135, ft. videoed	27,455	7,249	25,249	27,816	21,176	15,876	8,826						133,647	19,092
CCTV (hand cam), ft. videoed	423	1,790	0	2,399	292	1,242	4,032						10,178	1,454
CCTV Inspection - outside services, ft. videoed	0	0	0	0	0	4,827	0						4,827	690
Total CCTV footage (3)	27,878	9,039	25,249	30,215	21,468	21,945	12,858	0	0	0	0	0	148,652	21,236
C. Sanitary Sewer Overflows (SSOs)	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Lower Lateral/less than 50gal. (Category IV)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Minor (Category III)	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Major (Category II)	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Major (Category I)	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Overflow Gallons	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Volume Recovered	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Percent Recovered	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
D. Service Calls (non-SSO related)														
Service Calls, (SCs), normal hours, #	0	2	4	1	4	3	1						15	2
Normal hours SC response time, mins (avg.)	0	22.5	29	20	26	32.33	33						163	23
Service Callouts, after hours, #	0	1	0	0	1	0	0						2	0
After Hours SC response time, mins (avg.)	0	33	0	0	35	0	0						68	10
E. Benchmarks														
Average Ft. Cleaned/Hour Worked	214	168	169	209	146	180	163	NA	NA	NA	NA	NA	NA	178
Total Stoppages/100 Miles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA
Average spill response time (mins)	0	0	0	0	0	0	0	0	0	0	0	0	NA	0
Callouts/100 Miles	0.0	0.4	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.1
Overtime hours/100 Miles	14	0	0	0	0	1	0	0	0	0	0	0	14.67	1
Overflow Gallons/100 Miles	0	0	0	0	0	0	0	0	0	0	0	0	0	0

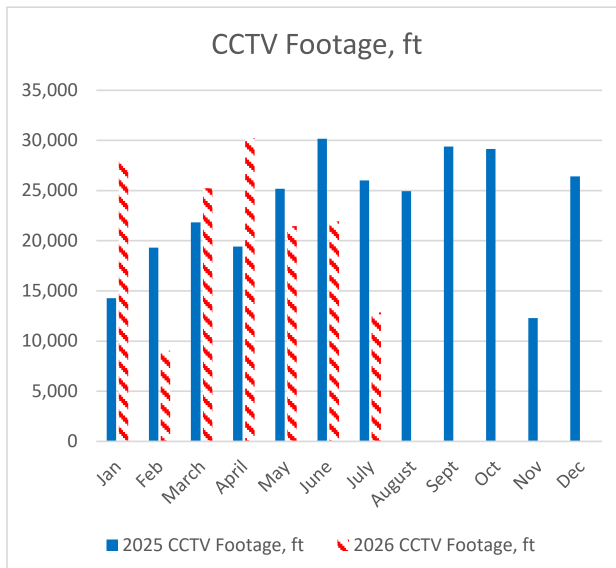
(1)This category includes time spent on: Data input, Training, Service Calls, Overflow Response, as well as any other activity that does not directly relate to main line cleaning or CCTV work.
(2)This category separates time spent on CCTV from other Collection System maintenance activities.
(3)Does not include outside services (tracked separately)

Collection System: 2025 & 2026 Graphs









Novato Sanitary District

Pump Station Monthly Report For July 2026 (as of July 31, 2026)

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
Employee Hours Worked														
Number of Employees (FTEs)	1.1	1.3	1.2	1.3	1.2	1.5	0.7	0.0	0.0	0.0	0.0	0.0	N/A	1.2
Regular Time Worked on Pump Sta	191	201	216	235	200	272	131						1,444	206
Overtime Worked on Pump Sta	28	31	26	11	24	19	20						159	23
After Hours Callouts	2	3	3	5	1	1	1						16	2
Average Callout response time (mins)	29	36	35	34	26	36	36						232	33
Work Orders														
Number generated in month	38	38	45	38	38	49	38						284	40.6
Number closed in month	38	38	45	38	38	49	38						284	40.6
Backlog	0	0	0	0	0	0	0	0	0	0	0	0	0	0

VEOLIA

August 4, 2026

Mr. Sandeep Karkal
General Manager – Chief Engineer
Novato Sanitary District
500 Davidson Street
Novato, CA 94545

Subject: Veolia Water Operations Report – July 2026

Dear Mr. Karkal:

I am pleased to provide the Monthly Operations Report for July 2026.

As always, please give me a call at 707-378-3974 should you have any questions.

Best regards,

Derek Dill
Project Manager, Veolia

Veolia Water West Operating Services, Inc.
500 Davidson Street
Novato, CA 94945
(415) 892-1694

MONTHLY OPERATIONS REPORT
July 2026

Prepared for

NOVATO SANITARY DISTRICT (NSD)
WASTEWATER TREATMENT PLANT
500 Davidson Street
Novato, CA 94945

Prepared by

Veolia Water West Operating Services, Inc. (VWWOS)

TABLE OF CONTENTS

A: TREATMENT PLANT PERFORMANCE SUMMARY

Discharge to Reclamation July 1-31, 2026

Table 1.0

Parameter	Value		Limits	
	Ave	**Max**		
Flow, MGD (monthly ave/max)	3.42	3.92	N/A	
Influent				
BOD_5, lb/day (month ave/max)	11,066	11,576	N/A	
TSS, lb/day (monthly ave/max)	10,333	11,419	N/A	
Effluent				
BOD_5, mg/L (monthly ave/max weekly ave)	<5	6	15	30
TSS, mg/L (monthly ave/max weekly ave)	<4	6	10	20
BOD_5 - % Removal, Average	99		85 Minimum	
TSS - % Removal, Average	99		85 Minimum	
Ammonia, mg/L – (monthly ave/daily max)	N/A	N/A	5.9	21
pH, su (min / max)	6.9	7.1	6.5	8.5
Enterococcus, MPN/100 ml (6 week rolling geomean, min and max)	N/A	N/A	30	
Enterococcus, MPN/100 ml (90th percentile – highest value)	N/A		110	
Fecal Coliform, MPN/100 ml (monthly median)	N/A		140	
Fecal Coliform, MPN/100 ml (90th percentile)	N/A	N/A	430	
Total Coliform, MPN/100 ml (5 sample median) (monthly maximum)	26.9		240	
Total Coliform, MPN/100 ml (monthly maximum) Reclamation Discharge	26.9		10,000	

Monthly Total Rainfall = 0.14 inches

Title 22 - Recycled Water Production and Quality – Table 2.0

Description	Units	Value	Limit
Potable Water Provided	Million Gallons	0	N/A
Recycled Water Volume Produced	Million Gallons	31.329	N/A
Average Turbidity	NTU	0.6	2.0
Turbidity > 5 NTU (in 24 hour)	Minutes	8	72
Minimum CT (disinfection)	mg-min/L	>450	450 minimum
Maximum Total Coliform	MPN/100 ml	<1	240
Maximum Total Coliform (2 Samples 30 days)	MPN/100 ml	<1	23
Total Coliform (7 Sample Median)	MPN/100 ml	<1	2.2

Discussion of Violations / Excursions

- National Pollutant Discharge Elimination System Permit (NPDES) Limits - None
- Recycled Water Statewide Permit – NONE
- Reclaimed Water (WDR) – None
- Bay Area Air Quality Management District (BAAQMD) – None

B: SAFETY AND TRAINING:

- Monthly plant safety inspections for Novato Wastewater Treatment Plant and Ignacio Transfer Pump Station completed.
- No safety incidents for the month of July 2026.
- Monthly Safety Topics July: Q3 2026 Life Saving Rule-Working at Height
- Flash Trainings: Poisonous Plants, Mosquitos and Snakes, Sun Safety

C: OPERATIONS & MAINTENANCE STATUS / REVIEW:

Key events for the period:

Wastewater Treatment Plant Power Outages

- No power interruptions in July 2026

Novato Wastewater Treatment Plant (NTP)

- Routine rounds, readings, adjustments, and preventative and corrective maintenance.
- Work Orders Completed – A total of 171 work orders were completed in July 2026.
- Following troubleshooting, a rebuild kit was purchased for anoxic mixer 2B.
- Used oil (non-RCRA hazardous waste) and universal waste (electronics recycling and UV lamps) were manifested off site in coordination with Veolia Environmental Services.
- The backflow device on the potable water supply line to the hydronic loop for the boiler was tested and certified.
- Significant bulbs, ballasts and cooling fans were replaced in UV Channel 3.
- Repair-replace requests were supplied and approved by the District to replace the HVAC units for the Headworks and one of the two units at the Aeration Building.

NTP Equipment Out of Service – Due to Planned Servicing, Maintenance, Replacement, or Standby

- Aeration Basin #1 & #3
- Primary Clarifier #1
- Secondary Clarifier #1

Ignacio Transfer Pump Station (ITPS) Power Outages

- No Power Outages for the month of July 2026.

Ignacio Transfer Pump Station

- Routine rounds, readings, adjustments, and preventative maintenance.
- Annual electrical PM and predictive maintenance (infrared thermography) were conducted by Calcon. No significant findings were reported-full field report will be supplied to the District upon receipt.

ITPS Equipment Out of Service – Due to Planned Servicing, Maintenance, Replacement, or Standby

- Sodium Hypochlorite System – Standby

Recycled Water Plant (RWP)
- RWP online as of May 5th

RWP Equipment Out of Service – Due to Planned Servicing, Maintenance, Replacement, or Standby
- None

Sludge Lagoons (and Reclamation Area)
- Conducted routine checks and management of the feed sludge and decant piping.

D: ENVIRONMENTAL SERVICES ACTIVITIES SUMMARY

Discharge to Reclamation July 1-31

Wildlife Pond and Reclamation Activities

Wildlife Pond
Samples and weekly/monthly observations at the Wildlife pond were taken according to the WDR (Order No. 92-065).

Total Coliforms
When effluent is discharged to reclamation the bacteriological requirement is for Total Coliforms. Thirteen samples were taken in July. All results were below the regulatory limits.

Enterococcus
When effluent is discharged to the Bay, the bacteriological requirement is for *Enterococcus.* No samples were taken in July as it was not required.

Fecal Coliforms
Fecal Coliform sampling is required once per quarter during Bay discharge only.

Whole Effluent Toxicity Testing
No toxicity testing was required in July.

Public Outreach and Education
Kurt Hawkyard tended a booth at the Marin County Fair representing Novato Sanitary District alongside other wastewater treatment agencies of Marin on the 4th of July. He had the “Toilet is not a Trash Can” demonstration set up and quizzed over 200 fair attendees on unacceptable items to flush down the toilet. Prizes included t-shirts and eco-friendly toilet paper.

Derek Dill walked in the Novato 4th of July parade as part of the Sunrise Rotary Club, promoting their organizational message of advancing peace and volunteerism in the community and globally.

Wastewater Surveillance in the Bay Area

We continued sending three influent composite samples per week to Verily. The website to see data from Novato is http://publichealth.verily.com/?v=SC2_N&l=Novato%2C+CA . All Marin County COVID and information can be found at https://coronavirus.marinhhs.org/surveillance#keyindicators (scroll down for the wastewater information).A dashboard specifically for Novato information is here WastewaterSCAN Dashboard .

Pretreatment

Permits

- Received 2026 Quarter 2 reports from all Significant Industrial Users

Inspections, Sampling and Documentation

- Received support documentation from one Industrial User
- Received support documentation confirming compliance from seven Food Service Establishments (FSEs)

E: ADMINISTRATION:

- The June 2026 Self-Monitoring Report (Monthly SMR - State of California) was submitted on July 22nd, 2026.

F: ODORS & LANDSCAPING:

- Jerome meter (H_2S) parts per million (ppm) readings performed in adjacent neighborhood.
- Values reported averaged 0.000-0.000 ppm.
- Repeat odor complaints of a strong decaying vegetation odor were vocalized over the course of July. Personnel were mobilized to the northern neighborhood to further characterize the nature of the odor, meet with the neighbor and check for any measurable H2S. Following the meeting, hypochlorination to the influent junction structure was increased for ongoing odor mitigation. Investigation is ongoing due to multiple potential contributors.

G: MISCELLANEOUS:

- Process Control Management Plan (PCMP) meetings held weekly with the Veolia staff.

Veolia Support Staff Onsite/Remote (Various Times)
Rodney Lance, Veolia West Region, Vice President (Remote)
Art Fagerström, PE, BCEE, Veolia Technical Manager, Corporate Technical Support (Remote)
Mark Higginbottom, Veolia Energy Efficiency Manager- Rotating Equipment (Remote)
Joe Hart, Veolia, Regional Asset Manager (Remote)
Roger Bolton, Veolia Regional Asset Manager (Remote)
Kumar Upendrakumar, Veolia Business Operations Center, Director of Engineering • Technical / Studies / Engineering (Remote)
Chandrasekar Venkatraman, Veolia President, Capital Program Management (West) • General Management (Remote)
Rodrigo Vignau, Veolia Director of Capital Program Management - West (Remote/In-person))
Jordan Hamil, Veolia Lead Talent Advisor, Municipal Water Contract Operations West (Remote)
Calvin Carnegie, Veolia Sr. Director, Technical & Performance West Region (Remote/In-person)
Yahayra Levesque, Veolia, Talent Acquisition (Remote/In-person)
Mikael Amar, Veolia, Senior Manager, Decarbonization Strategies (Remote/In-person)
Aaditya Raman, Veolia West Region, President (Remote)
Scott Connor, Veolia Water Technologies Services, (Remote/In-person)
Luis Corrales, Veolia West Region, Environmental Health and Safety (EHS) Director (Remote/In-person)

1) PHOTOS

PLANT OPERATION AND MAINTENANCE
July 2026

Top Left –Derek Dill-Novato 4th of July Parade with Rotary Club Novato Sunrise
Top Right -Kurt Hawkyard-Marin County Fair Demonstration
Bottom Left -Xavier Flemings-Newest Veolia Wastewater Intern
Bottom Right –Secondary Clarifier Friend

2) LABORATORY DATA

Novato Sanitary District
BOD/TSS Report

July, 2026

Date	Influent Flow MGD	Influent BOD mg/l	Influent BOD lb/d	Influent TSS mg/l	Influent TSS lb/d	Effluent BOD mg/l	Effluent BOD lb/d	Effluent TSS mg/l	Effluent TSS lb/d	BOD % Removal PERCENT	TSS % Removal %
07/01/26	3.47	400	11,576	370	10,708	<5	<107	5	107	98.8	98.6
07/02/26	3.57					<5	<109	4	87		
07/03/26	3.42										
07/04/26	3.07										
07/05/26	3.49										
07/06/26	3.26	390	10,603	420	11,419	6	114	6	114	98.5	98.6
07/07/26	3.42					<5	<103	4	82		
07/08/26	3.66					<5	<96	4	77		
07/09/26	3.68										
07/10/26	3.07										
07/11/26	3.46										
07/12/26	3.58										
07/13/26	3.92										
07/14/26	2.94					5	87	6	104		
07/15/26	3.67	360	11,019	350	10,713	<5	<131	6	158	98.6	98.3
07/16/26	3.51					<5	<95	3	57		
07/17/26	3.14										
07/18/26	3.48										
07/19/26	3.36										
07/20/26	3.43										
07/21/26	3.53							5	108		
07/22/26	3.54			369	10,894			<3	<75		99.2
07/23/26	3.49							3	70		
07/24/26	3.46										
07/25/26	3.34										
07/26/26	3.44										
07/27/26	3.49										
07/28/26	3.47							3	62		
07/29/26	3.18			299	7,930			<3	<45		99.0
07/30/26	3.28							3	44		
07/31/26	3.33							3	49		
Weekly Averages											
07/04/26	Week 1	400	11,576	370	10,708	5	106	5	99		
07/11/26	Week 2	390	10,603	420	11,419	5	104	5	91		
07/18/26	Week 3	360	11,019	350	10,713	5	104	5	106		
07/25/26	Week 4			369	10,894			4	84		
	Week 5										
Monthly											
Minimum	2.94	360	10,603	299	7,930	<5	87	<3	44	98	98
Maximum	3.92	400	11,576	420	11,419	6	<131	6	158	99	99
Total	106.15										
Average	3.42	383	11,066	362	10,333	<5	<105	<4	<83	99	99

Novato Sanitary District
Conventional Pollutants Report

VEOLIA WATER

July, 2026

Date	INFLUENT INF-001			EFFLUENT EFF-001								
	Flow			Bacteria			Coliform					
	Total	pH	Ammonia	Fecal	Entero	Entero 6wk Geo Running	Total	5 Day Median	pH	Ammonia	Temp	Rainfall
	MGD	SU	mg/L	MPN/100 mL			MPN/100mL		SU	mg/L	Deg C	Inches
07/01/26	3.47						17.0	26.9	6.9		23.3	0.00
07/02/26	3.57	7.6							7.1		24.1	0.00
07/03/26	3.42								7.0		22.8	0.00
07/04/26	3.07					3.2						0.00
07/05/26	3.49											0.00
07/06/26	3.26						23.0	26.7	7.0		24.2	0.00
07/07/26	3.42						26.9	26.9	7.1		23.7	0.00
07/08/26	3.66						28.9	26.9	7.0		24.8	0.00
07/09/26	3.68	7.3							7.0		23.4	0.00
07/10/26	3.07								7.0		23.9	0.00
07/11/26	3.46											0.00
07/12/26	3.58											0.00
07/13/26	3.92						22.5	23.0	7.0		23.9	0.00
07/14/26	2.94						11.0	23.0	7.0		24.5	0.00
07/15/26	3.67	7.3					62.2	26.9	6.9		24.6	0.00
07/16/26	3.51								7.0		24.1	0.00
07/17/26	3.14								6.9		24.4	0.00
07/18/26	3.48											0.00
07/19/26	3.36											0.00
07/20/26	3.43						6.8	22.5	6.9		24.1	0.00
07/21/26	3.53						13.0	13.0	6.8		25.1	0.14
07/22/26	3.54						13.5	13.0	6.8		24.7	0.00
07/23/26	3.49	7.3							7.0		23.7	0.00
07/24/26	3.46								6.8		24.4	0.00
07/25/26	3.34											0.00
07/26/26	3.44											0.00
07/27/26	3.49						5.5	13.0	6.9		24.4	0.00
07/28/26	3.47	7.3					16.0	13.0	6.8		24.7	0.00
07/29/26	3.18						7.3	13.0	6.9		24.7	0.00
07/30/26	3.28								6.9		25.3	0.00
07/31/26	3.33								6.9		24.6	0.00
Minimum	2.94	7.3				3.2	13.0	13.0	6.8		22.8	0.00
Maximum	3.92	7.6				3.2	26.9	26.90	7.1		25.3	0.14
Total	106.15											0.14
Average	3.42	7.4					19.5	20.6	6.9		24.2	0.00
90%												

3) RECYCLED WATER REPORT

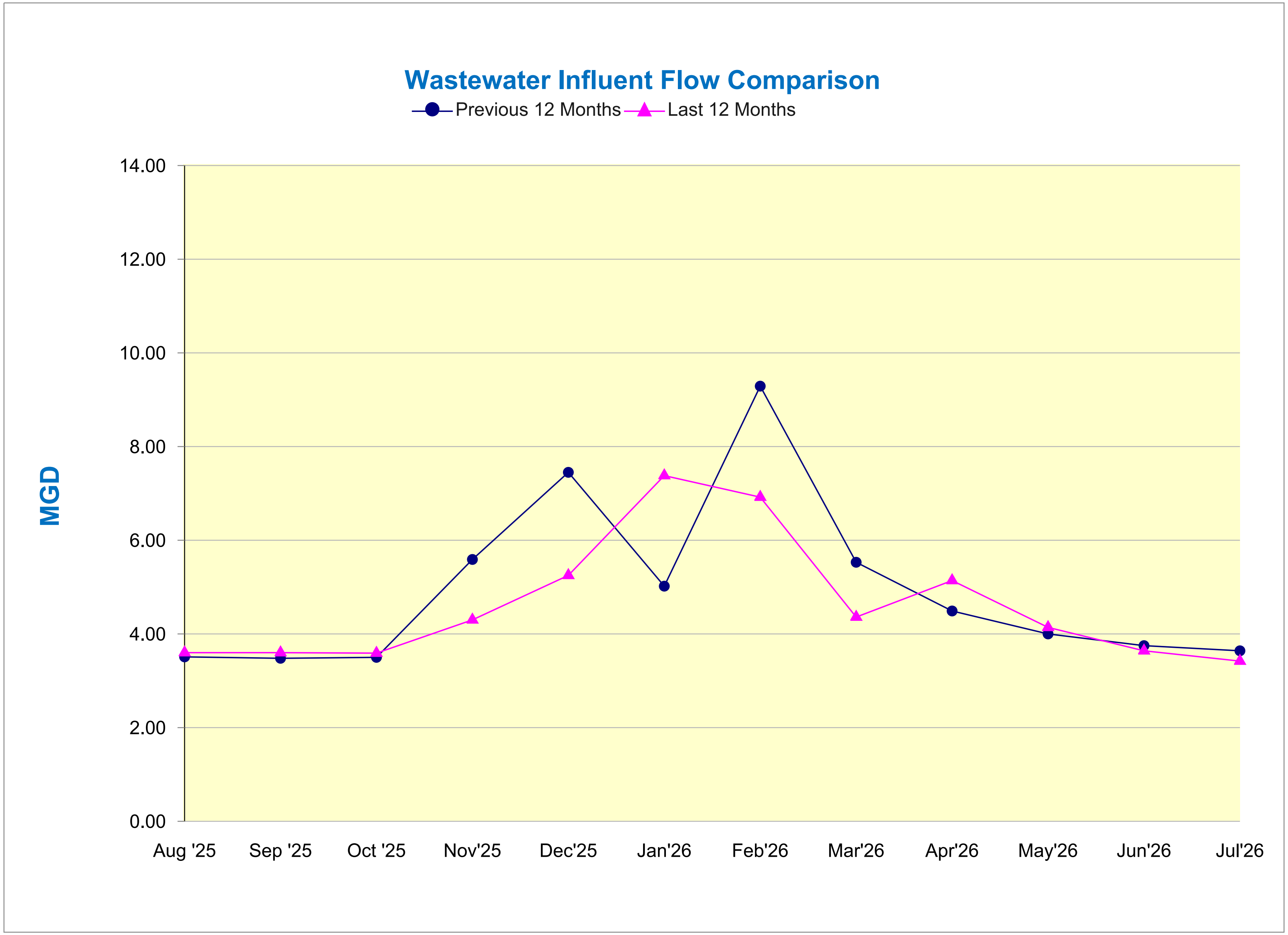
NOVATO SANITARY DISTRICT
RECYCLED WATER
COMPLIANCE SUMMARY REPORT

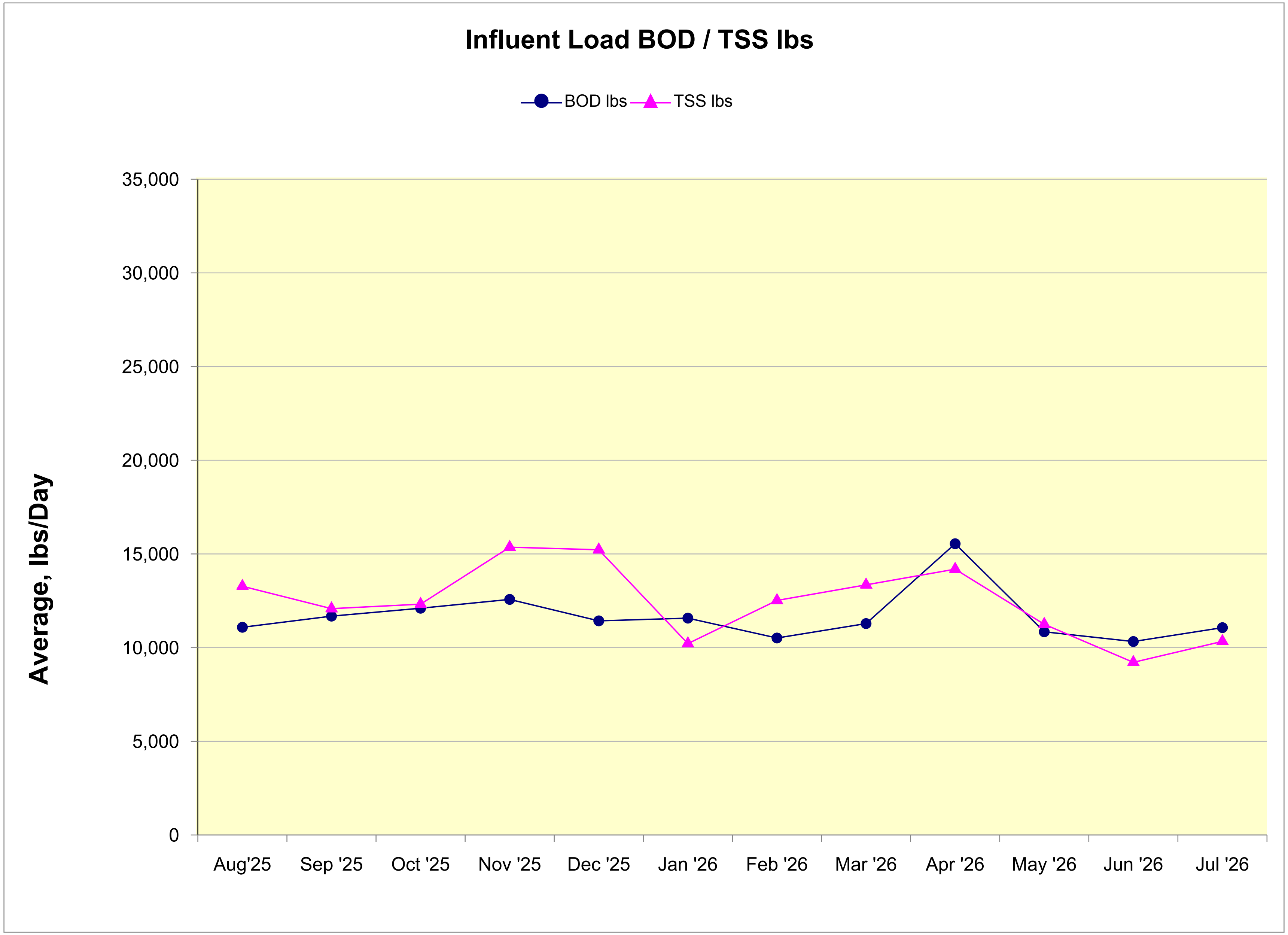
Date	Filter Influent Flow MGD	Recycled Water Flow to Plum Street Tank MGD	Potable Water To Plum St Tank MGD	Recycled Water Influent Turbidity Ave. NTU	Minutes Over 5 NTU Turbidity (m)	Filter Effluent 24 Hr Average Turbidity NTU	Filter Effluent Total Coliform MPN/100ml	Disinfection CT Value mg-min/l
7/1/2026	1.090	0.905	0.000	2.7	0	0.8	<1	>450.000
7/2/2026	1.160	0.959	0.000	1.7	0	0.8	<1	>450.000
7/3/2026	1.130	0.882	0.000	1.7	0	0.9	<1	>450.000
7/4/2026	1.090	0.614	0.000	1.6	0	0.9	<1	>450.000
7/5/2026	1.290	1.035	0.000	1.3	0	0.7	<1	>450.000
7/6/2026	1.100	0.977	0.000	1.3	0	0.8	<1	>450.000
7/7/2026	1.110	0.950	0.000	1.6	0	0.8	<1	>450.000
7/8/2026	1.630	1.362	0.000	1.5	0	0.9	<1	>450.000
7/9/2026	1.700	1.352	0.000	1.2	0	0.8	<1	>450.000
7/10/2026	1.120	1.627	0.000	1.3	0	0.8	<1	>450.000
7/11/2026	1.240	0.834	0.000	1.7	0	0.7	<1	>450.000
7/12/2026	1.270	0.774	0.000	1.3	0	0.5	<1	>450.000
7/13/2026	1.330	1.006	0.000	1.6	0	0.0	<1	>450.000
7/14/2026	1.100	0.863	0.000	2.2	0	0.9	<1	>450.000
7/15/2026	1.380	0.522	0.000	2.2	0	0.4	<1	>450.000
7/16/2026	1.520	1.232	0.000	1.9	0	1.0	<1	>450.000
7/17/2026	1.000	0.697	0.000	1.7	0	0.9	<1	>450.000
7/18/2026	1.390	1.070	0.000	1.8	0	1.0	<1	>450.000
7/19/2026	1.310	1.159	0.000	1.7	0	0.9	<1	>450.000
7/20/2026	1.340	1.142	0.000	1.5	8	0.7	<1	>450.000
7/21/2026	1.160	0.931	0.000	1.6	8	0.8	<1	>450.000
7/22/2026	1.020	0.534	0.000	2.0	0	0.6	<1	>450.000
7/23/2026	1.050	0.711	0.000	3.3	0	0.8	<1	>450.000
7/24/2026	1.020	1.002	0.000	1.8	0	0.8	<1	>450.000
7/25/2026	1.030	0.929	0.000	1.3	0	0.6	<1	>450.000
7/26/2026	1.110	0.933	0.000	1.5	0	0.4	<1	>450.000
7/27/2026	1.270	1.070	0.000	1.4	0	0.1	<1	>450.000
7/28/2026	1.150	0.983	0.000	1.6	0	0.1	<1	>450.000
7/29/2026	1.620	1.385	0.000	1.8	0	0.2	<1	>450.000
7/30/2026	1.770	1.513	0.000	1.7	0	0.3	<1	>450.000
7/31/2026	1.630	1.376	0.000	1.4	0	0.2	<1	>450.000
Total	39.130	31.329	0.000					
Minimum	1.000	0.522	0.000	1.2	0	0.0	<1	>450.0
Maximum	1.770	1.627	0.000	3.3	8	1.0	<1	>450.0
Average	1.262	1.011	0.000	1.7	1	0.6	<1	>450.0

