ADOPTED

BIENNIAL OPERATING AND CAPITAL BUDGET FY22 & FY23

JULY 1, 2021 – JUNE 30, 2022 AND JULY 1, 2022 – JUNE 30, 2023

CENTRAL MARIN SANITATION AGENCY

1301 Andersen Drive | San Rafael, CA 94901 | 415.459.1455 | www.cmsa.us

CMSA ADOPTED BIENNIAL BUDGET
FY22 & FY23

JULY 1 through JUNE 30

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Central Marin Sanitation Agency

Budget Acknowledgements

San Rafael Sanitation District

Dean DiGiovanni, Secretary, appointed, February 2016
Maribeth Bushey, Commissioner, appointed January 2014
Katie Rice, Alternate, appointed January 2014
Mark Solomon, Alternate, appointed December 2018
Alan Zahradnik, Alternate, appointed December 2018

Ross Valley Sanitary District

Michael Boorstein, Chair, appointed July 2014
Doug Kelly, Commissioner, appointed July 2016
Thomas Gaffney, Alternate, appointed July 2014
Pamela Meigs, Alternate, appointed July 2010
Mary Sylla, Alternate, appointed July 2012

Sanitary District No. 2

Eli Beckman, Vice Chair, appointed December 2018
Fred Cassisa, Alternate, appointed May 2020

Executive Team

Jason R. Dow, P.E., General Manager
Loren Chris Finton, Treatment Plant Manager
Kenneth Spray, CPA, Administrative Services Manager
Peter Kistenmacher, P.E., Technical Services Manager

Finance Team

Heidi Lang, Senior Accountant/Analyst
Ahn Ta, Personnel & Accounting Technician
Kate Brouillet, Administrative Specialist

www.cmsa.us/finance

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Central Marin Sanitation Agency

California

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morrill

Executive Director

CENTRAL MARIN
SANITATION AGENCY

Jason R. Dow P.E.
General Manager

1301 Andersen Drive, San Rafael, CA 94901-5339 Phone (415) 459-1455 Fax (415) 459-3971 www.cmsa.us

Message from the General Manager

On behalf of the Board of Commissioners and staff of the Central Marin Sanitation Agency (CMSA), I am pleased to present the Agency's FY22 & FY23 budget. This budget serves as the financial plan for both fiscal years and details the resource requirements and costs associated with providing safe, reliable, and environmentally sound wastewater and resource recovery services to approximately 104,500 residents, businesses, and institutions in central Marin County. All the financial documents referenced in this document are available online at www.cmsa.us/finance.

This is the Agency's tenth comprehensive budget using Government Finance Officers Association (GFOA) presentation guidelines. Our goal is to prepare high quality budgets and financial documents that are readily accessible and easily understandable to CMSA's Joint Powers Agency (JPA) members and ratepayers, customers, stakeholders, regulators, and other interested parties.

Achieving Outstanding Performance Past, Present, and into the Future

Since 1985, CMSA has operated a regional wastewater treatment facility that receives, cleans, and discharges wastewater that is collected from households and businesses within the central Marin County, California service area, CMSA has a long history of beneficially reusing biosolids and biogas that are produced during the treatment processes. CMSA strives for, and will continue to maintain or exceed, high industry standards in all aspects of its business and operations. The Agency's high performance has been recognized by national, state, and regional industry groups in key areas:

- Achieved compliance with the Environmental Protection Agency's National Pollutant Discharge Elimination System (NPDES) permit requirements for the calendar year 2020.

- Received recognition from the GFOA for Excellence in Financial Reporting for the Agency's Comprehensive Annual Financial Report (eighteen consecutive years), Outstanding Achievement in Popular Annual Financial Reporting (ten consecutive years) and the Distinguished Budget Presentation Award (nine consecutive years).

- Garnered state-level recognition of first place from the California Water Environment Association (CWEA) for the Community Engagement and Outreach Program of the Year.

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- Recognized by the regional CWEA Redwood Empire Section for, Community Engagement and Outreach Project of the Year, as well as recognizing four Agency employees for exceptional performance in their respective professions.

Major Agency Objectives for FY22 & FY23

- Exceed all NPDES permit requirements for both fiscal years.
- Install and bring on-line a new, higher capacity cogeneration system.
- Expand the power delivery program by increasing biogas production and renewable power generation.
- Operate the treatment facilities to minimize odors and public complaints.
- Expand use of the new financial system.
- Implement the Agency's business plans for FY22 & FY23 in alignment with the recently adopted 5-year strategic plan.
- Maintain or increase community engagement on the Agency's Facebook page.
- Maintain a safe work environment and promote a culture of safety as measured by no incidents of employee lost time injuries.
- Maintain a high level of service to customers in our service area and other clients outside the service area who contract for Agency services.
- Upgrade and replace capital assets for reliable, resilient, and sustainable facility operations, to minimize costs to our customers.

FY22 & FY23 Budgets

The Agency is committed to developing fiscally responsible and sustainable biennial budgets, and planning for the future through developing 10-Year Capital Improvement Programs (CIP) and Financial Forecasts with each biennial budget.

The FY22 Budget includes an expected operating surplus of approximately $875,000 and $724,000 for FY23. The budget includes an overall operating revenue increase of 0.1% for FY22 and 2.3% for FY22, and an overall expenditure increase of 1.9% for FY22 and 3.4% for FY23. Debt service revenues total nearly $5.7 million for each of FY22 & FY23, of which approximately $1,131,000 comprises debt service coverage used for CIP funding both years, respectively. The Agency plans to spend approximately $10.2M on 36 capital improvement projects next year and approximately $4.4M for 32 projects the following year, using debt service proceeds from a

2020 bond issuance, dedicated capital funding sources accumulated in the restricted capital reserve accounts, and amounts from unrestricted capital reserve accounts. Detailed discussions of the Operating Budget, CIP, and 10-Year Financial Forecast can be found in Sections 7, 8, and 9, respectively.

The following are the main features of the FY22 & FY23 Budget:

- Total Operating Revenues of approximately $14.1M for FY22 and $14.4M for FY23, and dedicated capital related fees in the amount of approximately $2.2M for FY22 and $2.3M for FY23 that consist of the capital fee, the debt service coverage fee, and capacity charges.

- Application of a 36-month wastewater flow and strength methodology for the allocation of the regional sewer service charges to the JPA member agencies. The allocation is based on the JPA member's proportionate share of the 11,624 million gallons of wastewater treated by CMSA during the April 1, 2018 to March 31, 2021 period, along with 29.9 million pounds of Biological Oxygen Demand (BOD) and 37.6 million pounds of Total Suspended Solids (TSS) during the same period. The FY22 regional sewer service and capital charges, and debt service CMSA will receive from its JPA member agencies is approximately $606K more than FY21, and FY23 is approximately $636K more than FY22 as scheduled in the Agency's current Five-Year Revenue Program.

- The Agency expects to receive approximately $2.3M in revenues from other sources for FY22 and $2.2M for FY23. The single largest other revenue source is for contracted services with the state of California for providing wastewater treatment and pump station operation and maintenance services to San Quentin State Prison.

- Debt Service of $5.66 million, or $109.79 per Equivalent Dwelling Units (EDU), in the combined service area.

- Total Operating Expenditures of approximately $13.3 million, an overall increase of 1.9% from FY21. The main changes to the FY22 budget are due to scheduled salary increases of 1.722%, increases in maintenance and repairs of 9.4%, increases in utilities of 13%, and increases in insurance of 10.2%. For FY23, the main changes are due to scheduled salary increases of 3.4% and benefit increases of 6.6% due mainly to a higher annual pension UAL cost, maintenance and repairs increases of 13%, and insurance increases of 13.6%.

Making Significant Capital Investments in the Agency's Infrastructure

The treatment and disposal of wastewater and reuse of its by-products is a highly regulated enterprise that requires significant capital infrastructure. The Agency operates an around-the-clock wastewater facility, and the various fixed assets and equipment used in the treatment processes are subjected to heavy usage, sometimes under a challenging operating environment. Capital assets are used to move large volumes of wastewater through the treatment facilities and are subjected to constant contact with wastewater and various chemicals used in the treatment processes. Agency staff monitors new technologies and operational approaches, and evaluates those that may improve the treatment process, save energy, reduce chemical usage, minimize greenhouse gas emissions, and meet changing regulatory requirements. The maintenance, replacement, and addition of capital assets are an essential part of the Agency's Budget.

Budgeted capital improvements for FY22 amount to approximately $10.2 million and for FY23 are $4.4 million, for priority projects that include installation of a new cogeneration system, a scheduled overhaul of the existing cogeneration engine, expansion of the organic waste receiving facility and biogas treatment system, replacement of major pumping systems and the administration building roof, and rehabilitation of three secondary clarifiers.

The total cost of the planned CIP over the next ten years is approximately $56 million, and focuses on replacing and rehabilitating aging infrastructure and assets, implementing new projects to reduce energy use and improve operational efficiencies, meeting regulatory objectives, and increasing energy self-sufficiency and renewable power delivery. CIP funding sources are from debt proceeds, ongoing capital-related service charges, debt coverage charges, capacity fees, and capital reserves. By the end of FY22 the Agency will have an estimated $6.5M in capital reserves, and for FY23 will have an estimated $4.9M in capital reserves to finance projects.

Sustainable Budgeting for the Future

The Agency has pursued a number of budget initiatives over the past several years to achieve long-term budgetary sustainability and financial stability. One such initiative was a methodology change for the allocation of sewer service charges to JPA members, resulting in equitable allocation based upon their respective wastewater flow and strength delivered to CMSA. Another initiative was to adopt a Five-Year Revenue Plan to provide JPA members ample time to incorporate Agency revenue requirements into respective financial plans and rate increase processes. The Agency fixed its debt service cost allocation to the JPA members based upon their 10-year average EDU counts to smooth annual fluctuations. CMSA locked-in a five-year, $8.7 million contract with the State of California to provide wastewater services to San Quentin Prison. Lastly, to level potential rate increases, the Agency closed on a $9M debt issue in FY21 and anticipates debt issues of $10M in FY24 and $13M FY26 to finance major capital improvements.

On the expense reduction side, the Agency is currently exploring ways to reduce unfunded pension liability in connection with CalPERS retirement that may include the issuance of pension obligation bonds for debt service savings from the scheduled UAL payment. The Agency's most recent labor negotiations with its two employee groups resulted in a six-year agreement with savings from cost-sharing for pension contributions to CalPERS. The Agency advance refunded debt to defease and retire original issue debt from 2006. This transaction resulted in total savings of $15 million to our customers over the period from FY16 to FY32.

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Our People Make Us a High-Performing Agency

CMSA is recognized as a high-performance wastewater utility within Marin County and the San Francisco Bay Area, and we are sought out by local agencies to provide various wastewater and environmental services. The Agency continues to be recognized by state and national organizations in the areas of permit compliance, facility operations, safety, and financial reporting. I am privileged to work alongside 47 talented, experienced, and dedicated professionals.

On behalf of all the employees, I would like to express our thanks and appreciation to the CMSA Board of Commissioners for supporting the Agency's Mission, Vision, Values, and Goals, and in securing the necessary resources to enable us to achieve a recognized level of high performance in safeguarding public health and the environment.

We hope that this biennial budget will provide the reader with a thorough understanding of the sources and uses of Agency resources. We welcome your comments, feedback, and suggestions for improving future budget publications.

Respectfully,

Jason R. Dow, P.E.
General Manager

SECTION 1. ORGANIZATION

Formation History and Organization

Faced with wastewater collection and treatment challenges unique to central Marin County and the need to meet the 1972 Federal Clean Water Act and subsequent State Water Code requirements, Ross Valley Sanitary District (RVSD), Sanitary District No. 2 (SD #2) of Marin County, the City of Larkspur (LARK), and the San Rafael Sanitation District (SRSD) united in 1979 to form a joint powers agency (JPA) and created the Central Marin Sanitation Agency (CMSA). San Quentin State Prison (SQSP), which represents the largest single customer of wastewater treatment services in the combined service area, opted not to join the JPA. The treatment facilities were constructed at a cost of $84 million and were funded by federal (75%) and state (12.5%) clean water grants and local contributions (12.5%) from the four local wastewater agencies and SQSP. The CMSA wastewater treatment facility, the largest in Marin County, became operational in January 1985. In January 2020, the City of Larkspur withdrew from the JPA.

CMSA's governing body is a five-member Board of Commissioners (Board), appointed by the JPA members. Each JPA member determines the term for its appointed representative(s). SRSD and RVSD each have two members on the Board, while SD #2 has one.

The Board sets policy and adopts the biennial budget for CMSA, and appoints the General Manager and Treasurer/Controller. The General Manager is the chief executive officer and the Treasurer/Controller is responsible for all financial operations.

Agency Officials as of June 30, 2021

Board of Commissioners (year appointed):

Michael Boorstein, Chair, RVSD (July 2014)
Doug Kelly, Commissioner, RVSD (July 2016)
Thomas Gaffney, Alternate, RVSD (July 2014)
Pamela Meigs, Alternate, RVSD (August 2010)
Mary Sylla, Alternate, RVSD (July 2012)
Dean DiGiovanni, Secretary, SRSD (February 2016)
Maribeth Bushey, Commissioner, SRSD (January 2014)
Katie Rice, Alternate, SRSD (January 2016)
Marc Solomon, Alternate, SRSD (December 2018)
Alan Zahradnik, Alternate, SRSD (December 2018)
Eli Beckman, Vice Chair, SD #2 (December 2018)
Fred Cassisa, Alternate, SD #2 (May 2020)

Agency Managers (tenure):

Jason R. Dow, P.E., General Manager (employee since 1993, General Manager since 2002)
Loren Chris Finton, Treatment Plant Manager (employee since 1997, Manager since 2010)
Kenneth Spray, CPA, Administrative Services Manager (Manager since 2017)
Peter Kistenmacher, P.E., Technical Services Manager (Manager since 2018)

Employees, Service Achievements, and Recognitions

The authorized staffing level for CMSA is 48 full-time positions, including a safety professional position whose salary and benefit costs are shared with another wastewater agency in Marin County. Characteristics of the workforce:

- 48 authorized positions
- Average age 43.1 years old
- Average length of service is 7.8 years
- Nine employees with over 10 years of service
- 22.2% of the current employees meet the minimum requirements for retirement benefits from the California Public Employees Retirement System

The exceptional dedication, experience, and caliber of the workforce are reflected in the service achievements and recognitions that have been received by the Agency over the years. Below is a summary of the significant accomplishments and the most recent industry awards that have accompanied these accolades.

- **Record of Regulatory Compliance:** CMSA has an exceptional regulatory compliance record. Over the past 15 years, the Agency has only had one NPDES permit exceedance. For calendar year 2019, CMSA was recognized by the National Association of Clean Water Agencies (NACWA) with the Gold Peak Performance Award. The award recognizes the achievement of obtaining 100% compliance with the NPDES permit requirements over the calendar year. NACWA annually recognizes excellent performance at wastewater utilities through its Peak Performance Awards program.

- **Certificate of Achievement for Excellence in Financial Reporting (CAFR):** Recognition from the GFOA for the Agency's FY18 and FY19 CAFR. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting and its attainment represents a significant accomplishment by a governmental entity. These marked the seventeenth and eighteenth consecutive years that the Agency's CAFR had met the high standards of the GFOA for governmental accounting and financial reporting. The Agency expects to receive its nineteenth CAFR award during FY22. The Agency continually strives to comply with GFOA guidelines and recommendations. All its financial reports–from the Biennial Budget, audited Annual Financial Statements, and CAFR reports to the monthly Treasurer's and Quarterly Budget Status Reports–are transparent representations of the Agency's financial operations. Each of aforementioned reports are presented to the Board for review and acceptance and are posted on the Agency's website www.cmsa.us/finance.

- **Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR)**: Recognition from the GFOA for the Agency's FY18 and FY19 PAFR. The PAFR award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. The PAFR is specifically designed to be readily accessible and easily understandable to the general public and other interested parties who do not have a background in public finance. These marked the ninth and tenth consecutive years that the Agency's PAFR had met the high standards of the GFOA for governmental accounting and financial reporting. The Agency expects to receive its ninth PAFR during FY22.

- **Distinguished Budget Presentation Award**: Recognition from the GFOA for the Agency's FY20 & FY21 Adopted Biennial Budget. The award is the highest form of recognition in governmental budgeting and its attainment represents a significant accomplishment by a governmental entity. The GFOA encourages public entities to prepare budget documents that fully explain the agency's business, are transparent, and are designed to be readily accessible to the general public and other interested parties. The Budget Award deems the Agency's budget to be proficient as a policy document, financial plan, operational guide, and communication device for the Agency's business. This marked the ninth consecutive year that the Agency's budget has met the high standards of the GFOA for budget presentation.

- **CWEA:** Since the Agency's FY20 & FY21 biennial budget, the Agency was yet again recognized in 2019 and 2020 by its industry peers in the CWEA for the following state-level achievements:
    - First Place: Safety Plant of the Year (2019)
    - First Place: Engineering Achievement of the Year – Power Delivery Program (2019)
    - First Place: Mary Jo Ramey - Community Engagement and Outreach Person of the Year (2019 & 2020)
    - Third Place: Community Engagement and Outreach Project of the Year – for the Wastewater Treatment Agencies of Marin County's Cooperative Public Education Program (2019)
    - First Place: Community Engagement and Outreach: Project of the Year award for Wastewater Treatment Agencies of Marin County's Cooperative Public Education Program (2020)

- **Regional Redwood Empire Section CWEA Awards:** The Agency was recognized in January 2020 by receiving awards for the following achievements:
    - Treatment Plant of the Year
    - Safety Plant of the Year

- **Regional Redwood Empire Section CWEA Staff Awards:** Several CMSA staff members were also recognized in 2019 and in 2020 by their industry peers from the CWEA Redwood Empire Section by receiving awards in their respective disciplines:
    - Amy Hwang for 2019 Outstanding Young Professional of the Year
    - Jon Farr for 2019 and 2020 Electrical/Instrumentation Person of the Year
    - Ryan Word for 2019 Operator of the Year
    - Mary Jo Ramey for 2019 & 2020 Community Engagement and Outreach Person of the Year
    - Jose Gutierrez for 2019 Pollution Prevention and Pretreatment Person of the Year
    - Eromosele Esoimeme for 2020 Pollution Prevention and Pretreatment Person of the Year
    - Sandi Batis for 2020 Operator of the Year
    - Thomas Hansen for 2020 Operator-in-Training (OIT) of the Year
    - Claire Ernst for Murray McKinnie award to further her Operator education
    - Abel Villareal for 2020 Mechanical Technician of the Year

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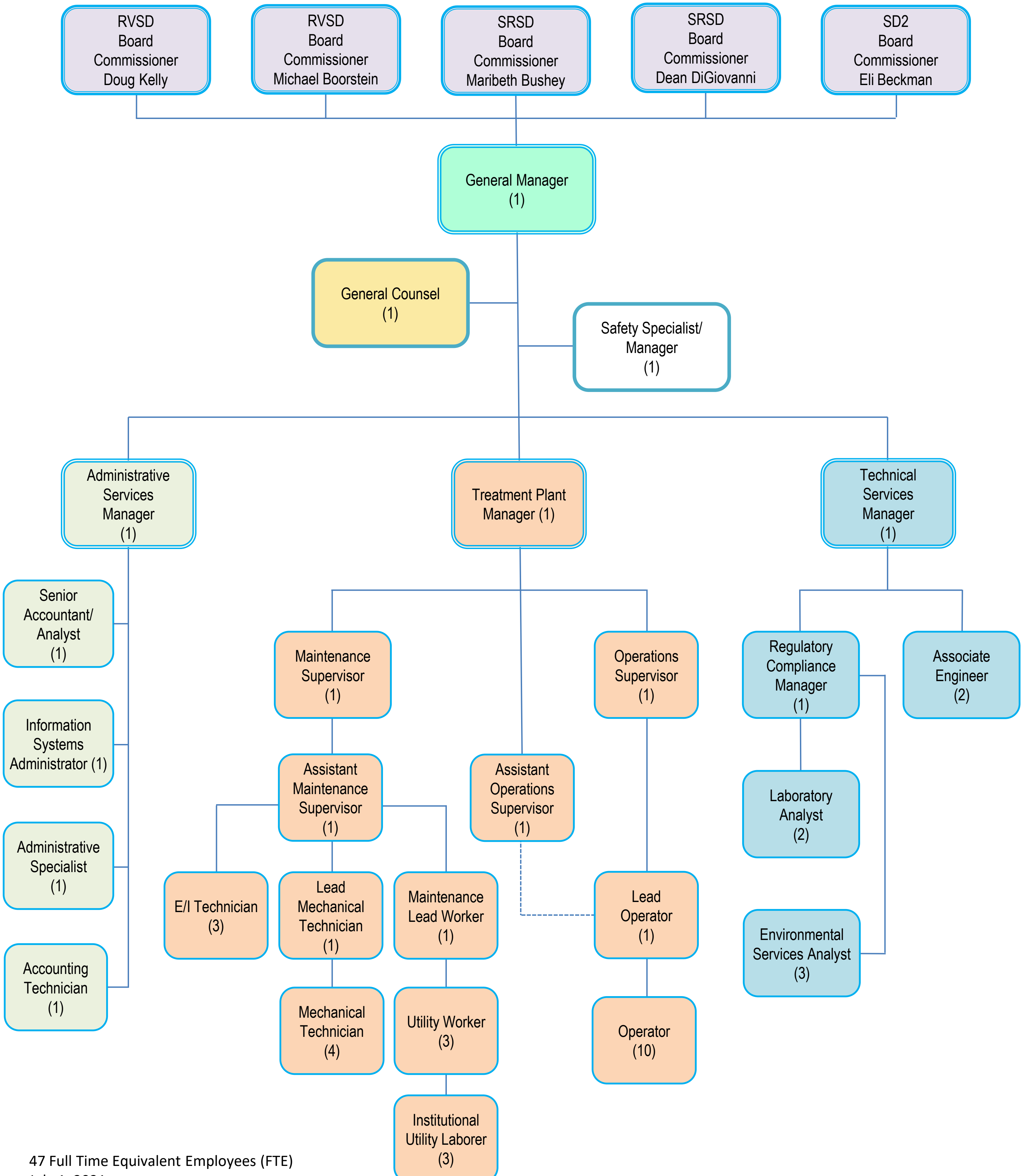
CMSA ORGANIZATIONAL CHART



47 Full Time Equivalent Employees (FTE)
July 1, 2021

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CMSA Authorized Staff Positions	FY20	FY21	FY22 & FY23
ADMINISTRATION			
General Manager	1	1	1
Administrative Specialist (I-III)	1	1	1
Administrative Services Manager	1	1	1
Senior Accountant/Analyst	1	1	1
Personnel and Accounting Technician	1	1	1
Information Systems Administrator*		1	1
Information Systems Analyst	1	-	-
Total Administration	**6**	**6**	**6**
HEALTH & SAFETY			
Safety Specialist/Manager	1	1	1
Total Health & Safety	**1**	**1**	**1**
MAINTENANCE			
Treatment Plant Manager (.5 FTE split with Operations)	0.5	0.5	0.5
Maintenance Supervisor	1	1	1
Assistant Maintenance Supervisor	1	1	1
Maintenance Lead	1	1	1
Lead Mechanical Technician	1	1	1
Mechanical Technician (I-III)	4	4	4
Utility Worker	3	3	3
Electrical/Instrumentation Tech (I-III)	3	3	3
Total Maintenance	**14.5**	**14.5**	**14.5**
NON-AGENCY MAINTENANCE			
Institutional Utility Laborer (I-III)	3	3	3
Total Non-Agency Maintenance	**3**	**3**	**3**
OPERATIONS			
Treatment Plant Manager (.5 FTE split with Maintenance)	0.5	0.5	0.5
Operations Supervisor	1	1	1
Assistant Operations Supervisor	1	1	1
Lead Operator	1	1	1
Operator (Trainee, I-III)	10	10	10
Total Operations	**13.5**	**13.5**	**13.5**
TECHNICAL SERVICES			
Technical Services Manager	1	1	1
Associate Engineer	1	2	2
Assistant Engineer	1	-	-
Regulatory Compliance Manager	1	1	1
Environmental Laboratory Administrator**	1	1	-
Laboratory Analyst	1	1	2
Environmental Services Analyst (I-II)	3	3	3
Total Technical Services	**9**	**9**	**9**
TOTAL AUTHORIZED STAFFED POSITIONS	**47**	**47**	**47**

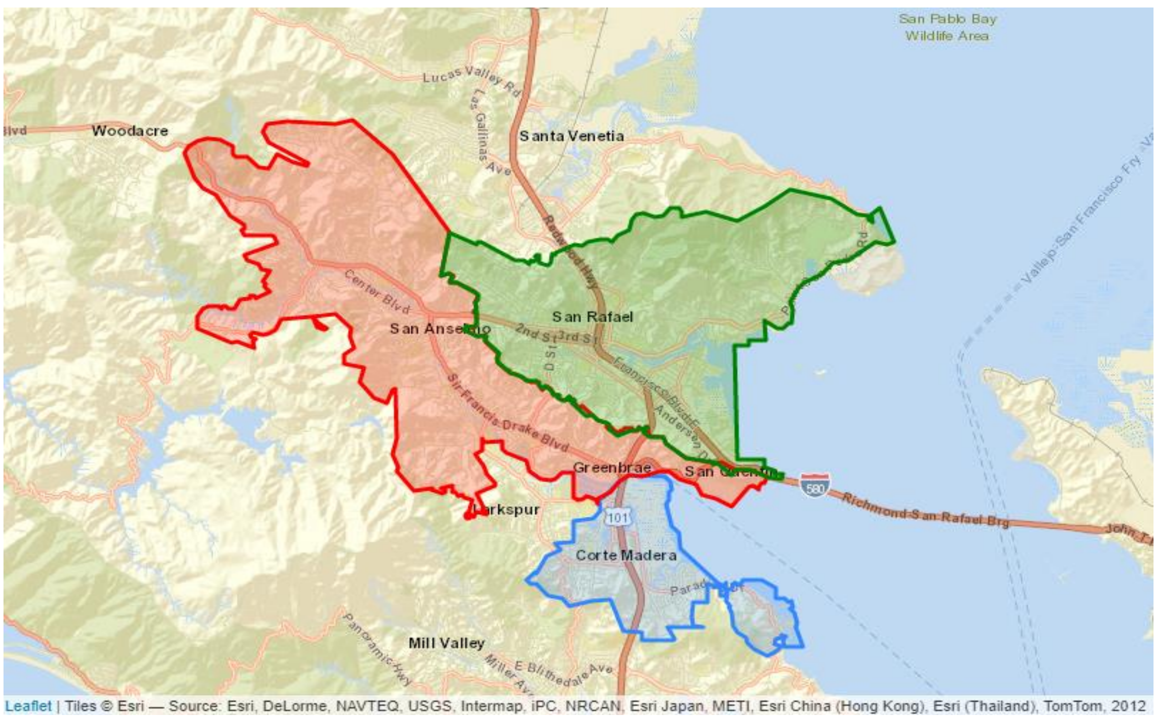
*Information Systems Administrator position was approved by the Board in March 2021.
**Environmental Laboratory Administrator position was discontinued in January 2021.

SECTION 2. LOCATION AND SERVICE AREA, LOCAL DEMOGRAPHICS AND ECONOMY

Location and Service Area

CMSA is located in San Rafael, California and is adjacent to the San Rafael side of the Richmond-San Rafael Bridge. The shaded area on the below map highlights the CMSA service area. It measures approximately 43.5 square miles, and encompasses the residents, businesses, and institutions within the City of Larkspur, the Towns of Corte Madera, Fairfax, Ross, and San Anselmo, portions of the City of San Rafael, the unincorporated areas of Ross Valley and San Quentin Village, and San Quentin State Prison (SQSP). The population served within this area is approximately 104,500.

The shaded area shows the location of CMSA service area.



<u>Population of Cities, Towns, and Correctional Facilities in the CMSA Service Area</u>

City of San Rafael (Approximately 2/3 of the city's population)	39,500
Unincorporated CMSA Service Area (San Quentin Village, Greenbrae, Kentfield, Sleepy Hollow, Tiburon Peninsula)	16,091
Town of San Anselmo	12,599
City of Larkspur	12,382
Town of Corte Madera	9,858
Town of Fairfax	7,598
San Quentin State Prison	4,005
Town of Ross	2,467

Sources: United States Census Bureau State and County Quick Facts (2010 Census), Bureau of Economic Analysis; California Department of Finance Demographic Research Census 2010 and Population Factors; Bureau of Labor Statistics; CA Employment Development Department

Local Demographics and Economy

Marin County has a total population 257,154 and, as with all but three counties in California, experienced a declining growth rate of slightly more than one-third percent. The county's residents continue to have the highest California per capita income of $134,275, and a median per household income of $115,246.

Marin's unemployment rate of 4.6% remains among the lowest in California and remains below the national level of 6.2% as of April 2021. Six of the top ten employers in the CMSA service area as measured by number of employees are governmental entities. The majority of the remaining businesses employ between 1-250 employees, and approximately 90% of these business enterprises include goods and services occupations.

Ten Largest Employers and Number of Employees in CMSA Service Area

BioMarin	1,700
MarinHealth Medical Center	1,650
San Quentin State Prison	1,614
Dominican University	1,200
Golden Gate Transit	828
College of Marin	529
Restoration Hardware	500
City of San Rafael	405
San Rafael City Schools	362
Kentfield Rehabilitation & Hospital	345

The local real estate and housing market continues to improve during FY21. The annual mean/median home sale price for a home in Marin was $1,657,920/$1,280,000 as reported by the Marin County assessor's office website for the calendar year ending December 2020, compared to $1,439,539/$1,150,000 reported at end of December 2019. The upward trend is continuing through March 2021 where the county reported at March 31st a mean/median sales price of $1,880,226/$1,372,500 sales data statistic for a mean home living area of 2,184 square feet.
Source: www.marincounty.org/depts/ar/divisions/assessor/sales

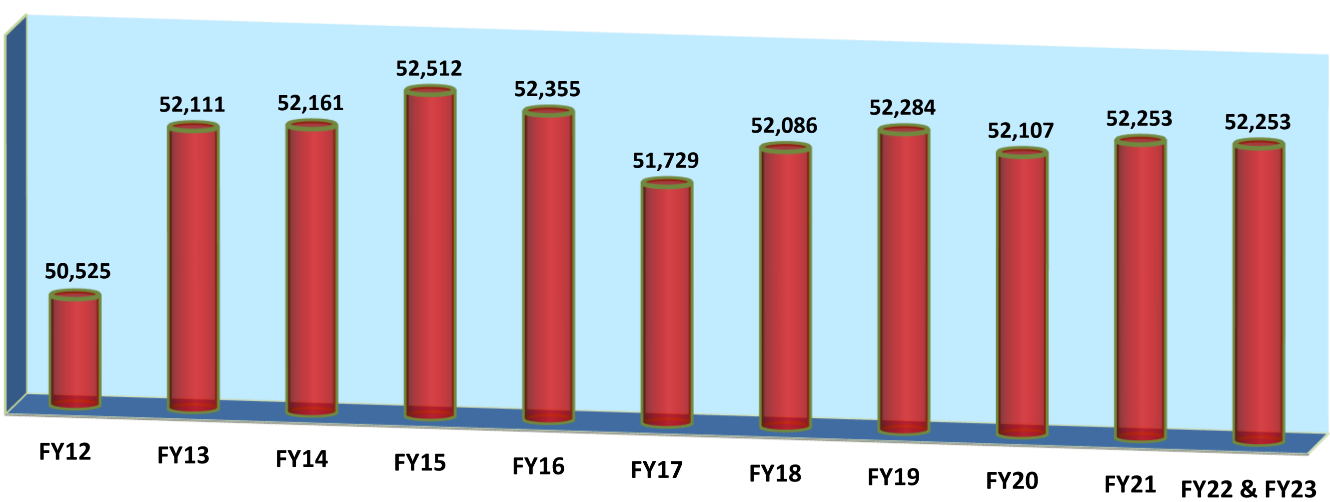
Equivalent Dwelling Units (EDUs)
In past fiscal years, EDUs had been used to determine the number of households served, as well as the sewer service charge (SSC) to set the Agency's annual service fee. An EDU refers to a unit of wastewater discharge, and is the estimated volume and strength generated by an average, single-family residence. Each JPA member agency is responsible for determining the number of EDU counts in its jurisdiction and works with the County Tax Collector to add the SSC to the property tax bill, which is the method used to collect SSC payments from its customers. The annual SSC EDU rate is established each July 1 in the CMSA adopted budget. The Agency's EDU rate is based on the total revenue budget for SSC, capital fee and debt service charged to members divided by the number of reported EDUs. The EDU rate is used to determine fee schedules for waste haulers and industrial monitoring. Additional information can be found by referring to CMSA's Fee Schedule Ordinance available on the www.cmsa.us website.

The Agency utilizes two different units of measure for allocating SSC and debt service charges to the JPA member agencies. The allocation of SSC is based on the strength and volume of wastewater discharged from each satellite collection system into CMSA for treatment, as indicated by measurements taken by CMSA the prior wet weather period (the 36-month period April 1 to March 31 for strength and volume).

The allocation of debt service is pursuant to an October 2016 Debt Service Payment Agreement between CMSA and the JPA member agencies, as well as the Master Indenture between CMSA and the Bond Trustee. The proportionate allocation of the debt service payment and coverage to each member is based upon average EDU counts over a 10-year period from FY07 to FY16 reported for the JPA service area. This allocation method smooths out unit count fluctuations and promotes stable/predictable debt service costs to members.

The chart and table below display the total EDU count within the CMSA service area for the last ten years, and estimates FY22 & FY23 to be the same as FY21. The number of residential EDUs tends to be stable in the central Marin service area because there is generally very little commercial and residential development in central Marin County. The fluctuations from year-to-year are generally due to new sewer connections for new construction and variable water usage for commercial properties. A significant EDU decrease in FY12 was attributable to a 3,962 drop in EDU reported by SQSP. Effective FY13, CMSA entered into a service contract with the State of California for wastewater service for SQSP, and is now responsible for determining the prison’s EDU count. The increased EDU count in FY13 is the result of new construction for single family dwellings and a multi-unit residential development in the service area. Since FY13 there has been little development. Additionally, increased drought-related water conservation efforts and reduced water consumption by commercial users have had a stabilizing effect on the EDU count.

EDU Totals for CMSA Service Area Fiscal Year End June 30th



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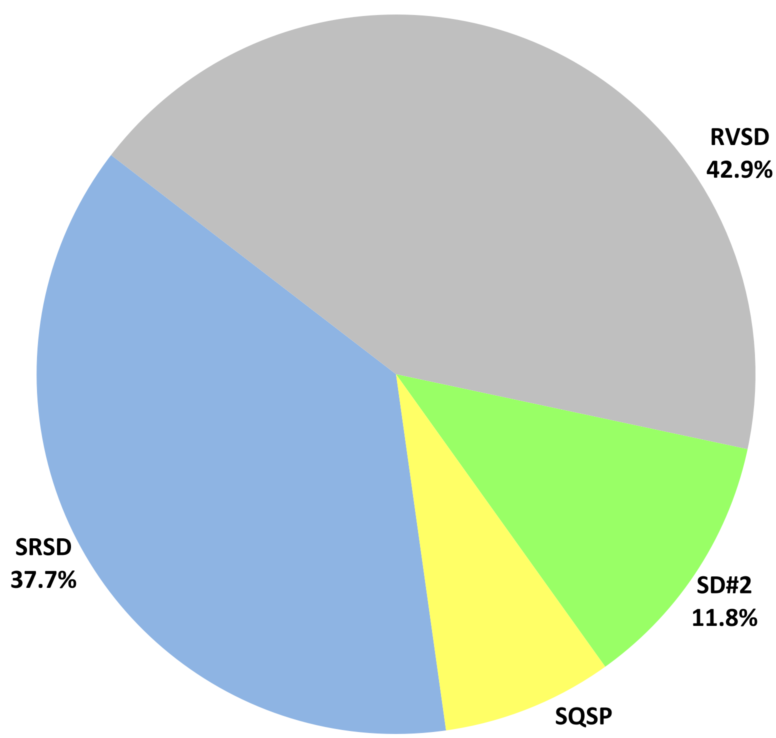
EDU Count by JPA Member Agency and San Quentin State Prison FY12 to FY22 & FY23 Estimated

Fiscal Year Actual	SRSD	RVSD	City of Larkspur (RVSD)	SD #2	SQSP	Total EDU Count
Estimated FY22 & FY23	19,674	22,422		6,152	4,005	52,253
FY21	19,674	22,422		6,152	4,005	52,253
FY20	19,609	22,248	See Note	6,245	4,005	52,107
FY19	19,716	19,345	3,066	6,152	4,005	52,284
FY18	19,565	19,448	3,060	6,008	4,005	52,086
FY17	19,332	19,298	3,039	6,055	4,005	51,729
FY16	19,555	19,700	3,019	6,076	4,005	52,355
FY15	19,643	19,666	2,982	6,216	4,005	52,512
FY14	19,703	19,498	2,949	6,006	4,005	52,161
FY13	19,482	19,511	2,997	6,116	4,005	52,111
FY12	19,409	18,835	3,079	5,955	3,247	50,525

Note: The City of Larkspur withdrew from the Joint Powers Agreement on January 31, 2020, and after that event, its EDU count has been included in the RVSD count. RVSD has serviced the Larkspur area since 1993.

The pie chart below shows the EDU count reported by each member agency as a percentage of the total number EDUs in the service area.

EDUs by Member Agencies and SQSP as a Percentage of Total EDUs for FY22 & FY23



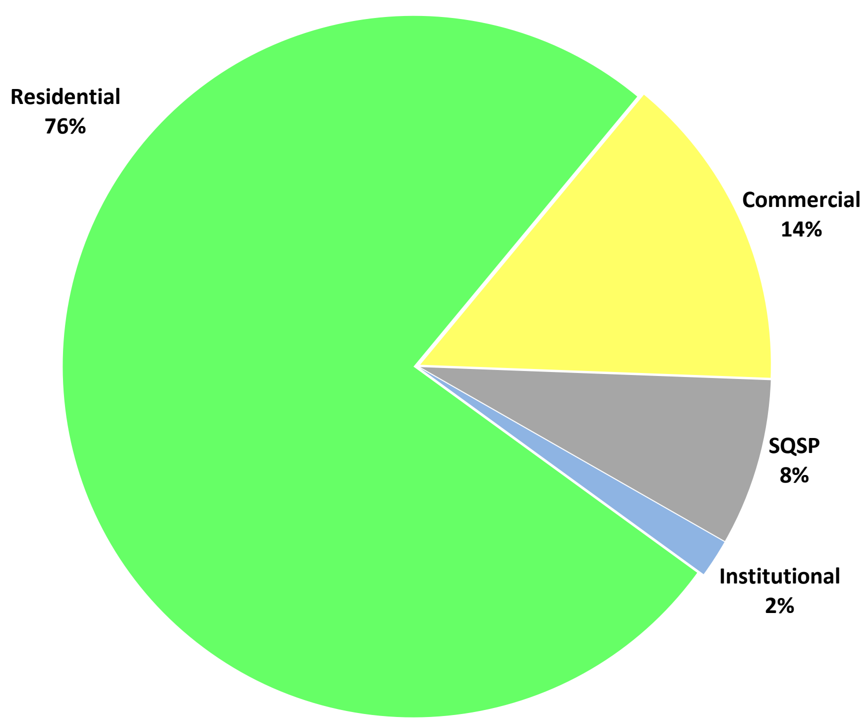
The table and chart below show the EDU count presented by connection type reported by the JPA members and SQSP. There are three types of connections: residential, commercial, and institutional. Institutional connections represent property tax exempt governmental entities (federal, state, county, city, and special districts) that are billed separately because these institutions are not on the Marin County property tax rolls.

FY22 & FY23 Initial EDU Count by Connection Types

	SRSD	RVSD	SD #2	SQSP	Total by Type
Residential	15,733	19,341	4,645	-	**39,719**
Commercial	3,775	2,525	1,319	-	**7,619**
Institutional	166	556	188	4,005	**4,915**
Total	**19,674**	**22,422**	**6,152**	**4,005**	**52,253**

Source: Property Tax Reports, County of Marin

FY22 & FY23 EDU by Connection Type and SQSP as a Percentage of Total EDUs



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SECTION 3. FACILITIES, WASTEWATER TREATMENT PROCESS, WORKLOAD, AND PERFORMANCE INDICATORS

Facilities

The CMSA wastewater treatment plant, pictured below, is a vital component of the central Marin wastewater management system. This extensive system includes over 70 pump stations, more than 450 miles of sewer pipelines located throughout the service area, as well as two major interceptors to transport the wastewater to the treatment plant, and a two-mile long outfall through which the treated wastewater is discharged into the San Francisco Bay. In full compliance with federal, state, and regional water quality regulations, CMSA processes and disposes an average of 8.3 million gallons of wastewater a day during dry weather flows and 10.2 million gallons of wastewater per day during wet weather flows and has treated more than 120 million gallons per day during peak rainfall periods.

(*Clockwise upper left to right): Effluent Storage Pond, Maintenance Annex (red roof behind the pond), Chlorination/Dechlorination Building, Chlorine Contact Tanks, Effluent Pump Station, Secondary Clarifiers, Organic Waste Receiving Facility, Solids Handling Building, Digesters and Digester Building, Aeration Tanks, Biotowers, Primary Clarifiers and Blending Channel, and Headworks. The two orange-roofed buildings in the lower left are the Maintenance Building (top) and the Administration Building (bottom).*

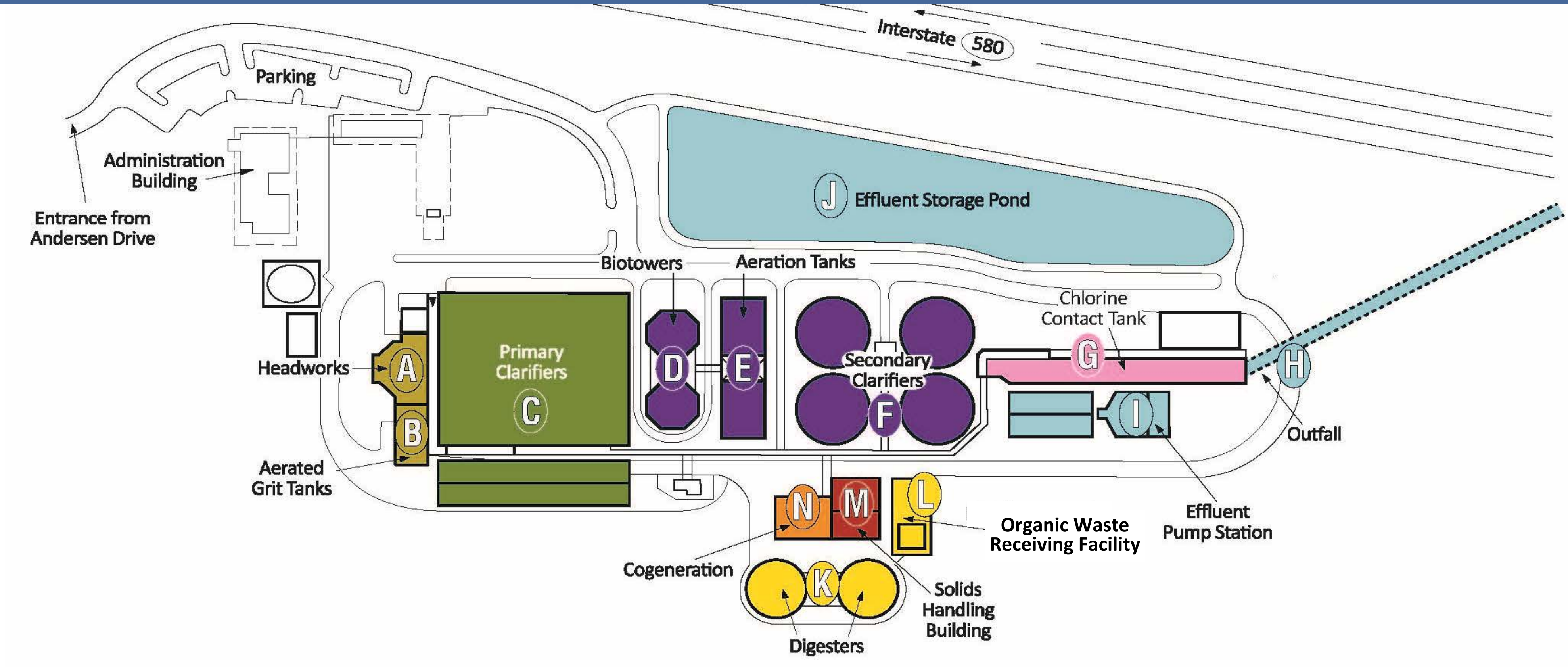
Wastewater Treatment Process

The diagram on the following page depicts the wastewater treatment process.

TAKE A TOUR OF THE TREATMENT PLANT !

On an average dry weather day, the CMSA facility receives over 8 million gallons of wastewater, and a drop of water takes about 15 hours to travel through the plant from when it's received at the Headworks, and then treated and released into San Francisco Bay. During the rainy season, the amount of water received can jump to over 100 million gallons per day, and a drop of water only takes about four hours to move through the plant.

Follow the diagram and the steps below to see what happens!



STEP 1: PRE-TREATMENT

A Upstream, in the wastewater collection system, chemicals are injected into the sewer pipelines to control odors and reduce corrosion. As the wastewater enters the treatment plant at the **Headworks,** mechanical screens remove material such as cloth, wipes, and plastic. (These items should not be flushed down household drains.)

B The wastewater then enters **Aerated Grit Tanks** where granular materials, such as sand and silt, settle to the bottom and are removed. The collected materials are then washed and hauled to landfill for disposal.

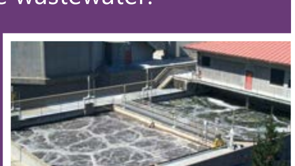
STEP 2: PRIMARY TREATMENT

C Wastewater moves slowly through settling tanks called **Primary Clarifiers**. In these long rectangular tanks grease, oil, and other floating material rise to the top and are scraped off at one end, while heavier materials settle to the bottom and are collected at the other end.

Both materials are pumped to anaerobic digesters for further treatment.

STEP 3: SECONDARY TREATMENT

D **Biotowers** are where the first stage of a dual biological process takes place. Wastewater from primary treatment is pumped to the biotowers which trickles down through a dense plastic grid. Microorganisms (called **Biomass**) grow on this grid and consume the organic material in the wastewater.



E In the **Aeration Tanks**, fine air bubbles are released from the bottom of the tanks and provide air for microorganisms that consume most of the remaining organic matter. These microorganisms are called activated sludge.

F Secondary **Clarifiers** settle out the microorganisms from the aeration tanks. Rotating arms move it to the center of the tank where it is removed.

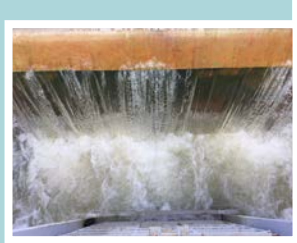
Some microbes are returned to the aeration tanks to maintain a useful population.

The rest is *wasted*, meaning it is removed, thickened, and then sent to the anaerobic digesters for further treatment.

STEP 4: DISINFECTION & DECHLORINATION

G The wastewater then has to be fully disinfected before discharge into the San Francisco Bay. The disinfection process occurs in the **Chlorine Contact Tanks**, where sodium hypochlorite (bleach) is added to the water to remove harmful pathogens. The bleach is then removed through the dechlorination process.

STEP 5: DISCHARGE



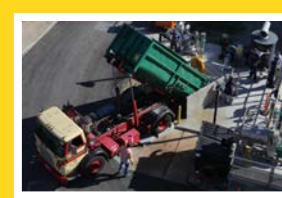
H Fully treated wastewater (final effluent) is discharged into San Francisco Bay through a large pipe, an **Outfall**, where it's mixed with the bay water through 176 diffusers.

I When wastewater flows are significant and occur during high tide, the **Effluent Pump Station** is used to pump the treated wastewater through the Outfall. The station has five pumps that are fully automated.

J The **Effluent Storage Pond** is used for temporary storage of disinfected wastewater during maintenance work, and can hold up to 7 million gallons.

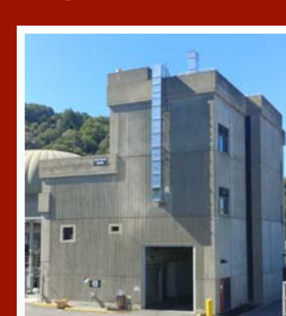
STEP 6: DIGESTION & ENERGY RECOVERY AND EXPORT

K Materials that are removed from the primary and secondary treatment processes are pumped to the **Anaerobic Digesters.** The digesters are heated to approximately 100 degrees F and anaerobic microorganisms consume the sludges to produce biogas.



L CMSA also accepts Fats, Oils and Grease (FOG) and commercial food waste from private haulers at the **Organic Waste Receiving Facility**. These materials are processed and pumped to the digesters to produce additional biogas for the cogeneration engine.

STEP 7: BIOSOLIDS PRODUCTION & SOLIDS HANDLING



M After the digestion process, treated solids (biosolids) are then dewatered in high-speed centrifuges to reduce the water content. These dewatered biosolids are then delivered to beneficial reuse sites.

STEP 8: COGENERATION ENGINE

N The biogas produced in the digesters is used as fuel in an engine/generator that supplies the electricity and heat needed to operate the facility, making us energy self-sufficient.

Plus, some extra renewable power is exported to the grid.

WANT SEE THE REAL THING?

Call us at 415-459-1455 for an appointment to take a tour!

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Key Workload and Performance Indicators for FY21 and FY22 & FY23 Projections
The following section summarizes the Agency's key workload and performance indicators for the July 1, 2020 - June 30, 2021 fiscal period. The data presented is compiled from the *Performance Metric Report* and *NPDES, Process, and Maintenance Report* prepared for the monthly Board meeting agendas. These reports are publicly available in the consent calendar of the Board meeting agenda packets published on the CMSA website (http://www.cmsa.us/board/agendas-and-minutes).

The wastewater treatment plant was designed and built to remove pollutants from influent flows which is accomplished through physical, biological, and chemical processes. While some of the reported performance metrics can be directly correlated to specific parts of the budget, most of the metrics reported below are accomplished through the interconnection of responsibilities amongst the Operations, Technical Services, and Maintenance Departments that each has a duty to contribute to the successful operations of the wastewater facilities. The end goal of the total operating budget is to produce wastewater effluent that is 100% compliant with the Agency's NPDES permit requirements, effectively regulate wastewater dischargers in our service area, beneficially reuse recycled water and biosolids, and produce renewable power.

A. **Volume of Wastewater Treated (FY22 $13.3M & FY23 $13.7M Total Operating Expenditures):** The Agency received and treated approximately 3,357.1 million gallons (Mg) of wastewater during FY21. The table below shows the monthly wastewater volume, in million gallons, received as influent flow from each satellite collection entity: SRSD, RVSD, SQSP, SD #2, over the past three fiscal years. The total treated flow volume was significantly lower in FY20 due to milder and less frequent storm events between the months of October through February, and the flow volume has continued to decrease in FY21 as Marin County declared a drought emergency in May 2021. Future weather patterns are difficult to predict, therefore this statistic is not projected for FY22 & FY23. The total operating budget represents the total cost to treat the total influent flow into the treatment plant and discharging effluent flow into the San Francisco Bay that is in compliance with the Agency's NPDES permit requirements.

TOTAL TARGET MEASUREMENT: 165 – 820 Mg per month and 1,090 MG – 9,940 per year

	SRSD			RVSD			SQSP			SD #2			TOTAL MEASUREMENT		
	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
Jul	109.5	105.2	106.7	109.1	123.2	115.6	14.6	14.5	12.6	25.8	29.5	26.7	259.0	272.4	261.6
Aug	111.2	101.9	99.5	117.8	122.2	115.4	14.4	14.1	14.3	26.1	29.7	27.2	269.5	267.9	256.4
Sep	103.8	95.5	95.4	109.7	119.5	107.7	13.7	13.7	18.8	24.7	29.3	26.8	251.9	258.0	248.7
Oct	110.1	93.6	99.2	120.1	122.9	112.2	14.4	13.4	18.9	27.8	26.9	28.4	272.4	256.8	258.7
Nov	126.1	102.6	103.2	152.1	131.4	127.1	15.4	13.5	17.5	33.7	26.7	26.8	327.3	274.2	274.6
Dec	143.0	238.2	120.6	182.9	312.0	145.7	16.9	19.5	16.0	36.2	59.9	28.9	379.0	629.6	311.2
Jan	218.3	150.7	135.1	300.6	203.3	166.1	20.1	15.5	17.5	51.5	41.2	33.9	590.5	410.7	352.6
Feb	303.8	107.6	114.4	433.5	141.7	142.7	21.3	13.4	15.9	65.4	26.5	28.4	824.0	289.2	301.4
Mar	232.6	116.4	126.7	316.9	149.8	155.5	17.2	14.4	16.1	51.4	30.5	29.9	618.1	311.1	328.2
Apr	130.1	118.5	103.3	172.2	149.8	125.7	13.7	13.8	13.8	32.5	31.4	23.8	348.5	313.5	266.6
May	134.0	110.6	99.9	183.8	130.4	112.4	15.1	13.4	13.9	37.1	29.4	24.7	370.0	283.8	250.9
Jun	104.2	105.1	107.0	141.3	117.2	102.3	13.9	12.5	13.1	31.0	26.8	23.8	290.4	261.6	246.2
Total	**1826.7**	**1445.9**	**1311.0**	**2340.0**	**1823.4**	**1528.4**	**190.7**	**171.7**	**188.4**	**443.2**	**387.8**	**329.3**	**4800.6**	**3828.8**	**3357.1**
% Total Flow	**38.1%**	**37.8%**	39.1%	**48.7%**	**47.6%**	45.5%	**4.0%**	**4.5%**	5.6%	**9.2%**	**10.1%**	9.8%	**100%**	**100.0%**	100.0%

Average Daily Effluent Flow. The Agency's permitted dry weather capacity is 10 million gallons per day (MGD). Below are the average daily dry weather flow, daily wastewater treated, and annual flows for the past three years.

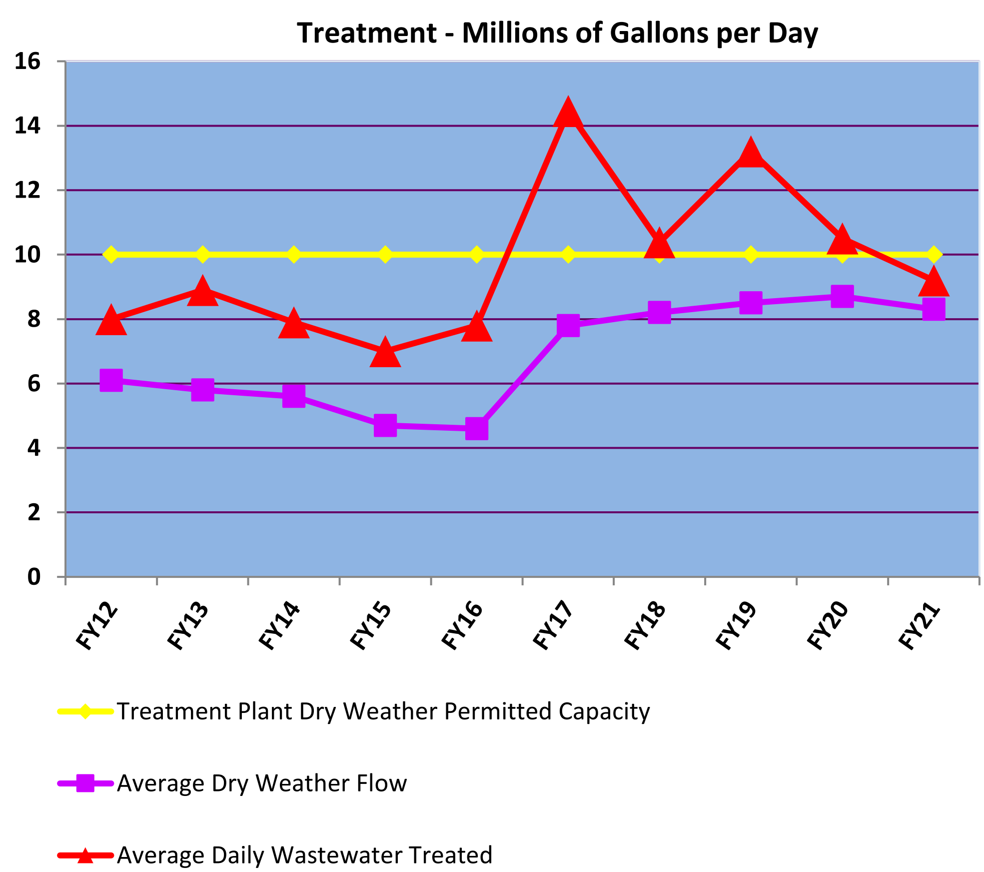
				Projected Flows	
MILLIONS GALLONS PER DAY	**FY19**	**FY20**	**FY21**	**FY22***	**FY23***
Dry Weather Flow (July-Sept), MGD	8.5	8.7	8.3	8.3	8.3
Daily Average Wastewater Treated, MGD	13.2	10.5	9.2	9.2	9.2
Total Fiscal Year Influent Flow Treated, MG	4,800.6	3,828.8	3,357.1	3,357.1	3,357.1
TOTAL OPERATING BUDGET	$11.8M	$12.6M	$13.0M	$13.3M	$13.7M

*FY22 & FY23 have been projected to equal FY21 flows.

