



CENTRAL MARIN SANITATION AGENCY



ADOPTED OPERATING AND CAPITAL BUDGET

JULY 1, 2015—JUNE 30, 2016

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

A NACWA PLATINUM PEAK PERFORMANCE AGENCY

**CMSA ADOPTED BUDGET
FISCAL YEAR 2015-2016: JULY 1, 2015 – JUNE 30, 2016**

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Central Marin Sanitation Agency

Budget Acknowledgements

Board of Commissioners

Kathy Hartzell, Chair
Maribeth Bushey, Vice Chair
Albert Boro, Secretary
Frank Egger, Commissioner
Diane Furst, Commissioner
Pamela Meigs, Commissioner

Executive Team

Jason R. Dow, P.E., General Manager
Loren Chris Finton, Treatment Plant Manager
Robert Cole, Environmental Services Manager
Hank Jen, Treasurer and Administrative Services Manager
Brian Thomas, P.E., Engineering Manager

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**Central Marin Sanitation Agency
California**

For the Fiscal Year Beginning

July 1, 2014

Executive Director



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 Fiscal Year 2015-16 (FY 16) Budget. This budget serves as the financial plan for FY 16 and explains the resource requirements and costs associated with providing safe, effective, and environmentally-sound wastewater services to approximately 105,000 residents, businesses, and institutions of central Marin County. All the financial documents referenced in this document are available online at www.cmsa.us/finance.

This is the Agency's fifth comprehensive budget presentation using guidelines prescribed by the Governmental Finance Officers Association (GFOA). Our goal over the last few years has been to transform our budgets and financial documents into high quality financial reports that are readily accessible and easily understandable to the Agency's ratepayers, customers, stakeholders, regulators, and other interested parties.

Achieving Outstanding Performance Past, Present, and into the Future

Since 1985, CMSA has operated the largest wastewater treatment agency in Marin County, California. CMSA strives for, and will continue to achieve, maintain, and exceed high industry standards in all aspects of its business and operations. The Agency's high performance has been recognized by national and regional industry groups in key areas:

- Achieved 100 percent compliance with the United States Environmental Protection Agency's National Pollutant Discharge Elimination System (NPDES) permit requirements for ten consecutive years, through calendar year 2014.
- Received recognition from the GFOA for Excellence in Financial Reporting for the Agency's Comprehensive Annual Financial Report (thirteen consecutive years), Outstanding Achievement in Popular Annual Financial Reporting (five consecutive years) and the Distinguished Budget Presentation Award (four consecutive years).
- Garnered state-level recognition of first place from the California Water Environment Association (CWEA) for outstanding Public Education Program of the Year, Public Education Person of the Year, and Maintenance Repair Person of the Year.
- Recognized by the regional CWEA Redwood Empire Section for Plant, Safety Program, and Public Education Program of the Year, as well as recognizing three Agency employees for exceptional performance in their respective professions.

Major Agency Goals for FY 2015-16

- Exceed all NPDES permit requirements for an eleventh consecutive year and achieve a National Association of Clean Water Agencies (NACWA) 11-year Platinum Peak Performance Award for calendar year 2015.
- Continue into the fifth and final year of implementation of the Agency's Five-Year Strategic Business Plan, (2011-16) and lay the groundwork for the development of the next five-year plan.
- Begin the development of the Agency's Five-Year Revenue Plan for the FY 2018-19 through FY 2022-23 period.
- Complete the review of the Agency's Employee Merit Award Program and implement revisions to the Program.
- Maintain a safe work environment and promote a culture of safety as measured by no incidents of employee injuries.
- Operate the treatment facilities to minimize odors and public complaints.
- Complete a recycled water feasibility study in partnership with the Marin Municipal Water District.
- Maintain a high level of service to customers in our service area and other clients outside the service area who contract for Agency expertise and services.

FY 2015-16 Budget

The Agency is committed to developing and maintaining fiscally responsible and sustainable annual budgets and to planning for the Agency's future through the development of 10-Year Financial Forecasts and Capital Improvement Programs (CIP) with each annual budget.

The FY 15 Budget includes an expected operating surplus of \$443,000. The budget includes an operating revenue increase of 5.3%, and an expenditure increase of 7.6% from FY 15. There is a decrease of over \$1.2 million in debt service revenues from FY 15 to FY 16 as a result of the Agency refinancing its 2006 revenue bonds. The Agency plans to expend over \$4.5 million on 31 capital improvement activities using funds accumulated in the restricted and unrestricted capital reserves. Detailed discussions of the FY 16 Budget, the Capital Improvement Program, and the 10-Year Financial Forecast can be found in Sections 7, 8, and 9, respectively.

The main features of the FY 16 Budget are:

- Total Operating Revenues of \$11.77 million, consisting of \$11.34 million available for FY 16 operating expenditures and \$430,000 reserved for future capital projects.
- 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 will be based on the JPA member's proportionate share of the 11,367 million gallons of wastewater treated by CMSA during the April 1, 2012 to March 31, 2015 period, along with 27.4 million pounds of Biological Oxygen Demand (BOD) and 43 million pounds of Total Suspended Solids (TSS) during the April 1, 2012 to March 31, 2014 period. The FY 16 regional sewer service charges CMSA will receive from its JPA member agencies is almost \$500,000 more than FY 15, as scheduled in the Agency's 5-year revenue program.
- The Agency expects to receive approximately \$2.22 million in revenues from other sources; the largest single source is \$1.34 million from the state for providing wastewater services to San Quentin State Prison.
- Debt Service of \$4.57 million, or \$87.10 per EDU, in the combined service area.
- Total Operating Expenditures of under \$10.9 million, an overall increase of 7.6% from FY 15. The main increases to the FY 15 budget are due to the addition of two new authorized positions, increases in retirement contribution associated with actuarial changes imposed by CalPERS, increases in Worker's Compensation insurance premiums, and higher usage of some chemicals used in the treatment process.
- Authorization of staffing for 43 positions, including a new Associate/Assistant Engineer and Utility Worker positions.

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. CMSA 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 process. Agency staff monitors new technologies and operational approaches, and evaluates those that may improve the treatment process, save energy, reduce chemical usage, and meet changing regulatory requirements. The maintenance, replacement, and addition of capital assets are an essential part of the Agency's Capital Improvement Program (CIP) and Budget.

During FY 14-15, the Agency initiated two major capital projects which will be completed during FY 15-16: 1) construction of a new \$2.5 million sludge thickening system with rotary drum

thickeners, and 2) the rehabilitation of the chemical storage room for under \$1.6 million. Additionally, the Agency will begin a multi-year project to modify the maintenance facility at a cost of just over \$800,000. Overall, the Agency plans to expend over \$4.5 million on 31 capital improvement activities during FY 16.

The total cost of the CIP over the next ten years is under \$31.5 million. This 10-year CIP will be more modest in scope with a focus on replacing aging infrastructure and assets, as compared to the 10-year period that just concluded in FY 15. Whereas the previous 10-Year CIP was financed with proceeds from a debt issuance in 2006, the current 10-Year CIP will be paid for primarily from ongoing service charges and capital reserves. Through thoughtful planning, by the end of FY 16 the Agency will have accumulated sufficient capital reserves to finance just over 80 percent of the current 10-Year CIP. The Agency plans to address the remaining 10-Year CIP funding requirements in the development of the Agency's Five-Year Revenue Plan for the FY 2018-19 through FY 2022-23 period during FY 16.