The Filter Feed pumps will shut down and be locked out by any of these criteria:

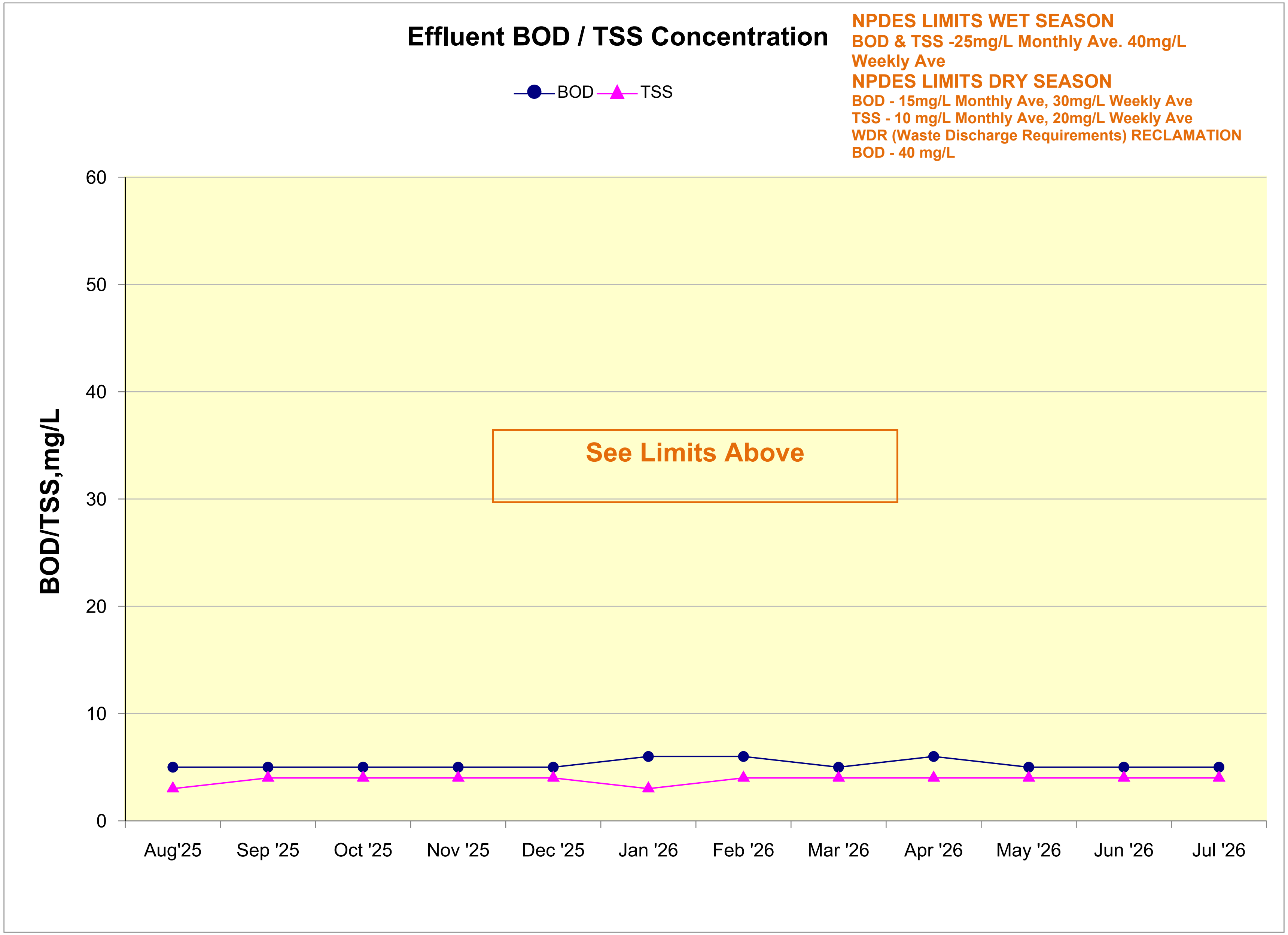
1. Turbidity >10.0 NTU for 10 seconds
2. Turbidity >5.0 NTU for 72 minutes in a 24 hour period
3. Turbidity 24 hour average >2.0 NTU

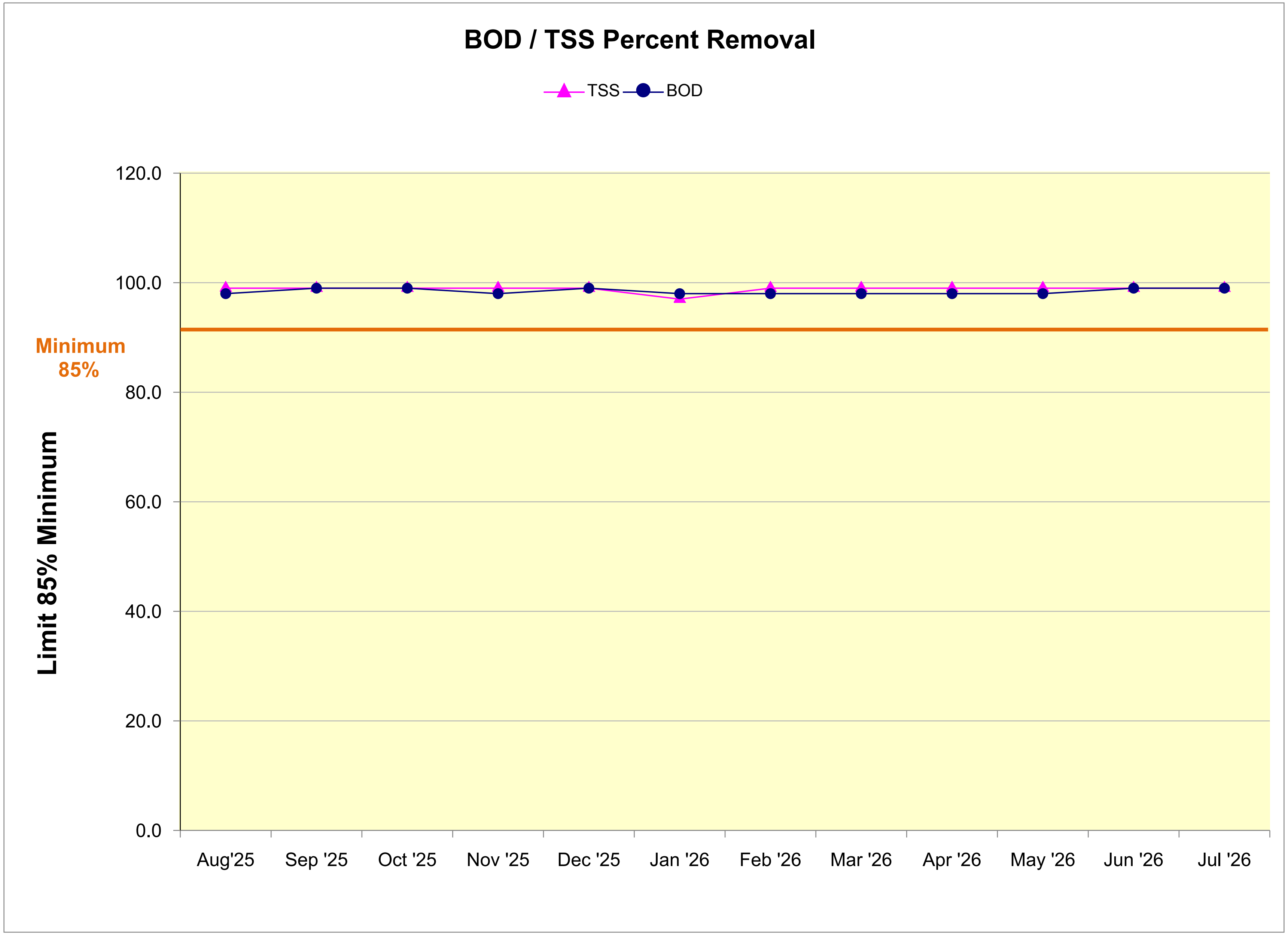
4) ANNUAL PERFORMANCE SUMMARY – GRAPHS

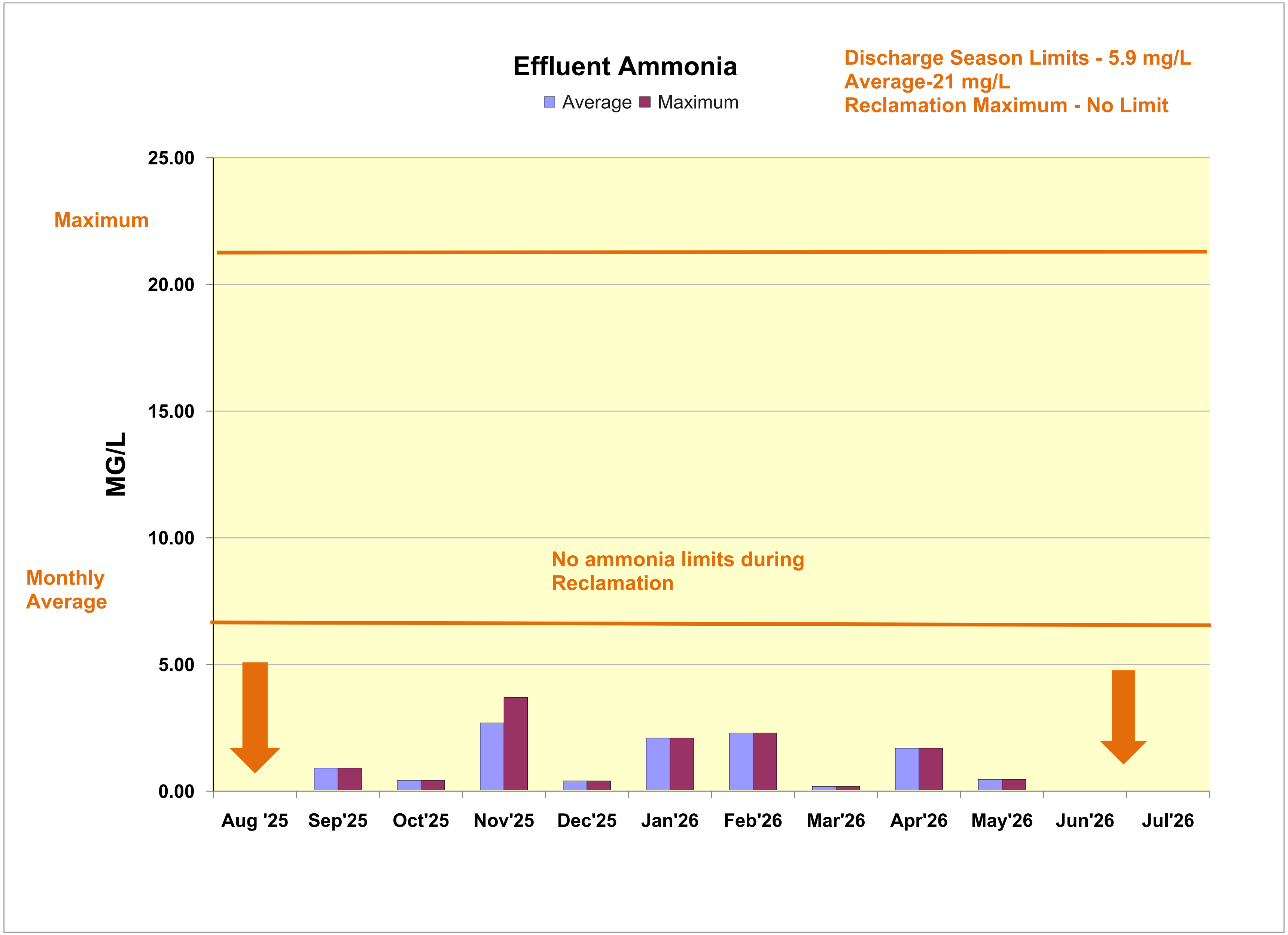

Wastewater Influent Flow Comparison
Previous 12 Months
Last 12 Months
MGD
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
Aug '25
Sep '25
Oct '25
Nov'25
Dec'25
Jan'26
Feb'26
Mar'26
Apr'26
May'26
Jun'26
Jul'26

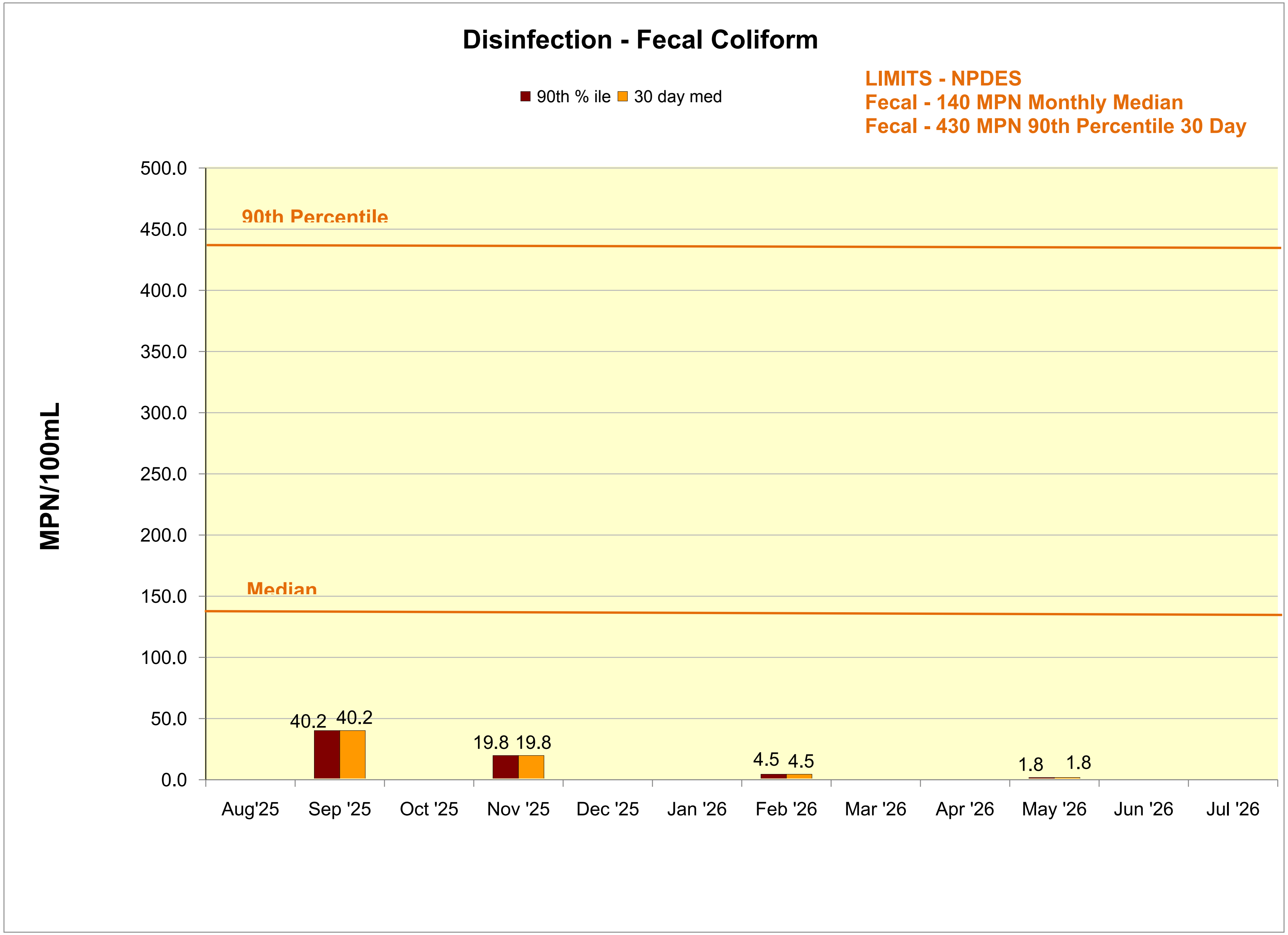


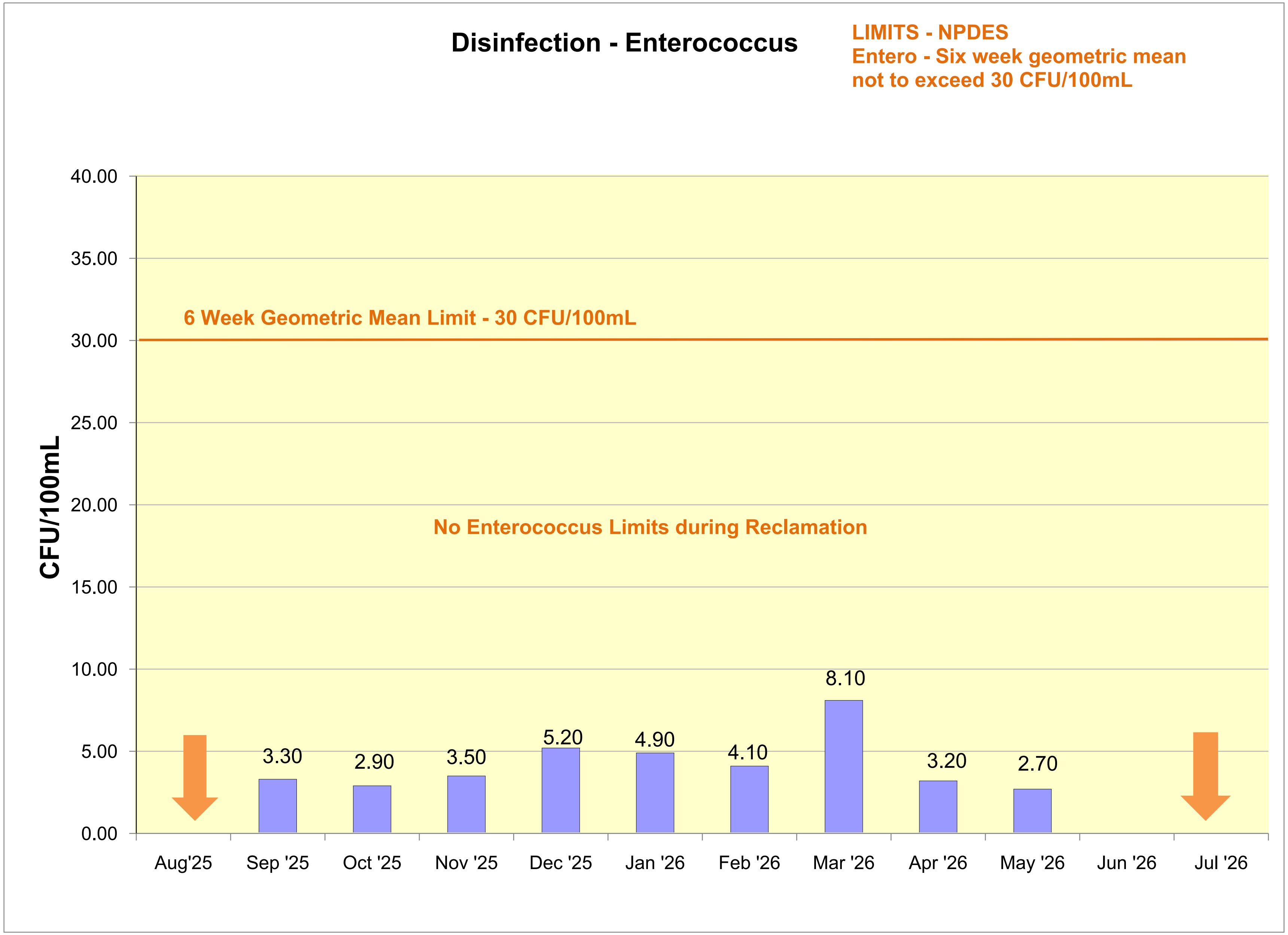
Influent Load BOD / TSS lbs
BOD lbs
TSS lbs
Average, lbs/Day
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
Aug'25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26


Effluent BOD / TSS Concentration
BOD
TSS
NPDES LIMITS WET SEASON
BOD & TSS -25mg/L Monthly Ave. 40mg/L Weekly Ave
NPDES LIMITS DRY SEASON
BOD - 15mg/L Monthly Ave, 30mg/L Weekly Ave
TSS - 10 mg/L Monthly Ave, 20mg/L Weekly Ave
WDR (Waste Discharge Requirements) RECLAMATION
BOD - 40 mg/L
See Limits Above
BOD/TSS,mg/L
0
10
20
30
40
50
60
Aug'25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26

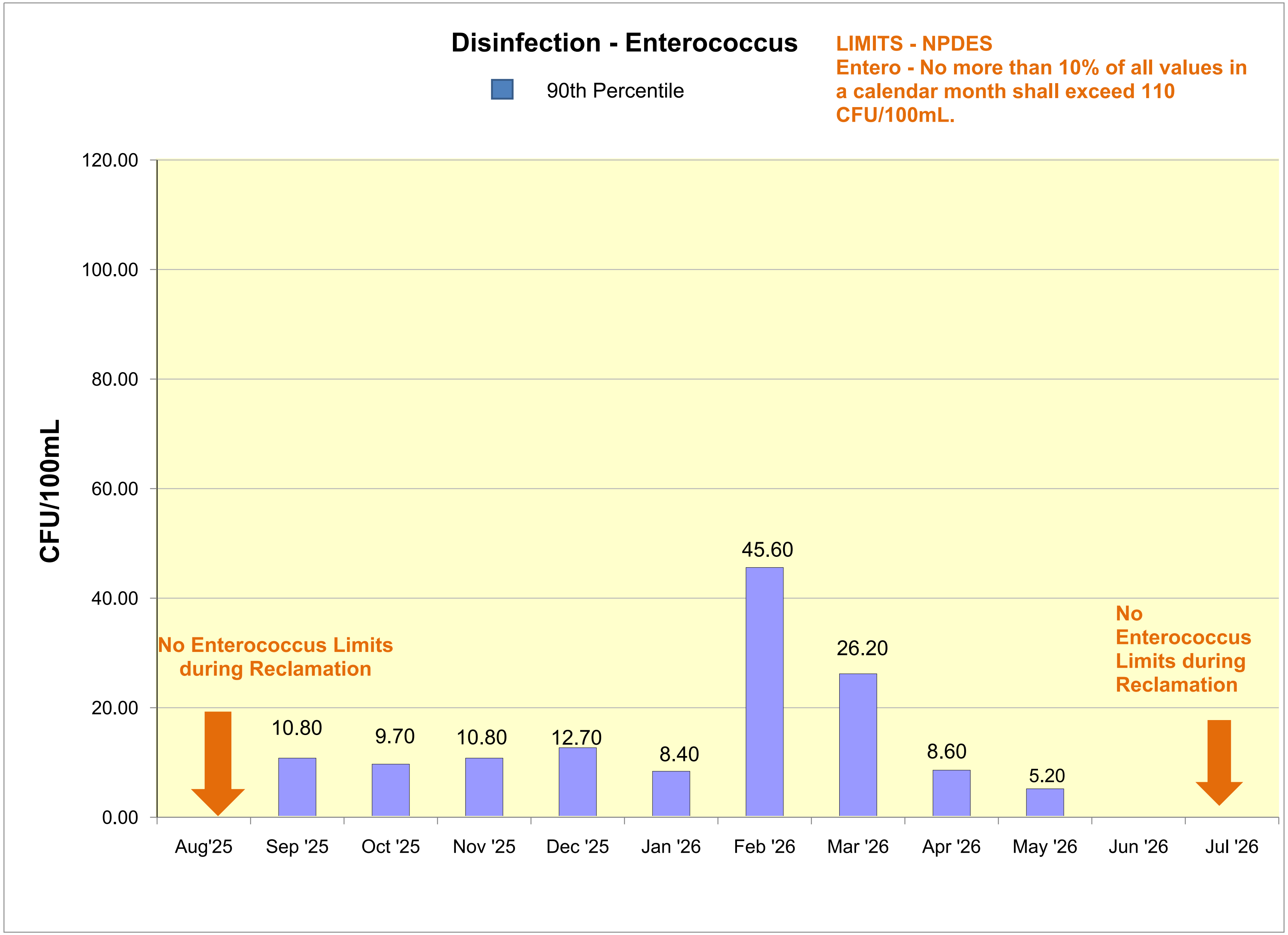

BOD / TSS Percent Removal
TSS
BOD
120.0
100.0
80.0
60.0
40.0
20.0
0.0
Minimum
85%
Limit 85% Minimum
Aug'25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26

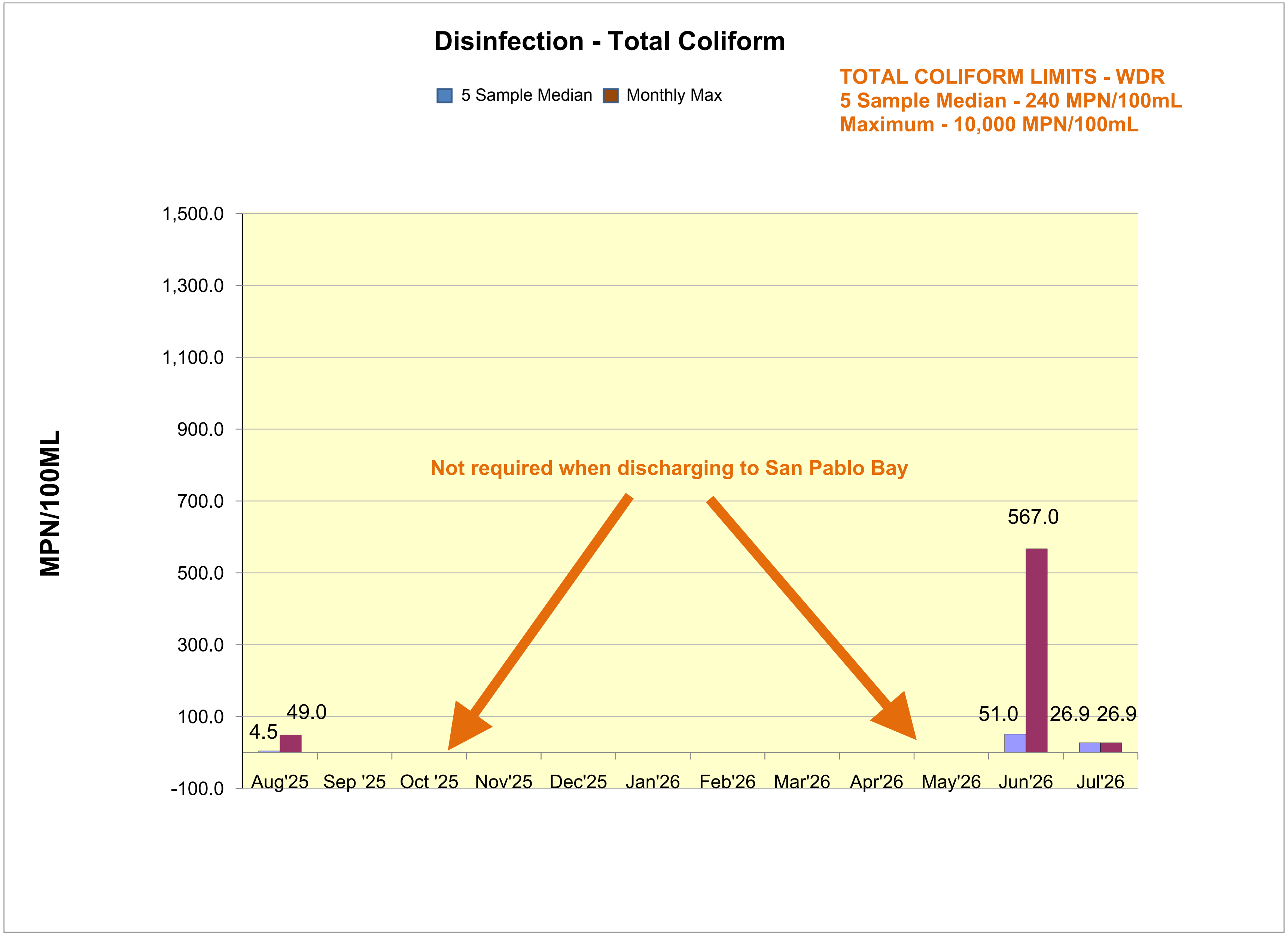

Effluent Ammonia
Average
Maximum
Discharge Season Limits - 5.9 mg/L
Average-21 mg/L
Reclamation Maximum - No Limit
Maximum
Monthly
Average
MG/L
25.00
20.00
15.00
10.00
5.00
0.00
No ammonia limits during
Reclamation
Aug '25
Sep'25
Oct'25
Nov'25
Dec'25
Jan'26
Feb'26
Mar'26
Apr'26
May'26
Jun'26
Jul'26