The graph below presents the average volume of wastewater treated and discharged into San Francisco Bay from FY12 through June FY21.

The yellow line is the Agency's permitted dry weather flow, which has remained constant through several five-year NPDES permit cycles.

- The purple line shows the average dry weather flow each year during the months of July, August, and September.
- The red line represents the average annual daily wastewater treated and is higher than the purple line because it includes storm water that infiltrates into sewer pipelines during wet weather season rain events.



The increases in the average daily flow are due to higher-than-normal seasonal rainfalls during the wet weather months, and the sharp declines are indicative of dry winters. Decreases in average dry weather flow are also associated with lower water usage by our customers due to their increased water conservation efforts during the proclaimed drought years.

The Agency reclaims anywhere from 10-15% of its treated water for irrigating landscaping, cogeneration engine cooling, hosing down and washing tanks and equipment, and diluting chemicals used in the treatment process. Recycled water is also used to maintain a wildlife sanctuary habitat for endangered turtles at Remillard Park in the City of Larkspur.

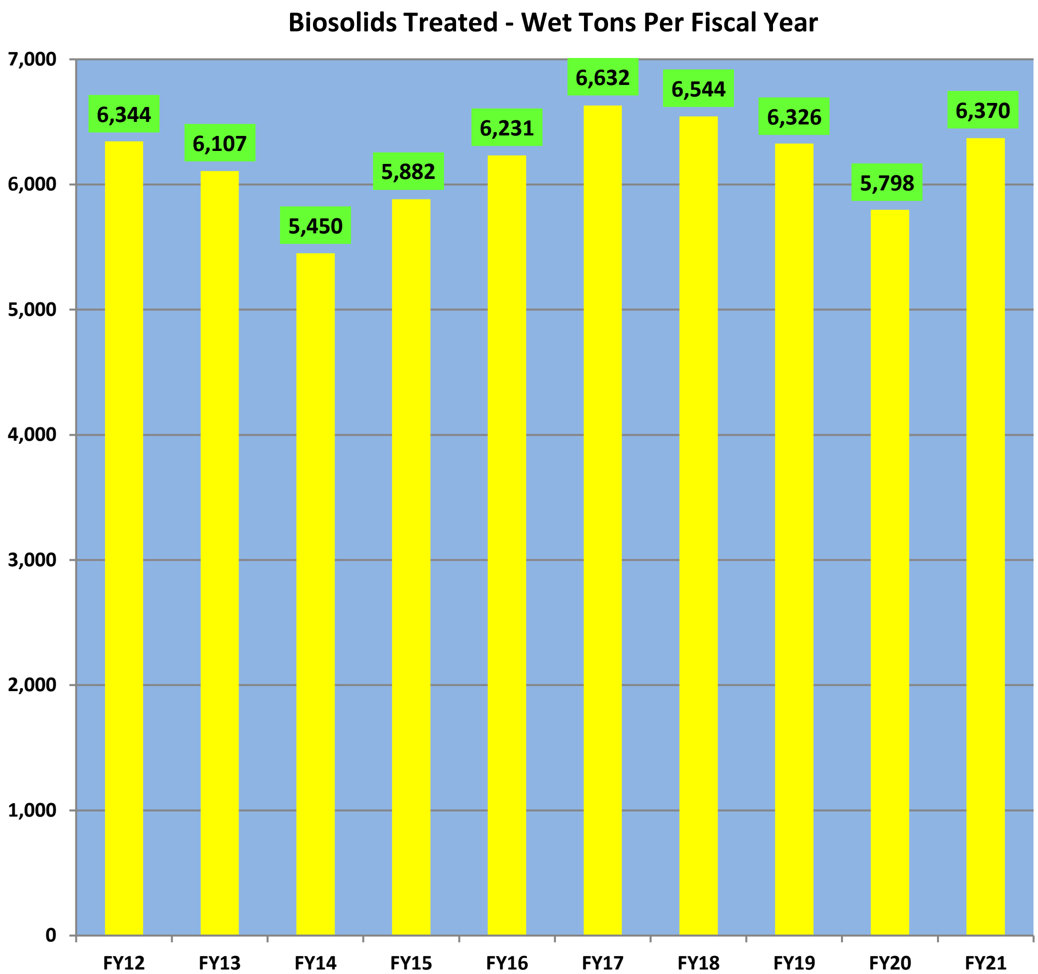
The Agency has a recycled water truck filling station that our JPA members regularly use for sewer flushing and dust control within our service area.

B. **Biosolids Management Production:** Biosolids are renewable by-products of the wastewater treatment process. CMSA beneficially reuses biosolids as alternative daily landfill cover during the wet weather season in Marin County, as fertilizer and soil amendments on agricultural land during the dry weather season in Solano County, and as a feedstock at the bio-fertilizer production facility. To further diversify biosolids management options, the Agency has partnered with 16 wastewater agencies within the San Francisco Bay Area region to evaluate the feasibility of expanding land application in the region and using biosolids to produce a marketable product. The quantity in wet tons of biosolids reused is the performance measure for this budget.

ANNUAL TARGET/GOAL 1,980 Wet Tons – 7,980 Wet Tons					
				Projected Number Tons	
REPORTED WET TONS:	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Total Biosolids Management Budget*	$400K	$419K	$443K	$404K	$418K
Total Biosolids Reuse	6,326	5,798	6,370	6,370	6,370
Landfill Alternative Daily Cover	3,357	2.678	2,013	2,013	2,013
Lystek Bio-fertilizer	1,155	1,265	2,127	2,127	2,127
Fertilizer/Soil Amendment	1,814	1,855	2,230	2,230	2,230

*Reference: Technical Services Department Biosolids Management Budget.

The FY22 & FY23 Total Biosolids Management budget increases are attributed to cost index adjustments in the biosolids hauling and reuse contracts.



The bar chart above shows the annual volume of biosolids produced and beneficially reused. High flows during wet weather can transport solids that had settled in the collection system to the treatment plant which increases biosolids production. Capital improvement projects at the treatment plant can also affect biosolids production. For example, the Digester Improvements Project in FY13 required CMSA to operate with only one digester instead of two for several months which decreased biosolids production. The FY14, FY20, and FY21 reductions correlated with drought conditions which resulted in more solid material settling in the sewer system pipes and therefore was not transported to the treatment plant.

C. **Odor Alerts and Complaints:** Odors are routinely generated in the wastewater collection system and in treatment processes. The Agency has implemented a multi-phased approach to manage odor generation that includes: (1) introduction of a calcium nitrite solution into specific locations in the sewer collection system to control the production of hydrogen-sulfide by microorganisms; (2) the addition of 50% strength hydrogen peroxide into the influent wastewater prior to entry into the facility's headworks to neutralize odorous compounds; and (3) the use of odor control masking agents when treatment processes are removed or placed into service. We routinely perform odor monitoring, and odor alerts are posted on the Agency website to inform the public of the potential generation of odors due to process changes, warm weather, and other environmental or operational factors. The performance measure for the Odor Control Budget is the number of alerts issued and the number of complaints received from the public. The table below shows the number of posted alerts and public complaints received over the past three years. The Agency's annual goal is zero complaints.

ANNUAL TARGET/GOAL ODOR COMPLAINTS = 0					
				Projected Alerts	
	FY19	**FY20**	**FY21**	**FY22**	**FY23**
Total Odor Control Budget*	$521K	$505K	$502K	$497K	$514K
Number of Odor Alerts Issued	41	42	33	41+/-	41+/-
Number of Odor Complaints Received	0	0	0	0	0

*Reference: Operations Dept. line item chemical budgets: Nitrate, Hydrogen Peroxide, Odor Control accounts.

D. Conventional Pollutants Removed: The Agency's NPDES permit contains specific requirements for the removal of conventional pollutants, wastewater solids, and organic material, before the treated water is discharged into the San Francisco Bay. The table below shows the annual amount of conventional pollutants removed. This metric is an example where the Operation, Technical Services, and Maintenance Department responsibilities and budgets interconnect to produce a desired outcome.

ANNUAL TARGET/GOAL >85% REMOVAL CONVENTIONAL POLLUTANT					
				Projected Removals	
UNIT OF MEASURE: TONS	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Total Suspended Solids (TSS) **FY21 Removed 98.4%**	5,908	6,467	6,677	6,677	6,677
Organics (Biological Oxygen Demand – BOD) **FY21 Removed 97.6%**	4,424	4,267	4,533	4,533	4,533

E. Priority Pollutants Removal: The Agency's NPDES permit requires the removal of mercury and copper, as priority pollutants. The percentage of these pollutants removed from the treated effluent discharged into San Francisco Bay is shown in the table below. The Agency's optimal goal is 100%, but a more realistic and achievable goal is between 85% and 95%. While the Technical Services Pretreatment Sampling budget monitors industrial dischargers, the Countywide Cooperative Public Education Program budget supports programs that educate the public on ways they can contribute to the removal of mercury and copper.

				Projected Removal Rate	
MONTHLY AVERAGE	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Mercury (Goal 88-99%)	96%	97%	98%	98%	98%
Copper (Goal 84-98%)	90%	90%	96%	96%	96%

F. Biogas and Energy Production: Biogas is produced in the treatment plant's anaerobic digesters. This renewable resource is used as fuel in a cogeneration system that generates renewable electricity to power Agency facilities, with the excess power being sold to Marin

Clean Energy. The volume of natural gas purchased from outside suppliers is reduced in proportion to the amount of biogas that is generated. The estimated quantity of biogas and electrical energy produced and the economic value of natural gas savings is shown in the table below. The slight increase in biogas production in FY21 was influenced by the late introduction of a new organic waste source, South Bay Waste Management Authority, and a stronger than expected local economy despite the COVID-19 pandemic. With additional businesses reopening this year, we anticipate biogas production will increase also.

ANNUAL GOAL BIOGAS: 72 to 114 Mft³ NATURAL GAS: 45.6 to 73.2 Mft³					
				Projected Production	
	FY19	**FY20**	**FY21**	**FY22**	**FY23**
Total Natural Gas Budget*	$37K	$40K	$38K	$66K	$51K
Biogas – million cubic feet	91	99	100	100	101
Energy Produced – Megawatt hours	3,743	4,379	5,339	5,300	5,400
Value of Biogas Produced	$317,879	$330,947	$356,373	$355,000	$360,000

*Reference: Operations Department budget (7502).

G. Work Orders Completed: The Agency has over 4,000 assets that include the treatment facilities and systems, equipment, buildings, vehicles, computers, and other assets. These assets need to be proactively maintained and repaired (preventative work), rehabilitated, or replaced as needed (corrective work). The Maintenance and Operations Department's maintenance activities are scheduled and tracked using a computer-based asset management system. The table below shows number of work order hours completed over the past three fiscal years. The number of work orders executed is a key performance measure of workplace productivity for the Maintenance and Operations Departments.

BUDGET	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Maintenance Department	$1.91M	$1.99M	$2.10M	$3.28M	$3.46M
Operations Department	$3.24M	$3.49M	$3.38M	$4.49M	$4.52M
TOTAL	**$5.15M**	**$5.48M**	**$5.48M**	**$7.77M**	**$7.98M**

				Projected Work Order Hours	
COMPLETED WORK ORDERS*	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
Preventative Work Orders - # Hours	5,163	8,444	14,008	11,941	12,539
Corrective Work Orders - # Hours	7,297	5,278	5,886	6,292	6,606
Unplanned Corrective Maintenance – # Hours	1,671	1,228	812	818	859
TOTAL WORK ORDER HOURS	**14,131**	**14,950**	**20,706**	**19,051**	**20,004**

*Source: CMSA July-June 2021 Agendas NPDES Permit Compliance and Performance Metric reports http://www.cmsa.us/board/agendas-and-minutes

The Maintenance and Operations budget represents the total cost, including salaries, equipment, tools, chemicals, and utilities expended to execute the work orders.

H. Employee Training: CMSA supports employee development. We strongly believe continued training is important to our employees' professional development and job satisfaction, as well as for the effective functioning of the organization. Training includes mandatory topics such as safety and employment law (diversity, discrimination, harassment prevention and ethics) and job specific educational courses. Methods of training include attendance at seminars and conferences, as well as computer-based webinars. The hours employees spend in training and development sessions is the key performance measure for referenced training accounts below the table. The COVID-19 pandemic postponed off-site training which is expected to resume during FY22 and FY23.

				Projected Hours	
	FY19	**FY20**	**FY21**	**FY22**	**FY23**
Total Meetings/Training Budget	$82K	$80K	$83K	$81K	$89K
Internal Hours	1,908	2,017	1699	2000	2000
External Hours	1092	636	19	1250	1150

Reference: Department budget accounts for Meetings/Training (7601), Conferences (7602), Outside Safety Training (7739)

I. Water Sample Analyses: The Agency has a certified environmental laboratory where wastewater influent and effluent is routinely sampled and analyzed for various compounds as required by the Agency's NPDES permit. Samples from numerous treatment processes are also analyzed to ensure that the treatment systems are operating properly. The performance measure for the Permit Testing & Monitoring Budget is the number of tests that are performed to monitor water quality and permit compliance. The chart below shows the number of water sample analyses the laboratory performed, and the projection for FY22 & FY23. The number of analyses performed is based upon need and circumstances, therefore, the Range/Target/Goal is variable as reported in the monthly agenda Performance Metrics report.

				Projected number Tests/Analyses	
	FY19	**FY20**	**FY21**	**FY22**	**FY23**
Permit Testing & Monitoring Budget (Excludes Pretreatment & Underground Tank Testing*	$132K	$126K	$124K	$133K	$137K
NPDES Compliance Analyses	6,550	4,698	4,441	4,500	4,550
Process Control Analyses	9,137	14,637	16,374	10,000	10,000
Contract Laboratory Analyses (New January 2018)	1,046	670	571	550	550
Quality Control Testing	2,628	5,414	6,153	3,500	3,500

* Reference: Technical Services line item budget accounts (7301, 7310, 7311, 7313)

Process and quality control analyses remained elevated for FY20 and FY21 due to the continued monitoring of the pilot digester study project which concluded in March 2021.

Projected number of analyses for these metrics are expected to return to historical quantities.

J. **Number of Inspections Performed and Permits Issued:** The U.S. Environmental Protection Agency and the State Regional Water Resources Control Board require wastewater agencies, such as CMSA, to regulate commercial and industrial businesses in their service areas to ensure specific pollutants and materials are not discharged into the sanitary sewer system that can detrimentally affect the environment, public health, or wastewater treatment processes. Regulated businesses include restaurants, dental offices, car washes, dry cleaners, metal plating shops, auto repair facilities, manufacturing plants, and other business types that have the potential to produce environmentally harmful waste products. The Contract Service Revenues budget line items for FOG, Pollution Prevention, and the Mercury Source Control Programs recover costs to perform inspections and issue permits for other local agencies where CMSA has contracts to perform these services. The number of inspections completed and permits issued are shown in the table below and are the key performance measures for the referenced revenue line items. Fluctuations in the number of inspections are dependent upon customer compliance and by the number of new and existing businesses in the service area. Permits are issued for 1-, 2- or 3-year periods and the cyclical pattern is reflected in the number of permits renewed from FY19 through the FY23 budget. Due to COVID-19 restrictions this past year, business activities within our community were significantly reduced and source control activities were as well.

				Projected Number Inspections/Permits	
	FY19	**FY20**	**FY21**	**FY22**	**FY23**
Total FOG, Permit & Inspections, and Mercury Source Revenue*	$59K	$105K	$108K	$135K	$140K
Pretreatment and Pollution Prevention Inspections (Target varies based upon need)	141	254	170	250	250
FOG Program Food Service Establishment Inspections (Target 240 – 600 per year)	289	277	569	450	450
Permits Issued and Renewed (Varies based upon need)	88	197	16	100	100

*Reference: Schedule of Revenues and Other Financing Sources budget accounts (6201, 6202, 6203, 6204, 6205, 6206, 6207, 6301).

K. **Public Outreach and Education:** CMSA is the lead agency for a countywide cooperative public education program. Staff and program participants utilize exhibits to educate the public about important environmental issues related to water quality, stormwater, and wastewater at many community-based events. Some of these include the Marin County Fair, local festivals, farmers' markets, and Earth Day events. The program also hires a juggler to deliver educational and entertaining environmental messages to elementary school children. Attendance at public outreach and education events is a key performance measure for the program budget. The Agency tracks the number of people who visit the public education booth and who take our environmental quiz, and the number of children who attend the educational school events. A calendar of events where CMSA will be in attendance is available on the Agency's website www.cmsa.us/localevents. Due to COVID-19 shelter-in-place restrictions this past year, public outreach activities were restricted. However, other methods such as door hangers and drive-thru events were implemented to continue to communicate critical outreach topics to our community.

3000 ANNUAL TARGET FOR PUBLIC EDUCATION EVENT ATTENDEES SCHOOL EVENTS AND AGENCY TOURS BASED UPON NEED					
	FY19	**FY20**	**FY21**	**FY22**	**FY23**
Total Public Education Program Budget*	$35K	$21K	$28K	$21K	$28K
Public Education Event Visitors	2,829	3,390	0	750	4,300
School Education Events Student Attendance	4,070	3,801	3,983	3,600	4,400

*Reference: Technical Services Department budget account 7737.

FY22 and FY23 projections are expected to return to contractual quantities as staffing is normalized and COVID-19 restrictions have abated. However, the Marin County Fair for FY22 has been postponed and will not potentially return until FY23.

SECTION 4. STRATEGIC PLAN

The Strategic Plan (SP) charts a strategic path to effectively maintain and improve the Agency's operations and services. CMSA's SP has been constructed to prioritize projects, focus energy and resources, and guide fundamental decisions and actions that will successively build on each other into the future.

In May 2021, the Board of Commissioners adopted a new 5-year SP with updated Mission, Vision, and Value statements and Organizational Goals that will guide the Agency for the five fiscal years, from FY22 to FY26. A consultant was used to facilitate a robust multi-phase development process with the Board and the Agency Strategic Planning Committee (ASPC). First, the consultant held a kick-off meeting with the ASPC to review the process to update the SP, and later interviewed each Board member to discuss CSMA accomplishments, the value of a SP, the current Mission, Vision, Values, and Goals, and ideas for revisions. The consultant then used an iterative process of ASPC meetings and Board workshops to ultimately craft the below revised and updated SP.

Mission

Central Marin Sanitation Agency protects the environment and public health and is integral to the community by providing wastewater, environmental, and resource recovery services.

Vision

Central Marin Sanitation Agency will be a forward-thinking organization by providing innovative and effective wastewater services, capturing, and utilizing renewable resources, and implementing sustainable solutions for an enhanced quality of life.

Values

- Continuous regulatory compliance to protect the environment.
- Sound financial practices.
- Effective asset management.
- A safe and healthy workplace.
- Creating job satisfaction within a diverse workforce.
- Engaging public outreach and educational programs.
- Leadership, partnership, teamwork, and collaboration.

• Goals

- CMSA will effectively operate and maintain its treatment facilities in compliance with changing regulations.
- CMSA will continually improve financial management practices to ensure transparency, financial sustainability, and sound fiscal principles.
- CMSA will further develop resource recovery opportunities to achieve community, environmental, and economic benefits.
- CMSA will be a leader and/or an active participant in collaborative efforts to address industry and community challenges and opportunities.

- CMSA will attract and retain high quality employees by engaging staff, fostering professional development, valuing diversity, and promoting a culture of safety.
- CMSA will expand its use of technology to improve communication and processes, and strengthen system integrity.

The Agency's budget is closely aligned with the SP and the annual Business Plan, and a majority of the draft FY22 Business Plan's strategic actions were considered in the budget development process.

The Board reviews and approves the annual Business Plan in July of each year, after which it is available on the Agency website.

SECTION 5. FINANCIAL REPORTING AND FINANCIAL POLICIES SUMMARY

The Agency is a Joint Powers Agency and its activities are accounted for in a single enterprise fund. A comprehensive set of Board adopted financial policies provides direction to protect the Agency's assets and investments through sound financial management. The Agency uses the accrual method of accounting in accordance with Generally Accepted Accounting Principles (GAAP) to produce its financial statements. The accrual method records revenue when earned and records expenses when incurred. The cash basis of accounting is used to produce the budget which records revenue when cash is received and records expenses when actually paid. The primary difference is that economic events are recognized at the time the transaction occurs regardless of when cash transactions occur. CMSA's annual financial statements and the Agency's compliance with policies and internal controls are audited by an independent outside auditor in accordance with generally accepted governmental auditing standards, and the statements meet the State Controller's Minimum Audit Requirements for California Special Districts. The Agency's audited financial statements are filed with the State Controller's Office and the County of Marin Auditor-Controller, are provided to various bond rating agencies, and are available to the general public for review. CMSA's Financial Policies Manual is available on the CMSA website at www.cmsa.us/documents/administrative.

CMSA Financial Policies Table of Contents

CMSA's values include: *"Sound financial practices ."*
"Effective asset management ."

Financial Policies Summary

The Board adopted a comprehensive set of financial policies which are periodically reviewed and updated to align with GFOA best practices, recommendations from the Agency's independent auditors, the latest GASB pronouncements, and changes in Agency business practices. Since then, the Agency has undertaken a schedule to review one of its three major sets of policy documents annually on a rotating basis. The set of policies includes Financial, Personnel, and Administrative. The Financial Policy Manual was updated and adopted by the board during in October 2020, Administrative Policies are currently under review and should be adopted during the summer of 2020, and the Personnel Policy Manual review will begin in mid-FY22.

Major financial policy areas are displayed in the graphic on the previous page and each specific policy is summarized below. The framework of the financial policies governs the overall financial management and fiscal health of the Agency, and promotes accountability to effectively direct the financial planning, management, and operations of the Agency. The General Manager and Administrative Services Manager are responsible for ensuring staff compliance with financial policies. A summary of each policy area is presented below:

- **Internal Controls**: Defines authorization levels, signatory requirements, segregation of duties, internal documentation requirements, monthly financial review, cash receipts, security, fiduciary responsibilities, and other internal control policies and procedures that Agency staff is required to follow.
- **Financial Reporting**: Defines the internal monthly Board reports and external financial reports required to be prepared by the Agency, including the audited financial statements, CAFR, financial and payroll reporting required by the IRS and the State of California, and debt reporting.
- **Revenue Management**: Provides direction on the funding requirements and management of Agency revenues, with respect to its organizational budgets, goals, and objectives. Defines the types of revenue sources, such as service charge allocations for the JPA member agencies, debt service charges, capacity charges, CMSA service contracts, and other forms of revenue.
- **Treasury**: Defines the roles and responsibilities of the General Manager and Treasurer, and includes comprehensive investment guidelines that cover how assets are to be invested to maintain safety, liquidity, and yield.
- **Expenditure Management**: Defines management of expenditures, including the required levels of approval and documentation, and accounting for transactions in the proper accounting period. Revenue Management and Expenditure Management policies form the cash basis of budgeting–where the money comes from (revenues) and where the money goes (expenditures).
- **Financial Planning**: Defines the balanced budget and specific planning documents required to be adopted by the Board of Commissioners, including the budget, the 10-year capital improvement program, OPEB funding plan, and 10-year financial forecast, as well as monthly reporting requirements.
- **Procurement Management**: Defines the levels of authority for purchase orders, and signatory requirements for all types of procurement expenditures, such as professional service agreements, maintenance service contracts, construction contracts, equipment procurement, and materials and supplies purchases. This policy also includes guidelines for petty cash and credit card purchases.
- **Asset Management**: Defines the type of assets and the capitalization dollar thresholds for assets to be capitalized, the proper accounting for assets, disposal guidelines, and requires on-going asset condition assessment programs to facilitate projected replacement(s) and budget planning.

SECTION 6. BUDGET DEVELOPMENT: BALANCED BUDGET, BASIS OF BUDGETING, ACCOUNTING, DEVELOPMENT AND ADMINISTRATION

The Board approves and adopts a balanced budget prior to the start of every other fiscal year, beginning July 1. The Board, General Manager, and Agency staff each have their respective Agency, departmental, and program responsibilities to develop a financially responsible budget. During FY19, the Agency prepared its first two-year budget for FY20 and FY21. Budget development is guided by financial policies and procedures, the SP, long- and short-term organizational goals and objectives, the economic climate, and other external factors

FY22 & FY23 Budget Calendar – Development, Adoption, and Administration

Balanced Budget: The budget is balanced when revenues and other financing sources (uses) equal expenditures. When revenues exceed expenditures, surplus funds are transferred into designated reserve accounts in accordance with the Agency's Financial Reserves Policy.

Cash Basis of Budgeting: The Agency's biennial budget and 10-year forecast are based on the cash method of accounting and exclude non-cash depreciation and amortization expenses. Revenues are budgeted according to what is expected to be collected during the budget year, and expenditures are budgeted according to what is expected to be spent during the fiscal year. The cash basis recognizes revenue when cash is received and recognizes expenses when cash is spent.

Accrual Basis of Accounting: The Agency is an enterprise fund and accounts for all its financial activity utilizing the accrual method of accounting in accordance with all applicable Government Accounting Standards Board (GASB) pronouncements for accounting, and recognizes revenues, expenses, assets, and liabilities in the proper fiscal year. The accrual method recognizes transactions and events when they occur, regardless of when cash is received or spent. One of the primary differences between the cash basis of budgeting and the accrual basis of accounting is the accrual method matches revenues to expenses which gives a more accurate picture of the Agency's financial condition.

Development, Adoption, and Administration

The biennial budget development cycle begins with an analysis of the current year budget compared to projected annual expenditures and long-term capital improvement program funding needs, and serves as the baseline for the upcoming budget. During the course of budget development, the General Manager and Administrative Services Manager meet with the Board Finance Committee to review options to balance the budget including possible refining of expenditure budgets and/or appropriate funds from various designated reserves. A proposed budget is presented to the Board in May during a publicly noticed meeting where customers and other stakeholders in the service area are encouraged to provide input on the budget for Board consideration. Any direction provided by the Board in May is incorporated into the final proposed budget, which is presented to the Board in June at a publicly noticed meeting for consideration of adoption. Once adopted, the budget serves as the revenue collection and spending plan for the following two July 1 to June 30 fiscal periods.

During the course of the fiscal year, finance staff prepares, and management staff reviews, detailed monthly budget performance reports and corresponding revenue and expenditure analyses. Finance staff also prepares a quarterly budget status report for Board review which details the financial performance of the Agency, describes billings and revenue collections, and analyzes operations and capital expenditures. The quarterly budget performance reports are available for public review and are included in the Board meeting agenda packets which are available on the Agency website at www.cmsa.us/board/agendas-and-minutes.

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SECTION 7. FY22 & FY23 BUDGET - DISCUSSION AND ANALYSIS

The Agency began development of the FY22 & FY23 two-year budget in January 2021, and it was adopted by the Board in June 2021. The budget's three major components consist of (1) operating revenues, expenses, and debt service (Section 7), (2) CIP expenditures and the 10-year CIP projections (Section 8), and (3) the 10-Year Financial Forecast assumptions (Section 9). The FY22 & FY23 Budget is balanced with revenues and expenses generally close and reserves used to balance it as needed. The tables, charts, and descriptions below for both revenues and expenses provide information about the various revenue sources and expense/expenditure uses.

CMSA's primary source of revenue is the SSC received from the JPA members. SSCs are based upon each respective member's volume and strength of wastewater received and treated. This method is a fair determination because it recognizes that wastewater volume and strength vary per JPA member and it assigns costs based upon the actual burden placed on the treatment facility. The Agency has now completed eight years, beginning in FY14, of allocating the SSC to the JPA members using the 36-month wastewater strength and flow methodology.

Table 1 shows the FY20 actual and FY21, FY22, and FY23 budgeted operating revenues and expenses, with surplus funds flowing into operating and then unrestricted capital reserves. Major changes to FY22 & FY23 revenues and expenditures from FY20 & FY21 are discussed in the narrative following Table 1.

Table 1: Overview of Operating Revenues and Expenses for FY20, FY21, FY22 & FY23

	Actual FY20	Budget FY21	Adopted Budget FY22	FY22 Change from FY21	Adopted Budget FY23	FY23 Change from FY22
Total Operating Revenues **(Excludes Capital Fee, Capacity Charges, Debt Service, Interest, and Other Financing Sources)**	$13,213,212	$13,626,023	$14,027,263	2.9%	$14,391,779	2.6%
Total Operating Expenses	12,315,621	12,999,279	13,251,635	1.9%	13,704,620	3.4%
Surplus/(Deficit)	**$ 897,591**	**$ 626,744**	**$ 775,628**	**23.8%**	**$ 687,159**	**-11.4%**

Note: Budget surpluses are transferred to designated reserve funds per Financial Policy on Reserves.

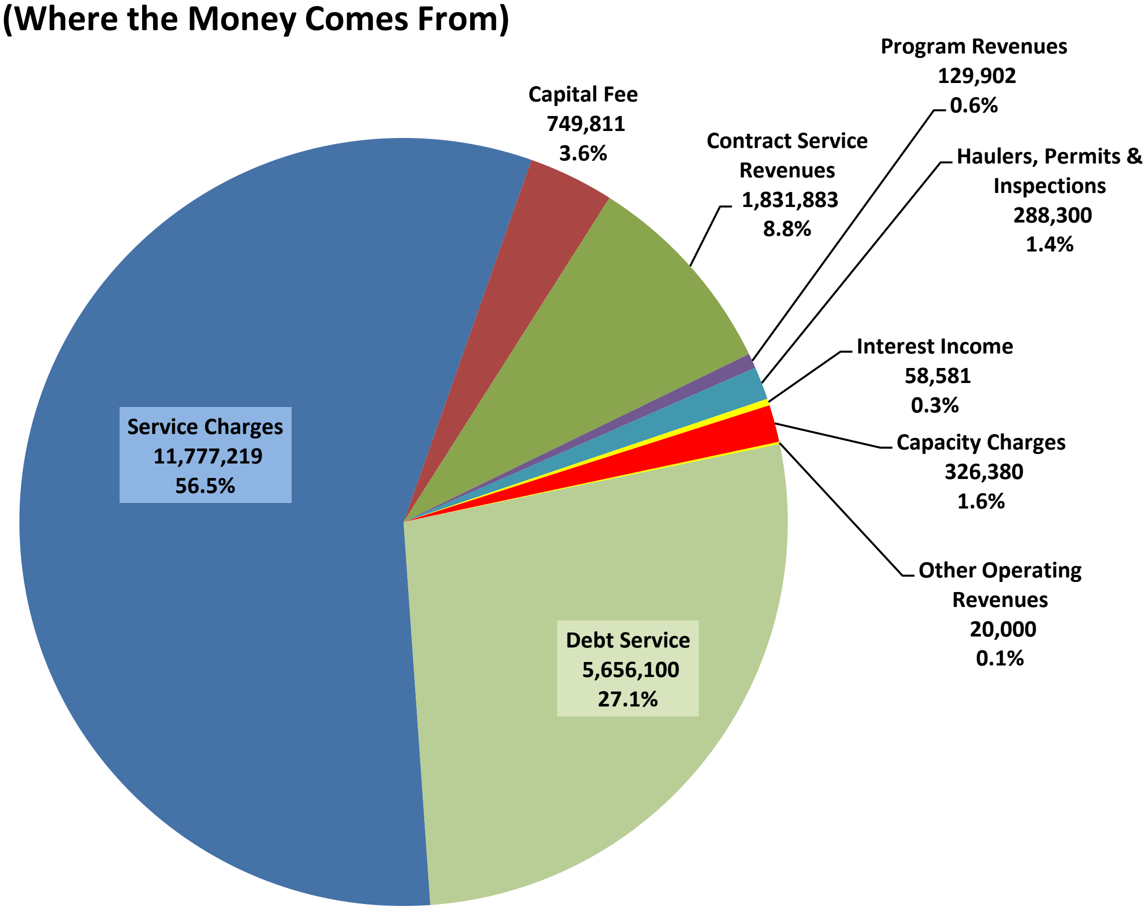
Total FY22 operating revenues increase by 2.9% and operating expenditures increase by 1.9%, and for FY23 revenues increase 2.6% and expenses 3.4%. There are budgeted operating surplus for FY22 and FY23 in the amounts of approximately $776K and $652K, respectively.

Adopted FY22 & FY23 Revenues: Table 2 summarizes revenues by source for FY20 actual, adopted FY21, and adopted FY22 & FY23 budgets. A brief analysis that describes the difference between FY21 and FY22 & FY23 revenue categories follows the pie chart below.

Table 2: Revenues by Source for FY20 Actual, FY21 Adopted, and FY22 & FY23 Adopted Budgets

Revenue Sources by Category	Actual FY20	Budget FY21	Adopted Budget FY22	FY22 Change vs FY21	% Total Revenue	Adopted Budget FY23	FY23 Change vs FY22	% Total Revenue
Operating Revenues								
Service Charges	$10,994,000	$11,379,001	$11,777,219	3.5%	56.5%	$12,189,422	3.5%	57.1%
Contract Service Revenues	1,451,816	1,847,098	1,831,883	-0.8%	8.8%	1,777,984	-2.9%	8.3%
Program Revenues	85,666	125,374	129,902	3.6%	0.6%	126,648	-2.5%	0.6%
Haulers, Permits & Inspections	291,226	274,550	288,300	5.0%	1.4%	297,725	3.3%	1.4%
Interest Income	352,481	442,780	58,581	-86.8%	0.3%	51,365	-12.3%	0.2%
Other Operating Revenues	38,023	20,000	20,000	0.0%	0.1%	20,000	0.0%	0.1%
Total Operating Revenues	**$13,213,212**	**$14,088,803**	**$14,105,885**	**0.1%**	**67.7%**	**$14,463,144**	**2.5%**	**67.8%**
Capital Fee	1,021,000	1,252,000	749,811	-40.1%	3.6%	977,580	30.4%	4.6%
Capacity Charges	511,165	31,675	326,380	930.4%	1.6%	247,117	-24.3%	1.2%
Debt Service	4,959,164	4,946,258	5,656,100	14.4%	27.1%	5,652,539	-0.1%	26.5%
Other Financing Sources	633,042	-	-	0.0%	0.0%	-	0.0%	0.0%
Total Non-Operating Revenues	**$7,124,371**	**$6,229,933**	**$6,732,291**	**8.1%**	**32.3%**	**$6,877,236**	**2.2%**	**32.2%**
TOTAL REVENUES	**$20,337,583**	**$20,318,736**	**$20,838,176**	**2.6%**	**100.0%**	**$21,340,380**	**2.4%**	**100.0%**

FY22 Budget Revenues by Source (Where the Money Comes From)



(A list of acronyms and their definitions used in the revenues and expenditures analyses can be found in Section 11 - Key Terms and Financial Glossary with Acronym Listing)

Service Charges: A fee collected for providing wastewater treatment service that is allocated to each JPA member based on delivered wastewater flow and strength to CMSA from April 1, 2018 to March 31, 2021. Flow is measured in millions of gallons and strength factors are measured in pounds of biological oxygen demand and pounds of total suspended solids. The SSCs are budgeted to increase by 3.5% to fund increased operating expenses with surpluses to transfer to the operating reserve to maintain 25% of the annual operating expenses, and any remaining surplus transferred the unrestricted capital reserve to fund future capital projects as planned in the 10-year financial forecast (Section 9).

Service Charge Capital Fee: A fee collected from JPA members that flows directly into unrestricted capital reserves to fund capital projects within the term of the 10-year CIP.

Contract Services: Revenues received for services provided by the Agency under contract to local agencies are expected to decrease by 0.8% in FY22 and 4.8% in FY23.

- $815,000 and $740,422 for SQSP wastewater services for FY22 and FY23, respectively. The budget is based upon the flow/strength allocation times the sum of the CMSA O&M budget and capital budget.
- $406,888 and $413,895 for FY22 and FY23, respectively, for SQSP pump station maintenance. This contract increases by Bay Area CPI in the amount of 1.7% for FY22 and estimated 3.5% in FY23.
- $34,100 and $34,824 for SQ Village for each of FY22 and FY23, respectively. SQ Village is a county sewer maintenance district and is in the process of annexing into the RVSD.
- $470,878 and $480,295 for SD #2 Pump Station Maintenance for each of FY22 and FY23, respectively. Costs vary by different amounts of approved maintenance work.
- The Agency also has contracts with six local agencies for a FOG source control program services, and has a contract with one neighboring sanitary district to administer its dental amalgam source control program. Budgeted revenues for these agencies, as a whole, amounts to $104,976 and $108,572 for each of FY22 and FY23, respectively.

Program Revenues: Revenues received in accordance with agreements with program participants for the Health & Safety and the Marin County Cooperative Public Education Program. Revenues are expected to increase 3.6% for FY22 for changes in specific program items, and decrease 2.5% for FY23.

Haulers, Permits, and Inspection: Revenues received from charges for septage disposal from private waste haulers, permit fees for industrial waste dischargers, administrative costs for source control program inspections, tipping fees for organic waste disposal, and other services. Revenues are increasing from septic and organic waste haulers.

Interest income: The Agency maintains its investments in liquid investment pools with the State of California Local Agency Investment Fund (LAIF) and a smaller principal balance in the California Asset Management Program (CAMP). Interest rates for both LAIF and CAMP decreased substantially over the past year to minimum values estimated for LAIF at 0.3% both years and 0.1% for CAMP for both years. Interest income has become minimally budgeted at approximately $58K for FY22 and $51K for FY23.

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Capacity Charges: Revenue received from new connections to the sanitary sewer system or expansion of an existing connection's fixture units. Capacity charges when received may be used for capital purposes only. Due to generally few new connections, the Agency budgets for two new connections each for SRSD and RVSD and for one new connection for SD #2.

The capacity charge fee for a single-family dwelling unit will increase 2.7% from $6,503 to $6,678 for FY22 and an estimated 2.7% also for FY23 as adjusted by the Engineering News Record (ENR) Construction Cost Index for the San Francisco Bay Area for the twelve-month period from April to April. The Agency's capacity charge Fee Schedule Ordinance No. 2019-1 is available on the website at www.cmsa.us/documents/ordinances.

Adopted FY22 & FY23 Operating Expenses: Approximately 90% of the operating budget is related to fixed costs over which the Agency has limited control once agreements are in place, and include salaries, benefits, chemicals, biosolids hauling and reuse, permit sampling requirements, biosolids monitoring compliance, insurance, utilities, and several operating permits required by regulatory agencies. The remaining 10% represents professional affiliations, memberships, professional development, and general and administrative expenses that include a varying degree of funds available for discretionary use.

The Agency's FY22 & FY23 budget for expenses is summarized in Table 3 below, Budget by Category of Expenses. A descriptive analysis for each expense category can be found following the pie chart.

Table 3: Budget by Category of Expenses for FY20 Actual, FY21 Adopted, FY22 & FY23 Adopted Budgets

Operating Expenses by Category	Actual FY20	Budget FY21		Adopted Budget FY22	FY22 Change vs FY21	% Total Adopted Budget		Adopted Budget FY23	FY23 Change vs FY22	% Total Adopted Budget
SALARIES	$ 5,754,738	$ 5,997,600		$ 6,130,761	2.5%	46.3%		$ 6,340,747	3.5%	46.3%
BENEFITS	2,687,374	3,093,100		3,050,928	-1.4%	23.0%		3,251,898	6.6%	23.7%
CHEMICALS & FUELS	1,212,557	1,299,080		1,313,142	1.1%	9.9%		1,279,151	-2.6%	9.3%
UTILITIES	495,207	323,800		366,038	13.0%	2.8%		303,939	-17.0%	2.2%
BIOSOLIDS MANAGEMENT	399,299	443,000		404,285	-8.7%	3.1%		418,435	3.5%	3.1%
PERMIT TESTING & MONITORING	193,804	172,207		174,340	1.2%	1.3%		176,784	1.4%	1.3%
MAINTENANCE & REPAIRS	354,332	387,200		423,500	9.4%	3.2%		478,500	13.0%	3.5%
GENERAL & ADMINISTRATIVE	739,318	876,015		939,746	7.3%	7.1%		945,097	0.6%	6.9%
INSURANCE	478,992	407,277		448,895	10.2%	3.4%		510,069	13.6%	3.7%
Total Expenses	**$12,315,621**	**$12,999,279**		**$13,251,635**	**2.1%**	**100.0%**		**$13,704,620**	**3.5%**	**100.0%**

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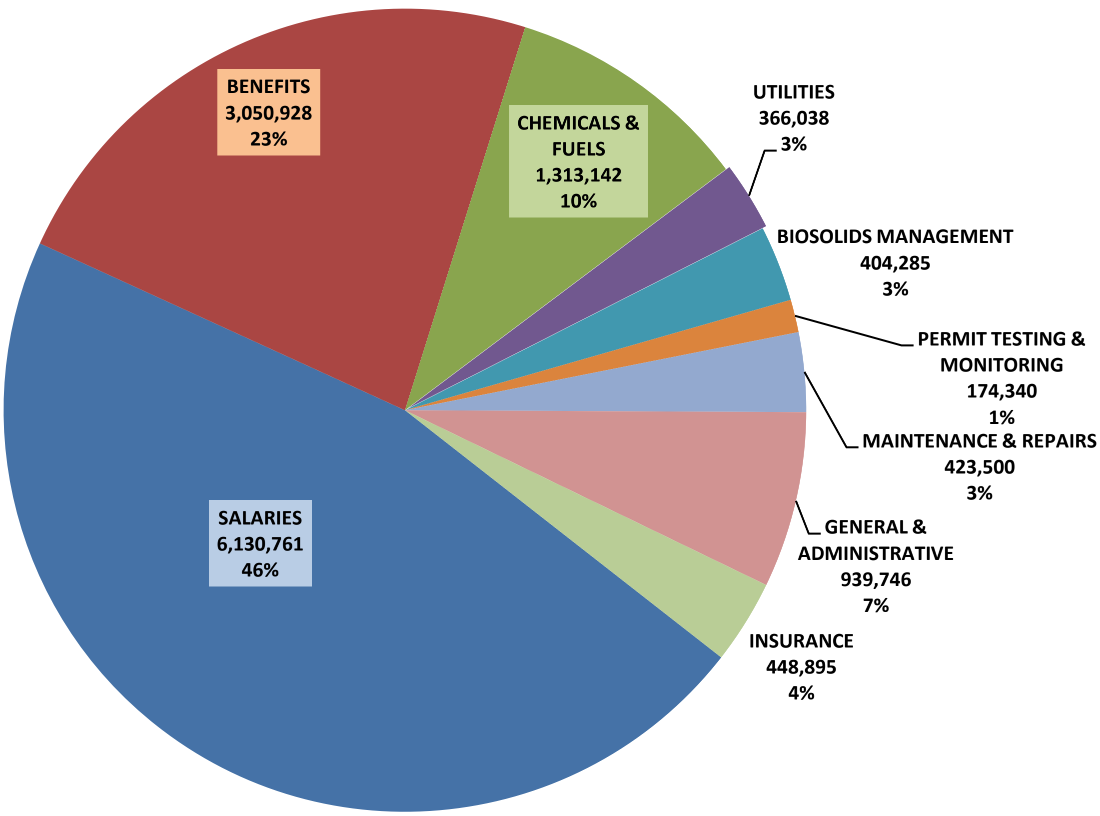
FY22 Operating Budget by Category of Expense (Where the Money is Spent)



Salaries: Salaries are budgeted to increase by 2.5% for FY22 due to a 1.7% COLA salary adjustment for Agency employees effective July 1, 2021, and anticipated compensation adjustments for eligible staff. Salaries are budgeted to increase 3.5% for FY23.

Benefits: Total employee benefit costs decrease 1.4% for FY22 and increase 6.6% for FY23. The FY22 decrease is due to new employees hired at the entry level of their classification with lower compensation and retirement costs. Employee benefits include costs for retirement pensions, medical, retiree medical, and other benefits. Retiree medical costs for FY22 is $246K and FY23 is $258K, and includes Agency paid minimum insurance premiums to CalPERS medical for eligible retired employees, plus reimbursement amounts paid to retirees for the employee portion withheld from pension checks, and prefunding amounts paid to the retiree medical trust known as CERBT (California Employers Retirement Benefit Trust). The trust is a Section 115 trust that holds and accumulates amounts to be used for the exclusive benefit of eligible retirees and their beneficiaries. The Agency is funding the trust in the amount of $43K established in accordance with a Board adopted OPEB funding plan for full funding in approximately five years near or at which time benefits will be paid from the trust. The OPEB funding plan may be subject to change conditioned upon changes in the GASB 75 ADC and other OPEB funding assumptions. Earnings of the trust will be self-supporting to pay benefit obligations from the trust.

Chemicals & Fuel: This category is budgeted to increase 1.1% for FY22 and decrease 2.6% for FY23. Significant savings were achieved when the Agency joined the Bay Area Chemical Consortium (BACC) in FY14, a regional chemical purchasing cooperative. Chemical suppliers bid to supply chemicals to the members of the cooperative, by region, which results in lower unit costs than what the Agency would be able to obtain on its own. For FY22 & FY23, the Agency will continue to benefit from reduced bid prices from the BACC. While the Agency can develop projections for the quantity of chemicals used, the cooperative helps reduce the challenges and risks associated with estimating the future volatility of commodity unit prices.

Utilities: This category for electricity, natural gas, water, and other utilities is budgeted to increase 2.8% for FY22 and to decrease 17% for FY23. the FY23 decrease is due to anticipated savings after the start-up of new higher efficiency cogeneration system that will generate renewable power and bring the Agency to energy self-sufficiency.

Biosolids Management: This category is budgeted to decrease 8.7% and increase 3.5% for FY22 and FY23, respectively, due to estimated number of loads to reuse sites and contractual rate increases at each site.

Permit Testing and Monitoring: This category is budgeted to increase 1.2% and 1.4% for FY22 and FY23, respectively. Testing and related costs are expected consistent for each of the two fiscal years.

Maintenance & Repairs: This category is budgeted to increase 9.4% for FY22 and 13% for FY23 due to coordination of certain major maintenance projects with the capital improvement program.

General & Administrative: This category is budgeted to increase 7.3% for FY22 and 0.5% for FY23. The increases are not due to a specific item but rather changes in several items including professional services, permit fees, and information technology software.

Insurance: Insurance is budgeted to increase 10.2% for FY22 and 13.6% for FY23, respectively. The past year has experienced adverse underwriting conditions that led to substantial increases in property and general liability insurance coverages. The Agency's insurance carrier, California Sanitation Risk Management Authority, is considering pooling the property program rather than the current fully insured program.

Operating & Capital Budget for FY22 & FY23 Overview

The budget overview provided below summarizes the Agency's primary sources and uses of funds, to give the reader an understanding of the budget and its organization. This overview also assists the reader in locating additional detail within the budget document.

Revenues:
Where the Money Comes From

Below is a listing of the budget documents which describe the Agency's source of funds.

DOCUMENT TITLE	BUDGET PURPOSE	EXPLANATION
Funding requirements and Sources Summary Section 7	A snapshot summary.	Displays total expenditures and total revenues and summarizes anticipated reserve increases and uses, to estimate ending funding sources.
Schedule of Revenues and Other Financing Sources Section 7	Revenue budget requirements	A detailed revenue budget by category for all line items in each revenue category, including the use of reserves as a revenue source.

Expenditures:
Where the Money Is Spent

The budget documents listed below describe the Agency use of funds in greater detail.

DOCUMENT TITLE	BUDGET PURPOSE	EXPLANATION
Summary of Expenditures by Departments and Category Section 7	Summarizes total operating budget expenditures by departments and by category.	The summary presents comparisons for actual FY20 expenditures, to the FY21 adopted budget and the FY22 & FY23 adopted budgets.
Departmental Operating Budgets Section 7	The departmental budget documents show in greater detail how each department expects to spend their budgeted dollars during FY22 & FY23. *Administration *Health & Safety *Maintenance *Operations *Technical Services *Non-Agency Health & Safety *Non-Agency Technical Services *Non-Agency Maintenance	Descriptions of each department and its core functions and responsibilities, including a summary of Expenditures by Category, an Authorized Positions head count for three fiscal years, and FY22 & FY23 Department Initiatives. Operating Budget detailed by line items account for three fiscal years for each department. The Budget Explanation by line-item account number includes an account description that explains what the budgeted dollars are spent on. Additional notes and information that affected the development of the budget are also included. Non-Agency is a cost center that tracks reimbursable expenses related to services provided to other local agencies.

DOCUMENT TITLE	BUDGET PURPOSE	EXPLANATION
Capital Improvement Program (Section 8)	The FY22 & FY23 Capital Improvement Program provides a discussion of the summary tables and charts for the CIP FY22 & FY23 Budget and 10-Year Forecast, detailed information by account number, and descriptions and elements involved for selected planned projects.	Capital Improvement Program discussion compares the FY21 adopted budget to the adopted budget for FY22 & FY23 and provides a narrative about significant changes in the projects planned for the next two fiscal years. Capital Improvement Program FY22 & FY23 Budget and 10-Year Forecast. This schedule shows the FY21 Adopted Budget, the FY22 & FY23 Budget, and presents a projected 10-year forecast for planned activities by budget line-item account. The Account/Project Descriptions and Full-Page Project Descriptions are explanations of how the budget will be spent and provides additional detail about each project and future planned activities.
10-Year Financial Forecast (Section 9)	Long-term strategic budgetary examination of future operations.	Projections for future planned operations provide decision-making guidance for the timing and needs for funding sources and requirements.
Debt Obligation (Section 10)	Debt Service payments to bondholders of Agency debt for Series 2015 and Series 2020 Revenue Bonds.	This schedule shows total principal and interest payment amounts due for debt service for each fiscal year through FY41.