Sustainable Budgeting for the Future

Over the past three fiscal years, the Agency has implemented a series of budget initiatives to set the Agency towards future budget sustainability. During FY 13, the Agency changed how it allocates its sewer service charges to its member agencies, and established a five-year revenue plan for the Agency. This change allowed each member agency adequate time to communicate the required sewer rates to the customers in each service area.

In FY 14, the Agency retired \$1.5 million worth of pension obligations which resulted in budget savings of over \$300,000 per year over the next seven years, completed labor relations negotiations with its two employee groups resulting in a six-year agreement with a cost-sharing arrangement on the Agency's contributions to the state retirement system, and entered into a five-year, \$8.7 million contract with the state to provide wastewater services to San Quentin State Prison.

In FY 15, the Agency took advantage of historically low interest rates to issue new debt. The proceeds of the debt issuance were used to redeem outstanding debt from a 2006 issuance. This transaction resulted in a total savings of \$12 million to the rate payers in the CMSA service area beginning in FY 2015-16 through FY 2031-32.

In FY 16, the focus will be on the development of the Agency's Five-Year Revenue Plan for the FY 2018-19 through FY 2022-23 period and continuing to explore opportunities and address regulatory requirements associated with the export of surplus electricity generated from the Agency cogeneration system and recycled water use.

Our People Make Us a High-Performing Agency

CMSA is well-regarded within the San Francisco Bay Area and in Marin County. We are sought out by other entities to provide services and expertise, as well as to partner on local environmental initiatives such as the Central Marin food-to-energy program and expanding uses for reclaimed water. The Agency continues to be recognized by state and national organizations for high performance in the areas of permit compliance, facility operations, safety, and financial reporting. I am privileged to work alongside 40 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 goals and objectives and in appropriating the necessary resources to enable us to achieve a recognized level of high performance in safeguarding public health and the environment.

We hope that the FY 16 Budget will provide the reader with a better understanding of the sources and uses of Agency resources. We welcome your comments, feedback, and suggestions for improving future budget publications.

A handwritten signature in blue ink, appearing to read "J.R. Dow". The signature is fluid and cursive, with a large loop at the beginning and a trailing flourish at the end.

Jason R. Dow, PE
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, Sanitary Districts No. 1 (SD #1) and 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 of authority (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.

CMSA's governing body is a six-member Board of Commissioners (Board), appointed by the JPA members. Each JPA member determines the term for its appointed representative(s). SRSD and SD #1 each have two members on the Board, while LARK and SD #2 each have one.

The Board sets policy and adopts the annual 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 July 1, 2015

Board of Commissioners (year appointed):

Kathy Hartzell, Chair, City of Larkspur (October 2010)

Maribeth Bushey, Vice Chair, San Rafael Sanitation District (December 2013)

Frank Egger, Sanitary District No. 1 of Marin County (July 2012)

Pamela Meigs, Sanitary District No. 1 of Marin County (July 2014)

Diane Furst, Sanitary District No. 2 (December 2014)

Agency Managers (tenure):

Jason R. Dow, P.E., General Manager (employee since 1993, General Manager since 2002)

Robert Cole, Environmental Services Manager (employee since 1998, Manager since 2003)

Loren Chris Finton, Treatment Plant Manager (employee since 1997, Manager since 2010)

Hank Jen, Treasurer/Controller and Administrative Services Manager (Manager since 2007)

Brian Thomas, P.E., Engineering Manager (Manager since 2013)

Employees, Service Achievements, and Recognitions

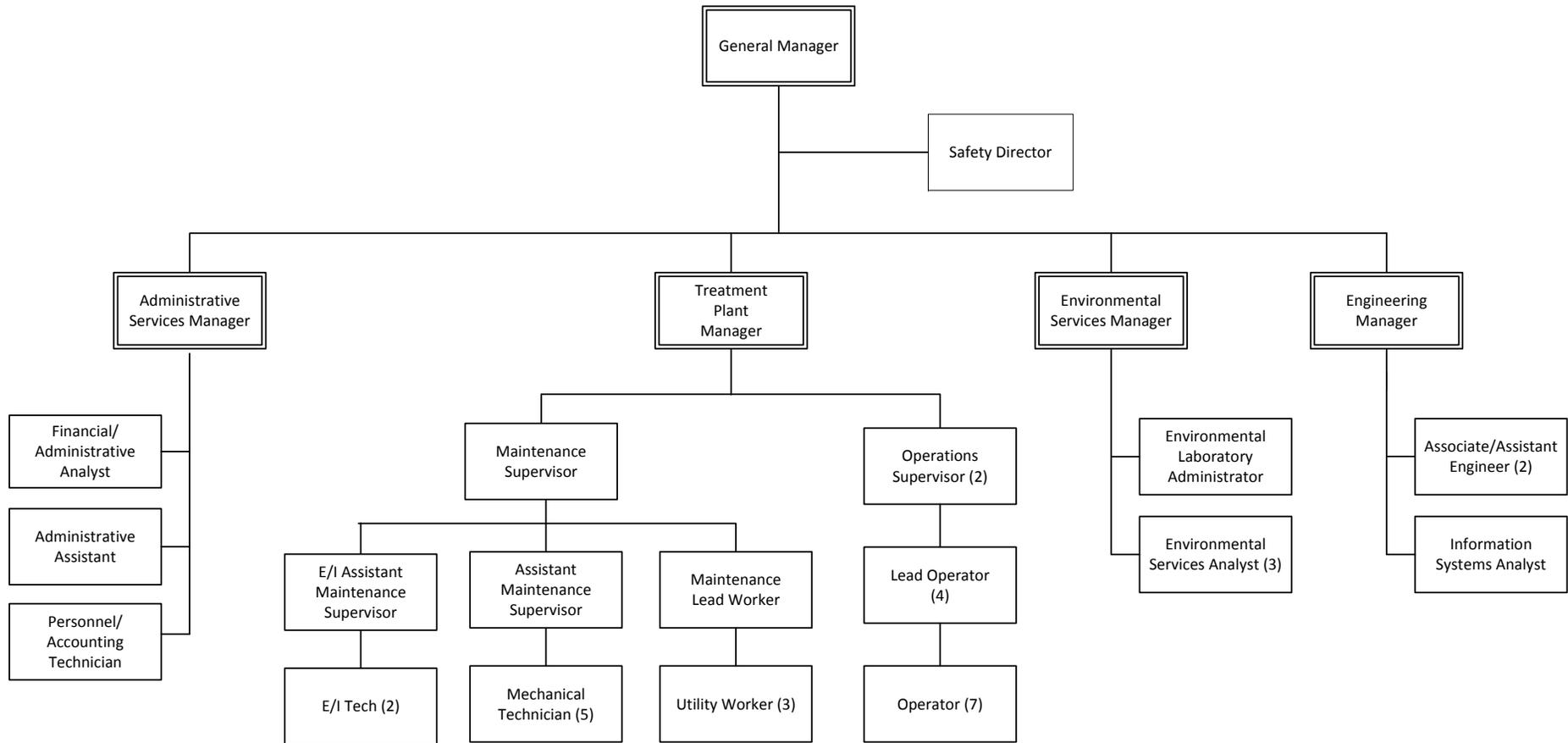
The authorized staffing level for CMSA is 43 full-time positions, including a Safety Director position whose salary and benefit costs are shared with one other wastewater agency in Marin County. Characteristics of the workforce:

- 43 authorized positions: 41 full time employees and 2 newly authorized positions for FY 16
- Average age 46.1 years old
- Average length of service is 10.1 years
- 13 employees with over 10 years of service
- Over one-third of the current employees meet the minimum requirements for full 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:** Recognition by the National Association of Clean Water Agencies (NACWA) with the 10-year Platinum Peak Performance Award (2005-2014). The award recognizes the achievement of obtaining 100% compliance with the National Pollutant Discharge Elimination System (NPDES) permit requirements for ten consecutive calendar years. NACWA annually recognizes excellent performance at wastewater utilities through its Peak Performance Awards program. Less than two percent of all wastewater treatment facilities nationally have achieved NACWA Platinum Award status.
- **Certificate of Achievement for Excellence in Financial Reporting:** Recognition from the Government Finance Officers Association (GFOA) for the Agency's FY 2013-14 Comprehensive Annual Financial Report (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. This marks the thirteenth consecutive year that the Agency's CAFR has met the high standards of the GFOA for governmental accounting and financial reporting. The Agency continually strives to comply with GFOA guidelines and recommendations. All its financial reports—from the Annual Budget, 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:** Recognition from the GFOA for the Agency's FY 2013-14 Popular Annual Financial Report (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. This marks the fifth consecutive year that the Agency's PAFR has met the high standards of the GFOA for governmental accounting and financial reporting.
- **Distinguished Budget Presentation Award:** Recognition from GFOA for the Agency's FY 2014-15 Adopted 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 fourth consecutive year that the Agency's budget has met the high standards of the GFOA for budget presentation.
- **State-level Awards from the California Water Environment Association (CWEA):** Recipients of Regional CWEA Awards (below) are eligible for consideration for state level CWEA recognition. In April 2015, the Agency was recognized by CWEA at the state level for the following achievements:
 - First Place – Public Education Program of the Year
 - First Place – Public Education Person of the Year, Gretchen Mueller
 - First Place – Electrical/Instrumentation Person of the Year, Russ Turnbull
- **Redwood Empire Section CWEA Awards:** In November 2014, Redwood Empire Section of the California Water Environment Association (CWEA) recognized the Agency for outstanding work in the disciplines listed below.
 - Treatment Plant of the Year
 - Safety Program of the Year
 - Public Education Program of the Year
 - Gretchen Mueller for Public Education Person of the Year
 - Mary Jo Ramey for Laboratory Person of the Year
 - Russ Turnbull for Electrical/Instrumentation Person of the Year



43 Full Time Equivalent (FTE) Employees
July 2015

| CMSA Authorized Staff Positions | FY 13-14 | FY 14-15 | FY 15-16 |
|-------------------------------------------------------------|-----------------|-----------------|-----------------|
| ADMINISTRATION | | | |
| General Manager | 1 | 1 | 1 |
| Administrative Assistant | 1 | 1 | 1 |
| Treatment Plant Manager | 1 | 1 | 1 |
| Administrative Services Manager | 1 | 1 | 1 |
| Financial Analyst | 1 | 1 | 1 |
| Personnel and Accounting Technician | 1 | 1 | 1 |
| Total Administration | 6 | 6 | 6 |
| NON-AGENCY | | | |
| Safety Director | 1 | 1 | 1 |
| Total Non-Agency | 1 | 1 | 1 |
| ENVIRONMENTAL SERVICES | | | |
| Environmental Services Manager | 1 | 1 | 1 |
| Environmental Laboratory Administrator | 1 | 1 | 1 |
| Environmental Services Analyst (I-II) | 3 | 3 | 3 |
| Total Environmental Services | 5 | 5 | 5 |
| MAINTENANCE | | | |
| Maintenance Supervisor | | 1 | 1 |
| Asset Manager-Maintenance Supervisor | 1 | - | - |
| Electrical/Instrumentation Supervisor | 1 | - | - |
| Electrical/Instrumentation Assistant Maintenance Supervisor | | 1 | 1 |
| Electrical/Instrumentation Tech (I-III) | 2 | 2 | 2 |
| Assistant Maintenance Supervisor | - | 1 | 1 |
| Mechanical Technician (I-III) | 3 | 4 | 4 |
| Maintenance Lead | 1 | 1 | 1 |
| Utility Worker* | 2 | 2 | 3 |
| Maintenance Painter | 1 | 1 | 1 |
| Maintenance Repair (Trainee to III) | 2 | - | - |
| Total Maintenance | 13 | 13 | 14 |
| OPERATIONS | | | |
| Operations Supervisor | 1 | 2 | 2 |
| Assistant Operations Supervisor | 1 | - | - |
| Lead Operator | 4 | 4 | 4 |
| Operator (Trainee, I-III) | 7 | 7 | 7 |
| Total Operations | 13 | 13 | 13 |
| ENGINEERING | | | |
| Engineering Manager | 1 | 1 | 1 |
| Associate Engineer* | - | - | 1 |
| Assistant Engineer | 1 | 1 | 1 |
| Information Systems Analyst | 1 | 1 | 1 |
| Total Engineering | 3 | 3 | 4 |
| TOTAL AUTHORIZED STAFFED POSITIONS | 41 | 41 | 43 |

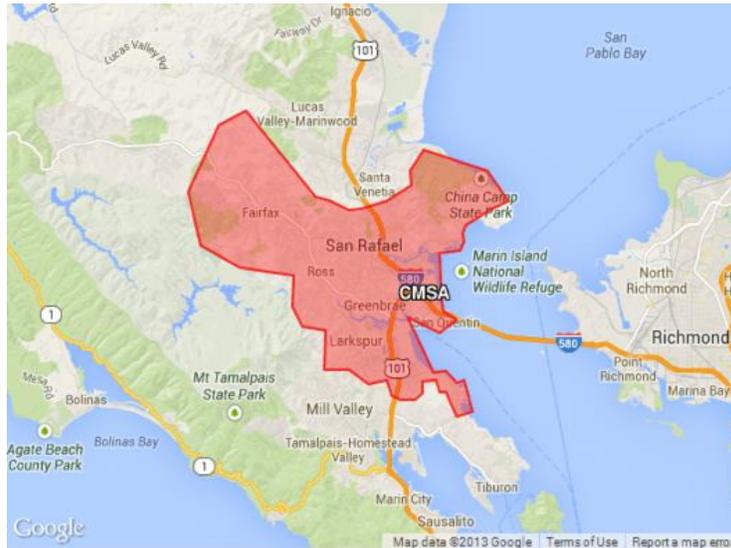
* FY 15-16 - one new position

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 pink area on the below map highlights the CMSA service area which is 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, San Quentin Village, and San Quentin State Prison (SQSP). The population served within this area is approximately 105,000.

The shaded area shows the location of CMSA and the service area of JPA member agencies



Local Demographics and Economy

Marin County has a total population 258,365 with a growth rate of less than one percent annually. The county’s residents continue to have the highest average California per capita income of \$97,124, and a median per household income of \$90,839.