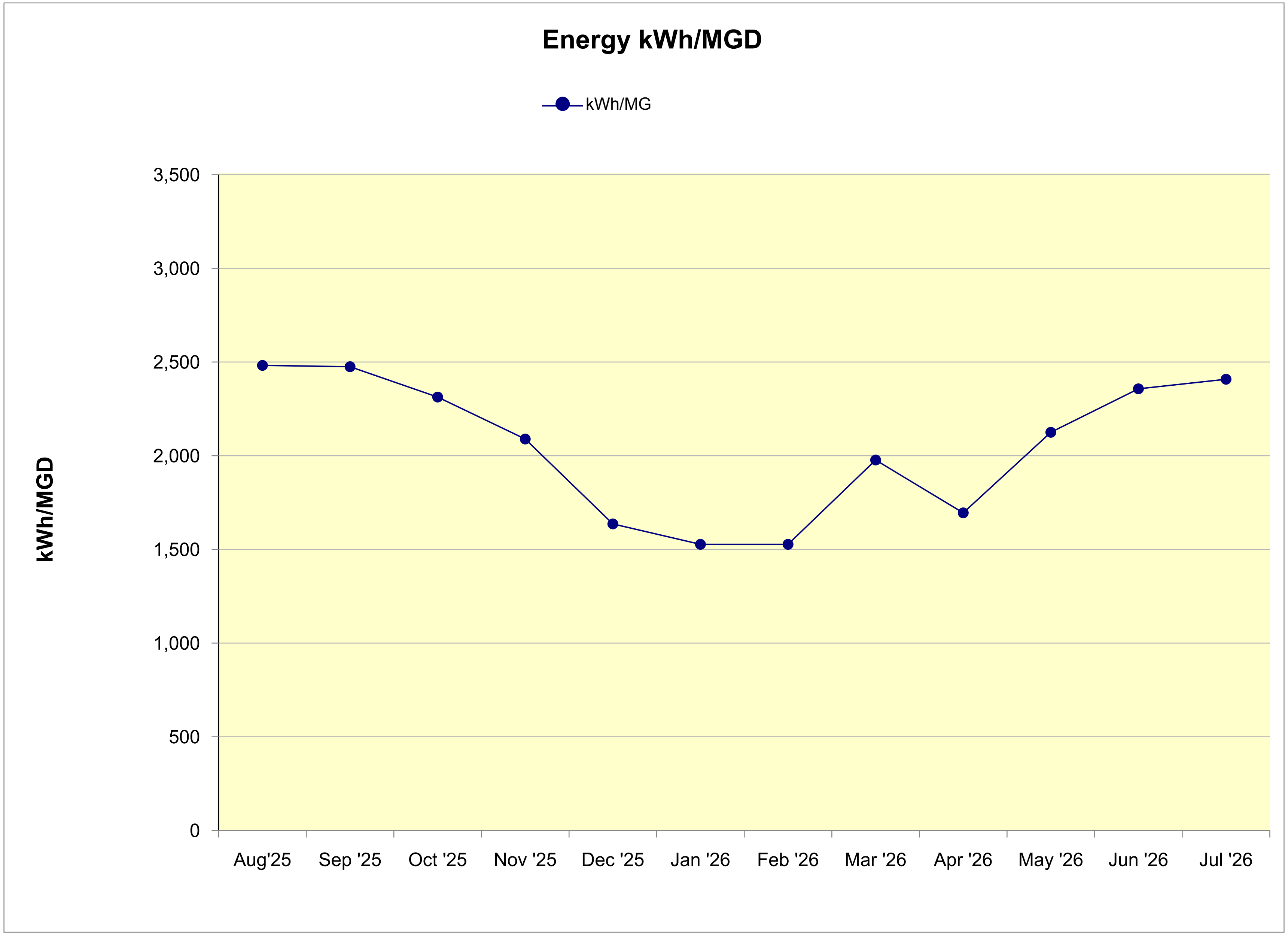

Disinfection - Fecal Coliform
90th % ile
30 day med
LIMITS - NPDES
Fecal - 140 MPN Monthly Median
Fecal - 430 MPN 90th Percentile 30 Day
MPN/100mL
500.0
450.0
400.0
350.0
300.0
250.0
200.0
150.0
100.0
50.0
0.0
90th Percentile
Median
40.2
40.2
19.8
19.8
4.5
4.5
1.8
1.8
Aug'25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26



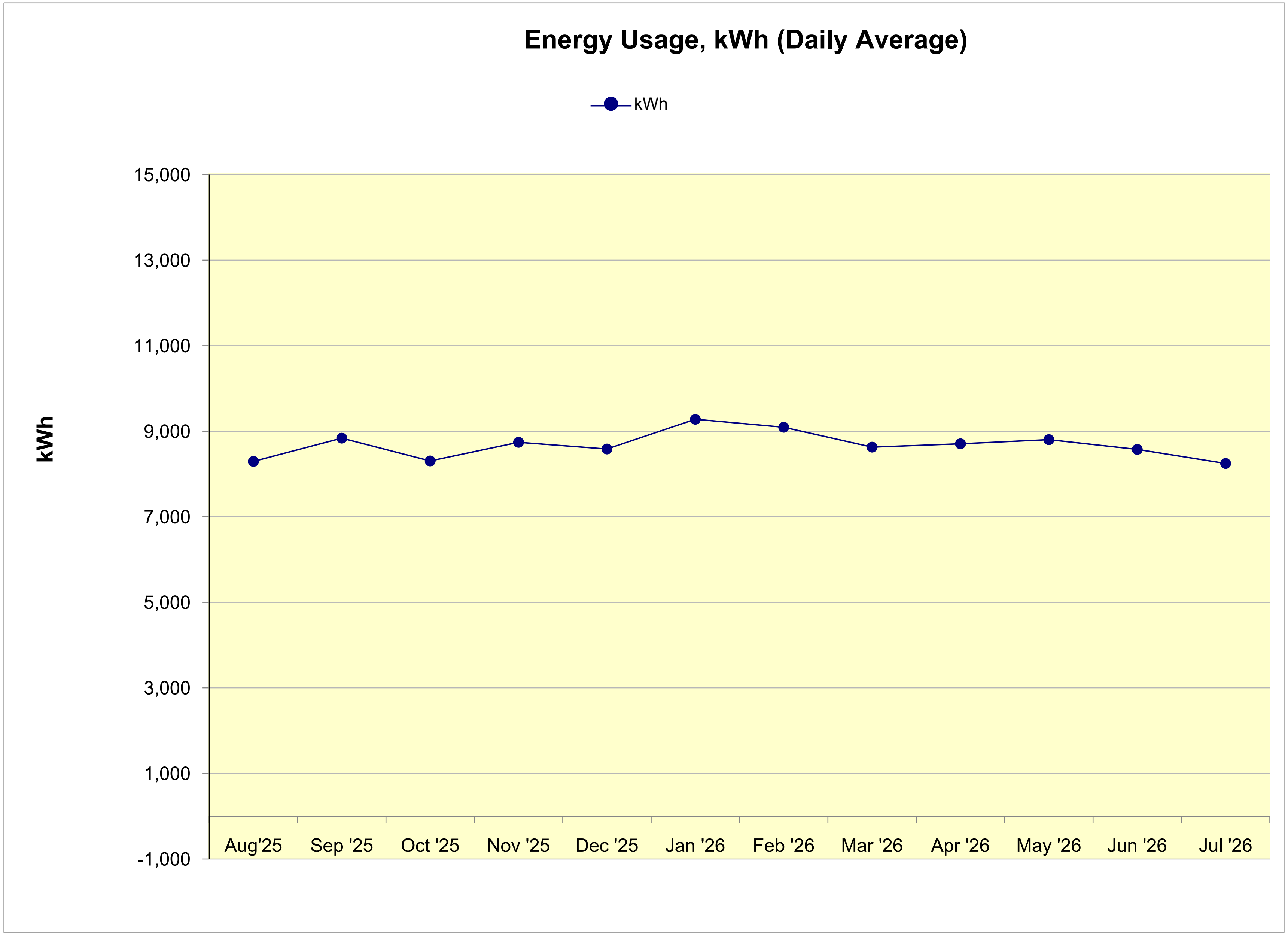
Disinfection - Enterococcus
LIMITS - NPDES
Entero - Six week geometric mean
not to exceed 30 CFU/100mL
6 Week Geometric Mean Limit - 30 CFU/100mL
No Enterococcus Limits during Reclamation
CFU/100mL
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
3.30
2.90
3.50
5.20
4.90
4.10
8.10
3.20
2.70
Aug'25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26

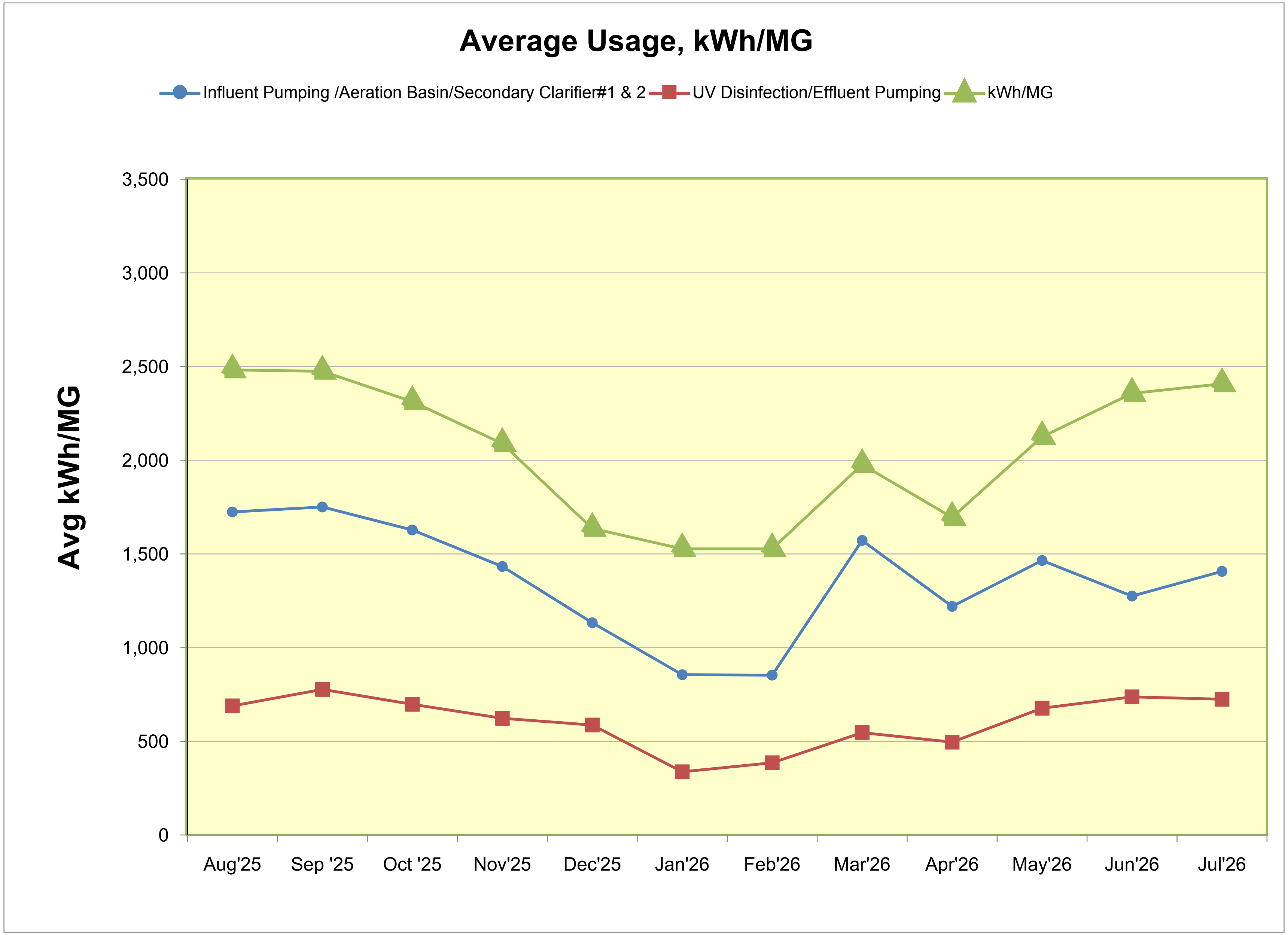

Disinfection - Enterococcus
90th Percentile
LIMITS - NPDES
Entero - No more than 10% of all values in a calendar month shall exceed 110 CFU/100mL.
CFU/100mL
120.00
100.00
80.00
60.00
40.00
20.00
0.00
No Enterococcus Limits during Reclamation
No Enterococcus Limits during Reclamation
10.80
9.70
10.80
12.70
8.40
45.60
26.20
8.60
5.20
Aug'25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26


Disinfection - Total Coliform
5 Sample Median
Monthly Max
TOTAL COLIFORM LIMITS - WDR
5 Sample Median - 240 MPN/100mL
Maximum - 10,000 MPN/100mL
MPN/100ML
1,500.0
1,300.0
1,100.0
900.0
700.0
500.0
300.0
100.0
-100.0
Not required when discharging to San Pablo Bay
4.5
49.0
51.0
567.0
26.9
26.9
Aug'25
Sep '25
Oct '25
Nov'25
Dec'25
Jan'26
Feb'26
Mar'26
Apr'26
May'26
Jun'26
Jul'26

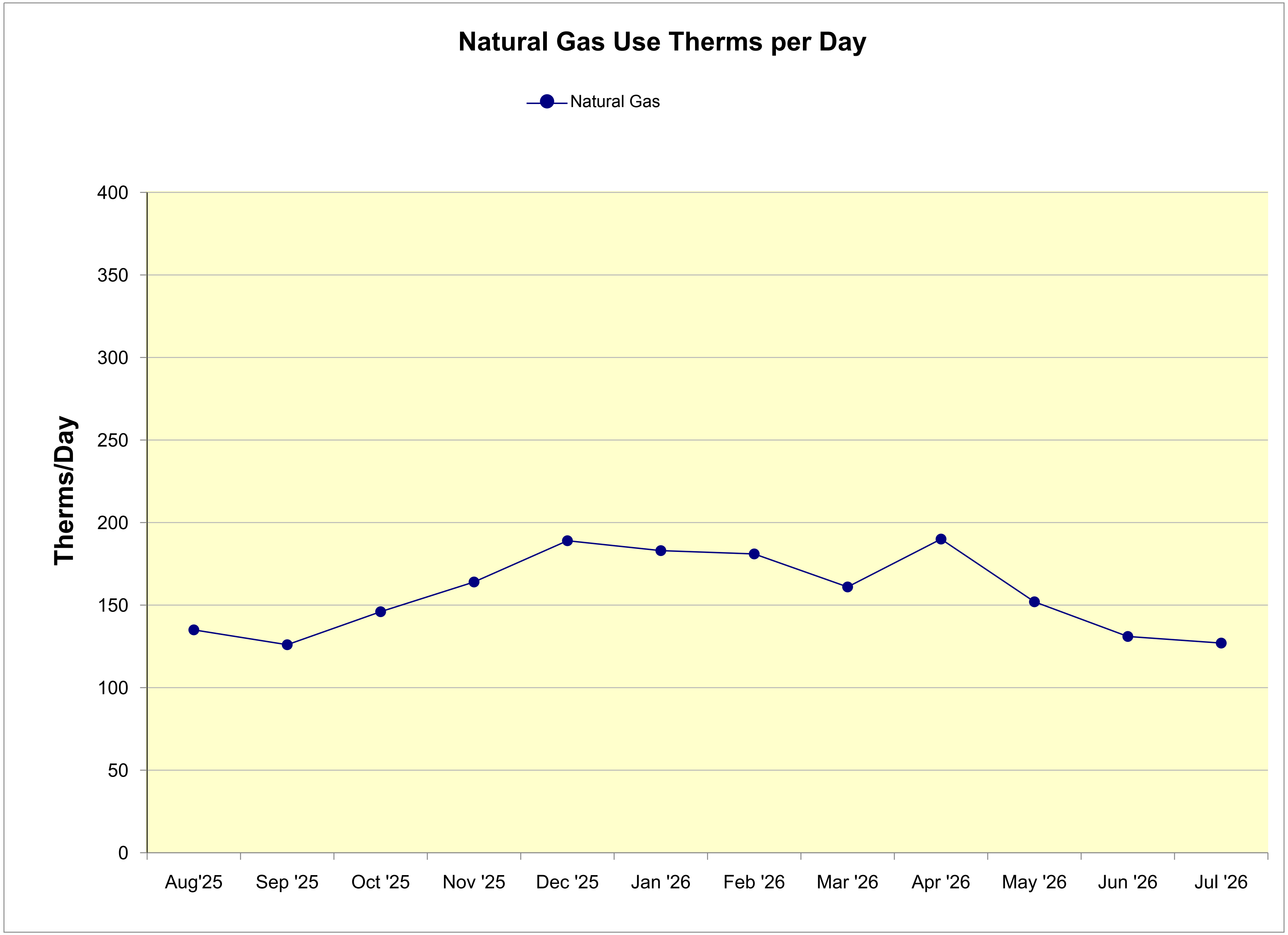


Energy kWh/MGD
kWh/MG
kWh/MGD
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Aug'25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26

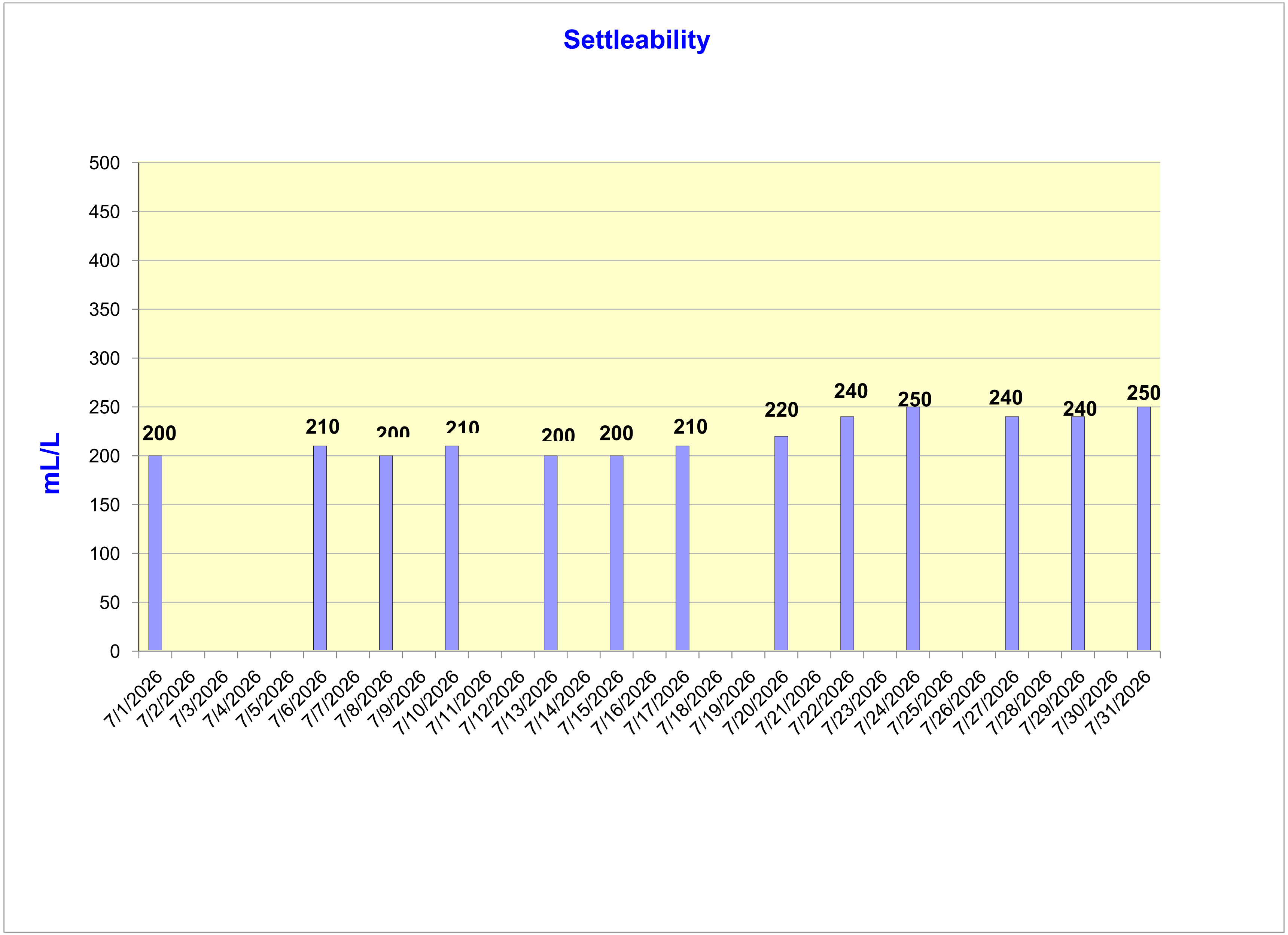

Energy Usage, kWh (Daily Average)
kWh
15,000
13,000
11,000
9,000
7,000
5,000
3,000
1,000
-1,000
kWh
Aug'25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26

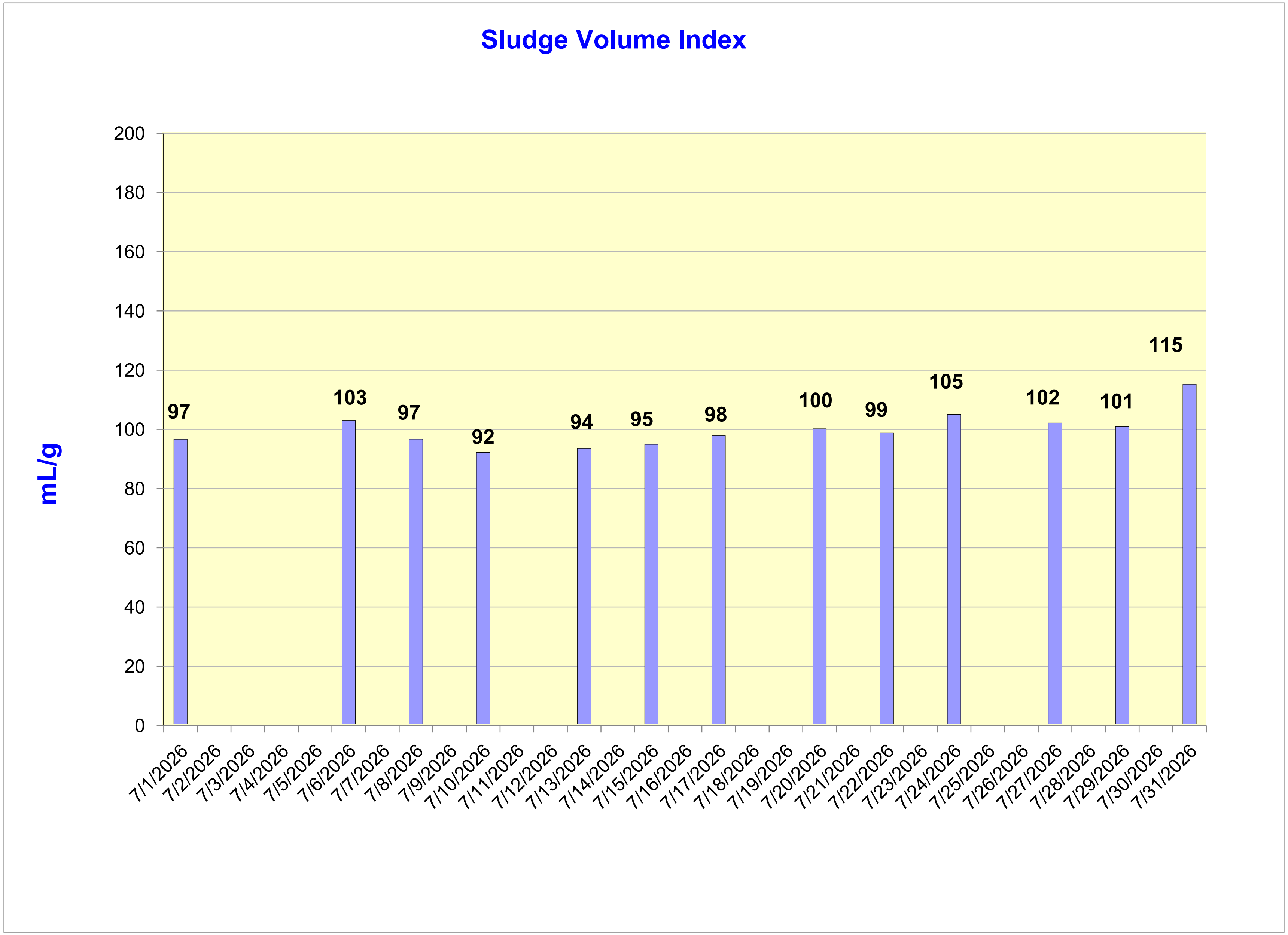


Average Usage, kWh/MG
Influent Pumping /Aeration Basin/Secondary Clarifier#1 & 2
UV Disinfection/Effluent Pumping
kWh/MG
Avg kWh/MG
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Aug'25
Sep '25
Oct '25
Nov'25
Dec'25
Jan'26
Feb'26
Mar'26
Apr'26
May'26
Jun'26
Jul'26

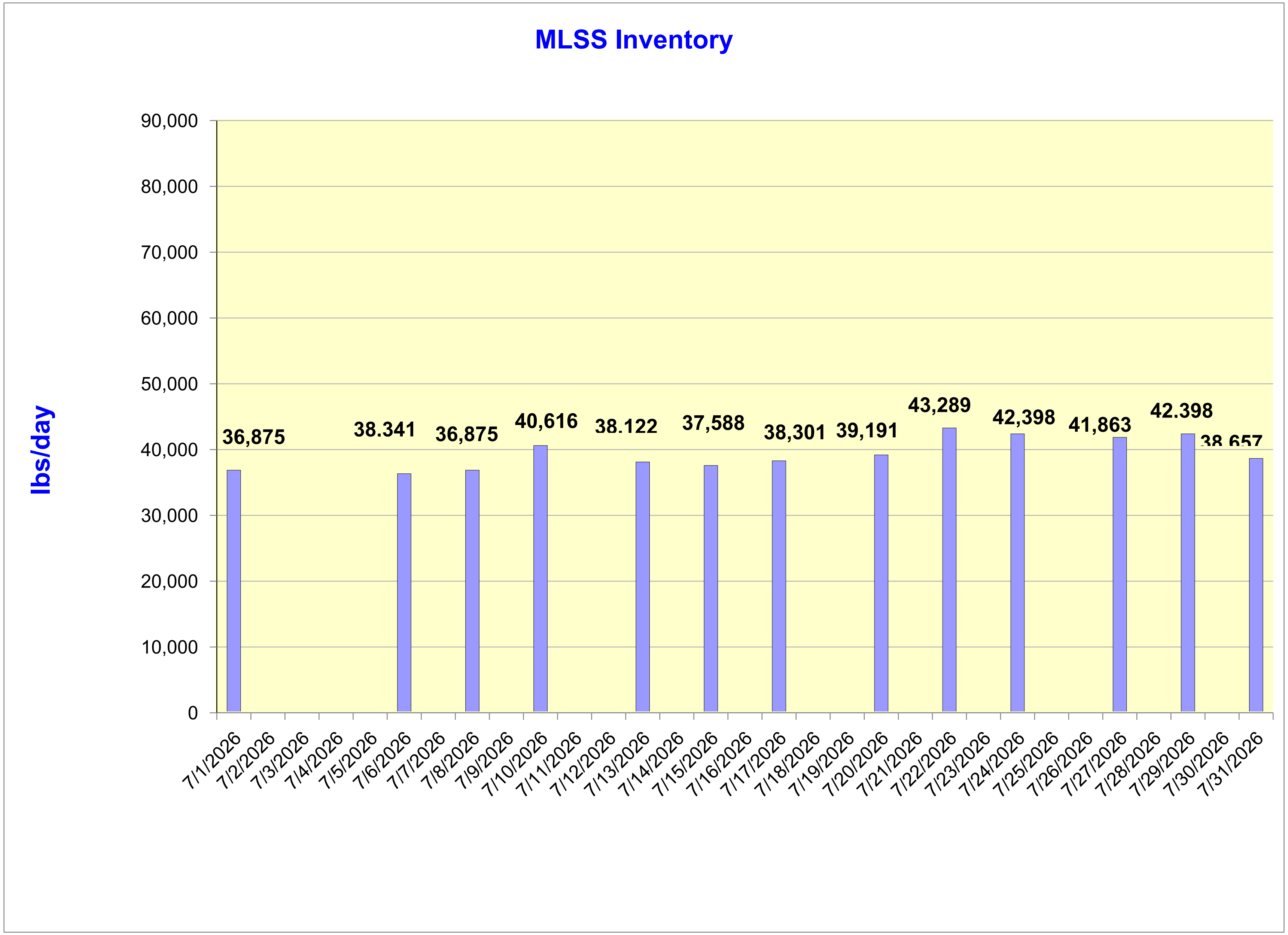

Natural Gas Use Therms per Day
Natural Gas
Therms/Day
400
350
300
250
200
150
100
50
0
Aug'25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26