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CENTRAL MARIN SANITATION AGENCY
FUNDING REQUIREMENTS AND SOURCES SUMMARY

Funding Requirements	Actual FY20	(a) Budget FY21	Projection FY21	(b) Adopted FY22	(b-a) / (a) Change vs FY21	(c) Adopted FY23	(c-b) / (b) Change vs FY22
Operating:							
Salaries and Wages	$ 5,754,738	$ 5,997,600	$ 5,876,502	$ 6,130,761	2.2%	$ 6,340,747	3.4%
Employee Benefits	2,687,374	3,093,097	2,704,900	3,051,086	-1.4%	3,252,062	6.6%
Chemicals & Fuels	1,212,557	1,299,080	1,047,591	1,313,142	1.1%	1,279,151	-2.6%
Biosolids Management	399,299	443,000	322,886	404,286	-8.7%	418,435	3.5%
Permit Testing & Monitoring	193,804	172,207	176,184	174,340	1.2%	176,784	1.4%
Maintenance & Repairs	354,332	387,200	375,095	423,500	9.4%	478,500	13.0%
Utilities	495,207	323,800	265,899	366,038	13.0%	303,939	-17.0%
Insurance	478,992	407,277	378,091	448,895	10.2%	510,069	13.6%
General & Administrative	739,318	876,013	630,049	938,766	7.2%	944,097	0.6%
Operating before debt and capital	12,315,621	12,999,274	11,777,197	13,250,814	1.9%	13,703,784	3.4%
Debt Service	3,967,331	3,957,006	3,973,206	4,524,881	14.4%	4,522,031	-0.1%
Operating before capital	16,282,952	16,956,280	15,750,403	17,775,695	4.8%	18,225,815	2.5%
Capital Improvements	$ 3,314,983	$ 8,484,664	$ 4,410,900	$ 10,238,330	20.7%	4,388,148	-57.1%
Total requirements	$ 19,597,935	$ 25,440,944	$ 20,161,303	$ 28,014,025	10.1%	$ 22,613,963	-19.3%

Funding Sources	Actual FY20	Budget FY21	Projection FY21	Adopted FY22	(b-a) / (a) Change vs FY21	Adopted FY23	(c-b) / (b) Change vs FY22
Service Charges	$ 10,994,000	$ 11,379,001	$ 11,379,001	$ 11,777,219	3.5%	$ 12,189,422	3.5%
Capital Fee	1,021,000	1,252,000	1,252,000	749,811	-40.1%	977,580	30.4%
Debt Service Charge	4,959,164	4,946,258	4,946,258	5,656,100	14.4%	5,652,539	-0.1%
Capacity Charges	511,165	31,675	1,449,976	326,380	930.4%	247,117	-24.3%
Contract Service Revenues	1,451,816	1,847,098	1,671,339	1,831,883	-0.8%	1,777,984	-2.9%
Program Revenues	85,666	125,374	66,177	129,902	3.6%	126,648	-2.5%
Haulers, Permits & Inspections	291,226	274,550	281,549	288,300	5.0%	297,725	3.3%
Other Revenues	38,023	20,000	100,000	20,000	0.0%	20,000	0.0%
Interest Income	352,481	442,780	118,778	58,581	-86.8%	51,365	-12.3%
Other Financing Sources (Notes 1, 2)	633,042	9,000,000	9,000,000	85,000		-	
Subtotal funding sources	20,337,583	29,318,736	30,265,078	20,923,176	-28.6%	21,340,380	2.0%
Total Reserve (Increase) Usage	(739,648)	(3,877,792)	(10,103,775)	7,090,849	-282.9%	1,273,583	-82.0%
Total funding sources	$ 19,597,935	$ 25,440,944	$ 20,161,303	$ 28,014,025	10.1%	$ 22,613,963	-19.3%

Note 1: FEMA reimbursement for Andersen Drive hillside as other financing source in FY20
Note 2: Assumed revenue bond issuance as other financing source in FY21

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CENTRAL MARIN SANITATION AGENCY
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES

Account #	Description	Actual FY20	Budget FY21	Adopted FY22	FY22 Change vs FY21	Adopted FY23	FY23 Change vs FY22
	Service Charges to Members[1]						
330-6001	SRSD	$ 4,644,965	$ 4,807,628	$ 5,243,218	9.1%	$ 5,426,731	3.5%
330-6001	RVSD	5,420,042	5,609,847	5,608,312	0.0%	5,804,603	3.5%
330-6001	SD #2	928,993	961,526	925,689	-3.7%	958,088	3.5%
	Totals	$ 10,994,000	$ 11,379,001	$ 11,777,219	3.5%	$ 12,189,422	3.5%
	Capital Fee to Members[1]						
330-6002	SRSD	$ 431,373	$ 528,970	$ 333,816	-36.9%	$ 435,219	30.4%
330-6002	RVSD	503,353	617,236	357,060	-42.2%	465,524	30.4%
330-6002	SD #2	86,275	105,794	58,935	-44.3%	76,837	30.4%
	Totals	$ 1,021,001	$ 1,252,000	$ 749,811	-40.1%	$ 977,580	30.4%
	Debt Service Cost to Members[2]						
330-6010/6011	SRSD	$ 1,862,402	$ 1,857,555	$ 2,145,805	15.5%	$ 2,144,355	-0.1%
330-6010/6011	RVSD	2,134,830	2,129,274	2,459,688	15.5%	2,458,027	-0.1%
330-6010/6011	SD #2	580,303	578,793	668,608	15.5%	668,157	-0.1%
330-6010/6011	SQSP	381,627	380,635	382,000	0.4%	382,000	0.0%
	Totals	$ 4,959,162	$ 4,946,257	$ 5,656,101	14.4%	$ 5,652,539	-0.1%
	Total Billed Charges to Members	$ 16,974,163	$ 17,577,258	$ 18,183,131	3.5%	$ 18,819,541	3.5%
	Capacity Charges						
332-6901	SRSD [(3)]	$ 274,695	$ 12,670	$ 306,862	2322.0%	$ 227,072	-26.0%
332-6902	RVSD	151,913	12,670	13,012	2.7%	13,363	2.7%
332-6903	SD #2	84,558	6,335	6,506	2.7%	6,682	2.7%
	Totals	$ 511,165	$ 31,675	$ 326,380	930.4%	$ 247,117	-24.3%

Note 1: See flow-strength tables in appendix A

Note 2: See EDU allocation table in appendix A

Note 3: Known 44 and 32 new SFD, respectively

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CENTRAL MARIN SANITATION AGENCY
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
(Continued)

Account #	Description	Actual FY20	Budget FY21	Adopted FY22	FY22 Change vs FY21	Adopted FY23	FY23 Change vs FY22	Notes
	Contract Service Revenues							
330-6101	SQ State Prison Wastewater Services	$ 601,545	$ 810,003	$ 815,000	0.6%	$ 740,422	-9.2%	O&M plus capital * 4.08% (appendix)
330-6102	SQ State Prison Pump Station Maint	300,326	400,000	406,888	1.7%	413,895	1.7%	Bay Area CPI Jan-Jan at 1.722%
330-6110	SQ Village Wastewater Services	24,636	51,826	34,141	-34.1%	34,800	1.9%	FY22 budget from Marin County PW
330-6120	SD #2 Pump Station Maintenance	474,504	494,944	470,878	-4.9%	480,295	2.0%	FY22 Corte Madera PS Budget
330-6201	LGVSD - FOG & pollution prevention	14,321	20,348	22,746	11.8%	23,519	3.4%	Source control service estimate
330-6202	RVSD - FOG	13,183	24,024	28,132	17.1%	29,095	3.4%	Source control service estimate
330-6203	SRSD - FOG	11,766	32,136	38,580	20.1%	39,911	3.4%	Source control service estimate
330-6204	TCSD - FOG	1,314	1,648	2,378	44.3%	2,459	3.4%	Source control service estimate
330-6205	SD #2 - FOG	4,623	7,945	8,615	8.4%	8,912	3.4%	Source control service estimate
330-6206	Almonte SD - FOG	2,472	655	1,159	76.9%	1,199	3.5%	Source control service estimate
330-6207	Novato SD - Dental Amalgam	3,128	3,569	3,366	-5.7%	3,477	3.3%	Source control service estimate
	Total contract service revenues	$ 1,451,816	$ 1,847,098	$ 1,831,883	-0.8%	$ 1,777,984	-2.9%	
	Program Revenues							
330-6220	Health & Safety Program	$ 65,178	$ 74,800	$ 80,377	7.5%	$ 83,080	3.4%	Shared program with Novato Sanitary
330-6221	County-wide Public Education Program	20,488	50,574	49,525	-2.1%	43,568	-12.0%	Multi-agency program budget
330-6222	Outside Safety Training	-	-	-		-		
	Total program revenues	$ 85,666	$ 125,374	$ 129,902	3.6%	$ 126,648	-2.5%	
	Haulers, Permits & Inspection							
330-6301	Permit and Inspection Fees	$ 28,423	$ 18,000	$ 30,000	66.7%	$ 31,000	3.3%	Permitting of regulated businesses
330-6401	Revenue from Haulers - Septic	104,158	110,000	100,000	-9.1%	103,400	3.4%	$83.30 per 1,000 gal plus sampling fee
330-6402	Revenue from Haulers - RV	1,715	1,050	2,800	166.7%	2,500	-10.7%	$10 per load
330-6403	Revenue from Haulers - FOG	103,370	90,000	100,000	11.1%	103,400	3.4%	Tiered pricing per fee ordinance
330-6404	Revenue from Haulers - Liquid Waste	-	500	500	0.0%	500	0.0%	Price negotiated per truckload
330-6405	Revenue from Foodwaste Disposal	53,560	55,000	55,000	0.0%	56,925	3.5%	Tipping fee from Marin Sanitary Service
	Total haulers, permits & inspection	$ 291,226	$ 274,550	$ 288,300	5.0%	$ 297,725	3.3%	
	Interest Income							
332-6502	Interest Income - WFB	$ 1,967	$ 1,667	$ 1,700	2.0%	$ 1,734	2.0%	WFB yield at 2% and 2%
332-6510	Interest Income - US Bank	850	$ -	$ 2,500		1,250		US Bank yield at .05%
332-6520	Interest Income - LAIF	$ 343,407	$ 432,000	$ 54,000	-87.5%	$ 48,000	-11.1%	LAIF yield at .3%
332-6521	Investment Interest - CAMP	6,257	10,780	381	-96.5%	381	0.0%	CAMP yield at .1% and .1%
	Total interest income	$ 352,481	$ 444,447	$ 58,581	-86.8%	$ 51,365	-12.3%	
	Other Revenues							
332-6709	Other non-operating revenue	$ 717,978	$ 20,000	$ 20,000	0.0%	$ 20,000	0.0%	Miscellaneous infrequent items
	Total other revenues	$ 717,978	$ 20,000	$ 20,000	0.0%	$ 20,000	0.0%	

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget

Summary of Expenditures by Departments and Category

Operating Expenditures by Department	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget	Adopted as % of Budget	FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Adopted as % of Budget
ADMINISTRATION	4,944,449	2,832,391	2,671,252	-5.7%	20.2%	2,801,322	4.9%	20.4%
HEALTH & SAFETY	35,435	143,244	177,386	23.8%	1.3%	182,212	2.7%	1.3%
MAINTENANCE	2,060,928	2,999,185	3,276,335	9.3%	24.7%	3,461,476	5.7%	25.3%
OPERATIONS	3,353,861	4,327,260	4,488,519	3.8%	33.9%	4,523,769	0.8%	33.0%
TECHNICAL SERVICES	1,920,948	2,697,199	2,638,143	-1.8%	19.9%	2,735,841	3.9%	20.0%
TOTAL	**12,315,621**	**12,999,279**	**13,251,635**	**2.1%**	**100.0%**	**13,704,620**	**3.5%**	**100.0%**

Operating Expenditures by Category	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget	Adopted as % of Budget	FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Adopted as % of Budget
SALARIES	5,754,738	5,997,600	6,130,761	2.5%	46.3%	6,340,747	3.5%	46.3%
BENEFITS	2,687,374	3,093,100	3,050,928	-1.4%	23.0%	3,251,898	6.6%	23.7%
SUB-TOTAL	**8,442,112**	**9,090,700**	**9,181,689**	**1.2%**	**69.3%**	**9,592,645**	**4.6%**	**70.0%**
CHEMICALS & FUELS	1,212,557	1,299,080	1,313,142	1.1%	9.9%	1,279,151	-2.6%	9.3%
UTILITIES	495,207	323,800	366,038	13.0%	2.8%	303,939	-17.0%	2.2%
BIOSOLIDS MANAGEMENT	399,299	443,000	404,285	-8.7%	3.1%	418,435	3.5%	3.1%
PERMIT TESTING & MONITORING	193,804	172,207	174,340	1.2%	1.3%	176,784	1.4%	1.3%
MAINTENANCE & REPAIRS	354,332	387,200	423,500	9.4%	3.2%	478,500	13.0%	3.5%
GENERAL & ADMINISTRATIVE	739,318	876,015	939,746	7.3%	7.1%	945,097	0.6%	6.9%
INSURANCE	478,992	407,277	448,895	10.2%	3.4%	510,069	13.6%	3.7%
SUB-TOTAL	**3,873,509**	**3,908,579**	**4,069,946**	**4.1%**	**30.7%**	**4,111,975**	**1.0%**	**30.0%**
TOTAL	**12,315,621**	**12,999,279**	**13,251,635**	**2.1%**	**100.0%**	**13,704,620**	**3.5%**	**100.0%**

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Summary of Benefit Expenditures and Benefits as a Percent of Total Revenue

Schedule of Benefits as a Percent of Operating Revenues (excludes Debt Service, Capital Fee, Capacity Charge, Other Financing Sources, and Reserve Increase/Usage)

Benefit Expenditures	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget	Benefits as a Percent of FY22 Total Revenue	FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Benefits as a Percent of FY23 Total Revenue
					$ 14,027,304			$ 14,391,779
RETIREMENT (CALPERS CLASSIC, PEPRA, UAL)	1,315,714	1,518,339	1,651,345	8.8%	11.8%	1,782,015	7.91%	12.4%
CALPERS CLASSIC	*467,557*	*581,546*	*447,600*	*-23.0%*	*3.19%*	*462,605*	3.4%	*3.21%*
CALPERS PEPRA	*123,489*	*118,101*	*194,807*	*64.9%*	*1.39%*	*201,710*	*3.54%*	*1.40%*
CALPERS UNFUNDED ACCRUED LIABILITY - CLASSIC	*723,619*	*817,437*	*1,002,478*	*22.6%*	*7.15%*	*1,111,000*	*10.83%*	*7.72%*
CALPERS UNFUNDED ACCRUED LIABILITY - PEPRA	*1,049*	*1,255*	*6,460*	*414.7%*	*0.05%*	*6,700*	*3.72%*	*0.05%*
RETIREMENT - CALPERS SURVIVORS	2,582	3,763	2,790	-25.9%	0.02%	2,973	6.56%	0.02%
RETIREMENT - PARS (Alternate Retirement Plan)	1,359	-	5,702	100.0%	0.04%	5,790	1.54%	0.04%
RETIREMENT - SOCIAL SECURITY/MEDICARE	88,555	92,601	91,927	-0.7%	0.66%	95,147	3.50%	0.66%
CALPERS MEDICAL	696,827	813,300	738,988	-9.1%	5.27%	787,022	6.50%	5.47%
MEDICAL - FLEX $	177,142	181,899	125,264	-31.1%	0.89%	125,264	0.00%	0.87%
DENTAL	53,568	59,525	46,461	-21.9%	0.33%	48,784	5.00%	0.34%
LIFE INSURANCE, AD&D, LTD	29,242	30,302	31,623	4.4%	0.23%	32,730	3.50%	0.23%
VISION	11,297	12,609	11,465	-9.1%	0.08%	11,694	2.00%	0.08%
PEHP/MARA	49,136	49,400	62,110	25.7%	0.44%	64,285	3.50%	0.45%
CALPERS MEDICAL - RETIRED EMPLOYEES	181,589	104,434	85,504	-18.1%	0.61%	90,634	6.00%	0.63%
MEDICAL REIMBURSEMENTS - RETIRED EMPLOYEES	-	137,566	114,854	-16.5%	0.82%	121,744	6.00%	0.85%
ANNUAL OPEB CONTRIBUTION	43,000	42,617	39,958	-6.2%	0.28%	39,958	0.00%	0.28%
BENEFIT ADMINISTRATION FEES	16,554	18,636	16,689	-10.4%	0.12%	17,270	3.48%	0.12%
TOTAL *	**2,666,564**	**3,064,991**	**3,024,680**	**-1.3%**	**21.56%**	**3,225,310**	**6.63%**	**22.41%**

* Benefit line items for unemployment benefits and uniforms are excluded from the Summary of Benefit Expenditures and Benefits as a Percent of Total Revenue table.

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Administration

The Administration Department provides administrative, financial, human resources, and information technology related services for the Agency. The Board of Commissioners appoints the General Manager who is the chief administrative official responsible for the overall operations and management of the Agency.

The Department is responsible for the following functions:

- Provides administrative support to the Board of Commissioners
- Represents the Agency on legal, legislative, and regulatory matters
- Maintains intergovernmental relations with the JPA member agencies, local agencies in Marin County, and government agencies in the region and the state
- Communicates Agency initiatives to stakeholders and the public
- Develops, implements, and manages the Agency's biennial budget, revenue plans, and financial forecast
- Manages the Agency's finances and investments
- Provides human resource services to departments and employees
- Ensures the safety of agency employees and assets through risk management programs provided by the California Sanitation Risk Management Authority
- Maintains the Agency's communication and information technology systems

Administration Expenditures by Category	Actual FY20	Budget FY21	Adopted Budget FY22	Adopted Budget FY23
SALARIES	$1,391,957	$1,285,100	$1,154,358	$1,192,412
BENEFITS (FY21 Allocated to Depts)	2,687,374	635,835	531,856	564,924
SUBTOTAL	**$4,079,331**	**$1,920,835**	**$1,686,214**	**$1,757,336**
INSURANCE	478,992	407,277	448,895	510,069
INTERNET & TELEPHONE	44,684	40,800	45,830	46,751
ADMINISTRATION	341,442	463,479	490,313	487,166
SUBTOTAL	**$ 865,118**	**$ 911,556**	**$ 985,038**	**$ 1,043,986**
TOTAL	**$4,944,449**	**$2,832,391**	**$ 2,671,252**	**$2,801,322**

Authorized Positions	FY20	FY21	FY22	FY23
General Manager	1	1	1	1
Administrative Services Manager	1	1	1	1
Administrative Specialist (I-III)	1	1	1	1
Senior Accountant/Analyst	1	1	1	1
Personnel and Accounting Technician	1	1	1	1
Information Systems Administrator*	-	1	1	1
Information Systems Analyst	1	-	-	-
TOTAL	**6**	**6**	**6**	**6**

*Information Systems Administrator position was approved by the Board in March 2021.

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

ADMINISTRATION

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
SALARIES & BENEFITS						
100-0110-440-7001	Salaries wages - regular	ASM	1,367,627	1,279,400	1,080,576	-15.5%
100-0110-440-7003	Salaries wages - temp	ASM	21,318	-	50,000	0.0%
100-0110-440-7004	Salaries wages - board	GM	-	-	17,100	0.0%
100-0110-440-7005	Salaries wages - overtime	GM	3,012	5,700	6,682	17.2%
Subtotal Salaries & Wages			**1,391,957**	**1,285,100**	**1,154,358**	**-10.2%**
100-0110-440-7021	Er ret - CalPERS classic	ASM	467,557	155,462	129,336	-16.8%
100-0110-440-7022	Er ret - CalPERS PEPRA	ASM	123,489	8,897	8,057	-9.4%
100-0110-440-7023	Er ret - CalPERS survivors	ASM	2,582	591	438	-25.9%
100-0110-440-7024	Er ret - CalPERS Classic UAL	ASM	723,619	218,522	155,941	-28.6%
100-0110-440-7025	Er ret - CalPERS PEPRA UAL	ASM	1,049	96	1,005	946.9%
100-0110-440-7027	Er ret - PARS benefit	ASM	1,359	-	3,173	0.0%
100-0110-440-7028	Er ret - medicare	ASM	88,555	20,771	16,738	-19.4%
100-0110-440-7041	Benefits - medical active	ASM	696,827	124,419	122,124	-1.8%
100-0110-440-7042	Benefits - flex$	ASM	177,142	51,092	28,749	-43.7%
100-0110-440-7043	Benefits - dental	ASM	53,568	10,264	7,292	-29.0%
100-0110-440-7044	Benefits - life-AD&D-LTD Ins	ASM	29,242	5,763	4,963	-13.9%
100-0110-440-7045	Benefits - vision	ASM	11,297	2,083	1,799	-13.6%
100-0110-440-7046	Benefits - employer paid MARA	ASM	49,136	7,982	7,281	-8.8%
100-0110-440-7047	Benefits - retiree medical prem	ASM	181,589	9,426	14,826	57.3%
100-0110-440-7048	Benefits - retiree medical reimb	ASM	-	13,340	19,915	49.3%
100-0110-440-7049	Benefits - retiree medical prefund	ASM	43,000	3,846	6,271	63.1%

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***Position Code**

GM General Manager
ASM Administrative Services Manager
OS Operations Supervisor
ISA Information Systems Administrator
AE Associate Engineer
AS Administrative Specialist

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
1,118,396	3.5%	Salaries for six full-time employees. FY22 and FY23 increases are for a 1.722% & 3.5% COLA and leave balance cash-outs.
50,000	0.0%	New account established for an Agency internship program employing the equivalent of 1.75 full time employees.
17,100	0.0%	Stipends for attending Board and committee meetings.
6,916	3.5%	Authorized overtime to complete special activities or assignments.
1,192,412	**3.3%**	
133,672	3.4%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY22 employer contribution rate is 14.02% for Classic employees and CalPERS estimates 14% for FY23.
8,350	3.6%	Employer contributions for CalPERS 2% @ 62 retirement program for PEPRA employees hired after January 1, 2013. The FY22 employer PEPRA contribution rate is 7.59% and CalPERS estimates FY23 to be 7.6%.
467	6.6%	Annual Survivors Benefit premium.
172,822	10.8%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2019. The Agency selects the annual lump sum prepayment option.
1,042	3.7%	The PEPRA unfunded accrued liability is the total minimum required employer contribution. The Agency selects the annual lump sum prepayment option.
3,173	0.0%	PARS is retirement account for part-time and temporary employees. The employer rate is 3.75%.
17,324	3.5%	Employer's 1.45% share of Medicare for all employees.
130,062	6.5%	Medical coverage up to the Kaiser family rate. FY22 decrease due to Treatment Plant Manager is now budgeted to Maintenance and Operations. FY23 assumes a 6.5% premium increase.
28,749	0.0%	Medical benefit differential paid for family coverage to two eligible employees. FY22 decreases due to the retirement of one eligible employee.
7,656	5.0%	Dental is now self-insured. FY22 decrease based on actual plan usuage.
5,137	3.5%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
1,835	2.0%	Employer paid vision benefits.
7,536	3.5%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
15,716	6.0%	Medical benefits for four retired employees at the SF-Bay Area PERS Kaiser single rate.
21,110	6.0%	Medical benefits in excess of the CalPERS PEMCHA miniumum reimbursed directly to retirees.
6,271	0.0%	Prefunding of the Agency's post-employment health benefit obligations for current retirees and employees. The prefunding amount is in accordance with the Agency's OPEB Funding Plan updated annually.

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

ADMINISTRATION

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
100-0110-440-7061	Unemployment benefits	ASM	5,495	-	1,250	0.0%
100-0110-440-7062	Benefit adminstration fees	ASM	15,315	3,181	2,698	-15.2%
100-0230-440-7063	Uniforms	ASM	16,554			
Subtotal Benefits			**2,687,374**	**635,735**	**531,856**	**-16.3%**
Total Salaries & Benefits			**4,079,331**	**1,920,835**	**1,686,214**	**-12.2%**
INSURANCE						
100-0110-440-7401	Ins - general liability & auto	ASM	54,469	60,625	86,883	43.3%
100-0110-440-7402	Ins - pollution liability	ASM	1,197	1,300	1,317	1.3%
100-0110-440-7403	Ins - employees comm bond	ASM	1,809	3,900	900	-76.9%
100-0110-440-7404	Ins - commercial crime	ASM	1,425	1,496	1,571	5.0%
100-0110-440-7406	Ins - property	ASM	75,622	90,746	131,266	44.7%
100-0110-440-7405	Ins - workers compensation	ASM	344,470	249,210	226,958	-8.9%
Subtotal Insurance			**478,992**	**407,277**	**448,895**	**10.2%**
Utilities and Telephone						
100-0110-440-7501	Internet & telephone	ISA	44,684	40,800	45,830	12.3%
Subtotal Utilities and Telephone			**44,684**	**40,800**	**45,830**	**12.3%**
GENERAL ADMINISTRATIVE						
100-0110-440-7601	Meetings/Training	GM	3,628	4,000	4,000	0.0%
100-0110-440-7602	Conferences	GM	20,233	25,000	25,000	0.0%
100-0110-440-7603	Commissioners - mtgs/conf	GM	19,780	18,900	8,000	-57.7%
100-0110-440-7610	Prof affiliation memberships	ASM	6,895	6,000	5,840	-2.7%
100-0110-440-7611	Membership - BACWA	GM	8,364	8,600	8,531	-0.8%
100-0110-440-7612	Membership - NBWA	GM	8,060	5,600	5,560	-0.7%
100-0110-440-7613	Membership - CASA	GM	25,067	16,600	17,100	3.0%
100-0110-440-7614	Membership - NACWA	GM	11,250	11,000	11,588	5.3%

Return to TOC

***Position Code**

GM General Manager
ASM Administrative Services Manager
OS Operations Supervisor
ISA Information Systems Administrator
AE Associate Engineer
AS Administrative Specialist

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
1,250	0.0%	An allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
2,752	2.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP post employment health, and NAVIA Flex 125 plans.
		Uniforms costs are allocated to the departments that require uniforms.
564,924	**6.2%**	
1,757,336	**4.2%**	
95,976	10.5%	CSRMA pooled insurance coverage for general, automobile, and error and omission liability premiums. CSRMA recommended premium increase.
1,448	9.9%	CSRMA pollution liability insurance for cleanup costs resulting from underground fuel storage tank system leaks and releases and other pollution caused losses.
1,800	100.0%	CSRMA public official bonds for four Agency employees and one commissioner who are authorized to sign Agency checks, and includes employees who handle Agency funds such as petty cash.
1,649	5.0%	Coverage for dishonest public employees, loss of money orders, depositor's forgery, or counterfeit currency. It is intended to cover all employees not covered under the employee/public official bonds.
164,082	25.0%	CSRMA property insurance coverage for all Agency buildings and structures.
245,114	8.0%	CSRMA workers' compensation (WC) insurance for Agency employees.
510,069	**13.6%**	
46,751	2.0%	Expenses associated with telephone, internet and email services, cell phones, portable radios, and data plan expenses.
46,751	**2.0%**	
4,000	0.0%	Expenses associated with staff travel, training, and attendance at single-day professional meetings and seminars. Includes allowed expenses pursuant to the Agency's travel expense reimbursement policy.
25,000	0.0%	Expenses associated with staff attendance at multi-day professional conferences, seminars, and training events outlined in the Agency's travel expense reimbursement policy.
8,000	0.0%	Conferences and meetings for Board members.
5,840	0.0%	Professional memberships, license, and registration requirements for department staff.
8,702	2.0%	Annual membership dues to the Bay Area Clean Water Agencies (BACWA).
5,560	0.0%	Annual membership dues to the North Bay Watershed Association (NBWA). CMSA appoints a commissioner to the NBWA Board.
17,955	5.0%	Annual membership dues to the California Association of Sanitation Agencies (CASA).
12,051	4.0%	Annual membership dues to the National Association of Clean Water Agencies (NACWA). NACWA represents the wastewater industry nationwide on regulatory and legislative issues.

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

ADMINISTRATION

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
100-0110-440-7615	Biosolids-to-energy	GM	-	7,000	6,500	-7.1%
100-0110-440-7616	Ed program - BACWWE	GM	6,500	8,000	8,000	0.0%
100-0110-440-7650	Office expense	AS	33,302	36,600	35,000	-4.4%
100-0110-440-7651	Safety supplies	OS	27,766	34,200	34,190	0.0%
100-0110-440-7652	Information technology software	ISA	33,685	48,166	57,699	19.8%
100-0110-440-7670	Printing & publications	AS	4,132	2,500	2,500	0.0%
100-0110-440-7701	Prof svcs - general	GM	47,259	71,000	55,000	-22.5%
100-0110-440-7702	Prof svcs - regulatory	GM	-	10,000	50,000	400.0%
100-0110-440-7703	Prof svcs - finance/audit	ASM	38,409	51,700	51,000	-1.4%
100-0110-440-7704	Prof svcs - labor negotiations	GM	10,324	10,500	10,868	3.5%
100-0110-440-7705	Prof svcs - legal	GM	24,218	30,000	30,000	0.0%
100-0110-440-7730	Employee assistance program	AS	4,500	613	687	12.1%
100-0110-440-7731	Employee health maintenance	AS	2,465	3,500	3,500	0.0%
100-0110-440-7751	Bank fees - general	ASM	2,010	1,500	6,250	316.7%
100-0110-440-7762	Postage & shipping	AS	3,661	2,500	3,500	40.0%
100-0110-440-7763	Trade discounts	ASM	(63)	-	-	0.0%
100-0110-440-7769	Contingency	GM	-	50,000	50,000	0.0%
Subtotal General & Administrative			**341,442**	**463,479**	**490,313**	**5.8%**
Subtotal (excluding Salary and Benefits)			**865,118**	**911,556**	**985,038**	**8.1%**
Total Administration			**4,944,449**	**2,832,391**	**2,671,252**	**-5.7%**

Return to TOC

***Position Code**

GM General Manager
ASM Administrative Services Manager
OS Operations Supervisor
ISA Information Systems Administrator
AE Associate Engineer
AS Administrative Specialist

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
6,500	0.0%	Agency membership for Bay Area Biosolids-to-Energy Coalition.
8,000	0.0%	Agency sponsorship for the Bay Area Consortium for Water & Wastewater Education Program.
35,000	0.0%	Costs associated with the Agency's administrative operations, including office supplies, copier leases, office furniture, office equipment service and repairs, and other related expenses.
30,105	-11.9%	Annual expenses for safety training, first aid and emergency supplies, defibrillator and fire extinguisher testing, various one-time purchases, and safety assessment expenses to correct workplace hazards. The purchase of a wall mounted boot dryer for the women's locker room is planned for FY22.
46,251	-19.8%	Expenses related to Information Technology equipment and software licenses and upgrades. Linko ES Inspection and Acrobat Pro upgrades are planned for FY22.
2,750	10.0%	Expenses associated with newspaper subscriptions, publication of notices, and copy services at local print shops.
55,000	0.0%	Expenses for general governmental and human resource services such as recruitments, background reference checks, and employment law staff training and development.
60,000	20.0%	Consultation and advice on regulatory compliance and permit issues. The NPDES permit renewal process begins in FY22.
51,000	0.0%	Expenses for professional services related to the financial operations of the Agency: annual audit of financial statements; annual renewal financial software license and support; GFOA Award program fees; actuarial, financial and operational analyses.
11,248	3.5%	IDEA annual fee for labor relations and negotiations services.
30,000	0.0%	Expenses for general, employment law, and construction/contract legal services.
704	2.5%	Confidential professional counseling provided to employees.
3,500	0.0%	Expense for workplace safety related physicals, pre-employment exams, and urgent care at Kaiser Hospital and Medical Center of Marin.
6,500	4.0%	Bank fees and investment expenses for California Asset Management Program and Westamerica Bank accounts, and includes finance charges and late payment fees. The Agency is implementing Postive Pay in FY22 to protect against check fraud.
3,500	0.0%	Postage, delivery, and overnight shipping expense.
-	0.0%	Account used to record vendor payment discounts received and taken for paying bills within payment terms.
50,000	0.0%	Funds available for transfer to other operating budget accounts for unplanned and unanticipated activities.
487,166	**-0.6%**	
1,043,986	**6.0%**	
2,801,322	**4.9%**	

CMSA Health & Safety

The Health and Safety Department is managed by the Senior Safety Specialist (Safety Officer), who is responsible for developing, coordinating, and overseeing implementation of a comprehensive occupational safety, health, and injury management program at CMSA and the Novato Sanitary District (NSD). The department is responsible for the management and coordination of activities in support of the following:

- Assessments of facilities and equipment to identify risks to the employees and Agency/District, and to ensure compliance with applicable occupational safety, health, and injury management regulatory requirements.
- Development of site-specific programs and procedures, communication and training that fulfill regulatory requirements and support management of occupational safety, health, and injury management risks. Includes planning/management of outside expertise as necessary.
- Coordination of medical evaluations, hearing tests, training, assessment, and compliance activities; and maintenance of associated records. Assistance with maintaining pertinent, well-organized files in support of the occupational safety, health, and injury management programs.
- Coordination of the injury management program including reviewing and processing claims, investigating or overseeing the investigation of claims, developing case management strategies in consultation with the third-party administrator, and coordinating effective return-to-work programs.
- Monitoring of legislative and regulatory changes at the local, state, and federal levels, as well as trends and innovations in the fields of occupational safety, health, injury management, and workers' compensation.

CMSA Health & Safety Expenditures by Category	Actual FY20	Budget FY21	Adopted Budget FY22	Adopted Budget FY23
SALARIES	Admin Budget	$ 77,900	$ 85,812	$ 88,715
BENEFITS	Admin Budget	20,682	42,954	46,353
SUBTOTAL		**$ 98,582**	**$128,766**	**$135,068**
ADMINISTRATION	35,435	44,662	48,620	47,144
SUBTOTAL	**$ 35,435**	**$ 44,662**	**$ 48,620**	**$ 47,144**
TOTAL	**$ 35,435**	**$143,244**	**$177,386**	**$182,212**

Authorized Positions	FY20	FY21	FY22	FY23
Senior Safety Specialist	1	1	1	1
TOTAL	**1**	**1**	**1**	**1**

Return to TOC

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

CMSA Health & Safety Department

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
SALARIES & BENEFITS						
100-0120-440-7001	Salaries wages - regular	ASM	-	75,000	82,920	10.6%
100-0120-440-7015	Salaries wages - car allow	ASM	-	2,900	2,892	-0.3%
Subtotal Salaries Wages			**-**	**77,900**	**85,812**	**10.2%**
100-0120-440-7022	Er ret - CalPERS PEPRA	ASM	-	5,300	6,199	17.0%
100-0120-440-7023	Er ret - CalPERS survivors	ASM	-	47	38	-19.1%
100-0120-440-7024	Er ret - CalPERS Classic UAL	ASM	-	-	22,277	0.0%
100-0120-440-7025	Er ret - CalPERS PEPRA UAL	ASM	-	55	144	161.8%
100-0120-440-7028	Er ret - medicare	ASM	-	1,200	1,244	3.7%
100-0120-440-7041	Benefits - medical active	ASM	-	7,000	6,236	-10.9%
100-0120-440-7043	Benefits - dental	ASM	-	585	628	7.4%
100-0120-440-7044	Benefits - life-AD&D-LTD Ins	ASM	-	367	427	16.3%
100-0120-440-7045	Benefits - vision	ASM	-	113	155	37.2%
100-0120-440-7046	Benefits - employer paid MARA	ASM	-	1,100	1,225	11.4%
100-0120-440-7047	Benefits - retiree medical prem	ASM	-	4,100	1,489	-63.7%
100-0120-440-7048	Benefits - retiree medical reimb	ASM	-	-	2,000	0.0%
100-0120-440-7049	Benefits - retiree medical prefund	ASM	-	579	540	-6.7%
100-0120-440-7061	Unemployment benefits	ASM	-	-	120	0.0%
100-0120-440-7062	Benefit adminstration fees	ASM	-	236	232	-1.7%
Subtotal Benefits			**-**	**20,682**	**42,954**	**107.7%**
Total Salaries & Benefits			**-**	**98,582**	**128,766**	**30.6%**

Return to TOC

<u>*Position Code</u>

ASM Administrative Services Manager
GM General Manager
SSS Senior Safety Specialist

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
85,823	3.5%	CMSA's 60.25% share of the Senior Safety Specialist (SSS) position. FY22 includes 1.722% COLA, and leave balance cash-out. FY23 includes a 3.5% COLA adjustment.
2,892	0.0%	CMSA's 60.25% share of the SSS car allowance.
88,715	**3.4%**	
6,424	3.6%	Employer contributions for CalPERS 2% @ 62 retirement program for PEPRA employees hired after January 1, 2013. The FY22 employer PEPRA contribution rate is 7.59% and CalPERS estimates FY23 to be 7.6%.
40	5.3%	Annual Survivors Benefit premium.
24,689	10.8%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2019. The Agency selects the annual lump sum prepayment option.
149	3.5%	The PEPRA unfunded accrued liability is the total minimum required employer contribution. The Agency selects the annual lump sum prepayment option.
1,288	3.5%	Employer’s 1.45% share of Medicare for all employees.
6,641	6.5%	Medical coverage up to the Kaiser family rate.
659	4.9%	Dental is now self-insured.
442	3.5%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
158	1.9%	Employer paid vision benefits.
1,268	3.5%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
1,578	6.0%	Medical benefits for a .60 share of one retired employee at the SF-Bay Area PERS Kaiser single rate.
2,120	6.0%	Medical benefits in excess of the CalPERS PEMCHA miniumum reimbursed directly to retirees.
540	0.0%	Prefunding of the Agency’s post-employment health benefit obligations for current retirees and employees. The prefunding amount is in accordance with the Agency's OPEB Funding Plan updated annually.
120	0.0%	An allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
237	2.2%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP post employment health, and NAVIA Flex 125 plans.
46,353	**7.9%**	
135,068	**4.9%**	

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

CMSA Health & Safety Department

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
GENERAL ADMINISTRATIVE						
100-0120-440-7601	Meetings/Training	SSS	-	-	1,205	0.0%
100-0120-440-7602	Conferences	SSS	-	3,500	2,410	-31.1%
100-0120-440-7610	Prof affiliation memberships	SSS	-	500	615	23.0%
100-0120-440-7650	Office expense	SSS	-	500	301	-39.8%
100-0120-440-7651	Safety supplies	SSS	-	-	120	0.0%
100-0120-440-7652	Information technology software	SSS	-	2,500	2,771	10.8%
100-0120-440-7670	Printing & publications	SSS	-	1,000	1,024	2.4%
100-0120-440-7701	Prof svcs - general	SSS	-	3,600	3,013	-16.3%
100-0120-440-7730	Employee assistance program	SSS	-	62	98	58.1%
100-0120-440-7738	H&S Program Admin CMSA Share	SSS	30,211	27,800	27,415	-1.4%
100-0120-440-7739	Outside safety training	SSS	5,224	5,200	9,648	85.5%
Subtotal Administrative			**35,435**	**44,662**	**48,620**	**8.9%**
Subtotal (excluding Salary and Benefits)			**35,435**	**44,662**	**48,620**	**8.9%**
Total Health & Safety			**35,435**	**143,244**	**177,386**	**23.8%**

Return to TOC

***Position Code**

ASM Administrative Services Manager
GM General Manager
SSS Senior Safety Specialist

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
1,205	0.0%	Visual aids, tools, IT equipment, training materials, and refreshment.
2,410	0.0%	Safety related conferences, professional development, webinars, industry conferences and meetings.
615	0.0%	Institute of Hazardous Materials (CHMM), Board of Certified Safety Professionals, National Safety Council, and American Society of Safety Professionals.
301	0.0%	
120	0.0%	
2,834	2.3%	MSDS Online, Keller Online
1,024	0.0%	Mancomm Regulations, CalOSHA Reporter, Safety Alert for Supervisors, NFPA/ANSI Standards
3,013	0.0%	Contracted services to assist in completion/developing of programs.
101	3.1%	Confidential professional counseling provided to employees.
28,375	3.5%	The budget is for costs shared equally between CMSA and NSD for NSD's Administrative/Risk Services & Safety Officer (25% of total salary and benefits, split 50/50).
7,146	-25.9%	Training expenses for required safety programs that include hearing tests, CPR/first aid, fire extinguisher, incident command, traffic control, defensive driving, and many other Cal/OSHA programs that facilitate a safe work environment.
47,144	**-3.0%**	
47,144	**-3.0%**	
182,212	**2.7%**	

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Technical Services

The Technical Services Department provides full engineering support for the Agency and is responsible for all regulatory compliance activities required by the Agency's NPDES permit. Technical Services is responsible for the following functions:

- Design small maintenance and capital projects, and oversee the design of larger projects outsourced to engineering consulting firms.
- Manage construction contracts and associated engineering construction records.
- Assist with operational studies and energy efficiency evaluations.
- Negotiate and administer the Agency's service and commodity contracts for employee uniforms, biosolids hauling and reuse, natural gas supply, and procurement of chemicals used in the wastewater and biosolids treatment processes.
- Chair the Agency's CIP Committee which develops, implements, and manages the Agency's 10-year CIP and prepares the biennial CIP budget with the 10-year forecast.
- Assist with Underground Service Alert (U.S.A) utility locating services.
- Regulate commercial and industrial disposal of wastewater into the collection and treatment systems.
- Operate an accredited environmental laboratory that performs the majority of routine testing required in the Agency's NPDES permit and oversees specialized outside analytical testing services. In the next fiscal years, the laboratory will achieve compliance with a new comprehensive state laboratory accreditation program.
- Provide source control program administration services under contract with wastewater and other local agencies in Marin County.
- Lead the Wastewater Treatment Agencies of Marin County Cooperative Public Education Program.

Technical Services Expenditures by Category	Actual FY20	Budget FY21	Proposed Budget FY22	Proposed Budget FY21
SALARIES*	$1,068,450	$1,213,200	$1,178,155	$1,219,547
BENEFITS (FY21 Allocated to Depts)	Admin Budget	598,685	587,875	625,257
SUBTOTAL	**$1,068,450**	**$1,811,885**	**$1,766,030**	**$1,844,804**
BIOSOLIDS DISPOSAL	399,299	443,000	404,285	418,435
PERMIT TESTING & MONITORING	193,804	172,207	174,340	176,784
ADMINISTRATION	259,395	270,107	293,488	295,818
SUBTOTAL	**$ 852,498**	**$ 885,314**	**$ 872,113**	**$ 891,037**
TOTAL	**$1,920,948**	**$2,697,199**	**$2,638,143**	**$2,735,841**

Authorized Positions	FY20	FY21	FY22	FY23
Technical Services Manager	1	1	1	1
Associate Engineer	1	2	2	2
Assistant Engineer	1	-	-	-
Regulatory Compliance Manager	1	1	1	1
Environmental Laboratory Administrator*	1	1	-	-
Laboratory Analyst	1	1	2	2
Environmental Services Analyst (I-II)	3	3	3	3
TOTAL	**9**	**9**	**9**	**9**

* The Environmental Laboratory Administrator classification was discontinued in January 2021.

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

TECHNICAL SERVICES

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
SALARY & WAGES						
100-0230-440-7001	Salaries wages - regular	ASM	1,054,201	1,293,800	1,317,137	1.80%
	Transfer to CIP	GM		(141,000)	(150,552)	0.00%
100-0230-440-7005	Salaries wages - overtime	TSM	4,582	8,600	7,146	-16.91%
100-0230-440-7009	Salaries wages - standby	TSM	9,668	6,800	4,424	-34.94%
Subtotal Salary & Wages			**1,068,450**	**1,213,200**	**1,178,155**	**-2.10%**
100-0230-440-7021	Er ret - CalPERS classic	ASM	-	110,014	62,783	-42.9%
100-0230-440-7022	Er ret - CalPERS PEPRA	ASM	-	34,854	63,563	82.4%
100-0230-440-7023	Er ret - CalPERS survivors	ASM	-	760	563	-25.9%
100-0230-440-7024	Er ret - CalPERS Classic UAL	ASM	-	154,638	200,496	29.7%
100-0230-440-7025	Er ret - CalPERS PEPRA UAL	ASM	-	370	1,292	249.2%
100-0230-440-7028	Er ret - medicare	ASM	-	19,330	19,266	-0.3%
100-0230-440-7041	Benefits - medical active	ASM	-	145,732	115,914	-20.5%
100-0230-440-7042	Benefits - flex$	ASM	-	46,356	46,346	0.0%
100-0230-440-7043	Benefits - dental	ASM	-	12,114	9,375	-22.6%
100-0230-440-7044	Benefits - life-AD&D-LTD Ins	ASM	-	6,400	6,381	-0.3%
100-0230-440-7045	Benefits - vision	ASM	-	2,527	2,313	-8.5%
100-0230-440-7046	Benefits - employer paid MARA	ASM	-	10,713	15,168	41.6%
100-0230-440-7047	Benefits - retiree medical prem	ASM	-	13,239	12,355	-6.7%
100-0230-440-7048	Benefits - retiree medical reimb	ASM	-	26,588	16,596	-37.6%
100-0230-440-7049	Benefits - retiree medical prefund	ASM	-	5,769	8,063	39.8%
100-0230-440-7061	Unemployment benefits	ASM	-	2,700	1,875	-30.6%
100-0230-440-7062	Benefit adminstration fees	ASM	-	3,952	3,469	-12.2%

Return to TOC

***Position Code**

GM General Manager
ASM Administrative Services Manager
TSM Technical Services Manager
RCM Regulatory Compliance Manager
AE Associate Engineer

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
1,363,236	3.50%	Salaries for nine full-time employees and includes a 1.722% COLA salary increase for FY22, 3-step adjustments, and leave balance cash-outs. FY23 3.5% COLA and 3 step adjustments.
(155,664)	0.00%	Transfer of salary expenses for staff assigned to CIP funded projects (.61 FTE).
7,396	3.5%	Authorized overtime to complete special activities or assignments including activities supporting the public education program.
4,579	3.5%	Stand-by duty is assigned to a laboratory analyst during the wet weather event season November through April 30th when there is a reasonable potential that a blending event may occur during the weekend.
1,219,547	**3.9%**	
64,887	3.4%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY22 employer contribution rate is 14.02% for Classic employees and CalPERS estimates 14% for FY23.
65,694	3.4%	Employer contributions for CalPERS 2% @ 62 retirement program for PEPRA employees hired after January 1, 2013. The FY22 employer PEPRA contribution rate is 7.59% and CalPERS estimates FY23 to be 7.6%.
600	6.6%	Annual Survivors Benefit premium.
222,200	10.8%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2019. The Agency selects the annual lump sum prepayment option.
1,340	3.7%	The PEPRA unfunded accrued liability is the total minimum required employer contribution. The Agency selects the annual lump sum prepayment option.
19,941	3.5%	Employer’s 1.45% share of Medicare for all employees.
123,449	6.5%	Medical coverage up to the Kaiser family rate. FY22 decrease due to fewer employees have family coverage. FY23 assumes a 6.5% premium increase.
46,346	0.0%	Medical benefit differential paid for family coverage to two eligible employees.
9,844	5.0%	Dental is now self-insured. FY22 decrease based on actual plan usuage.
6,604	3.5%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
2,360	2.0%	Employer paid vision benefits.
15,699	3.5%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
13,096	6.0%	Medical benefits for seven retired employees at the SF-Bay Area PERS Kaiser single rate.
17,592	6.0%	Medical benefits in excess of the CalPERS PEMCHA miniumum reimbursed directly to retirees.
8,063	0.0%	Prefunding of the Agency’s post-employment health benefit obligations for current retirees and employees. The prefunding amount is in accordance with the Agency's OPEB Funding Plan updated annually.
1,875	0.0%	An allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
3,538	2.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP post employment health, and NAVIA Flex 125 plans.

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

TECHNICAL SERVICES

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
100-0230-440-7063	Uniforms	AE	-	2,629	2,057	-21.8%
Subtotal Benefits			**-**	**598,685**	**587,875**	**-1.8%**
Total Salaries & Benefits			**1,068,450**	**1,811,885**	**1,766,030**	**-2.0%**
BIOSOLIDS MANAGEMENT						
100-0230-440-7101	Biosolids Hauling	AE	109,441	124,000	120,536	-2.8%
100-0230-440-7102	Biosolids Reuse Fees	AE	289,858	319,000	283,749	-11.1%
Subtotal Biosolids Management			**399,299**	**443,000**	**404,285**	**-8.7%**
PERMIT TESTING & MONITORING						
100-0230-440-7301	Lab Supplies	RCM	74,652	69,400	78,772	13.5%
100-0230-440-7302	Lab Maintenance & Rentals	RCM	15,705	9,910	16,523	66.7%
100-0230-440-7310	Biosolids Monitoring	RCM	15,214	15,670	10,450	-33.3%
100-0230-440-7311	NPDES Monitoring	RCM	69,794	43,177	33,891	-21.5%
100-0230-440-7312	Source Control Monitoring	TSM	15,696	18,602	19,954	7.3%
100-0230-440-7313	Biogas Monitoring	RCM	-	10,908	9,400	-13.8%
100-0230-440-7320	UST Monitoring	RCM	2,743	3,044	5,350	75.8%
100-0230-440-7321	UST Triannual Monitoring	RCM	-	1,496	-	-100.0%
Subtotal Permit Testing & Monitoring			**193,804**	**172,207**	**174,340**	**1.2%**
GENERAL & ADMINISTRATIVE						
100-0230-440-7601	Meetings/Training	RCM	2,452	3,000	3,000	0.0%

Return to TOC

***Position Code**

GM General Manager
ASM Administrative Services Manager
TSM Technical Services Manager
RCM Regulatory Compliance Manager
AE Associate Engineer

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
2,129	3.5%	Uniforms costs for four employees.
625,257	**6.4%**	
1,844,804	**4.7%**	
124,755	3.5%	Approximately one load per day of biosolids is hauled to one of the biosolids reuse sites. The biosolids hauling FY22 and FY23 budgets include a 1.7% and 3.5% CPI increase.
293,680	3.5%	Biosolids tipping fees for beneficial reuse at Redwood Landfill for alternative daily cover, land application sites in Solano county for soil augmentation, and at the Lystek facility for processing into a fertilizer.
418,435	**3.5%**	
81,529	3.5%	Laboratory and source control program supplies including all chemicals, glassware, reagents, consumables, disposable containers, filters, bioassay, and other supplies. Minor budget increase FY22 and FY23 due to a new Ion Chromatography method that requires additional supplies.
13,996	-15.3%	Expenses for service contracts to maintain laboratory equipment including the deionized water system and certification of analytical balance and pipette/titrator equipment. Bi-annual UV Spec maintenance occurs in FY22.
10,764	3.0%	Laboratory analysis cost associated with biosolids monthly and semiannual regulatory monitoring requirements. AB 901 requires increased biosolids sampling for regulatory reporting, however, new laboratory contractor provides tests at significantly lower rates.
35,077	3.5%	Contract laboratory analysis cost associated with NPDES permit compliance. Includes monthly, quarterly, semiannual, annual, and permit period monitoring requirements, including new nutrient watershed permit monitoring requirements. FY22 & FY23 budgets are based on reduced laboratory outside contractor costs.
20,652	3.5%	Cost of contract laboratory analysis for source control samples and monitoring industrial waste. Increased sample analysis for regulated dischargers and three new permit applications. These funds are reimbursed through user monitoring fees.
9,729	3.5%	Monitoring cost for the organic waste receiving facility and new BAAQMD permit filter and cogeneration ammonia monitoring requirements. Budget decrease due to optimizing and reducing biogas sampling locations.
5,037	-5.9%	Annual testing and monitoring of underground gasoline and diesel tank over-fill and secondary containment. A vendor bankruptcy resulted in increased annual and monthly costs charged by the new vendor.
-	0.0%	Testing of underground tank secondary containment every three years as required by state regulation. Next UST Triannual Test to be conducted in FY24.
176,784	**1.4%**	
3,000	0.0%	Expenses associated with single-day professional meetings and training seminars. Includes allowed expenses pursuant to the Agency's expense reimbursement policy.

Return to TOC

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

TECHNICAL SERVICES

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
100-0230-440-7602	Conferences	RCM	7,408	21,000	20,850	-0.7%
100-0230-440-7610	Memberships	RCM	2,944	3,700	4,782	29.2%
100-0230-440-7631	NPDES Permit Fees	RCM	58,052	64,612	66,898	3.5%
100-0230-440-7632	ELAP Certification Fees	RCM	11,664	13,000	16,650	28.1%
100-0230-440-7633	Regional Monitoring Program	RCM	62,482	39,521	47,905	21.2%
100-0230-440-7634	BACWA Fees	RCM	40,690	40,690	44,690	9.8%
100-0230-440-7635	CUPA Permit	RCM	7,731	5,400	5,399	0.0%
100-0230-440-7636	Stormwater Permit	RCM	1,400	1,500	1,552	3.5%
100-0230-440-7653	Software license & support	RCM	49,476	-	-	0.0%
100-0230-440-7650	Office & Printer Expenses	RCM	882	500	5,250	950.0%
100-0230-440-7670	Printing & Publications	RCM	-	600	600	0.0%
100-0230-440-7706	Special Studies & Support Services	TSM	-	40,000	40,000	0.0%
100-0230-440-7707	Prof svcs - special studies	GM	2,039	-	-	0.0%
100-0230-440-7708	Cathodic Protect. Surveys	AE	-	5,500	5,594	1.7%
100-0230-440-7737	Public Ed Program	GM	12,177	30,165	29,435	-2.4%
Subtotal General & Administrative			**259,395**	**270,107**	**293,488**	**8.7%**
Subtotal (excluding Salary and Benefits)			**852,498**	**885,314**	**872,113**	**-1.5%**
Total Technical Services			**1,920,948**	**2,697,199**	**2,638,143**	**-1.8%**

Return to TOC

***Position Code**

GM General Manager
ASM Administrative Services Manager
TSM Technical Services Manager
RCM Regulatory Compliance Manager
AE Associate Engineer

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
25,027	20.0%	Expenses associated with multi-day professional conferences, seminars, and training events per the Agency's expense reimbursement policy.
4,949	3.5%	Professional memberships and registration fees for the Water Environment Association and California Water Environment Association, CalPELRA, TNI and Standard Methods.
71,581	7.0%	Annual NPDES permit and pre-treatment program fees. Increase based upon information provided by the SWRCB.
9,915	-40.5%	Fees for annual renewal of the laboratory certification, inspections, required testing, certificates,and ELAP certification fees.
49,581	3.5%	NPDES permit requires participation in the Regional Monitoring Program for the San Francisco Bay, which is administered by the San Francisco Estuary Institute. Cost based upon Cu, Ni, Cr, and Se facility loading to SF bay. FY22 based on 1.7% CPI and FY23 based on 3.5% CPI.
45,937	2.8%	SF Bay NPDES dischargers are required to perform regional monitoring tests and perform studies to determine impacts to the bay. Organization participants conduct studies and tests related to TMDL development, nutrients, mercury, and PCB permit work that focus on Bay Area Clean Water Agencies (BACWA) priorities to protect the SF Bay. The BACWA nutrient permit increased substantially in FY21 and is included in FY22 & FY23.
5,588	3.5%	Certified Unified Program Agency fees are paid to the County of Marin for the Agency's underground storage tanks and hazardous materials storage permits.
1,606	3.5%	SWRCB permit for the Agency's industrial site stormwater permit.
-	0.0%	
5,473	4.2%	Office supplies: sample labels, ink cartridges, paper for large-format printer/plotter, new lab copier rental fee, and other miscellaneous office expenses.
600	0.0%	Allowance for printing/shipping/advertising expenses for documents not assigned to specific CIP project contracts and for mailing expenses related to maintaining CMSA's list of prequalified contractors.
40,000	0.0%	Allowance for special studies and engineering consultant services as needed.
-	0.0%	
5,761	3.0%	Periodic cathodic protection monitoring of the land portion of the marine outfall, sections of the Ross Valley interceptor, the San Rafael interceptor, various buried pipelines on Agency property, San Rafael Sanitation District Simms Force Main, and the South Francisco casing.
25,895	-12.0%	CMSA's 40.6% share of the Countywide Public Education Program expenses associated with participating in public outreach events, hosting school programs, a Comcast video presentation, and educational materials for the program.
295,818	**0.8%**	
891,037	**2.2%**	
2,735,841	**3.9%**	

Return to TOC

Operations

The Operations Department performs essential activities specific to the day-to-day operation and process control of the Agency's NACWA-recognized Class V regional wastewater treatment facility. The treatment, reuse, and disposal of wastewater, biosolids, and biogas is in full compliance with NPDES and Bay Area Air Quality Management District (BAAQMD) permit requirements.