Population of Cities, Towns, and Correctional Facilities in the CMSA Service Area

| | |
|-----------------------------------------------------------------|--------|
| City of San Rafael (Approximately 2/3 of the city's population) | 38,000 |
| City of Larkspur | 11,926 |
| Town of Corte Madera | 9,253 |
| Town of San Anselmo | 12,336 |
| Town of Fairfax | 7,441 |
| Town of Ross | 2,415 |
| San Quentin State Prison | 5,247 |
| Unincorporated CMSA Service Area* | 16,500 |

(*An approximation that includes San Quentin Village, Greenbrae, Kentfield, Sleepy Hollow, and the Tiburon Peninsula.

Sources: Bureau of Economic Analysis; California Department of Finance Demographic Research Census 2010 and Population Factors; United States Census Bureau State and County QuickFacts

Marin’s unemployment rate of 3.3% remains the lowest in California (6.4%) and remains below the national level of 5.5% as of May 2015. Seven of the top ten employers, in terms of number of employees in the CMSA service area, are governmental entities. The majority of the remaining businesses employ fewer than 20 employees, and approximately 90% of these business enterprises include goods and services occupations.

Ten Largest Employers and Number Employees in CMSA Service Area

| | |
|--------------------------------------|-------|
| San Quentin State Prison | 1,832 |
| Marin General Hospital | 1,650 |
| Dominican University | 1,000 |
| Golden Gate Transit | 775 |
| College of Marin | 328 |
| City of San Rafael | 390 |
| San Rafael City Schools | 355 |
| Tamalpais Union High School District | 310 |
| Kentfield Rehabilitation & Hospital | 344 |
| Marin Municipal Water District | 246 |

The local real estate and housing market continued to improve during FY 15. The annual mean/median home sale price for a home in Marin was \$1,137,381/\$868,005 as reported by the Marin County assessor’s office website for the calendar year ending December 2014, compared to \$990,304/\$795,000 reported December 2013. The upward trend continues January through May 2015 where the county reports average mean/median \$1,243,139/\$904,249 sales data statistics.

Source: www.marincounty.org/depts/ar/divisions/assessor/sales

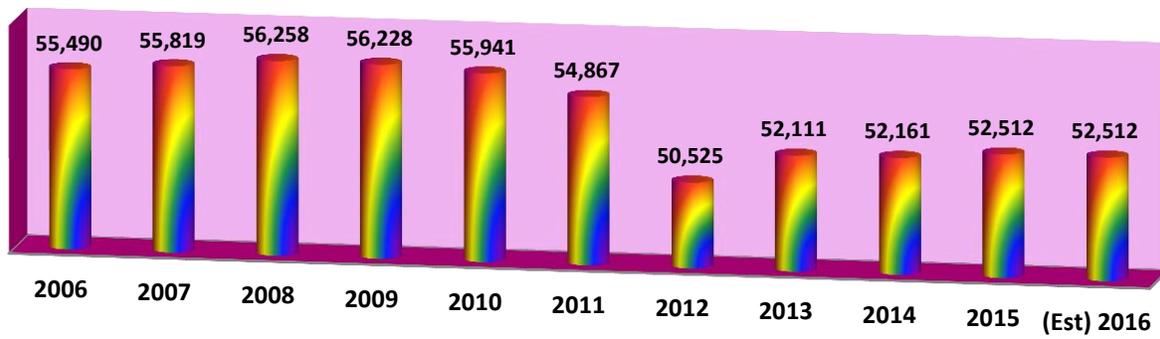
Equivalent Dwelling Units

In past fiscal years, determining the measure of the number of households served for the purposes of developing the Agency’s annual budget and the sewer services charges (SSC) assessed to each JPA member agency had been the Equivalent Dwelling Unit, or EDU. 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.

Beginning in FY 15, the Agency began to utilize two different units of measure for allocating total sewer and debt service charges to the JPA member agencies. The allocation of the SSC is now based solely on the strength and volume of wastewater discharged from each satellite collection system into CMSA for treatment, from measurements taken by CMSA the prior wet weather period (the 12-month period April 1 to March 31 for strength, 36-month period April 1 to March 31 for volume). The allocation for debt service charges for the Agency’s 2015 Series Refunding Revenue Bonds continues to be based on the number of EDUs reported by each JPA member agency.

The chart and table below displays the total EDU count within the CMSA service area for the last ten years, and estimates FY 16 to be the same as FY15. The fluctuations from year-to-year are due to new sewer connections for new construction, variable water usage for commercial properties, and the number of EDUs assigned to SQSP. There were three consecutive years (FY 10-FY 12) of decreases in the total number of reported EDUs, with the significant decrease in FY 12 attributable to changing how the number of EDUs was determined for SQSP. Effective FY 13, CMSA entered into a service contract agreement 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 FY 13 is the result of new construction for single family dwellings and a multi-unit residential development in the service area.

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



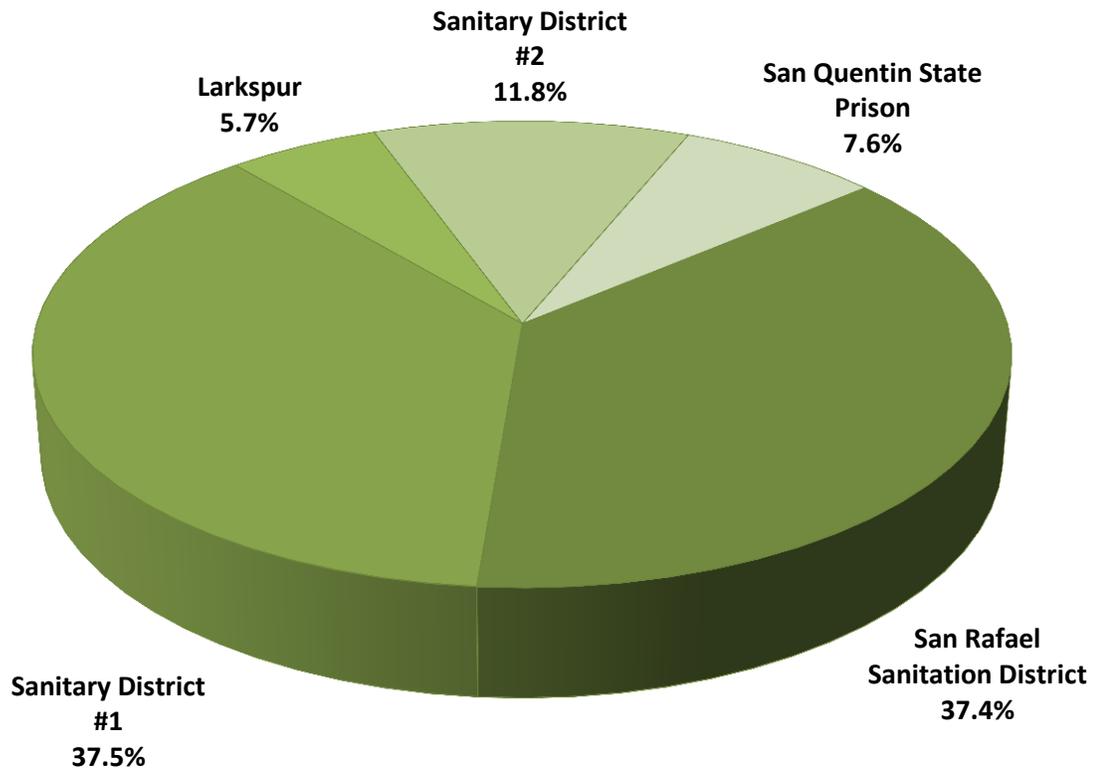
EDU Count by JPA Member Agency and San Quentin State Prison FY 06 to FY 16