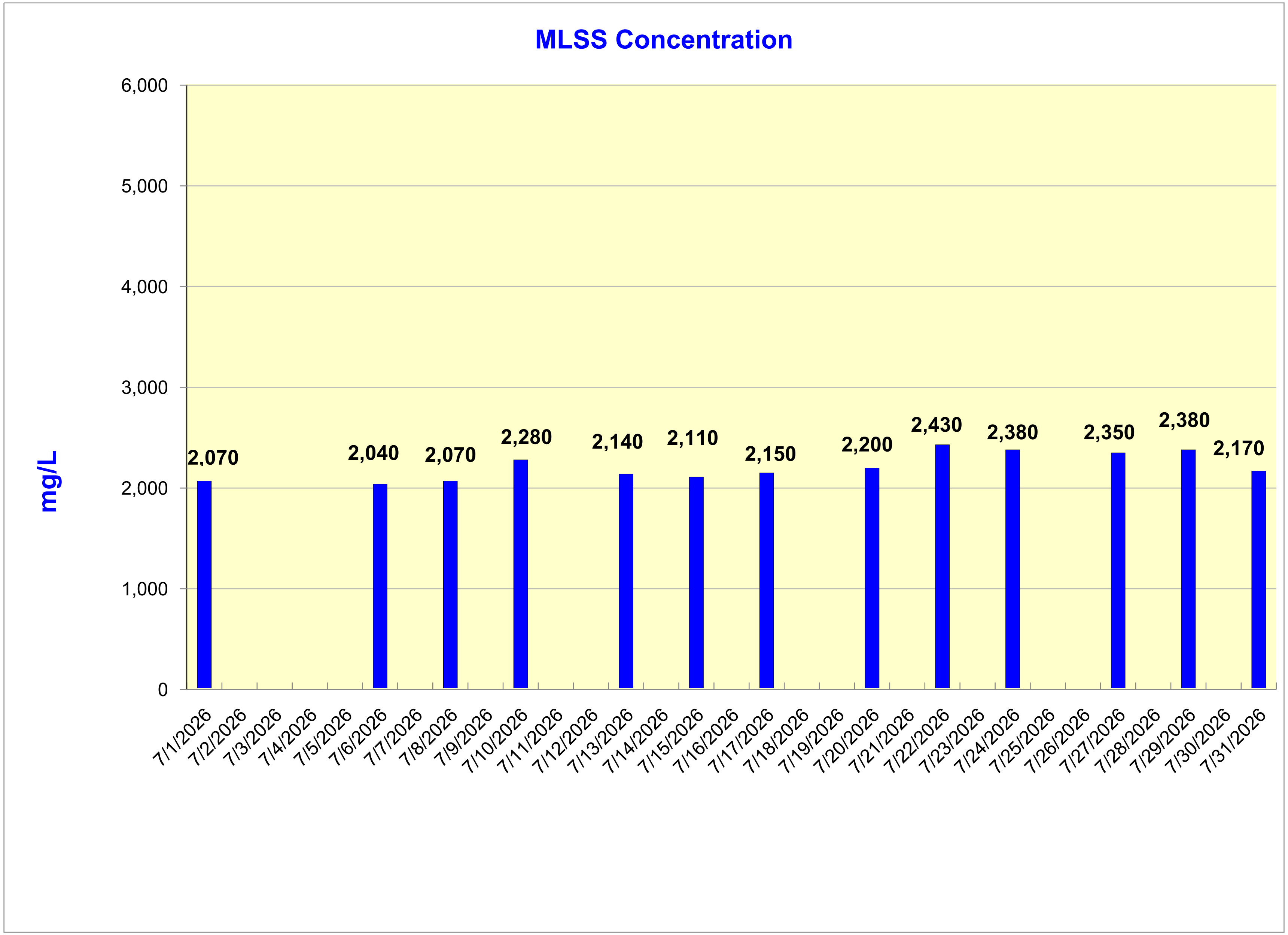
5) PROCESS CONTROL DATA / GRAPHS


Settleability
mL/L
500
450
400
350
300
250
200
150
100
50
0
200
210
200
210
200
200
210
220
240
250
240
240
250
7/1/2026
7/2/2026
7/3/2026
7/4/2026
7/5/2026
7/6/2026
7/7/2026
7/8/2026
7/9/2026
7/10/2026
7/11/2026
7/12/2026
7/13/2026
7/14/2026
7/15/2026
7/16/2026
7/17/2026
7/18/2026
7/19/2026
7/20/2026
7/21/2026
7/22/2026
7/23/2026
7/24/2026
7/25/2026
7/26/2026
7/27/2026
7/28/2026
7/29/2026
7/30/2026
7/31/2026



Sludge Volume Index
mL/g
200
180
160
140
120
100
80
60
40
20
0
97
103
97
92
94
95
98
100
99
105
102
101
115
7/1/2026
7/2/2026
7/3/2026
7/4/2026
7/5/2026
7/6/2026
7/7/2026
7/8/2026
7/9/2026
7/10/2026
7/11/2026
7/12/2026
7/13/2026
7/14/2026
7/15/2026
7/16/2026
7/17/2026
7/18/2026
7/19/2026
7/20/2026
7/21/2026
7/22/2026
7/23/2026
7/24/2026
7/25/2026
7/26/2026
7/27/2026
7/28/2026
7/29/2026
7/30/2026
7/31/2026


MLSS Inventory
lbs/day
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
36,875
38.341
36,875
40,616
38.122
37,588
38,301
39,191
43,289
42,398
41,863
42.398
38,657
7/1/2026
7/2/2026
7/3/2026
7/4/2026
7/5/2026
7/6/2026
7/7/2026
7/8/2026
7/9/2026
7/10/2026
7/11/2026
7/12/2026
7/13/2026
7/14/2026
7/15/2026
7/16/2026
7/17/2026
7/18/2026
7/19/2026
7/20/2026
7/21/2026
7/22/2026
7/23/2026
7/24/2026
7/25/2026
7/26/2026
7/27/2026
7/28/2026
7/29/2026
7/30/2026
7/31/2026


MLSS Concentration
6,000
5,000
4,000
3,000
2,000
1,000
0
mg/L
2,070
2,040
2,070
2,280
2,140
2,110
2,150
2,200
2,430
2,380
2,350
2,380
2,170
7/1/2026
7/2/2026
7/3/2026
7/4/2026
7/5/2026
7/6/2026
7/7/2026
7/8/2026
7/9/2026
7/10/2026
7/11/2026
7/12/2026
7/13/2026
7/14/2026
7/15/2026
7/16/2026
7/17/2026
7/18/2026
7/19/2026
7/20/2026
7/21/2026
7/22/2026
7/23/2026
7/24/2026
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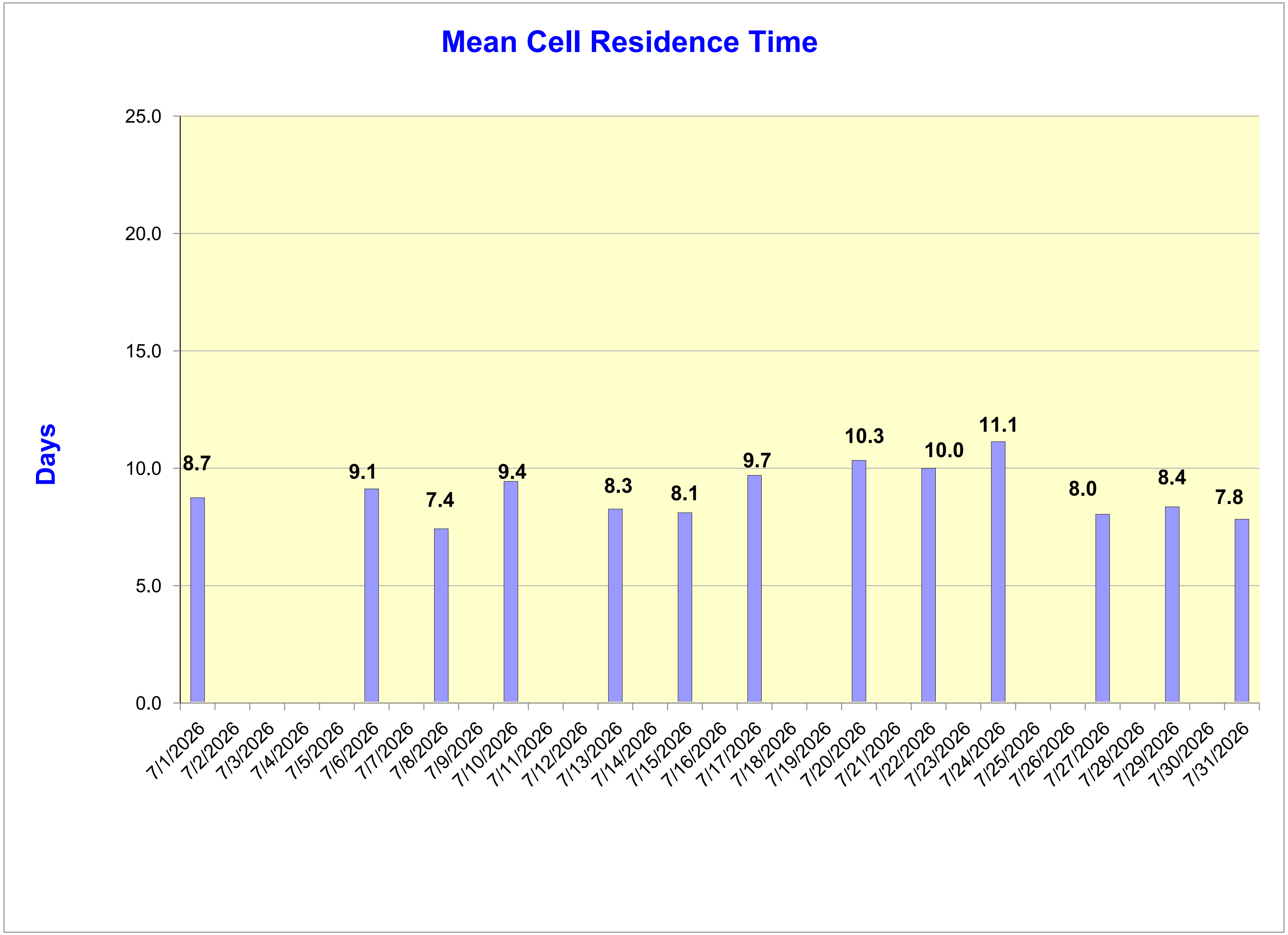
7/28/2026
7/29/2026
7/30/2026
7/31/2026


Mean Cell Residence Time
Days
25.0
20.0
15.0
10.0
5.0
0.0
8.7
9.1
7.4
9.4
8.3
8.1
9.7
10.3
10.0
11.1
8.0
8.4
7.8
7/1/2026
7/2/2026
7/3/2026
7/4/2026
7/5/2026
7/6/2026
7/7/2026
7/8/2026
7/9/2026
7/10/2026
7/11/2026
7/12/2026
7/13/2026
7/14/2026
7/15/2026
7/16/2026
7/17/2026
7/18/2026
7/19/2026
7/20/2026
7/21/2026
7/22/2026
7/23/2026
7/24/2026
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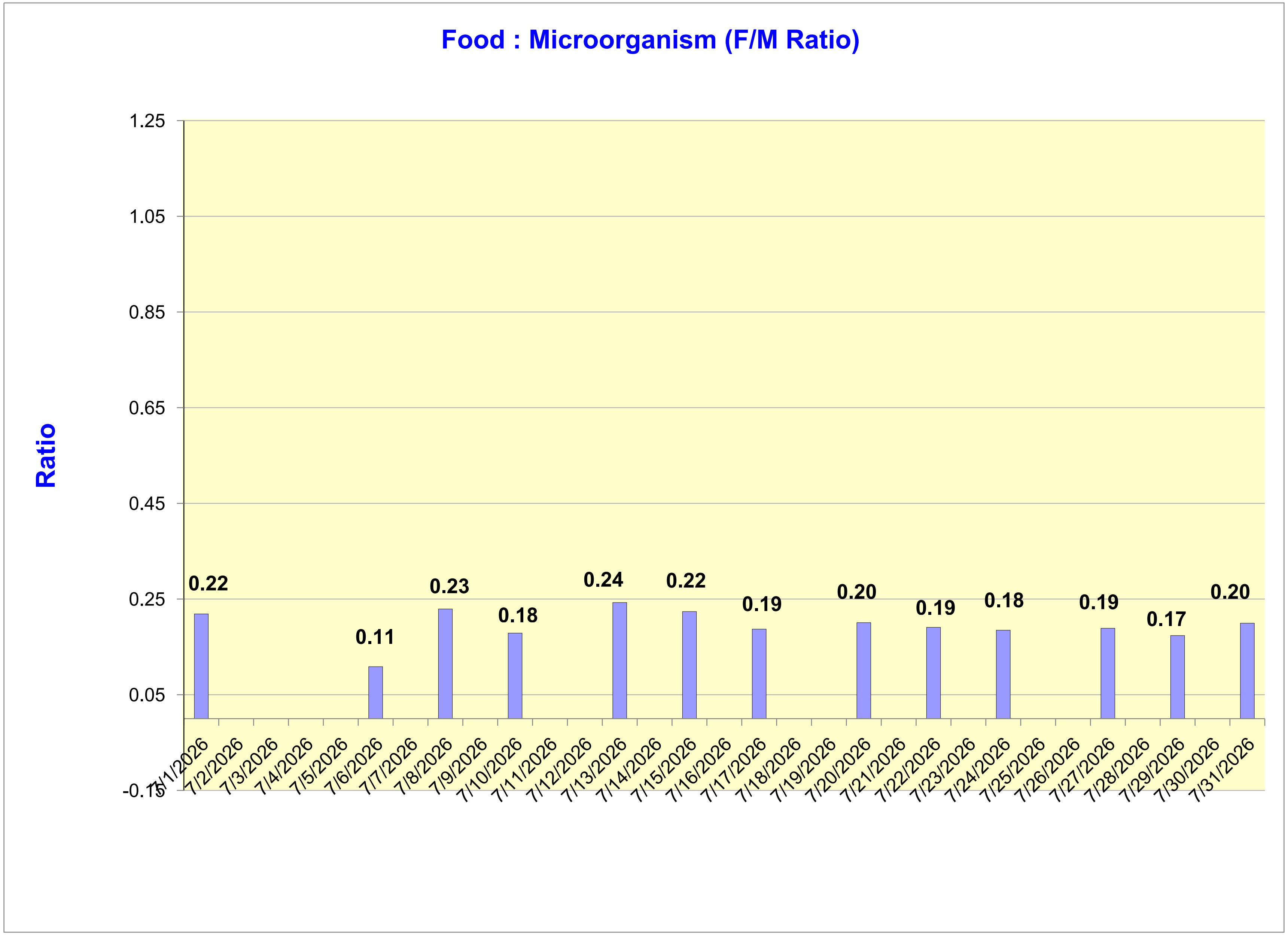
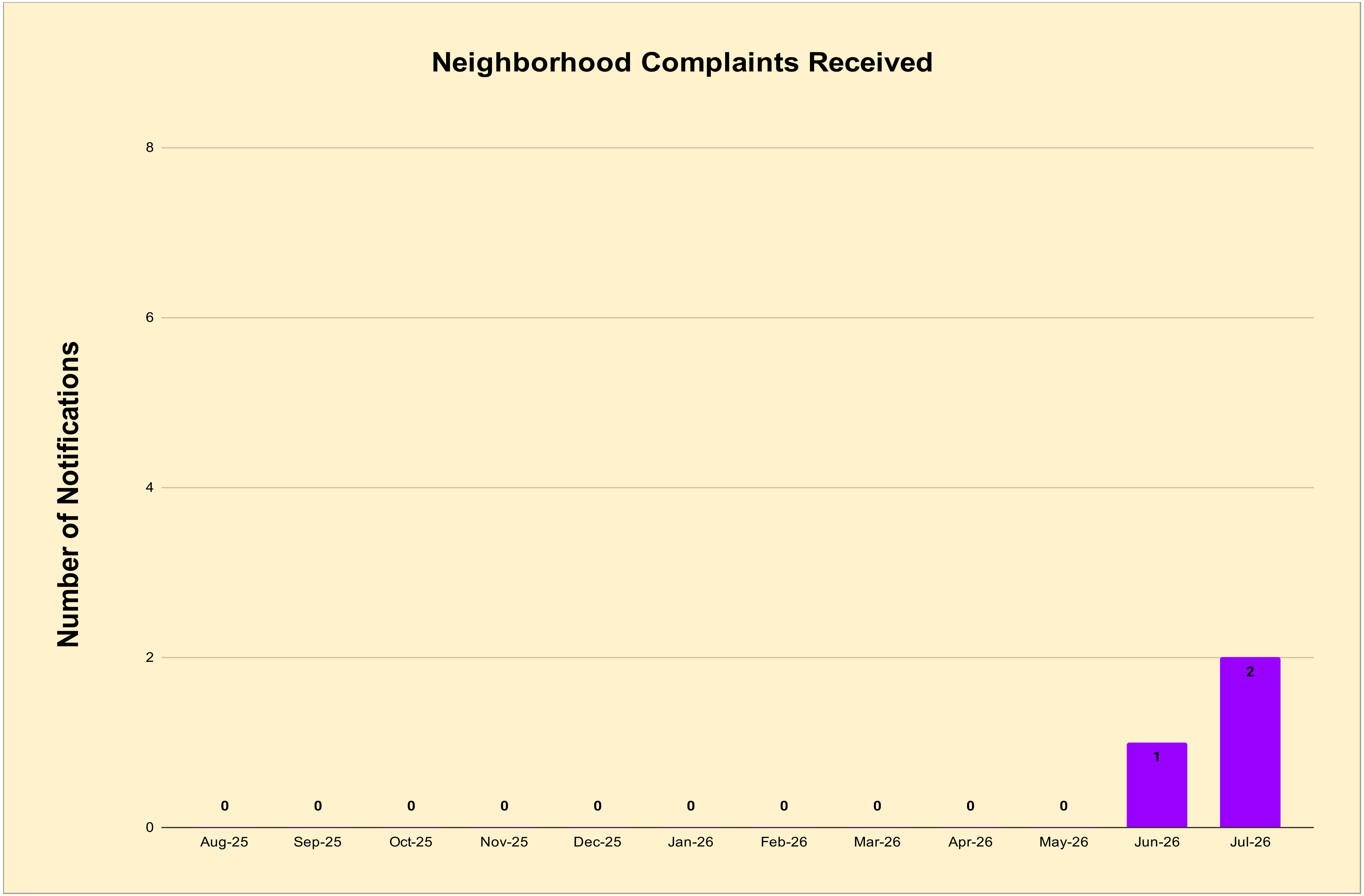
7/26/2026
7/27/2026
7/28/2026
7/29/2026
7/30/2026
7/31/2026


Food : Microorganism (F/M Ratio)
Ratio
1.25
1.05
0.85
0.65
0.45
0.25
0.05
-0.15
0.22
0.11
0.23
0.18
0.24
0.22
0.19
0.20
0.19
0.18
0.19
0.17
0.20
7/1/2026
7/2/2026
7/3/2026
7/4/2026
7/5/2026
7/6/2026
7/7/2026
7/8/2026
7/9/2026
7/10/2026
7/11/2026
7/12/2026
7/13/2026
7/14/2026
7/15/2026
7/16/2026
7/17/2026
7/18/2026
7/19/2026
7/20/2026
7/21/2026
7/22/2026
7/23/2026
7/24/2026
7/25/2026
7/26/2026
7/27/2026
7/28/2026
7/29/2026
7/30/2026
7/31/2026

Process Control Data								
Date	**Influent Flow MGD**	**Settleability ml/L**	**MLSS Concentration mg/L**	**MLSS Inventory lbs**	**F:M Ratio**	**MCRT days**	**SVI mL/gram**	
7/1/2026	3.47	200	2,070	36,875	0.22	8.7	97	
7/2/2026	3.57							
7/3/2026	3.42							
7/4/2026	3.07							
7/5/2026	3.49							
7/6/2026	3.26	210	2,040	36,341	0.11	9.1	103	
7/7/2026	3.42							
7/8/2026	3.66	200	2,070	36,875	0.23	7.4	97	
7/9/2026	3.68							
7/10/2026	3.07	210	2,280	40,616	0.18	9.4	92	
7/11/2026	3.46							
7/12/2026	3.58							
7/13/2026	3.92	200	2,140	38,122	0.24	8.3	94	
7/14/2026	2.94							
7/15/2026	3.67	200	2,110	37,588	0.22	8.1	95	
7/16/2026	3.51							
7/17/2026	3.14	210	2,150	38,301	0.19	9.7	98	
7/18/2026	3.48							
7/19/2026	3.36							
7/20/2026	3.43	220	2,200	39,191	0.20	10.3	100	
7/21/2026	3.53							
7/22/2026	3.54	240	2,430	43,289	0.19	10.0	99	
7/23/2026	3.49							
7/24/2026	3.46	250	2,380	42,398	0.18	11.1	105	
7/25/2026	3.34							
7/26/2026	3.44							
7/27/2026	3.49	240	2,350	41,863	0.19	8.0	102	
7/28/2026	3.47							
7/29/2026	3.18	240	2,380	42,398	0.17	8.4	101	
7/30/2026	3.28							
7/31/2026	3.33	250	2,170	38,657	0.20	7.8	115	
Minimum	2.94	200	2,040	36,341	0.11	7.4	92	
Maximum	3.92	250	2,430	43,289	0.24	11.1	115	
Total	106.15				0.19			
Average	3.42	223	2,213	39,424	0.19	9.0	100	
NOTE:								

6) NEIGHBORHOOD COMPLAINTS RECEIVED

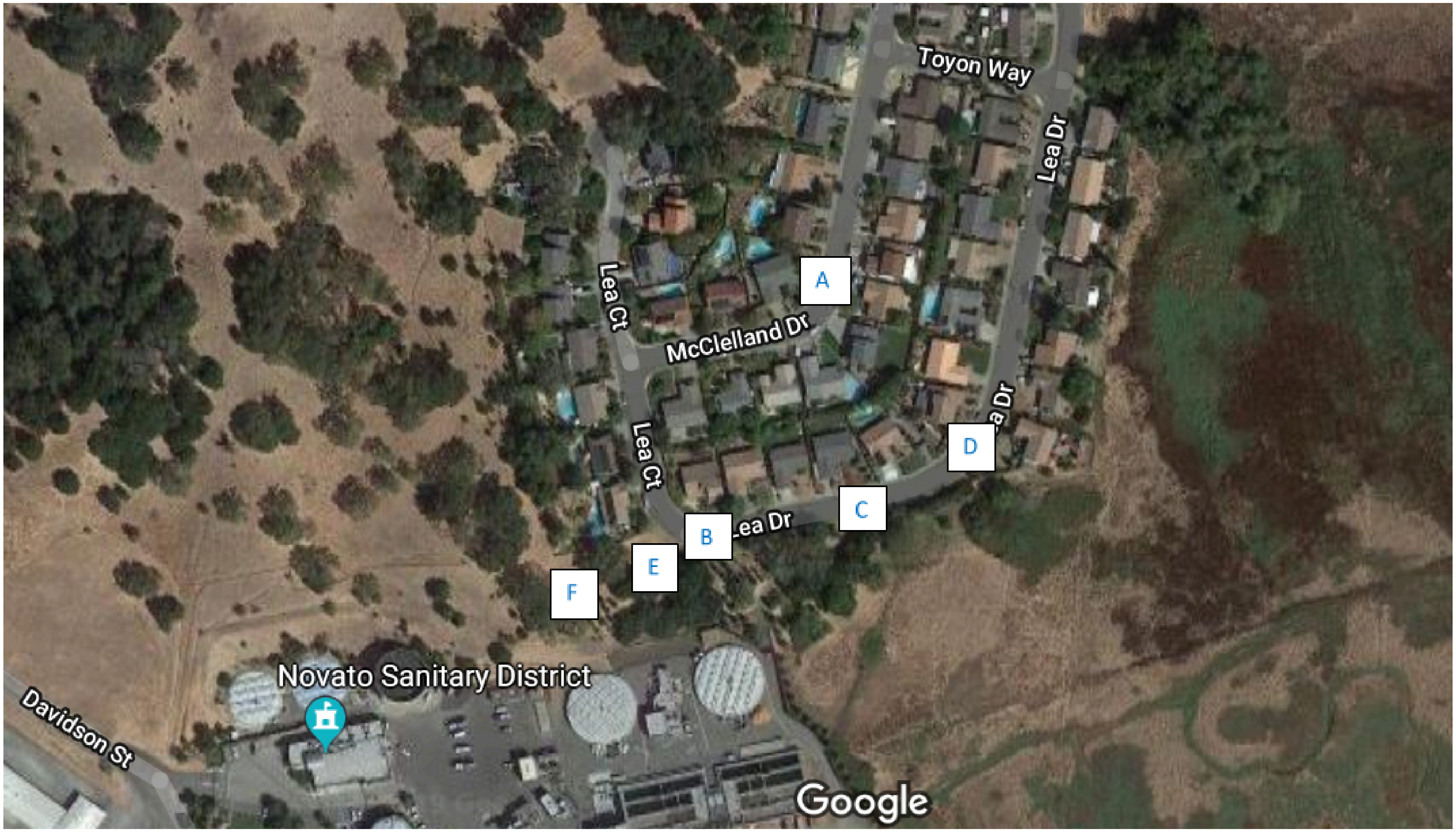

Neighborhood Complaints Received
Number of Notifications
8
6
4
2
0
0
0
0
0
0
0
0
0
0
0
1
2
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26

7) JEROME METER READINGS & LOCATIONS

JEROME METER READINGS - July 2026				
Sample Location	Min	Max	Ave	NOTES / COMMENTS
A: McLelland	0.000	0.000	0.000	Neighborhood
B: Lea 1	0.000	0.000	0.000	Neighborhood
C: Lea 2	0.000	0.000	0.000	Neighborhood
D: Lea 3	0.000	0.000	0.000	Neighborhood
E: Lea 4	0.000	0.02*	0.000	Neighborhood
F: Lea 5	0.000	0.000	0.000	Neighborhood

Note: Fielded complaint 7/28 by neighbor-report of "rotten vegetable" odor. Mobilized to collect Jerome readings in order to characterize/localize the odor. Met neighbor at their house. Odor was fleeting/inconsistent but noticeable upon arrival. Staff suspected activity at Headworks could have been a contributor Chlorine for odor mitigation increased at the influent junction structure.

NEIGHBORHOOD JEROME METER LOCATIONS – Lea Drive and McClelland Drive



NOVATO SANITARY DISTRICT
Wastewater Operations - Reclamation Facilities Report
July 2026

1.0 Summary:

1.1 During July 2026, the plant was in reclamation mode. 74.8 million gallons of treated effluent flowed from the treatment plant to the storage ponds at the Reclamation Facility.

2.0 Ranch Operations:

2.1 The pumps at Drainage Pump Station #3 (DPS 3) and Drainage Pump Station 7 (DPS 7) are offline for the summer season.

3.0 Irrigation Parcels:

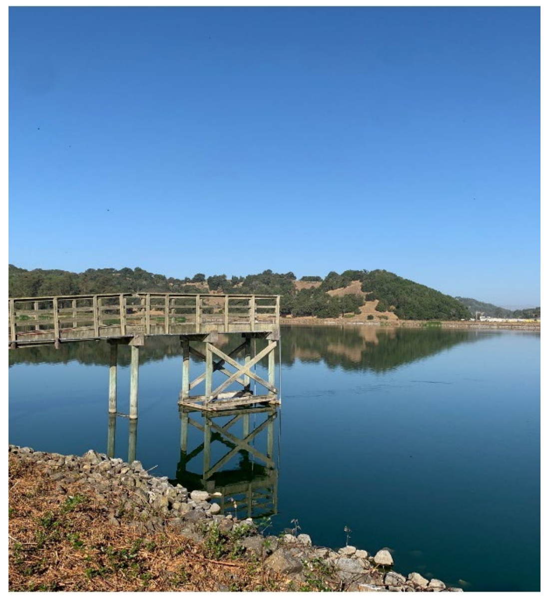
3.1 The District started the irrigation system on July 7, 2026 and re-used 66.2 million gallons of treated effluent through the irrigation system in July 2026.

4.0 Irrigation Pump Station:

4.1 Wildlife Pond fill pump maintained the pond level to 6 feet during July 2026.
4.2 A Contractor Service Agreement was drafted for the removal and assessment of Pump #2 at Irrigation Pump Station.
4.3 The Reclamation Facility Monthly Statistics spreadsheet for July 2026 is attached.

5.0 Biosolids (Sludge) Handling & Disposal:

5.1 A Contractor Service Agreement for the Annual Biosolids Disposal project was executed and provided to the contractor in July 2026.



Storage Pond 2 at 4.6 feet in July 2026.

NOVATO SANITARY DISTRICT														
Reclamation Facility - Monthly Statistics/Estimates for Calendar Year 2026, as of July 31, 2026														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year to Date	Annualized Monthly Average
Irrigation Pump Station														
Plant flow to ponds (MG)	0.0	0.0	0.0	0.0	0.0	109.2	74.8						184.0	15.3
Irrigation (MG)	0.0	0.0	0.0	0.0	0.0	38.8	66.2						105.0	8.8
Irrigation Pump 1 Hours	0.0	0.0	0.0	0.0	0.0	91.0	179.9						270.9	22.6
Irrigation Pump 2 Hours	0.0	0.0	0.0	0.0	0.0	19.1	0						19.1	1.6
Irrigation Pump 3 Hours	0.0	0.0	0.0	0.0	0.0	91.5	44.9						136.4	11.4
Washdown Water Pump Hours	0.0	0.0	0.0	0.0	0.0	0.0	0.0						0.0	0.0
Wildlife Feed Pump Hours	0.0	0.0	0.0	0.0	648.0	720.0	744						2112.0	176.0
Water Circulated through Wildlife Pond (MG)	0.0	0.0	0.0	0.0	40.8	45.4	46.9						133.1	11.1
Strainer No. 1 Hours	0.0	0.0	0.0	0.0	0.0	24.9	44.1							
Strainer No. 2 Hours	0.0	0.0	0.0	0.0	0.0	19.2	44.9							
Pond 1 Gauge @ Beginning of Month (feet)	3.6	4	4.6	4.2	5.0	3.4	4.8							
Pond 1 Gauge @ End of Month (feet)	4	4.6	4.2	5	3.4	4.8	4.6							
Pond 1 Gallons Stored @ End of Month(MG)	28	33	30	36	23.0	34.0	33.0							
Pond 2 Gauge @ Beginning of Month (feet)	3.6	4	4.6	4.2	5.0	3.4	4.8							
Pond 2 Gauge @ End of Month (feet)	4	4.6	4.2	5	3.4	4.8	4.6							
Pond 2 Gallons Stored @ End of Month(MG)	36	44	38	47	31.0	45.0	42.0							
Total Irrigation Water Stored (MG), end of mo.	64	77	68	83	54	79	77							
Drainage Pump Station No. 3														
Drainage Pump No. 1 Hours	281.4	233.7	0.0	0.0	0.0	0.0	0.0						515.1	42.9
Drainage Pump No. 2 Hours	0.0	88.6	143.8	80.5	5.9	0.0	0.0						318.8	26.6
Drainage Pump No. 3 Hours	421.7	122.5	0.0	0.0	0.0	0.0	0.0						544.2	45.4
Total Gallons Stormwater Pumped (MG)	210.9	133.4	43.1	24.2	1.8	0.0	0.0						413.4	34.5
Drainage Pump Station No. 7														
Drainage Pump No. 1 Hours	59.9	6.5	0.0	0.0	0.0	0.0	0.0						66.4	5.5
Drainage Pump No. 2 Hours	13.8	67.9	44.0	11.3	0.0	0.0	0.0						137.0	11.4
Drainage Pump No. 3 Hours	0.0	147.6	0.0	35.5	2.3	0.0	0.0						185.4	15.5
Total Gallons Stormwater Pumped (MG)	33.2	99.9	19.8	21.1	1.0	0.0	0.0						175.0	14.6

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects: Annual Ignacio Facility Improvements (Ignacio Transfer Pump Station Electrical Upgrade Project), Account No. 72807.	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 8.a.**

RECOMMENDED ACTION: Approve an amendment to the contract with Dudek, Inc. in the amount of $90,425 for a new not-to-exceed amount of $532,225 for professional engineering services related to the Phase 2 Design of the Ignacio Transfer Pump Station Electrical Upgrades Project and authorize the General Manager-Chief Engineer to execute it.