The department is responsible for the following functions:

- Monitor and adjust treatment processes
- Ensure facilities are operated to achieve and exceed permit compliance
- Monitor local agency collection system assets
- Order treatment chemicals and maintain inventories
- Conduct pilot testing and studies to improve and/or optimize treatment processes
- Monitor and operate systems to control the generation of wastewater odors
- Track the performance of all treatment and energy generation systems
- Operate an organic waste receiving facility
- Operate a power generation system
- Oversee and operate the Agency's recycled water truck fill stations

Operations Expenditures by Category	Actual FY20	Budget FY21	Adopted Budget FY22	Adopted Budget FY23
SALARIES	$1,598,061	$1,727,700	$1,857,586	$1,922,624
BENEFITS (FY21 Allocated to Depts)	Admin Budget	944,302	917,107	977,251
SUBTOTAL	**$1,598,061**	**$2,672,002**	**$2,774,693**	**$2,899,875**
CHEMICALS & FUELS	1,212,557	1,299,080	1,313,142	1,279,151
UTILITIES	450,523	283,000	320,208	257,188
ADMINISTRATION	92,720	73,178	80,476	87,555
SUBTOTAL	**$1,755,800**	**$1,655,258**	**$1,713,826**	**$1,623,894**
TOTAL	**$3,353,861**	**$4,327,260**	**$4,488,519**	**$4,523,769**

Authorized Positions	FY20	FY21	FY22	FY23
Treatment Plant Manager*	0.5	0.5	0.5	0.5
Operations Supervisors	1	1	1	1
Assistant Operations Supervisor	1	1	1	1
Lead Operators	1	1	1	1
Operators (Trainee, I-III)	10	10	10	10
TOTAL	**13.5**	**13.5**	**13.5**	**13.5**

*.5 FTE split with Maintenance Department

Return to TOC

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

OPERATIONS

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
SALARIES & WAGES						
100-0340-440-7001	Salaries wages - regular	ASM	1,524,053	1,605,800	1,779,905	10.8%
	Transfer to CIP	ASM	-	(18,000)	(20,910)	
100-0340-440-7005	Salaries wages - overtime	OS	69,953	137,700	93,559	-32.1%
100-0340-440-7009	Salaries wages - standby	TPM	4,055	2,200	5,032	128.7%
Subtotal Salaries & Wages			**1,598,061**	**1,727,700**	**1,857,586**	**7.7%**
100-0340-440-7021	Er ret - CalPERS classic	ASM	-	176,273	144,720	-17.9%
100-0340-440-7022	Er ret - CalPERS PEPRA	ASM	-	22,276	48,006	115.5%
100-0340-440-7023	Er ret - CalPERS survivors	ASM	-	1,098	813	-26.0%
100-0340-440-7024	Er ret - CalPERS Classic UAL	ASM	-	247,774	289,605	16.9%
100-0340-440-7025	Er ret - CalPERS PEPRA UAL	ASM	-	237	1,866	687.3%
100-0340-440-7028	Er ret - medicare	ASM	-	25,511	27,238	6.8%
100-0340-440-7041	Benefits - medical active	ASM	-	244,685	235,453	-3.8%
100-0340-440-7042	Benefits - flex$	ASM	-	55,828	36,582	-34.5%
100-0340-440-7043	Benefits - dental	ASM	-	17,996	13,541	-24.8%
100-0340-440-7044	Benefits - life-AD&D-LTD Ins	ASM	-	8,550	9,217	7.8%
100-0340-440-7045	Benefits - vision	ASM	-	3,770	3,342	-11.4%
100-0340-440-7046	Benefits - employer paid MARA	ASM	-	13,052	16,874	29.3%
100-0340-440-7047	Benefits - retiree medical prem	ASM	-	52,647	27,181	-48.4%
100-0340-440-7048	Benefits - retiree medical reimb	ASM	-	45,924	36,512	-20.5%
100-0340-440-7049	Benefits - retiree medical prefund	ASM	-	21,847	11,646	-46.7%
100-0340-440-7061	Unemployment benefits	ASM	-	-	2,815	0.0%

Return to TOC

***Position Code**

ASM Administrative Services Manager
AOS Assistant Operations Supervisor
OS Operations Supervisor
TPM Treatment Plant Manager

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
1,842,202	3.5%	Salaries for 13.5 full-time employees (Treatment Plant Manager 50% Operations & 50% Maintenance). Includes a FY22 COLA increase of 1.722% for represented and unrepresented employees, one step adjustment, and leave balance cash-outs. FY23 increase for 3.5% COLA and one step adjustment.
(21,620)		Transfer of salary expenses for staff assigned to CIP funded projects
96,834	3.5%	Authorized overtime to ensure facilities are properly staffed 24 hours/day and to complete specified activities or assignments.
5,208	3.5%	24/7 stand-by duty provided by qualified operations staff during the wet weather season (November-April). Employees are paid to remain fit for duty and must respond within one hour after being called in for emergency situations.
1,922,624	**3.5%**	
149,572	3.4%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY22 employer contribution rate is 14.02% for Classic employees and CalPERS estimates 14% for FY23.
49,752	3.6%	Employer contributions for CalPERS 2% @ 62 retirement program for PEPRA employees hired after January 1, 2013. The FY22 employer PEPRA contribution rate is 7.59% and CalPERS estimates FY23 to be 7.6%.
866	6.5%	Annual Survivors Benefit premium.
320,956	10.8%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2019. The Agency selects the annual lump sum prepayment option.
1,936	3.8%	The PEPRA unfunded accrued liability is the total minimum required employer contribution. The Agency selects the annual lump sum prepayment option.
28,192	3.5%	Employer's 1.45% share of Medicare for all employees.
250,757	6.5%	Medical coverage up to the Kaiser family rate. FY22 decrease due to Treatment Plant Manager is now budgeted to Maintenance and Operations. FY23 assumes a 6.5% premium increase.
36,582	0.0%	Medical benefit differential paid for family coverage to two eligible employees.
14,219	5.0%	Dental is now self-insured. FY22 decrease based on actual plan usuage.
9,540	3.5%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
3,408	2.0%	Employer paid vision benefits.
17,465	3.5%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
28,812	6.0%	Medical benefits for eleven retired employees at the SF-Bay Area PERS Kaiser single rate.
38,702	6.0%	Medical benefits in excess of the CalPERS PEMCHA miniumum reimbursed directly to retirees.
11,646	0.0%	Prefunding of the Agency's post-employment health benefit obligations for current retirees and employees. The prefunding amount is in accordance with the Agency's OPEB Funding Plan updated annually.
2,815	0.0%	An allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

OPERATIONS

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
100-0340-440-7062	Benefit adminstration fees	ASM	-	-	5,010	0.0%
100-0340-440-7063	Uniforms	ASM	-	6,834	6,686	-2.2%
Subtotal Benefits			**-**	**944,302**	**917,107**	**-2.9%**
Total Salaries & Benefits			**1,598,061**	**2,672,002**	**2,774,693**	**4.0%**
CHEMICALS & FUEL						
100-0340-440-7120	Gasoline, diesel, oil	OS	26,427	18,000	18,000	0.0%
100-0340-440-7130	Chemicals - ferric chloride	OS	104,294	134,700	131,000	-2.7%
100-0340-440-7131	Chemicals - polymer cationic	OS	170,508	162,000	165,000	1.9%
100-0340-440-7132	Chemicals - odor control	OS	15,723	18,000	15,600	-13.3%
100-0340-440-7133	Chemicals - calcium nitrate	OS	316,840	210,000	254,594	21.2%
100-0340-440-7134	Chemicals - hydrogen peroxide	OS	225,148	273,980	227,000	-17.1%
100-0340-440-7135	Chemicals - sodium hypochlor	OS	197,249	240,400	225,792	-6.1%
100-0340-440-7136	Chemicals - sodium bisulphite	OS	156,369	242,000	276,156	14.1%
Subtotal Chemicals & Fuel			**1,212,557**	**1,299,080**	**1,313,142**	**1.1%**
UTILITIES						
100-0340-440-7502	Utilities - natural gas	OS	39,831	38,000	65,508	72.4%
100-0340-440-7503	Utilities - electricity	OS	336,887	150,000	167,000	11.3%
100-0340-440-7504	Utilities - water	AOS	16,092	25,000	17,700	-29.2%
100-0340-440-7505	Utilities - garbage	AOS	57,713	70,000	70,000	0.0%
Subtotal Utilities			**450,523**	**283,000**	**320,208**	**13.1%**

Return to TOC

<u>*Position Code</u>

ASM Administrative Services Manager
AOS Assistant Operations Supervisor
OS Operations Supervisor
TPM Treatment Plant Manager

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
5,111	2.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP post employment health, and NAVIA Flex 125 plans.
6,920	3.5%	Uniforms costs for thirteen employees.
977,251	**6.6%**	
2,899,875	**4.5%**	
18,630	3.5%	Fuel for vehicles and landscaping equipment, and diesel for emergency generators and the effluent pump station's pumps.
116,955	-10.7%	Ferric chloride is used to improve settling in the primary clarifiers during storm related flow events, inhibits hydrogen sulfide production in the digesters, reduces struvite formations in pipelines, and is used as a coagulant in the biosolids dewatering process.
110,000	-33.3%	Polymer is added to centrifuge feed sludge to enhance the efficiency of solids removal and to thicken waste activated sludge. CMSA typically uses approximately 2.5 loads of polymer per year for Agency operations.
15,600	0.0%	A chemical agent used to mask odorous compounds produced by some wastewater processes.
263,505	3.5%	Calcium nitrate solution is the first of a two-phase odor control system used in the collection system upstream of the wastewater treatment plant to inhibit hydrogen sulfide formation.
234,945	3.5%	Hydrogen peroxide is the second phase of the odor control system. It is injected into the Ross Valley and San Rafael interceptors upstream of the headworks.
233,695	3.5%	Sodium hypochlorite is used for effluent and recycled water disinfection, and in facility odor control scrubbers.
285,821	3.5%	Sodium bisulfite is used to neutralize the chlorine residual in the effluent prior to its discharge into the San Francisco Bay.
1,279,151	**-2.6%**	
50,880	-22.3%	Supplemental fuel for the cogeneration systems. While FY22 expects a slight increase in natural gas usage, FY23 assumes increased deliveries of organic waste thus reducing the need for natural gas.
114,400	-31.5%	Electricity to supplement the cogeneration system output and to supply power when the cogenerator is offline for maintenance.
18,408	4.0%	Potable and fire protection water for supply. FY22 budget based on actual potable water use and FY23 budget based on actual usage plus 4% rate increases.
73,500	5.0%	Solid waste disposal for garbage, green waste, recycling, and debris box disposal of headworks screenings, grit, and non-recyclable wastes. Dry weather conditions has resulted in reduced volume of waste generated. Anticipate a 5% rate increase for FY23.
257,188	**-19.7%**	

Return to TOC

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

OPERATIONS

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
GENERAL & ADMINISTRATIVE						
100-0340-440-7110	Operations - general	TPM	17,698	6,000	9,000	50.0%
100-0340-440-7111	Process Control Consumable Supplies	AOS	8,458	10,500	8,900	-15.2%
100-0340-440-7601	Meetings/Training	TPM	3,167	4,500	2,500	-44.4%
100-0340-440-7602	Conferences	TPM	3,528	5,000	3,000	-40.0%
100-0340-440-7610	Prof affiliation memberships	TPM	4,433	4,800	4,800	0.0%
100-0340-440-7638	Permits & lic - BAAQMD	TPM	36,267	20,000	30,000	50.0%
100-0340-440-7709	Prof svcs - process control	TPM	19,169	21,000	21,000	0.0%
100-0340-440-7730	Employee assistance program	ASM	-	1,378	1,276	-7.4%
Subtotal General & Administrative			**92,720**	**73,178**	**80,476**	**10.0%**
Subtotal (excluding Salary and Benefits)			**1,755,800**	**1,655,258**	**1,713,826**	**3.5%**
Total Operations			**3,353,861**	**4,327,260**	**4,488,519**	**3.8%**

***Position Code**

ASM Administrative Services Manager
AOS Assistant Operations Supervisor
OS Operations Supervisor
TPM Treatment Plant Manager

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
9,315	3.5%	Small tools, equipment, parts, and other miscellaneous supplies. FY22 plans for purchase of 10 hoses and two rag bins.
9,212	3.5%	Chemical reagents to verify and/or determine the concentration of chlorine in treated wastewater, assist in field instrument calibration, determine peroxide concentrations in wastewater, measure pH, and measure sulfide levels in biogas. FY22 includes added costs associated with monitoring ammonia.
4,500	80.0%	Expenses associated with attendance at single-day professional meetings, seminars, and certification trainings.
5,000	66.7%	Expenses associated with multi-day professional conferences, seminars, and training events.
3,800	-20.8%	Professional memberships and certification renewal requirements for licensed operators. The budget includes 13 annual CWEA membership renewals, 9 operator certification renewals, and 3 operators that eligible for higher levels of training and testing certification.
33,000	10.0%	FY22 budget includes annual fee increases and a new fee for the Jenbacher cogeneration engine and FY23 budget anticipates a 10% increase.
21,420	2.0%	Professional wastewater consulting services for evaluation of process control options, advice on process control issues, training staff on process analysis, and conducting special studies.
1,308	2.5%	Confidential professional counseling provided to employees.
87,555	**8.8%**	
1,623,894	**-5.2%**	
4,523,769	**0.8%**	

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Maintenance

The Maintenance Department is responsible for maintaining Agency assets which include buildings, grounds, fleet vehicles, treatment plant facilities and associated equipment, and a cogeneration engine. Certified mechanical technicians and utility workers perform a wide variety of preventative and corrective maintenance and repair work on all Agency assets. The Electrical and Instrumentation group is responsible for maintaining the Agency's electrical and instrumentation systems, and various electro-mechanical equipment, and supports the Information Systems Administrator with communication systems and information technology infrastructure. The department utilizes an enterprise asset management system for scheduling and tracking corrective and preventive maintenance, to manage its fixed assets, and to manage repairs and maintenance activities and their associated costs.

Under contractual service agreements with the California Department of Corrections (SQSP), County of Marin, and Sanitary District #2 of Marin, the department maintains collection system assets such as pump stations, force mains, and gravity sewers.

Maintenance Expenditures by Category	Actual FY20	Budget FY21	Adopted Budget FY22	Adopted Budget FY23
SALARIES	$1,696,270	$1,693,700	$1,854,850	$1,917,449
BENEFITS (FY21 Allocated to Depts)	Admin Budget	893,696	971,136	1,038,113
SUBTOTAL	**$1,696,270**	**$2,587,396**	**$2,825,986**	**$2,955,562**
MAINTENANCE & REPAIRS	354,332	387,200	423,500	478,500
ADMINISTRATION	10,326	24,589	26,849	27,414
SUBTOTAL	**$ 364,658**	**$ 411,789**	**$ 450,349**	**$ 505,914**
TOTAL	**$2,060,928**	**$2,999,185**	**$3,276,335**	**$3,461,476**

Authorized Positions	FY20	FY21	FY22	FY23
Treatment Plant Manager*	0.5	0.5	0.5	0 .5
Maintenance Supervisor	1	1	1	1
Assistant Maintenance Supervisor	1	1	1	1
Maintenance Lead	1	1	1	1
Lead Mechanical Technician	1	1	1	1
Mechanical Technician (I-III)	4	4	4	4
Utility Worker	3	3	3	3
Institutional Utility Laborer (IUL)**	3	3	3	3
Electrical/Instrumentation Tech (I-III)	3	3	3	3
TOTAL	**17.5**	**17.5**	**17.5**	**17.5**

* 0.5 FTE split with Operations Department

** IUL costs are reflected in Non-Agency Maintenance for billing purposes

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

MAINTENANCE

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
SALARIES & WAGES						
100-0350-440-7001	Salaries wages - regular	ASM	1,591,736	1,636,100	1,724,470	5.4%
	Transfer to CIP	ASM	(2,880)	(35,700)	(37,638)	0.0%
100-0350-440-7002	Salaries wages - PartTime	TSM	-	-	67,430	0.0%
100-0350-440-7005	Salaries wages - overtime	TPM	42,302	37,900	41,561	9.7%
100-0350-440-7009	Salaries wages - standby	TPM	65,112	55,400	59,027	6.5%
Subtotal Salaries & Wages			**1,696,270**	**1,693,700**	**1,854,850**	**9.6%**
100-0350-440-7021	Er ret - CalPERS classic	ASM	-	139,797	110,761	-20.8%
100-0350-440-7022	Er ret - CalPERS PEPRA	ASM	-	46,774	68,982	47.5%
100-0350-440-7023	Er ret - CalPERS survivors	ASM	-	1,267	938	-26.0%
100-0350-440-7024	Er ret - CalPERS Classic UAL	ASM	-	196,503	334,159	70.1%
100-0350-440-7025	Er ret - CalPERS PEPRA UAL	ASM	-	497	2,153	333.2%
100-0350-440-7027	Er ret - PARS benefit	ASM	-	-	2,529	0.0%
100-0350-440-7028	Er ret - medicare	ASM	-	25,789	27,441	6.4%
100-0350-440-7041	Benefits - medical active	ASM	-	291,464	259,261	-11.0%
100-0350-440-7042	Benefits - flex$	ASM	-	28,623	13,587	-52.5%
100-0350-440-7043	Benefits - dental	ASM	-	18,566	15,625	-15.8%
100-0350-440-7044	Benefits - life-AD&D-LTD Ins	ASM	-	9,222	10,635	15.3%
100-0350-440-7045	Benefits - vision	ASM	-	4,116	3,856	-6.3%
100-0350-440-7046	Benefits - employer paid MARA	ASM	-	16,553	21,562	30.3%
100-0350-440-7047	Benefits - retiree medical prem	ASM	-	25,022	29,653	18.5%

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***Position Code**

ASM Administrative Services Manager
TPM Treatment Plant Manager
MS Maintenance Supervisor
EIT Electrical Instrumentation Technician

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
1,784,826	3.5%	Salaries for 14.5 full-time employees (Treatment Plant Manager 50% Maintenance & 50% Operations). Includes a 1.722% COLA salary increase for represented and unrepresented employees, four step adjustments and leave balance cash-outs. FY23 includes a 3.5% COLA increase and four step or in-class adjustments.
(38,916)	0.0%	Transfer of salary expenses for staff assigned to CIP funded projects.
67,430	0.0%	Part-time annuitant hired for special projects.
43,016	3.5%	Authorized overtime to complete unexpected maintenance activities or assignments that require work after an employee's regularly scheduled shift. Budget increase due to COLA salary adjustments.
61,093	3.5%	24/7 Stand-by duty for qualified maintenance staff to respond to emergency repair work and equipment failures. Employees are paid to remain fit for duty and to respond within one hour. Sanitary District #2 funds one half of this expense.
1,917,449	**3.4%**	
114,474	3.4%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY22 employer contribution rate is 14.02% for Classic employees and CalPERS estimates 14% for FY23.
71,490	3.6%	Employer contributions for CalPERS 2% @ 62 retirement program for PEPRA employees hired after January 1, 2013. The FY22 employer PEPRA contribution rate is 7.59% and CalPERS estimates FY23 to be 7.6%.
1,000	6.6%	Annual Survivors Benefit premium.
370,333	10.8%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2019. The Agency selects the annual lump sum prepayment option.
2,233	3.7%	The PEPRA unfunded accrued liability is the total minimum required employer contribution. The Agency selects the annual lump sum prepayment option.
2,617	3.5%	PARS is retirement account for part-time and temporary employees. The employer rate is 3.75%.
28,402	3.5%	Employer's 1.45% share of Medicare for all employees.
276,113	6.5%	Medical coverage up to the Kaiser family rate. FY22 decrease due to Treatment Plant Manager is now budgeted to Maintenance and Operations. FY23 assumes a 6.5% premium increase.
13,587	0.0%	Medical benefit differential paid for family coverage to two eligible employees. FY22 decreases due to the retirement of one eligible employee.
16,406	5.0%	Dental is now self-insured. FY22 decrease based on actual plan usuage.
11,007	3.5%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
3,933	2.0%	Employer paid vision benefits.
22,317	3.5%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
31,432	6.0%	Medical benefits for eleven retired employees at the SF-Bay Area PERS Kaiser single rate.

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

MAINTENANCE

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
100-0350-440-7048	Benefits - retiree medical reimb	ASM	-	51,714	39,831	-23.0%
100-0350-440-7049	Benefits - retiree medical prefund	ASM	-	10,576	13,438	27.1%
100-0350-440-7061	Unemployment benefits	ASM	-	7,300	3,230	-55.8%
100-0350-440-7062	Benefit adminstration fees	ASM	-	10,976	5,781	-47.3%
100-0350-440-7063	Uniforms	ASM	-	8,937	7,714	-13.7%
Subtotal Benefits			**-**	**893,696**	**971,136**	**8.7%**
Total Salaries & Benefits			**1,696,270**	**2,587,396**	**2,825,986**	**9.3%**
MAINTENANCE & REPAIRS (M&R)						
100-0350-440-7201	Outside services & parts	TPM	26,938	31,400	30,000	-4.5%
100-0350-440-7202	Facilities maintenance	MS	20,329	25,100	30,000	19.5%
100-0350-440-7203	Fleet maintenance	MS	15,105	15,700	12,000	-23.6%
100-0350-440-7210	Hazardous waste disposal	MS	26,581	31,400	53,000	68.8%
100-0350-440-7211	Groundskeeping	MS	32,656	32,000	32,000	0.0%
100-0350-440-7212	Utility supplies	MS	10,714	7,900	8,000	1.3%
100-0350-440-7213	Electrical equipment	EIT	26,311	29,300	29,000	-1.0%
100-0350-440-7214	Small tools & equipment	MS	19,017	13,000	15,000	15.4%
100-0350-440-7215	Lubricants-propane-other	MS	5,267	6,000	6,500	8.3%
100-0350-440-7230	Plant pumps	MS	23,200	26,200	26,000	-0.8%

Return to TOC

***Position Code**

ASM Administrative Services Manager
TPM Treatment Plant Manager
MS Maintenance Supervisor
EIT Electrical Instrumentation Technician

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
42,220	6.0%	Medical benefits in excess of the CalPERS PEMCHA miniumum reimbursed directly to retirees.
13,438	0.0%	Prefunding of the Agency’s post-employment health benefit obligations for current retirees and employees. The prefunding amount is in accordance with the Agency's OPEB Funding Plan updated annually.
3,230	0.0%	An allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
5,897	2.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP post employment health, and NAVIA Flex 125 plans.
7,984	3.5%	Uniforms costs for fourteen employees.
1,038,113	**6.9%**	
2,955,562	**4.6%**	
30,600	2.0%	Service repair costs performed by outside providers for machining, fabrication, vacuum services, specialty repair work, and related parts, equipment, and supplies.
30,600	2.0%	Preventative and corrective repairs to maintain non-process specific facility structures such as roof and gutter systems, doors and door hardware, flooring, and painted surfaces. This account also includes funds for facility pest control services. Increase due to new quarterly crane inspection.
12,240	2.0%	This account is for preventative, predictive, and corrective maintenance on the Agency's fleet vehicles, and includes purchases of batteries, oil, tires, and other consummables. The Agency's fleet consists of 11 vehicles, two forklifts, a skid steer loader, 15 electric carts, and 7 bicycles.
75,000	41.5%	Safe disposal of wastes such as oils, greases, oil and air filters, coolants, paints, solvents, light bulbs, batteries, air purification medias (siloxane, hydrogen sulfide, and activated carbon), and for the disposal of laboratory generated hazardous wastes. Increase is attributable to implementing new air permit requirements.
32,640	2.0%	Landscaping services and supplies to maintain the Agency grounds and property. Services include defensible space maintenance, weed abatement, and homeless camp clean-up.
8,200	2.5%	Custodial and general facility maintenance cleaning supplies.
29,580	2.0%	Allowance for procurement of routine electrical equipment such as conduit, wiring, electrical connectors, fittings, consumable electrical supplies, and facility lighting (light bulbs, tubes, LED lights).
15,300	2.0%	Purchase and repair of hand, power, and pneumatic tools utilized in the day-to-day maintenance of assets and equipment. The purchase of two new portable generators is planned for FY22.
7,000	7.7%	Lubricants used for facility assets and equipment (cogeneration and stand-by power systems excluded), propane for the forklift, welding and calibration gases, and lab bioassay oxygen. Budget increases due to uncertainty in the oil and gas markets.
26,520	2.0%	Allowance for routine consumable parts and equipment such as impellers, volutes, packing material, and gasket material.

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

MAINTENANCE

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
100-0350-440-7231	Process tank maintenance	MS	23,198	20,900	20,000	-4.3%
100-0350-440-7232	Centrifuge maintenance	MS	9,077	10,500	10,000	-4.8%
100-0350-440-7233	Process filter media replacement	MS	22,463	37,300	43,000	15.3%
100-0350-440-7234	Organic waste receiving facility	MS	41,463	41,800	43,000	2.9%
100-0350-440-7235	Boilers hot water systems	MS	4,956	8,400	7,500	-10.7%
100-0350-440-7236	Effluent pump station & diesel tank	MS	3,229	5,300	3,500	-34.0%
100-0350-440-7237	Generator maintenance	MS	43,827	45,000	55,000	22.2%
Subtotal Maintenance & Repairs			**354,332**	**387,200**	**423,500**	**9.4%**
GENERAL & ADMINISTRATIVE						
100-0350-440-7601	Meetings/Training	TPM	2,692	4,500	5,500	22.2%
100-0350-440-7602	Conferences	TPM	3,140	13,000	13,000	0.0%
100-0350-440-7610	Prof affiliation memberships	TPM	4,394	5,000	5,500	10.0%
100-0350-440-7650	Office expense		-	-	480	0.0%
100-0350-440-7670	Printing & publications		-	-	500	0.0%
100-0350-440-7710	Prof svcs - Underground srvc alert	MS	100	200	200	0.0%
100-0350-440-7730	Employee assistance program	ASM	-	1,889	1,669	-11.6%
Subtotal General & Administrative			**10,326**	**24,589**	**26,849**	**9.2%**
Subtotal (excluding Salary and Benefits)			**364,658**	**411,789**	**450,349**	**9.4%**
Total Maintenance			**2,060,928**	**2,999,185**	**3,276,335**	**9.3%**

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***Position Code**

ASM Administrative Services Manager
TPM Treatment Plant Manager
MS Maintenance Supervisor
EIT Electrical Instrumentation Technician

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
20,400	2.0%	Allowance for routine consumable parts and equipment for facility process tanks and the primary heat exchanger (excludes heat exchangers utilized by cogeneration systems).
10,200	2.0%	Consumable parts and equipment for annual preventative and corrective maintenance for three centrifuges and their system components.
70,000	62.8%	Biogas and air purification media for facility equipment. Budget includes purchase of media for sulfatreat vessels, siloxane filters, and activated carbon odor scrubbers.
44,000	2.3%	Allowance for consumable items required for maintaining the OWRF. This budget assumes performing four cleanings, eight hose and glycerin changeouts, paddle finisher screens and shaft, as well as rock trap replacement parts and other critical spare inventory items.
7,650	2.0%	Consumable items required for maintaining two dual fueled hot water boilers and hot water recirculation systems. Budget includes annual specialized boiler system inspection work to examine the brick and burner assemblies, the fuel regulating systems, and associated pumps and piping. FY22 decrease associated with reduced maintenance costs for the boilers as run times for two congeneration systems are expected to increase.
3,570	2.0%	Allowance for parts and consumable items within the effluent pump station and its above ground diesel tank. Includes pump and engine parts, driveshafts, fuel conveyance, diesel storage tanks, motor controls, and the fire protection system. The decrease is attributable to reduced run times due to lack of rain, and a sufficient inventory of spare parts.
55,000	0.0%	Routine parts and equipment for scheduled systems maintenance. The budget assumes four 2,000 hour maintenance procedures on the Waukesha cogeneration system and one annual maintenance procedure on the Cummins emergency standby diesel generator.
478,500	**13.0%**	
6,000	9.1%	Expenses associated with attendance at single-day meetings, seminars, technical certification courses, and professional development. Includes allowed expenses pursuant to the Agency's expense reimbursement policy. Increases are for training costs associated with four new employees.
13,000	0.0%	Expenses associated with multi-day professional conferences, seminars, and training events outlined in the Agency's travel and expense reimbursement policy.
5,500	0.0%	Professional memberships and annual certification renewal fees for 15 department employees. Budget assumes four technicians will attempt tech exams and earn certifications.
480	0.0%	New account. Administrative expenses are now allocated to departments.
520	4.0%	New account. Administrative expenses are now allocated to departments.
204	2.0%	Annual Underground Service Alert fee to identify utility locations prior to any type of digging or excavation work.
1,710	2.5%	Confidential professional counseling provided to employees.
27,414	**2.1%**	
505,914	**12.3%**	
3,461,476	**5.7%**	

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Non-Agency Expenses - CMSA Services Provided Under Contract to Other Local Agencies

(Non Agency Health & Safety, Non-Agency Countywide Public Education Program, Non-Agency Maintenance)

The Agency provides contract services to other local agencies for wastewater treatment services, pump station and collection system maintenance, and administration of Source Control Programs. The Agency also serves as the lead agency to administer the Health & Safety Program and the Marin County Cooperative Public Education Program.

Except for the Public Education Program, the budget in this cost center tracks the employee compensation and benefits and contract expenses incurred on behalf of the contracting agencies. Each contracting agency has agreed to reimburse CMSA the costs of services rendered by CMSA in accordance with the terms of their respective contracts. SQSP funds the authorized Institutional Utility Laborer positions who perform maintenance and wastewater services for the prison.

The tables below illustrate the relationship between the amount of projected revenues from each contracting agency in FY22 & FY23 and estimated expenses incurred by CMSA for its services.

Non-Agency Summary Contract Agreement Services	Actual FY20	Budget FY21	Adopted Budget FY22	Adopted Budget FY23
CONTRACT SERVICE REVENUES				
San Quentin State Prison Wastewater Services	764,262	$ 810,003	$ 815,000	$ 740,422
San Quentin State Prison Pump Station Maintenance	137,609	400,000	406,888	413,895
San Quentin Village Wastewater Services	24,636	51,826	34,141	34,800
SD#2 Pump Stations	474,504	494,944	470,878	480,295
LGVSD - FOG & Pollution Prevention	14,321	20,348	22,746	23,519
SD #1 – FOG	13,183	24,024	28,132	29,095
SRSD – FOG	11,766	32,136	38,580	39,911
TCSD – FOG	1,314	1,648	2,378	2,459
SD #2 – FOG	4,623	7,945	8,615	8,912
Almonte SD – FOG	2,472	655	1,159	1,199
Novato SD - Dental Amalgam	3,128	3,569	3,366	3,477
SUBTOTAL CONTRACT SERVICE REVENUES	1,451,816	**$1,847,098**	**$1,831,883**	**$1,777,984**
Health & Safety Program	65,178	74,800	80,377	83,080
County-wide Education Program	20,488	50,574	49,525	43,568
SUBTOTAL PROGRAM REVENUES	85,666	**$ 125,374**	**$ 129,902**	**$ 126,648**
TOTAL CONTRACT SERVICE REVENUES	1,537,482	**$1,972,472**	**$1,961,785**	**$1,904,632**
CONTRACT AGREEMENT SERVICES EXPENDITURES				
(EXCLUDING ADMINISTRATIVE OVERHEAD CHARGES)				
San Quentin State Prison Wastewater Services	$ 764,262	$ 810,003	$ 815,000	$ 740,422
San Quentin State Prison Pump Station Maintenance	124,336	386,196	334,529	339,003
San Quentin Village Wastewater Services	22,636	49,281	29,967	30,480
SD#2 Pump Stations	407,921	442,232	192,086	191,746
LGVSD - FOG & Pollution Prevention	11,739	16,679	18,644	19,278
SD #1 - FOG	11,984	21,840	25,575	26,450
SRSD - FOG	10,696	29,215	35,073	36,283
TCSD - FOG	1,077	1,351	1,949	2,016
SD #2 - FOG	4,203	7,223	7,832	8,102
Almonte SD – FOG	2,247	595	1,054	1,090
Novato SD - Dental Amalgam	2,564	2,925	2,759	2,850
SUBTOTAL COOPERATIVE AGREEMENT EXPENDITURES	**$1,363,665**	**$1,767,540**	**$1,464,468**	**$1,397,719**
Health & Safety Program	62,865	72,300	77,642	80,249
County-wide Education Program	17,815	43,977	43,065	37,885
SUBTOTAL PROGRAM EXPENDITURES	80,680	**$ 116,277**	**$ 120,707**	**$ 118,134**
TOTAL COOPERATIVE AGREEMENT EXPENDITURES	**$1,444,345**	**$1,883,817**	**$1,585,175**	**$1,515,853**
NET COOPERATIVE AGREEMENT SERVICES	**$ 93,137**	**$ 88,655**	**$ 376,610**	**$ 388,779**

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Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

Non-Agency Health & Safety
CMSA Services Provided Under Contract to Other Local Agencies

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
SALARIES & BENEFITS						
100-0121-440-7001	Salaries wages - regular	ASM	50,213	49,500	54,707	10.5%
100-0121-440-7015	Salaries wages - car allow	ASM	-	1,900	1,908	0.4%
Subtotal Salaries Wages			**50,213**	**51,400**	**56,615**	**10.1%**
100-0121-440-7022	Er ret - CalPERS PEPRA	ASM	2,958	3,500	4,090	16.9%
100-0121-440-7023	Er ret - CalPERS survivors	ASM	-	38	25	-34.0%
100-0121-440-7025	Er ret - CalPERS PEPRA UAL	ASM	-	45	-	-100.0%
100-0121-440-7028	Er ret - medicare	ASM	614	800	821	2.6%
100-0121-440-7041	Benefits - medical active	ASM	4,408	4,600	4,114	-10.6%
100-0121-440-7043	Benefits - dental	ASM	-	476	414	-13.0%
100-0121-440-7044	Benefits - life-AD&D-LTD Ins	ASM	161	299	282	-5.5%
100-0121-440-7045	Benefits - vision	ASM	35	92	102	11.0%
100-0121-440-7046	Benefits - employer paid MARA	ASM	1,893	800	808	1.0%
100-0121-440-7047	Benefits - retiree medical prem	ASM	2,369	2,700	982	-63.6%
100-0121-440-7048	Benefits - retiree medical reimb	ASM	-	-	1,319	0.0%
100-0121-440-7049	Benefits - retiree medical prefund	ASM	-	382	356	-6.9%
100-0121-440-7061	Unemployment benefits	ASM	-	-	85	0.0%
100-0121-440-7062	Benefit adminstration fees	ASM	-	155	153	-1.6%
Subtotal Benefits			**12,438**	**13,887**	**13,551**	**-2.4%**
Total Salaries & Benefits			**62,651**	**65,287**	**70,166**	**7.5%**
GENERAL ADMINISTRATIVE						
100-0121-440-7601	Meetings/Training	SSS	-	-	795	0.0%
100-0121-440-7602	Conferences	SSS	-	2,300	1,590	-30.9%
100-0121-440-7610	Prof affiliation memberships	SSS	-	300	405	35.0%

Return to TOC

***Position Code**

ASM Administrative Services Manager
GM General Manager
SSS Senior Safetly Specialist

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
56,622	3.5%	Novato Sanitary Distict's (NSD) share of the Senior Safetly Specialist position salary is 39.75% and includes car allowance and leave cash-outs. The Agency's share is 60.25% and is allocated to the Health & Safety Budget.
1,908	0.0%	
58,530	**3.4%**	
4,239	3.6%	Employer contributions for CalPERS 2% @ 62 retirement program for PEPRA employees hired after January 1, 2013. The FY22 employer PEPRA contribution rate is 7.59% and CalPERS estimates FY23 to be 7.6%.
27	8.0%	Annual Survivors Benefit premium.
-	0.0%	The PEPRA unfunded accrued liability is the total minimum required employer contribution. The Agency selects the annual lump sum prepayment option.
850	3.5%	Employer's 1.45% share of Medicare for all employees.
4,381	6.5%	Medical coverage up to the Kaiser family rate. FY22 decrease due to fewer employees have family coverage. FY23 assumes a 6.5% premium increase.
435	5.1%	Dental is now self-insured. FY22 decrease based on actual plan usuage.
292	3.5%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
104	2.0%	Employer paid vision benefits.
837	3.6%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
1,041	6.0%	Medical benefits for a .40 share of one retired employee at the SF-Bay Area PERS Kaiser single rate.
1,399	6.1%	Medical benefits in excess of the CalPERS PEMCHA miniumum reimbursed directly to retirees.
356	0.0%	Prefunding of the Agency's post-employment health benefit obligations for current retirees and employees. The prefunding amount is in accordance with the Agency's OPEB Funding Plan updated annually.
85	0.0%	An allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
156	2.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP post employment health, and NAVIA Flex 125 plans.
14,202	**4.8%**	
72,732	**3.7%**	
795	0.0%	Visual aids, tools, IT equipment, training materials, and refreshment.
1,590	0.0%	Safety related conferences, professional development, webinars, industry conferences and meetings.
405	0.0%	Institute of Hazardous Materials (CHMM), Board of Certified Safety Professionals, National Safety Council, and American Society of Safety Professionals.

Return to TOC

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

Non-Agency Health & Safety
CMSA Services Provided Under Contract to Other Local Agencies

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
100-0121-440-7650	Office expense	SSS	-	300	199	-33.7%
100-0121-440-7651	Safety supplies	SSS	-	-	80	0.0%
100-0121-440-7652	Information technology software	SSS	-	1,700	1,828	7.5%
100-0121-440-7670	Printing & publications	SSS	-	700	676	-3.4%
100-0121-440-7701	Prof svcs - general	SSS	-	2,400	1,988	-17.2%
100-0121-440-7730	Employee assistance program	SSS	-	41	-	-100.0%
100-0121-440-7738	H&S Program Admin NSD Share	SSS	3,001	800	27,415	3326.9%
100-0121-440-7739	Outside safety training	SSS	-	5,200	5,932	14.1%
Subtotal Administrative			**3,001**	**13,741**	**40,908**	**197.7%**
Total Non-Agency Health & Safety			**65,652**	**79,028**	**111,074**	**40.6%**

<u>*Position Code</u>

ASM Administrative Services Manager
GM General Manager
SSS Senior Safetly Specialist

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
199	0.0%	
80	0.0%	
1,870	2.3%	MSDS Online, Keller Online
676	0.0%	Mancomm Regulations, CalOSHA Reporter, Safety Alert for Supervisors, NFPA/ANSI Standards
1,988	0.0%	Contracted services to assist in completion/developing of programs.
-	0.0%	Confidential professional counseling provided to employees.
28,375	3.5%	The budget is for costs shared equally between CMSA and NSD for NSD's Administrative/Risk Services & Safety Officer (25% of total salary and benefits, split 50/50).
3,857	-35.0%	Training expenses for required safety programs that include hearing tests, CPR/first aid, fire extinguisher, incident command, traffic control, defensive driving, and many other Cal/OSHA programs that facilitate a safe work environment.
39,835	**-2.6%**	
112,567	**1.3%**	

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

Non-Agency Technical Services - Countywide Public Education Program
CMSA Services Provided Under Contract to Other Local Agencies

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
GENERAL ADMINISTRATIVE						
100-0231-440-7737	Public Ed Program	SS/M	17,815	41,200	43,065	4.5%
Subtotal Administrative			**17,815**	**41,200**	**43,065**	**-37.6%**
Total Non-Agency Technical Services			**17,815**	**41,200**	**43,065**	**-37.6%**

Return to TOC

***Position Code**

ASM Administrative Services Manager
GM General Manager
SS/M Safety Specialist/Manager
MS Maintenance Supervisor
TPM Treatment Plant Manager

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
38,123	-11.5%	Participating agency's share of the Countywide Public Education Program expenses associated with participating in public outreach events, hosting school programs, a Comcast video presentation, and educational materials for the program.
38,123	**-265.0%**	
38,123	**-265.0%**	

Return to TOC

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

Non-Agency Maintenance
CMSA Services Provided Under Contract to Other Local Agencies

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
SALARIES & BENEFITS						
100-0351-440-7001	Salaries wages - regular	ASM	-	-	178,644	0.00%
Subtotal Salaries Wages			**-**	**-**	**178,644**	**0.00%**
100-0351-440-7021	Er ret - CalPERS classic	ASM	-	22,454	-	-100.0%
100-0351-440-7022	Er ret - CalPERS PEPRA	ASM	-	-	13,559	0.0%
100-0351-440-7023	Er ret - CalPERS survivors	ASM	-	-	188	0.0%
100-0351-440-7024	Er ret - CalPERS Classic UAL	ASM	-	31,562	-	-100.0%
100-0351-440-7028	Er ret - medicare	ASM	-	-	2,590	0.0%
100-0351-440-7041	Benefits - medical active	ASM	-	-	57,957	0.0%
100-0351-440-7043	Benefits - dental	ASM	-	-	3,125	0.0%
100-0351-440-7044	Benefits - life-AD&D-LTD Ins	ASM	-	-	2,127	0.0%
100-0351-440-7045	Benefits - vision	ASM	-	-	771	0.0%
100-0351-440-7046	Benefits - employer paid MARA	ASM	-	-	2,680	0.0%
100-0351-440-7049	Benefits - retiree medical prefund	ASM	-	-	2,688	0.0%
100-0351-440-7061	Unemployment benefits	ASM	-	-	625	0.0%
100-0351-440-7062	Benefit adminstration fees	ASM	-	-	1,156	0.0%
100-0351-440-7063	Uniforms	AE	-	-	1,543	0.0%
Subtotal Benefits			**-**	**54,017**	**89,009**	**64.78%**
Total Salaries & Benefits			**-**	**54,017**	**267,653**	**395.50%**
MAINTENANCE & REPAIRS (M&R)						
100-0351-440-7290	SD#2 Repair services & outside parts	MS	95,482	188,000	10,892	-94.21%
100-0351-440-7201	SD#2 General parts, supplies, equipment	MS	-	-	22,928	0.00%

Return to TOC

***Position Code**

ASM Administrative Services Manager
GM General Manager
MS Maintenance Supervisor
TPM Treatment Plant Manager

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
184,897	3.50%	Salaries for 3 full-time maintenance positions are allocated to the Non-Agency Maintenance budget. Includes a 1.722% COLA salary increase, and leave balance cash-outs. FY23 includes a 3.5% COLA.
184,897	**3.50%**	
-	0.0%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY22 employer contribution rate is 14.02% for Classic employees and CalPERS estimates 14% for FY23.
14,052	3.6%	Employer contributions for CalPERS 2% @ 62 retirement program for PEPRA employees hired after January 1, 2013. The FY22 employer PEPRA contribution rate is 7.59% and CalPERS estimates FY23 to be 7.6%.
200	6.4%	Annual Survivors Benefit premium.
-	0.0%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2019. The Agency selects the annual lump sum prepayment option.
2,681	3.5%	Employer's 1.45% share of Medicare for all employees.
61,724	6.5%	Medical coverage up to the Kaiser family rate. FY23 assumes a 6.5% premium increase.
3,281	5.0%	Dental is now self-insured. FY22 decrease based on actual plan usuage.
2,201	3.5%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
787	2.1%	Employer paid vision benefits.
2,773	3.5%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
2,688	0.0%	Prefunding of the Agency's post-employment health benefit obligations for current retirees and employees. The prefunding amount is in accordance with the Agency's OPEB Funding Plan updated annually.
625	0.0%	An allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
1,179	2.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP post employment health, and NAVIA Flex 125 plans.
1,597	3.5%	Uniforms costs for three employees.
93,788	**5.37%**	
278,685	**4.12%**	
11,272	3.49%	Allowance for specialty repairs, contractor services, metal fabrication work, and vacuum trucks for annual pump station cleaning and debris removal.
23,730	3.50%	Allowance for consumable material purchases such as pump parts, lubricants, and electrical supplies. Includes general utility tools, painting supplies, hoses and hose bibs, and ladders.

Central Marin Sanitation Agency
Adopted FY22 & FY23 Operating Budget
Line Item Accounts

Non-Agency Maintenance
CMSA Services Provided Under Contract to Other Local Agencies

Account #	Account Name	*By	FY20 Actual	FY21 Budget	FY22 Adopted Budget	% Change FY22 Adopted From FY21 Budget
100-0351-440-7297	SD#2 Recommended asset mgmt projects	MS	-	-	132,230	0.00%
100-0351-440-7291	SQSP pump station maintenance: extra	TPM	50,426	120,400	167,583	39.19%
100-0351-440-7208	SQSP General parts, supplies, equipment	TPM	-	-	5,000	0.00%
100-0351-440-7209	SQSP Repair services	TPM	-	-	1,300	0.00%
100-0351-440-7292	SQ village WW system maint	TPM	13,373	25,300	11,081	-56.20%
Subtotal Maintenance & Repairs			**159,281**	**333,700**	**351,014**	**5.2%**
GENERAL ADMINISTRATIVE						
100-0351-440-7609	SQSP Gate & PS access training	TPM	-	-	2,400	0.00%
100-0351-440-7710	SD#2 USA North 811 services	MS	-	-	1,488	0.00%
100-0351-440-7711	SQSP USA, documents & reports	TPM	-	-	231	0.00%
100-0351-440-7769	SD#2 Contingency	GM	-	-	14,328	0.00%
Subtotal Administrative			**-**	**-**	**18,447**	**0.00%**
Total Non-Agency Maintenance			**159,281**	**387,717**	**637,114**	**64.32%**

***Position Code**

ASM Administrative Services Manager
GM General Manager
MS Maintenance Supervisor
TPM Treatment Plant Manager

FY23 Adopted Budget	% Change FY23 Adopted From FY22 Adopted	Budget Account Description
136,858	3.50%	Staff performed AM improvements work which includes procuring and replacing pumps, impellers, and small VFD's. There are however the three large 300hp pumps at Paradise that CMSA recommends replacing.
178,089	6.27%	Additional maintenance services and projects outside the scope of the annual contract.
5,175	3.50%	Material purchases such as pumps and pump parts, electrical equipment and components, and general supplies to maintain station and collection system equipment.
1,346	3.54%	Specialty contractors, metel fabrication work, rental equipment.
-	-100.00%	SQV wastewater maintenance costs include labor, mileage, repair services, parts, supplies, equipment, and recommended maintenance and capital expenditures.
356,470	**1.6%**	
2,484	3.50%	Mandatory prison access training and card renewal process. Budget for nine MT's, three E/I, three UW, three IUL, two admininstration staff.
1,540	3.49%	Annual subscription fee based on 1,100 avg/tickets/annual x $0.575 per/ticket.
239	3.46%	Underground Service Alerts (USA) marking sewer lines (SQ 16" FM) when requested, and researching and updating as-built drawings. Maintain and provide access or copies, upon request, to all regulatory documents, annual operations and capital budgets concerning the O&M services provided under this agreement.
14,831	3.51%	
19,094	**3.51%**	
654,249	**2.69%**	

SECTION 8. CAPITAL IMPROVEMENT PROGRAM

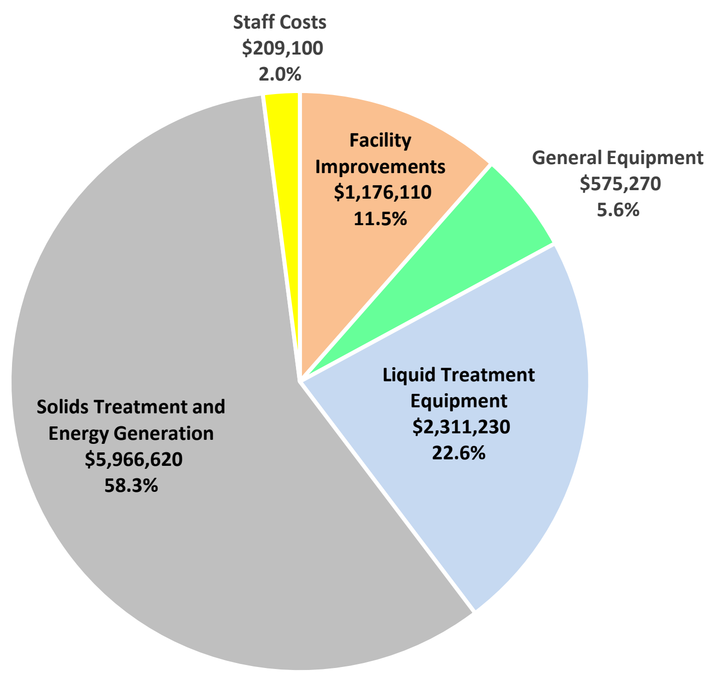
The treatment and disposal of wastewater and the beneficial reuse of recycled water, biosolids, and biogas is a highly regulated enterprise that requires significant capital infrastructure and investment. CMSA operates a continuously operating wastewater facility, and its various assets and equipment are subjected to heavy use in a sometimes-harsh operating environment. Some assets are subjected to constant contact with wastewater, abrasive materials, and chemicals used in the treatment process. Agency staff monitors the development of new technologies and considers systems and processes that may improve treatment efficiency, save energy, reduce chemical usage, and assist with meeting changing regulatory requirements. The maintenance, replacement, and addition of capital assets are an essential part of the Agency's CIP budget.

The CIP identifies capital expenditures over the next ten years for the Agency to develop appropriate funding plans. The 10-Year CIP includes the replacement and rehabilitation of existing capital assets, as well as the acquisition or construction of new capital assets. Included within the 10-Year CIP are the FY22 & FY23 budgets for capital projects and asset repair and replacement activities shown in the table below. These initiatives are organized into five categories: (1) Salary and Benefits for CIP Management, (2) Facility Improvements, (3) General Equipment, (4) Liquid Treatment Equipment and Systems, and (5) Solids Treatment and Energy Generation Equipment and Systems.

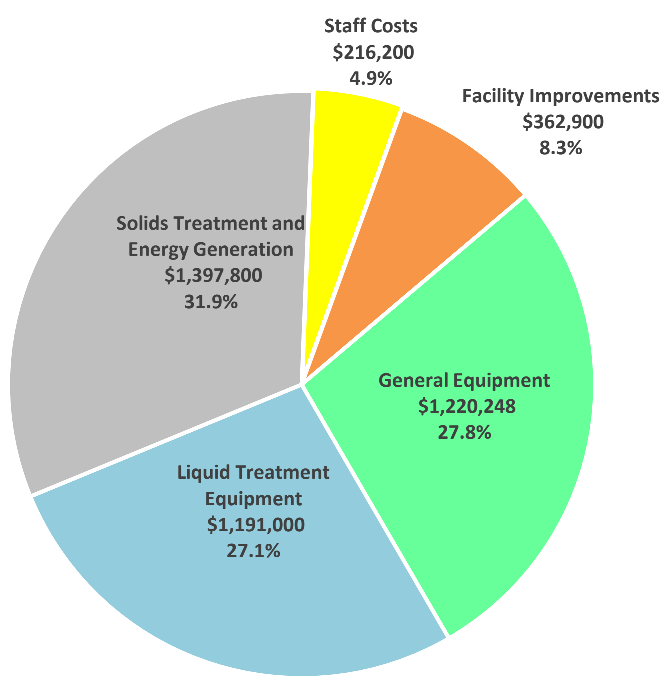
Capital expenditures are cash transactions made by the Agency that result in the acquisition or construction of a capital asset. For financial auditing purposes, a capital asset is any asset valued over $5,000 with a useful life of over five years. Examples include land, buildings, machinery, vehicles, and equipment. All capital assets that the Agency plans to acquire or construct are included in the FY22 & FY23 CIP.

	Actual FY20	Budget FY21	Adopted Budget FY22	FY22 # Projects	Adopted Budget FY23	FY23 # Projects
CIP Categories:						
1. Salary & Benefits for CIP Management	$ 97,640	$ 201,500	$ 209,100		$ 216,200	
2. Facility Improvements	511,679	165,200	1,176,110	7	362,900	5
3. General Equipment	450,681	678,200	575,270	9	1,220,248	9
4. Liquid Treatment Equipment and Systems	912,060	1,189,200	2,311,230	13	1,191,000	10
5. Solids Treatment and Energy Generation Equipment and Systems	1,693,020	6,325,601	5,966,620	8	1,397,800	7
TOTAL CIP PROJECTS	**$3,665,080**	**$8,559,701**	**$10,238,330**	**37**	**$4,388,148**	**31**

Adopted Budget FY22



Adopted Budget FY23



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Adopted FY22 and FY23 Capital Improvement Program – Summary of Changes

Category	FY 21 Adopted Budget	FY 21 Projected Actuals	FY22 Adopted Budget	FY23 Adopted Budget
Facility Improvements	$165,200	$190,281	$1,176,110	$362,900
General Equipment	$678,200	$617,000	$575,270	$1,220,248
Liquid Treatment Equipment and Systems	$1,189,200	$1,446,619	$2,311,230	$1,191,000
Solids Treatment and Energy Generation	$6,325,601	$1,987,000	$5,966,620	$1,397,800
Staff Costs	$201,500	$170,000	$209,100	$216,200
Total	**$8,559,701**	**$4,410,900**	**$10,238,330**	**$4,388,148**

FY 21 Projected Actuals

Projected actuals are expected to be approximately 50% of the adopted budget, due to lower bid results for the new cogeneration installation project and a significant portion of the Solids Treatment and Energy Generation budget not being expended in FY21. The projected actual amount for the Liquid Treatment Equipment and Systems category is greater than the budgeted amount due to pre-purchase of materials for the Secondary Clarifier Rehabilitation Project and an early construction start of the project. The projected actual amount for Facility Improvements is also greater than the budgeted due to bid results of the Administration Building Roof Replacement Project and associated building permit costs.

FY22 & FY23 Priority Projects, and Other Major CIP Adjustments

1) <u>Facility Paving/Site Work</u> ($286K): Increased the cost estimate in FY22 for a major plant slurry seal project and raising the sunken recycled water fill station area based on FY20 actual paving bid costs received, which were significantly higher than in prior years.

2) <u>Facility Roofs Rehabilitation</u> ($815K): Updated based on latest bids received, and removed the Solids Handling Building roof repair as it is being completed with the new cogeneration project.

3) <u>SHB Elevator Control Replacement</u> ($400K): Shifted the project to FY23 and FY24 as the elevator has been performing well, and due to engineering staff workload. Design begins in FY23.

4) <u>Laboratory Equipment</u> ($264K): Moved ICP-OES for metals analysis from FY22 to FY23 to allow staff to become familiar with new IC unit in FY22. Also eliminated purchase of FIA system (ammonia, total P, cyanide) in FY26 as not thought to be cost effective, and various other minor equipment optimization changes.

5) <u>Electrical Distribution System Rehabilitation</u> ($785K): Added $50K in FY22 and $100K in FY23 for switchgear reinspection per survey. Shifted quick connect and HVAC work into FY22 due to delays, and updated these costs to reflect the actual installation quote received and increased electrical material supply costs.

6) <u>Chemical Pumps ($169K)</u>: Reduced FY22 budget based on updated equipment cost estimates.

7) <u>Headworks Equipment</u> ($174K): Shifted and/or delayed project schedules to allow increased time for predesign work on the septic screening system in FY22, and to complete an economic evaluation with an analysis of current costs and tipping fee revenues to present to the Board for consideration. Removed the FY23 construction cost for new screening system until further Board guidance is provided in FY22.

8) <u>Secondary Clarifiers Rehabilitation</u> ($1,426K): Updated all costs based on actual bid results.

9) <u>Process Piping</u> ($77K): Added funds in FY22 for the remaining pipeline inspection work that was unable to be completed in FY21, and made allowances for minor repairs identified during the FY21 inspection, such as installing steel plates on the 54-inch pond effluent line, and structural assessments of observed cracks on the pond inlet headwall structure/pipeline and final effluent pipeline. Allowances were also added for recommended future condition assessments in FY24 and FY31.

10) <u>RAS/WAS Pump Replacement</u> ($538K): Updated costs based on 100% design estimate.

11) <u>Influent Flow Meter Improvements</u> ($300K): Updated costs and installation timing to reflect the recommendation of phased installation from the flow meter study.

12) <u>Tertiary Recycled Water Predesign Study</u> ($100K): Added an allowance for a FY22 Predesign Study to evaluate options for expanding CMSA's recycled water production capabilities and estimate associated costs.

13) <u>Emergency Generator Assessment & Improvement</u> ($100K): Due to the advanced age of the equipment and more stringent air permitting requirements expected, detailed investigations and efforts to refurbish the existing 35-year-old systems were eliminated, and instead focus was directed to equipment replacement. FY23 includes funds to purchase a new electrical generator and heat exchanger.

14) <u>Digester Inspection, Cleaning & Cover Replacement</u> ($2,131K in FY 24-26): Added funds for a major equipment prepurchase in the year prior to construction to

optimize the project schedule. Also included the prepurchase of major equipment to be replaced when digester is out of service, including the mixing pump and associated valves inside digester.

15) Centrifuge Maintenance ($585K): Added a FY22 condition assessment of the hopper system to inform FY23 design work.

16) Waukesha Cogeneration Maintenance ($163K): Reduced account substantially to reflect unit operating in backup position with reduced runtime. A top-end overhaul is scheduled for FY22.

17) Jenbacher Cogeneration Maintenance ($941K): Added new maintenance account and updated it with proposal costs for a Jenbacher long-term service agreement.

18) New Cogeneration System ($4,060K): Moved biogas treatment related costs to a separate new CIP project (Liquid Organic Waste Storage and Biogas Treatment Upgrades). Updated the project costs based on actual bid costs received and funds spent, which are lower than prior budget.

19) Sludge Recirculating Pump Grinders ($0): Deleted account, as the Maintenance Department has a substantial existing inventory of on-site grinders and prefers to perform the work under the plant pump account.

20) Boilers ($711K in FY 26 & 27): Added a design and permitting step prior to construction and moved construction of the project back two years to follow digester improvements.

21) Liquid Organic Waste Storage and Biogas Treatment Upgrades ($2,030K): This new account was created to separate costs allocated for the routine maintenance of the Organic Waste Receiving Facility (this account was reduced accordingly). Account costs were updated based on latest expanded project scope (i.e., screening system) and as part of the current design process.

22) PG&E Interconnection Agreement Modification ($110K): Moved funds from FY21 to FY22 to reflect latest project schedule.

Major Capital Projects

The 10-Year CIP includes many important projects to maintain or improve the operation of the Agency's facilities. Within the CIP, several projects have additional Detailed Project Descriptions that further explain the scope, schedule, and budget for the project. The following are the major projects in FY22 & FY23:

- Administration Building Roof Replacement: The existing metal roof was installed in the 1980s and has reached the end of its useful life as evidenced by increasing corrosion and roof leaks observed over the last several years. In addition, significant leaks and dry rot have been observed near the existing roof skylights. The entire metal roof and skylights will be replaced with a new metal roofing system and skylights in FY22.
- Electrical Distribution System Rehabilitation: A detailed assessment of the main electrical switchgear was conducted in FY21, and the equipment was generally found to be in good condition given its advanced age, while several relatively minor maintenance/repair items were identified and scheduled to be addressed in FY22. In addition, scheduled for FY22 are HVAC improvements and installation of a temporary emergency generator quick connection. An allowance is included in FY23 to refurbish or replace an aging motor control center and to conduct a recommended switchgear re-inspection to determine the rate of equipment deterioration as compared to baseline condition established in the FY21 inspection. If found necessary based on the re-inspection results, CMSA would also begin the design for a complete or partial switchgear replacement in FY23.
- Secondary Clarifiers Rehabilitation: There are four secondary clarifiers in the treatment plant. One clarifier was rehabilitated in FY21, and the remaining three will be rehabilitated in FY22 and FY23. Work includes repairing corrosion on mechanical equipment, metal structural components, and interior piping, resurfacing the effluent trough concrete, retrofitting a walkway with FRP grating, and installing new drive motors.
- RAS Pump Replacement: The design for this project was completed in FY21 and the pumps were pre-purchased. The FY22 construction will include replacing the pump systems and installing valving as needed to provide increased ability to isolate pumps for maintenance.
- Centrifuge Maintenance: The facility's three existing centrifuges are reaching the end of their useful lives, and the biosolids hoppers underneath the centrifuges are exhibiting increased corrosion. A corrosion and structural assessment of the hoppers will be conducted in FY22 and the design for new centrifuges (and hoppers, if found necessary) will be completed in FY23.
- New Cogeneration System: This project includes construction of a new cogeneration system to expand the Agency's power delivery program. Pre-purchase and construction began in FY21 and will be completed in FY22.
- Liquid Organic Waste Storage and Biogas Treatment Upgrades: Design of a new above-ground liquid organic waste storage tank and biogas treatment upgrades began in FY21 and will be completed in FY22, and construction will begin in FY22 and be completed in FY23. These facilities will allow CMSA to maximize the production of renewable power and will increase the overall reliability of CMSA's organic waste receiving and biogas processing facilities.

10-Year Capital Improvement Program Planning and Funding

The Agency annually updates its 10-Year CIP as part of the budget development process. The FY22 & FY23 CIP Budget and 10-year CIP schedule were prepared by an interdisciplinary CIP team comprising managers and supervisors from the Technical Services, Operations, and Maintenance departments. The CIP team is responsible for developing and managing the annual CIP Budget, determining the appropriate delivery method for each project and activity, and monitoring and reporting CIP activities. The General Manager and Administrative Services Manager are responsible for working with the Board Finance Committee to develop long-term funding options for the CIP.

The plan undergoes several levels of review. Each project or activity in the CIP is individually evaluated to,(1) determine its operational necessity, (2) ascertain if there is a less expensive alternative, (3) identify opportunities to reduce energy consumption and/or greenhouse gas emissions, and (4) create a project development schedule. Depending on the scale of the project, large, multi-year construction projects will typically have evaluation, study, and/or pre-design elements incorporated into the CIP. Costs for large projects are estimated by engaging consulting engineers to prepare cost estimates, while cost estimates for smaller scale projects are determined by either surveying other public agencies or by utilizing costs from similar projects conducted by CMSA. Once the budget has been adopted, the Agency is required to comply with the California Uniform Public Construction Cost Accounting Act (CUPCCAA) to acquire the assets and deliver the project. All construction and professional service contracts and purchases that are over the dollar threshold set by CUPCCAA and CMSA policies require Board approval at an open public meeting.

The total cost of the CIP over the next ten years is approximately $56M. This 10-year CIP scope focuses primarily on replacing priority infrastructure and assets, and is funded by capacity charges, debt service coverage revenues, debt proceeds, a capital fee, and unrestricted capital reserves. CMSA issued $9M in revenue bonds in October 2020 to assist with CIP funding.