| Fiscal Year | San Rafael | Ross Valley | City of | San | Sanitary | Total EDU |
|-------------|-----------------|------------------|------------------|---------------------|----------|-----------|
| | Sanitation | Sanitary | | Quentin | | |
| Actual | District (SRSD) | District (SD #1) | Larkspur (SD #1) | State Prison (SQSP) | (SD #2) | Count |
| (Est) 2016 | 19,643 | 19,666 | 2,982 | 4,005 | 6,216 | 52,512 |
| 2015 | 19,643 | 19,666 | 2,982 | 4,005 | 6,216 | 52,512 |
| 2014 | 19,703 | 19,498 | 2,949 | 4,005 | 6,006 | 52,161 |
| 2013 | 19,482 | 19,511 | 2,997 | 4,005 | 6,116 | 52,111 |
| 2012 | 19,409 | 18,835 | 3,079 | 3,247 | 5,955 | 50,525 |
| 2011 | 19,401 | 19,261 | 3,021 | 7,209 | 5,975 | 54,867 |
| 2010 | 19,575 | 19,709 | 3,050 | 7,529 | 6,078 | 55,941 |
| 2009 | 19,685 | 19,295 | 3,116 | 7,936 | 6,196 | 56,228 |
| 2008 | 19,617 | 19,112 | 3,107 | 8,227 | 6,195 | 56,258 |
| 2007 | 19,382 | 19,074 | 3,057 | 8,215 | 6,091 | 55,819 |
| 2006 | 19,586 | 18,842 | 3,085 | 7,883 | 6,094 | 55,490 |

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. It remains difficult to ascertain if the FY 13 EDU increase is the onset of a short- or long-term trend due to new multi-family residential development and business openings during the continuing economic recovery, or variable factors such as drought-related water conservation and reduced water consumption by commercial users.

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 San Quentin Prison
as a Percentage of Total EDUs for FY 2015-16**



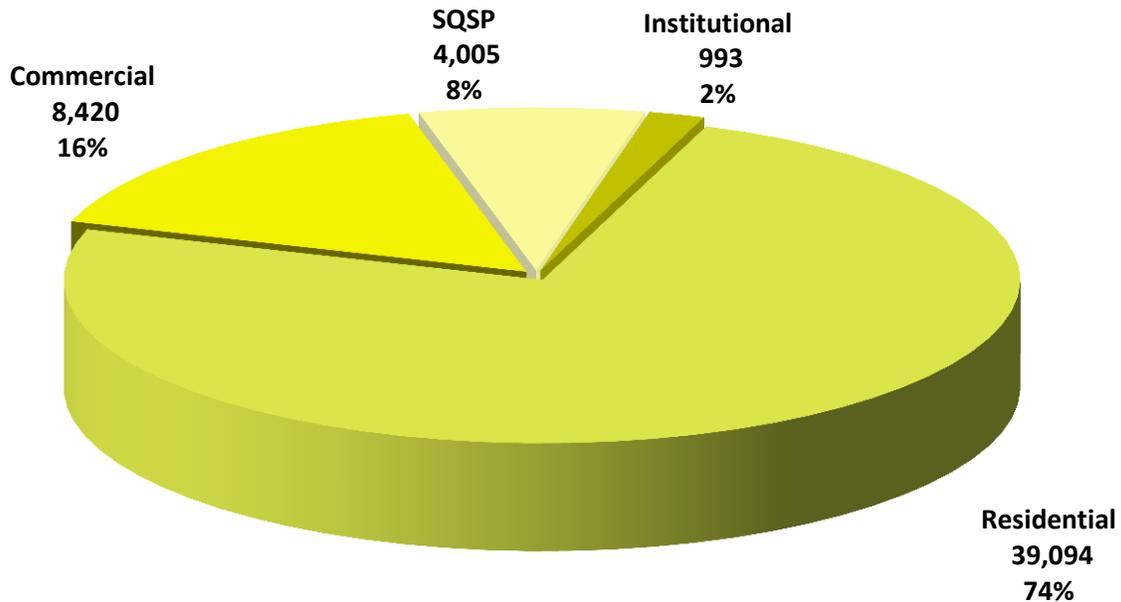
The table and chart below show the EDU count presented by connection type reported by participating JPA members. There are three types of connections: residential, commercial, and institutional. Institutional connections represent property tax exempt governmental entities (federal, state, county, city,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

EDU Count by Connection Types for FY 16

| | San Rafael Sanitation District (SRSD) | Ross Valley Sanitary District (SD #1) | City of Larkspur (SD #1) | San Quentin State Prison (SQSP) | Sanitary District #2 (SD #2) |
|----------------------|----------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------|------------------------------------------------|---------------------------------------------|
| Residential | 15,676 | 16,418 | 2,540 | - | 4,460 |
| Commercial | 3,780 | 2,732 | 388 | - | 1,520 |
| Institutional | 187 | 516 | 54 | 4,005 | 236 |

Source: Property Tax Reports, County of Marin

**EDU by Connection Type and San Quentin State Prison
as a Percentage of Total EDUs for FY 16**



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 and more than 450 miles of sewer pipelines located throughout the service area, along with 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 central San Francisco Bay. In full compliance with federal, state, and regional water pollution control laws and regulations, the CMSA treatment plant processes and disposes an average of 10 million gallons of wastewater per day, and has treated in excess of 116 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, Solids Handling Building, Digesters and Digester Building, Aeration Tanks, Biotowers, Primary Clarifiers and Blending Channel, Grit Building, and Headworks. The two orange roofed building in the lower center are the Maintenance Building (top) and the Administration Building (bottom).

Wastewater Treatment Process

The diagram on the following page depicts the wastewater treatment process with images of the buildings in the above photograph.



A Headworks

The wastewater influent flows through mechanical screens where large material is removed. The wastewater then enters the aerated grit chambers where grit, sand, gravel, and granular materials are removed, rinsed, and stored for future hauling to a landfill.



B Primary Clarifiers

The flow of wastewater slows as it moves through the long narrow clarification tanks. At this stage, grease rises to the surface while heavier materials settle to the bottom of the tanks. Ferric chloride and polymer are sometimes added during high storm flows to increase removal of the solids. These solids are then scraped off the top and bottom of the tanks and pumped to the digesters for treatment.



C Biotowers

The biotowers are the first stage of dual biological treatment. During this stage, water leaving the primary clarifiers is pumped to the top of tall biological towers where it trickles down through fixed media. When the water comes in contact with the air, the oxygen allows bacteria to grow on the media and consume some of the dissolved organic material.



D Aeration Tanks

The activated sludge process is the second stage of biological treatment. Tiny air bubbles released from the bottom of the tank provide air for microorganisms to consume organic matter. The organisms form a floc which enables them to settle in the secondary clarifiers.



E Secondary Clarifiers

The secondary clarifiers settle out the activated sludge from the aeration tanks. Some of this secondary sludge is reused in the dual biological process for continual reseeded, and the rest is sent to the digesters, where it is treated and used in the production of biogas.



F Disinfectant Contact Tanks

A computer-controlled dose of sodium hypochlorite is mixed with the treated effluent to kill pathogens. To complete the disinfection treatment process, a sodium bisulfite solution is added to the treated final effluent to neutralize any residual chlorine to protect marine life prior to discharging it to the Bay.