SUMMARY AND DISCUSSION:

At their October 13, 2025 regular meeting, the Board approved a contract with Dudek Inc. (Consultant) for professional engineering services related to the Phase 2 design of the Ignacio Transfer Pump Station Electrical Upgrades Project in the not-to-exceed amount of $441,800.

The Phase 2 Design will include final design of the following:

- New standby power system equipment including generator, integrated fuel tank, automatic transfer switch, and associated equipment.
- New electrical service equipment and main switchboard with in a new modular electrical building.
- Demolition of existing structures.
- Preparation of full bid package and engineer's estimate.

Additionally, the 2006 era programmable logic controllers (PLCs) and variable frequency drives (VFDs) are now approximately 20 years old and no longer in production. Design work for replacement of the existing PLCs and VFDs was not included in the scope of work under the current contract. During the design process, it was determined by staff and the consultant that including replacement of the existing PLCs and VFDs with the current project would be more efficient and cost effective than performing that work under a separate contract.

District staff requested a proposal from the Consultant to include replacement of the existing PLCs and VFDs in the design. The Consultant submitted a proposal in the amount of $90,425 to complete the design of the improvements for a new total not-to-exceed amount of $532,225. Staff has reviewed Dudek's Proposal and believes it is reasonable in relation to the level of effort.

The FY 26-27 Preliminary Budget includes $460,000 in Account No. 72807 – Annual Ignacio Facility Improvements. FY 25-26 expenditures against the original contract were $46,650 with a remaining balance on the contract of $395,150. The proposed amendment would result in a contract balance of $485,575 or $25,575 above the Preliminary Budget for FY 26-27. However, the proposed new work is anticipated to extend the design effort into FY 27-28 and staff believe there are adequate funds in Account 72807 to cover the work to be completed in FY 26-27. Therefore, it is recommended that the Board approve an amendment in the amount of $90,425 to the contract with Dudek for a new not-to-exceed amount of $532,225 and authorize the General Manager-Chief Engineer to execute it.

STRATEGIC PLAN INFORMATION: This item addresses Goal 2 (Facilities) and Goal 3 (Organizational Excellence) of the latest Strategic Plan.

BUDGET INFORMATION: This work will be funded under Account No. 72807 – Annual Ignacio Facility Improvements. The FY 26-27 Preliminary Budget includes $460,000 for this Account with an available balance of $460,000 as of July 31, 2026.

Prepared by: jb/eb	**Reviewed by General Manager:** SSK

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects Update, July 2026.	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO: 8.b.**
RECOMMENDED ACTIONS: Receive Capital Projects Update Report through July 2026 – <u>information only.</u>	
SUMMARY AND DISCUSSION: The July 2026 Capital Projects Update is attached. District staff will be present at the meeting to provide an overview of the memo and be available to discuss the status of the various projects or respond to any questions.	
ATTACHMENTS: 1. Capital Projects Update, July 2026.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 2 (Facilities) of the latest Strategic Plan.	
Prepared by: eb	**Reviewed by General Manager:** SSK

Novato Sanitary District
Capital Improvement Program (CIP)
Capital Projects Update
July 2026

<u>Account No. 72112: Network and SCADA Upgrades.</u>
This account was established to address the need for significant upgrades to the District's Information Technology (IT) infrastructure and Supervisory Control and Data Acquisition (SCADA) systems. The account provides for implementation of the Information Technology (IT) Assessment/Master Plan completed in Fiscal Year (FY) 21-22.

1. <u>Plant SCADA Project</u>
   - District staff are finalizing a secure infrastructure management solution.
   - Current efforts are focused on validation, final approvals, and transition planning.
   - Expected Go-Live late Q1/early Q2 of FY 26/27.
2. <u>Cybersecurity & Infrastructure Modernization</u>:
   - The District is building upon recent cybersecurity and infrastructure modernization investments through ongoing enhancements to core technology systems.
   - Focus remains on maintaining a resilient security posture and supporting reliable operations.
3. <u>Virtualization Platform Migration</u>:
   - Recently, the District successfully completed a virtualization migration project eliminating recurring software renewal costs that had increased by over 200% in the last 2 years.
4. <u>Enterprise Resource Planning (ERP) Software</u>:
   - Staff and the ERP vendor continue advancing project planning and readiness activities under the revised implementation schedule.
5. <u>Mobile Device Management (MDM)</u>:
   - Development of enhanced management capabilities for District-owned mobile devices is progressing.
   - The initiative will improve device security, standardization, visibility, and administrative efficiency.
6. <u>Computerized Maintenance Management System (CMMS) Software</u>:
   - The Board approved a contract for a new CMMS system at its April regular meeting. Staff are negotiating an agreement with the vendor, anticipated to wrap up in August. After which a kickoff meeting will be scheduled.

<u>Account No. 72403: Pump Station Improvements</u>
This ongoing, long-term account seeks to replace the District's underground-type pump stations with submersible pump-type pump stations or upgrade existing pump stations.

1. <u>Marin Village Pump Station</u>: Project to replace the existing wet-well/dry-pit underground type pump station with a new submersible pump-type station and replace the standby diesel generator.
   - The new pump station is substantially complete. Staff and the District's Consultant are working with the Contractor to close out the one remaining punch list item, applying electrical testing labels on the main breaker, which will require an electrical shutdown by PG&E. Scheduling the shutdown with PG&E has been challenging, but staff expects this effort to be completed in August.
2. <u>Olive Pump Station</u>: Project to replace the existing natural gas standby generator with a new diesel standby generator and upgrade electrical switchgear and related electrical equipment.
   - Site improvements commenced in April including pouring of equipment pads and installation of electrical conduits. Site work and electrical conduit installation for the new PG&E service were completed in June as well as ongoing interior conduit installation. Painting of the building exterior commenced in July.
   - The MCC submittal was approved. The vendor indicated there will be a 60-week lead time which will result in delivery approximately September 2027.
   - Submittal review is ongoing.

3. Ignacio Transfer Pump Station Electrical Upgrades: Project to replace the existing standby generator with a new diesel standby generator and upgrade electrical switchgear and related electrical equipment.
   - Preliminary survey work was performed in April and mapping was completed in May. Design work continues.
   - A request to approve an amendment for additional design work to incorporate PLC and VFD upgrades into the Project is presented under a separate agenda item.
4. Bahia Pump Station Upgrades: The initial project consists of a scoping study and preliminary design for pump station upgrades.
   - This project is budgeted for design in FY 27-28.
5. Pump Station Corrosion Improvements: Project to replace conduits and other upgrades to resist corrosion at the BMK 5, Black Point, and Automart Pump Stations.
   - The Final Technical Memorandum and Condition Assessment Report was received in March.
   - Staff have received a proposal for final design and will present it to the Board at a subsequent meeting.
6. Force Mains Condition Assessment: Project includes performing condition assessments on the District's sewer force mains and prioritization of repairs/replacement based on the results of the assessments.
   - Modifications to force mains to accommodate the inspection process will occur in July/August with the inspection work anticipated in September.
   - Staff are also working with the District's consultant to develop the scope and bidding documents for the next phase of assessments.
7. Pump Stations Condition Assessment: Project includes performing condition assessments on the District's pump stations and prioritization of repairs/replacement based on the results of the assessments.
   - Project is in the planning stage.

Account No. 72508: North Bay Water Reuse Authority (NBWRA)

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY 26-27 is the thirteenth year of the multi-year Phase 2 program, including continuing environmental work for currently over $75 million in recycled water projects across all NBWRA agencies for funding under the US Bureau of Reclamation Title XVI (WaterSMART) program.

- NBWRA is proposing an update to the MOU between member agencies. Staff received a draft in March and provided comments. The MOU is anticipated to be adopted in September. However, at its June meeting, the NBWRA Board approved changing its name to the North Bay Water Resilience Authority. This revision reflects the broadening of NBWRA's activities to include the four resilience arenas: Recycled Water, Drought Contingency, Potable Reuse and Sea Level Rise, and rebrands and re-positions the NBWRA for resilience related funding at the federal and state level, including Proposition 4.

Account No. 72706: Collection System Improvements

1. Collection System Master Plan (CSMP): This account includes funds for follow up work associated with the Collection System Master Plan including additional flow monitoring.
   - Staff are working on identifying areas for targeted flow monitoring to identify Inflow and Infiltration (I&I) in the collection system and further condition assessments.
2. Novato Blvd Trunk Sewer Improvements: Installation of new parallel trunk sewer in Novato Blvd. from Grant Avenue to Diablo Avenue.
   - The Project is currently out for bid with bids anticipated to be received in mid-August. Construction on the new sewer will commence in late summer to early fall of 2026.
3. Highway 101 Crossings: Replacement of two gravity sewer crossings under HWY 101 and abandonment of the Enfrente Pump Station to convert to gravity flow via an underground crossing to the east side of 101.
   - Consultant has completed the permit application package with Caltrans for the three crossings. The application is currently under review and the Consultant continues to respond to Caltrans staff questions.
   - A meeting was held with SMART in May to discuss the license agreement application for the three crossings.

- Estimated advertisement for bids, Spring of 2027.

5. High Priority Structural Rehab Projects: Includes high priority structural rehabilitation projects identified in the 2019 Collection System Master Plan.
    - Main Interceptor 2 Repair at Novato Creek - Replacement of manhole, rerouting of associated piping and slip-lining of approximately 890 linear feet of pipeline at the main interceptor siphon crossing Novato Creek, across from the fire station on Redwood Blvd.
        - The Board granted Final Acceptance of the Project and authorized staff to file a Notice of Completion at their February 2026 regular meeting.

Account No. 72706-1: Lateral Replacement Program

The District established this program as a sub-account within Account No. 72706, as part of a long-term approach to reducing infiltration and inflow from private residential laterals into the District's collection system.

- The FY 26-27 budget for this account is $80,000. As of July 31, no grants were distributed in FY 26-27. The final numbers for FY 25-26 show that sixteen (16) grants totaling $43,750 were distributed in FY 25-26.

Account No. 72707: Hamilton Wetlands/Outfall Integration

As noted in prior reports, the State Coastal Conservancy's (SCC) goal for their project is to utilize the District's highly treated effluent as a reliable, long-term fresh water source to establish and maintain a brackish marsh habitat at the SCC's BMK Unit V Wetlands Restoration project.

- A portion of the District's outfall was relocated, in September 2021 as part of the Phase 1 project.
- Communications with Army Corps staff in February 2026 revealed that Phase 2 has been on hold since October 2025. Army Corps staff anticipate reinitiating design work in the coming months.

Account No. 72708: Cogeneration/Alt. Energy

Energy Recovery and Efficiency Project: Project to upgrade self-generated biogas utilization with a combined heat and power (cogeneration) facility, new solar PV system, and upgrades to electrical equipment resulting in reduced grid demand, improved energy efficiency, and energy/climate resiliency.

- Phase 1 design services continue. A workshop focusing on cogeneration technologies was held in July.
- Staff continue to explore funding options including a loan from the US EPA's Water Infrastructure Finance and Innovation Act (WIFIA) program and the Clean Water State Revolving Fund.

Account No. 72803: Annual Collection System Repairs

Collection system repairs are generally reported monthly in the Collection System Operations report, and annually in the Uniform Public Construction Cost Accounting Act (UPCCAA) staff report.

Account No. 72804: Annual Reclamation Facilities Improvements

Reclamation facilities improvements are generally reported monthly in the Reclamation Facilities Operations report, and annually in the UPCAA staff report.

- The Board granted final acceptance of the Storage Pond No. 2 Levee Repair Project and authorized staff to file a Notice of Completion at their September 2025 regular meeting.
- Outfall Improvements - As a result of the Outfall Emergency Repair project, staff identified several projects to improve access for inspection, facilitate isolating flows and follow on projects to the repair. Additionally, there are several projects that were identified in the recommendations of the report of the outfall condition assessment work completed in 2022. The District's consultant submitted a draft preliminary design report in April, and a review meeting with staff was held in May.

Account No. 72805: Annual Treatment Plant Improvements
Treatment plant improvements are generally reported monthly as part of the Wastewater Operations report and annually in the UPCCAA staff report.

Account No. 72805-1: Treatment Plant Major Repairs and Replacements
This account was established in FY 25-26 includes funds to address major repairs and replacements over $10,000 at the Novato Treatment Plant and Ignacio Transfer Pump Station. Historically, these activities were accounted for in the Operating Budget - Treatment Facilities under 61000-3 Major Repairs and Replacements, and fund major repairs/replacements that exceed the $10,000 cap established in the contract for Operations, Maintenance and Management of the Wastewater Treatment Facilities. Due to the nature of these repairs/replacements and the $10,000 threshold, Treatment Plant Major Repairs and Replacements will be included in the CIP budget moving forward. The following Major Repairs/Replacements have been approved to date for FY 26-27:

• HVAC 20-Ton Replacement Aeration Elect. Bldg	$68,652
• Heat Pump Replacement Headworks Elect. Bldg	$45,823
• *Mechanical Seal for FDS Pump	$29,178
FY 26/27 Total to Date:	**$143,653**

*Carried over from FY 25/26.

Account No. 72806: Annual Pump Station Improvements
Pump station repairs are generally reported monthly as part of the Collection System Operations report, and annually in the UPCCAA staff report.

Account No. 72807: Annual Ignacio Facility Improvements
Annual Ignacio facility improvements are generally reported monthly as part of the Collection System Operations report, and annually in the UPCCAA staff report.

- This account includes funds for new water and fire service lines and hydrants at the Ignacio Facility. The Board granted final approval and authorized staff to file a Notice of Completion at their February 2026 regular meeting.

Account No. 72808: Strategic Plan Update
The 2024 Strategic Plan was completed in May 2024. This account includes “placeholder” amounts for Strategic Plan implementation and annual updates.

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 (MCFCD). Under this agreement, the District participates in a program with the County of Marin, the City of Novato, and the North Marin Water District (NMWD) 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.

- No update this month.

Account No. 73003: Administration Building Upgrades/Maintenance Building
This account includes allowances for minor improvements to the Administration Building and temporary Maintenance Building.

- The Board granted final acceptance of the Admin. Building Roof and HVAC Replacement Project and authorized staff to file a Notice of Completion at its November, 2025 meeting.
- The Board approved a contract for implementation of the Facility Physical Security Project at their May regular meeting. Commencement of the Project is anticipated in August.

Account No. 73004: Odor and Landscaping Improvements
This account budgets for further work by District and operations staff and the District’s Odor Specialist consultant(s) to address and manage any odor issues raised by the District’s neighbors. It also includes an allowance to address any landscaping items.

- Veolia is exploring a pilot program for an ion-exchange system for odor control which could be used when the District's odor beds are down for maintenance or deployed at select areas within the plant.

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.

- Secondary Clarifier No. 2 Coating: A request to approve a proposal from Veolia for coating of Secondary Clarifier No. 2 is presented as a separate agenda item.

Account No. 73007: Solids Management
This budget account, established in FY 21-22, includes funds and seeks to address major maintenance or capital projects associated with the District's treatment plant solids processing capabilities. Additionally, a "placeholder" amount is budgeted to initiate studies to investigate the feasibility of processing the District's biosolids further to create a Class A fertilizer or similarly marketable product.

1. Biosolids Facilities Improvements: This account includes funds for exploring operational alternatives and upgrading the Biosolids Handling Facilities at Deer Island including the sludge lagoons, final digest sludge and return decanted pipelines and the Dedicated Land Disposal Site (DLD). The Biosolids Management Study and Solids Dewatering Alternatives Analysis was completed in FY 25-26. The recommendations from that analysis were that extending the service life of the existing Biosolids Facilities would be the most economical pathway. This account includes funds for determining the feasibility of removal and land application of accumulated biosolids in the DLD in FY 26/27 and implementation in FY 27-28.
    - DLD Biosolids Removal- Staff are exploring a pilot project to off haul a nominal amount of biosolids from the DLD for land application. This will allow the biosolids processing firm to characterize the biosolids and determine the suitability for land application at a larger scale.
2. Advanced Biosolids Processing: A "placeholder" amount is budgeted to initiate studies to investigate the feasibility of processing the District's biosolids further to create a Class A fertilizer or similarly marketable product.
    - Staff continue to explore technologies and opportunities to further process the District's biosolids to create a marketable product.

Account No. 73008: Treatment Plant Electrical System Improvements
This account was established in FY 22-23 and includes funds to address major maintenance, or capital projects associated with the District's plant electrical systems.

- Plant Power Systems Study: The Consultant conducted field verifications in March. Staff provided additional requested data in May and June. Completion of the study is anticipated Q2 FY 26-27.

Account No. 73009: Climate Adaptation Improvements
This account was established in FY 22-23 and includes funds to evaluate potential risks for District facilities associated with climate change including more frequent extreme weather events, flooding, fire, and sea level rise and identify capital projects and improve climate resiliency. A placeholder amount is budgeted for initiating any Climate Adaptation Studies.

- In January 2025, staff attended a meeting with Marin County staff and their consultants to discuss participation in a County funded Sea Level Rise study. Participation in the study may fulfill requirements of SB 272 (Sea Level Rise - Planning and Adaptations) for local agencies to develop Sea Level Rise Adaptation Plans. Recent conversations with Marin County staff revealed that the effort had been put on hold but is restarting in 2026.

Account No. 73090: Vehicle Replacement
This account includes a FY 26-27 budget amount for the purchase of a portable generator and miscellaneous equipment.

- Nothing to report this period.

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NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Staff Reports: CalPERS Health Plan Premium Rates for 2027 – Information only	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 9.a.**

RECOMMENDED ACTION: Receive report on CalPERS Health Plan Premium Rates for 2027 – information only.

SUMMARY AND DISCUSSION:

The District has received information on health plan premiums for calendar year 2026 from CalPERS as follows:

CalPERS Health Plan (Kaiser North CA rates):

	2025 Rates	**2026 Rates**	**25–26 % Change**	**2027 Rates**	**26–27 % Change**
Basic Premium Rates – Region 1:					
Subscriber	$1,112.90/mo	$1,168.86/mo	+ 5.03%	$1,187.63/mo	+ 3.09%
Subscriber + 1	$2,225.80/mo	$2,337.72/mo		$2,375.26/mo	
Family Rate	$2,893.54/mo	$3,039.04/mo		$3,087.84/mo	
Medicare Eligible Retiree - Supplemental Medicare					
Single Medicare	$343.08/mo	$356.83/mo	+4.01%	$333.93/mo	- 6.42 %
2-Party Medicare	$667.86/mo	$713.66/mo		$713.66/mo	

In summary, the CalPERS Kaiser North health plan premiums indicate an increase of 3.09% for regular health coverage and a 6.42% decrease in Medicare rates for the 2027 calendar year; these changes are currently provisioned in the Fiscal Year (FY) 26-27 budget.

ATTACHMENT:

1. CALPERS 2027 Health Plan Rates.

STRATEGIC PLAN INFORMATION: This item addresses Goal 3 (Organizational Excellence) and Goal 4 (Outreach) of the latest Strategic Plan.

Prepared by: ssk	**Reviewed by General Manager:** SSK

Item 9.a.
Attachment 1

July 2026 Board of Administration Offsite

2027 Region 1 Premiums Per Subscriber Per Month (PSPM)

Public Agency & School Members

Region 1

Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Yolo and Yuba

Basic Plans (B)	2026			2027			Percent Change
	Single	2-Party	Family	Single	2-Party	Family	
HMO							
Anthem Blue Cross Select HMO	$1,336.29	$2,672.58	$3,474.35	$1,486.44	$2,972.88	$3,864.74	11.24%
Anthem Blue Cross Traditional HMO	$1,612.08	$3,224.16	$4,191.41	$1,732.52	$3,465.04	$4,504.55	7.47%
Blue Shield Access+ HMO	$1,301.95	$2,603.90	$3,385.07	$1,479.12	$2,958.24	$3,845.71	13.61%
Blue Shield EPO	$1,301.95	$2,603.90	$3,385.07	$1,479.12	$2,958.24	$3,845.71	13.61%
Blue Shield Trio HMO	$1,166.58	$2,333.16	$3,033.11	$1,202.57	$2,405.14	$3,126.68	3.09%
Kaiser Permanente	$1,168.86	$2,337.72	$3,039.04	$1,187.63	$2,375.26	$3,087.84	1.61%
Sutter Health	N/A	N/A	N/A	$1,130.67	$2,261.34	$2,939.74	N/A
Western Health Advantage HMO	$969.58	$1,939.16	$2,520.91	$1,030.80	$2,061.60	$2,680.08	6.31%
PPO							
PERS Gold	$1,120.58	$2,241.16	$2,913.51	$1,215.17	$2,430.34	$3,159.44	8.44%
PERS Platinum	$1,670.14	$3,340.28	$4,342.36	$1,778.62	$3,557.24	$4,624.41	6.50%

Medicare Plans (M)	2026			2027			Percent Change
	Single	2-Party	Family	Single	2-Party	Family	
Medicare Advantage							
Anthem Medicare Preferred PPO	$571.70	$1,143.40	$1,715.10	$619.25	$1,238.50	$1,857.75	8.32%
Blue Shield Medicare Advantage PPO	$539.43	$1,078.86	$1,618.29	$619.36	$1,238.72	$1,858.08	14.82%
Kaiser Permanente Senior Advantage	$356.83	$713.66	$1,070.49	$333.93	$667.86	$1,001.79	-6.42%
Kaiser Permanente Senior Advantage Summit	$426.31	$852.62	$1,278.93	$391.74	$783.48	$1,175.22	-8.11%
UnitedHealthcare Group Medicare Advantage PPO	$481.29	$962.58	$1,443.87	$534.00	$1,068.00	$1,602.00	10.95%
Medicare Supplement							
PERS Gold Medicare Supplement	$597.57	$1,195.14	$1,792.71	$597.57	$1,195.14	$1,792.71	0.00%
PERS Platinum Medicare Supplement	$665.50	$1,331.00	$1,996.50	$665.50	$1,331.00	$1,996.50	0.00%

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Staff Reports: Capacity Charges Report for Fiscal Year (FY) 25-26.	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 9.b.**

RECOMMENDED ACTION: Receive report on Fiscal Year (FY) 25-26 Capacity Charges, California Government Code (CGC) Section §66013 - information only.

SUMMARY AND DISCUSSION:

This summary report is prepared to comply with California Government Code Section 66013, detailing the amount of capacity charges (or connection fees) received by the District in FY 25-26, and how those charges were used to fund wastewater facilities capital-related projects.

The District's most recent Wastewater Capacity Fee Study (2016) recommended that the District: "Comply with the annual reporting requirements of Government Code Section 66013 et seq which includes publishing a public document demonstrating the expenditure of capacity fee funds on capital improvements or debt service used to fund capital improvements." The District's Annual Budget document serves as the public document that demonstrates the allocation and expenditure of capacity (connection) fees on capital improvements or debt service used to fund capital improvements.

In FY 25-26, (and as noted in the FY 26-27 Annual Budget), the District received $208,152 in capacity (connection) fee revenue. Consistent with prior years, all of this revenue was allocated to the District's Capital Fund Revenue Center (Cost Center 51000), Account No. 51020, and expended via "Capital Improvements Cost Centers – 72000, 73000 and 78500". Expenditures under these Cost Centers totaled $12,379,235 in FY 25-26, or $12,171,083 in excess of the estimated connection fees collected.

STRATEGIC PLAN INFORMATION: This item addresses Goal 3 (Organizational Excellence) and Goal 4 (Outreach) of the latest Strategic Plan.

Prepared by: lc, ssk	**Reviewed by General Manager:** SSK

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Staff Reports: Uniform Public Construction Cost Accounting Act (UPCCAA) Implementation for FY 25-26.	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 9.c.**

RECOMMENDED ACTION: Receive report on Uniform Public Construction Cost Accounting Act (UPCCAA) implementation for Fiscal Year (FY) 25-26 – Information only.

SUMMARY AND DISCUSSION:

The District utilizes the Uniform Public Construction Cost Accounting Act (UPCCAA, or the “Act”) to perform certain projects each year. The Act allows a local agency to perform these projects if the agency elects to follow the cost accounting procedures set forth in the Cost Accounting Policies and Procedures Manual of the California Uniform Construction Cost Accounting Commission. The Act is enacted under Public Contracts Code Sections 22000 through 22045. The District utilizes this Act under its Resolution No. 2947 adopting Ordinance No. 109 dated August 28, 2006, updated by Ordinance No. 118 adopted on August 12, 2013, and most recently updated by Board action at its regular meeting on December 10, 2018.

The District utilizes provisions of the Act for alternative bidding procedures as follows: (a) Projects of $75,000 or less may be performed by negotiated contract or by purchase order, (b) Projects of $220,000 or less may be let to contract by the informal procedures set forth in the Act, and (c) Projects of more than $220,000 are to be let to contract by formal bidding procedures. In short, the District uses the relevant provisions of the Act to allow the District to complete projects with less administrative effort while maintaining work quality.

For FY 25-26, the District utilized the Act provisions under item (a) and (b) above to complete work across the following projects/accounts:

1. Account No. 60153 (Collections: Outside Services) – total amount $42,645, five contracts.
2. Account No. 63150 (Reclamation: Repairs & Maintenance) – total amount $45,535, five contracts.
3. Account No. 63157 (Reclamation: Ditch/Dike Maintenance) – total amount $7,769, one contract.
4. Account No. 65150 (Pump Stations: Repairs & Maintenance) – total amount $1,565, one contract
5. Account No. 72706 (Collection System Improvements) – total amount $61,591, two contracts.
6. Account No. 72803 (Annual Collection System Repairs) – total amount $94,270, two contracts.
7. Account No. 72804 (Annual Recl. Fac. Improvements) – total amount $275,574, eleven contracts.
8. Account No. 72806 (Annual Pump Sta. Improvements) – total amount $131,604, three contracts.
9. Account No. 72807 (Annual Ignacio Facility Improvements) – total amount $15,820, three contracts.
10. Account No. 73003 (Admin/Maintenance Building Upgrades) – total amount $1,680, one contract.
11. Account No. 73008 (Treatment Plant Elec. Sys. Improvements) – total amount $12,992, one contract.

The total amount of work performed under the Act provisions in FY 25-26 was $691,045 across 35 projects. There were no projects over $75,000.

ATTACHMENT:

1. FY 25-26 UPCCAA Expenditures.

STRATEGIC PLAN INFORMATION: This item addresses Goal 2 (Facilities) and Goal 3 (Organizational Excellence) of the latest Strategic Plan.