Other Sources of Capital Funding

The Agency receives a capacity charge when a new home or business connects to the sanitary sewer system or there is an expansion of an existing connection's fixture units. The intent of the charge is to ensure that all new users pay their fair share of the capital costs for the capacity of the wastewater treatment and disposal system. For a new or expanded connection, the JPA member collects the combined connection fee and capacity charge from the property owner/developer, and the capacity charge portion of the fee is remitted to CMSA.

Central Marin County is a well-developed region with very few large-scale residential or commercial developments in the CMSA service area. Capacity charges received during the fiscal year are accounted for per the California Government Code, requiring that CMSA disclose the amount of capacity charges collected within 180 days after the fiscal year end, and identify the public improvements or projects that were funded by the capacity charges. The amount of capacity charges that the Agency has received each fiscal year and the capital improvements funded by these charges can be found in the Agency's Comprehensive Annual Financial Report which is available on the Agency's website: www.cmsa.us/finance./budget.

Refining Capital Infrastructure Planning and Budgetary Impacts

Over the last several years, the Agency invested in the development and use of a computerized asset management system. An important aspect of an asset management system is the ability to schedule maintenance and monitor operating performance of capital assets. The system database accumulates information on each asset, and the data is used to determine when it is no longer economically feasible to maintain an asset and when a replacement should be considered.

In the last five GFOA budget presentations, the Agency had attempted to address the impact of CIP investments on future operating budgets. Most capital projects are approved to replace existing assets. Once a decision has been made to replace an existing asset, the Agency incorporates elements of operational savings such as energy efficiency, reduced chemical usage, or improved operational reliability, into the selection of the new asset. When capital assets are placed in service, the savings or increased operating costs are quantified and incorporated into the planning of the annual budget.

FY22 & FY23 and 10-Year CIP Budget Documents

Refer to the following documents for detailed information on the 10-Year CIP:

- 10 Year Capital Improvement Program Schedule. The schedule shows the Agency's planned capital activities for the next ten fiscal years.
- Capital Improvement Program – Account/Project Descriptions. Each project, initiative, and activity in the 10-Year CIP expenditure plan is described by budget account number and serves to guide Agency staff in the execution of budgeted activities. The document identifies replacement schedules for equipment and assets and is a reference when assigning account numbers for purchase orders and payment of goods and services.
- Detailed Project Descriptions. Each large or multi-year initiative has a dedicated planning level document which describes the major capital project by its scope, justification, costs by fiscal year and activity, and includes photograph(s) of the project being described.

Central Marin Sanitation Agency
Capital Improvement Program
FY22 and F23 Adopted Budget and 10-Year Forecast

GL Account Number	PM*		Delivery Method	1 Adopted Budget FY21	2 Projected Actual FY21	3 Adopted FY22	4 Adopted FY23	5 FY24	6 FY25	7 FY26	8 FY27	9 FY28	10 FY29	11 FY30	12 FY31	Total FY22 - FY31
								10-year CIP								
Facility Improvements																
0230-550-8201	**TSM**	**Effluent Storage Pond Rehabilitation**	**FB**	-	-	-	-	-	42,800	1,354,500	-	-	-	-	-	1,397,300
0230-550-8202	TSM	Agency Facilities Master Plan	PSA	-	-	-	-	-	-	-	500,000		-	-	-	500,000
0230-550-8203	**TSM**	**Industrial Coatings & Concrete Rehabilitation**	**IB/MC**	25,000	41,400	21,000	150,500	419,300	23,300	24,000	149,600	25,700	26,600	27,500	28,400	895,900
0230-550-8204	TSM	Outfall Inspection & Repairs	IB/MC	34,000	34,000	50,200	66,400	467,700	38,900	40,200	41,600	43,000	44,400	45,900	47,500	885,800
0230-550-8205	TSM	Facility Improvements	IB	35,000	9,000	35,000	40,000	36,300	20,000	35,000	25,000	43,500	40,000	50,000	50,000	374,800
0230-550-8206	TSM	Facility Paving/Site Work	IB/MC	11,200	-	255,000	31,000	20,000	160,100	177,200	13,700	14,200	14,700	15,200	15,700	716,800
0230-550-8207	TSM	Hillside Slope Stabilization	FB	-	-	-	-	-	-	-	-	-	-	-	-	-
0230-550-8208	**TSM**	**Facility Roofs Rehabilitation (3)**	**MC/IB/FB**	30,000	105,881	814,910	25,000	25,900	26,800	-	50,000	351,300	30,600	31,600	32,700	1,388,810
0230-550-8209	**TSM**	**SHB Elevator Control Replacement**	**IB**	30,000	-	-	50,000	350,000	-	-	-	-	-	-	-	400,000
0230-550-8210	**TSM**	**Facility Structures Seismic Study**	**PSA**	-	-	-	-	-	236,500	-	-	-	-	-	-	236,500
		Subtotal - Facility Improvements		**165,200**	**190,281**	**1,176,110**	**362,900**	**1,319,200**	**548,400**	**1,630,900**	**779,900**	**477,700**	**156,300**	**170,200**	**174,300**	**6,795,910**
General Equipment																
0110-550-8301	ISA	Process Control	M/MC	77,800	60,000	79,000	35,200	36,400	53,400	38,900	40,200	41,600	43,000	44,400	45,900	458,000
0110-550-8302	MS	Security / Fire Systems	MC	15,100	4,000	23,300	11,700	12,000	17,300	12,900	18,500	13,800	19,800	14,700	21,100	165,100
0350-550-8303	MS/TSM	Fuel Storage Tanks	IB/MC	-	-	-	124,400	-	-	137,500	-	-	-	-	-	261,900
0110-550-8304	ISA	IT Hardware and Communication Equip	M	81,300	95,000	18,300	73,000	73,400	22,500	36,400	25,900	78,900	85,700	25,700	35,000	474,800
0350-550-8305	MS	Agency Vehicle Replacement	IB/PO	76,000	76,000	51,100	42,400	75,700	56,900	191,600	87,600	90,600	93,700	100,200	80,000	869,800
0230-550-8306	RCM	Laboratory Equipment	PO	155,000	94,000	58,600	205,200	-	10,000	-	65,700	39,700	50,500	20,000	90,000	539,700
0350-550-8307	MS	Electrical Equipment	M/IB	107,000	107,000	110,500	100,300	97,200	88,800	91,900	95,000	98,200	101,500	104,900	108,500	996,800
0350-550-8308	MS	Plant Lighting	IB	15,000	15,000	16,000	10,000	-	-	-	-	-	-	-	-	26,000
0350-550-8309	MS	Process Instrumentation	M	46,000	46,000	25,000	25,900	36,800	27,700	28,600	54,600	30,600	31,600	32,700	33,800	327,300
0350-550-8310	**TSM**	**Electrical Distribution System Rehabilitation (3)**	**PSA/FB**	105,000	120,000	193,470	592,148	2,480,400	207,900	-	222,300	-	-	245,600	-	3,941,818
		Subtotal - General Equipment		**678,200**	**617,000**	**575,270**	**1,220,248**	**2,811,900**	**484,500**	**537,800**	**609,800**	**393,400**	**425,800**	**588,200**	**414,300**	**8,061,218**
Liquids Treatment Equipment and Systems																
0230-550-8401	**TSM**	**Biotower Rotary Distributor Replacement**	**IB**	-	-	-	-	-	1,021,500	-	-	-	-	-	-	1,021,500
0350-550-8402	MS	Plant Pumps	MC/M	136,100	136,000	68,400	70,700	73,100	75,600	78,100	80,800	83,500	86,300	89,200	92,300	798,000
0350-550-8403	MS	Chemical Pumps	M	160,200	155,000	100,000	68,700	58,400	67,400	62,500	64,600	66,800	69,000	71,400	73,800	702,600
0350-550-8404	**MS**	**Gates Rehabilitation (3)**	**M/IB**	79,400	66,000	132,000	84,900	452,500	90,800	418,800	97,000	100,300	103,700	107,200	110,800	1,698,000
0350-550-8405	**MS**	**Headworks Equipment (3)**	**M**	70,900	23,000	143,600	30,000	33,100	267,100	1,689,100	36,500	37,800	39,000	40,400	41,700	2,358,300
0230-550-8406	**TSM**	**Odor Control System Improvements**	**PSA/FB**	-	-	-	-	-	-	-	2,283,900	-	2,677,200	1,837,800	-	6,798,900
0350-550-8407	MS	Process Tank Maintenance (3)	M/IB	30,000	30,000	79,200	87,000	90,000	93,000	96,200	99,400	102,800	81,000	83,800	86,600	899,000
0350-550-8408	**TSM/MS**	**Primary Clarifiers Rehabilitation**	**M/FB**	-	-	-	-	395,300	408,700	845,000	436,800	177,500	183,100	-	-	2,446,400
0350-550-8409	**TSM**	**Secondary Clarifiers Rehabilitation (3)**	**PSA/FB**	-	440,900	829,200	597,100	544,500		-	-	-	-	-	-	1,970,800
0230-550-8410	**TSM**	**RAS/WAS Pump Replacement (3)**	**FB**	383,000	310,819	538,000	-	-	-	-	-	-	-	-	-	538,000
0350-550-8411	TPM	Aeration System Rehabilitation	M/IB	-	-	5,000	-	41,800	-	5,000	-	47,800	-	34,900	-	134,500
0230-550-8412	**TSM**	**Process Piping Inspection/Repairs/Replacement**	**PSA**	175,000	140,000	77,130	-	100,000	-	120,200	174,300	-	-	-	120,000	591,630
0350-550-8413	MS	Chemical Tanks	M/IB	69,400	66,000	101,300	38,100	46,000	45,700	49,700	60,600	62,700	64,800	67,000	69,300	605,200
0350-550-8414	MS	Piping, Valves & Operators	M	60,200	60,000	62,400	64,500	66,700	30,000	30,000	73,700	76,100	78,700	81,400	84,100	647,600
0230-550-8415	TSM	CCT Valve Rehabiliation	TSM	-	-	-	-	-	-	-	365,100	-	-	-	-	365,100
0230-550-8416	**TSM**	**Influent Flow Meter Improvement (3)**	**PSA**	25,000	18,900	75,000	150,000	75,000	-	-	-	-	-	-	-	300,000
0230-550-8417	TSM	Nutrient Removal	TSM	-	-	-	-	-	-	-	-	-	-	-	-	-
0230-550-8418	TSM	Tertiary Recycled Water Predesign Study	PSA	-	-	100,000	-	-	-	-	-	-	-	-	-	100,000
		Subtotal - Liquids Treatment Equipment and Systems		**1,189,200**	**1,446,619**	**2,311,230**	**1,191,000**	**1,976,400**	**2,099,800**	**3,394,600**	**3,772,700**	**755,300**	**3,382,800**	**2,413,100**	**678,600**	**21,975,530**

Central Marin Sanitation Agency
Capital Improvement Program
FY22 and F23 Adopted Budget and 10-Year Forecast

GL Account Number	PM*		Delivery Method	1 Adopted Budget FY21	2 Projected Actual FY21	3 Adopted FY22	4 Adopted FY23	5 FY24	6 FY25	7 FY26	8 FY27	9 FY28	10 FY29	11 FY30	12 FY31	Total FY22 - FY31
						10-year CIP										
Solids Treatment and Energy Generation Equipment and Systems																
0230-550-8501	TSM	Emergency Generator Assessment & Improvement	PSA/FB	-	-	-	100,000	-	-	**527,400**	**1,598,500**	-	-	-	-	**2,225,900**
0230-550-8502	TSM	Digester Inspection, Cleaning & Cover Replacement	FB	20,000	34,000	-	-	**450,000**	**829,700**	**851,400**	-	-	-	-	-	**2,131,100**
0350-550-8503	**TSM/MS**	**Centrifuge Maintenance (3)**	**PSA/FB**	50,000	-	50,000	**534,500**	**2,889,200**	-	-	-	-	-	-	-	**3,473,700**
0350-550-8504	**MS**	**Waukesha Cogeneration Maintenance**	**M/IB/FB**	**60,000**	**55,000**	**153,200**	**10,000**	10,400	10,800	11,200	11,600	12,000	12,500	13,000	13,500	258,200
0350-550-8513	**MS**	Jenbacher Cogeneration Maintenance	**M/IB/FB**	-	-	42,120	87,100	90,100	93,100	96,300	99,500	102,900	106,400	110,000	113,700	941,220
0230-550-8505	**TSM**	**New Cogeneration System (3)**	**FB**	**5,781,001**	**1,650,000**	**4,060,000**	-	-	-	-	-	-	-	-	-	**4,060,000**
0350-550-8506	MS	Hot Water Systems	M/PSA	38,200	35,000	26,800	32,100	33,200	34,300	40,300	6,400	6,600	6,800	7,000	7,300	200,800
0350-550-8508	MS	Boilers	IB	-	-	-	-	-	-	**100,000**	**610,600**	-	-	-	-	710,600
7300-977-00	MS	Sludge Recirculating Pump Grinders	M	20,100	18,000		-	-	-	-	-	-	-	-	-	-
0350-550-8510	MS	Biosolids Hoppers Maintenance	M	-	-	10,000	-	10,700	-	11,400	-	12,200	-	13,000	-	57,300
0350-550-8511	MS	Organic Waste Receiving Facility	PO	**206,300**	**40,000**	**58,300**	60,300	62,300	64,400	66,600	68,900	71,200	73,600	76,100	78,700	680,400
0230-550-8514	**TSM**	**Liquid Organic Waste Storage and Biogas Treatment Upgrades (3)**	**FB**	-	**75,000**	**1,456,200**	**573,800**	-	-	-	-	-	-	-	-	2,030,000
0230-550-8512	TSM	PG&E Interconnection Agreement Modification	PSA/IB	150,000	80,000	110,000	-	-	-	-	-	-	-	-	-	110,000
	Subtotal - Solids Treatment and Energy Generation Equipment and Systems			**6,325,601**	**1,987,000**	**5,966,620**	**1,397,800**	**3,545,900**	**1,032,300**	**1,704,600**	**2,395,500**	**204,900**	**199,300**	**219,100**	**213,200**	**16,879,220**
		CMSA Staff Costs for CIP (2)		202,300	170,000	209,100	216,200	223,500	231,100	238,900	247,000	255,400	264,000	272,900	282,200	2,440,300
		Annual CIP Totals		8,560,501	4,410,900	10,238,330	4,388,148	9,876,900	4,396,100	7,506,800	7,804,900	2,086,700	4,428,200	3,663,500	1,762,600	56,152,178

* PM indicates the project manager for the account.

(1) BOLD items are individual Capital Improvement Projects, or larger, nonrecurring maintenance projects.

(2) CMSA Staffing costs (compensation and benefits) for identified CIP projects.

(3) CIP Projects in FY22 & FY23 that will have staff time charged to the CIP.

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	Total
Projected Annual Escalation Rate:	**3.39%**	(rolling 5-year average of ENR San Francisco Construction Cost Index (CCI) annual changes)									
Escalation Factors:	1.0339		1.0689	1.1050	1.1424	1.1811	1.2211	1.2624	1.3052	1.3494	1.3951
FY21 to FY22 Escalation Change:	0.20%										
Escalation Change Factors:	1.0020		1.0039	1.0059	1.0078	1.0098	1.0118	1.0137	1.0157	1.0177	1.0197

		Delivery Methods
M		Maintenance project, self performed
MC		Maintenance Contract
PO		Purchase Order, equipment only
PSA		Professional Services Agreement
IB		Informally Bid
FB		Formally Bid

Facility Improvements		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
0230-550-8201	Effluent Storage Pond Rehabilitation	See Full Page Description.
0230-550-8202	Agency Facilities Master Plan	Scheduled Master Plan to guide the Agency in planning future projects. FY27 – Allowance to retain a consultant to develop Master Plan.
0230-550-8203	Industrial Coatings & Concrete Rehabilitation	Scheduled industrial coating rehabilitation program for process structures, metal equipment, and treatment plant deck traffic coatings. Coating rehabilitation will be included as part of a larger project when appropriate. The condition of concrete structures will be periodically assessed and projects will be added as needed. FY22 – Allowance for industrial coatings as needed, including epoxy injections in Gallery E to seal the ceiling leak. FY23 – Repair the saw cut floor area in the digester basement (Master Plan Project 13-2). FY24 – Replace headworks structural metal (skylights, pipe supports, etc.) and apply new epoxy coating on the new metal and the grit tank handrails. Inspect spalled concrete below the water line in CCTs 1-4. Repair wear coating on the headworks deck and install wear coating on CCTs 1-4 deck. Apply coating above water lines in CCTs 1-4, including repair of exposed rebar below the water lines. FY 25-26 – Allowance for industrial coating as needed. FY27 – Repair cracked concrete in the ferric storage room and recoat the floor (Master Plan Project 04-5). FY28-31 – Allowance for industrial coating as needed, including deck coatings for primaries, secondaries, and CCTs.
0230-550-8204	Outfall Inspection & Repairs	On-going underwater inspection and maintenance of the marine outfall diffuser section. Activities include diver inspections of diffusers and risers, survey of diffuser check valve levels above shifting bay floor sediments, extending or replacing risers and diffuser check valves as needed, and periodic monitoring and removal of solids deposition inside outfall pipe. FY22-23 – Routine inspection and riser extension or replacement (assumed 5 per year), as needed. Two inspections budgeted in FY22 (one in fall 2021 before wet season one in June 2022 after wet season to obtain more frequent data points to track sediment movement around outfall. FY23 – Complete interior solids monitoring. FY24 – Allowance for outfall diffuser section interior cleaning. If the previous year's interior solids monitoring indicates the solids accumulation is minor, it will be deferred until a future year based on the solids accumulation rate from FY14 to FY23. FY25-31 – Routine inspection and riser extension or replacement (assumed 5 per year), as needed.

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Facility Improvements		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
0230-550-8205	Facility Improvements	Various building improvements that are not incorporated into other capital projects. FY 22 – Replace steel doors in high corrosion areas (replace 2 in Solids Handling Building load bay, 4 in Headworks Building). FY23 – Replace carpet in Administration Building/Board Room. FY23 – Replace polymer rollup door in Solids Handling Building. FY24 – Allowance for building improvements. Shop Floor Coating. FY25 – Rehabilitate Chemical Storage Building Control Room/Ops. Shop Floor Coating. FY26 – Replace Air Handling System in Chemical Storage Building Control Room. FY27 – Coating work Digester Mix Pump and MCC13 rooms. FY28 – Allowance for building improvements. FY29 – Replace Gallery A Air Handling unit. FY30 – Replace Control Room Air Handling unit in Biotower. FY31 – Admin. Building HVAC System Rehabilitation/Replacement.
0230-550-8206	Facility Paving/ Site Work	Minor paving repairs and associated site work on facility roads, walkways, parking lots, and other pavement, and for re-grading, cleaning, and replacing gravel in drainage ditches. FY22 – Allowance for a major plant slurry seal and striping project (plant road from gate to OWRF including repaving of the sunken recycled water fill station area). FY23 – Allowance to slurry seal Biotower "U" road. FY24 – Allowance to slurry seal Aeration basin road. FY25 – Complete major plant paving project for employee parking area. FY26 – Complete a major plant paving project for plant road from primary clarifiers to SHB. FY27-31 – Allowance for miscellaneous paving improvements.
0230-550-8208	Facility Roofs Rehabilitation	See Full Page Description.
0230-550-8209	SHB Elevator Control Replacement	See Full Page Description.
0230-550-8210	Facility Structures Seismic Study	See Full Page Description.

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General Equipment		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
0110-550-8301	Process Control	Allowances for on-going replacement, upgrades, and improvements to the Agency's process control system including new instruments, servers, and computers; and Programmable Logic Controllers (PLCs) and Human Machine Interface (HMI) hardware and software. Annual allowance is based on escalated costs from previous years. Actual cost estimates are used for specifically identified equipment. FY 22 – Allowance for retired annuitant labor on as needed basis. FY22-24 – Routine PLC and HMI hardware replacement. Identify and purchase critical spares. FY25 – SCADA system software review and potential upgrades. FY26-31 – Routine PLC and HMI hardware replacement.
0110-550-8302	Security/ Fire Systems	Allowance for projects related to the Agency's physical security and fire protection systems, including a biannual allowance to purchase replacement equipment as needed. FY21-31 – Allowance for annual and quarterly inspections of alarms and sprinklers. FY22 – Repair fire protection water service line to maintenance annex. FY23 – Complete 5-year inspection for sprinkler system. The annual sprinkler inspection would not be required during this Fiscal Year. Note: allowance for alarm and sprinkler related spare parts is included every other year.
0350-550-8303	Fuel Storage Tanks	Allowance to replace the existing underground fuel storage tanks with above ground storage tanks. This replacement would be triggered by one of the underground tanks failing or by a change in regulatory requirements. It is expected that any regulatory change would provide sufficient time for the replacement to occur in the fiscal year following the change.

General Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0110-550-8304	IT Hardware and Communication Equip	Routine repair and regular replacement of IT hardware and software, such as office computers, printers, scanners, digital telephone equipment and its supporting servers, and voice radio equipment. FY22 – Allowance for equipment listed above. FY23 – Allowance for equipment listed above and replacement of the data servers on which all Agency business and SCADA virtual servers run, and replacement of backup repository. FY24 – Allowance for equipment listed above and upgrade of 49 business computers and 4 laptops. FY25 – Allowance for equipment listed above. FY26 – Allowance for equipment listed above and replacement of 20 SCADA workstations. FY27 – Allowance for equipment listed above. FY28 – Allowance for equipment listed above and replacement of the data servers on which all Agency business and SCADA virtual servers run, and replacement of backup repository. FY29 – Allowance for equipment listed above and upgrade of 49 business computers and 4 laptops. FY30 – Allowance for equipment listed above. FY31 – Allowance for equipment listed above and replacement of 20 SCADA workstations.
0350-550-8305	Agency Vehicle Replacement	Purchase new vehicles or equipment for passenger vehicles, trucks, forklift, bicycles, and electric carts as they reach or exceed their expected useful lives. FY22 – Replace 3 electric carts (including aging laboratory sample electric cart), and purchase bobcat sweeper attachment. FY23 – Replace F150 environmental services truck. FY24 – Replace skid steer loader and replace batteries for Prius. FY25 – Replace Ford E250 van and five bicycles FY26 – Replace F450 flatbed with a mechanic's truck, and one electric cart. FY27 – Replace F150 Utility truck vehicle and one electric cart. FY28 – Replace pump station rounds truck, GM vehicle, and two electric carts. FY29 – Replace Technical Services Transit. FY30 – Allowance for new vehicles or equipment. FY31 – Allowance for new F150 SQPS Vehicle.

General Equipment		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
0230-550-8306	Laboratory Equipment	Scheduled replacement of laboratory equipment such as autoclaves, spectrophotometers, collection/sampler systems, washers, incubators, etc. and purchasing new laboratory equipment. FY22 – Replace a BOD incubator and ammonia distillation system. Purchase and install a TKN digestion system. Cover Sentry unit lease through end of lease term. FY23 – Purchase and install an ICP-OES for metals analysis, replace the laboratory microscope and the total coliform, colilert and enterococcus incubators. FY25 – Replace the TS and TSS ovens. FY27 – Replace laboratory autoclave and dishwasher. Purchase and install a media prep system. FY28 – Replace Ovens and muffle furnace and influent and effluent samplers. FY29 – Replace the Corte Madera sampler, analytical balance, top loading balance and UV spectrophotometer. FY 30 – Replace the San Quentin sampler and temperature monitoring system. FY 31 – Replace the process control samplers, automated BOD system, sample refrigerator and centrifuge, temperature monitoring system.
0350-550-8307	Electrical Equipment	Planned maintenance, upgrading, and replacement of Agency electrical components: individual motor controls and equipment panels, electric sluice gate operators, variable frequency drives, power monitoring equipment, and electrical equipment to support process equipment. FY22 – Purchase a spare actuator for the 72-inch gate and replace site sump controls and panel. FY23 – Purchase a spare actuator for the 84-inch gate. Automate biogas supply line valving which ties into level and flow instrumentation. Telemetry equipment for submarine outfall vault improvements. FY24 – Replace underground diesel storage tank annular space monitoring equipment. Replace Process Control System UPS, and SCADA Main. FY25 – Replace process waste sump controls, panel, and VFD. FY26 – Purchase replacement actuators for 4-inch to 8-inch valves. Replace primary tank drain pump controls. FY27-31 – Annual Allowance for replacement of equipment as determined by condition assessment as needed, including actuators, MCC buckets, conduit replacement, etc.

General Equipment		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
0350-550-8308	Plant Lighting	Replace low efficiency lights with LED lighting that consumes less power and reduces light pollution. Each project is grouped by lighting fixture type and will be completed by staff or an electrical contractor. FY22 – Replace HPS lighting on Primary Clarifiers No. 6 & 7, CCTs 5 & 6, and polymer station. FY23 – Allowance to replace any remaining HPS/Fluorescent lighting. FY24 – This account will be deleted, and minor lighting repairs and replacements will be transferred to operating budget.
0350-550-8309	Process Instrumentation	On-going repair, replacement, or upgrading of obsolete meters, sensors, and transmitters per year, and to provide local process status information and transmit it to the treatment plant's SCADA system. Annual allowance is based on equipment costs from previous years and has been escalated to current and future dollars. FY22 – Replace headworks atmospheric monitoring equipment and control panel. Install a final effluent turbidity meter for TSS monitoring. FY23 – Procure two analyzers controllers (CL2/SBS) and digester laser level indicator. Install sump level indicating equipment into submarine outfall vault. Install a TSS meter and probes in Aeration Basins. FY24 – Primary sludge flow meters in solids handling area. Automate primary clarifier fill operation with in-tank level indicating equipment. Install inline Solids/Ammonia monitoring onto centrate line. FY25 – Differential PSI (biogas and digester membranes) transmitters, and two analyzer controllers. FY26 – Replace Rosemount digester PSI/liquid level transmitters if not completed with digester inspection, cleaning, and rehabilitation project work. FY27 – Replace RAS/WAS flow meters and two analyzer controllers. FY28 – Allowance for above equipment, plus replace the OWRF/Digester H2S atmospheric monitoring equipment. FY29-31 – Allowance for above equipment.
0350-550-8310	Electrical Distribution System Rehabilitation	See Full Page Description.

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Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
0230-550-8401	Biotower Rotary Distributor Replacement	See Full Page Description.
0350-550-8402	Plant Pumps	Scheduled replacement of centrifugal, positive displacement, chopper pumps, and in-line grinders. These pumps transport primary sludge, WAS, contact tank scum, and other liquids throughout the facility. FY22 – Replace one scum pump. Replace two headworks sample pump, two sump pumps, and two bioassay pumps. FY23 – Replace three recycled water pumps, two sump pumps and two secondary scum pumps. Allowance to replace additional pumps identified by condition assessments. FY24 – Allowance to replace additional pumps identified by condition assessments. Replace secondary system tank drain pumps. FY25 – Replace CCT scum pumps with centrifugal style pumps. FY26 – Install new primary clarifier tank drain pumps. Replace centrifuge feed pumps, if not included in Centrifuge Replacement Project. FY27 – Replace two TWAS pumps at RDTs. FY28 – Upsize blend channel drain pump and piping. FY29-31 – Allowance to replace pumps identified by condition assessments.
0350-550-8403	Chemical Pumps	Regular refurbishment or replacement, based on a condition assessment, of pumps and related equipment for the delivery of specific chemicals at various treatment unit processes. Chemical pumps include those for ferric chloride, hydrogen peroxide, calcium nitrate, sodium hypochlorite, emulsion polymer, and sodium bisulfite. FY22 – Replace four sodium bisulfite metering pump drives, and one chemical induction mixer. FY23 – Refurbish three polymer metering pumps and drives and purchase one chemical induction mixer. Replace two headworks ferric chloride metering pumps. FY24 – Replace two polymer activation units in SHB. FY25 – Replace polymer blend unit (skid) at RDTs. FY26 -31 – Above allowances to replace chemical pumps based on condition assessment.
0350-550-8404	Gates Rehabilitation	See Full Page Description.
0350-550-8405	Headworks Equipment	See Full Page Description.
0230-550-8406	Odor Control System Improvements	See Full Page Description.

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
0350-550-8407	Process Tank Maintenance	Refurbishment and replacement of mechanical equipment such as drive mechanisms, media vessels, and blowers in all process tanks and systems throughout the treatment facility. FY22 – Allowance for above equipment. Repair/replace primary scum line. Allowance for second annual vactor clean-out of all primary influent channels for part 2 of the grit deposition study. Minor pipe repairs to influent channel piping and diffusers as needed. FY23-28 – Allowance for flights/chain/sprockets/wear strips for one primary clarifier each year. FY29-31 – General tank related replacement of equipment as determined by condition assessment.
0350-550-8408	Primary Clarifiers Rehabilitation	See Full Page Description.
0350-550-8409	Secondary Clarifiers Rehabilitation	See Full Page Description.
0230-550-8410	RAS/WAS Pump Replacement	See Full Page Description.
0350-550-8411	Aeration System Rehabilitation	Replacement and rehabilitation of aeration system equipment. FY24 – Replace aeration diffuser membranes in all four tanks. FY22, 26 &30 – Increase inventory of diffuser membranes as needed to replace damaged units during pressure washing. FY28 – Replace aeration diffuser membranes in all four tanks every 4 years. FY30 – Blower core refurbishment every 10 years.
0230-550-8412	Process Piping Inspection/Repairs/ Replacement	See Full Page Description.

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
0350-550-8413	Chemical Tanks	Replacement of chemical storage tanks used throughout the treatment plant and in the collection system as they approach the end of their service lives. There are five sodium hypochlorite, two sodium bisulfite, two hydrogen peroxide, two polymer, four calcium nitrate, and three ferric chloride tanks. The replacement schedule is subject to change based on annual condition assessment inspection results. FY22 – Replace the North Francisco and Greenbrae nitrate tanks (evaluate permanent roof removal) and assess (corrosion inspection) the headworks bulk ferric chloride storage tanks. FY23 – Replace Hypochlorite Tank No. 4. FY24 – Replace SBS Storage Tank No. 2 FY25 – Replace SBS Storage Tank No. 1. Perform an assessment on the effluent pump station's Convault diesel storage tank. FY26 – Replace on-site Peroxide Tank. FY27 – Replace the Peroxide Tank at the San Quentin Junction Bay. FY28 – Replace SHB Ferric Chloride storage tank. FY29 – Replace the West R/R Nitrate Solution storage tank. FY30 – Replace the Paradise pump station Nitrate Solution storage tank. FY31 – Replace the Hypochlorite Storage Tank No. 1
0350-550-8414	Piping, Valves & Operators	There are over 750 plug valves in the treatment plant's process systems, ranging in size up to 12" in diameter. This account includes annual allowances for routine maintenance and periodic replacement of these valves, their operators, and associated piping. This allowance may change as on-going condition assessments are completed. FY22 – Replace six RAS/WAS plug valves at corner of Galleries B/E. FY23 – In-house assessment of hot water system piping project. Replace ten isolation valves at Galleries A/B intersection and clean-up piping. FY24 – Replace the hot water pipe system into the Administration Building. FY25-26 – Annual allowance for repairs as needed of above noted equipment. FY27 – Install MOV's on centrifuge sludge feed lines to automate switching of feed between digesters. FY28 Replace biogas piping, valves, and operators in the boiler room. FY29-31 – Allowance for repairs as determined by future condition assessments.
0230-550-8415	CCT Valve Rehabilitation	The telescoping valves in the CCTs 1 through 4 are used to remove debris floating on the water surface. FY27 – Replace the telescoping valves in CCTs 1 through 4. An option that will be explored is to replace the telescoping valves with rotating pipe skimmers with motorized actuators. This project also includes replacing the recycled water screen.

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Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
0230-550-8416	Influent Flow Meter Improvement	Both the 45” San Rafael Interceptor and the 54” Ross Valley Interceptor are fitted with ultrasonic meters manufactured by Manning. These flow meters are near the end of their useful life and the original manufacturer no longer makes these units. A study was performed in FY21 that identified multi-path ultrasonic transit time meter technology as a suitable flow meter for replacement within the existing infrastructure to improve the accuracy in measuring large flow variations: FY22 – Allowance to prepurchase new multi-path ultrasonic transit time flow meter technology to prepare for installation on San Rafael Interceptor in dry season of 2022. FY23 – Install new flow meter technology on San Rafael Interceptor and prepurchase new flow meter technology to prepare for installation on Ross Valley Interceptor in dry season of 2023 (if deemed successful on San Rafael Interceptor). FY24 – Install new flow meter technology on Ross Valley Interceptor.
0230-550-8417	Nutrient Removal	See Full Page Description.
0230-550-8418	Tertiary Recycled Water Predesign Study	The 2021 drought has resulted in increased requests for CMSA’s recycled water. This FY22 Predesign Study will evaluate options for expanding CMSA’s recycled water production capabilities and estimate associated costs.

Solids Treatment and Energy Generation Equipment and Systems		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0230-550-8501	Emergency Generator Assessment & Improvement	The emergency generator provides power to Agency facilities when utility power is not available, and the cogeneration systems are offline. The emergency generator system was installed in 1985 and consists of an electrical generator connected to a diesel-fueled reciprocating engine. While the equipment is relatively old, it has had minimal usage and is maintained per manufacturer's recommendations. FY23 – Complete an inspection and major preventive maintenance of the emergency generator system and replace the generator and heat exchanger in kind. FY26-27 – Allowance to fund design and installation of a replacement emergency generator.
0230-550-8502	Digester Inspection, Cleaning and Cover Replacement	Periodic cleaning and inspection of each anaerobic digester about every 15 years based on conservative estimates of their membrane covers' service lives. Agency staff will drain the tanks to allow a contractor to remove material that has accumulated inside the tanks. A specialty contractor will replace the membrane covers after the cleaning is complete and then staff will return each digester to service. Project timing may also be adjusted based on actual digester process and membrane cover performance. FY24 – Prepurchase of major equipment components, 2 membrane covers, 1 digester mix pump (assumes other remains functional or can be replaced later), and associated valves and 18" MOVs (but not actuators). FY25 – Allowance to clean and inspect the interior of Digester No. 1 and replace its dual membrane cover and replace pre-purchased pump and valves. FY26 – Allowance to clean and inspect the interior of Digester No. 2 and replace its dual membrane cover and replace pre-purchased pump and valves.
0350-550-8503	Centrifuge Maintenance	See Full Page Description.
0350-550-8504	Waukesha Cogeneration Maintenance	See Full Page Description.
0350-550-8513	Jenbacher Cogeneration Maintenance	See Full Page Description.
0230-550-8505	New Cogeneration System	See Full Page Description.

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Solids Treatment and Energy Generation Equipment and Systems		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0350-550-8506	Hot Water Systems	Repair and replacement of hot water system pumps, valves, flex fittings, insulation, and piping as needed to maintain the system that supplies hot water to the digesters, buildings and facilities. FY22-26 – Replace aging insulation and/or install PVC jacketing on hot water pipes in Galleries B, C, and F and the Carport Area according to insulation replacement schedule. FY27-31 – Annual allowance for system repairs as needed, failing valves, piping leaks, booster pumps, and seals.
0350-550-8508	Boilers	FY26 – Complete design and air permitting for replacement of existing boilers. FY27 – Replacement of two existing boilers, upgraded to meet future Bay Area Air Quality Management District requirements.
0350-550-8510	Biosolids Hoppers Maintenance	An allowance for monitoring and minor repairs to biosolids hoppers, gates, and hydraulic actuators. When centrifuges are scheduled for replacement, improvements to the hoppers will be coordinated with that project. FY22-31 – Allowance for minor maintenance of mechanical equipment every other year.
0350-550-8511	Organic Waste Receiving Facility	Repairs and replacement of pumps, valves, monitors, and other equipment in the Organic Waste Receiving Facility (OWRF). FY22 – Replace mixing pump check valves, two mixing pumps, and paddle finisher paddles and screen. FY23 – New 4” receiving and 6” sludge recirculation MOVs. Two mixing pumps if still utilizing this technology. FY24 – MCC AC unit and PLC upgrade. FY25-31 – Annual allowance for equipment replacement.
0230-550-8514	Liquid Organic Waste Storage and Biogas Treatment Upgrades	Design and construction of additional liquid organic waste storage tank and biogas treatment upgrades. The additional liquid organic waste tank would provide additional storage capacity. The biogas treatment upgrades include a new lubrication oil system and waste coolant system, addition of biogas flow meters, redundant biogas chillers, and modifications to the biogas condensate removal systems. FY22 – Complete design and begin construction of the new liquid organic waste tank and biogas treatment upgrades. FY23 – Complete construction of the new liquid organic waste tank and biogas treatment upgrades.
0230-550-8512	PG&E Interconnection Agreement Modification	FY22 – Construction of PG&E interconnection agreement improvements and modifications during the new cogeneration system design. Prepare updated as-build records drawings for all PG&E related and other switchgear modifications completed over the last years.

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Solids Treatment and Energy Generation Equipment and Systems		
ACCOUNT NUMBER	**ACCOUNT / PROJECT TITLE**	**ACCOUNT / PROJECT DESCRIPTION**
No Account Number	CMSA Staff Costs for CIP Projects	Capitalization of compensation and benefits for CMSA staff time to manage design of, contracting for, and construction of CIP projects, as listed below. Costs are based on estimated staff time totaling two Full Time Equivalencies (FTEs). Costs for future years will be modified for each current fiscal year in that year's CIP budget. The projects identified for staff cost capitalization in FY22&23 are: 0350-550-8404 Gates Rehabilitation 0350-550-8405 Headworks Equipment 0350-550-8407 Process Tank Maintenance 0350-550-8409 Secondary Clarifiers Rehabilitation 0230-550-8208 Facility Roofs Rehabilitation 0230-550-8416 Influent Flow Meter Improvements 0350-550-8310 Electrical Distribution System Rehabilitation 0350-550-8503 Centrifuge Maintenance 0230-550-8410 RAS/WAS Pump Replacement 0230-550-8505 New Cogeneration System 0350-550-8511 Liquid Organic Waste Storage and Biogas Treatment Upgrades

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Effluent Storage Pond Rehabilitation (GL 0230-550-8201)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Formally Bid		
Description and Justification	The effluent storage pond was constructed over a deep layer of Young Bay Mud that settles unevenly under the pond. This causes loss of capacity due to berm settling, and small areas of shallow standing water after the pond is emptied due to bottom settling. The berm was reconstructed and raised in 2007, including a new geotextile liner and new sections of intake and outlet piping. There is an allowance for surveying in FY25 and potential renovation of berms and bottom in FY26, depending on the survey results.		
Risk Assessment	This is a low risk project because berm settlement does not occur rapidly. Berm condition will be regularly monitored and the survey timing can be adjusted if necessary.		
Schedule	**Activity Description**		**Cost**
FY25	Survey and design improvements to entire berm, top road, and pond bottom for excessive or uneven settlement		$42,800
FY26	Based on survey results, allowance for re-grading the pond bottom and/or raising the berm, including extending and re-anchoring the buried extra liner material and rebuilding the service road on top of the berm		$1,354,500
		Project Total	**$1,397,300**

Project Photo:

Effluent Storage Pond

Facility Roofs Rehabilitation (GL 0230-550-8208)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Maintenance Contract/Informally Bid/Formally Bid		
Description and Justification	Construction of new administration building roof which reached the end of its useful life in FY21 and rehabilitate portions of the standing seam metal and built-up roofs as needed, and to perform minor repairs on their supporting structures, if required. The various agency built-up roofs were mostly re-done around 2007 and are not expected to require full replacement until after 2030 except the Administration Building and Maintenance Building Roofs. Allowances are included below for minor repairs on the built-up and standing seam roofs until their complete replacement.		
Risk Assessment	This is a medium risk project as the fall 2018 roof inspection indicated that the roof systems are generally in good condition, with the exception of the items described above.		

Schedule	**Activity Description**	**Cost**
FY22	Construction phase for the Administration Building Metal Roof Replacement Project, which includes budget for CM, ESDC and change order allowance.	$731,410
FY22	Allowance to repair aging portions of the Maintenance building and flashing on Biotower Building.	$83,500
FY23-25	Annual allowance to patch or repair facility standing seam and built-up roof areas as needed.	$77,700
FY27	Allowance for patch or repair facility standing seam and built-up roof areas as needed.	$50,000
FY28	Cost for replacement of the Maintenance Building metal roof.	$351,300
FY29-31	Annual allowance to patch or repair facility built-up roof areas as needed.	$94,900
	Project Total	**$1,388,810**

Project Photo:

Maintenance Building with standing seam metal roofs

Solids Handling Building Elevator Control Replacement (GL 0230-550-8209)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Professional Services Agreement and Formally Bid		
Description and Justification	The 2018 Facility Master Plan condition assessment initially recommended replacing the entire elevator (Master Plan Project 12-5) of the Solids Handling Building (SHB). After further discussions with staff and reviewing inspection reports, it was determined that the mechanical components of the elevator still have several years of remaining life. However, the control system will need to be replaced due to age and issues that have required increased maintenance in recent years.		
Risk Assessment	This is a medium risk project. The control system has required increased maintenance and will potentially not pass an annual inspection in the near future if it is not replaced.		
Schedule	**Activity Description**		**Cost**
FY23	Retain specialized elevator consultant to review site conditions and prepare scope of work for formal bidding from specialized elevator companies.		$50,000
FY24	Major elevator maintenance to ensure compliance with permit, including replacing the SHB elevator control system.		$350,000
		Project Total	**$400,000**

Project Photos:

Solids Handling Building Elevator

Elevator Control Panel

Facility Structures Seismic Study (GL 0230-550-8210)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Professional Services Agreement		
Description and Justification	The 2018 Facility Master Plan recommends conducting a study to evaluate seismic impacts due to soil settlement (Master Plan Project 99-1). Subsidence of the ground has been observed in multiple locations throughout the facility, including in the immediate areas around process tanks. Because structures were constructed on pile foundations, the settlement has produced gaps under the bottom of the structures. It is possible that the original seismic design was dependent on the tops of the piles being at grade and fully supported. With the tops of the piles currently above grade and exposed, the unsupported pile length may be overstressed during an earthquake resulting in structural damage. Ground settlement may have also affected the stresses on buried piping between process areas.		
Risk Assessment	This is a medium risk project due to the unknown risk posed to facility structures resulting from soil settlement.		
Schedule	**Activity Description**		**Cost**
FY25	Conduct a study to quantify the risk of structural damage due to soil settlement and identify future structural improvement projects, if necessary.		$236,500
		Project Total	**$236,500**

Project Photos:

Stair modifications to account for settlement

Exposed bottom of process tank

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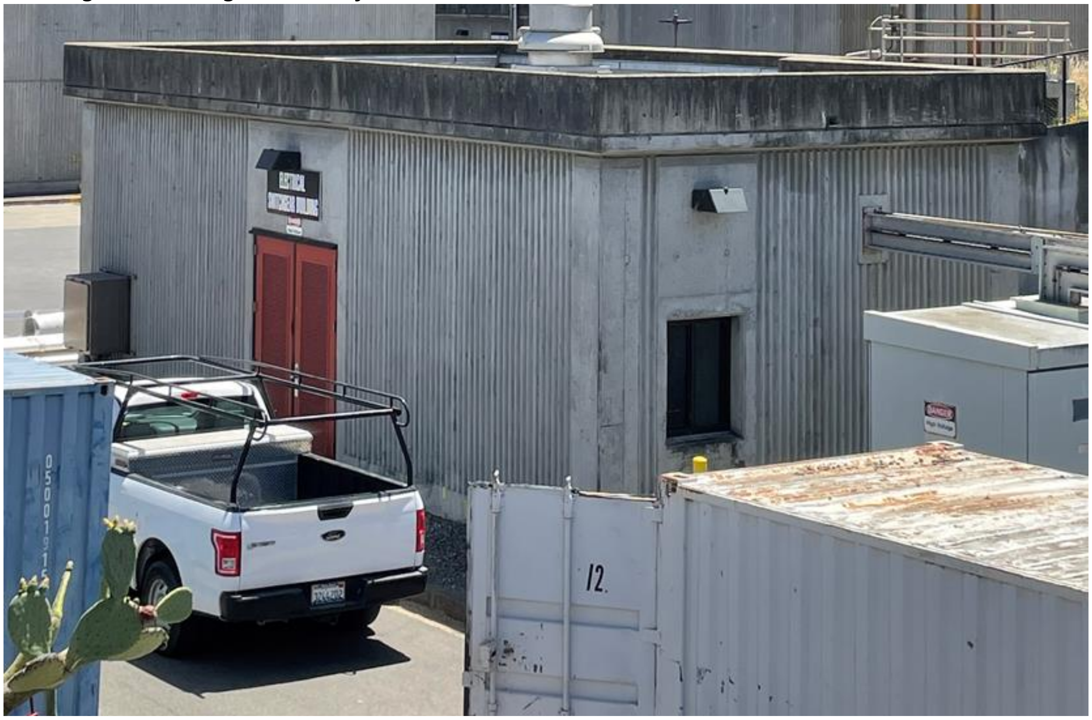
Electrical Distribution System Rehabilitation (GL 0350-550-8310)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Professional Services Agreement/Formally Bid		
Description and Justification	The 2018 Facility Master Plan recommends replacing the main electrical switchgear components that distribute power throughout the facility (Master Plan Project 14-1). The existing switchgear electrical components are mostly comprised of equipment from 1985. While most of the equipment is operational, it is increasingly difficult to locate replacements because manufacturers no longer provide full technical support. A detailed assessment of the equipment was conducted in FY21 to evaluate the cost, siting impacts, and construction sequencing and timing considerations for full equipment replacement. In parallel, an inspection and in-place refurbishment schedule for existing equipment was completed, and minor improvements were designed in FY21 including HVAC improvements and provisions for the connection of a temporary emergency generator and other recommendations from the inspection are included in the below timetable. This project also includes allowances to replace motor control centers (MCCs) located in several treatment process areas when condition assessment findings warrant replacement.		
Risk Assessment	This is a high risk project because a failure of the switchgear would result in a significant process disruption, potentially resulting in shutdowns or significant downtime that could result in discharge of untreated effluent.		

Schedule	**Activity Description**	**Cost**
FY22	Per the FY21 switchgear inspection report, allowance for re-testing of Bus A insulation, purchase and installation of spare plugs, main utility breaker trip unit replacement, and bent racking wheel repair. Complete equipment pre-purchase and construction for the main switchgear quick connect and HVAC improvements.	$193,470
FY23	Allowance to refurbish or replace a MCC based on condition assessment findings. Design of main switchgear replacement.	$492,148
FY23	Per the FY21 switchgear inspection report, allowance for bi-annual switchgear re-inspection	$100,000
FY24	Main switchgear replacement depending on results of FY23 switchgear re-inspection.	$2,480,400
FY25	Allowance to refurbish or replace an MCC based on condition assessment findings.	$207,900
FY27	Allowance to refurbish or replace an MCC based on condition assessment findings.	$222,300
FY30	Allowance to refurbish or replace an MCC based on condition assessment findings.	$245,600
	Project Total	**$3,941,818**

Project Photos:

Switchgear building and transformer



Switchgear equipment

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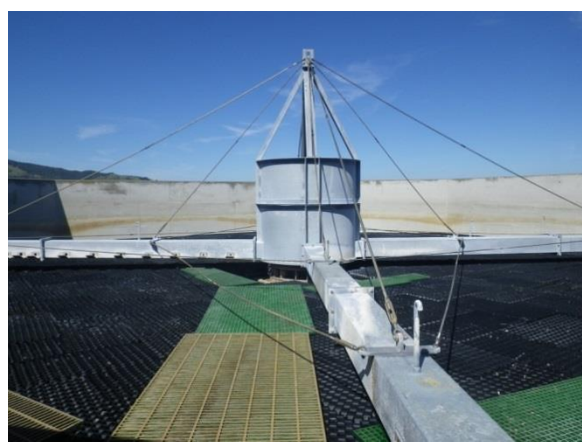
Biotower Rotary Distributor Replacement (GL 0230-550-8401)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Formally Bid		
Description and Justification	The biotowers are the first of two secondary treatment processes, and remove some of the biochemical oxygen demand from the primary effluent before treatment in the aeration tanks. The rotary distributor is the critical moving part, spreading wastewater evenly on the filter media. These critical components operate in a harsh environment with a 25- to 30-year life expectancy. The rotary distributor and top level of filter media in Biotower No. 1 were replaced in 2010. The 2018 Facility Master Plan recommends replacing the rotating mechanism and media in Biotower No. 2 (Master Plan Project 06-2).		
Risk Assessment	This is a medium risk project. The rotary distributer is operating but has significant corrosion. The upper media bed needs to be replaced due to weather damage. The project description and timing has changed based on the Facilities Master Plan findings.		
Schedule	**Activity Description**	**Cost**	
FY25	Replace galvanized-steel distributor mechanism and plastic spreader nozzles with a motor-operated mechanism. Replace distributor bearing. Replace or recoat the cast iron turntable on which the mechanism turns. Replace the top tier of media that is subject to weather damage.	$1,021,500	
	Project Total	**$1,021,500**	

Project Photos:

Original base & turntable, Biotower No. 2



New rotary distributor, Biotower No. 2

Gates Rehabilitation (GL 0350-550-8404)			
Type of Project	Design and Capital Construction	**Lead Department**	Maintenance
Project Delivery	Maintenance Project/Informally Bid/ Formally Bid		
Description and Justification	There are several large gates that control flow into, through, and between processes. The gates are also used to isolate process tanks for repair or maintenance. When condition assessments warrant, these gates will be replaced with stainless steel gates, which have a longer service life because they have better corrosion resistance and sealing surfaces that can be refurbished.		
Risk Assessment	This is a medium risk project, provided the gates are replaced according to condition assessment findings. However, the risk could be higher if a gate fails in a closed position, which could lead to a process interruption or overflows.		

Schedule	**Activity Description**	**Cost**
FY22	Maintenance contract to blast and recoat the corroded area above the water line for the influent gates and keep them working until FY26 for complete replacement.	$50,000
FY22-23	Allowance to replace gates as needed based on condition assessment, including one aeration Basin reverse inlet gate and 4 effluent splitter box gates, and assessments on the 45”/54” junction box knife gates.	$166,900
FY24	Replace CCTs 1 through 4 influent gates.	$452,500
FY25-26	Allowance to replace gates as needed based on condition assessment.	$184,600
FY26	Replace headworks influent gates with stainless steel gates.	$325,000
FY27-31	Allowance to replace gates as needed based on condition assessment, including the following: FY27 - Grit tank gates 1 and 2. FY28 - Grit tank gates 4 and 5. FY29 - CCT gates 9.3/9.1. FY30 - CCT gate 9.2 and install isolation gate between old and new CCTs. FY31 - 4 secondary effluent gates (MOV/automate).	$519,000
	Project Total	**$1,698,000**

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Project Photos:

Hydraulic gate actuator

San Rafael and Ross Valley influent gates

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Headworks Equipment (GL 0350-550-8405)			
Type of Project	Design and Capital Construction	**Lead Department**	Maintenance
Project Delivery	Maintenance Project/ Professional Services Agreement/ Informally Bid		
Description and Justification	Equipment in the headworks building is used to collect, transport, dewater, and store screenings and grit from plant influent. Headworks equipment includes screens, hydraulic systems, grit hoppers, grit classifier, grit pumps, and augers and operates in a very corrosive and erosive environment requiring ongoing maintenance and refurbishment or replacement. This account includes two projects recommended in the 2018 Facility Master Plan, the replacement of the hydraulic pumps and control system used to open and close headworks gates (Master Plan Project 04-1), and the replacement of the four original grit classifier systems with new grit classifiers (Master Plan Project 04-2).		
Risk Assessment	This is a low risk project because most of the Headworks equipment has redundant equipment.		
Schedule	**Activity Description**		**Cost**
FY22	Remove the hydraulic control system and install a new hydraulic unit with associated pumps and controls. Assess various technologies, and begin predesign of septic screening system. Retain consultant for electrical/structural design if needed. Prepare economic evaluation with cost recovery options for Board consideration prior to proceeding with final design and construction in FY23 or later.		$143,600
FY23	Allowance to replace equipment as needed based on condition assessment.		$30,000
FY24	Allowance to replace equipment as needed based on condition assessment.		$33,100
FY25-26	Replace four grit classifier systems including associated pumps, piping, and controls.		$1,323,300
FY26	Replacement of blowers and diffusers in aerated grit (Master Plan Project 04-3)		$632,900
FY27-31	Allowance to replace equipment as needed based on condition assessment.		$195,400
		Project Total	**$2,578,300**

Project Photos:

Hydraulic control system

Grit classifier

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Odor Control System Improvements (GL 0230-550-8406)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Professional Services Agreement/Formally Bid		
Description and Justification	Some wastewater treatment processes produce odorous gases. The existing odor control scrubbers serve as one component of the Agency's overall odor control management program. Odor control scrubbers located in the Headworks, Biotower basement, and Solids Handling Building (SHB) are approaching the end of their service lives. A consulting firm prepared a conceptual design report with limited sampling to evaluate the overall scrubber performance and cost estimates to replace each unit with activated carbon media systems. While sampling showed existing scrubbers were not overly efficient, they are capable of removing odors to a level that did not impact the Agency's surrounding neighbors. The 2018 Facilities Master Plan considered the conceptual design report findings and recommends replacing the Headworks and Biotower odor scrubbers (Master Plan Project 06-3). An allowance for this replacement as well as the SHB odor scrubber replacement has been included in the CIP and will be evaluated in future years depending on actual system performance.		
Risk Assessment	This is a low risk project because the odor scrubbers are operating with minor issues.		
Schedule	**Activity Description**		**Cost**
FY27	Placeholder for removing the Headworks odor scrubber and replace with an activated carbon scrubber.		$2,283,900
FY29	Remove the Biotower basement odor scrubbers and replace with a single activated carbon scrubber.		$2,677,200
FY30	Allowance to design and construct scrubber replacement in the SHB.		$1,837,800
		Project Total	**$6,798,900**

Project Photos:

Headworks odor control scrubber

Solids Handling Building odor control scrubber

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Primary Clarifiers Rehabilitation (GL 0350-550-8408)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Maintenance Project/Formally Bid		
Description and Justification	There are seven primary clarifiers in the treatment plant. Five of the clarifiers began operating in 1985 and two were installed during the Wet Weather Improvement Project and began operating in 2010. The mechanical equipment in the five original clarifiers has been upgraded to non-corroding, non-metallic components. However, other metal surfaces in the tanks require periodic industrial coating. Additionally, the mechanical equipment also requires periodic replacement. The 2018 Facilities Master Plan recommends a project to address work noted above plus repairing concrete damage and replacing metal piping with PVC piping (Master Plan Project 05-1). As each primary clarifier is taken down, the north walls, which have been found to be leaking into Gallery A at times, will be prepared and coated with a waterproofing product. Note: Additional allowance for flights/chains/sprockets/wear strips is included under the Process Tank Maintenance account and work may be combined with the work in this account if synergies are found during design.		
Risk Assessment	This is a low risk project because the planned work will be conducted in the summer when primary clarifiers can be out of service for extended periods of time.		

Schedule	**Activity Description**	**Cost**
FY24	Repair concrete, waterproof, and recoat the north wall of Clarifier No. 1, replace metal launders with FRP, and replace metal pipes.	$395,300
FY25	Repeat elements above for Clarifier No. 2.	$408,700
FY26	Repeat elements above for Clarifier No. 3.	$845,000
FY27	Repeat elements above for Clarifiers No. 4 and 5.	$436,800
FY28-29	Allowance for industrial coatings in Clarifier No. 6 and 7.	$360,600
	Project Total	**$2,446,400**

Project Photos:


Primary Clarifiers


Primary Drive Unit

Secondary Clarifiers Rehabilitation (GL 0350-550-8409)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Professional Services Agreement/Formally Bid		
Description and Justification	There are four secondary clarifiers in the treatment plant. The 2018 Facilities Master Plan recommends a project to repair corrosion on mechanical equipment, metal structural components, and internal pipes, resurface the effluent trough concrete, and retrofit the catwalk with FRP grating (Master Plan Project 08-1). While each clarifier is out of service, the large drive turntables in Clarifiers No. 1, 3, and 4 will be replaced. The turntable drive for Clarifier No. 2 was replaced in 2011.		
Risk Assessment	This is a high risk project because failure of a secondary clarifier could lead to treatment plant process disruptions and possible discharge of effluent that does not meet NPDES treatment limits.		