G Effluent Pump Station

The Effluent Pump Station will discharge treated effluent even when high plant flows and high tides coincide. It's fully automated and can start, stop and control pumps as needed during wet weather. There are five pumps – four primary pumps and one back-up pump. The high efficiency diesel pump engines passed a stringent Air Board review before they were permitted for use.



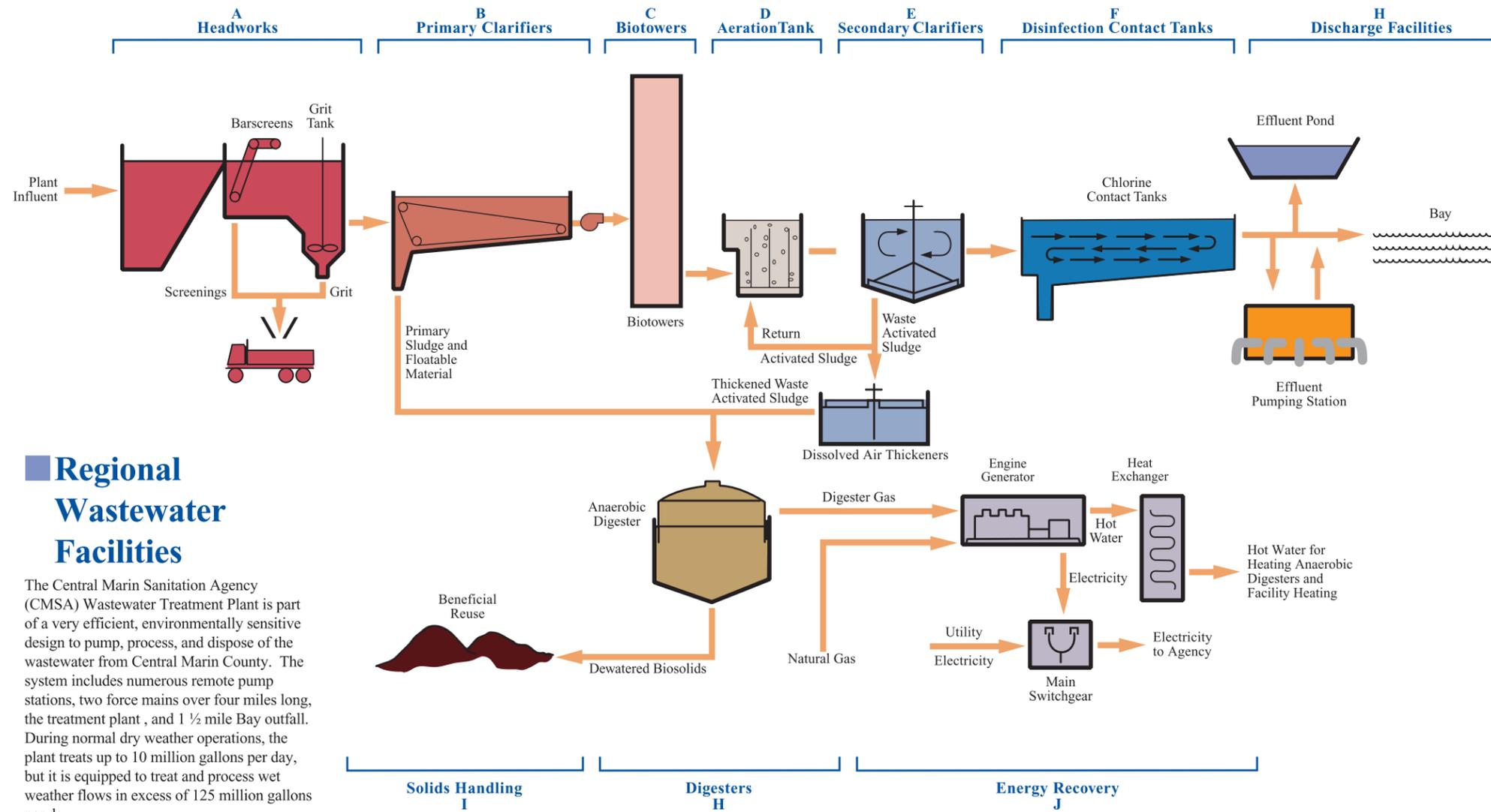
H Discharge Facilities

Some of the treated wastewater is recycled and used for washdown and irrigation at the plant site. The remaining effluent is carried through an 84 inch pipeline more than a mile out into San Francisco Bay where it is discharged through 176 diffusers located 30 feet below the Bay surface.



I Digesters

Solid materials (sludge and floatable material) removed in the primary and secondary clarifiers are heated so anaerobic bacteria can consume the organic matter. The digestion process reduces pathogens and odors and produces biogas. The treated product is called biosolids which are beneficially reused.



Regional Wastewater Facilities

The Central Marin Sanitation Agency (CMSA) Wastewater Treatment Plant is part of a very efficient, environmentally sensitive design to pump, process, and dispose of the wastewater from Central Marin County. The system includes numerous remote pump stations, two force mains over four miles long, the treatment plant, and 1 ½ mile Bay outfall. During normal dry weather operations, the plant treats up to 10 million gallons per day, but it is equipped to treat and process wet weather flows in excess of 125 million gallons per day.

When wastewater arrives at the CMSA Treatment Plant, a complex treatment process begins:

Process Schematic



K Energy Recovery

The biogas is produced in the digesters is used to heat plant process water and to generate electricity which supplies about one-half of the Agency's power needs. When digester biogas is not available, the engine generator switches to natural gas.



J Solids Handling

The digested biosolids are pumped to centrifuges where excess water is removed. The dewatered biosolids are hauled to a sanitary landfill for use as alternate daily cover, or utilized in a reuse process such as compost or land applied for agricultural use.

Key Workload and Performance Indicators for FY 2014-15 and FY 2015-16 Projections

The following section summarizes the Agency's key workload and performance indicators for the July 1, 2014-June 30, 2015 fiscal period. The data presented is compiled from the *Performance Metric and NPDES Process Reports* prepared for the monthly Board meetings. The 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 greatest accomplishment among all performance indicators is that the Agency has not had any NPDES Permit exceedances during calendar year 2014 and FY 15, and the Agency has met all its NPDES permit requirements for ten consecutive years.

A. Volume of Wastewater Treated: The Agency received and treated approximately 3,930 million gallons of wastewater during FY 15. The table below shows the monthly wastewater volume, in million gallons, received as influent flow from each satellite collection entity: SRSD, SD #1, SQSP, SD #2*. Total treated flow volumes are historically low, due to 1) a dry wet weather season that resulted in lower rain and ground water infiltration and inflow into the sewer system, and 2) increased voluntary water conservation by the Agency's customers due to the Governor's drought declaration in January 2014. Future weather patterns are difficult to predict, therefore this statistic is not projected for FY 16.