Prepared by: eb	**Reviewed by General Manager:** SSK

DATE	WO/Contract #	NSD PM	Status	DIR Project ID	Description of work	Contractor	60153	63150	63157	65150	72706	72803	72804	72806	72807	73003	73008		`
7/14/2025	24-71*	AR	Closed 12/16/2025	N/A	Reclamation- Irrigation Locate for PGE towers installation	D&M Utility Co. of CA							$2,500.00						
7/16/2025	25-01	JJB	Closed 9/11/2025	N/A	Mowing and Trimming at Site 2 levees, road, biosolids lagoons	Cagwin and Dorward			$7,769.15										
8/7/2025	25-03	JA	closed 11/25/2025	N/A	Removal and assessment of Bahia Main pump 3	Koffler								14,600					
8/25/2025	25-04	RAF	Open	N/A	Build new control panel for Drainage Pump Station #7	Calcon Systems							$40,451.33						
8/28/2025	25-05	AR	Closed 12/29/2025	N/A	CCTV of 15" SS main from MH G15002 to MH G15005	Norcal Pipeline Services	11,500												
9/9/2025	25-06	JJB	Closed 10/17/2025	N/A	Remove, re-install, inspect IPS P3 400 HP motor	Koffler EAR, Inc.		14,380											
9/10/2025	25-07	JJB	Closed 11/6//2025	N/A	Main Road mowing and trimming - Sites 3 and 7	Cagwin and Dorward		9,317											
10/2/2025	25-08	JJB	Closed 10/17/2025	N/A	Ignacio Facility Potable Water Project: Remove (2) fence panels, provide temporary panels.	Able Fence Co, Inc.									$ 3,475.00				
10/2/2025	25-09	JJB	Closed 11/6//2025	N/A	Cagwin and Dorward: Ignacio Pot Water Project:	Cagwin and Dorward									$ 2,525.27				
10/23/2025	25-10	AR	Closed 12/23/2025	N/A	Corrosion Integrity: CP installation at Main Interceptor 2	Corrosion Integrity LLC					$5,660.00								
11/4/2025	25-11	JJB	Closed 6/4/2026	20250607335	Site 2 Eucalyptus Trees: Top 17. Remove 25 Dead/dying trees. Rem. Stumps Chip, off haul.	Fahy Tree Service							$56,000.00						
11/5/2025	25-12	JJB	Closed 12/4/2025	N/A	DPS 3 Sump: Remove sediment. Place sediment in Pasture 3.8.	Wetland Construction, Inc.							$12,745.00						
11/10/2025	25-13	JJB	Closed 12/4/2025	20250608140	Storage Ponds 1 and 2: Remove Tules, deposit removed tules in Pasture 2.1 - daily rate.	Wetland Construction, Inc.							$37,980.00						
11/13/2025	25-14	JA	Closed	N/A	Solid Grout Removal from 12" VCP line on Manuel Drive	Miksis Services, Inc.	$ 5,878.00												
11/19/2025	25-15	JJB	Closed 1/7/2026	N/A	DPS 3 and 7: Tide gate maintenance service.	Linscott Engineering Contractors		$ 8,240.00											
12/4/2025	25-17	AR	Closed 3/23/2026	N/A	Admin Building Lighting Maintenance	Reyff Electric Inc										$ 1,680.00			
12/8/2025	25-18	JJB	Closed 1/21/2026	20250611416	Storage Pond 1: Remove Tules, deposit removed tules in Pasture 2.1 - daily rate.	Wetland Construction, Inc.							$49,275.00						
12/9/2025	25-19	JJB	Closed 1/7/2026	N/A	445 Bel Marin Keys Blvd (Ignacio Facility): Tree Surgery south and east fence lines	Cagwin and Dorward									$9,820				
12/16/2025	25-20	JJB	Closed 1/20/2026	N/A	DPS 3: Cut vegetation to the ground level between pipes and 5 feet around pipes.	Cagwin and Dorward							$8,274.44						
12/16/2025	25-21	JJB	Closed 1/20/2026	N/A	DPS 7: Cut vegetation to the ground level between pipes and 5 feet around pipes.	Cagwin and Dorward							$5,140.24						
12/16/2025	25-22	JJB	Closed 1/20/2026	N/A	Pasture 7.8: Remove vegetation for new w. perimeter fencing: 6' by 950'.	Cagwin and Dorward							$4,777.57						
12/22/2025	SFA 25-23	JA	Closed 2/23/2026	N/A	(Short Form Agreement) Replace 4 raised manholes frame and covers	Linscott Engineering Contractors	$ 4,940.00												
2/4/2026	25-24	RAF	Closed	N/A	Flowmeter Calibrations @ Bahai Main, BMK5, Olive and East Hamilton Pump Stations	Telstar Instruments				$ 1,565.00									
2/25/2026	25-26	AR	Closed 3/12/26	N/A	Emergency Digup at 677 Peach Street-CCTV Camera Retrieval	Marin H20 Inc.	$ 8,000.32												
2/25/2026	PO 10335	JA	Closed	N/A	Emergency Digup/Repair 1269 Parkwood Drive	Linscott Engineering Contractors	$ 12,327.00												
3/18/2026	72803-MH-2025-01	AR	Closed		Shady Lane: MH and 6" Pipe Burst	Marin H20 Inc.						$ 33,369.57							
3/18/2026	72806-CI-2025-01	AR	Closed	20250604053	Bahia 1/2 CP Improvements	Corrosion Integrity LLC								$ 43,332.00					
3/26/2026	72806-CI-2026-01	AR	Closed	20260625418	Bayside, Hanger, Southgate Pumpstations CP Improvements	Corrosion Integrity LLC								$ 73,672.00					
4/7/2026	72804-AFC-2026-01	JJB	Closed 6/15/2026	20260624634	Demo original barbed wire fence. Replace with new barbed wire fence on W. side of P7.8	Able Fence Co, Inc.							$26,630.00						
4/8/2026	72804-WCI-2026-01	JJB	Closed	20260626709	Biosolids lagoons appurtenances removal - bollards, pipes, concrete.	Wetland Construction, Inc.							$31,800.00						
5/7/2026	73008-FES-2026-01	JJB	Closed	N/A	Identify and label conductors in pullboxes TBC-12B4-A and TBC-12A4-A.	Fowler Electric Services, Inc.											$ 12,992.00		
5/8/2026	72403-LEC-2026-01	JJB	Closed 5/20/26	20260631760	Remove original P2. Fabricate base and fittings to install new submersible P2.	Linscott Engineering Contractors													
5/18/2026	72706-MH-2026-01	AR	Closed 5/18/26	20260630174	Pierce Drive Pipe Burst Project G20048-G20047 and G20047-G20046	Marin H20 Inc.					$ 55,931.29								
5/20/2026	2601-63150	JJB	Closed	N/A	Annual Vegetation Cleanup - Site 2	Cagwin and Dorward		$ 4,887.97											
5/20/2026	2602-63150	JJB	Closed	N/A	Mowing roads and levee tops Site 2	Wetland Construction, Inc.		$ 8,710.00											
6/16/2026	72803-HC-2026-01	AR	Closed	20260639860	BMK manhole coating project, Phase 2	Hardiman Construction						$ 60,900.00							
							$ 42,645.32	$ 45,534.97	$ 7,769.15	$ 1,565.00	$61,591.29	$ 94,269.57	$275,573.58	$ 131,604.00	$ 15,820.27	$ 1,680.00	$ 12,992.00	**$ 691,045.15**	
	*Carried forward from FY 24/25																		

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Grand Jury Report: "*Better Service at Lower Cost — Optimizing Essential Services for the Future of Marin*", dated June 11, 2026.	**MEETING DATE: August 10, 2026** **AGENDA ITEM NO.: 10.a.&b.**

RECOMMENDED ACTION(S):

a. **Review 2025-26 Marin County Civil Grand Jury report titled "*Better Service at Lower Cost — Optimizing Essential Services for the Future of Marin*", dated June 11, 2026.**
b. **Review draft response to the Grand Jury Report, and subject to any changes, edits, or revisions, authorize the Board President to provide the response to the Grand Jury.**

SUMMARY AND DISCUSSION:

At the July 2026 Board meeting, the Board was presented with the 2025-26 Marin County Civil Grand Jury report (Report) titled "*Better Service at Lower Cost — Optimizing Essential Services for the Future of Marin*", dated June 11, 2026.

The staff report for that meeting also noted that the Grand Jury had requested that the District respond to all Findings and Recommendations of the Report. Upon review and comment, the Board authorized staff and District Counsel to prepare a draft response for the Board's consideration at the August 2026 Board meeting.

Accordingly, the following items are being provided at this meeting:

1. A copy of the Report (Attachment 1) - provided once again for purposes of reference and/or further review, and
2. A DRAFT response letter (Attachment 2) prepared by staff and District Counsel per Board direction.

It is recommended that the Board review the Grand Jury report (Attachment 1) once again.

It is also recommended that the Board review the draft response (Attachment 2), and subject to any changes, edits, or revisions, authorize the Board President to provide the response to the Grand Jury.

ATTACHMENTS:

1. 2025-26 Marin County Civil Grand Jury report titled "*Better Service at Lower Cost — Optimizing Essential Services for the Future of Marin*", dated June 11, 2026.
2. DRAFT response dated August 10, 2026 to Findings F1 through F7, and Recommendations R1 through R9, Grand Jury Report of June 11, 2026, titled: "*Better Service at Lower Cost — Optimizing Essential Services for the Future of Marin*".

STRATEGIC PLAN INFORMATION: This item addresses Goal 1 (Operational Excellence), and Goal 3 (Alignment and Communications), of the latest Strategic Plan Update.

Prepared by: rh, ssk	**Reviewed by General Manager:** SSK

Better Service at Lower Cost — Optimizing Essential Services for the Future of Marin

June 11, 2026

SUMMARY

Marin County depends on more than 50 special districts to deliver essential public services including fire protection, water, sanitation, and refuse services. Many currently provide average or above average levels of service according to recent county surveys[1], due in part to conscientious local stewardship and decades of dedicated civic engagement. However, the current fragmented structure of essential service delivery has produced structural weaknesses: duplicated administrative systems; uneven service quality and fees; and limited capacity for strategic investment. In addition, vulnerability to staff turnover, and difficulty adapting to countywide risks such as climate change, aging infrastructure, workforce shortages, and rising costs present increasing challenges.

This report outlines an opportunity for the public and board members to make changes that will benefit Marin residents for decades. Optimization of these special districts into resilient, more efficient entities can offer improved services at lower costs for residents. It will also provide strategic direction and improve career opportunities and compensation for special district employees. Our inquiry revealed widespread agreement on the benefits of collaboration, and acknowledged that in many cases this may lead to legal consolidation.

Unfortunately, there is no county entity solely responsible for taking action. We are therefore calling on the directors of Marin's special districts to work with Marin County government to realize, for all of Marin's residents, the evident benefits of consolidation, cooperation, and simplification. Absent proactive reform, the county risks governance by crisis rather than governance by design. Unwanted results of the current stagnation could yield not just a decline in the levels of services offered, but also substantially higher cost for all.

Throughout its interview process, the Grand Jury found almost unanimous agreement that consolidation would benefit most special districts. We realize that consolidation is not appropriate for every district in every circumstance. However, functional collaboration for strategic projects and unification for common general shared services (e.g., legal, finance, human resources, purchasing, information technology) is a good first step. Strategic, mission-focused optimization, implemented locally and deliberately, driven bottom-up by the special district boards, offers a credible path toward stronger services, more equitable outcomes, and improved value for residents.

[1] https://marin.granicus.com/MetaViewer.php?view_id=33&clip_id=12012&meta_id=1289454

Although this report is not about school districts, the Grand Jury believes that its findings and recommendations are relevant for school districts as well.

The Grand Jury ultimately finds that the status quo is increasingly misaligned with Marin's long-term needs. **The time to begin deliberate, structured optimization of special districts is now.**

This report presents formal Findings and Recommendations; a phased circle of success for consolidation (Graphic 3); a tactical table for meaningful next day actions (see Appendix C); and a call to leadership to special district boards, the Local Agency Formation Commission (LAFCo), the Marin County leadership, and the public.

BACKGROUND

Special districts in Marin County were formed to provide services — such as water, sanitation, and mosquito control — that our cities and the County did not offer. Historically, these districts demonstrated that infrastructure services can be governed locally and effectively. One of the earliest major agencies was the Marin Municipal Water District (formed in 1912), followed by sanitation and fire protection districts as suburban growth accelerated after the 1937 opening of the Golden Gate Bridge. Post-World War II population growth led to the creation of many additional utility and fire districts, especially in unincorporated areas. In 1963, LAFCo was established as a state-mandated local California regulatory body that oversees the formation and boundaries of cities and special districts. Today, Marin has a multitude of independent and dependent special districts providing focused public services across the county. For a more comprehensive overview, see the LAFCo website[2].

The Grand Jury's inquiry has focused on how accelerated collaboration and consolidation could be achieved and why it has not occurred despite decades of discussion, including at special district board meetings and in previous Grand Jury reports.

APPROACH

The investigation relied on structured interviews with stakeholders across local and county government, special districts, and union representatives; attendance at special district board meetings; analysis of district documentation, past Grand Jury reports and publicly available information; examination of historical trends in special district governance; and review of comparative data regarding district consolidation statewide. The Grand Jury evaluated governance structures, board dynamics, financial pressures, workforce challenges, and public accountability mechanisms to determine the practical barriers and opportunities related to broader collaboration and consolidation.

DISCUSSION

Marin's special districts generally deliver average to above-average services at reasonable cost. But this stability has led to complacency, and reinforces the erroneous belief that structural

[2] https://www.marinlafco.org/special-districts-list

reform is unnecessary. The pressures of climate change, aging infrastructure, demographic shifts, workforce shortages, and funding uncertainty are cumulative and accelerating, and will require a different long-term strategy.

Smaller sanitary and fire districts struggle to compete as employers. Some districts have just one employee. They often offer limited advancement opportunities, narrower service offerings, and non-competitive compensation. These constraints increase turnover risk and reduce institutional resilience. In contrast, larger, consolidated agencies such as the Southern Marin Fire District offer greater stability, broader expertise, improved training environments, and stronger succession planning.

The Grand Jury heard consistent testimony that no single actor is empowered or incentivized to lead collaboration or consolidation efforts. Boards fear political consequences and/or an elimination of their roles; administrators fear career disruption; and the public often misunderstands both the risks of inaction and the benefits of reform. This diffusion of responsibility has resulted in decades of analysis with limited structural change.

BENEFITS OF OPTIMIZING FOR BETTER SERVICES

The evidence reviewed by the Grand Jury supports numerous benefits of collaboration and consolidation, including:

- Reduced administrative overhead and elimination of duplicative functions. *Every special district has a similar need for basic administrative services in the areas of finance, legal, human resources (HR), insurance and information technology services (IT). Significant opportunities exist to harmonize and save costs through shared services in these areas — either provided by the County or organized by the special districts themselves.*
- Increased purchasing power and potential cost savings by aggregating and standardizing equipment, services and supplies — *e.g., Southern Marin Fire fronted the cost of new self-contained breathing apparatus (SCBA) equipment for San Rafael, Novato, and Tiburon to be repaid when the Federal Emergency Management Agency (FEMA) Assistance to Firefighters Grant money is received. The unit cost was reduced for all four fire districts because of this partnership.*
- Stronger professional staffing levels through improved training opportunities, career development and specialized capabilities. *Larger organizations provide the opportunity to attract and retain employees early in their careers and develop them into strong contributors over time with clear career paths and training opportunities.*
- Improved and uniform salary bands, competitive benefits, and employee assistance programs. *Firefighters from different fire departments sustaining similar injuries at the same fire might, as a consequence, receive different levels of care, long-term disability benefits and workers compensation benefits that can result in dramatically different outcomes. Outcomes can range from a speedy and healthy return to work, to a premature career end. Appendix A illustrates the wide range of base salaries for firefighting*

personnel across fire districts in Marin. Pay inequalities typically result in higher attrition, less job satisfaction and reduced training investments.
- More consistent service levels and fairer pricing across comparable communities. *See Table 7 below regarding sanitary sewer charges and water charges.*
- Enhanced asset management and long-term infrastructure planning aided by combining financial reserves. *Examples include: monitoring technology in sanitary districts and new specialized firefighting equipment.*
- Stronger governance through more strategic, less operationally burdened boards.
- Greater organizational resilience to financial and operational shocks. *Bundling reserve funds would, for example, provide substantial insurance against even larger events and at the same time free up capital for long-term improvement projects.*
- Reduce the possibility of crisis-driven interventions.

As mentioned earlier in this report, this inquiry revealed widespread agreement on the benefits of collaboration, often acknowledging that this may lead to legal consolidation. Unfortunately, there is no county entity solely responsible for taking action.

BARRIERS AND CHALLENGES

The Grand Jury recognizes many legitimate barriers to consolidation, including:

- Public concern about loss of local control
- Resistance from board members concerned about preserving authority
- Concern from administrators about employment
- Complexity of labor and pension alignment and integration
- Differences in funding mechanisms
- Time and cost involved in consolidation studies

These barriers, however, are not unique to Marin. They have been successfully addressed in other jurisdictions and in prior Marin consolidations. The Grand Jury finds that these challenges, while real, are manageable with leadership, transparency, and structured planning. The most promising path to create larger, meaningfully-sized special districts in Marin is a bottom-up approach that puts the board members of these special districts in control of their own destiny.

The Grand Jury encourages the consolidation of a limited number of special districts at one time. Previous failed attempts had one thing in common — too many involved parties. That gave change-resistant participants a larger platform to sow doubt and fear. In the end, this derailed a successful outcome. Our research found that the main driver of resistance — aside from intimidation by the complexity of the task — was the perceived “loss of local control.”

The fight to restore the Town of Ross Fire Station is a clear example of misguided civic engagement at odds with effective service today, which relies on coordinating resources across jurisdictions, not maintaining standalone structures for symbolic reasons.

Ross’ risk profile has also changed. Stronger building standards have reduced fire risk, while an aging population requires better medical response. Staffing a standalone station is easy to demand, but difficult to sustain, according to local firefighters. Rather than “building for yesterday,” Ross’ elected officials should focus on a coordinated countywide system, emphasizing strong medical response capabilities.

In attending special district board meetings, the Grand Jury found that discussions about consolidation were often torpedoed by a single board member advocating for “local control” and emphasizing the risk of losing it. But local control is often more perception than reality. In the end, residents care about getting good services at a reasonable cost. Residents who call for fire response are often not aware of which agency ends up assisting them. For example, because of the current consolidated and efficient emergency dispatch system in Marin County, the closest emergency unit is sent to respond to the call regardless of district boundaries. Prioritizing local control does a disservice to its residents. It ignores economies of scale, group purchasing power, collective bargaining with unions, and the ability to maintain staff who often leave for better career opportunities.

Often the local control advocates are board members who have long tenure on the board and seem reluctant to give up authority. One solution could be for special districts to maintain their voice after consolidation by requiring that there be board seats from all represented areas on their governing board for a specific period as a transition. An example of a special district consolidation doing this well is Southern Marin Fire District, where board seats represent different communities and ensure that local voices are still heard.

THE CASE FOR TERM LIMITS FOR BOARD POSITIONS

The Grand Jury finds that the majority of special district board members are passionate about the special district they govern, and take the role very seriously. Many of them have amassed an impressive amount of institutional knowledge via decades of service, and are very involved in day-to-day operations and tactical decision making. Typically, there are often a wide variety of opinions among board members about how to best perform their role. We witnessed forward-thinking, well-informed members with an impressive drive to change things for the benefit of residents. We also saw board members who did not meet that mark.

Although board tenure in some cases can add value, overall we witnessed that long tenure on the same board leads to stagnation and outright resistance to change. We were unable to find a special district board in Marin that had term limits in place, and many boards have members who have served for decades. The Grand Jury believes that adopting term limits would have a positive impact overall on the development of essential services in Marin:

- Influx of new talent — open board positions would attract interested residents with new ideas, skills, expertise and ambition, who would be willing to “throw their hat in the ring” for uncontested board positions instead of running against an incumbent.
- “Retiring” board members (after recommended two four-year terms) would get the opportunity to apply their process knowledge to new areas of local government and further improve the community through cross-pollination.

- Old ideas and concepts would get a fresh look. Projects that may have been tried unsuccessfully 15 years ago might work today. Times and opinions change.

Marin County often experiences a shortage of residents willing to serve on smaller special district boards. A welcome side effect of consolidation would be the aggregation of board seats empowered to drive strategic and meaningful change in the newly designed district. This opportunity would attract more qualified candidates as well in the long run. It would further eliminate the current observed practice of “board seat accumulation”; the Grand Jury noticed that the same persons serve on multiple agencies, councils and committees within their area of expertise. This is particularly concerning when the same person is serving in capacities that are meant to supervise and monitor the operations and decisions of a special district, thus muting the intended checks and balances.

THE CASE FOR HARMONIZED FEES, PRICING MODELS AND SERVICE LEVELS

One obvious shortcoming of the current special district structure is wide variation in service fees and service levels. Residents in the same neighborhood sometimes pay a very different price for the same service. Sewer service fees (see Graphic 1 below) are a prime example. Sanitary districts differ widely in their approach to cover costs — from yearly flat fees to a fair and transparent usage-based approach. Advances in technology have made the usage-based approach practical, efficient, and fair, giving households an incentive to act responsibly with scarce resources. If Marin County had one uniform scale for these services, it could be an opportunity to show that cooperation and partnership is possible without legal consolidation. It’s up to the boards to organize themselves and deliver.

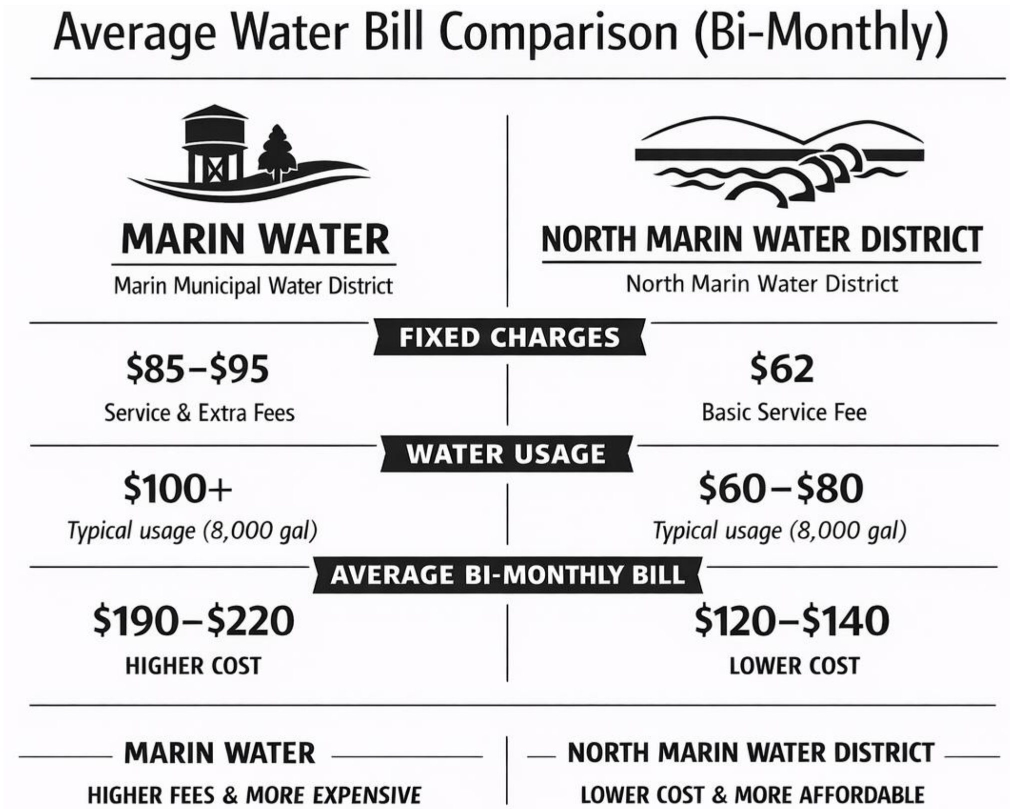
***Graphic 1**: Annual Sewer Service Charges — Novato Sanitary District Final Budget 2025–2026*[3]

AGENCY	RATE($/yr.)
Sanitary District No. 5 - Belvedere	$2,237
Sanitary District No. 5 - Tiburon	$2,237
Sanitary District No. 1 - City of Larkspur	$1,844
City of Mill Valley	$1,595
Tamalpais Community Services District	$1,584
Las Gallinas Valley Sanitary District	$1,492
Ross Valley Sanitary District (SD#1)	$1,288
Vallejo Sanitation & Flood Control District	$1,272
City of Santa Rosa	$1,260
City of Petaluma	$1,087
Sausalito-Marin City Sanitary District	$1,053
City of San Rafael	$1,012
Sanitary District No. 2 - Town of Corte Madera	$906
Napa Sanitation District	$739
NOVATO SANITARY DISTRICT	**$729**

Notes: All charges for FY 25-26 (proposed or adopted) unless otherwise noted

[3] https://novatosan.com/doc/10320/

***Graphic 2**: Comparison of water charges in Marin based on published customer water rates*



Source: Calculated customer water rates effective 2025 from
Marin Municipal Water District and North Marin Water District.
Chart created by the Grand Jury.

The Grand Jury also observed another barrier for successful self-optimization of essential services: The emotional resistance to modernization by some of the recipients and payers of more complex, situational services such as fire protection and health-related emergency services. Small groups of residents and town officials share the perception that they don't receive "value for money" and lobby for outdated solutions that are not based on current and future needs — as noted earlier about the fight to restore the Town of Ross Fire Station.

THE CASE FOR COUNTY-WIDE SHARED SERVICES FOR COMMON ADMINISTRATIVE NEEDS

Duplication of efforts for common administrative services is another significant opportunity to improve quality and lower cost — without compromising core services or a loss of perceived "local control." Every special district has currently organized these services in ways it perceives to be affordable and meet its needs, and cover its risks. These common administrative tasks range from general IT services (cyber security, web hosting), legal support and advice, finance (reporting, accounting), purchasing services, HR (payroll, employee relations, staffing processes and procedures) to general business insurance needs. All of these functions take a significant amount of time to organize and divert energy from tasks and responsibilities that are key contributors to the success of each district. During our investigation, the Grand Jury found these services organized along many different standards, from highly professional, to very basic, to substandard. We believe that providing these services on a county level would result in:

- Efficiency gains and lower operating cost
- Fair and improved employee benefits with a county-wide standard
- Increased sharing of best practices and best-in-class vendors across all special districts
- Combined purchasing power and transparent vendor selection
- Reduced exposure to legal risks by more consistent practices and quality across all services
- Lowered risk of self-dealing and mismanagement through greater financial transparency

We conclude that the County of Marin could help support these efficiency efforts by developing a comprehensive set of cost-efficient, general shared services for special districts to optimize expenditures and secure a Marin-wide acceptable quality and standard.

THE CASE FOR LEGAL CONSOLIDATION

For situations when it makes strategic sense, the Grand Jury identified a clear pattern for successful legal consolidations in Marin, with the best example being the Southern Marin Fire District. This was a proactive, collaborative consolidation where the parties embraced the principles of efficiency that we highlight in this report. Consolidation typically follows a three-phased approach and can still be considered the safest road to significantly improving service delivery and managing costs because it reduces overhead, simplifies reporting structures, and eliminates expensive redundant management layers.

Phase 1: "Dating" — Districts engage in structured dialogue with similar districts, comparing key performance indicators (KPIs), exploring shared service agreements, and increasing transparency to the public.

Phase 2: "Engagement" — Districts expand shared services, commission formal studies, consult with LAFCo (the state-mandated local regulatory body that reviews and approves changes of special district boundaries), and begin governance and labor harmonization planning.

Phase 3: "Marriage" — LAFCo issues a Certificate of Completion, formalizing consolidation. The new entity must demonstrate transparency, accountability, and measurable performance outcomes.

Graphic 3*: Special District legal consolidation — circle of success (starts at the top and perpetually recycles)*

Source: Created by Marin Civil Grand Jury 2025–2026.

CONCLUSION

The Grand Jury concludes that Marin's special districts are staffed by dedicated individuals and have historically served the county well. But the structure in which they operate is increasingly fragile in the face of modern challenges. Consolidation is not always the solution, but it is a practical and necessary tool for strengthening governance, improving service equity, and enhancing long-term resilience. It is most effective when organized around mission-specific services (e.g., fire with fire, sanitation with sanitation) rather than geographic bundling of unrelated services. Mission-specific consolidation may be more challenging in West Marin because of its geography.

Our inquiry revealed widespread agreement about the benefits of collaboration, often acknowledging that this may lead to legal consolidation. Kudos to the special districts who have already taken proactive steps in this direction. Unfortunately, there is no county entity solely responsible for taking action. We are therefore calling on the directors of Marin's special districts to work with their peers and the County to realize for all of Marin's residents the evident benefits of simplification, cooperation and consolidation. Absent proactive reform, Marin County risks governance by crisis rather than governance by design. **The time to begin deliberate, structured optimization and/or consolidation is now.**

FINDINGS

F1. The current fragmented structure of special districts results in unnecessary duplication of administrative services and operational inefficiencies.

F2. Some districts perform competently but lack sufficient scale to support long-term strategic investment in infrastructure, technology, staffing, and resilience.

F3. Smaller districts are disproportionately vulnerable to staffing disruptions and catastrophic events that could rapidly impair service delivery.

F4. Although consolidation is a popular idea among many elected board members, current governance structures, absence of board member term limits, and fear of loss of political influence discourage boards and administrators from initiating consolidation even when they recognize its benefits.

F5. Service and pricing inequities currently exist across Marin and may increase if consolidation and functional collaboration do not accelerate.

F6. Performance metrics for essential, mission-specific services exist but they are not readily available and standardized, which prevents meaningful public comparison of district effectiveness and undermines accountability.

F7. Without proactive reform, future consolidations are more likely to occur through crisis-driven intervention, resulting in greater disruption and higher costs.

RECOMMENDATIONS

R1. By January 1, 2027, all special district boards should have conducted their first semi-annual consolidation exploration meeting with similar districts and will have established a regular meeting schedule moving forward.

R2. By October 1, 2026, the Board of Supervisors should direct the development of comprehensive, cost-efficient shared services (such as IT, legal, finance, HR/payroll, harmonized compensation/benefits package, insurance) for special districts to optimize expenses and secure a Marin-wide acceptable quality standard. First limited-service offerings are encouraged to be made available by January 1, 2027.

R3. By January 31, 2027, with the assistance of the County, all districts should develop and publish on their website standardized, comparable Key Performance Indicators (KPIs) with regard to service pricing, finance, staffing, operations, and customer satisfaction.

R4. By January 31, 2027, each district should publicly update findings and progress regarding consolidation opportunities, and share those findings with the Board of Supervisors and the public on a semi-annual basis.

R5. By January 31, 2027, the Board of Supervisors should oversee compliance with R1–R4 and update the public on the districts' performance.

R6. By October 1, 2026, in the process of implementing R1 and R2, districts should prioritize functional consolidation in operations, procurement, training, and administration as a precursor to formal consolidation.

R7. By October 1, 2026, the district's board compensation, benefits, length of service, date of term end, and expenses related to board work should be clearly and prominently posted on each district's website and updated annually.

R8. By June 1, 2027, special districts should adopt term limits of two consecutive four-year terms for all board members. Staggered implementation of term limits to avoid disruptions is encouraged.

R9. By June 1, 2027, board compensation structures should be reviewed across districts, and considered for adjustment. All components of board compensation should be posted on their website (see best practice example in Appendix B).