Schedule	**Activity Description**	**Cost**
FY22	Secondary Clarifier No. 3 construction and prepurchase of center column for Secondary Clarifier No. 4 and No. 1. Begin construction for Secondary Clarifier No. 4 and No. 1.	$829,200
FY23	Complete Secondary Clarifier No. 4 and No. 1 construction and prepurchase of center column for Secondary Clarifier No. 2.	$597,100
FY24	Complete Clarifier No. 2 construction.	$544,500
	Project Total	**$1,970,800**

Project Photos:

Secondary clarifier internal equipment

Secondary clarifier in operation

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RAS/WAS Pump Replacement (GL 0230-550-8410)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Professional Services Agreement/ Formally Bid		
Description and Justification	The 2018 Facilities Master Plan recommends a project to replace the Return Activated Sludge (RAS) and Waste Activated Sludge (WAS) pump systems (Master Plan Project 08-2). These pumping systems are an integral part of the activated sludge treatment process and are often original equipment. While the systems are currently operating without major issues, many of the pumps have moderate corrosion and leaks. Recently, maintenance work for the WAS pumps was performed in-house and as a result this project will only replace the RAS pumping system and install valving as needed to provide increased ability to isolate pumps for maintenance in the future.		
Risk Assessment	This is a high risk project because failure of the activated sludge system could lead to treatment plant process disruptions and possible discharge of effluent that does not meet NPDES treatment limits.		
Schedule	**Activity Description**		**Cost**
FY22	Construction of RAS pump system improvements.		$538,000
		Project Total	**$538,000**

Project Photos:

RAS and WAS pumps

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Process Piping Inspection/Repairs/Replacement (GL 0230-550-8412)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Professional Services Agreement		
Description and Justification	The San Rafael and Ross Valley Interceptors are large diameter buried force mains and are the only pipelines that convey wastewater from the satellite collection agency service areas to CMSA. There are also several large diameter pipelines within the facility that transfer water between treatment processes, including the Primary Effluent and the RAS pipelines. Recommended projects from the 2018 Facilities Master Plan and 2020 process pipeline inspection and condition assessment and are described in the below activity schedule.		
Risk Assessment	This is a medium risk project because the condition of the pipelines and flexible joints is unknown. However, the pipelines have not leaked or shown signs of corrosion.		

Schedule	**Activity Description**	**Cost**
FY22	Complete remaining pipeline inspection.	$50,230
FY22	Rehabilitate 66” FE vault piping and access hatch.	$3,000
FY22	Install steel plates to both ends of the 54-inch pond effluent line and relocate the small drain line into the 54-inch (Maintenance). Repair the damaged concrete near the 54-inch valve in Gallery C.	$13,900
FY22	Retain structural engineer to assess the circumferential cracks on the pond inlet headwall, the 42” pond inlet pipeline, and the 72” final effluent pipeline	$10,000
FY24	External expansion joint condition assessment on the 48-inch primary effluent and 24-inch RAS lines.	$100,000
FY26	Replace chemical lines located along gallery walls with double contained PVC pipe and explore opportunities to relocate chemical piping to the bottom of the pipe rack.	$120,200
FY27	Allowance to inspect the San Rafael and Ross Valley Interceptors.	$174,300
FY31	10-year inspection of process pipelines	$120,000
	Project Total	**$591,630**

Project Photos:

Biotower effluent pipe

Primary Effluent pipe manifold

Return to TOC

Centrifuge Maintenance (GL 0350-550-8503)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Professional Services Agreement/Formally Bid		
Description and Justification	The Agency dewaters digested sludge with three centrifuges that rotate at high speeds to remove water and produce biosolids. The high-speed rotation and corrosive operating environment necessitate a significant amount of routine maintenance for optimum performance. A manufacturer performed condition assessment of the three centrifuges in 2016 found they were all in relatively good condition. The 2018 Facilities Master Plan recommends replacing the existing centrifuges with new centrifuges that have larger capacity to handle the potential increase in biosolids related to increased delivery of organic waste. However, the timing of those increased biosolids loads is still uncertain and may take many years to materialize (if ever). The biosolids hoppers underneath the centrifuges have corrosion and operators are unable to switch between hoppers, resulting in unforeseen hopper overflows at times and imperfect truck filling. Options for the biosolids hoppers will be evaluated while the entire centrifuge system replacement is being evaluated.		
Risk Assessment	This is a medium risk project because the centrifuges would be over 25 years old before being fully replaced, however with proper maintenance the existing centrifuges are expected to operate and meet the Agency's needs. Project timing will be revisited with each annual CIP update based on the latest centrifuge system performance and condition.		
Schedule	**Activity Description**		**Cost**
FY22	Evaluate hopper system condition, identify options for improvements, and develop estimates of associated costs.		$50,000
FY23	Begin design of centrifuge replacement.		$534,500
FY24	Construct the centrifuge replacement.		$2,889,200
		Project Total	**$3,473,700**

Project Photos:


Existing Centrifuges


Biosolids Hoppers

Waukesha Cogeneration Maintenance (GL 0350-550-8504)			
Type of Project	Larger Maintenance Activities	**Lead Department**	Maintenance
Project Delivery	Maintenance Project/Informally Bid/Formally Bid		
Description and Justification	The cogeneration system runs continuously, utilizing biogas and natural gas to generate most of the Agency's electrical power and to supply the Agency's hot water needs. This account includes allowances for purchasing critical spare parts and to perform larger maintenance activities for the existing Waukesha engine and generator. Larger maintenance activities include on-site upper- and lower-end rebuilds involving the cylinder heads and liners, valves, and pistons; or off-site overhaul work that includes a complete disassembly and reassembly with machining to restore the engine and generator to original factory specifications. The design and construction of a new Jenbacher cogeneration engine is scheduled for completion in FY22. After the new Jenbacher engine is operational, the existing Waukesha engine will rotate into a backup position and run-hour based routine maintenance cost decrease accordingly.		
Risk Assessment	This is a high risk project because the existing engine has experience catastrophic failure and CMSA will be incurring significant costs to purchase power from PG&E.		
Schedule	**Activity Description**		**Cost**
FY22	Scheduled top-end overhaul including refurbishment of second set of heads of Waukesha cogeneration engine.		$153,200
FY23-31	Allowances for routine maintenance of the Waukesha cogeneration facilities, assuming the existing engine will see only limited run-hours while in the backup position after the new cogeneration engine is operational.		$105,000
		Project Total	**$258,200**

<table>
<tr><th colspan="5">Jenbacher Cogeneration Maintenance (GL 0350-550-8513)</th></tr>
<tr><td>Type of Project</td><td>Larger Maintenance Activities</td><td>Lead Department</td><td colspan="2">Maintenance</td></tr>
<tr><td>Project Delivery</td><td colspan="4">Maintenance Project/Informally Bid/Formally Bid</td></tr>
<tr><td>Description and Justification</td><td colspan="4">The cogeneration system runs continuously, utilizing biogas and natural gas to generate most of the Agency’s electrical power and to supply the Agency’s hot water needs. This account includes allowances for purchasing critical spare parts and to perform larger maintenance activities for the new Jenbacher engine and generator. Larger maintenance activities include on-site upper- and lower-end rebuilds involving the cylinder heads and liners, valves, and pistons; or off-site overhaul work that includes a complete disassembly and reassembly with machining to restore the engine and generator to original factory specifications. The design and construction of a new Jenbacher cogeneration engine is scheduled for completion in FY22. After the new Jenbacher engine is operational, the existing Waukesha engine will rotate into a backup position.</td></tr>
<tr><td>Risk Assessment</td><td colspan="4">This is a high risk project because the existing engine has experience catastrophic failure and CMSA will be incurring significant costs to purchase power from PG&E.</td></tr>
<tr><td>Schedule</td><td colspan="3">Activity Description</td><td>Cost</td></tr>
<tr><td>FY22-31</td><td colspan="3">Annual allowance for contracted 10-yr Long Term Service Agreement including parts and labor.

<u>Note:</u> 80,000 operating hour major engine overhaul estimated only for FY32 and therefore not included in FY22-31 CIP.</td><td>$941,220</td></tr>
<tr><td colspan="4" align="right">Project Total</td><td>$941,220</td></tr>
</table>

New Cogeneration System (GL 0230-550-8505)			
Type of Project	Design and Capital Construction	**Lead Department**	Technical Services
Project Delivery	Formally Bid		
Description and Justification	The construction of the new cogeneration system began in FY21 and will be completed in FY22. This schedule coincides with the expansion of the OWRF program and the Agency's ability to sell excess power through a new PG&E Interconnection Agreement and power sale agreement with Marin Clean Energy. The existing cogeneration engine will remain available as a backup unit.		
Risk Assessment	This is a low risk project because the existing engine can remain in service for an extended period of time if properly maintained. However, the Agency would lose the opportunity to generate additional revenue from a more efficient system.		
Schedule	**Activity Description**		**Cost**
FY22	Complete installation of a replacement cogeneration system.		$4,060,000
		Project Total	**$4,060,000**

Project Photo

Existing cogeneration system

Nutrient Removal (0230-550-8417)			
Type of Project	Planning and Design	**Lead Department**	Technical Services
Project Delivery	Formally Bid		
Description and Justification	The 2019 Bay Area Watershed Permit includes a proposed nitrogen discharge cap for CMSA beginning in 2024 which is approximately 15 to 20 percent above CMSA's typical 2018 nitrogen discharge levels. Depending on CMSA's service area growth and future increases of the organic waste program, CMSA may be close to or above its nitrogen cap by 2024. Significant uncertainty exists at this time about the exact nature of the Regional Water Board's enforcement of the nitrogen caps in 2024, and specifically if, when, and how it would be enforced. Therefore, there is a non-trivial probability that CMSA would not be impacted at all by this cap until 2029 or even much later permit cycles. However, in the event that it becomes evident that CMSA is impacted by a load cap, staff would propose to study and plan for potential compliance pathways in a thoughtful and systematic manner as soon as more specific information about potential compliance timelines is known. There are several promising process-related optimization measures that may facilitate CMSA comfortably meeting compliance at potentially relatively low cost. Due to the uncertain nature of this subject, funds for the planning, design and construction of nutrient removal facilities at CMSA are not included in the CIP at this time. However, CMSA staff will be closely monitoring nutrient related permitting developments on a regular basis. If indications arise that CMSA may be impacted by nutrient load targets, staff will work with the Board to update the CIP accordingly.		
Risk Assessment	This is a low risk project because there is still adequate time to prepare for potential future compliance targets if they materialize.		
Schedule	**Activity Description**		**Cost**
	None included at this time.		$0
		Project Total	**$ 0**

SECTION 9. FY22 & FY23 Adopted Budget—10-Year Financial Forecast

The Agency adopts with each budget a 10-year financial forecast to accompany it. The forecast is a model of revenues, expenses, and reserves, and essentially sets forth a strategic plan to guide funding-sources-and-uses-decisions for the operating and capital budgets. The financial forecast consists of sections for Preliminary Assumptions, Operating Surplus (Shortfall), Capital Improvement Program, and Reserve Reconciliation.

The first section, preliminary assumptions, is to assign assumption values for expenditures and revenues, except regional sewer charges, to establish a 10-year forecast for operating and capital programs. The base year of the forecast is the projected final values for the most recent fiscal year. All future projection values derive from the base year. Amounts for debt service and debt service coverage are specific amounts from the debt service amortization tables. Amounts for the capital improvements program are per the 10-year CIP schedule. Revenue from capacity charges increases annually by the ENR index per the Agency's fee ordinance. The forecast is constructed to *project* future expenses and capital based upon assumptions selected to provide a reasonable financial picture of future periods. The Agency works with its Finance Committee, a sub-committee of the Board, and set forth a series of 3.5% annual rate increases for the duration of a 5-year revenue program period for consistency and stability and the ability to provide adequate funding for its operating and capital programs. Capital maintenance and improvements are very important to the Board.

The Operating Surplus (Shortfall) section is a summary of the operating budget that reflects a surplus, funded, or a shortfall, not funded. Funding for the operating budget comes primarily from sewer service charges from JPA members together with "all other revenues" such as contract services, programs, waste haulers, permits, and inspections. Operating expenses includes all expenses except depreciation, debt service, and capital. Debt service and capital are funded from separate dedicated sources.

The next section is the Capital Improvement Program funding. Projects and amounts of the capital improvement program are per the 10-year CIP schedule. Funding for the CIP comes from the capital fee collected from JPA members, the debt service coverage amount also collected from JPA members, capacity charges received from new sewer connections, and from capital reserves.

The last section is a reconciliation of the three types of designated reserves, Unrestricted Operating Reserve, Unrestricted Capital Reserve, and Restricted Capital Reserve. Beginning balances for each of these reserve types is the amount per the Investments Schedule in the Treasurer's Report at the end of the fiscal year. Unrestricted operating reserves are maintained at 25% of operating costs before debt and capital. Excess amounts of unrestricted operating reserves are transferred to unrestricted capital reserves to be used to fund capital. Restricted capital reserves consist of capacity charges and debt service coverage fees collected and are used exclusively for capital. Any differences to fund capital comes from unrestricted capital reserves. Reserves are an important component of financial stability. The Agency carefully tracks reserves for maintenance in compliance with levels established by policy.

CENTRAL MARIN SANITATION AGENCY
10-YEAR FINANCIAL FORECAST - Schedule 1

Line No.	Description	Assumption	Projected Actual FY21	Revenue Program Period: Adopted Year 1 FY22	Revenue Program Period: Adopted Year 2 FY23	Service Charges / Capital Fee - No Increases: Forecast Year 3 FY24	Year 4 FY25	Year 5 FY26	Year 6 FY27	Year 7 FY28	Year 8 FY29	Year 9 FY30
	ADOPTED ASSUMPTIONS **EDU CMSA**	**48,248**										
	Funding Requirements:											
a	Salaries and wages	3.0%	$ 5,876,502	$ 6,130,761	$ 6,340,747	$ 6,530,969	$ 6,726,898	$ 6,928,705	$ 7,136,567	$ 7,350,664	$ 7,571,184	$ 7,798,319
b	Retirement - CalPERS normal cost (Note 2)	Various	641,894	642,407	664,315	700,852	739,399	780,066	822,970	868,233	915,986	966,365
c	Retirement - CalPERS UAL (Note 2)	Various	831,045	1,002,478	1,111,278	1,176,584	1,246,318	1,283,830	1,318,030	1,353,167	1,389,271	1,426,370
d	All other employee benefits	3.0%	1,231,961	1,406,201	1,476,469	1,520,763	1,566,386	1,613,378	1,661,779	1,711,632	1,762,981	1,815,871
e	Chemicals and fuels	2.0%	1,047,591	1,313,142	1,279,151	1,304,734	1,330,829	1,357,445	1,384,594	1,412,286	1,440,532	1,469,342
f	Biosolids management	3.0%	322,886	404,286	418,435	430,988	443,918	457,235	470,952	485,081	499,633	514,622
g	Permit testing and monitoring	1.5%	176,184	174,340	176,784	179,436	182,127	184,859	187,632	190,447	193,303	196,203
h	Maintenance and repairs	2.0%	375,095	423,500	478,500	488,070	497,831	507,788	517,944	528,303	538,869	549,646
i	Utilities	3.5%	265,899	366,038	303,939	314,577	325,587	336,983	348,777	360,984	373,619	386,695
j	Insurance premiums	3.5%	378,091	448,895	510,069	527,921	546,399	565,523	585,316	605,802	627,005	648,950
k	General and administrative	2.0%	630,049	938,766	944,097	962,979	982,239	1,001,883	1,021,921	1,042,359	1,063,207	1,084,471
l	Operating before debt and capital		11,777,197	13,250,814	13,703,784	14,137,874	14,587,931	15,017,695	15,456,481	15,908,958	16,375,589	16,856,855
m	Debt service: actual plus estimated new debt		3,973,206	4,524,881	4,522,031	4,501,006	4,500,281	4,497,156	4,548,331	4,502,731	4,502,981	4,541,181
n	Operating before capital		15,750,403	17,775,695	18,225,815	18,638,880	19,088,212	19,514,851	20,004,812	20,411,689	20,878,570	21,398,036
o	Capital program		4,410,900	10,238,330	4,388,148	9,876,900	4,396,100	7,506,800	7,804,900	2,086,700	4,428,200	3,663,500
p	Total funding requirements		**$ 20,161,303**	**$ 28,014,025**	**$ 22,613,963**	**$ 28,515,780**	**$ 23,484,312**	**$ 27,021,651**	**$ 27,809,712**	**$ 22,498,389**	**$ 25,306,770**	**$ 25,061,536**
			3.5%	3.5%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Funding Sources: (Note 3)											
q	Unrestricted - Regional sewer service charges		$ 11,379,001	$ 11,777,219	$ 12,189,422	$ 12,189,422	$ 12,189,422	$ 12,189,422	$ 12,189,422	$ 12,189,422	$ 12,189,422	$ 12,189,422
r	Unrestricted - Capital fee (Note 4)		1,252,000	749,811	977,580	977,580	977,580	977,580	977,580	977,580	977,580	977,580
s	Unrestricted - All other revenues	3.0%	2,217,593	2,328,666	2,273,722	2,341,934	2,412,192	2,484,557	2,559,094	2,635,867	2,714,943	2,796,391
t	Restricted capital - Debt service charge (Note 5)		3,973,206	4,524,881	4,522,031	4,501,006	4,500,281	4,497,156	4,548,331	4,502,731	4,502,981	4,541,181
u	Restricted capital - Debt service coverage		993,302	1,131,220	1,130,508	1,125,252	1,125,070	1,124,289	1,137,083	1,125,683	1,125,745	1,135,295
v	Restricted capital - Capacity charges	2.7%	1,449,976	326,380	247,117	34,311	35,237	36,189	37,166	38,169	39,200	40,258
w	Restricted capital - other financing sources		9,000,000	85,000	-	-	-	-	-	-	-	-
x	Subtotal funding sources before reserve (increase) usage		30,265,078	20,923,177	21,340,379	21,169,504	21,239,782	21,309,193	21,448,676	21,469,452	21,549,871	21,680,128
y	Reserve (Increase) Usage (red) (Note 6)		(10,103,775)	7,090,848	1,273,584	7,346,276	2,244,530	5,712,458	6,361,037	1,028,937	3,756,899	3,381,408
z	**Total funding sources**		**$ 20,161,303**	**$ 28,014,025**	**$ 22,613,963**	**$ 28,515,780**	**$ 23,484,312**	**$ 27,021,651**	**$ 27,809,712**	**$ 22,498,389**	**$ 25,306,770**	**$ 25,061,536**

NOTES ON FORECAST:

Red: Indicates reserve usage. Brackets: Indicates reserve increases.

1. The purpose of the above section is to assign assumption values for expenditures and revenues except regional sewer charges to establish a 10-year pro-forma forecast
2. Annual increases per CalPERS most recent FY21 actuarial valuation dated Jul 2020 - Amortization Schedule and Alternatives
3. Funding from JPA agencies increases 3.5% per year for each year of the 5-year revenue plan
4. Capital fee calculated as residual of annual increase of prior year billed charges less amounts for subsequent year service charges and debt service
5. Debt issue for $9M in FY21
6. Use of reserves to balance capital except for years where debt proceeds are used
7. The above forecast is in the form of a balanced budget and is NOT FUNDING. FUNDING IS SHOWN BELOW IN SECTIONS I, II, and III
8. Beginning reserve balances for Section III are per the Treasurer's Report
9. Transfer operating surpluses to unrestricted capital reserve as necessary to maintain Board established 25% unrestricted operating reserve
10. Transfer unrestricted capital reserves to fully fund CIP Section II until depleted for forecast purposes
11. Capacity charges, the debt service coverage fee, the capital fee, and unrestricted capital reserve usage fund the capital program
12. Unrestricted operating reserve beginning balance contains amount per treasurer's report plus $500,000 emergency reserve

Return to TOC

CENTRAL MARIN SANITATION AGENCY
10-YEAR FINANCIAL FORECAST - Schedule 1

Line No.	Description	Assumption	Projected Actual FY21	Revenue Program Period Adopted Year 1 FY22	Adopted Year 2 FY23	Service Charges / Capital Fee - No Increases Forecast Year 3 FY24	Year 4 FY25	Year 5 FY26	Year 6 FY27	Year 7 FY28	Year 8 FY29	Year 9 FY30
	FUNDING FOR PROGRAMS - DETAIL											
	OPERATING PROGRAM											
1	Total operating costs before debt and capital		$ 11,777,197	$ 13,250,814	$ 13,703,784	$ 14,137,874	$ 14,587,931	$ 15,017,695	$ 15,456,481	$ 15,908,958	$ 16,375,589	$ 16,856,855
2	Service charges and other revenues		13,596,594	14,105,885	14,463,144	14,531,355	14,601,613	14,673,979	14,748,516	14,825,289	14,904,365	14,985,813
3	Total operating surplus (shortfall)		$ 1,819,397	$ 855,071	$ 759,360	$ 393,482	$ 13,682	$ (343,716)	$ (707,966)	$ (1,083,669)	$ (1,471,224)	$ (1,871,042)
	CAPITAL IMPROVEMENT PROGRAM											
4	**Total Annual CIP to Fund (10-Year CIP) (Inc debt financed proj)**		$ 4,410,900	$ 10,238,330	$ 4,388,148	$ 9,876,900	$ 4,396,100	$ 7,506,800	$ 7,804,900	$ 2,086,700	$ 4,428,200	$ 3,663,500
5	Restricted - other financing sources (e.g., bonds, loans, grants)		$ 870,608	$ 8,129,392	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	Restricted - Capacity charges		1,449,976	326,380	247,117	34,311	35,237	36,189	37,166	38,169	39,200	40,258
7	Restricted - Debt Service Coverage (i.e., covenant req)		991,833	993,302	1,131,220	1,130,508	1,125,252	1,125,070	1,124,289	1,137,083	1,125,683	1,125,745
8	Unrestricted - Capital Fee		1,098,483	749,811	977,580	977,580	977,580	977,580	977,580	977,580	977,580	977,580
9	Unrestricted - General Cap Rsv (Inc) Draw (step 2)		-	39,446	2,032,231	7,734,501	2,258,031	315,210	-	-	-	-
10	Total Available Funding		$ 4,410,900	$ 10,238,331	$ 4,388,148	$ 9,876,900	$ 4,396,100	$ 2,454,049	$ 2,139,035	$ 2,152,832	$ 2,142,463	$ 2,143,584
11	**Control Total / (Unfunded Capital)**	$ (14,458,137)	$ -	$ 1	$ 0	$ (0)	$ (0)	$ (5,052,751)	$ (5,665,865)	$ 66,132	$ (2,285,737)	$ (1,519,916)
	RESERVE RECONCILIATION											
12	**Restricted capital reserve balance - beg (Adj Annly to Act per Rsv Sched)**		$ 991,834	$ 9,122,695	$ 1,131,221	$ 1,130,509	$ 1,125,253	$ 1,125,071	$ 1,124,290	$ 1,137,084	$ 1,125,684	$ 1,125,746
13	Other financing sources balance - beg		-	8,129,392	-	-	-	-	-	-	-	-
14	New debt issuance proceeds		9,000,000	-	-	-	-	-	-	-	-	-
15	Project requisition draws (neg number) (use 1st, then reserve)		(870,608)	(8,129,392)	-	-	-	-	-	-	-	-
16	Other financing sources balance - end		8,129,392	-	-	-	-	-	-	-	-	-
17	Capacity charges revenue		1,449,976	326,380	247,117	34,311	35,237	36,189	37,166	38,169	39,200	40,258
18	Capacity charges usage for capital		(1,449,976)	(326,380)	(247,117)	(34,311)	(35,237)	(36,189)	(37,166)	(38,169)	(39,200)	(40,258)
19	Debt coverage collection - current year		993,302	1,131,220	1,130,508	1,125,252	1,125,070	1,124,289	1,137,083	1,125,683	1,125,745	1,135,295
20	Debt coverage usage - prior year (enter neg coll for prior year)		(991,833)	(993,302)	(1,131,220)	(1,130,508)	(1,125,252)	(1,125,070)	(1,124,289)	(1,137,083)	(1,125,683)	(1,125,745)
21	Net change		8,130,861	(7,991,473)	(713)	(5,256)	(181)	(781)	12,794	(11,400)	63	9,550
22	**Restricted capital reserve balance - end**		**$ 9,122,695**	**$ 1,131,221**	**$ 1,130,509**	**$ 1,125,253**	**$ 1,125,071**	**$ 1,124,290**	**$ 1,137,084**	**$ 1,125,684**	**$ 1,125,746**	**$ 1,135,296**
	Unrestricted capital reserve balance - beg (Adj Annly to Act per Rsv Sched)		$ 9,067,411	$ 10,961,676	$ 11,408,896	$ 10,022,783	$ 2,573,241	$ 315,210	$ -	$ -	$ -	$ -
23	Capital fee revenue		1,252,000	749,811	977,580	977,580	977,580	977,580	977,580	977,580	977,580	977,580
24	Unrestricted operating reserve transfer-in (step 1)		1,740,748	486,666	646,118	284,959	-	-	-	-	-	-
25	Capital fee usage to fund CIP (may be actual for yr 1 or neg cap fee rev)		(1,098,483)	(749,811)	(977,580)	(977,580)	(977,580)	(977,580)	(977,580)	(977,580)	(977,580)	(977,580)
26	Unrestricted capital reserve draw (enter CIP control total) (step 2)		-	(39,446)	(2,032,231)	(7,734,501)	(2,258,031)	(315,210)	-	-	-	-
27	Net change		1,894,265	447,220	(1,386,113)	(7,449,542)	(2,258,031)	(315,210)	-	-	-	-
28	**Unrestricted capital reserve balance - end**		**$ 10,961,676**	**$ 11,408,896**	**$ 10,022,783**	**$ 2,573,241**	**$ 315,210**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Unrestricted operating reserve balance - beg (Treas Report) (Note 12)		$ 2,865,650	$ 2,944,299	$ 3,312,704	$ 3,425,946	$ 3,534,468	$ 3,548,151	$ 3,204,434	$ 2,496,469	$ 1,412,800	$ (58,425)
29	Service charges and other revenues		13,596,594	14,105,885	14,463,144	14,531,355	14,601,613	14,673,979	14,748,516	14,825,289	14,904,365	14,985,813
30	Operating expenses		(11,777,197)	(13,250,814)	(13,703,784)	(14,137,874)	(14,587,931)	(15,017,695)	(15,456,481)	(15,908,958)	(16,375,589)	(16,856,855)
31	Unrestricted operating reserve transfer-out (excess or draw) (step 1)		(1,740,748)	(486,666)	(646,118)	(284,959)	-	-	-	-	-	-
32	Net change		78,649	368,405	113,242	108,523	13,682	(343,716)	(707,966)	(1,083,669)	(1,471,224)	(1,871,042)
33	**Unrestricted operating reserve balance - end**		**$ 2,944,299**	**$ 3,312,704**	**$ 3,425,946**	**$ 3,534,468**	**$ 3,548,151**	**$ 3,204,434**	**$ 2,496,469**	**$ 1,412,800**	**$ (58,425)**	**$ (1,929,466)**
34	**(25% of operating costs before debt and capital)**		25%	25%	25%	25%	24%	21%	16%	9%	0%	-11%
35	Net change		10,103,775	(7,175,848)	(1,273,584)	(7,346,276)	(2,244,530)	(659,708)	(695,172)	(1,095,069)	(1,471,162)	(1,861,492)
36	**Reserve balance total - beg**		**$ 11,534,481**	**$ 21,638,255**	**$ 14,462,407**	**$ 13,188,823**	**$ 5,842,547**	**$ 3,598,017**	**$ 2,938,310**	**$ 2,243,138**	**$ 1,148,069**	**$ (323,093)**
37	**Reserve balance total - end**		**$ 21,638,255**	**$ 14,462,407**	**$ 13,188,823**	**$ 5,842,547**	**$ 3,598,017**	**$ 2,938,310**	**$ 2,243,138**	**$ 1,148,069**	**$ (323,093)**	**$ (2,184,584)**

CENTRAL MARIN SANITATION AGENCY
10-YEAR FINANCIAL FORECAST - Schedule 2

Line No.	Description	Assumption	Projected Actual FY21	Revenue Program Period Adopted Year 1 FY22	Adopted Year 2 FY23	Service Charges / Capital Fee as Last Authorized Forecast Year 3 FY24	Year 4 FY25	Year 5 FY26	Year 6 FY27	Year 7 FY28	Year 8 FY29	Year 9 FY30
	ADOPTED ASSUMPTIONS **EDU CMSA**	**48,248**										
	Funding Requirements:											
a	Salaries and wages	3.0%	$ 5,876,502	$ 6,130,761	$ 6,340,747	$ 6,530,969	$ 6,726,898	$ 6,928,705	$ 7,136,567	$ 7,350,664	$ 7,571,184	$ 7,798,319
b	Retirement - CalPERS normal cost (Note 2)	Various	641,894	642,407	664,315	700,852	739,399	780,066	822,970	868,233	915,986	966,365
c	Retirement - CalPERS UAL (Note 2)	Various	831,045	1,002,478	1,111,278	1,176,584	1,246,318	1,283,830	1,318,030	1,353,167	1,389,271	1,426,370
d	All other employee benefits	3.0%	1,231,961	1,406,201	1,476,469	1,520,763	1,566,386	1,613,378	1,661,779	1,711,632	1,762,981	1,815,871
e	Chemicals and fuels	2.0%	1,047,591	1,313,142	1,279,151	1,304,734	1,330,829	1,357,445	1,384,594	1,412,286	1,440,532	1,469,342
f	Biosolids management	3.0%	322,886	404,286	418,435	430,988	443,918	457,235	470,952	485,081	499,633	514,622
g	Permit testing and monitoring	1.5%	176,184	174,340	176,784	179,436	182,127	184,859	187,632	190,447	193,303	196,203
h	Maintenance and repairs	2.0%	375,095	423,500	478,500	488,070	497,831	507,788	517,944	528,303	538,869	549,646
i	Utilities	3.5%	265,899	366,038	303,939	314,577	325,587	336,983	348,777	360,984	373,619	386,695
j	Insurance premiums	3.5%	378,091	448,895	510,069	527,921	546,399	565,523	585,316	605,802	627,005	648,950
k	General and administrative	2.0%	630,049	938,766	944,097	962,979	982,239	1,001,883	1,021,921	1,042,359	1,063,207	1,084,471
l	Operating before debt and capital		11,777,197	13,250,814	13,703,784	14,137,874	14,587,931	15,017,695	15,456,481	15,908,958	16,375,589	16,856,855
m	Debt service: actual plus estimated new debt		3,973,206	4,524,881	4,522,031	4,501,006	5,155,281	5,152,156	6,052,331	6,006,731	6,006,981	6,045,181
n	Operating before capital		15,750,403	17,775,695	18,225,815	18,638,880	19,743,212	20,169,851	21,508,812	21,915,689	22,382,570	22,902,036
o	Capital program		4,410,900	10,238,330	4,388,148	9,876,900	4,396,100	7,506,800	7,804,900	2,086,700	4,428,200	3,663,500
p	Total funding requirements		**$ 20,161,303**	**$ 28,014,025**	**$ 22,613,963**	**$ 28,515,780**	**$ 24,139,312**	**$ 27,676,651**	**$ 29,313,712**	**$ 24,002,389**	**$ 26,810,770**	**$ 26,565,536**
	Funding Sources: (Note 3)		3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
q	Unrestricted - Regional sewer service charges		$ 11,379,001	$ 11,777,219	$ 12,189,422	$ 12,616,051	$ 13,057,613	$ 13,514,630	$ 13,987,642	$ 14,477,209	$ 14,983,912	$ 15,508,348
r	Unrestricted - Capital fee (Note 4)		1,252,000	749,811	977,580	1,235,915	658,248	910,736	42,800	366,087	641,383	878,886
s	Unrestricted - All other revenues	3.0%	2,217,593	2,328,666	2,273,722	2,341,934	2,412,192	2,484,557	2,559,094	2,635,867	2,714,943	2,796,391
t	Restricted capital - Debt service charge (Note 5)		3,973,206	4,524,881	4,522,031	4,501,006	5,155,281	5,152,156	6,052,331	6,006,731	6,006,981	6,045,181
u	Restricted capital - Debt service coverage		993,302	1,131,220	1,130,508	1,125,252	1,288,820	1,288,039	1,513,083	1,501,683	1,501,745	1,511,295
v	Restricted capital - Capacity charges	2.7%	1,449,976	326,380	247,117	34,311	35,237	36,189	37,166	38,169	39,200	40,258
w	Restricted capital - other financing sources		9,000,000	85,000	-	10,000,000	-	13,000,000	-	-	-	-
x	Subtotal funding sources before reserve (increase) usage		30,265,078	20,923,177	21,340,379	31,854,469	22,607,391	36,386,307	24,192,116	25,025,747	25,888,163	26,780,361
y	Reserve (Increase) Usage (red) (Note 6)		(10,103,775)	7,090,848	1,273,584	(3,338,689)	1,531,921	(8,709,656)	5,121,597	(1,023,358)	922,607	(214,825)
z	**Total funding sources**		**$ 20,161,303**	**$ 28,014,025**	**$ 22,613,963**	**$ 28,515,780**	**$ 24,139,312**	**$ 27,676,651**	**$ 29,313,712**	**$ 24,002,389**	**$ 26,810,770**	**$ 26,565,536**

NOTES ON FORECAST:

Red: Indicates reserve usage. Brackets: Indicates reserve increases.

1. The purpose of the above section is to assign assumption values for expenditures and revenues except regional sewer charges to establish a 10-year pro-forma forecast
2. Annual increases per CalPERS most recent FY21 actuarial valuation dated Jul 2020 - Amortization Schedule and Alternatives
3. Funding from JPA agencies increases 3.5% per year for each year of the 5-year revenue plan
4. Capital fee calculated as residual of annual increase of prior year billed charges less amounts for subsequent year service charges and debt service
5. Debt issue for $9M in FY21 and assumed $10M in FY24 and $13M in FY26
6. Use of reserves to balance capital except for years where debt proceeds are used
7. The above forecast is in the form of a balanced budget and is NOT FUNDING. FUNDING IS SHOWN BELOW IN SECTIONS I, II, and III
8. Beginning reserve balances for Section III are per the Treasurer's Report
9. Transfer operating surpluses to unrestricted capital reserve as necessary to maintain Board established 25% unrestricted operating reserve
10. Transfer unrestricted capital reserves to fully fund CIP Section II until depleted for forecast purposes
11. Capacity charges, the debt service coverage fee, the capital fee, and unrestricted capital reserve usage fund the capital program
12. Unrestricted operating reserve beginning balance contains amount per treasurer's report plus $500,000 emergency reserve

CENTRAL MARIN SANITATION AGENCY
10-YEAR FINANCIAL FORECAST - Schedule 2

Line No.	Description	Assumption	Projected Actual FY21	Revenue Program Period Adopted Year 1 FY22	Adopted Year 2 FY23	Service Charges / Capital Fee as Last Authorized Forecast Year 3 FY24	Year 4 FY25	Year 5 FY26	Year 6 FY27	Year 7 FY28	Year 8 FY29	Year 9 FY30
	FUNDING FOR PROGRAMS - DETAIL											
	OPERATING PROGRAM											
1	Total operating costs before debt and capital		$ 11,777,197	$ 13,250,814	$ 13,703,784	$ 14,137,874	$ 14,587,931	$ 15,017,695	$ 15,456,481	$ 15,908,958	$ 16,375,589	$ 16,856,855
2	Service charges and other revenues		13,596,594	14,105,885	14,463,144	14,957,985	15,469,805	15,999,187	16,546,736	17,113,076	17,698,855	18,304,740
3	Total operating surplus (shortfall)		$ 1,819,397	$ 855,071	$ 759,360	$ 820,111	$ 881,874	$ 981,492	$ 1,090,254	$ 1,204,119	$ 1,323,266	$ 1,447,885
	CAPITAL IMPROVEMENT PROGRAM											
4	**Total Annual CIP to Fund (10-Year CIP) (Inc debt financed proj)**		$ 4,410,900	$ 10,238,330	$ 4,388,148	$ 9,876,900	$ 4,396,100	$ 7,506,800	$ 7,804,900	$ 2,086,700	$ 4,428,200	$ 3,663,500
5	Restricted - other financing sources (e.g., bonds, loans, grants)		$ 870,608	$ 8,129,392	$ -	$ 7,476,166	$ 2,523,834	$ 5,271,055	$ 6,436,895	$ 169,360	$ 1,122,690	$ -
6	Restricted - Capacity charges		1,449,976	326,380	247,117	34,311	35,237	36,189	37,166	38,169	39,200	40,258
7	Restricted - Debt Service Coverage (i.e., covenant req)		991,833	993,302	1,131,220	1,130,508	1,125,252	1,288,820	1,288,039	1,513,083	1,501,683	1,501,745
8	Unrestricted - Capital Fee		1,098,483	749,811	977,580	1,235,915	658,248	910,736	42,800	366,087	641,383	878,886
9	Unrestricted - General Cap Rsv (Inc) Draw (step 2)		-	39,446	2,032,231	-	53,529	-	-	-	1,123,245	1,242,610
10	Total Available Funding		$ 4,410,900	$ 10,238,331	$ 4,388,148	$ 9,876,900	$ 4,396,100	$ 7,506,800	$ 7,804,900	$ 2,086,700	$ 4,428,200	$ 3,663,500
11	**Control Total / (Unfunded Capital)**	$ 1	$ -	$ 1	$ 0	$ 0	$ (0)	$ 0	$ (0)	$ (0)	$ 0	$ 0
	RESERVE RECONCILIATION											
12	**Restricted capital reserve balance - beg (Adj Annly to Act per Rsv Sched)**		$ 991,834	$ 9,122,695	$ 1,131,221	$ 1,130,509	$ 3,649,087	$ 1,288,821	$ 9,016,985	$ 2,805,134	$ 2,624,374	$ 1,501,746
13	Other financing sources balance - beg		-	8,129,392	-	-	2,523,834	-	7,728,945	1,292,050	1,122,690	-
14	New debt issuance proceeds		9,000,000	-	-	10,000,000	-	13,000,000	-	-	-	-
15	Project requisition draws (neg number) (use 1st, then reserve)		(870,608)	(8,129,392)		(7,476,166)	(2,523,834)	(5,271,055)	(6,436,895)	(169,360)	(1,122,690)	
16	Other financing sources balance - end		8,129,392	-	-	2,523,834	-	7,728,945	1,292,050	1,122,690	-	-
17	Capacity charges revenue		1,449,976	326,380	247,117	34,311	35,237	36,189	37,166	38,169	39,200	40,258
18	Capacity charges usage for capital		(1,449,976)	(326,380)	(247,117)	(34,311)	(35,237)	(36,189)	(37,166)	(38,169)	(39,200)	(40,258)
19	Debt coverage collection - current year		993,302	1,131,220	1,130,508	1,125,252	1,288,820	1,288,039	1,513,083	1,501,683	1,501,745	1,511,295
20	Debt coverage usage - prior year (enter neg coll for prior year)		(991,833)	(993,302)	(1,131,220)	(1,130,508)	(1,125,252)	(1,288,820)	(1,288,039)	(1,513,083)	(1,501,683)	(1,501,745)
21	Net change		8,130,861	(7,991,473)	(713)	2,518,578	(2,360,265)	7,728,164	(6,211,851)	(180,760)	(1,122,628)	9,550
22	**Restricted capital reserve balance - end**		**$ 9,122,695**	**$ 1,131,221**	**$ 1,130,509**	**$ 3,649,087**	**$ 1,288,821**	**$ 9,016,985**	**$ 2,805,134**	**$ 2,624,374**	**$ 1,501,746**	**$ 1,511,296**
	Unrestricted capital reserve balance - beg (Adj Annly to Act per Rsv Sched)		$ 9,067,411	$ 10,961,676	$ 11,408,896	$ 10,022,783	$ 10,734,372	$ 11,450,202	$ 12,324,253	$ 13,304,811	$ 14,395,811	$ 14,479,173
23	Capital fee revenue		1,252,000	749,811	977,580	1,235,915	658,248	910,736	42,800	366,087	641,383	878,886
24	Unrestricted operating reserve transfer-in (step 1)		1,740,748	486,666	646,118	711,589	769,359	874,051	980,558	1,091,000	1,206,607	1,327,568
25	Capital fee usage to fund CIP (may be actual for yr 1 or neg cap fee rev)		(1,098,483)	(749,811)	(977,580)	(1,235,915)	(658,248)	(910,736)	(42,800)	(366,087)	(641,383)	(878,886)
26	Unrestricted capital reserve draw (enter CIP control total) (step 2)		-	(39,446)	(2,032,231)		(53,529)				(1,123,245)	(1,242,610)
27	Net change		1,894,265	447,220	(1,386,113)	711,589	715,830	874,051	980,558	1,091,000	83,362	84,958
28	**Unrestricted capital reserve balance - end**		**$ 10,961,676**	**$ 11,408,896**	**$ 10,022,783**	**$ 10,734,372**	**$ 11,450,202**	**$ 12,324,253**	**$ 13,304,811**	**$ 14,395,811**	**$ 14,479,173**	**$ 14,564,131**
	Unrestricted operating reserve balance - beg (Treas Report) (Note 12)		$ 2,865,650	$ 2,944,299	$ 3,312,704	$ 3,425,946	$ 3,534,468	$ 3,646,983	$ 3,754,424	$ 3,864,120	$ 3,977,239	$ 4,093,897
29	Service charges and other revenues		13,596,594	14,105,885	14,463,144	14,957,985	15,469,805	15,999,187	16,546,736	17,113,076	17,698,855	18,304,740
30	Operating expenses		(11,777,197)	(13,250,814)	(13,703,784)	(14,137,874)	(14,587,931)	(15,017,695)	(15,456,481)	(15,908,958)	(16,375,589)	(16,856,855)
31	Unrestricted operating reserve transfer-out (excess or draw) (step 1)		(1,740,748)	(486,666)	(646,118)	(711,589)	(769,359)	(874,051)	(980,558)	(1,091,000)	(1,206,607)	(1,327,568)
32	Net change		78,649	368,405	113,242	108,522	112,515	107,441	109,696	113,119	116,659	120,317
33	**Unrestricted operating reserve balance - end**		**$ 2,944,299**	**$ 3,312,704**	**$ 3,425,946**	**$ 3,534,468**	**$ 3,646,983**	**$ 3,754,424**	**$ 3,864,120**	**$ 3,977,239**	**$ 4,093,897**	**$ 4,214,214**
34	**(25% of operating costs before debt and capital)**		25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
35	Net change		10,103,775	(7,175,848)	(1,273,584)	3,338,689	(1,531,920)	8,709,656	(5,121,597)	1,023,359	(922,607)	214,825
36	**Reserve balance total - beg**		**$ 11,534,481**	**$ 21,638,255**	**$ 14,462,407**	**$ 13,188,823**	**$ 16,527,512**	**$ 14,995,592**	**$ 23,705,247**	**$ 18,583,650**	**$ 19,607,009**	**$ 18,684,402**
37	**Reserve balance total - end**		**$ 21,638,255**	**$ 14,462,407**	**$ 13,188,823**	**$ 16,527,512**	**$ 14,995,592**	**$ 23,705,247**	**$ 18,583,650**	**$ 19,607,009**	**$ 18,684,402**	**$ 18,899,227**

SECTION 10. DEBT OBLIGATIONS

Series 2015 Revenue Bonds

The Agency refunded its Series 2006 Revenue Bonds in April 2015 to become the Series 2015 Refunding Revenue Bonds with an average interest rate of 2.78%. The bonds are fully registered, with principal due annually on September 1, and interest payable semi-annually on March 1 and September 1. The refinancing transaction resulted in cost savings of over $15M for the remaining life of the bonds to maturity in FY32.

Series 2020 Revenue Bonds

The Agency issued new Series 2020 Revenue Bonds in November 2020 in the principal amount of $9,115,000 to further finance its capital improvement program. The bonds were issued at both premium and discount for certain tranches in the amounts of approximately $216,000 and $71,000, respectively, providing an effective interest rate of approximately 2%. The bonds are fully registered, with principal due annually on September 1, and interest payable semi-annually on March 1 and September 1. The bonds are callable any time after November 2030 with no call premium.

The table below displays the amount of outstanding debt service obligations through FY41.

Fiscal	Series 2015 Revenue Bonds			Series 2020 Revenue Bonds			
Year End	Principal	Interest	Total	Principal	Interest	Total	Totals
2022	$2,580,000	$1,386,006	$3,966,006	$375,000	$183,875	$558,875	$4,524,881
2023	2,685,000	1,280,706	3,965,706	380,000	176,325	556,325	4,522,031
2024	2,785,000	1,157,381	3,942,381	390,000	168,625	558,625	4,501,006
2025	2,930,000	1,014,506	3,944,506	395,000	160,775	555,775	4,500,281
2026	3,075,000	864,381	3,939,381	405,000	152,775	557,775	4,497,156
2027-31	17,595,000	2,252,405	19,847,405	2,155,000	637,675	2,792,675	22,640,080
2032-36	3,925,000	61,328	3,986,328	2,375,000	411,375	2,786,375	6,772,703
2037-41	-	-	-	2,640,000	149,806	2,789,806	2,789,806
	$35,575,000	$8,016,713	$43,591,713	$9,115,000	$2,041,231	$11,156,231	$54,747,944

Future Debt Issues

The Agency is planning two additional revenue bond issuances currently scheduled for FY24 and FY26 in the amounts of $10M and $13M, respectively. Proceeds of these issues will be used to further finance the Agency's current $56M CIP. The Agency is also exploring a possible pension obligation bond issuance in the amount of approximately $13M to fully fund its total pension obligation with CalPERS. The transaction would fund the current unfunded pension obligation with annual debt service payments estimated substantially lower than the current unfunded actuarial liability payments required by CalPERS.

Debt Service Payment Agreement

Under terms of a Debt Service Payment Agreement between CMSA and the JPA members, as well as the Master Indenture between CMSA and the Bond Trustee, each JPA member is obligated to pay its proportionate share of the semi-annual debt service payments, and a payment for debt service coverage equivalent to 25% of the annual debt service. The proportionate allocation of the debt service payment and coverage to each member is based upon average EDU counts over a ten-year period from the FY07 to the FY16 years reported for the JPA service area. This allocation method smooths out unit count fluctuations and promotes stable/predictable debt service costs to members.

Debt Limits

The Agency is an enterprise business activity supported by user fees with no revenues from taxes, and accordingly, is not subject to legal debt limitation.

Reserves

In accordance with the Agency's Financial Policy on Reserves, debt service coverage funds are restricted for capital project use with the limitation that the amount collected during each fiscal period cannot be expended in the same period. The annual budget appropriates funds from Restricted Capital Reserves to fund current year CIP activities. The FY22 Budget appropriates approximately $989K to be spent from the Restricted Capital Reserves for CIP activities. Because debt service obligations are collected from JPA members, the existing debt level has little impact on the Agency's current operations. Details for the Agency's FY22 CIP can be found in Section 8 – Capital Improvement Program.

The ten-year table below displays debt service payment and coverage collection since FY12:

Debt Service Charges per EDU

Fiscal Year	Debt Service Charges/EDU	Principal	Interest	25% Coverage Collected
Series 2015 Revenue Bonds				
2020-21	95.04	2,470,000	1,487,006	989,252
2019-20	95.29	2,395,000	1,572,331	991,833
2018-19	95.43	2,330,000	1,643,206	993,301
2017-18	95.16	2,250,000	1,711,906	990,477
2016-17	94.74	2,195,000	1,773,094	992,023
2015-16	87.10	2,095,000	1,564,224	914,806
Series 2006 Revenue Bonds				
2014-15	$110.75	$2,135,000	$2,517,501	$1,163,125
2013-14	111.69	2,040,000	2,616,539	1,164,135
2012-13	113.51	1,955,000	2,701,751	1,164,188
2011-12	106.08	1,880,000	2,775,914	1,163,979

SECTION 11. KEY TERMS AND FINANCIAL GLOSSARY WITH ACRONYM LISTING

- **ASSETS**: Anything of material and economic value or usefulness that is owned by the entity.
- **BAY AREA CLEAN WATER AGENCIES (BACWA)**: A joint powers agency formed under the California Government Code by the five largest wastewater treatment agencies that provide sanitary sewer services to the more than seven million people living in the nine county San Francisco Bay Area. CMSA is one of BACWA's 65 principal and associate members.
- **BAY AREA CHEMICAL CONSORTIUM (BACC)**: A cooperative group of over 50 public water and wastewater agencies in northern California whose primary purpose is to seek competitive bids from vendors to supply and deliver chemicals for water and/or wastewater treatment.
- **BAY AREA AIR QUALITY MANAGEMENT DISTRICT (BAAQMD)**: A government agency that regulates sources of air pollution within the nine San Francisco Bay Area Counties.
- **BOND PREMIUM**: A bond that is priced higher than its stated face (par) value.
- **CAPITAL ASSETS**: Includes Agency land, treatment plant, outfall, facilities, buildings, and equipment net of depreciation.
- **CAPITAL EXPENDITURE**: An expenditure of $5,000 or more that is used to purchase a capital asset with a useful life of one year or more, or an investment that improves the useful life of an existing asset.
- **CAPITAL IMPROVEMENT PROGRAM (CIP)**: A plan that describes and explains the Agency's capital and asset management projects, delineated by type of project and funding source, over ten fiscal years. The CIP is a planning document that provides the Agency with an opportunity to evaluate and assess its capital needs from financial, engineering, operational and planning perspectives.
- **CAPACITY CHARGE**: A one-time fee charged to all new users connecting to, and creating additional demand on, the sanitary and sewer treatment systems and is a funding mechanism by which the cost of the facilities to serve them are paid for. Government code requires capacity charges to fund capital projects.
- **COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM (CMMS)**: A software program that is used for inventory control, procurement management, fixed asset condition assessment, maintenance repair management, and asset reporting. The Agency uses a CMMS product called NEXGEN.
- **CONTRACT SERVICE REVENUES**: Services provided by the Agency under contract to other local agencies for pump station and collection system maintenance, the various source control programs, a new service to assure safe disposal of amalgam and mercury contaminants.
- **CURRENT AND OTHER ASSETS**: Assets that can easily be converted to cash or consumed within one year. Includes cash, investments, receivables, prepaid expenses, deposits with others (example: OPEB asset).
- **CURRENT LIABILITIES**: Payment obligations owed by the Agency within the next 12 months.
- **EQUIVALENT DWELLING UNIT (EDU)**: An EDU is one single-family residence.
- **ENTERPRISE FUND**: A government accounting fund that provides goods or services to the public for a fee that makes the entity self-supporting.
- **FLOW(S)**: The total incoming sewage flow(s) to CMSA from JPA member agencies measured in millions of gallons and collected for the previous April 1 to March 31. It is used to calculate the sewer service charge and allocate to each JPA member agency its respective portion of the sewer charge.
- **FOG:** Fats, Oils and Grease
- **FULL TIME EQUIVALENT (FTE)**: A position converted to a decimal equivalent of a full-time employee position.
- **HAULERS, PERMITS and INSPECTION REVENUE**: Fees and charges for use of Agency septage receiving facility, permit fees for commercial and industrial waste regulated commercial and industrial dischargers, reimbursement of Agency labor, and administrative costs for performing inspections and other services.

- **INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT**: Represents amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire the assets.
- **JOINT POWERS AGREEMENT (JPA)**: An agreement between two or more local government agencies to form a separate governmental entity distinct from the member governments. It authorizes the powers the JPA is allowed to exercise.
- **LIABILITIES**: What the Agency owes others.
- **MCSTOPP**: Marin County Stormwater Pollution Prevention Program
- **MEDICAL AFTER RETIREMENT ACCOUNT (MARA)**: An employer paid contribution to participating employee's MARA account. The accumulated funds, owned by the individual, can be spent on qualified medical expenses during retirement.
- **NET POSITION**: The difference between total assets and total liabilities.
- **NON-CURRENT LIABILITIES**: Payment obligations owed by the Agency more than 12 months in the future.
- **NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES)**: A federal permit that establishes the quality requirements of the Agency's treatment waters, and requires the Agency to manage and maintain pretreatment, pollution prevention, mercury reduction and public education programs.
- **OTHER NON-OPERATING REVENUE**: Includes CSRMA dividends, CalCARD prompt payment incentive rebates, settlement claims, the occasional sale of assets, SDI disability reimbursements, and other miscellaneous revenue sources.
- **OPEB**: Other post-employment benefits which are specifically medical benefits for retired employees.
- **POST-EMPLOYEMENT HEALTH PLAN (PEHP)**: An employer paid contribution to participating employee's PEHP account has replaced the MARA. The accumulated funds, owned by the individual, can be spent on qualified medical expenses during retirement.
- **PEPRA**: Public Employees' Pension Reform Act established a cap on the amount of compensation that can be used to calculate a retirement benefit for new public employees hired on or after January 1, 2013.
- **PROGRAM REVENUES**: The Agency is the lead coordinator for the Safety Director, Countywide Education, and Outside Safety Training programs. Costs incurred by CMSA are allocated to the districts that participate in the programs. The Agency invoices participating districts quarterly for Safety Director and Countywide Education expenditures in accordance with agreements with program participants.
- **RESTRICTED CASH**: Cash and investments not available for immediate use and set aside for specific, contractual purposes.
- **REVENUE BOND**: Debt obligation for which interest and principal payments are secured by the debt service portion of service charge revenues.
- **SANITARY DISTRICT No. 2 (SD#2):** SD#2 is a CMSA JPA member, and comprises the Town of Corte Madera and unincorporated properties on the Tiburon peninsula.
- **SERVICE CHARGE**: A fee for wastewater treatment service and payment of the revenue bond debt service.
- **UNRESTRICTED CASH**: Cash and investments available to use for operations and not tied to a specific expenditure or reserve.
- **WATER ENVIRONMENT FEDERATION (WEF):** A not-for-profit technical and educational organization of 36,000 individual members and 75 affiliated Member Associations representing water quality professionals around the world.