| | SRSD | | | SD #1 | | | SQSP | | | SD #2 | | | TOTAL | | |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|
| | FY 13 | FY 14 | FY 15 | FY 13 | FY 14 | FY 15 | FY 13 | FY 14 | FY 15 | FY 13 | FY 14 | FY 15 | FY 13 | FY 14 | FY 15 |
| Jul | 97.3 | 99.1 | 96.2 | 112.8 | 123.0 | 120.2 | 14.2 | 13.6 | 11.6 | 29.2 | 30.8 | 28.8 | 253.5 | 266.5 | 256.8 |
| Aug | 101.4 | 98.6 | 97.0 | 105.2 | 121.3 | 133.5 | 14.8 | 13.0 | 11.6 | 33.0 | 29.9 | 28.5 | 254.4 | 262.8 | 270.6 |
| Sep | 96.9 | 94.3 | 95.1 | 105.8 | 119.1 | 113.1 | 12.5 | 12.1 | 10.5 | 28.2 | 29.1 | 28.5 | 243.4 | 254.6 | 247.2 |
| Oct | 104.0 | 101.2 | 99.1 | 126.1 | 121.2 | 118.6 | 13.2 | 12.6 | 11.2 | 31.8 | 29.8 | 29.0 | 275.1 | 264.8 | 257.9 |
| Nov | 136.7 | 97.1 | 107.2 | 187.4 | 121.0 | 131.3 | 13.3 | 12.0 | 11.2 | 43.4 | 29.6 | 34.8 | 380.8 | 259.7 | 284.5 |
| Dec | 272.7 | 122.4 | 309.8 | 394.0 | 145.1 | 405.8 | 16.7 | 12.9 | 19.8 | 70.4 | 31.2 | 83.5 | 753.8 | 311.6 | 818.9 |
| Jan | 137.3 | 114.4 | 122.3 | 195.7 | 129.2 | 158.4 | 12.8 | 12.3 | 11.9 | 36.2 | 28.6 | 32.9 | 382.0 | 284.5 | 325.5 |
| Feb | 105.2 | 195.0 | 143.8 | 143.0 | 234.1 | 180.3 | 10.6 | 16.6 | 10.8 | 27.2 | 55.8 | 35.0 | 286.0 | 501.5 | 369.9 |
| Mar | 113.6 | 159.7 | 124.7 | 156.5 | 215.2 | 146.5 | 12.5 | 13.8 | 10.9 | 29.9 | 43.3 | 29.6 | 312.5 | 432.0 | 311.7 |
| Apr | 110.9 | 139.6 | 122.2 | 150.2 | 190.7 | 135.9 | 13.4 | 12.3 | 10.8 | 30.0 | 36.9 | 29.3 | 304.5 | 379.5 | 298.2 |
| May | 96.2 | 106.6 | 97.8 | 132.7 | 135.3 | 125.0 | 13.2 | 11.0 | 10.0 | 28.8 | 28.9 | 27.8 | 270.9 | 281.8 | 260.6 |
| Jun | 97.9 | 80.6 | 83.4 | 125.5 | 119.6 | 108.8 | 12.7 | 10.9 | 9.6 | 30.3 | 28.3 | 26.1 | 266.5 | 239.4 | 227.9 |
| Total | 1,470.0 | 1,408.6 | 1,498.6 | 1,934.9 | 1,774.8 | 1,877.4 | 160.0 | 153.1 | 139.9 | 418.5 | 402.2 | 413.8 | 3,983.4 | 3,738.7 | 3,929.7 |
| % Total Flow | 36.9% | 37.7% | 38.1% | 48.6% | 47.5% | 47.8% | 4.0% | 4.1% | 3.6% | 10.5% | 10.8% | 10.5% | 100.0% | 100.0% | 100.0% |

*See Key Terms and Financial Glossary with Acronym Listing

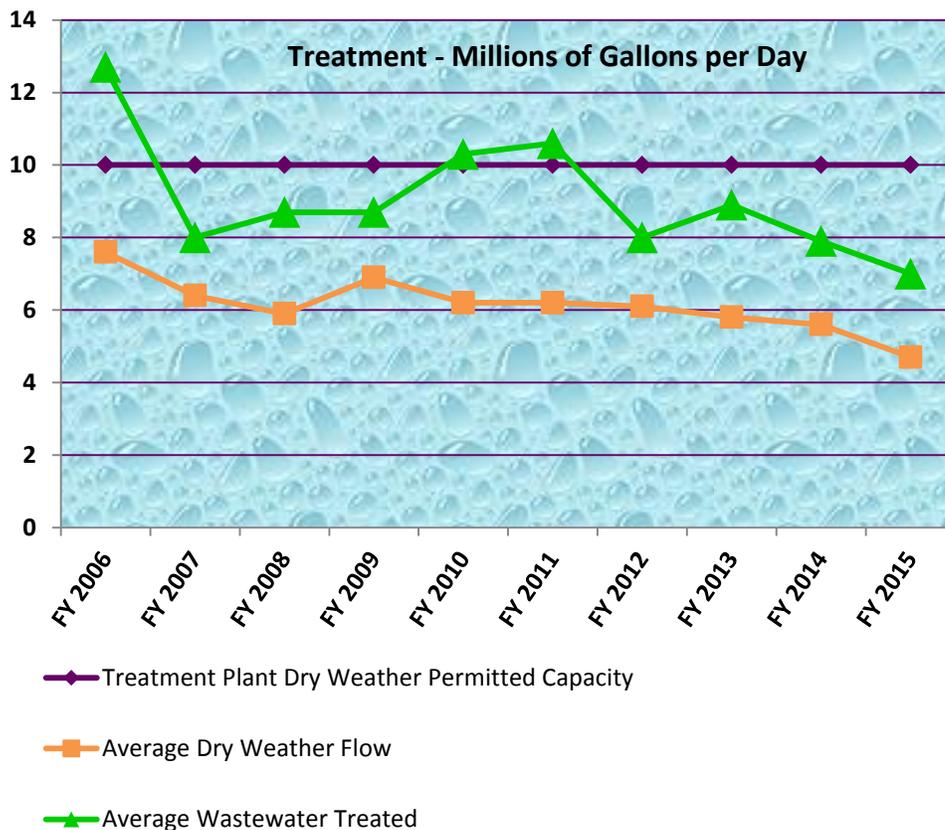
Average Daily Effluent Flow. The Agency's permitted dry weather capacity is 10 million gallons per day. Below are the average daily dry weather flow and annual flows for the past six years.

| MILLIONS GALLONS PER DAY | FY 10 | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16* |
|-------------------------------|----------------|----------------|----------------|---------------|-----------------|----------------|----------------|
| Dry Weather Flow (July-Sept) | 6.2 | 6.2 | 6.1 | 5.8 | 5.6 | 4.7 | 4.7 |
| Wastewater Treated | 10.3 | 10.6 | 8.0 | 8.9 | 7.9 | 7.0 | 7.0 |
| TOTAL OPERATING BUDGET | \$8.46M | \$9.05M | \$9.06M | \$9.5M | \$10.08M | \$10.1M | \$10.8M |

(*FY 16 has been projected to equal FY 15 annual flows)

The graph below presents the average volume of wastewater treated and discharged into San Francisco Bay from FY 06 through FY 15.

- The purple line is the Agency’s permitted dry weather flow, which has remained constant through several five-year permitting cycles.
- The orange line shows the average dry weather flow each year during the months of July, August, and September.
- The green line represents the average annual daily wastewater treated. The green line is higher than the orange line because it includes sewer pipeline infiltration during the wet weather season.



The increases in the average daily flow are due to higher than normal seasonal rainfalls during the wet weather months, and the sharp declines during FY 07 to FY 09 and FY 12, FY 14, and FY 15 are indicative of dry winters. The decrease in average dry weather flow over the last five years is also associated with lower water usage by our customers due to their increased water conservation efforts during the drought and installation of high efficiency water fixtures.