REQUIRED RESPONSES

Pursuant to Penal Code section 933.05, the Grand Jury requires responses to all findings and recommendations (F1-F8 and R1-R9) from the following governing bodies:

From the following governing bodies within 90 days:

- Marin County Board of Supervisors
- San Rafael City Council, City of San Rafael
- Town of Ross
- Almonte Sanitary District
- Alto Sanitary District
- Central Marin Sanitation Agency
- Corte Madera Sanitary District #2
- CSA #28 (West Marin Paramedic)
- CSA #31 (Marin County Fire)
- Homestead Valley Sanitary District
- Kentfield Fire Protection District
- Las Gallinas Valley Sanitary District
- Marin City Community Service District
- Marin Municipal Water District
- Marinwood Community Service District
- Murray Park Sewer Maintenance District
- North Marin Water District
- Novato Fire Protection District
- Novato Sanitary District #1
- Richardson Bay Sanitary District
- Ross Valley Sanitary District
- Ross Valley Fire Department
- Ross Valley Paramedic Authority
- San Quentin Village Sewer Maintenance District
- San Rafael Sanitation District
- Sausalito/Marin City Sanitary District
- Sewerage Agency of Southern Marin (SASM)
- Sleepy Hollow Fire Protection District
- Southern Marin Emergency Medical-Paramedic System
- Southern Marin Fire District
- Strawberry Recreation District

- Tamalpais Community Service District
- Tiburon Fire Protection District
- Tiburon/Belvedere Sanitary District #5

INVITED RESPONSE

From the following county official within 60 days:

- Marin County Executive

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted in accordance with Penal Code section 933, subdivision (c) and subject to the notice, agenda and open meeting requirements of the Brown Act.

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

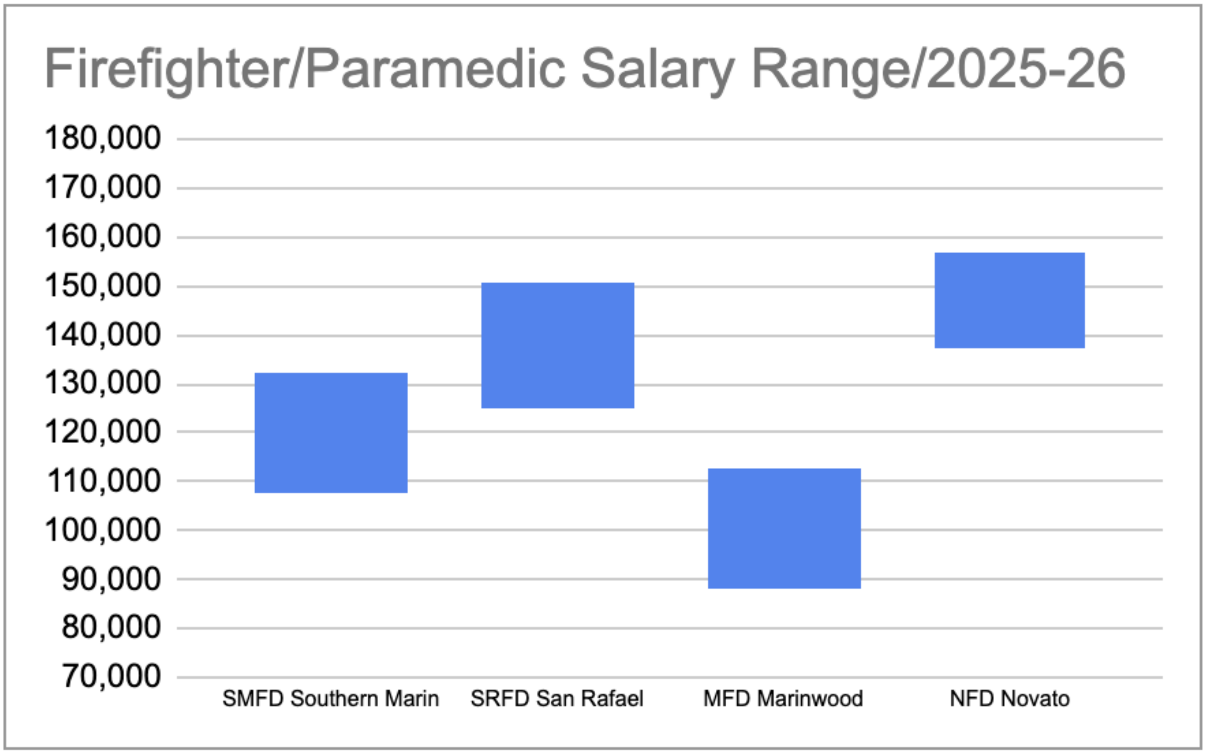
Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury *not* contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature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

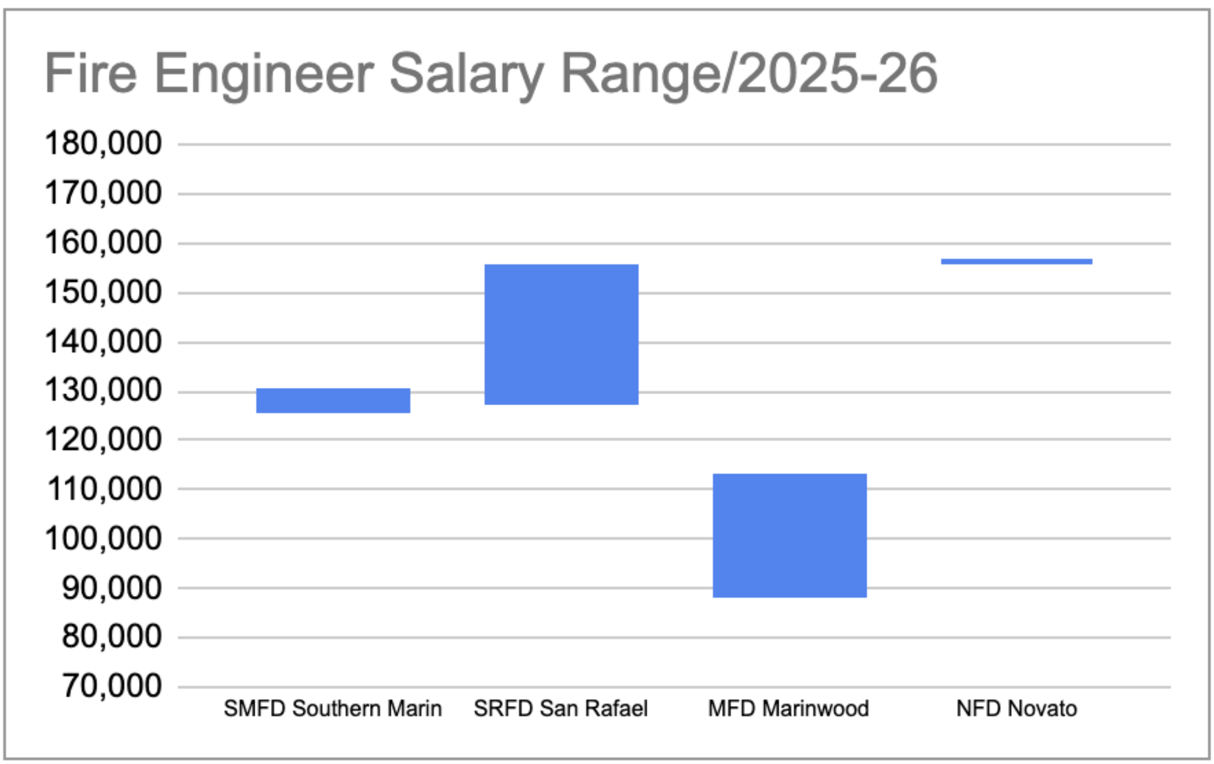
GLOSSARY

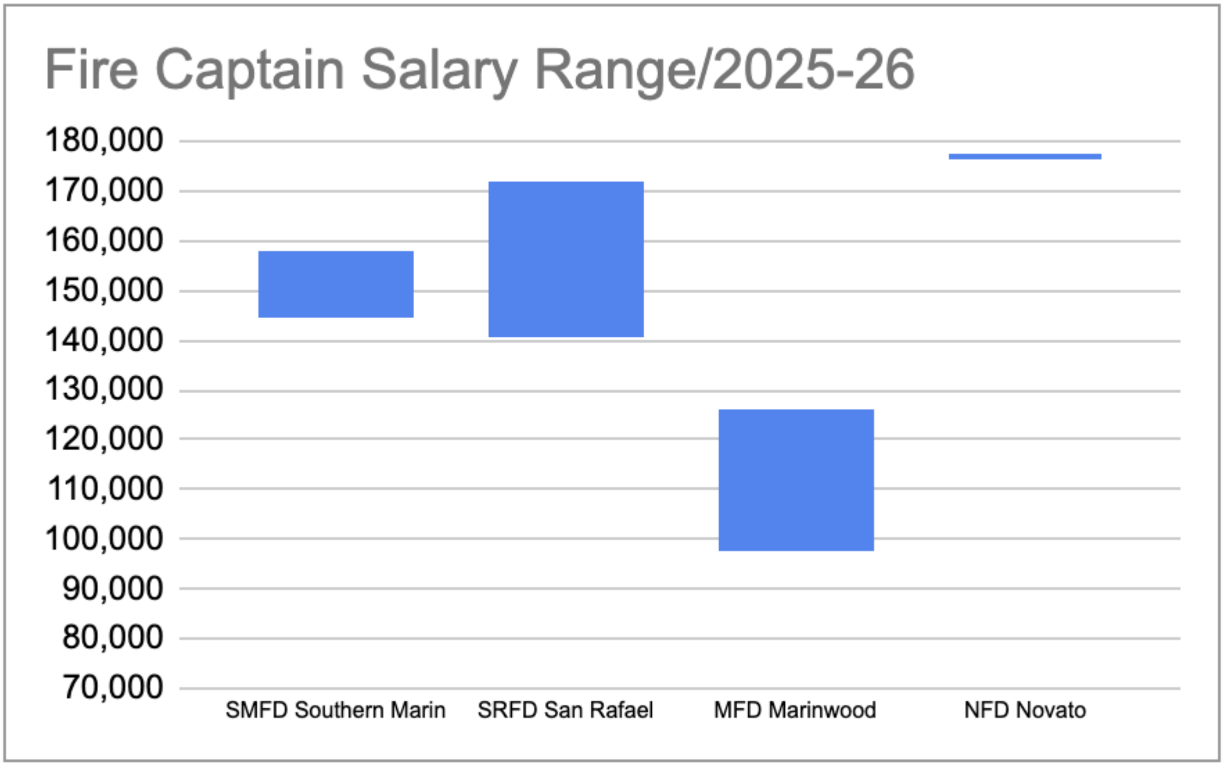
A comprehensive overview of special district related terms and acronyms can be found on the Marin LAFCo[4] website.

[4] https://www.marinlafco.org/special-districts-list

APPENDIX A: Examples of Marin County Fire Departments Salaries, FY 2025-2026







Source: Websites of Southern Marin, San Rafael, Marinwood and Novato Fire Departments.

APPENDIX B: Example of Best Practice Board Compensation Transparency

Shown: Marin Municipal Water District, 2024–2025

Board of Directors Expenses - 2024/25						
Type of Activity or Benefit	**Ranjiv Khush**	**Diana Maier**	**Larry Russell**	**Matt Samson**	**Monty Schmitt**	**Jed Smith**
Regular Board Meetings	5,550	4,000	5,800	4,850	1,800	5,550
Board Committees and Other Special Board Meetings	5,600	3,000	5,750	5,550	1,800	5,300
Liaison Assignments to Advisory Committees, Councils and Forums	2,650	1,250	4,950	4,600	200	5,500
Conferences, Training and Memberships	990	3,882	8,159	2,095	-	30
Medical/Dental Benefits	-	14,071	6,831	116	8,941	-
Total	**$ 14,790**	**$ 26,203**	**$ 31,490**	**$ 17,211**	**$ 12,741**	**$16,380**

Source: https://marinwater.org/wp-content/uploads/2025/09/Board-Mem.-Expenses-FY23.pdf

APPENDIX C: Special District Consolidation Tactical Table

STAKE-HOLDERS	Phase 1 Collaboration	Phase 2 Functional Consolidation	Phase 3 Consolidation
SD Board	Conduct consolidation exploration workshop (risk & reward, financials, Key Performance Indicators, staffing, service offerings, roadblocks, capital infrastructure). Meet with peers at corresponding districts to agree on areas of collaboration and compare notes. **Key Deliverable**: Shared Service Agreement.	Implement Shared Services Agreement; review and monitor, assess and adjust services. Evaluate progress against deliverables. Regular reports back to public stakeholders **Key Deliverable**: Certificate of Completion.	Reconfigure board, execute consolidation (new services, pricing, staffing). Prepare the next consolidation opportunity.
SD Staff	Prepare consolidation impact analysis on staff opportunities, assets and services. Continue to meet with peers at corresponding districts to agree on areas of further collaboration. **Key Deliverable**: Staffing Impact Analysis, Culture Mapping.	Execute functional consolidation activities and provide feedback and improvement opportunities to board.	Execute consolidation activities and provide feedback and improvement opportunities to board. Perform as one entity.
Unions	Support staff and board; map out benefits of consolidation for their members; lead discussion among their members. Present county-wide assimilation of compensation, benefits and pension structure for the desired end state (one SD per county). **Key Deliverable**: County-wide MOU proposal.	Negotiate and agree on MOU (memorandum of understanding). Evaluate retirement systems, workers comp.	
Elected Officials	Openly support mission-specific SD consolidation in their jurisdiction. Encourage SD boards to drive consolidation. Provide access to infrastructure (facilities, counsel, staff). Actively dismantle CSDs (community service districts). Drive towards county-wide ordinance. Establish “State of SDs” as a fixed agenda point.	Endorse, campaign for and validate consolidation efforts (in public). Assist and remove roadblocks, share best practices, role model and embrace change. Support constituents with adapting to change.	Assist and remove roadblocks, share best practices, role model and embrace change. Endorse, campaign for and validate consolidation efforts (in public). Support constituents with adapting to change.

STAKE-HOLDERS	Phase 1 Collaboration	Phase 2 Functional Consolidation	Phase 3 Consolidation
Public	Attend board meetings and inquire about consolidation efforts. Speak to your neighbors and start a movement. Provide input for desired service offerings, send letters to the editor, and contact SD board, offices and administrators to express support for their cooperation and consolidation efforts.	Continue to stay engaged, offer feedback and service improvement opportunities, support consolidation, and defend consolidation during hearings.	Monitor success and benefits. Encourage further consolidation.
Media	Continue to cover the benefits of SD consolidation through articles, case studies, and best practices. Activate the public to attend board meetings (publish board meeting dates).	Continue to cover the benefits of SD functional consolidation through articles, case studies, and best practices. Activate the public to attend scheduled and posted board meetings.	Continue to cover the benefits of SD consolidation through articles, case studies, and best practices. Activate the public to attend scheduled and posted board meetings.
LAFCo	Advise districts about resources available, benefits, external consulting support, timelines, cost, and the process of consolidation. Hold workshops about how to mitigate potential roadblocks.	Provide analysis, accept application, manage public hearings and protests, issue Certificate of Completion.	Review, encourage and facilitate further consolidation efforts.
Board of Supervisors	Mandate and oversee compliance of GJ recommendations, provide funds pursuant to Gov. Code sections 60350–60356 (District Consolidation Assistance Program), provide strategic direction and monitor optimization progress. Provide shared services for special districts.		

DRAFT

August 12, 2026

The Honorable Judge Stephen P. Freccero
Marin County Superior Court
P.O. Box 4988
San Rafael, CA 94913-4988

Foreperson
Marin County Grand Jury
3501 Civic Center Drive, Room #275
San Rafael, CA 94903

Re: Response to Findings F1 through F8, and Recommendations R1 through R9, Grand Jury Report, "*Better Service at Lower Cost — Optimizing Essential Services for the Future of Marin*" dated June 11, 2026.

The Novato Sanitary District ("District" or "Novato Sanitary" or "NSD"), as a utility providing sanitary services in and about Novato, California, is required to respond to Findings F1 through F8, and Recommendations R1 through R9 of the subject Grand Jury Report (Report). We note that although a response to Finding F8 is requested, there does not appear to be a Finding F8 in the Report, and consequently our responses are limited to Findings F1 through F7.

The District Board of Directors met and discussed the Report in the open session portions of its following publicly noticed meetings, and in accordance with the notice, agenda, and open meeting requirements of the Ralph M. Brown Act:

- July 13, 2026, Board of Directors Meeting.
- August 10, 2026, Board of Directors Meeting.

The District's responses are provided below, and follow a format where each finding and recommendation is separately listed (in **bold font**) and responded to individually (with *responses in italics*).

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Responses to Findings

F1. The current fragmented structure of special districts results in unnecessary duplication of administrative services and operational inefficiencies.

Response to F1: *Pursuant to Penal Code Section 933.05, subdivision (a)(2), the District disagrees partially with the finding as applied to Novato Sanitary District. The report makes countywide observations regarding special districts generally but does not identify facts specific to the District demonstrating unnecessary duplication or operational inefficiency.*

The District acknowledges that the current structure of special districts in Marin County may appear superficially fragmented given the considerable variety of districts that are considered in the Report.

However, the District disagrees with the blanket assertion that these districts, which: (a) Were formed under different and distinct enabling legislation or statutes, (b) Provide distinctly diverse public services and facilities within the County, and (c) Are funded through a variety of revenue sources, result in an across-the-board duplication of services or operational inefficiencies. Even amongst agencies with similar enterprise services (such as sanitary districts), administrative and fiscal services and operational and capital needs will vary from district-to-district due to factors including, without limitation, geography, topography, size of population served, service area characteristics, regulatory permits and associated requirements, age of facilities, and anticipated growth within the service area.

F2. Some districts perform competently but lack sufficient scale to support long-term strategic investment in infrastructure, technology, staffing, and resilience.

Response to F2: *Pursuant to Penal Code section 933.05(a)(2), the District disagrees partially with the finding as applied to Novato Sanitary District. The District acknowledges that circumstances may vary among special districts, but the report does not identify facts specific to the District showing that it lacks sufficient scale to support long-term strategic investment.*

The District acknowledges that "some" Marin districts can be perceived to struggle to be adequately resourced on these issues.

However, the reality is that these issues can range from a local concern to a nationwide crisis and are not limited exclusively to "smaller" entities. In fact, it is well known in the water and wastewater industry that there are many large wastewater agencies in California with significant aging infrastructure that face limitations on the rate and quantity of necessary repairs or replacements despite significant revenue and resources. All of this reality in the water space is validated and verifiable from the extensive work done and documented by (among others) the US Environmental Protection Agency (USEPA), the various State Water Boards in California, and by industry standards setting organizations such as the American Society of Civil Engineers (ASCE), the American Water Works Association (AWWA), and the Water Environment Federation (WEF).

F3. Smaller districts are disproportionately vulnerable to staffing disruptions and catastrophic events that could rapidly impair service delivery.

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<u>*Response to F3*</u>: *Pursuant to Penal Code section 933.05(a)(2), the District disagrees partially with the finding as applied to Novato Sanitary District. The report does not identify facts specific to the District demonstrating disproportionate vulnerability to staffing disruptions or catastrophic events.*

The District acknowledges that "smaller"(1) districts (or public agencies) in general can be perceived to be uniquely vulnerable to these issues. However, the reality is that these issues can be (and typically are) addressed by strategies and best practices that can be implemented to better respond to these issues. Also, regardless of size, the cost of living and competition from other market sectors have impacts on staffing to all Marin agencies (or elsewhere).

Along these lines, the District with many other California water and wastewater agencies, is a member of the California Water/Wastewater Agency Response Network (CalWARN). This membership allows for collaboration among regional agencies for catastrophic events, emergency preparedness, disaster response, and mutual assistance. The District is also a member of the California Utilities Emergency Association (CUEA) that works to ensure regional reliability and resilience of utility systems across California.

(1) It is not clear from the Report what defines or constitutes a "smaller" district, as the term is not defined.

F4. Although consolidation is a popular idea among many elected board members, current governance structures, absence of board member term limits, and fear of loss of political influence discourage boards and administrators from initiating consolidation even when they recognize its benefits.

<u>*Response to F4*</u>: *Pursuant to Penal Code section 933.05(a)(2), the District partially disagrees with the finding as applied to the Novato Sanitary District. The report does not identify facts specific to the District supporting the conclusion that the District, its Board, or its administrators have been discouraged from considering consolidation because of governance structure, absence of term limits, or fear of loss of political influence.*

Specific to the District, NSD is the only Marin sanitary district that may be considered of a significant enough scale under generally accepted industry parameters such as population served, service area size, assets under management, etc., that is vertically integrated (or functionally consolidated) across the services it provides. In other words, unlike the Southern and Central portions of the County where many agencies exist to provide different but complementary aspects of sewer service, the Novato Sanitary District is <u>already</u> a single, integrated sewer and solid waste utility that addresses all aspects of public sewerage and solid waste services in Northern Marin.

As such, under generally accepted industry practices, it is already considered well organized across its functions by peer agencies and diverse, independent third-party evaluators such as S&P Global, the Government Finance Officers Association (GFOA), the National Association of Clean Water Agencies (NACWA), as well as regulators such as the USEPA, State Water Boards, the Air Board, etc. through their periodic evaluations of the District's practices and compliance records.

F5. Service and pricing inequities currently exist across Marin and may increase if consolidation and functional collaboration do not accelerate.

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<u>Response to F5</u>: Pursuant to Penal Code section 933.05(a)(2), the District partially disagrees with the finding as applied to the Novato Sanitary District. The report identifies differences in service fees among agencies, but it does not establish that the District contributes to inequitable service or pricing outcomes.

The District acknowledges that pricing variabilities exist in the context of special districts, and more particularly sanitary districts, in Marin County.

However, the District couldn't find information in the Report to substantiate this finding (especially on service inequities), other than a limited comparison of sewer service charges across Marin, and a comparison of water rates between the North Marin Water District (NMWD) and the Marin Municipal Water District (MMWD). There are many variables that affect actual rates and charges for services provided, including geography, topography, demography, and environmental factors, that aren't necessarily eliminated by consolidation. Many agencies have other sources of revenue such as significant ad valorem property taxes or property lease revenues in addition to "rate revenue" which was the only type of revenue highlighted in the report. In many instances, only one element of a special district's revenue, such a sewer service charge, is used to compare similar charges from other agencies which can be misleading. See response to Finding F2 above for additional information.

More specifically, and as referenced by the Report, NSD has (by far) the lowest sewer service charges in Marin County (and possibly the North Bay).

F6. Performance metrics for essential, mission-specific services exist but they are not readily available and standardized, which prevents meaningful public comparison of district effectiveness and undermines accountability.

<u>Response to F6</u>: Pursuant to Penal Code section 933.05(a)(2), the District partially disagrees with the finding as applied to Novato Sanitary District. The District supports transparency and public accountability, but the report does not identify specific District performance metrics that are unavailable or explain how the District's existing public information prevents meaningful public review.

Further, the District follows, meets, or exceeds generally accepted industry practices, performance metrics and standards, and regulatory requirements within its own industry. These practices, metrics, and standards are produced by credible metrics, ratings, or performance standards setting entities for our industry or related business areas, for example, USEPA, State Water Boards, GFOA, S&P Global, Municipal Finance Officers Association, the Bay Area Clean Water Agencies (BACWA), WEF, AWWA, etc. These metrics and our benchmarking and/or compliance against these metrics and requirements are documented in our regulatory and compliance filings, on our website, and reported out in public meetings of the District Board of Directors on a monthly, quarterly, or annual basis.

F7. Without proactive reform, future consolidations are more likely to occur through crisis-driven intervention, resulting in greater disruption and higher costs.

<u>Response to F7</u>: Pursuant to Penal Code section 933.05(a)(2), the District partially disagrees with the finding as applied to Novato Sanitary District. The finding is predictive and the report does not

identify facts specific to the District demonstrating that future consolidation involving the District is likely to occur through crisis-driven intervention.

Responses to Recommendations

R1. By January 1, 2027, all special district boards should have conducted their first semi-annual consolidation exploration meeting with similar districts and will have established a regular meeting schedule moving forward.

Response to R1: Pursuant to Penal Code section 933.05(b)(4), the recommendation will not be implemented because it is not warranted or is not reasonable as applied to the Novato Sanitary District, as the District is already a single integrated utility. The District will continue to evaluate opportunities for collaboration, shared services, and operational improvement where doing so would benefit District ratepayers. The District does not commit to the specific semiannual consolidation meeting structure recommended in the report unless the NSD Board determines that such meetings are appropriate and useful for the District.

As explained in the Response to Finding F4, and unlike the Southern and Central portions of the County where many agencies exist to provide different but complementary aspects of sewer service, the Novato Sanitary District is already a single, integrated/consolidated sewer and solid waste utility that addresses all aspects of public sewerage services in Northern Marin.

In addition, the District collaborates extensively with a number of other special districts in its space. There are many examples of resource and cost sharing across related agencies.

For example, at a statewide level, the District is a founding member of the California Sanitation Risk Management Authority (CSRMA), a statewide Joint Powers Authority that handles all aspects of insurance and risk management for over 60 sanitation, sanitary and water districts across California (including the District) and where the District's General Manager serves as President of the Authority's Board of Directors.

At the County level, the District and the Central Marin Sanitation Agency (CMSA) in San Rafael have a shared Safety Program with a single individual serving as the Safety Director for both entities. NSD and CMSA also share staff in an arrangement where CMSA staff manage a portion of NSD's pretreatment (dental amalgam) program.

At the local level, the District and the North Marin Water District (NMWD) cooperate extensively within our service areas. NSD and NMWD have a joint recycled water program with NSD serving as the recycled water producer and NMWD serving as the distributor. The two districts also collaborate extensively and share staff to meet their individual water quality testing and laboratory staffing needs.

Also, several years ago, all of the Marin wastewater treatment agencies combined their efforts and created an award winning (both locally and State-wide) public education program, which serves as a model for other counties across the state. Also, the Marin Association of Sanitary Sewer Supervisors (otherwise known as MASS) meets at least monthly to address and discuss common issues. We expect to continue to cooperate with each other, and NSD will continue to remain alert for and open to any opportunities for greater collaboration and cost reduction.

R2. By October 1, 2026, the Board of Supervisors should direct the development of comprehensive, cost-efficient shared services (such as IT, legal, finance, HR/payroll, harmonized compensation/benefits package, insurance) for special districts to optimize expenses and secure a Marin-wide acceptable quality standard. First limited-service offerings are encouraged to be made available by January 1, 2027.

Response to R2: Pursuant to Penal Code section 933.05(b)(4), the recommendation will not be implemented because it is not warranted or is not reasonable as applied to the Novato Sanitary District. This recommendation is directed to the Board of Supervisors. The District will review any shared service offerings made available and will consider participation where the District determines that participation is lawful, cost-effective, and in the best interests of District ratepayers.

As noted in the responses to Finding F4 and Recommendation R1, the District is already a single, integrated/consolidated sewer and solid waste utility that addresses all aspects of public sewerage and solid waste services in Northern Marin, including the ability to cost-effectively handle related business services such as IT, legal, finance, HR/payroll/comp/benefits, and insurance,) and moreover does so while having the lowest rates by far for its services. That said, the District remains open to considering shared services with the County if strategically beneficial to the District.

R3. By January 31, 2027, with the assistance of the County, all districts should develop and publish on their website standardized, comparable Key Performance Indicators (KPIs) with regard to service pricing, finance, staffing, operations, and customer satisfaction.

Response to R3: Pursuant to Penal Code section 933.05(b)(4), the recommendation will not be implemented because it is not warranted or is not reasonable as applied to the Novato Sanitary District. The District will consider appropriate performance information for publication and will evaluate any County-supported standardized KPI framework if one is developed. The District does not commit to adopting KPIs that have not yet been defined or determined to be appropriate for sanitary district operations.

The District's mission is to provide sewerage and solid waste services to its customers and comply with various state and federal regulatory requirements specific to these services. These requirements include compliance with certain metrics and associated performance indicators which have no application to other special districts that provide different services. There are numerous state laws (and associated case law) as well as industry methods and standards related to the setting and establishment of sewer service and solid waste charges and fees that do not apply to other types of services offered by other special districts. For example, attempting to standardize the District's requirements and performance with a fire protection agency would not be meaningful exercise or be beneficial to the public. (See also Response to Finding F6 for more information).

R4. By January 31, 2027, each district should publicly update findings and progress regarding consolidation opportunities, and share those findings with the Board of Supervisors and the public on a semi-annual basis.

Response to R4: Pursuant to Penal Code section 933.05(b)(4), the recommendation will not be implemented because it is not warranted or is not reasonable as applied to the Novato Sanitary District, as the District is already a single integrated utility. The District will report publicly on material collaboration or consolidation matters when such matters are before the NSD Board or *otherwise appropriate for public consideration. The District does not commit to semiannual reporting on consolidation opportunities absent an NSD Board-directed process or identified opportunity warranting such reporting.*

As further explained in the Response to Finding F4, and unlike the Southern and Central portions of the County where many agencies exist to provide different but complementary aspects of sewer service, the District is already a single, integrated/consolidated sewer utility that addresses all aspects of public sewerage and solid waste services in Northern Marin.

Also, the District's over 100-year history of cost-effective services, as supported by its public information efforts, is quite well known and accepted in the Novato/North Marin area by ratepayers and community leaders. That said, and as noted in the Response to Recommendation R2 above, the District remains open to considering shared services with the County if strategically beneficial to the District.

R5. By January 31, 2027, the Board of Supervisors should oversee compliance with R1–R4 and update the public on the districts' performance.

Response to R5: Pursuant to Penal Code section 933.05(b)(4), the recommendation will not be implemented because it is not warranted or is not reasonable as applied to the Novato Sanitary District. This recommendation is directed to the Board of Supervisors.