ACRONYM LISTING

ADC	Actuarial Determined Contribution
AM	Asset Management
AOWP	Adult Offender Work Program
BACC	Bay Area Chemical Consortium
BACWA	Bay Area Clean Water Agencies
BAPPG	Bay Area Pollution Prevention Group
BAAQMD	Bay Area Air Quality Management District
BOD	Biological Oxygen Demand
BOY	Beginning of Year
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees' Retirement System
CAMP	California Asset Management Program
CASA	California Association of Sanitation Agencies
CCI	Construction Cost Index and/or City Cost Index (ENR.com)
CIP	Capital Improvement Program
CMMS	Computerized Maintenance Management System
CMSA	Central Marin Sanitation Agency
COLA	Cost of Living Adjustment
CoM	County of Marin
CPI	Consumer Price Index
CSRMA	California Sanitation Risk Management Authority
CUPA	Certified Unified Program Agencies
CWEA	California Water Environment Association
DAFs	Dissolved Air Flotation Thickeners
EDU	Equivalent Dwelling Unit
EE	Employee
ELAP	Environmental Laboratory Approval Program
ENR	Engineering News-Record
ER	Employer
F2E	Food-to-Energy
FOG	Fats, Oils, and Grease program (see Contract Service Revenues)
FTE	Full Time Equivalent
FW	Food Waste
FY	Fiscal Year
GASB	Government Accounting Standards Board
GFOA	Government Finance Officers Association
G&A	General & Administrative
IW	Industrial Waste
JPA	Joint Powers of Authority
LAIF	Local Agency Investment Fund (see Interest Income)
LARK	City of Larkspur
LGVSD	Las Gallinas Sanitary District (see Contract Service Revenues)
MARA	Medical After Retirement Account
MSS	Marin Sanitary Service
NACWA	National Association of Clean Water Agencies
NBWA	North Bay Watershed Association
NPDES	National Pollutant Discharge Elimination System
OPEB	Other Post-Employment Benefits (retiree medical benefits)
OWRF	Organic Waste Receiving Facility
PAFR	Popular Annual Financial Report

PEHP	Post-Employment Health Plan (employee benefit)
RVSD	Ross Valley Sanitary District, JPA Member
SD #2	Sanitary District #2, JPA Member
SDI	State Disability Insurance
SP	Strategic Plan
SQSP	San Quentin State Prison
SQV	San Quentin Village
SQVSMD	San Quentin Village Sewage Maintenance District
SRSD	San Rafael Sanitation District, JPA Member
SSC	Sewer Service Charge
SWRCB	State Water Resources Control Board
TCSD	Tamalpais Community Services District (see Contract Service Revenues)
TOC	Table of Contents
TSS	Total Suspended Solids
USA	Underground Service Alert
WAS	Waste Activated Sludge

Appendix

CENTRAL MARIN SANITATION AGENCY

Adopted Budget for FY22 & FY23

SCHEDULE OF REVENUE ALLOCATION TABLES

Description	Adopted FY21	Adopted FY22	Adopted FY23
Flow-Strength Allocation Table (for service charges and capital fee)	36M Flow 36M Strength	36M Flow 36M Strength	36M Flow 36M Strength
SRSD	42.25%	44.52%	44.52%
RVSD	49.30%	47.62%	47.62%
SD #2	8.45%	7.86%	7.86%
Totals	100.00%	100.00%	100.00%
Allocation of Service Charges to Members	$ 11,379,000	$ 11,777,219	$ 12,189,422
SRSD	4,807,628	5,243,218	5,426,731
RVSD	5,609,847	5,608,312	5,804,603
SD #2	961,526	925,689	958,089
Totals	$ 11,379,000	$ 11,777,219	$ 12,189,422
Allocation of Capital Fee to Members	$ 1,252,000	$ 749,811	$ 977,580
SRSD	528,970	333,816	435,219
RVSD	617,236	357,060	465,524
SD #2	105,794	58,935	76,838
Totals	$ 1,252,000	$ 749,811	$ 977,580
Debt Service Cost - Revenue Bonds Series 2015 and 2020			
Service charges-debt service principal	$ 2,470,000	$ 2,955,000	$ 3,065,000
Service charges-debt service interest	1,487,006	1,569,881	1,457,031
Subtotal debt service	3,957,006	4,524,881	4,522,031
Service charges-debt service coverage	989,252	1,131,220	1,130,508
Total debt service cost	$ 4,946,258	$ 5,656,101	$ 5,652,539
EDU Count (for debt service allocation)			
SRSD (Effective FY18 fixed at 19,545)	19,545	19,545	19,545
RVSD (Effective FY18 fixed at 22,404)	22,404	22,404	22,404
SD #2 (Effective FY18 fixed at 6,090)	6,090	6,090	6,090
SQSP (Effective FY18 fixed at 4,005)	4,005	4,005	4,005
Total EDU's	52,044	52,044	52,044
Allocation of Debt Service Costs to Members			
SRSD	$ 1,857,555	$ 2,145,805	$ 2,144,355
RVSD	2,129,274	2,459,688	2,458,027
SD #2	578,793	668,608	668,157
SQSP	380,635	382,000	382,000
Totals	$ 4,946,258	$ 5,656,101	$ 5,652,539
Total debt service charge per EDU - SRSD, RVSD, SD2	$ 95.04	$ 109.79	$ 109.71
Total debt service charge per EDU - SQSP **	$ -	$ 95.38	$ 95.38
Total billed charges to JPA members	17,577,258	18,183,131	18,819,541

** does not include 2020 revenue bonds

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CENTRAL MARIN SANITATION AGENCY
FY22 & FY23 Adopted Budget
Initial Allocation Service Charges using Flow and Strength (without SQSP)

I. Allocation of treatment costs by Flow and Strength

A. Flow volume	50.6%
B. Biological Oxygen Demand mass (BOD, Strength)	24.7%
C. Total Suspended Solids mass (TSS, Strength)	24.7%
Total Distribution	**100.0%**

A. Annual (April to March) Flows volume into CMSA in million gallons

	SRSD	RVSD	SD #2	Total CMSA Plant Influent Flow
April 1, 2018 to March 31, 2019	1,807.98	2,299.56	438.86	4,546.40
April 1, 2019 to March 31, 2020	1,480.12	1,923.57	400.86	3,804.55
April 1, 2020 to March 31, 2021 (Initial allocation)	1,334.37	1,592.48	344.64	3,271.49
Total 36 month Flow	**4,622.47**	**5,815.61**	**1,184.36**	**11,622.44**
% of Flow	**39.77%**	**50.04%**	**10.19%**	**100.0%**

B. Annual (April to March) Mass of Biological Oxygen Demand (BOD) in pounds

	SRSD	RVSD	SD #2	Total CMSA Plant Influent BOD
April 1, 2018 to March 31, 2019	4,743,449	4,438,157	599,208	9,780,814
April 1, 2019 to March 31, 2020	4,698,037	4,903,805	525,205	10,127,047
April 1, 2020 to March 31, 2021 (Initial allocation)	4,905,691	4,639,850	483,868	10,029,409
Total 36 month BOD	**14,347,177**	**13,981,812**	**1,608,281**	**29,937,270**
% of Total BOD	**47.92%**	**46.70%**	**5.37%**	**100.0%**

C. Annual (April to March) Mass of Total Suspended Solids (TSS) in pounds

	SRSD	RVSD	SD #2	Total CMSA Plant Influent TSS
April 1, 2018 to March 31, 2019	6,114,054	4,991,101	862,434	11,967,589
April 1, 2019 to March 31, 2020	5,844,502	5,813,416	631,754	12,289,672
April 1, 2020 to March 31, 2021 (Initial allocation)	7,138,092	5,581,641	585,644	13,305,377
Total 36 month TSS	**19,096,648**	**16,386,158**	**2,079,832**	**37,562,638**
% of Total TSS	**50.84%**	**43.62%**	**5.54%**	**100.0%**

II. Allocation of Sewer Service Charges to JPA Members

This is determined by multiplying the allocation of treatment costs by volume and strength (Section I) by each member's share of the flow (Section A), BOD (Section B) and TSS (Section C). The final allocation will change fourth quarter FY22 using strength and flow reported for April 1, 2021 to March 31, 2022.

	SRSD	RVSD	SD #2	Total Allocation
Initial Allocation for the FY22 & FY23 Budget	**44.52%**	**47.62%**	**7.86%**	**100.00%**

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CENTRAL MARIN SANITATION AGENCY
FY22 & FY23 Adopted Budget
Initial Allocation of Service Charges using Flow and Strength (with SQSP)

I. Allocation of treatment costs by Flow and Strength	
A. Flow volume	50.6%
B. Biological Oxygen Demand mass (BOD, Strength)	24.7%
C. Total Suspended Solids mass (TSS, Strength)	24.7%
Total Distribution	**100.0%**

A. Annual (April to March) Flows volume into CMSA in million gallons

	SRSD	RVSD	SD #2	SQSP	Total CMSA Plant Influent Flow
April 1, 2018 to March 31, 2019	1,807.98	2,299.56	438.86	192.18	4,738.58
April 1, 2019 to March 31, 2020	1,480.12	1,923.57	400.86	174.72	3,979.27
April 1, 2020 to March 31, 2021 (Initial)	1,334.37	1,592.48	344.64	180.54	3,452.03
Total 36 month Flow	**4,622.47**	**5,815.61**	**1,184.36**	**547.44**	**12,169.88**
% of Flow	**37.98%**	**47.79%**	**9.73%**	**4.50%**	**100.0%**

B. Annual (April to March) Mass of Biological Oxygen Demand (BOD) in pounds

	SRSD	RVSD	SD #2	SQSP	Total CMSA Plant Influent BOD
April 1, 2018 to March 31, 2019	4,743,449	4,438,157	599,208	376,680	10,157,494
April 1, 2019 to March 31, 2020	4,698,037	4,903,805	525,205	381,608	10,508,655
April 1, 2020 to March 31, 2021 (Initial)	4,905,691	4,639,850	483,868	360,164	10,389,573
Total 36 month BOD	**14,347,177**	**13,981,812**	**1,608,281**	**1,118,452**	**31,055,722**
% of Total BOD	**46.20%**	**45.02%**	**5.18%**	**3.60%**	**100.0%**

C. Annual (April to March) Mass of Total Suspended Solids (TSS) in pounds

	SRSD	RVSD	SD #2	SQSP	Total CMSA Plant Influent TSS
April 1, 2018 to March 31, 2019	6,114,054	4,991,101	862,434	514,072	12,481,661
April 1, 2019 to March 31, 2020	5,844,502	5,813,416	631,754	515,623	12,805,295
April 1, 2020 to March 31, 2021 (Initial)	7,138,092	5,581,641	585,644	422,700	13,728,077
Total 36 month TSS	**19,096,648**	**16,386,158**	**2,079,832**	**1,452,395**	**39,015,033**
% of Total TSS	**48.95%**	**42.00%**	**5.33%**	**3.72%**	**100.0%**

II. Allocation of Flow and Strength to JPA Members and SQSP
This is determined by multiplying the allocation of treatment costs by volume and
and strength (Section I) by each member's share of the flow (Section A), BOD (B) and TSS (C)

	SRSD	RVSD	SD #2	SQSP	Total Allocation
FY22 & FY23 Budget	**42.72%**	**45.68%**	**7.52%**	**4.08%**	**100.00%**

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CENTRAL MARIN SANITATION AGENCY
Schedule of Equivalent Dwelling Units (EDU) and Cost per EDU

Status	Fiscal Year	SRSD	RVSD	Larkspur	SD #2	JPA Members	SQSP	Total EDU Count	Change
Actual	FY12	19,409	18,835	3,079	5,955	47,278	3,247	50,525	(4,342)
Actual	FY13	19,482	19,511	2,997	6,116	48,106	4,005	52,111	1,586
Actual	FY14	19,703	19,498	2,949	6,006	48,156	4,005	52,161	50
Actual	FY15	19,643	19,666	2,982	6,216	48,507	4,005	52,512	351
Actual	FY16	19,555	19,700	3,019	6,076	48,350	4,005	52,355	(157)
Actual	FY17	19,332	19,298	3,039	6,055	47,724	4,005	51,729	(626)
Actual	FY18	19,565	19,448	3,060	6,008	48,081	4,005	52,086	357
Actual	FY19	19,716	19,345	3,066	6,152	48,279	4,005	52,284	198
Actual	FY20	19,609	22,248	See note	6,245	48,102	4,005	52,107	(178)
Actual	FY21	19,674	22,422		6,152	48,248	4,005	52,253	147
Estimate	FY22 & FY23	19,674	22,422		6,152	48,248	4,005	52,253	0

The EDU table above shows reported EDUs for each fiscal year. The total EDU count for JPA members is used to establish the operating revenue EDU rate. The debt service EDU count was fixed effective FY18 for debt service allocation purposes. The combined operating and debt service EDU rates are used to establish the annual waste facilities use charge each July 1st.

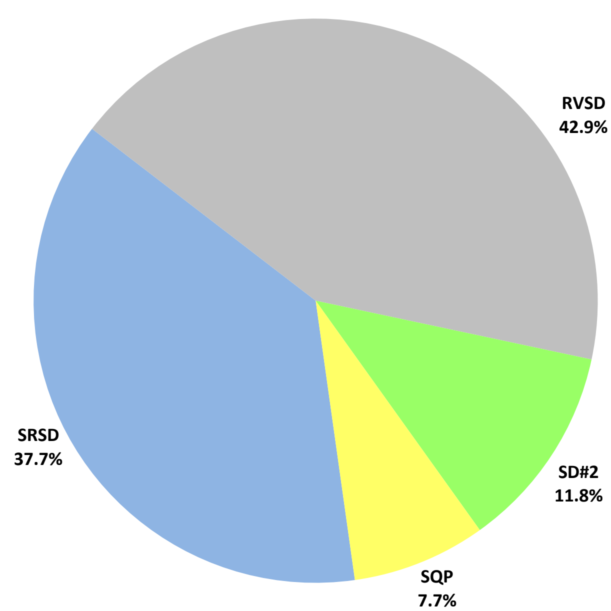
Note: In January 2020, the city of Larkspur withdrew from the JPA.

	FY22 Adopted	FY23 Adopted
Service Charges & Capital Fee	$ 12,527,030	$ 13,167,002
EDU Count	48,248	48,248
Operating EDU Rate	$ 259.64	$ 272.90
Debt Service	$ 4,946,257	$ 5,652,539
Fixed EDU Count	52,044	52,044
Debt Service EDU Rate	$ 95.04	$ 108.61
TOTAL COMBINED EDU RATE*	$ 354.68	$ 381.51

* The combined EDU rate for FY23 will be revised when final FY22 EDU counts are reported to the Agency in 2022

FY22 & FY23 Budget	SRSD	RVSD	SD#2	SQSP	TOTAL
Total EDU	**19,674**	**22,422**	**6,152**	**4,005**	**52,253**
% of Total	**37.7%**	**42.9%**	**11.8%**	**7.7%**	**100.0%**

EDU's by Member Agencies and San Quentin Prison as a Percentage of Total EDU's for FY22 & FY23



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CENTRAL MARIN SANITATION AGENCY
COUNTYWIDE EDUCATION PROGRAM OPERATING BUDGET WORKSHEET
FOR THE TWO-YEAR BUDGET FY22 AND FY23

Program Costs	FY20	FY21	Adopted FY22	Adopted FY23
Event Enrollment (Booth costs and event support)	$ 4,000	$ 4,000	$ 4,000	$ 4,120
Juggler Show (20 shows per year annual cost)	12,000	10,000	10,000	$ 10,300
RxSafe Marin	-	14,000		$ -
Fast Forward/Kidspeak Publication (110,000 copies)	4,000	4,000	4,000	$ 4,120
Logo Development (new logo every other year)	-	2,000	2,000	$ 2,060
Awards (6 plaques - purchase plaques local and state)	600	-		$ -
Meeting Expenses (copies, demo promo/brochure items)	500	500		$ -
SAV-R-BAY website redesign and maintenance	5,000	5,300	14,000	$ 600
Educational Video reproduction/updating	-	-	-	$ -
Booth Set Up Supplies (numerous events throughout year)	1,000	1,000	1,000	$ 1,030
Booth Technology equipment	-	2,000	2,000	$ 2,060
Brochures (printing/updates/ development)	3,000	3,000	3,000	$ 3,090
Public Education Video Outreach (Comcast)	-	-	18,000	$ 18,540
Promotional Items	12,000	24,000	12,000	$ 12,360
STRAW - Students and Teachers Restoring A Watershed	1,000	1,000	-	1,000
High School Cu, Hg watershed Audit	1,000	1,000	-	2,000
Marin Science & Environmental Leadership Program at Terra Linda HS	2,500	2,500	2,500	2,500
Contingency	5,000	-	-	-
Totals	$ 51,600	$ 74,300	$ 72,500	$ 63,780

		Program Cost Allocation to Participating Members — Annual Total Program Costs (excludes 15% overhead)				Member Revenue to CMSA (Cost Plus 15% Program Management Fee)		
Agency	Percent Share	FY20	FY21	**FY22**	**FY23**	FY20	FY22	FY23
CMSA	40.6%	$ 20,950	$ 30,166	**$ 29,435**	**$ 25,895**			
LGVSD	13.2%	6,811	9,808	**9,570**	**8,419**	$ 7,833	$ 11,006	$ 9,682
NSD	24.8%	12,797	18,426	**17,980**	**15,817**	14,716	20,677	18,190
SASM	11.6%	5,986	8,619	**8,410**	**7,398**	6,883	9,672	8,508
SMCSD	6.8%	3,509	5,052	**4,930**	**4,337**	4,035	5,670	4,988
SD5	3.0%	1,548	2,229	**2,175**	**1,913**	1,780	2,501	2,200
Members	59.4%	30,650	44,134	**43,065**	**37,885**	35,248	49,525	43,568
Totals	100.0%	$ 51,600	$ 74,300	**$ 72,500**	**$ 63,780**	$ 35,248	$ 49,525	$ 43,568

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CENTRAL MARIN SANITATION AGENCY
OPEB FUNDING PLAN SCHEDULE

Annual Status as Estimated or Actual	Fiscal Year	Balance @ BOY	Net ADC Contribution	Subtotal	Interest @ 6.75%	Est Retiree Medical Cost	Balance @ EOY	Est Retiree Medical Cost Growth @ 4.0%
Estimated	2019-20	$ 2,600,000	$ 43,000	$ 2,643,000	$ 178,403	$ -	$ 2,821,403	210,997
Estimated	2020-21	2,821,403	43,000	2,864,403	193,347	-	3,057,750	219,437
Estimated	2021-22	3,057,750	43,000	3,100,750	209,301	-	3,310,050	228,214
Estimated	2022-23	3,310,050	43,000	3,353,050	226,331	-	3,579,381	237,343
Estimated	2023-24	3,579,381	43,000	3,622,381	244,511	-	3,866,892	246,837
Estimated	2024-25	3,866,892		3,866,892	261,015	256,710	3,871,197	256,710
Estimated	2025-26	3,871,197		3,871,197	261,306	266,979	3,865,524	266,979
Estimated	2026-27	3,865,524		3,865,524	260,923	277,658	3,848,789	277,658
Estimated	2027-28	3,848,789		3,848,789	259,793	288,764	3,819,819	288,764
Estimated	2028-29	3,819,819		3,819,819	257,838	300,315	3,777,342	300,315
Estimated	2029-30	3,777,342		3,777,342	254,971	312,327	3,719,986	312,327
Estimated	2030-31	3,719,986		3,719,986	251,099	324,820	3,646,264	324,820
Estimated	2031-32	3,646,264		3,646,264	246,123	337,813	3,554,574	337,813
Estimated	2032-33	3,554,574		3,554,574	239,934	351,326	3,443,182	351,326
Estimated	2033-34	3,443,182		3,443,182	232,415	365,379	3,310,219	365,379
Estimated	2034-35	3,310,219		3,310,219	223,440	379,994	3,153,665	379,994
Estimated	2035-36	3,153,665		3,153,665	212,872	395,193	2,971,344	395,193
Estimated	2036-37	2,971,344		2,971,344	200,566	411,001	2,760,908	411,001
Estimated	2037-38	2,760,908		2,760,908	186,361	427,441	2,519,828	427,441
Estimated	2038-39	2,519,828		2,519,828	170,088	444,539	2,245,378	444,539

Note 1: The obligation for tier 1 OPEB benefits will fully roll off in approximately 20 years leaving an ongoing obligation for tier 2 benefits only. Future amounts for this schedule are estimated while actual amounts are entered as of the close of each year.
Note 2: Existing retirees rates drop approximately 60% at age 65
Note 3: New retirees pay full single-person premium for 10 yrs from age 55 to age 65
Note 4: Per actuary, benefits will tail off in 20 years
Note 5: CMSA has approximately $2.6M OPEB funding as of 2/28/19 in the PERS CERBT account. The total OPEB obligation is approximately $5.2M as of the Jan 1, 2018 actuarial report. Assuming a $43K annual funding payment for 5 years and a 6.75% rate of return, CMSA will fund the plan to approximately $3.9M in five years and then begin making payments from the plan through year 20 that will leave a balance estimated at $2.2M to bring the balance down to its tier 2 long run obligation.

Central Marin Sanitation Agency

Financial Policies Manual

Adopted by the CMSA Board of Commissioners on October 13, 2020

Investment Policy #531 Approved March 9 and April 14, 2021

Central Marin Sanitation Agency

FINANCIAL POLICIES MANUAL

TABLE OF CONTENTS

CY #:	**501**
SECTION:	**FINANCIAL – FINANCIAL POLICIES**
SUBJECT:	**Policy Framework**
DATE:	**10/13/2020**

PURPOSE

Financial policies are key components of sound fiscal management and direct proactive steps toward effectively managing and conducting financial operations. This policy's framework provides guidance and direction for developing and maintaining financial policies. The development of these policies aligns with the Agency's Value statement, "CMSA values sound financial practices to safeguard the Agency's assets."

The CMSA Financial Policy Manual guides the Board of Commissioners, General Manager, and Agency staff (i.e., all stakeholders) in shaping financial decisions and actions. These policies give directions for making informed choices regarding important aspects of high quality public services, and on effectively handling and safeguarding financial and physical assets. They define, promote, control, and ensure participation by each stakeholder on their roles, responsibilities, and relationships with respect to financial matters and administration.

POLICIES VS. PROCEDURES

Financial policies provide concise and comprehensive direction from the Board with respect to the proper actions to take in managing and conducting the Agency's financial affairs. Each policy is organized to provide succinct, explicit, and current direction to designated stakeholders. These policies are linked to and complement financial procedures. Procedures are separately detailed with specific directions and steps for implementing the policies. Generally, policies tend to be less specific than procedures. Policies should pass the test of time, while procedures, keeping with the intent of the policies, may change more frequently to adapt to changes in operational needs, regulations, and technology. Financial procedures are maintained by the Finance/Administration Department.

POLICY FRAMEWORK

Agency staff shall develop, and the Board shall approve, financial policies that promote accountability, stability, and continuity. The policy development process also encourages active participation by specific stakeholders who have a vested interest in the Agency's financial planning, management, and operations.

Financial policies shall be actionable and shall set controls to be used for prudent financial decision-making, and shall standardize financial operations by defining roles and responsibilities. They shall define and outline appropriate financial management and behavior. In their intent, they shall promote and incorporate long-term perspectives and strategic thinking by framing overall operational policies, goals, and objectives. They shall establish links to these broad organizational goals and objectives, while focusing on fiscal results and outcomes for the Agency.

Agency staff shall periodically bring the financial policies to the Board for review and consideration of making recommended changes.

All Agency employees may be subject to disciplinary actions under Personnel Policy, *Progressive Discipline* for violation of any financial policies.

POLICY #:	**502**
SECTION:	**FINANCIAL – INTERNAL CONTROLS**
SUBJECT:	**Internal Controls and Fraud Prevention**
DATE:	**10/13/2020**

POLICY

The Agency shall maintain a system of internal controls to safeguard assets, to properly manage assets, and to ensure reliable data.

PROCEDURES

This policy provides direction on managing the Agency's internal accounting methods and practices and to prevent fraudulent activities and misuse of Agency funds in accordance with California Government Code Section 6500, et seq.

I. Internal Controls

Agency staff shall establish and maintain procedures, documents and systems of internal control to safeguard financial assets, to manage financial assets in an accountable, secure, efficient, and effective manner, and prevent or detect errors thereby to ensure accurate financial data. The Administrative Services Manager shall be responsible for this function.

II. Internal Accounting Practices

Agency staff shall perform internal accounting practices in accordance with *Generally Accepted Accounting Principles (GAAP)* for government agencies, including applicable *Financial Accounting Standards Board (FASB)* pronouncements, and all relevant *Governmental Accounting Standards Board (GASB)* pronouncements.

Agency staff shall ensure that:

A. Each employee understands his/her role, responsibility, and accountability when conducting financial transactions for the Agency;

B. All transactions are properly authorized;

C. All accounting records and documentation are properly maintained;

D. Access to both assets and records are effectively controlled; and

E. General ledger accounts are periodically reviewed for their reasonableness, and updated annually for the validity and accuracy of the underlying items they represent.

If any of these practices are found to be improperly implemented or maintained, Agency staff shall take immediate remedial action to improve and/or change the practice.

III. Internal Review and Recommendations

The Agency's executive team shall perform a periodic review of all financial policies, procedures, and practices. As appropriate, the General Manager shall make policy change recommendations to the Board of Commissioners for its review and approval, and/or direct Agency staff to make appropriate procedural changes.

IV. Public Fiduciary Liability

The General Manager shall recommend, for Board review and approval, methods for reducing and mitigating risks, when they become known, associated with potential public fiduciary liabilities such as claims made against the Agency for any alleged wrongful fiduciary act and/or breach of fiduciary duties for which the Agency might be responsible. The General Manager shall consult with the California Sanitation Risk Management Authority and other respected resources to make recommendations regarding the procurement of public official bonds, fiduciary liability insurance, and establishing other mechanisms for reducing and mitigating such risks.

V. Audits

Internal control and financial audits shall be performed annually by an independent firm of certified public accountants and coordinated by the Administrative Services Manager in accordance with *Generally Accepted Auditing Standards*, the Agency's Joint Powers Agreement, and applicable State laws. The Administrative Services Manager shall incorporate the financial audit results into the financial section of the Comprehensive Annual Finance Report (CAFR). Agency staff shall implement auditor recommendations for improved internal controls. The Board shall annually review and approve the audits and accept the CAFR.

In addition, based on the recommendation of the General Manager from an evaluative process, the Board shall periodically review and approve the selection of the independent auditor to perform the annual financial audit. The Agency shall not use the same auditing firm for more than six consecutive years.

VI. Segregation of Duties

In implementing this policy and related procedures, Agency staff shall segregate financial transaction roles, responsibilities, and duties to the extent possible to safeguard assets against the risk of loss, mishandling, misuse, and fraud.

VII. Operating Fund Account

The Board shall approve the selection of a federally insured banking institution that would be entrusted to securely handle and transact, at Agency staff direction, any funds deposited in the Agency's Operating Fund Account. The General Manager shall periodically recommend to the Board the selection through an evaluative process of a new banking institution due to changes in current banking institution performance, banking market conditions, or for other benefits or advantages to the Agency. The evaluation shall include, but is not limited to, qualifications associated with banking services provided, fees charged, and financial and administrative benefits for the Agency. The Administrative Services Manager shall maintain a set of procedures to manage the daily and routine operations of the account and its cash balances.

VIII. Authorized Check Signers

Agency staff shall require that all checks disbursed from the Agency's operating account have two signatures and be for valid, documented, and approved expenses of the Agency. Authorized check signers shall review checks for reasonableness before signing. At no time or occasion shall blank checks be signed. The Board shall designate authorized check signers who may include the General Manager, Board members and alternates, and Agency staff. For internal control purposes, the Administrative Services Manager will not sign Agency checks. The General Manager shall seek Board authorization to update authorized check signers whenever a previously designated check signer is no longer affiliated with the Agency.

IX. Wire Transfers and ACH Payments

The Agency utilizes an operating account and several investment accounts to properly manage its funds. The General Manager, Administrative Services Manager, and Agency staff appointed by the General Manager shall be authorized to transfer funds between these accounts. Agency staff shall accept wire transfer payments to its operating account for services rendered after review and approval by the Administrative Services Manager. Wire transfers and ACH payments from the operating account require authentication and approval by the Administrative Services or General Manager before making such payments.

X. Vault Security

Agency staff shall store vital Agency financial and administrative records, all cash, blank check stock, processed and voided checks, and spare door keys and access cards in the vault, which is a fire-resistant locked closet located in the front office area of the Administration building. The General Manager shall designate which Administration and Finance staff shall be given possession of the key to the vault.

XI. Payments to Agency and Bank Deposits

Agency staff shall deposit in the bank all payments to the Agency on a weekly basis based on appropriate financial procedures. Deposit of cash receipts shall be performed by designated staff and verified by the appropriate finance staff. Prior to the time in which the receipts are processed for bank deposit, Agency staff shall store checks and cash in the Agency vault.

XII. Petty Cash

Agency staff shall securely maintain petty cash funds for small cash transaction purposes. Disbursements from petty cash shall be pursuant to the *Purchasing policy,* and associated procedures. At no time or occasion shall checks be cashed out of petty cash currency, or petty cash funds borrowed for any purpose. Agency staff shall keep petty cash in a locked box in the Agency vault and replenish it at least monthly.

XIII. RV Disposal Receipts

Agency staff shall securely maintain funds to conduct payment transactions for Recreational Vehicle (RV) customers utilizing the Agency facilities to discharge wastewater. RV cash receipts will be reconciled to the sales/money receipts book monthly or at the same time as petty cash replenishment. RV cash collections must agree with RV receipts given. RV cash held is used to replenish petty cash to avoid issuing a check for petty cash replenishment. A reconciliation worksheet documents and records the transaction activity. At no time or occasion shall checks be cashed out or funds borrowed from held currency. Agency staff shall keep these RV funds in the Agency vault.

POLICY #:	**503**
SECTION:	**FINANCIAL – INTERNAL CONTROLS**
SUBJECT:	**Ethics**
DATE:	**10/13/2020**

POLICY

The Agency shall follow ethical standards in its financial matters to avoid inappropriate practices that could occur in both fact and appearance.

PROCEDURES

The Board of Commissioners, General Manager, and Agency staff shall serve as stewards of the public's resources, trust, and confidence, and thus shall be held to the high standards of ethical fiscal conduct in the public's interest as opposed to personal interests.

I. General

The Board shall establish and maintain financial policies for standards of ethical responsibility. Commissioners and Agency staff should understand that improper financial and contractual activities could damage the reputation of, and confidence in, the Agency and its employees, and could result in serious adverse financial and legal consequences for the Agency.

Each Board member and Agency staff shall conduct their official business dealings in practice and appearance according to ethical fiscal standards, regulatory requirements, and the public trust. Agency staff shall develop and implement methods and controls for preventing, avoiding, and reducing potential ethical fiscal improprieties, conflicts, and fraudulent behavior, and to ensure procedures and structures are in place to properly implement this policy. The General Manager, as necessary, will periodically schedule appropriate ethics training for Commissioners and designated Agency staff as required by the California Government Code.

II. Violation of this Policy and Related Financial Policies

The General Manager or designee shall investigate any allegation and/or observation of improprieties that would violate this policy and other financial policies. If a violation is determined to have occurred, the General Manager shall handle the matter under the Agency's Personnel Policies, which may result in disciplinary action.

III. Reporting Unethical and Fraudulent Behavior

Agency staff shall report any observation in practice or appearance of a violation of the Agency's financial policies and procedures, including this policy, to their supervisor or the General Manager, who will investigate the matter. A verbal or written report will be considered a personnel matter and will be handled with strict confidentiality under the Agency's Personnel Policies. If the suspect employee is the General Manager, Agency staff have a responsibility to contact the Chairperson of the Board of Commissioners.

IV. Whistleblower Provision

Agency staff who report unethical or fraudulent behavior are protected by the provisions in the California Government Code Sections 8547-8547.12, Article 3, known as the "California Whistleblower Protection Act."

V. Use of Public Funds

Agency staff shall make expenditures of Agency funds only after the transaction has been properly reviewed, approved, and authorized as established by *Internal Controls*, *Expenditure Management*, *Financial Planning*, *Procurement Management*, and *Asset Management* policies, and related procedures. Agency staff shall only receive funds for authorized and approved Agency activities as established by *Internal Controls*, *Revenue Management*, and *Financial Planning* policies, and related procedures. Agency staff shall not spend or receive public funds for any "public purposes" they choose; all funds of the Agency shall be utilized solely for Board adopted purposes (California Government Code section 8314).

Agency staff shall be prohibited from the practice and appearance of potentially fraudulent activities that could involve, and are not limited to, the following activities: borrowing Agency funds, accounting or recordkeeping that results in borrowing schemes, contract or bid rigging, pilfering or petty theft, unapproved reimbursement of funds, unauthorized disposal or taking possession of surplus or unused Agency property and supplies, double accounting or making double payments, false claims, payroll and benefit fraud, and false programming or hacking of electronic and automated financial systems and transactions.

Each Board member shall comply with Agency Board of Commissioners' *Reimbursement Policy for Travel/Expenses for Agency Officials*.

VI. Conflict of Interest

Government Code section 87300 requires every state and local government agency to adopt a Conflict of Interest Code to prohibit and prevent financial conflicts of interest. In addition to this *Ethics* policy, the Board has also adopted a Personnel Policy that addresses conflicts of interest.

Commissioners and Agency staff shall not make, participate in making, or in any way attempt to use their official positions to influence an Agency decision in which they know or have reason to know that they have a financial interest (California Government Code section 87100, et seq.). In addition, Commissioners and Agency staff shall not be financially interested in contracts they approve on behalf of the Agency. Commissioners and Agency staff shall avoid contractual improprieties that could occur both in practice and appearance (California Government Code section 1090, et seq.).

Commissioners and Agency staff shall not engage in any employment or enterprise for compensation that is inconsistent, incompatible, or in conflict with their official duties and responsibilities associated with the Agency (California Government Code section 1126). Each Commissioner and designated Agency staff, as stated in the Agency's Conflict of Interest Code, shall file *Form 700: Statement of Economic Interests* with the Marin County Office of Elections. The General Manager shall make the statements available for public inspection and reproduction (California Government Code section 81008).

VII. Bribery and Extortion

Federal and California law both prohibit bribery and extortion of or involving public officials and employees. Commissioners and Agency staff shall not ask, receive, or agree to receive a bribe, and shall not demand or extort money in return for the performance of their official duties. A bribe involves asking for, giving, receiving, and accepting anything of value for gaining present or prospective advantage, performance, and/or influence in any affairs of the Agency (California Penal Code sections 7(6) and 68).

VIII. Extra Compensation

Commissioners and Agency staff shall explicitly uphold the California Constitution, Article XI, section 10 that prohibits "*extra compensation*":

> *"…A local government body may not grant extra compensation or extra allowance to a public officer, public employee, or contractor after service has been rendered or a contract has been entered into and performed in whole or in part, or pay a claim under an agreement made without authority of law."*

IX. Gifts to Employees and Officials

Commissioners and Agency staff shall explicitly follow the California Political Reform Act (Government Code sections 86203, 89503, and 89506) that set forth the rules and provisions that must be followed by public employees and officials related to the receipt of gifts. These state laws limit the value of gifts that may be accepted by the Board and Agency employees. These government codes cover a broad subject area regarding gifts including, but not limited to, the maximum amount of gifts that public employees and officials may receive (amounts are set by the California Fair Political Practices Commission), lobbyist limitations, special rules for gifts of travel, exceptions to the gift limitations, and other regulations regarding gifts. See website www.fppc.ca.gov for more information.

X. Honoraria Ban

Commissioners and Agency staff shall explicitly follow California Government Code 89502, which prohibits public officials from accepting honoraria. Honoraria is defined as any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

XI. Gifts of Public Funds

Commissioners and Agency staff shall explicitly uphold California Constitution, Article XVI, section 6 that prohibits public agencies from making gifts of public funds:

> *"… shall have no power… to make any gift or authorize the making of any gift of any public money or thing of value to any individual, municipal or other corporation whatever the purpose…"*

XII. Receiving Private Donated Funds

The Board shall receive donated funds and/or property of value from private individuals, corporations, and organizations on behalf of the Agency when such funds or property are directly related to the mission, public purpose, and operations of the Agency. The Board shall not receive such donations in exchange for compensation, services, and/or any item of value that would benefit the donator in fact, practice, or appearance, other than those derived from tax-exempt donations prescribed in federal and state tax laws. The General Manager shall review, approve, and accept items of de minimus value on behalf of the Agency. The Board shall review and consider accepting all other donations.

POLICY #:	**510**
SECTION:	**FINANCIAL – FINANCIAL REPORTING**
SUBJECT:	**General**
DATE:	**10/13/2020**

POLICY

The Agency shall prepare Comprehensive and Popular Annual Financial Reports for submittal to the Government Finance Officers Association (GFOA), and prepare various other financial, payroll, and debt reports.

PROCEDURES

I. Comprehensive and Popular Annual Financial Reports

The Comprehensive Annual Financial Report (CAFR) shall be prepared in accordance with *Generally Accepted Accounting Principles (GAAP)* for government agencies and relevant Governmental Accounting Standards Board (GASB) statements. It shall be produced in three sections: introductory, financial, and statistical. The financial section shall include the Agency's audited financial report that was prepared by an independent firm of certified public accountants in accordance with *Generally Accepted Auditing Standards* (GAAS) and is required by the California Government Code, Section 6505.

The Agency will also prepare a Popular Annual Financial Report (PAFR) as a companion to the CAFR. The CAFR and PAFR will be submitted to the GFOA for evaluation and consideration of the Certificate of Achievement for Excellence in Financial Reporting and the Award for Outstanding Achievement in Popular Annual Financial Reporting, respectively.

The Board of Commissioners shall review and accept the CAFR and PAFR by no earlier than the date of the auditor's opinion letter to the Agency, and no later than December 31 of the fiscal year end for which the report is prepared.

II. External Filings and Reporting

Agency staff shall comply with the required external filings and reports as listed in the table below.

Report Category/Report	Frequency
Financial Reporting:	
CAFR with audited financial statements	Annual
PAFR	Annual
Forms W2 (Federal) / W3 (Federal) / DE 7 (State)	Annual
State Controller's Government Compensation of California Report	Annual
State Controller's Special Districts Financial Transactions Report	Annual

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Report Category/Report	Frequency
Payroll Reporting:	
Federal and State Tax Withholding Deposits	Bi-weekly
Forms 941 (Federal) / DE 6 (State)	Quarterly
Debt Reporting: (see *Continuing Disclosure Procedures for Agency-Issued Debt)*	
Audited Financial Statements from CMSA and each JPA member agency required by the Municipal Rulemaking Securities Board (MSRB) to file electronically through the Electronic Municipal Market Access (EMMA)	Annual
Disclosures to bondholders and other interested parties required by the MSRB and filed through EMMA	Annual or Event Driven
Other Reporting:	
Diesel fuel taxes (State)	Annual
Forms 1099 (Federal) / 1096 (Federal)	Annual

III. Board Member Compensation Report

At the beginning of each fiscal year, Agency staff will prepare a Board member compensation report and place it on the governing Board page of the Agency website. The report will show the amount of meeting stipends and travel expenses for each Board member for the prior fiscal year.

POLICY#:	**511**
SECTION:	**FINANCIAL – FINANCIAL REPORTING**
SUBJECT:	**Continuing Disclosure Procedures for Agency Issued Debt**
DATE:	**10/13/2020**

POLICY

The Agency shall comply with all debt-related continuing disclosure requirements by supplying certain financial information to credit rating agencies and other interested parties.

PROCEDURES

Each debt issued by the Central Marin Sanitation Agency (Agency) will have its own specific set of Continuing Disclosure Undertakings. This policy ensures that the Agency satisfies all debt-related disclosure requirements and identifies the responsible Agency staff.

The continuing disclosure procedures ("Continuing Disclosure Procedures" or "Procedures") of the Agency, presented below, are intended to (a) ensure that the Agency's Continuing Disclosure Documents (as defined below) are accurate and comply with all applicable federal and state securities laws, and (b) promote best practices regarding the preparation of the Agency's Continuing Disclosure Documents.

I. Definitions

"Continuing Disclosure Documents" means any documents filed with the Municipal Securities Rulemaking Board ("MSRB") pursuant to Continuing Disclosure Undertakings or otherwise, including: (a) annual continuing disclosure reports filed with the MSRB and (b) event notices and any other filings with the MSRB.

"Continuing Disclosure Undertakings" means any continuing disclosure agreements or certificates entered into by the Agency in order to assist an underwriter for the Agency's bonds or other evidences of indebtedness in complying with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

"Official Statements" means preliminary and final official statements, private placement memoranda and remarketing memoranda relating to the Agency's securities, together with any supplements, for which a continuing disclosure obligation is required.

II. Disclosure Coordinator

A. *Appointment*. The Administrative Services Manager shall serve as the Disclosure Coordinator for the Agency. The Administrative Services Manager, with the approval of the General Manager, may designate another member of the Agency staff to serve as the Disclosure Coordinator.

B. *Responsibilities*. The Disclosure Coordinator is responsible for:

1) Preparing and filing the Continuing Disclosure Documents, to the extent such filings are not prepared and filed by the Disclosure Consultant. The

Disclosure Consultant may be the Agency's Bond Counsel, Financial Advisor, or Trustee.

2) In anticipation of preparing Continuing Disclosure Documents, soliciting audited financial statements from CMSA's JPA member agencies and other "material" information (as defined in Securities and Exchange Rule 10b-5) from Agency departments.

3) Following up with others, including management of outside consultants assisting the Agency (if any), in the preparation and dissemination of Continuing Disclosure Documents to make sure that assigned tasks have been completed on a timely basis and making sure that the filings are made on a timely basis and are accurate.

4) Ensuring the timely filing of the Agency's Continuing Disclosure Undertakings with the MSRB by the Disclosure Coordinator, Consultant, or other party.

5) Serving as a "point person" for personnel to communicate issues or information that should be or may need to be included in any Continuing Disclosure Document.

6) Monitoring compliance by the Agency with these Continuing Disclosure Procedures, including timely dissemination of the annual report and event filings as described in the Agency's Continuing Disclosure Undertakings.

7) Recommending changes to these Continuing Disclosure Procedures to the General Manager as necessary or appropriate.

8) Maintaining records documenting the Agency's compliance with these Continuing Disclosure Procedures.

9) Reviewing compliance with and providing appropriate certifications in connection with the various covenants in bond documents, such as maintenance of revenues and coverage tests. The Disclosure Coordinator shall review the bond documents to determine which covenants require an annual or regular certification and maintain a list.

III. Continuing Disclosure Filings

A. <u>Overview of Continuing Disclosure Filings</u>

Under the Continuing Disclosure Undertakings, the Agency is required to file annual reports for the Agency and each JPA member agency with the MSRB's Electronic Municipal Market Access ("EMMA") system in accordance with such agreements in each year. Such annual reports are required to include certain updated financial and operating information (or may refer to a publicly-available document), which varies among the different obligations issued by the Agency, and the Agency's audited financial statements.

The Agency is also required under the continuing disclosure undertakings to file notices of certain events with EMMA, such as adverse events.

B. Annual Reports

The Disclosure Coordinator shall ensure that the preparation of the Agency's annual reports shall commence as required under each specific continuing disclosure obligation. Before the Agency's annual report is submitted to EMMA, the Disclosure Coordinator shall verify its content and accuracy. This is done through the annual audit process and preparation for the GFOA Certificate of Achievement Award. Prior to each filing, the Disclosure Coordinator will discuss any questions or concerns regarding the annual report with the General Manager and outside consultants as described in III. D. below.

C. Event Filings

If the Disclosure Coordinator, General Manager, or Administrative Services Manager becomes aware of any of the material events listed in any of the Continuing Disclosure Undertakings, such person shall notify the others and discuss the event to determine whether a filing is required or is otherwise desirable. The Disclosure Coordinator may contact outside consultants with any questions as described in III. D. *Uncertainty,* below.

D. Uncertainty

The Disclosure Coordinator may, after consultation with the General Manager and Administrative Services Manager, direct questions regarding this policy or disclosure to the disclosure counsel, bond counsel, Agency counsel, or such other counsel or consultant he/she deems appropriate.

IV. Document Retention

The Disclosure Coordinator shall be responsible for retaining records demonstrating compliance with these Continuing Disclosure Procedures. The Disclosure Coordinator shall retain an electronic or paper file ("Disclosure File") for each continuing disclosure annual report that the Agency completes. Each Disclosure File shall include final versions of Continuing Disclosure Documents; written confirmations, certifications, letters and legal opinions described herein; and copies of these Continuing Disclosure Procedures and a list of individuals to whom they have been distributed and the dates of such distributions. The Disclosure File shall be maintained by the Agency for a period of a minimum of five years from the later of the date of delivery of the securities referenced in the Continuing Disclosure Document, or the date the Continuing Disclosure Document is published, posted, or otherwise made publicly available, as applicable.

V. Education

The General Manager and the Administrative Services Manager shall ensure that the Disclosure Coordinator is properly trained to understand and perform his/her responsibilities. Such training may include training sessions conducted by consultants with expertise in municipal securities disclosure, attendance at conferences, or other appropriate methods identified by the General Manager or the Administrative Services Manager such as review of past practice.

VI. Amendments

Any provision of these Continuing Disclosure Procedures may be waived or amended at any time by written confirmation of the General Manager upon consultation with the Administrative Services Manager, as the changes meet the disclosure requirements set forth in the debt issue covenants.

POLICY #:	**520**
SECTION:	**FINANCIAL – REVENUE MANAGEMENT**
SUBJECT:	**General**
DATE:	**10/13/2020**

POLICY

The Board shall establish a multi-year revenue program to fund its operating, debt service, and capital improvement program needs.

PURPOSE

To provide staff direction on the management of the Agency's revenues with respect to its organizational budget, strategic plan, and Board direction.

REVENUE SOURCES

CMSA's service charges are established by the Board of Commissioners based on the Agency's total funding requirements. These requirements take into account the Agency's operational and capital expenses, other revenue sources, the use and level of reserve cash, debt service requirements, and long-term financial forecasts, among other considerations.

I. Service Charges (Regional Charge)

The majority of Agency revenues are from Regional Service Charges collected from its JPA member agencies and contract revenues for wastewater services provided to San Quentin State Prison. In accordance with the JPA, the Board can base these charges on the number of equivalent dwelling units (EDUs), measured flow volume, or measured flow volume and wastewater quality (strength).

EDUs are determined by each member agency for each residential, commercial, and industrial property in its service area. A residential EDU is an estimation of an average wastewater flow discharged from one single-family household.

Each member agency provides the total EDU count for its service area to CMSA.

Collection agency flows are continuously measured by flow meters and recorded by the CMSA process control system, and can be totalized for any period of time. Flow measurements from existing flow meters on influent forcemains are used to quantify each collection agency's influent volumes. Flows are continuously measured for San Rafael Sanitation District, the Ross Valley interceptor, Sanitary District No. 2 of Marin County, and San Quentin State Prison, and are calculated for Ross Valley Sanitary District.

II. All Other Revenues

Other Agency revenues consist of capacity charges, contract service revenues, investment interest income, environmental compliance permit and inspection fees, septic hauler disposal fees, organic waste tipping fees, program expense reimbursements to CMSA, and miscellaneous charges for other services.

PROCEDURES

I. Service Charges

Service charges shall be billed to the member agencies at the beginning of each quarter, set at one-fourth of the annual budgeted amount. A service charge adjustment will be made with the fourth quarter invoice to reflect any changes between the service charge allocation amounts used to develop the budget and the actual amounts for each member agency, as described in each allocation procedure below.

The Board and its Finance Committee will review the Regional Charge allocations during the development of the Agency's budget. The budgeted service charge amount will be set to equal the net revenue needed to fund the Agency's annual operations and the current and future capital improvement program activities. Net revenue is defined to be total Agency budgeted revenues less estimated revenues for contract services, program services, interest income, fees from haulers, permits and inspections, and other operating revenues. Budgeted service charge revenues do not include revenues for debt service and capacity charges.

A. Service Charge Allocation using Equivalent Dwelling Units (EDU)

Member agency service charge payments to CMSA may be based on each member's previous year's actual EDU count that is reported to CMSA. The Board shall set the exact EDU rate for the Agency's service charge during the budget development process for the upcoming fiscal year(s).

During the development of the budget, CMSA will use the prior year's reported actual EDU count to develop the revenue budget. By March 15, the member agencies report their actual count of EDUs to CMSA for that fiscal year. Member agencies will provide supporting documentation to substantiate their reported counts. These documents must include:

1) Reports from the Marin County Auditor-Controller that summarize the number of EDU (sanitary units) that each district has placed on the property tax roll.
2) Listing of EDUs for governmental or other entities that each district bills directly for sewer services charges. Typically, these are entities that are not on the County's property tax rolls.
3) Any variances between the reported actual EDU and the sum of EDU count from items 1 and 2. These could be EDU adjustments that the district granted to its ratepayers after the EDUs were placed on the property tax rolls.

Staff will analyze the EDU count and supporting information received from each member agency and consult with each as appropriate. In the event complete EDU information is not available, staff will seek Board direction on how to calculate the fourth quarter invoices.

Once Agency staff has verified the reported actual EDU counts in the supporting documents, Finance staff will reconcile the EDU counts used in the budget with the actual reported EDU counts, and invoice each Member Agency accordingly.

B. Service Charge Allocation using Flow Volumes

The Board will establish the measurement period for using flow volumes to determine the service charge allocation. The minimum measurement period will be 12 months and longer periods will be in 12-month increments.

1) Allocation of Regional Charges by Flow Volume

Once the upcoming revenue budget has been developed, Finance staff prepares an allocation of the service charges based on the prior flow volumes in 12-month increments. Each satellite collection agency's allocation for the upcoming fiscal year will be included in the draft and adopted Agency budgets.

Percentage allocations are based only on volumetric flow measurements as recorded by CMSA flow meter data. The allocations are determined using the equations below:

$$Volume_{Total} = Volume_{SRSD} + Volume_{SD1} + Volume_{SD2}$$

$$\%\ Allocation_{Agency} = \frac{Volume_{Agency}}{Volume_{Total}}$$

$$Regional\ Charge\ Allocation_{Agency} = \%\ Allocation_{Agency}\ x\ CMSA\ Net\ Revenue_{Total}$$

2) Collection of Regional Charge

Once the Agency's budget has been adopted, the Agency will invoice each satellite collection agency for its respective portion of the regional charge on a quarterly basis starting on July 1 of each fiscal year. Each quarterly invoice will represent one-fourth of the allocated annual regional charge.

Prior to the issuance of the fourth quarterly invoice, the Administrative Services Manager (ASM) will recalculate the current fiscal year's regional charge allocation based on the flow volumes for the most current April 1 to March 31 measurement period. The adjustment between the budgeted and current regional charge allocation will be reflected on the invoice for the fourth quarter.

C. Service Charge Allocation using Volume/Quality (Flow/Strength)

1) <u>Calculation of annual volume of the wastewater generated from each satellite collection entity.</u>

   Each April, the Technical Services (TS) staff will provide Finance staff with the annual volume of wastewater generated from each satellite collection entity for the previous April 1 to March 31 periods.

2) <u>Calculation of annual wastewater quality (strength) from each satellite collection entity</u>.

   Quality is defined as the amount (lbs.) of Total Suspended Solids (TSS) and Biological Oxygen Demand (BOD) in a collection agency's wastewater transported to CMSA. Quality samples will be periodically collected and analyzed in the CMSA laboratory. Each April, the TS department will provide Finance staff with the wastewater quality information for each member agency and San Quentin.

3) <u>Allocation of regional charges by flow volume and strength.</u>

   Once the upcoming revenue budget has been developed, the Finance staff will prepare an allocation of the regional charges based on the selected April 1 to March 31 time period. Each member agency and San Quentin's allocation for the upcoming fiscal year will be included in the draft and adopted Agency budgets.

   The Agency's Annual Net Revenues will be assigned to flow, BOD and TSS based on the allocations developed in 2013 Bartle Wells Updated Allocations for Regional Charge Report: Flow – 50.6%, BOD – 24.7%, and TSS – 24.7%

   Using the percentage allocations listed above and influent flow and quality data, unit costs (i.e., $/1,000 gallons of flow, $/lb of BOD and $/lb of TSS) are then used to allocate CMSA's Regional Charge to each collection agency based on its respective flow, BOD, and TSS costs, using the following equations:

$$Net\ Revenue_{Total} = Revenue_{Flow} + Revenue_{BOD} + Revenue_{TSS}$$

$$Unit\ Cost_{Flow} = \frac{Revenue_{Flow}}{Total\ Gallons}$$

$$Unit\ Cost_{BOD} = \frac{Revenue_{BOD}}{Total\ Pounds\ BOD}$$

$$Unit\ Cost_{TSS} = \frac{Revenue_{TSS}}{Total\ Pounds\ TSS}$$

$$Regional\ Charge\ Allocation_{Agency} = Unit\ Cost_{Flow}\ x\ Flow_{Agency} + Unit\ Cost_{BOD}\ x\ BOD_{Agency} + Unit\ Cost\ x\ TSS_{Agency}$$

4) <u>Collection of regional charge.</u>

Once the Agency's budget has been adopted, the Agency will invoice each member agency for its respective portion of the regional charge on a quarterly basis starting on July 1 of each fiscal year. Each quarterly invoice will represent one-fourth of the allocated annual regional charge.

Prior to the issuance of the fourth quarterly invoice, Finance staff will recalculate the current fiscal year's regional charge allocation based on the flow volumes and quality for the most current April 1 to March 31 period. The adjustment between the budgeted and current regional charge allocation will be reflected on the invoice for the fourth quarter.

II. Debt Service Charge

Per the Payment Agreements for Treatment Services (debt service agreements) between CMSA and the member agencies, each member agency's proportional EDU share of the debt service shall be billed and collected semi-annually during each fiscal year. The payment shall be based on the EDU counts referenced in the Memorandum of Understanding, dated September 21, 2016, that uses the 10-year average fixed EDU counts per member for debt service cost allocation purposes. Each Member Agency's semi-annual payment share shall be calculated to include the actual debt service amount and bond coverage requirements. An adjustment will be made in the subsequent fiscal year's debt service payment for the recalculation of the prior year's debt service payment based on the actual EDU count information.

III. Capacity Charge

A one-time capacity charge shall be collected by the appropriate member agency for an initial connection to the wastewater collection system or additional fixture units on existing connections in the CMSA service area. This charge shall be set by the Board by ordinance. Each member agency shall collect both the CMSA capacity charge and the member agency's connection fee. After collection, the member agency shall remit the capacity charge portion to CMSA.

The number of connections that occur each fiscal year is unpredictable because connections vary due to new construction or other activities that would trigger a connection fee. The Board shall approve through the budget process and Agency staff shall account for use of capacity charges to fund capital projects per California Government Code Section 66006.

Adjustments to capacity charges shall also be calculated for change of use of an existing wastewater connection and/or additional fixture units added. Changes in use or additional fixture units may change the strength or flow of wastewater discharge. These calculation changes are made by the member agency collecting and remitting said charges to CMSA.

IV. Permit and Inspection Fees

The Board shall set by ordinance specific fees that Agency staff will collect for services related to environmental, public health, and regulatory responsibilities under the Agency's jurisdiction--see the *Fee Ordinance*. When setting a fee, the timeframe in which the fee is valid shall be set and the fee will be calculated to recover the full cost of the services as described below under V. *Fees for Service*.

V. Fees for Service

Fees charged to outside agencies for Agency provided services under contract shall be based on mutually agreed-to terms, under which the Agency recovers the full cost of providing such services. The principles of cost accounting shall apply for recovery of direct materials, direct labor, and administrative overhead. Labor charges shall be recovered using the weighted labor rate that includes the cost of salaries and benefits. Contract revenues shall be billed pursuant to the terms in each specific agreement.

VI. Accounts Receivable

According to *Generally Accepted Accounting Principles* (GAAP), Agency staff shall record a receivable for sewer service charges, capacity charges, permit and inspection fees, and other fees for service when the revenue is due to the Agency. The Finance department will conduct a monthly reconciliation of accounts receivable and identify outstanding payments due to CMSA. Accounts receivable shall be accrued to the proper accounting period based upon the date the services were performed.

Return to TOC

POLICY #:	**521**
SECTION:	**FINANCIAL – REVENUE MANAGEMENT**
SUBJECT:	**Agency Service Contracts**
DATE:	**10/13/2020**

POLICY

All Agency service contracts shall sufficiently recover the full cost of providing such service.

PROCEDURES

The General Manager will receive all written requests from public entities for CMSA services and will ask the appropriate department manager to conduct a feasibility review for the provision of the requested services. The General Manager will then determine if the Agency has the resources, staff expertise, and capacity to provide the services being requested. The Agency will recover the full costs for all services provided, including staff compensation, benefits, and administrative overhead. If a mutually beneficial contract is feasible, a draft proposal will be brought to the Board of Commissioners for review, discussion, and consideration of authorization to negotiate an agreement with the public entity requesting CMSA's services.

The General Manager will present the negotiated agreement to the CMSA Board for consideration. Once approved by the Board, the agreement will be executed by CMSA after the designated official of the entity requesting CMSA services has executed the agreement.

POLICY #:	**530**
SECTION:	**FINANCIAL – TREASURY**
SUBJECT:	**General**
DATE:	**10/13/2020**

POLICY

The Board shall appoint a Treasurer to oversee the management and reporting of financial assets in accordance with Agency policy and California law.

PROCEDURES

This policy provides direction for managing the Agency's treasury and investments, and to ensure fiduciary responsibility and prudent review, planning, and approval of treasury transactions.

I. Treasurer Appointment

Based on the General Manager's recommendation, the Board of Commissioners shall appoint a Treasurer to manage, secure, control, account, audit, report, and develop effective procedures for controlling and handling financial assets and investments to the benefit of the Agency in accordance with the CMSA Joint Exercise of Powers Agreement and Government Code 6505.5, et seq.

II. Treasurer Report

Agency staff shall prepare monthly Treasurer's Reports containing summary information for each operating account in use by the Agency. The reports shall contain information with respect to Agency cash receipts, cash disbursements, and account balances. The reports shall also include an Operating Account Disbursement Register Report that lists and describes all operating account cash disbursements during the reporting month. The Board shall review and accept the Treasurer's Report.

III. Schedule of Investments

Agency staff shall prepare a monthly Schedule of Investments report containing a summary of the Agency's investment accounts activity including each individual investment. An attachment to the Schedule of Investments is a Capital Reserves Schedule that reflects monthly and cumulative activity and ending balances for each of the capital reserve types, restricted and unrestricted capital reserves. The Board shall review and approve the Schedules of Investments and Capital Reserves Schedules.

IV. Bank Reconciliation

Agency staff shall perform a monthly reconciliation of the Agency's operating bank account, investment accounts, and bond fund accounts. The Agency staff person preparing the accounts payable shall not perform the bank reconciliation.

POLICY #:	**531**
SECTION:	**FINANCIAL – TREASURY**
SUBJECT:	**Investments**
DATE:	**03/09/2021 and Reporting Section Revision on 04/13/2021**

POLICY

Every spring, the General Manager and Treasurer shall submit to the Board of Commissioners this *Investments* policy, where the Board shall review any changes in the policy and approve it at a public meeting.

PURPOSE

This policy provides guidelines for prudent investment of the Agency's cash. This policy covers all funds and investment activities under the direction of the Agency in accordance with California Government Code Sections 53600, et seq.

OBJECTIVES

The Agency shall design and manage investments with a high degree of professionalism worthy of the public trust. The primary objectives, in order of priority of the Agency's investment activities, shall be:

I. Safety

Safety of principal is the foremost objective. All investments of the Agency shall be made in a manner that seeks to ensure preservation of capital.

II. Liquidity

The investment portfolio shall remain sufficiently liquid to enable the Agency to meet any cash flow requirements which might be reasonably anticipated.

III. Yield

Investment return becomes a consideration only after the basic measurements of safety and liquidity have been met.

PRUDENCE

The Agency shall follow Section 53600.3 of the California Government Code that identifies as trustees those entities, i.e. California Asset Management Program (CAMP) and Local Agency Investment Fund (LAIF), authorized to make investment decisions on behalf of a local agency. Trustees are fiduciaries and are therefore subject to the prudent investor standard when making investment decisions on behalf of the Agency. Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency.

DELEGATION OF AUTHORITY

The Board of Commissioners shall delegate authority to invest the Agency's funds for a one-year period to the Treasurer, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. Subject to review, the Board may renew the delegation of authority each year. No person may engage in an investment transaction except as provided under the limits of this policy.

The Treasurer may delegate day-to-day investment decision-making and execution authority to an Investment Advisor. The Advisor shall follow this policy and such other written instructions as are provided.

The Treasurer and the delegated staff acting in accordance with this policy and associated procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

INTERNAL CONTROLS

The Treasurer shall establish a system of controls to regulate the activities of internal staff and any external investment advisors, and be responsible for all transactions undertaken by these persons. No person may engage in an investment transaction except as provided under the terms of this policy, other Treasury and Internal Controls policies, and the associated procedures established by the Treasurer and General Manager.

ETHICS AND CONFLICTS OF INTEREST

All participants in the investment process shall seek to act responsibly as custodians of the public trust according to this policy and the *Ethics* policy. Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment recommendations and decisions.

TYPES OF AGENCY INVESTMENTS

The Agency shall be governed by California Government Code Sections 53600, et seq. Within the investments permitted by the Government Code, the Agency seeks to further restrict eligible investments to those listed below. In the event an apparent discrepancy is found between this policy and the Government Code, the more restrictive parameters shall take precedence.

The Agency's portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase.

I. United States Treasury Issues

United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that may be invested in this category.

II. Federal Agency Obligations

Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that may be invested in this category; however, not more than 30 percent of the portfolio shall be placed in any one Agency. Furthermore, purchases of callable Federal Agency obligations are limited to a maximum of 20 percent of the portfolio. In addition, purchases of Federal Agency mortgage-backed securities issued by or fully guaranteed as to principal and interest by government agencies are limited to a maximum of 20 percent of the portfolio.

III. Medium-Term Notes

Medium-term notes, defined as all corporate and depository institution securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or depository institutions licensed by the United States or any state and operating within the United States. Eligible investment shall be rated A by one or more nationally recognized rating service. A maximum of 30 percent of the portfolio may be invested in this category. The amount invested in medium-term notes with any one issuer in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

IV. Municipal Securities

Bonds, notes, warrants, or other evidences of indebtedness issued by the State of California or any California local agency. Securities eligible for purchase shall be rated A, as rated by one or more nationally recognized statistical-rating organization. A maximum of 30 percent of the Agency's portfolio may be invested in this category.

V. Negotiable Certificates of Deposit

Negotiable certificates of deposit (NCD) issued by a nationally- or state-chartered bank, a savings association or a federal association, a state or federal credit union, or a state-licensed branch of a foreign bank. No investments shall be made in a bank or credit union if a member of the Board, or any person with investment decision-making authority also serves on the board of directors, or any committee appointed by the board of directors of the bank or credit union issuing the NCD. Purchases are limited to institutions which have long-term debt rated A or higher with a nationally recognized rating service; and/or have short-term debt rated at least A with a nationally recognized rating service. NCD may not exceed two years in maturity. A maximum of 30 percent of the portfolio may be invested in this category. The amount invested in NCD with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

VI. Banker’s Acceptances

Banker’s Acceptances, otherwise known as bills of exchange or time drafts, are those which are drawn on and accepted by a commercial bank. Purchasers are limited to issuers whose short-term debt is rated A-1/P-1. Banker’s Acceptances cannot exceed a maturity of 180 days. A maximum of 25 percent of the portfolio may be invested in this category. Furthermore, the amount invested in Banker’s Acceptances with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

VII. Commercial Paper

Commercial paper of prime quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (A) or paragraph (B):

A. The entity meets the following criteria:

1) Is organized and operating in the United States as a general corporation.

2) Has total assets in excess of five hundred million dollars ($500,000,000).

3) Has debt other than commercial paper, if any, that is rated AA or higher by a nationally recognized statistical-rating organization.

B. The entity meets the following criteria:

1) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.

3) Has commercial paper that is rated AA-1 or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10 percent of the outstanding paper of an issuing corporation. A maximum of 25 percent of the portfolio may be invested in this category. Furthermore, the amount invested in commercial paper with any one issuer in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

VIII. Repurchase Agreements

A. Repurchase agreements are to be used solely as short-term investments not to exceed 30 days. The Agency may enter into repurchase agreements with primary government securities dealers rated AA or better by two nationally recognized rating services. Counterparties should also have:

1) A short-term credit rating of at least A-1/P-1;

2) Minimum assets and capital size of $25 billion in assets and $350 million in capital;

3) Five years of acceptable audited financial results; and

4) A strong reputation among market participants.

B. The following collateral restrictions shall be observed:

1) Only U.S. Treasury securities or Federal Agency securities are acceptable collateral. All securities underlying repurchase agreements shall be delivered to the Agency's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement.

2) The total market value of all collateral for each repurchase agreement shall equal or exceed 102 percent of the total dollar value of the money invested by the Agency for the term of the investment.

3) For any repurchase agreement with a term of more than one day, the value of the underlying securities shall be reviewed on an on-going basis according to market conditions. Market value shall be calculated each time there is a substitution of collateral.

4) The Agency or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The Agency shall have properly executed a Public Securities Association agreement with each counter party with which it enters into repurchase agreements. A maximum of 25 percent of the portfolio may be invested in this category.

IX. Time Certificates of Deposit

Time Certificates of Deposit (TCDs) placed with commercial banks and savings and loans. The purchase of TCDs from out-of-state banks or savings and loans is prohibited. The amount on deposit shall not exceed the shareholder’s equity of the financial institution. To be eligible for purchase, the financial institution shall have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided Government Code Section 53635.2. TCDs are required to be collateralized as specified under Government Code Section 53630, et seq.

The Agency, at its discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. The Agency shall have a signed agreement with the depository per Government Code Section 53649. TCDs may not exceed one year in maturity. A maximum of 20 percent of the portfolio may be invested in this category. Furthermore, the amount invested in TCDs with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

X. Passbook Savings Accounts

Passbook savings accounts placed with commercial banks and savings and loans. To be eligible to receive deposits, the financial institution shall have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided Government Code Section 53635.2. Passbook savings accounts are required to be collateralized as specified under Government Code Section 53630 et. seq.

The Agency, at its discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. The Agency shall have a signed agreement with the depository per Government Code Section 53649. A maximum of 20 percent of the portfolio may be invested in this category. Furthermore, the amount invested in passbook savings accounts with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

XI. Money Market Funds

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.).

A. The company shall have met either of the following criteria:

1) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

2) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000).

A maximum of 10 percent of the portfolio may be invested in this category.

XII. California Asset Management Program (CAMP)

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n), inclusive of to Government Code Section 53601. There is no limitation as to the percentage of the portfolio that may be invested in this category.

XIII. State of California Local Agency Investment Fund (LAIF)

There is no limitation as to the percentage of the portfolio that may be invested in this category. However, the amount invested may not exceed the maximum allowed by LAIF.

Return to TOC

XIV. Authorized Investments

The Treasurer and/or the authorized Investment Advisor shall have the authority to invest the Agency's financial resources as shown in the table below.

Investment Type	Authorized for the Investment Advisor	Authorized for the Agency Treasurer
United States Treasury Issues	X	X
Federal Agency Obligations	X	X
Medium-Term Notes	X	
Municipal Securities	X	X(1)
Negotiable Certificates of Deposit	X	X(2)
Banker's Acceptances	X	
Commercial Paper	X	
Repurchase Agreements	X	
Time Certificates of Deposit	X	X
Passbook Savings Accounts	X	X
Money Market Funds	X	X
CAMP	X	X
LAIF	X	X

(1) Municipal Securities must have an AAA rating.

(2) Negotiable Certificates of Deposit must have a minimum AA rating for long-term notes and AA-1 for short term notes.

TERM OF INVESTMENTS

It is the objective of the Agency to accurately monitor and forecast revenues and expenditures so that the Agency can invest funds to the fullest extent possible. Funds of the Agency shall be invested in accordance with sound treasury management principles.

Where this policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

PROHIBITED INVESTMENTS

Any investment in a security not specifically listed above, but otherwise permitted by the California Government Code, is prohibited. Section 53601.6 of the Government Code specifically disallows investments in invoice floaters, range notes, or interest-only strips that are derived from a pool of

mortgages. In addition to the limitations in Government Code Section 53601.6, this policy further restricts investments as follows:

I. No investment shall be made that has either (a) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (b) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero accrual periods.

II. No investment shall be made that could cause the portfolio to be leveraged.

III. Any security that could result in zero interest accrual if held to maturity shall not be made.

BANKS AND SECURITIES DEALERS

The Treasurer, with the concurrence of the General Manager, is authorized to make investments based on the recommendations of the Board approved investment advisor. For investments made by an investment advisor, the Board authorizes the investment advisor to use broker/dealers and financial institutions that the investment advisor has reviewed and approved for investment purposes. The investment advisor's approved list shall be made available to the Agency upon request.

PURCHASE, PAYMENT, DELIVERY, AND SAFEKEEPING

A competitive bid process shall be used to place all investment transactions. All security transactions entered into by or on behalf of the Agency shall be conducted on a delivery vs. payment basis. All securities shall be held in the Agency's name by a third-party custodian designated by the Treasurer.

The only exception to the foregoing shall be depository accounts and securities purchases made with:

I. Local government investment pools;

II. Time certificates of deposit, and,

III. Money market mutual funds since the purchased securities are not deliverable.

Evidence of each of these investments shall be held by the Treasurer.

PERFORMANCE

The Agency seeks to attain market rates of return on its investments throughout economic cycles, consistent with constraints imposed by its safety objectives and cash flow consideration. The Treasurer shall continually monitor and evaluate the portfolio's performance.

REPORTING

The Treasurer shall submit a monthly Treasurer's report to the Board that lists the Agency's individual investments, if any, and pooled investments in short-term investment pools. The report shall include the following information for each individual investment: description of investment instrument, issuer name, maturity date, credit rating, yield to maturity, purchase price, par value, current market value, and the source of the valuation. Investments in pools managed by other governments or mutual funds shall include the following information for each pool: pool name, valuation date, yield at valuation date, cost basis if materially different from market value, and market value of the Agency's share of the pool at date of valuation of pool using the pool's valuation method.

The report also shall:

I. State compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance,

II. Include a description of any of the Agency's funds, investments or programs that are under the management of contracted parties, including lending programs, and

III. Include a statement denoting the ability of the Agency to meet its expenditure requirements for the next six months or provide an explanation as to why sufficient money may not be available.

IV. The report shall include a list of monthly investment transactions. The requirement for disclosure of monthly investment transactions does not apply to investment pools. This monthly report shall be submitted with the Board's monthly meeting agenda for public review.

POLICY #:	**532**
SECTION:	**FINANCIAL – TREASURY**
SUBJECT:	**Reserve**
DATE:	**10/13/2020**

POLICY

To maintain liquidity, stabilize regional sewer service charges, and provide for contingencies and emergencies, the Agency shall maintain operating, capital, and contingency reserves in accordance with the procedures below. The Agency shall report reserve balances by designation in its monthly investment report to the Board.

PROCEDURES

Establishment of reserves ensure that the Agency has sufficient funding available to meet its operating and capital obligations, and provides better alignment of the Agency's resources identified in long-term financial plans to the funding requirements for the 10-Year Capital Improvement Plan. Adequate reserves promote the Agency's bond ratings in the capital markets; provide financing flexibility; avoid potential restrictive debt covenants; mitigate current and future risk; and ensure the JPA member agencies have stable regional service charges.

I. General

The Agency's reserves shall be managed either as short-term or long-term investments in accordance with the Agency's *Investment* policy.

II. Reserve Fund Designations

Reserve designations better links the Agency's available cash resources, as reported in the Agency's Financial Statements, Operating Budget, and Capital Improvement Program. The integration of reserve designations makes the budget a more comprehensive document because it accounts for the accumulation and usage of all available resources instead of just the anticipated revenues and expenditures for a given fiscal year. This expanded budget view can be used to explain future sewer service charges or capital borrowing to all interested stakeholders. The establishment of cash reserve designations also enhances long-term planning and management of the Agency's financial resources.

III. Development, Management, Oversight, and Reporting of Reserves

The development, management, and oversight of Agency reserves is intended to be aligned with the development, management, and oversight of the Agency budget. During the budget development process, the Treasurer prepares an initial projection of the Agency expenses and revenues for the upcoming year. The General Manager and

Treasurer will propose allocations to and from the reserves based on this reserve policy, Agency priorities, and/or direction from the Board. The accumulation and uses of the reserves are a component of the budget and are subject to Board review and approval. The budget also reports the status of the reserves based on the audited financial statements.

Consistent with the established *Budget* policy, the General Manager, with approval from the Chair of the Board, is authorized to expend up to $100,000 directly from any of the unrestricted reserve accounts in the event of an emergency situation that would directly and critically affect the Agency's operations. The General Manager shall report to the Board the circumstances requiring the expenditures at its next meeting. Otherwise, Board approval is required prior to any transfer or expenditures of reserve funds that were not previously budgeted.

Board authorization is required to establish any new reserve designations.

IV. Reserve Types

Two major categories of reserve funds have been established: Restricted Reserves and Unrestricted Reserves.

A. <u>Restricted Reserves</u>

These reserves represent assets that are legally, contractually, or by policy are obligated for a specific purpose. Typically, the Board does not have the authority to modify or remove these restrictions from legally obligated reserves.

B. <u>Unrestricted Reserves</u>

These reserves represent assets for future spending plans. The Board does have the authority to establish, modify, or remove these reserves.

Deductions from either reserve type shall follow documented Agency administrative and procurement policies and procedures. Any addition of new or removal of existing reserve types will require an update to this policy and subsequent Board approval.

V. Designations for Reserves

The Agency has established the following designations for the restricted and unrestricted reserves.

A. <u>Designations for Restricted Reserves</u>

1) <u>Capacity Charges</u>: The CA Government Code requires separate accounting of capacity charges and the application of interest to outstanding balances. The Agency shall use capacity charges on a first-in-first-out basis to finance current year capital projects. In the event that the amount collected in any given year exceeds capital project expenses, the Agency would have to hold the excess funds for future use. Should this situation occur, the excess funds will be placed in this Capacity Charge Reserve. Staff would then recommend these funds as a proposed funding source for the following fiscal year's Capital Improvement Program.

2) <u>Coverage from Debt Service:</u> This is a contractually obligated requirement from revenue bond rate covenants and represents 25% of the debt service payment that is collected from the member agencies semi-annually. The expenditure of these funds is solely for the Capital Improvement Program.

Funds are added to this reserve after each debt service contribution from the member agencies. Funds received in the fiscal period collected cannot be expended in that same fiscal year. Funds remain in this reserve until budgeted; these funds are exclusively used to fund approved projects from the Capital Improvement Program.

B. Designations for Unrestricted Reserves

The source of funds for these reserves is from service charges and/or other general purpose revenues. When funds are available for unrestricted reserves, they should be allocated to maintain the reserve requirements in the following preferential order. All allocations and use of reserves are subject to Board review and approval.

1) Operating Reserve: This reserve represents three months funding for general Agency operations. Funding will be adjusted annually to maintain three months of operational funding.

2) Capital Improvement Program: This reserve funds projects and initiatives from the Capital Improvement Program. The target funding level is the annual average of the 10-year CIP in accordance with the *Multi-Year Revenue Plan* policy.

3) Contingency, Emergency, and Future Designations: This reserve serves as a contingency for unforeseen or unanticipated emergencies and other to-be-determined items. The funding level is $500,000.

POLICY #:	**540**
SECTION:	**FINANCIAL – EXPENDITURE MANAGEMENT**
SUBJECT:	**General**
DATE:	**10/13/2020**

POLICY

Provide for authorized transactions only in accordance with expense categories in the Agency budget.

PROCEDURES

The budget adopted by the CMSA Board serves as the policy document governing Agency expenditures. Operating expenditures are managed and categorized by department, and by major or special funding sources as applicable as shown in the Budget.

I. Employee Compensation and Benefits

Agency staff shall follow applicable federal and state laws and regulations for administering the Agency's employee compensation and benefits. The specifics of Agency compensation and benefits are defined in Agency documents, such as:

A. Personnel Policies and Procedures manual;

B. Memorandums of Understanding and other agreements with employee groups;

C. Agreements with CalPERS for health and retirement benefits; and

D. Agreements with other benefits providers.

Agency staff shall perform payroll processing on a bi-weekly basis covering a two-week period beginning on Sunday, ending on Saturday, with payment on the following Friday. Other types of payroll transactions such as leave cash-out will also be processed in conjunction with the bi-weekly payroll schedule. All payroll changes shall require a completed personnel action form with authorization by the appropriate managers and employees, where applicable, prior to any changes being made in the payroll system.

II. Accounts Payable

Agency staff shall adhere to the following policies when conducting Agency procurement and expenditure activities: *Policy Framework, Signature Authority, Contracting,* and *Purchasing.*

All expenditures will include the appropriate support documentation (e.g., purchase order, invoice, account statement, receipt, and packing slip) and shall be approved by the department manager and/or General Manager. According to *Generally Accepted Accounting Principles* (GAAP), Finance staff shall review and record in a timely manner all accounts payable and accrued items, to ensure the proper recognition of expenses and liabilities. Finance staff shall charge payables to the proper accounting period based upon the date the goods were received or the services were provided and perform a monthly reconciliation of accounts payable.

III. Petty Cash

Agency staff shall maintain a petty cash fund that can be used for cash transactions. Disbursements from petty cash shall be pursuant to the *Purchasing* policy.

POLICY #:	**541**
SECTION:	**FINANCIAL – EXPENDITURE MANAGEMENT**
SUBJECT:	**Travel, Training, and Other Business Expense Reimbursements**
DATE:	**10/13/2020**

POLICY

The Agency shall reimburse employees for authorized business-related expenses for travel, training, and other business purposes using authorized amounts.

PROCEDURES

This policy defines the authorization, payment, and reimbursement of travel, training, and other business expenses incurred by Agency staff while conducting Agency business.

I. General

The General Manager shall establish procedures for authorizing, paying, restricting, and reimbursing employees for travel, training, and other business-related expenses. Travel per diem rates shall be adjusted at the beginning of each calendar year based on the change in the Consumer Price Index-Urban/San Francisco-Oakland-San Jose for the prior February-to-February period, rounded up to the nearest $0.50. The Board shall review and approve the per diem rates when they exceed 120% of the February 2018 rates.

The per diem rates for meals, gratuities, and incidentals as of February 1, 2020 are as follows:

TRAVEL PERIOD	FEBRUARY 1, 2020 PER DIEM	MAXIMUM PER DIEM RATE (120% of FEB. 2018)
Overnight Travel per 24-hour period	$98.00	$109.00
Travel between 12 and 24 hours	$74.00 or 75% of Overnight Travel Rate	$82.00
Daily travel less than 12 hours	Breakfast $14.50 Lunch $18.00 Dinner $28.00	Breakfast $16 Lunch $20.00 Dinner $31.00

An employee who has been issued a State of California Purchase Card (Agency credit card) shall also comply with the *Purchasing* policy, when using the purchase card for travel and training related expenses. Each employee is responsible for the expenses that he/she incurs while traveling on Agency business. The employee is encouraged to consult with their supervisor should they have any questions about travel related expenses.

II. Required Authorization

Agency staff shall obtain supervisory, department manager, and/or General Manager approval, as prescribed in the established procedures, prior to incurring any Agency expenses related to travel or other business functions. When alternatives are available, the Agency will pay for the lowest cost alternative.

All Agency staff shall provide a full accounting for all meeting and travel related expenses, with receipts, regardless of whether the expense was advanced or prepaid by the Agency or incurred directly by the employee. The accounting will be submitted to the employee's supervisor, department manager, Administrative Services Manager, and/or General Manager for approval. The Administrative Services Manager will review the accounting and determine the reimbursement to the employee or the repayment for advances to the Agency, whichever is applicable.

The decision of the General Manager shall be final in situations where there are conflicts of opinion regarding the appropriateness of reimbursements.

III. Federal Income Tax Withholding (FITW)

This policy and related procedures shall comply with the IRS definition of reimbursements and accountable expenditures per *IRS Publication 463*. Advances or reimbursements made to employees for purposes specified in this policy are generally not subject to FITW, and thus not reported as other compensation on the employee's annual W2-Wage and Tax Statement. Any employee who does not follow this policy when requesting an advance and/or reimbursement will be solely responsible for any federal and state tax liabilities that result from the receipts of Agency funds.

POLICY #:	**550**
SECTION:	**FINANCIAL – FINANCIAL PLANNING**
SUBJECT:	**Agency Budget**
DATE:	**10/13/2020**

POLICY

The Board of Commissioners shall adopt a comprehensive balanced budget for the Agency prior to the start of the fiscal year (July 1 to June 30).

PROCEDURE

The budget is a document specifying the allocation of Agency resources for the priorities approved by the Board of Commissioners for the fiscal year. The adoption of a fiscal year budget by the Board is a statutory requirement for California public agencies, and is also specified in the Agency's Joint Powers Agreement.

The budget that is presented to the Board for adoption shall include the following components:

- Departmental budgets with three-year budget comparisons: prior fiscal year, current fiscal year approved budget and projected expenditures, and proposed budgets for the upcoming fiscal year(s);
- Descriptions and explanations of specific revenues and expenditure categories and line-items;
- Funding for the Agency's annual OPEB (retiree medical expenses) contribution, pursuant to the Agency's OPEB Funding Plan;
- Identification of Agency staff responsible for routinely monitoring, tracking, and making transaction decisions with respect to specific budget categories and/or line-items within each department budget;
- Allocation of Regional Sewer Service Charges to JPA Members and San Quentin;
- Allocation of Debt Service Charges to JPA Members and San Quentin;
- 10-Year Capital Improvement Program with budget allocations for capital and maintenance projects and initiatives;
- Proposed accumulations and uses for Agency reserves; and
- 10-Year Financial Forecast.

I. Budget Development

The budget represents the Agency's financial blueprint to maintain effective operations. The budget describes the funding requirements and operating costs associated with providing wastewater services, and the maintenance, replacement, and improvement of the facility infrastructure and assets.

It shall include, but is not limited to, the following sections:

A. Revenue Budget

The Revenue Budget shall detail and describe each revenue category, including, but not limited to, sewer service charges, capacity charges, permit fees, revenues from contract and program services, fees for wastewater and organic waste disposal at Agency facilities, and revenues for debt service payments and coverage.

B. Expenditure Budget

The Expenditure Budget shall be organized by department. Specific line-items for each department shall be detailed, described, and explained for each operating expenditure category, including, but not limited to, salaries, benefits, professional services and studies, permits and fees, materials and supplies, facilities maintenance, equipment, treatment plant operations, and miscellaneous administrative expenses.

Included in the Expenditure Budget is the annual Actuarially Determined Contribution (ADC) for Other Post-Employment Benefits (OPEB) pursuant to the most recent GASB 75 actuarial valuation report. The annual ADC consists of medical benefit reimbursement payments to retirees as well as transfers to the OPEB trust.

C. 10-Year Capital Improvement Program (CIP)

The CIP shall include the proposed capital expenditure budget for the upcoming fiscal year as well as the planned projects and initiatives for the following nine fiscal years. Each project shall be clearly described. The Board shall approve the fiscal year(s') proposed projects as part of the annual budget approval, and conceptually approve the projects shown in the following fiscal years.

D. 10-Year Financial Forecast

The Forecast shall present a multi-year comparison of the previous fiscal year's actual performance, current fiscal year's projected performance, and a ten-year projection of future revenues by all sources, expenditures, and the accumulation and use of reserves. The forecast shall guide the Board in determining current and future operating and CIP funding to meet the Agency's financial and operational needs and objectives.

At the discretion of the Board, the budget may also include policy statements, directives, and funding plans that explain and describe operational, capital, and/or organizational approaches for managing and handling the Agency's business and assets. Statements regarding performance accomplishments, objectives, and measurements may be included.

The General Manager shall present a draft budget to the Board for review no later than the May Board meeting, prior to the start of the fiscal year. The Board shall consider approving the budget at the June Board meeting, prior to the start of the fiscal year, and if multi-year, consider proposed budget adjustments by the June meeting.

II. Budget Reporting

During the fiscal year, the Agency's actual revenues and expenditures shall be tracked to the appropriate budget line-items to manage the Agency's financial and operational condition. Quarterly budget status reports of revenues, and operating and capital expenditures by category shall be provided to the Board for its review.

III. Budget Transfers

The General Manager shall maintain procedures for department managers to (1) request budget transfers within the adopted operating and capital budgets that do not increase the total aggregate fiscal year budget, and (2) to request budget amendments that would increase the total aggregate fiscal year budget subject to the General Manager's and/or Board's review and approval.

IV. Budget Amendments

In the event of unforeseen or unanticipated circumstances, amendments to the adopted fiscal year budget may be necessary. Budget amendments shall be considered when funds are justified, available, and necessary to maintain the Agency's ongoing operational and financial performance, and service expectations as directed by the Board.

The Board shall approve budget amendments that would increase the total aggregate fiscal year budget, based on the evaluation and recommendation of the General Manager that the proposed amendment meets the intent and purpose of this policy.

In the event of an emergency, the General Manager can approve budget amendments that would increase the Agency annual budget, with the conditions that (1) these amendments are necessary to maintain the Agency's ongoing and routine operations, and (2) the aggregate amounts of the amendments cannot exceed $100,000. The General Manager shall notify the Chair of the Board about the situation and the reason for the budget amendment, and report the actions to the Board at its next scheduled meeting.

V. OPEB Funding Plan

The OPEB trust is maintained with the California Employers' Retiree Benefit Trust (CERBT). The purpose of the CERBT is to provide future funding of post-retirement medical benefits for eligible retirees. Transfers to the CERBT are irrevocable and monies in it may only be used to pay eligible medical benefits.

The OPEB Funding Plan includes funding, investment earnings, and medical expense transactional activity by year for a 20-year period. The original OPEB Funding Plan Worksheet, approved by the Board on April 9, 2019, and any adjusted worksheets will be included in the Agency's budget. The Plan will require annual monitoring to ensure it is meeting the objectives of CERBT earnings paying future medical benefits, while not becoming overfunded. Overfunding is anticipated when the CERBT has greater than $2.2 million in 20 years.

<u>CERBT Funding</u>: The CERBT will be funded annually with the Net ADC amount from the current GASB 75 Actuarial Valuation Report. Agency funding will continue until the CERBT

has adequate projected funds to pay future retiree medical expenses, without becoming overfunded.

CERBT Use: When the CERBT is projected to have adequate funds and avoid the overfunding level, it will be used to fund retiree medical benefits which include CalPERS medical premiums and retiree medical expense reimbursements.

Plan Adjustments: Based on the annual monitoring, staff will adjust the investment earnings interest rate, retiree medical cost, and the projected medical expense rate increase, and make necessary Plan funding and/or investment strategy changes to meet the Plan objectives.

POLICY #:	**551**
SECTION:	**FINANCIAL – FINANCIAL PLANNING**
SUBJECT:	**Capital Improvement Program**
DATE:	**10/13/2020**

POLICY

A Capital Improvement Program shall be prepared as an integral part of each adopted budget.

PROCEDURE

The Capital Improvement Program (CIP) describes and explains the Agency's capital and maintenance projects and expenses, delineated by type of project and funding source, if applicable, over ten fiscal years (including the upcoming fiscal year). The CIP is a planning document that provides the Agency with an opportunity to evaluate and assess its capital needs from financial, engineering, operational, and planning perspectives.

I. General

The Agency's CIP Committee will prepare an updated 10-year CIP during the budget development process for each budget or amended budget. A 10-year CIP provides the Board, JPA member agencies, customers, public financing institutions, and other stakeholder groups with a long-term perspective on CMSA's infrastructure and asset improvements and capital financial needs. It also acts as a planning document that projects future project costs on a reasonably escalated basis for the fiscal years in which the costs are planned to be expended. The Board shall review the 10-Year CIP as part of the budget development process, and the respective years of the 10-Year CIP shall be incorporated into the Agency's budget for adoption. The later years of the 10-Year CIP will be incorporated into the Agency's 10-Year Financial Forecast.

II. CIP Schedules, Project Descriptions, and Reporting

The CIP Committee shall prepare a CIP schedule which will include a description of each capital activity, an explanation of the need for the project, estimated project costs, and proposed project delivery method. During the fiscal year, Agency staff shall track and monitor monthly actual capital expenditures against the appropriate budgeted projects and adjusted to assist in managing the individual capital accounts. Agency staff shall provide periodic CIP status reports to the Board for its information, review, and possible management direction.

The projects and initiatives in the CIP are grouped into the following four categories:

A. Facilities Improvements: roofing, paving, coating/sealing, etc.

B. General Equipment: vehicles, lab and communications equipment, etc.

C. Treatment of Liquids: flow meters, turntable drives, pumps, etc.

D. Treatment of solids and energy generation: digesters, sludge pumps, heat exchangers, cogeneration system, emergency generator, biogas treatment systems, boilers, etc.

The determination of the types of projects, initiatives and activities that are included in the CIP can be based on the following characteristics:

A. Procurement of equipment, vehicles, or fixed assets

B. Replacement of existing equipment/infrastructure with similar items

C. Engineering study, pre-design work, and design of new processes, assets, or facilities

D. New modifications to existing facilities

POLICY #:	**552**
SECTION:	**FINANCIAL - FINANCIAL PLANNING**
SUBJECT:	**Financial Forecast**
DATE:	**10/13/2020**

POLICY

The Agency shall prepare a 10-year financial forecast (Forecast) with each budget.

PROCEDURE

The Forecast is a long-term examination of the Agency's projected operating and capital status. It provides a strategic perspective and direction for the budget process and serves as a long-term financial planning document.

Agency staff shall prepare a Forecast of the Agency's financial sources and uses that includes a status and projection of revenues by source, expenditures, capital requirements, and accumulation and use of reserves. The Forecast is a comparison of actual revenues and expenditures from the prior fiscal year, a projection of the current fiscal year revenues and expenditures, and a 10-year projection of future resources and expenditures. Agency staff shall present the Forecast for Board review as part of the budget development process and the Forecast shall also be included in the Agency's budget.

Guidance

The Forecast will delineate revenues by source, operating expenditure by category, and total annual capital expenditures. Projections and analytical assumptions that are used in the Forecast will be guided by Board directives, analyses of anticipated operating and/or capital changes, Agency contract obligations, economic trends and indices, and financial data from prior fiscal years, along with other relevant financial and analytical metrics. Balances of revenue and expenditures will be evaluated to determine application and availability of restricted and unrestricted cash reserves in the Forecast as well as to meet Board directives regarding the reserve fund balances.

The Forecast will assist the Board in determining the required current and future regional service charge revenues to meet the Agency's financial.

The Board may request periodic revisions to the Forecast apart from the budget development process to assist with decisions on the future direction of the Agency's financial position.

POLICY #:	**553**
SECTION:	**FINANCIAL – FINANCIAL PLANNING**
SUBJECT:	**Debt Financing and Management**
DATE:	**10/13/2020**

POLICY

The Agency may use debt to fund the capital improvement program subject to the requirements described below.

PROCEDURE

This policy is designed to ensure that when the Agency issues debt, or borrows from private or governmental sources, that the debt load is managed prudently to maintain the Agency's sound fiscal condition and protect its credit quality.

I. General

The General Manager shall make recommendations to the Board concerning debt financing to fund the Agency's capital improvement program needs. Recommendations shall be presented during the Agency's multi-year revenue plan development process. Recommendations may be made at other times during the fiscal year to meet immediate Agency capital improvement needs, and/or as relevant advantageous debt financings are made available to the Agency.

The Administrative Services Manager shall be responsible for managing, implementing, and overseeing debt management and disclosure in the Agency CAFR. These duties shall include, but are not limited to, developing an effective debt management program, accounting and analyzing debt, and coordinating with the General Manager and department managers to determine and recommend the need for debt financing to meet the Agency's capital improvement needs. Agency staff shall ensure that the Agency's debt financing and issuances are consistent with the Agency's Joint Powers Agreement, and applicable federal and state financing and tax laws.

II. Conditions for Debt Financing

Based on the recommendation of the General Manager, the Board shall approve borrowing or debt issuance to finance major capital projects and/or the Agency's capital improvement program. The Board shall consider debt financing mechanisms as appropriate to meet the objectives of the Agency's capital needs. The Board shall limit debt to financing the costs of planning, design, engineering, regulatory permit requirements, land acquisition, environmental review, infrastructure, equipment, debt issuance, and any other project costs permitted by federal, state, and local laws for public agencies.

When making a determination to proceed with debt financing, the Board shall consider the Agency's financial condition, sources of funding for the annual debt service payment, the Agency's ability to repay the debt without fiscal disruption to its effective operations and maintenance, economic trends affecting the Agency, and any existing Agency debt. The Board shall consider the least costly financing mechanisms available, such as federal and state loan programs, when planning debt issuances and financing opportunities to take advantage of financial market conditions when possible.

The Board will approve debt financing for capitalized expenditures based on the economic value and useful life of an asset. The term or the maturity of the debt financing should be consistent with the useful life of the asset to be financed.

The Board shall consider and approve cost-effective credit enhancements such as debt insurance or letters of credit as mechanisms to improve credit ratings and guarantees for principal and interest payments.

The Board shall consider debt refunding to refinance outstanding debt that would reduce interest costs to the Agency, and/or remove any burdensome, restrictive, or irrelevant debt covenants. When approving debt refunding, the Board shall consider present value savings and other benefits to the Agency of restructuring the debt.

III. Investment of Debt Proceeds

Agency staff shall explicitly follow its *Investments* policy and any indenture documents or debt issuance agreements that are part of the debt financing program when investing debt proceeds.

IV. No Commingling of Debt Proceeds with Operating Funds

Debt proceeds shall not be commingled with operating funds.

V. Terms of Debt Issuance

A. Authorized Debt: The Agency is authorized to issue debt of any type or character available by California state law.

B. Terms of Debt: Debt maturity shall not exceed the useful life of the project; new debt shall be parity with existing debt; new debt shall be callable; debt may be refunded for savings or covenant removal; the Agency shall comply with all covenants, coverage tests and arbitrage requirements; amortization shall be level payments; and minimum debt is $2M.

C. Debt Coverage: The Agency shall set minimum debt coverage at 125% to provide funding for pay-as-you-go recurring capital replacement.

D. Debt Issuance Process: Transactions may be negotiated or competitively bid depending upon nature, use, understandability, and whether or not revenue-generating. The Agency shall select a financing team for its debt issuance needs.

E. Prohibited Uses: The Agency shall not use long-term debt to fund current operating costs; the Agency shall not refinance long-term debt with short-term debt due to exposure risk.

POLICY #:	**554**
SECTION:	**FINANCIAL – FINANCIAL PLANNING**
SUBJECT:	**Risk Management and Insurance**
DATE:	**10/13/2020**

POLICY

The Agency shall maintain adequate insurance coverage for all its insurance needs.

PROCEDURE

The General Manager shall be responsible for managing all aspects of risks encountered by the Agency. As such, Agency staff shall coordinate and obtain appropriate levels of insurance coverage and implement other risk management and mitigating strategies and safety management approaches, as recommended by the California Sanitation Risk Management Authority (CSRMA). Acceptable risk management strategies need to comply with applicable federal and state laws and California Occupational Safety and Health Administration (CalOSHA) regulations. Insurance coverage and risk management strategies shall include, but are not limited to, liability, property, vehicles, Workers' Compensation, hazards, general safety, and loss control, and may consist of self-insurance programs when economical and cost-effective.

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POLICY #:	**555**
SECTION:	**FINANCIAL - FINANCIAL PLANNING**
SUBJECT:	**Multi-Year Revenue Plan**
DATE:	**10/13/2020**

POLICY

CMSA shall develop and adopt a multi-year revenue plan to provide adequate funding for Agency operations, capital activities, and debt service, as well as maintaining Board designated reserve levels.

PROCEDURE

I. Beginning in the last year of the current Board adopted revenue plan, staff and the Board's Finance Committee will prepare a revenue plan development schedule that is designed so that a new revenue plan will be adopted prior to each JPA agency Board's consideration of their next draft budget.

II. The Committee will consider using the following revenue plan guiding principles when developing the Agency's revenue plan alternatives.

- Use a 5-year revenue planning period based on a 10-year rolling financial forecast for adoption purposes
- Balance the operating budget over the planning period
- Maintain the operating reserve at 25% of the annual operating expenses
- Ensure adequate funding for the capital improvement program during the planning period
- Maintain a CIP reserve at an amount equal to the annual average value of the 10-year CIP
- When feasible, use current revenues to fund CIP projects
- Secure low-interest State Revolving Fund loans or issue debt to fund the balance of CIP projects
- Target a CMSA average EDU rate increase of less than 4% per year
- Keep the CMSA Board and JPA managers briefed on the Finance Committee's work

III. Revenue plan alternatives, considering the above guiding principles or Board amended principles, will be developed by the Committee, and presented to the Board for review and discussion, and ultimately, selection of a preferred alternative.

IV. The Board adopted revenue plan will be communicated to the JPA member agencies, and incorporated into the Agency's upcoming fiscal year's budget and revised 10-year financial forecast.

POLICY #:	**560**
SECTION:	**FINANCIAL – PROCUREMENT MANAGEMENT**
SUBJECT:	**Signature Authority**
DATE:	**10/13/2020**

POLICY

This policy establishes signature authority for the Agency's procurement types listed below.

PROCEDURES

This policy defines the signature approval levels within the Agency for the following types of procurement transactions:

- Purchase Orders
- Professional Services Agreements
- Maintenance Service Agreements and Contracts
- Equipment Procurement
- Materials & Supply Contracts
- Construction Contracts and Change Orders

I. Procurement Transactions

The General Manager shall approve procurement transactions equal to the amount specified by the California Uniform Construction Cost Accounting Commission (CUCCAC) for utilizing alternative bidding procedures for public project work. The table below shows each procurement transaction type with its governing CUCCAC Tier and the General Manager's signature authority for each transaction type. By ordinance, the Agency established bid cost thresholds and procedures in accordance with CUCCAC. Dollar amounts indicated are the CUCCAC limits as of the effective date of this policy, and will be adjusted over time as the CUCCAC limits are updated.

Transaction Type	CUCCAC Tier	General Manager Authority
Purchase Orders	Tier I	Less than $60,000
Professional Services Agreements	Tier I	Less than $60,000
Maintenance Service Contracts	Tier I	Less than $60,000
Equipment Procurement	Tier I	Less than $60,000
Material & Supply Contracts	Tier I	Less than $60,000
Construction Contracts – Administrative	Tier I	Less than $60,000
Construction Contracts – Informally Bid	Tier II	Between $60,001 and $200,000
Construction Contracts – Formally Bid	Tier III	Must be approved by CMSA Board

The Board of Commissioners shall approve procurement transactions greater than the current CUCCAC Tier amounts and shall approve all formally bid construction contracts. The General Manager shall establish the signature authority amount limits for Agency staff.

II. Construction Change Order Limits

The construction change order (CCO) approval and signatory authority limits shall be as indicated in the table below:

Construction Amount Tier	General Manager Change Order Limits
1) Less Than $300,000	
a) Change Order Limit	$30,000
b) CCO limit if schedule impacted*	$55,000
2) $300,000 to $1,000,000	
a) CCO limit	10% of construction contract amount
b) CCO limit if schedule impacted*	20% of construction contract amount
3) Greater Than $1,000,000	
a) CCO limit	$100,000
b) CCO limit if schedule impacted*	$200,000
4) Emergency situations for any size project	CMSA Board Chair approval if schedule impacted,* with subsequent ratification by CMSA Board

* As determined by CMSA staff.

A. Reporting to the Board

The Board shall receive the following change order reports from the General Manager, as appropriate:

1) CCO aggregate amount if it approaches the specified limit;

2) Periodic change order and contract update; and

3) An economic analysis of the project costs at the construction contract's completion.

III. Payment Transactions

The General Manager or designee shall approve payments up to the signature authority limits under *Procurement Transactions*, above.

Agency staff designated as responsible for specific line-items in the adopted budget shall be responsible for reviewing single payments, which are related to the transactions covered by this policy, other procurement management policies and related procedures. These Agency staff shall approve single payments up to the signature authority established by the General Manager. Approval shall be based on verifying that work, services, and/or materials are completed per the procurement document.

POLICY #:	**561**
SECTION:	**FINANCIAL – PROCUREMENT MANAGEMENT**
SUBJECT:	**Contracting**
DATE:	**10/13/2020**

POLICY

The Agency shall award construction, maintenance, and service contracts using appropriate and transparent procedures that comply with state laws and other Agency policies and procedures.

PROCEDURE

This policy provides direction regarding how contracts and purchase orders shall be awarded, processed, and approved to ensure integrity and consistency with established Agency policies and legal requirements. It also ensures that efficient, cost-effective, transparent, and accountable processes are used to select the most qualified service provider, and the most cost-effective materials and supplies vendor.

I. Approval

This *Contracting* policy is used in conjunction with the *Signature Authority* policy.

II. General Procedures

The General Manager shall establish the contracting procedures for the Agency. The Agency will standardize the contract development and engagement process to ensure selection of a contractor and/or supplier to meet the purpose of this policy and that comply with relevant state laws.

These procedures will ensure proper contract awarding, and negotiated and sole source procurements, which include, but are not limited to, scope of work, quotations, proposals, bids, determining contractor and vendor qualifications, selecting proprietary sources, and emergency procurement.

The General Manager shall ensure that the contracting and purchase order processes are conducted in an efficient, transparent, and cost-effective manner. In doing so, effective and appropriate planning, timing, specifications, terms and conditions, pricing strategies, risk management, consolidating, and multiple quoting of contracts and purchases shall be considered. At the General Manager's discretion, the contract terms, conditions and forms may be reviewed by legal counsel before the contract is executed.

III. Construction Projects

Agency staff shall follow contracting processes according to the Uniform Public Construction Cost Accounting Act (UPCCAA and California Public Contract Code 20800), et seq. for Sanitary Districts. Construction projects performed under contract shall be evaluated under the following bidding parameters:

A. If the estimated cost of a project is less than the Tier I amount (refer to the *Signature Authority* policy) the General Manager will execute a Maintenance Contractor Service Agreement for the defined services.

B. If the estimated cost of a project is within the Tier II amount, the project will be informally bid and the General Manager has the authority to execute a construction contract agreement.

C. If the estimated cost of a project exceeds the Tier II amount, the project will be formally bid and the construction contract is subject to Board approval.

IV. Professional Services Agreements

Agency staff shall follow the following parameters for evaluating professional services contracts. Selection of consultants for professional services agreements shall be based upon demonstrated experience and competence, and shall consider and evaluate the consultant's suggested approach, scope of work, proposed team members and availability, proposed fees, relevant experience, and other qualifications that are in the best interest of the Agency.

A. For those services within the General Manager's signature authority, the General Manager has the discretion to negotiate an agreement directly with a consultant unless he/she determines that it is in the best interest of the Agency to conduct a formal request for proposal (RFP) process.

B. For those services that exceed the General Manager's signature authority, the consultant shall be selected by an RFP process. The contract shall be awarded to the most qualified service provider by the CMSA Board.

The table below links the professional services agreement fee, selection process, and contract approval authority with the Uniform Construction Cost Accounting Act's financial tiers.

UCCAA Tier	Professional Services Agreement Fee*	Approval	Service Provider Selection Process
Tier I	Less than $60,000	General Manager	GM discretion – task order, single proposal, or multiple proposals
Tier II	Between $60,001 and $200,000	Board	Letter RFQ and/or RFP issued to at least two firms with selection based on evaluative process
Tier III	Greater than $200,000	Board	Formal RFQ and/or RFP package issued to at least three firms with selection based on evaluative process

* Fees ranges will automatically adjust as the UCCAA tiers are changed by the state legislature.

V. Maintenance Service Contracts

Agency staff shall follow the following parameters for evaluating maintenance service contracts. Maintenance services are those activities defined by UPCCAA as, (1) routine, recurring and usual work for the preservation or protection of a publicly owned or operated facility for its intended purposes, (2) minor repainting, (3) landscape maintenance, or (4) work performed to keep, operate, and maintain publicly owned waste disposal systems.

A. For those CUCCAC Tier I maintenance services within the General Manager's signatory authority, the General Manager has the discretion to negotiate an agreement directly with a service provider unless he/she determines that it is in the best interest of the Agency to conduct a formal request for quotes from multiple service providers.

B. For those maintenance services that exceed the General Manager's signature authority, the service provider shall be selected by a request for quotes or bidding process. The maintenance contract shall be awarded by the CMSA Board to the service provider with the lowest cost that can provide the defined scope of services and meet CMSA's qualification requirements.

VI. Equipment, Materials, and Supplies Procurement

Agency staff shall conduct the following processes for procuring equipment, materials and supplies.

A. For the purchase of equipment, materials, and/or supplies whose costs are within the General Manager's signatory authority, such procurements shall be performed under the *Purchasing* policy.

B. For the purchase of equipment, materials, and/or supplies that require the Board's approval, contracts or purchase orders shall be awarded to a vendor/supplier using the Agency's *Equipment Procurement* and *Material Procurement* policies, unless sole source procurement is justified and approved by the Board.

VII. Cooperative Agreements

The General Manager shall determine when the Agency may enter into intergovernmental cooperative agreements to achieve economies of scale, promote Agency goals and objectives, or where it is financially advantageous.

Cooperative agreements may be used when the Agency can join contractually with other public agencies to meet mutual contractual needs. Such agreements may be bid or negotiated together with the cooperating agencies, or utilize new or existing contracts that allow for cooperative arrangements.

VIII. Contract Amendment Authority

Agency staff shall have the following authority to amend or modify terms, conditions, and provisions in approved contracts and agreements, if the change benefits the Agency.

A. Staff approved contracts: Administrative and technical changes are authorized if they do not impact the total contract cost. If there is a cost impact, the sum of the contract amount and the additional cost does not exceed the limits in the Signature Authority Policy.

B. Board approved contracts: In construction contracts, any change is authorized if it doesn’t result in a cost impact that exceeds the contract’s construction change order authority limit in the Signature Authority Policy. For all other contracts, any change is authorized if it doesn’t result in cost increase beyond the contracting authority in the Signature Authority Policy.

Amendments that exceed the staff delegated signature authority shall be brought to the CMSA Board for consideration.

POLICY #:	**562**
SECTION:	**Financial – Procurement Management**
SUBJECT:	**Purchasing**
DATE:	**10/13/2020**

POLICY

Procurement shall use appropriate non-contracted selection methods for purchasing activity as described below.

PROCUREMENT METHODS

This policy is associated with the *Signature Authority* policy. The process for complying with each method of procurement is explained below.

I. Blanket Purchase Order

At the beginning of each fiscal year, finance staff shall establish and distribute a list of blanket purchase order (open account) numbers, based on requests by department managers, to be used for purchases less than $500. Agency staff shall communicate to the vendor the specific assigned purchase order (PO) number when making purchases to ensure the number is on all vendor invoices and related documents.

In lieu of creating an open account, vendors may provide business credit cards to the Agency. With discretion, the General Manager shall approve applications for these types of cards after review by the Administrative Services Manager. The cards shall be used for purchases of less than $500, and may only be used at the business where the card was issued. Department managers shall designate the employees who are allowed to use these types of cards when purchases need to be made. Until an invoice is received, the designated employees or finance staff shall keep a record of the purchase to provide supporting documentation for payment processing. These cards shall be governed by the Use of Card policies stated under the Purchase Card section below.

II. Purchase Order

Agency staff shall use a purchase order for purchases for, (1) vendors with open accounts in amounts greater than or equal to $500, or (2) vendors without open accounts. All purchase orders shall be in writing using the appropriate form and documentation, have the appropriate approvals, and be submitted to the vendor for processing.

III. Petty Cash

Agency staff may use petty cash for purchases of $50 or less with vendors unable to establish an open account with the Agency and for necessary small infrequent expenses. These expenses may include supplies, parts, bridge tolls, attendance at offsite meetings and trainings, and multi-Agency meetings. All requests for petty cash disbursements shall be in writing using the appropriate form and approved by the department manager. The General Manager may authorize a petty cash disbursement greater than $50 if it is determined to be a prudent and appropriate payment or reimbursement method, and in the best interest of the Agency. Petty cash disbursements are made by the designated Administrative/Finance staff.

IV. State of California Purchase Card Program

The Board of Commissioners shall approve the number and type of positions that are authorized to use purchase cards as shown in Attachment “A”. The General Manager shall issue the cards to the specific employees and establish procedures for the appropriate use for making Agency-specific purchases when the above purchasing methods are impractical, inefficient, or not applicable. Monthly credit limits shall be set at $3,000 for supervisors/designated staff and $5,000 for department managers.

The Administrative Services Manager will serve as the administrator of the Agency’s purchase cards, and will manage the Agency’s account in accordance with the requirements of the Purchase Card Program and the Agency’s policies, including, but not limited to, assigning purchase cards and purchase limits to authorized employee card holders, collecting and cancelling cards as needed, and reviewing purchase card transactions.

A. <u>Use of Card</u>

The cardholder shall be the only person authorized to sign for purchased items and shall be the only person to authorize telephone and online transactions using the purchase card. Cardholders shall not give or authorize use of their card to another employee without the General Manager’s approval. The employee who is assigned a purchase card is responsible for safeguarding the card as well as ensuring proper use of the card.

Department managers ensure that purchase card use in their respective departments is consistent with this policy and other related procedures. Each cardholder is responsible for keeping a record of the purchase on the purchase card’s account statement. An approved purchase order is required before using the purchase card for any transactions over $500, except for employee-related travel where a *Pre-Authorization for Employee Travel* form is required. An approved travel preauthorization is required when using the purchase card for transactions related to training or travel on Agency business. Department managers are ultimately responsible for monitoring and approving all purchase card transactions within their department.

The Purchase Card shall <u>not</u> be used for the following purchases:

1) Professional services (labor costs)

2) Contract services

3) Capital/construction costs

4) Cash advances/personal use

5) Purchase of firearms, liquor, or cigarettes

6) Per diem meal allowance

7) Items for personal, non-Agency use

B. Lost or Stolen Card

If an Agency purchase card is lost or stolen, the cardholder shall immediately report this to the Administrative Services Manager so that he/she can notify the Purchase Card Program.

C. Misuse of the Card

Any misuse of the purchase card or violations of the Purchase Card Program guidelines or this policy, including, but not limited to, personal use of the purchase card, shall result in the loss of purchase card privileges. All cardholders are subject to disciplinary actions for misuse and misappropriations of Agency funds. Cardholders who use or allow use of the card for personal purposes shall reimburse the Agency for all incurred charges.

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ATTACHMENT A

Positions Authorized to Have Purchase Card

Department	Position	Limit
Administration	General Manager	$10,000
Administration	Administrative Services Manager	$5,000
Administration	Treatment Plant Manager	$5,000
Administration	Health and Safety Manager	$3,000
Technical Services	Technical Services Manager	$5,000
Technical Services	Regulatory Compliance Manager	$3,000
Maintenance	Maintenance Supervisor	$3,000
Maintenance	Assistant Maintenance Supervisor	$3,000
Maintenance	Lead Mechanical Technician	$3,000
Maintenance	E/I Technician (1)	$3,000
Operations	Operations Supervisors (2)	$3,000

POLICY #:	**570**
SECTION:	**FINANCIAL - ASSET MANAGEMENT**
SUBJECT:	**General**
DATE:	**10/13/2020**

POLICY

The Agency shall utilize asset management systems to properly manage its capital assets.

PROCEDURES

I. General

The General Manager or designee shall ensure that Agency staff utilizes the established asset management systems and asset management procedures in an effective and efficient manner.

II. Asset Plans

Agency staff shall develop asset plans for the Agency's infrastructure assets and equipment for the cost-effective operation, maintenance, and management of these assets. Asset plans shall be developed and maintained within the asset management system for all assets with an original cost equal to or greater than the capitalization threshold. An asset plan shall include asset age, service history, optimum preventive maintenance and rehabilitation/renewal during its lifecycle, standard maintenance/ operations procedures, cost of operating, and other salient asset attributes. The asset plans shall be used as the basis to develop and implement specific operations and maintenance, and capital improvement plans, and to analyze long-term funding and prepare condition assessments.

For new assets that are procured or constructed, Agency staff shall retain all relevant asset plan data (i.e., cost, manufacturer, type, size, operations and maintenance manuals, and standard operating/maintenance procedures). Agency staff shall ensure that contractors and/or consulting engineers provide necessary asset management information prior to the filing of Notice of Completion and approving final payment to the contractor.

III. Capital Asset Condition

Agency staff shall periodically assess the condition of capital assets. The assessment shall provide physical and financial information concerning the condition of assets, estimated remaining useful life, estimated operations and maintenance costs, and projected replacement costs (if applicable). The data shall be used when developing the Agency's annual Capital Improvement Program update, and other financial models for analyzing and determining future funding of capital assets.

IV. Asset Inventory Control

The Administrative Services Manager, along with department managers, shall develop and implement effective procedures and systems to inventory and track the Agency's capitalized assets.

V. Facilities Maintenance

Agency staff shall perform effective planning and maintenance of capital assets, which shall include preventive and corrective maintenance and repair of facilities and infrastructure to protect the Agency's capital investments and minimize future maintenance and replacement costs.

VI. Materials Management

Agency staff shall maintain inventories of parts, materials, and supplies to effectively meet its maintenance and repair needs. The Agency has developed and implemented inventory management procedures. Procurement of parts and supplies that are placed into inventory shall conform to the *Purchasing Management* and *Expenditure Management* policies.

VII. Disposal of Surplus Assets

Agency staff shall recommend to the General Manager the disposal of assets when they have exceeded their service life, are obsolete, where the value of replacement is less than rehabilitation costs, and/or they no longer serve the Agency's operational needs. The Board shall establish the General Manager's asset disposal authority.

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POLICY #:	**571**
SECTION:	**FINANCIAL – ASSET MANAGEMENT**
SUBJECT:	**Assets Accounting**
DATE:	**10/13/2020**

POLICY

All capital assets of the Agency shall be accounted for following *Generally Accepted Accounting Principles* (GAAP).

PROCEDURE

I. General

The General Manager and Administrative Services Manager shall ensure that capital assets are appropriately accounted for by funding source and asset category and that appropriate procedures are developed and implemented to meet the requirements of this policy. Department managers and Agency staff shall ensure proper budgeting and purchasing guidelines are followed for capital assets, and that these assets are adequately controlled, secured, and used for appropriate Agency purposes.

II. Capitalization Threshold

For financial accounting and reporting purposes, the capitalization threshold shall be $5,000 or higher for each asset with an expected life of at least five years following the date of acquisition.

III. Assets

Agency staff shall account and report all assets with an original cost equal to or greater than the capitalization threshold. Such assets include those newly constructed, installed, or acquired items or significant additions, improvements, or replacements to existing assets which would significantly prolong the asset's useful life. All costs associated with purchase, design, planning, permitting, construction, installation, and acquisition shall be considered including, but not limited to, direct labor, materials and supplies, design, engineering, other professional fees, contractor charges, legal fees, site preparation, installation, associated overhead and administrative costs, taxes, freight and transportation, applicable CMSA staff time, and other expenditures and charges directly attributable to asset acquisition.

For assets acquired through debt financing methods, expenses associated with costs of issuance and capitalized interest shall be considered. Capital assets donated to the Agency shall be capitalized at their estimated fair market value plus any associated costs, as described above, at the date of receipt.

Expenditures related to routine repairs that maintain the existing condition of the asset or restores it to normal operating efficiency shall not be capitalized, regardless of the amount, and shall be recorded as repair and maintenance expenses in that fiscal year.