Novato Sanitary District is an independent special district organized in 1925 under the Sanitary District Act of 1923, California Health and Safety Code Section 6400 et seq., and is governed by its elected Board of Directors. The District will comply with applicable law and will consider any lawful County request for information in that context.

R6. By October 1, 2026, in the process of implementing R1 and R2, districts should prioritize functional consolidation in operations, procurement, training, and administration as a precursor to formal consolidation.

Response to R6: Pursuant to Penal Code section 933.05(b)(4), the recommendation will not be implemented because it is not warranted or is not reasonable as applied to the Novato Sanitary District, as it is predicated by recommendations R1 and Recommendation R2, recommendations that will not be implemented because each is not warranted or is not reasonable as applied to the District. The District will continue to consider functional collaboration in operations, procurement, training, and administration where doing so is lawful, operationally sound, and beneficial to District ratepayers. The District does not agree that functional collaboration must be treated as a precursor to formal consolidation

R7. By October 1, 2026, the district's board compensation, benefits, length of service, date of term end, and expenses related to board work should be clearly and prominently posted on each district's website and updated annually.

Response to R7: Pursuant to Penal Code section 933.05(b)(1), the District considers that it has implemented this recommendation.

(a) *The District Board's compensation, benefits, and expenses are located on its website under the "Board Compensation Information" heading at the following link:*

https://novatosan.com/about/compensation-and-benefits/:

(b) The information on the length of service and date of term end, along with initial election (or appointment) year and Board member Bio, is located on the District's website under the "Board of Directors" heading, sub-heading "Board Members" at the following link:

https://novatosan.com/about/our-board/

R8. By June 1, 2027, special districts should adopt term limits of two consecutive four-year terms for all board members. Staggered implementation of term limits to avoid disruptions is encouraged.

Response to R8: Pursuant to Penal Code section 933.05(b)(4), the recommendation will not be implemented because it is not warranted or is not reasonable as applied to the Novato Sanitary District.

The District Board of Directors has considered the recommendation and determined that adopting term limits would not benefit the public or the District at this time. The District currently has a balance of long-serving and newer Board members, providing both institutional knowledge and continuity, as well as fresh perspectives and new ideas. The Board's current composition reflects a range of experience levels and tenures, and it has not identified any governance issue that would be addressed through the adoption of term limits.

The District also notes that, following the transition from at-large elections to division-based elections, barriers to seeking election to the Board have been reduced by allowing candidates to compete within smaller geographic districts. The District believes this structure promotes meaningful electoral opportunities while preserving voter choice.

In addition, the District provides highly specialized public utility services that are narrow in scope, technically complex, capital intensive, and subject to extensive state and federal regulatory requirements. Over time, Board members develop substantial knowledge regarding wastewater operations, infrastructure planning, environmental compliance, public finance, and utility governance. The District believes that retaining the ability of voters to elect experienced directors, while also allowing new candidates to seek office through the regular electoral process, best serves the interests of District ratepayers and the public.

R9. By June 1, 2027, board compensation structures should be reviewed across districts, and considered for adjustment. All components of board compensation should be posted on their website (see best practice example in Appendix B).

Response to R9: Pursuant to Penal Code section 933.05(b)(1), the District considers that it has implemented this recommendation.

At its regular Meetings in May, June, and July, 2026, the District Board reviewed and modified its compensation policies and procedures into a new Ordinance No. 125 which codifies updates to Board compensation consistent with the California Government and Water Codes. In doing so, the Board reviewed compensation policies and practices across Marin County agencies, and settled upon a stipend amount at about the median of surveyed agencies. This Ordinance is scheduled to take effect in October 2026. A copy of the Ordinance is available under the Board tab of the District's website www.novatosan.com.

The District's website also includes detailed Board compensation related documents and annual summaries of compensation provided are located on its website under the "Board Compensation Information" heading at the following link:

https://novatosan.com/about/compensation-and-benefits/

The most recent summary document titled "Summary of Board Fees, Benefits, Reimbursement, and Expenses For Calendar Year 2025", at the above link and also at the following link:

https://novatosan.com/doc/10959/

It should be noted that the District has published on its website a S "Summary of Board Fees, Benefits, Reimbursement, and Expenses" at the close of each calendar year on the "Board Compensation Information" page on the Districts website, available at the following link:

https://novatosan.com/about/compensation-and-benefits/

****

In closing, the District acknowledges the Grand Jury's efforts in preparing this Report. Please feel welcome to contact us if you have any questions or require additional information.

Very truly yours,

A. Gerald Peters
President, Board of Directors,
Novato Sanitary District

RESOLUTION OF APPRECIATION

Resolution No. 3218

A Resolution Commending Ms. Jean Mariani for Distinguished Service As A Member of The Board of Directors of Novato Sanitary District

Whereas, Ms. Jean Mariani

was initially appointed on May 26, 2011 as a Member of the Board of Directors of the Novato Sanitary District, serving on said Board until May 2026; and

***Whereas, Ms. Mariani** has faithfully served the District with efficiency and dedicated service, and has contributed substantially to its continued successful operation; and*

***Whereas,** her genuine concern for Novato Sanitary District and its constituents made her a valuable asset to the Board; and*

***Whereas,** the Members of this Board wish to give public recognition to her valuable contributions to the District;*

***NOW, THEREFORE, SAID DISTRICT BOARD OF DIRECTORS DOES HEREBY ORDER,** as follows:*

*1. That this Board of Directors on its behalf, and on behalf of the people of this District, does hereby express appreciation and gratitude to **Ms. JEAN MARIANI** for her loyal and dedicated service as a Member of said Board.*

*2. That the Secretary of the District transmit a copy of this Resolution to **Ms. Jean Mariani** with the sincere good wishes of every member of this Board of Directors.*

***UNANIMOUSLY ADOPTED** by the Board of Directors of the Novato Sanitary District at a meeting thereof held on August 10, 2026.*

Attest: ______________________	______________________
Secretary	*President*
______________________	______________________
Member	*Member*
______________________	______________________
Member	*Member*

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Board of Directors: Board Policy No. 4135 – Board Benefits.	**MEETING DATE: August 10, 2026** **AGENDA ITEMS NO.: 12.a.**

RECOMMENDED ACTION(S): Approve Board Policy No. 4135, *Board Benefits*, including Attachment A, Board Health Plan Approval Procedures, and Attachment B, Board Health Reimbursement Procedures; and rescind Board Policy No. 4035, *Board of Directors' Health and Dental Insurance*.

SUMMARY AND DISCUSSION:

Board Policy No. 4035, *Board of Directors' Health and Dental Insurance*, currently governs Board Member dental insurance and health insurance premium reimbursement benefits. The proposed policy updates the District's Board benefit program by replacing Board Policy No. 4035 with Policy No. 4135, Board Benefits.

The proposed policy continues to provide Board Members with dental insurance coverage and establishes a new program for health insurance premium reimbursement benefits, subject to the requirements and limitations set forth in the policy. The policy establishes a framework under which reimbursement is available only for Board-approved health care plans and clarifies the respective roles of the Board of Directors and staff in administration of the program.

The proposed policy is accompanied by Attachment A, Board Health Plan Approval Procedures, and Attachment B, Board Health Reimbursement Procedures. The attachments establish procedures for obtaining Board approval of health care plans and requesting reimbursement under the policy.

Staff recommend the Board approve Board Policy No. 4135, Board Benefits, including Attachment A, Board Health Plan Approval Procedures, and Attachment B, Board Health Reimbursement Procedures; and rescind Board Policy No. 4035, Board of Directors' Health and Dental Insurance.

ATTACHMENTS: 1. Copy of current Board Policy 4035 – Board of Directors' Health and Dental Insurance; 2. Copy of Proposed Board Policy No. 4135, Board Benefits, with Attachment A, Board Health Plan Approval Procedures, and Attachment B, Board Health Reimbursement Procedures.

STRATEGIC PLAN INFORMATION: This item addresses Goal 3 (Organizational Excellence), and Goal 4 (Outreach) of the latest Strategic Plan.

Prepared by: reh	**Reviewed by General Manager:** SSK

Novato Sanitary District

POLICY HANDBOOK

POLICY TITLE: Board of Directors' Health and Dental Insurance
POLICY NUMBER: 4035

4035.1 Health Insurance. The District does not provide Directors the option of enrollment in the District's employee health insurance program. Directors are offered the health care benefit of reimbursement of out-of-pocket health insurance premiums, or portion of such premiums, for enrollment in personal health care insurance coverage upon proof that the insurance is in force and is being paid for by the Director.

4035.2 Reimbursement Limit. The District will reimburse up to a maximum of $200.00/month to each eligible Director for reimbursement of health plan premiums. The scope of coverage and reimbursement of premiums to be paid by the District is subject to periodic review and revision by the Board of Directors. This reimbursement is not available for any portion of payments made for spousal or dependent coverage.

4035.3 Reimbursement Method. To facilitate payment of the share of premiums paid directly by the Directors to the insurers, the District will reimburse each Director directly each month upon proof of prior payment of the premiums by the Director.

4035.4 Not Compensation. Amounts paid by the District under the circumstances above constitute District payments of accident or health insurance premiums by reimbursement of premiums actually paid by the Director. These amounts constitute health care benefits which are provided to management and confidential employees and as such are excludable from the calculation of the board member's compensation limitation for purposes of California public agency law.

4035.5 Termination. The health benefit reimbursement for Directors will be available only to active members of the Board of Directors, and shall not be available after a Director is no longer an elected or appointed official of the District.

4035.6 Dental Insurance. Directors are eligible for coverage under the District's group Delta Dental plan. The District will pay the full premium for Board Member coverage. Spouse and eligible dependents may be enrolled at the Director's expense. This benefit is also excludable from the calculation of board member's compensation limitation for purposes of California public agency law.

4035.7 Government Code Compliance. Reference is made to District Policy No. 2575 "Optional Employee Health Insurance Premium Reimbursement for Management and Confidential Employees". Government Code Section 53202.3 provides that "All plans…shall also provide benefits for large numbers of employees".

Novato Sanitary District

BOARD POLICY

POLICY TITLE: Board Benefits
POLICY NUMBER: 4135

4135.1 Purpose; Authority.

(a) The purpose of this Policy is to establish the health and welfare benefits available to Board Members and to set forth the requirements, limitations, and authority for administration of those benefits.

(b) This Policy is adopted pursuant to Government Code sections 53200 through 53210. Consistent with Government Code Section 53202, the District provides this benefit through Board-approved health plans and reimbursement of premiums actually paid, and does not provide cash in lieu of benefits. The requirements of Government Code Section 53202.3 are satisfied through District Policy No. 2575, Optional Employee Health Insurance Premium Reimbursement for Management and Confidential Employees.

4135.2 Dental Insurance. Board Members are eligible for coverage under the District's group dental insurance plan. The District will pay the full premium for Board Member coverage. Spouses and eligible dependents may be enrolled at the Board Member's expense.

4135.3 Health Insurance Reimbursement. Board Members are eligible for reimbursement of health insurance premiums for personal health care coverage, subject to the requirements and limitations of this Policy. Board Members are not eligible to enroll in the District's employee health insurance program.

(a) Reimbursement Limit. The District will reimburse up to $200.00 per month for a Board Member's personal health care coverage. No reimbursement is available for spousal or dependent coverage.

(b) Conditions for Reimbursement. Reimbursement is available only for premiums actually paid by the Board Member for the Board Member's own coverage under a Board-approved personal health care plan. A request for reimbursement must be submitted within sixty (60) days of the premium payment.

4135.4 Board Approval of Health Plans. Reimbursement under this Policy is available only for a personal health care plan approved by the Board of Directors. Approval requires action by the Board. Approval authority is retained by the Board and is not delegated to staff. An approved plan remains approved until the Board Member changes the plan or coverage, or the Board Member's Board service ends. The Board of Directors reserves the right to review and reconsider approval of any plan at any time.

4135.5 Administration; Board-Retained Authority. Administration of the health insurance reimbursement program is a ministerial function. Staff may verify compliance with this Policy and process reimbursements that satisfy its requirements. Staff has no authority to approve health plans, waive Policy requirements, or authorize reimbursement that does not comply with this Policy. Questions regarding eligibility, exceptions, or application of this Policy shall be referred to the Board of Directors for decision.

4135.6 Changes in Plan or Coverage. If a Board Member changes his or her insurer, health care provider, plan, or scope of coverage, the changed plan must be submitted to and approved by the Board before any premium paid for the changed plan is eligible for reimbursement. Premiums paid for a previously Board-approved plan while that plan was in force remain eligible for reimbursement, subject to the requirements of this Policy.

4135.7 Termination; Former Board Members. Health insurance reimbursement is available only to active members of the Board of Directors. Reimbursement is available only for premiums paid for coverage during periods of active Board service. Staff will not process reimbursement for any period after a Board Member's Board service has ended. This Policy confers no right to reimbursement on a former Board Member. Any determination regarding a former Board Member's participation in the program shall be referred to the Board of Directors.

4135.8 Procedures.

(a) The procedures governing health plan approval under this Policy are set forth in Attachment A, Board Health Plan Approval Procedures.

(b) The procedures governing reimbursement requests under this Policy are set forth in Attachment B, Board Health Reimbursement Procedures.

(c) These procedures implement this Policy and do not alter, limit, or delegate any authority reserved to the Board of Directors.

Policy No. 4135, Board Benefits
Attachment A, Board Health Plan Approval Procedures

I. Purpose and Scope

These procedures describe the process for obtaining Board approval of a personal health care plan under Policy No. 4135. These procedures implement Policy No. 4135 and are intended to facilitate its administration.

II. Procedure for Obtaining Board Approval of a Health Plan

A. A Board Member who wishes to participate in the reimbursement program must submit a request for Board approval of the personal health care plan for which reimbursement is sought.

The request must be submitted through the General Manager and must include documentation from the insurer, health care provider, exchange, employer, or other reliable source showing the following:

1. the name of the insurer or health care provider;
2. the name of the health plan;
3. the type or level of coverage for which approval is requested, such as individual, employee-only, self-only, or another coverage category used by the plan;
4. the monthly premium for the coverage for which approval is requested; and
5. if the documentation includes any spouse, dependent, family, or other non-Board Member coverage, the portion of the monthly premium attributable only to the Board Member's own coverage.

Note: Examples of Documentation

Examples of acceptable documentation include:

- A health insurance identification card together with a premium invoice or billing statement.
- An enrollment confirmation issued by the insurer, employer, or health insurance exchange.
- A benefits summary or coverage document identifying the health plan and coverage level.
- A premium rate sheet showing the cost for the Board Member's own coverage.
- A billing statement or enrollment record that separately identifies the premium for the Board Member's own coverage.
- A written statement, email, or letter from the insurer, employer, health insurance exchange, or benefits administrator identifying the portion of the monthly premium attributable only to the Board Member's own coverage.
- Other records issued by the insurer, health care provider, employer, health insurance exchange, or benefits administrator showing the information required by these procedures.

B. After receiving a request submitted under Section II.A, the General Manager will place the request for Board approval of the health care plan on the agenda of a duly noticed meeting of the Board of Directors.

1. The agenda materials will identify the Board Member, the insurer or health care provider, the name of the health plan, the type or level of coverage for which approval is requested, and the monthly premium attributable to the Board Member's own coverage.

2. Supporting materials submitted by the Board Member may be included in the agenda materials only to the extent needed for the Board to consider the request.

3. Before inclusion in agenda materials, staff will redact personal account numbers, Social Security numbers, medical information, dependent information, and other personal information not necessary for Board consideration of the request.

C. The Board will consider the request and take action to approve, deny, or defer action on the request for approval of the proposed health care plan for purposes of Policy No. 4135. Approval of a health care plan requires action by the Board of Directors. The Board may defer action if it determines that additional information is needed to consider the request. Approval may be made by minute order.

> Note: Board Consideration of Requests
>
> In considering whether to approve a proposed health care plan for participation in the reimbursement program, the Board may consider:
>
> - whether the submitted materials identify the insurer or health care provider;
> - whether the submitted materials identify the name of the health plan;
> - whether the submitted materials identify the type or level of coverage, such as individual, employee-only, self-only, or another coverage category used by the plan;
> - whether the submitted materials identify the monthly premium attributable only to the Board Member's own coverage;
> - whether the submitted materials separately identify any spouse, dependent, family, or other non-Board Member coverage;
> - whether the materials submitted are sufficient for the Board to understand what plan it is being asked to approve; and/or
> - whether additional information is needed before the Board acts on the request.

D. Following Board action, staff will record the Board's action and maintain the approval information for purposes of administering Policy No. 4135.

Policy No. 4135, Board Benefits
Attachment B, Board Health Reimbursement Procedures

I. Purpose and Scope

These procedures describe the process for requesting reimbursement under Policy No. 4135. These procedures implement Policy No. 4135 and are intended to facilitate its administration. Eligibility for reimbursement is governed by Policy No. 4135, and compliance with these procedures does not authorize reimbursement unless all requirements of the Policy have been satisfied.

II. Procedure for Requesting Health Insurance Reimbursement

A. For each premium payment for which reimbursement is sought, the Board Member must submit a reimbursement request to the staff person designated by the General Manager.

B. The reimbursement request must be submitted within sixty (60) days after the premium payment is made by the Board Member. For the purposes of this section, a premium payment is considered made when it is deducted from a Social Security benefit payment or otherwise paid automatically on behalf of the Board Member.

C. The reimbursement request must include documentation showing:

1. the premium was paid by the Board Member;
2. the date the premium payment was made;
3. the amount of the premium paid;
4. the coverage period for which the premium was paid;
5. the health plan for which the premium was paid; and
6. the portion of the premium attributable only to the Board Member's own coverage.

> Note: Examples of Supporting Documentation
>
> Examples of supporting documentation include:
>
> - A premium invoice or billing statement from the insurer or health care provider.
> - A receipt, payment confirmation, canceled check, bank record, credit card statement, or other record showing that the Board Member paid the premium.
> - An enrollment record, coverage statement, or benefits summary identifying the health plan and coverage period.
> - A premium rate sheet showing the cost for the Board Member's own coverage.
> - A billing statement or enrollment record that separately identifies the premium for the Board Member's own coverage.
> - A written statement, email, or letter from the insurer, employer, health insurance exchange, or benefits administrator identifying the portion of the monthly premium attributable only to the Board Member's own coverage.
> - Other records issued by the insurer, health care provider, employer, health insurance exchange, or benefits administrator showing the information required by these procedures.

D. If the reimbursement request includes a premium for spouse, dependent, family, or other non-Board Member coverage, the Board Member must provide records showing the portion of the premium attributable only to the Board Member's own coverage. Staff will not calculate or estimate the Board Member-only portion of a premium.

III. Staff Verification and Payment Processing

A. Upon receipt of a reimbursement request, the staff person designated by the General Manager will review the request and determine whether the following requirements have been satisfied:

1. the Board of Directors has approved the health care plan identified in the reimbursement request;
2. the reimbursement request relates to the health care plan approved by the Board of Directors;
3. the reimbursement request was submitted within sixty (60) days after the premium payment was made;
4. the reimbursement request includes the information and records required by these procedures;
5. the reimbursement sought is attributable only to the Board Member's own coverage; and
6. the amount requested does not exceed the reimbursement limit established by Policy No. 4135.

B. If the requirements identified in Section A have been satisfied, staff will process reimbursement in the amount of the premium actually paid by the Board Member for the Board Member's own coverage, not to exceed the reimbursement limit established by Policy No. 4135.

C. If staff determines that additional information is needed to verify compliance with Policy No. 4135 or these procedures, staff may request the additional information from the Board Member before processing the reimbursement request.

IV. Incomplete Requests, Exceptions, and Questions

A. If a reimbursement request does not satisfy the requirements of Policy No. 4135 or these procedures, staff will not process the reimbursement request.

B. If a reimbursement request is incomplete or does not include sufficient information for staff to verify compliance with Policy No. 4135 and these procedures, staff may request additional information from the Board Member.

C. Staff will refer the matter to the Board of Directors if:

1. a Board Member requests reimbursement for a health care plan that has not been approved by the Board;
2. a Board Member requests reimbursement in excess of the reimbursement limit established by Policy No. 4135;
3. a Board Member requests an exception to a requirement of Policy No. 4135;

4. a Board Member requests an extension of a deadline established by Policy No. 4135; or
5. a question arises regarding eligibility for reimbursement or application of Policy No. 4135.

D. Staff will not approve health care plans, grant exceptions to Policy No. 4135, extend deadlines established by Policy No. 4135, authorize reimbursement in excess of the reimbursement limit established by Policy No. 4135, or authorize reimbursement that does not comply with Policy No. 4135.

V. Changes in Plan or Coverage

A. A Board Member must obtain Board approval before requesting reimbursement for a health care plan that differs from the health care plan previously approved by the Board. This includes changes to the insurer, health care provider, health plan, type or level of coverage, or other changes resulting in reimbursement being sought for a health care plan or coverage not previously approved by the Board.

B. Staff will not process reimbursement for a changed plan unless and until the Board has approved the changed plan.

> Note: Examples of Changes Requiring Board Approval
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> Examples of changes requiring Board approval include:
>
> - changing from one insurer or health care provider to another;
> - changing from one health plan to another health plan offered by the same insurer;
> - changing from self-only coverage to family coverage, or from family coverage to self-only coverage;
> - changing from one coverage tier to another coverage tier;
> - enrolling in a replacement plan after a previously approved plan is discontinued, replaced, or renamed; or
> - seeking reimbursement for a health care plan that has not previously been approved by the Board.

VI. End of Board Service

A. Reimbursement is available only for premiums paid for coverage during periods in which the person is an active member of the Board of Directors.

B. Staff will not process reimbursement for any period after a Board Member's Board service has ended.

C. Any question regarding a former Board Member's eligibility for reimbursement or participation in the reimbursement program will be referred to the Board of Directors for decision.

NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY

TITLE: Board of Directors: Ordinance No. 125 on Board Compensation – Public Hearing and Adoption.	**MEETING DATE: August 10, 2026** **AGENDA ITEMS NO.: 12.b.**

RECOMMENDED ACTION(S): (1) Hold public hearing on proposed Ordinance No. 125, An Ordinance Establishing Board Member Compensation and Adopting A Board Compensation Policy; (2) Adopt Ordinance No. 125, including Attachment A, Board Policy No. 4105, Board Compensation Policy.

SUMMARY AND DISCUSSION:

District Ordinance No. 104, adopted in 2005, currently establishes Board Member compensation at $225.00 per meeting. Proposed Ordinance No. 125, An Ordinance Establishing Board Member Compensation and Adopting A Board Compensation Policy, would increase Board Member compensation to $250.00 per Day of Service and adopt Board Policy No. 4105, Board Compensation, as Attachment A to the Ordinance. The Proposed Ordinance would also repeal Ordinance No. 104.

Proposed Ordinance No. 125 is based upon the authority provided by California Health and Safety Code Section 6489 and California Water Code sections 20200 through 20204.

The proposed Board Compensation Policy updates and clarifies the events for which Board Members may receive compensation. The Proposed Policy identifies compensable events, defines “Day of Service,” establishes a list of Authorized Conferences, and recognizes other District-business-related activities when pre-approved by the Board. The Proposed Policy also allows a Board Member to decline compensation otherwise payable under the policy.

Notice of the public hearing was published in the *Marin Independent Journal* on July 31, 2026 and August 7, 2026, and a copy of the Proposed Ordinance has been available for the review on the District’s website since July 30, 2026. If adopted, the Ordinance would become effective on October 9, 2026, sixty (60) days after final passage, consistent with applicable law.

ATTACHMENTS: 1. Proposed Ordinance No. 125, including Attachment A, Proposed Board Policy No. 4135, Board Compensation Policy.

STRATEGIC PLAN INFORMATION: This item addresses Goal 3 (Organizational Excellence), and Goal 4 (Outreach) of the latest Strategic Plan.

Prepared by: reh	**Reviewed by General Manager:** SSK

NOVATO SANITARY DISTRICT

DRAFT ORDINANCE NO. 125

AN ORDINANCE ESTABLISHING BOARD MEMBER COMPENSATION AND ADOPTING A BOARD COMPENSATION POLICY

WHEREAS, the Novato Sanitary District (the "District") is a sanitary district organized and operating under the Sanitary District Act of 1923 (Health and Safety Code Section 6400 et seq.);

WHEREAS, Health and Safety Code Section 6489 authorizes each member of the District Board of Directors (the "Board") to receive compensation for each day of attendance at Board meetings and for each day of service as a Board Member by request of the Board;

WHEREAS, Health and Safety Code Section 6489 further authorizes the Board, by ordinance adopted pursuant to Chapter 2, commencing with section 20200, of Division 10 of the California Water Code, to increase Board Member compensation above the statutory base of one hundred dollars ($100.00) per day, so long as the increase does not exceed an amount equal to five percent (5%) for each calendar year following the operative date of the last adjustment, calculated on the compensation received when this Ordinance is adopted;

WHEREAS, the Board compensation rate was last adjusted by Ordinance No. 104, adopted February 14, 2005, which set compensation at two hundred twenty-five dollars ($225.00) per day, and the Board now desires to increase the Board compensation rate to two hundred fifty dollars ($250.00), which is within the limit prescribed by Water Code Section 20202;

WHEREAS, California Government Code Section 53232.1 authorizes a local agency to compensate members of its legislative body for attendance at meetings of the legislative body and advisory bodies, conferences and educational activities, and other occasions constituting official duties specified by Board policy, and the Board desires to restate and specify the events for which a Board Member may be compensated;

WHEREAS, Water Code Section 20203 requires that an ordinance adopted pursuant to Chapter 2 (commencing with section 20200) of Division 10 of the Water Code be adopted only after a public hearing, notice of which must be published in a newspaper of general circulation within the District pursuant to California Government Code Section 6066; and

WHEREAS, notice of the public hearing on this Ordinance was published in the *Marin Independent Journal*, a newspaper of general circulation within the District, once a week for two successive weeks, on July 31, 2026 and August 7, 2026, and the Board held a duly noticed public hearing on this Ordinance, at which all interested persons were given an opportunity to be heard, prior to its adoption.

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

Section 1. **Recitals.** The foregoing recitals are found to be true and correct and are hereby incorporated herein by this reference.

Section 2. **Rate of Board Compensation.** The rate of compensation for members of the Board of Directors is two hundred fifty dollars ($250.00) per Day of Service, as defined by the Board Compensation Policy.

Section 3. **Board Compensation Policy.** Policy No. 4105, Board Compensation, attached hereto as Attachment A and incorporated herein (the “Board Compensation Policy”) is hereby adopted.

Section 4. **Repeal of Prior Ordinance.** Ordinance No. 104 is hereby superseded and repealed in its entirety as of the effective date of this Ordinance.

Section 5. **Severability.** If any part of this Ordinance is for any reason held to be invalid or unconstitutional, that decision shall not affect the validity of the remaining portions of this Ordinance. The Board declares that it would have adopted this Ordinance, and each section, subsection, sentence, clause, and phrase, irrespective of the invalidity of any other portion.

Section 6. **Publication; Effective Date.** Upon adoption, this Ordinance shall be entered in the minutes of the Board and shall be published once in the Marin Independent Journal, a newspaper of general circulation within the District. This Ordinance shall take effect on October 9, 2026, which is sixty (60) days after the date of its final passage as required by California Water Code section 20204, and shall be subject to the referendum and protest rights provided in Water Code sections 20204 through 20206.

PASSED AND ADOPTED this 10th day of August, 2026, by the Board of Directors of the Novato Sanitary District by the following vote:

AYES, and in favor thereof, Directors: ______________________

NOES, Directors: ______________________

ABSTAIN, Directors: ______________________

ABSENT, Directors: ______________________

____
A. Gerald Peters,
President, Board of Directors
Novato Sanitary District

ATTEST:

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Sandeep Karkal
Secretary, Board of Directors
Novato Sanitary District

Approved as to Form:

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Rachel Hundley
District Counsel, Novato Sanitary District

Novato Sanitary District

BOARD POLICY

POLICY TITLE: **Board Compensation**

POLICY NUMBER: **4105**

4105.1 **Purpose.** The purpose of this Policy is to establish the compensation payable to each Director and adopt, as the District's written policy under Government Code section 53232.1, the events for which a Board Member may receive compensation.

4105.2 **Definitions.** As used in this Policy:

(a) **Authorized Conference** means the California Association of Sanitation Agencies ("CASA") Annual Conference; the CASA Winter Conference; and any other conference designated by the Board.

(b) **Day of Service** means a single calendar day on which a Board Member attends one or more Compensable Events, as defined in Section 4105.4.

4105.3 **Board Member Compensation.**

(a) **Rate of Compensation.** The Board Member compensation rate shall be two hundred fifty dollars ($250.00) per Day of Service. This rate is the maximum amount authorized and shall remain in effect until modified or repealed by the Board.

(b) **Monthly Limit.** No Board Member shall receive compensation for more than a total of six (6) Days of Service in any calendar month.

4105.4 **Compensable Events.** A Board Member shall be compensated for attending or rendering service at the following events (each, a "Compensable Event"):

(a) Meetings of the legislative body (Board meetings);

(b) Meetings of District Standing Committees and Regular Committees;

(c) Meetings of Ad Hoc Committees as assigned by the Board President;

(d) Meetings of any regional, interagency, or similar body to which the attending Board Member has been formally appointed by the Board to represent the District;

(e) Attendance at an Authorized Conference, which shall constitute one (1) Day of Service per Authorized Conference, regardless of the number of days attended or the duration of the conference; and

(f) Other District-business-related activities pre-approved by the Board.

4105.5 **Election to Decline Compensation.** A Board Member may decline compensation due under the Policy.

4105.6 **Adoption; Amendment.** This Policy was adopted by Ordinance No. 125 and may be amended or rescinded only by ordinance.