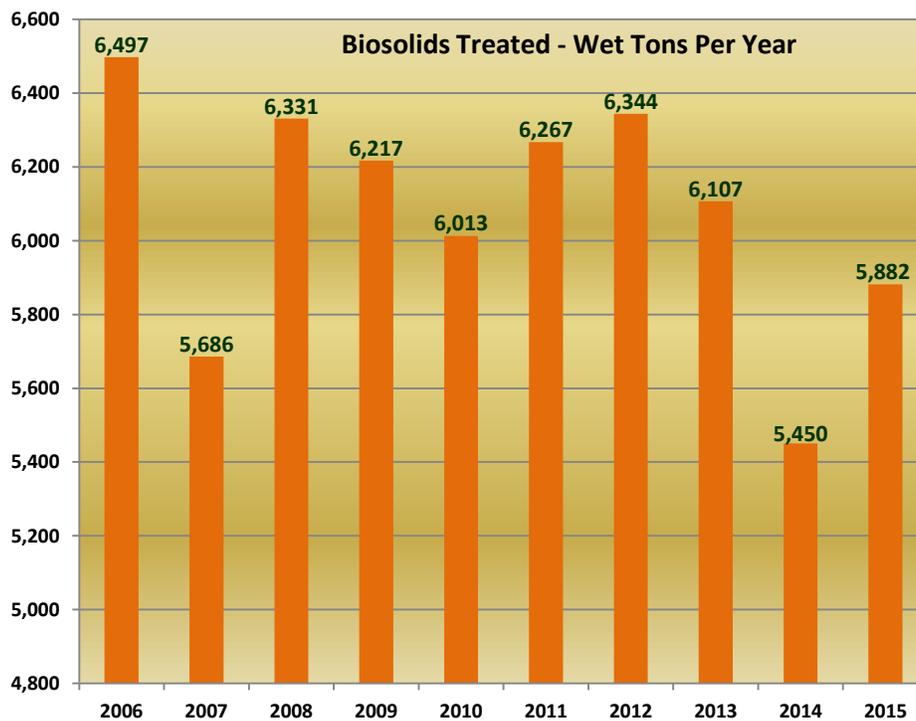
The Agency reclaims anywhere from 10-15% of its treated water for irrigating landscape, cooling down the cogeneration engine, hosing down and washing tanks and equipment, and diluting chemicals used in the treatment process. Reclaimed water is also used to maintain a wildlife sanctuary habitat for an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

B. Biosolids Production: Biosolids are renewable by-products of the wastewater treatment process, and are beneficially reused as landfill cover material during the wet weather season, and as fertilizer and soil amendments on agricultural land during the dry weather season. To diversify biosolids management options, the Agency has partnered with eighteen other wastewater agencies within the San Francisco Bay Area region to evaluate the feasibility of using biosolids as an alternative energy source.

| REPORTED WET TONS: | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 |
|----------------------------------------------------------------|--------|--------|--------|--------|--------|--------|
| Total Biosolids Management Budget* | \$235K | \$241K | \$258K | \$266K | \$273K | \$275K |
| Total Biosolids Production | 6,267 | 6,344 | 6,107 | 5,450 | 5,882 | 6,100 |
| Used as Landfill cover in Marin County | 3,090 | 4,057 | 4,073 | 3,582 | 3,740 | 3,700 |
| Applied to Pasture Land in Sonoma & Solano Counties | 3,177 | 2,287 | 2,034 | 1,868 | 2,142 | 2,300 |

*Reference: Environmental Services Department Biosolids Disposal Line Item Budget

The FY 16 budget projected increase is attributed to cost index adjustments in the biosolids hauling and disposal contract agreements. The Agency has assumed total biosolids production will be slightly higher than FY15, given that weather conditions can not be predicted months in advance.



The bar chart above shows the annual volume of biosolids produced. The amount of wet tons produced has generally decreased over time with the modifications and enhancements to the de-watering process that has optimized operational performance by removing more liquid from the biosolids. However, increases to the total biosolids production is still dependent on wet weather conditions. For example, drought weather conditions during FY 14 resulted in more solid material settling in the sewer system pipes and therefore was not

transported to the treatment plant. Another factor was one of two digestors being taken out of operation for the Digester Improvements Project.

- 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 introduction of a calcium nitrite solution into the collection system to control the generation of hydrogen-sulfide, the addition of 50% strength hydrogen peroxide into the wastewater prior to entry into the facility’s headworks, and the use of odor control masking agents during the treatment processes. Odor monitoring is routinely performed, and odor alerts are posted on the Agency website (www.cmsa.us) to inform the public and other interested parties of the potential generation of odors due to process changes, warm weather, and other environmental or operational factors. The table below shows the number of posted alerts and public complaints received over the past five years. The Agency’s annual goal is zero complaints.

| | FY 11 | FY 12 | FY 13 | FY 14 | FY15 | FY 16 |
|-------------------------------------------|--------|--------|--------|--------|--------|--------|
| Total Odor Control Budget* | \$524K | \$571K | \$610K | \$518K | \$474K | \$614K |
| Number of Odor Alerts Issued | 45 | 36 | 48 | 43 | 45 | 40+/- |
| Number of Odor Complaints Received | 1 | 8 | 1 | 2 | 1 | 0 |

**Reference: Operations Dept. line item budget-Chemicals: Nitrate, Hydrogen Peroxide, Odor Control accounts.*

- D. Conventional Pollutants Removed:** The Agency’s NPDES permit contains specific requirements for the removal of 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.

| UNIT OF MEASURE: TONS | FY 11 | FY 12 | FY 13 | FY14 | FY15 | FY 16 |
|----------------------------------------------------------|-------|-------|-------|-------|-------|-------|
| Total Suspended Solids (TSS) Removed | 5,557 | 6,037 | 6,290 | 9,009 | 7,353 | 6,850 |
| Organics (Biological Oxygen Demand – BOD) Removed | 3,199 | 3,869 | 4,294 | 5,294 | 4,949 | 4,325 |

(FY 16 has been projected to equal the five-year average of TSS removed)

The higher volume of TSS and BOD removed since FY 12 is due to increased maintenance of sewer lines and hydro flushing of pipe lines within satellite collection systems.

- 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 discharge 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 96% and 98%.

| MONTHLY AVERAGE | FY 11 | FY 12 | FY 13 | FY 14 | FY15 | FY 16 |
|-----------------|-------|-------|-------|-------|------|-------|
| Mercury | 98% | 97% | 97% | 97% | 99% | 98% |
| Copper | 93% | 92% | 96% | 96% | 95% | 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 electricity to power Agency facilities. The volume of natural gas required to purchase from outside suppliers is reduced in proportion to the amount of biogas that is generated, thus reducing expenditures. Energy production decreased during FY 13 when the generator was removed from service for major repairs, and increased when the generator went back on line in the latter half of FY 14. The FOG/Food-to-Energy programs that were launched in January 2014 resulted in increased biogas production; and the cogeneration system ran an average of 14-16 hours a day, up from approximately eight hours a day. This is reflected in the additional budgeted savings in natural gas purchases in FY 15 and FY 16. The biogas produced, the energy generated, and the estimated economic value of the biogas energy produced is shown in the table below.

| | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 |
|------------------------------------|-----------|-----------|----------|-----------|-----------|-----------|
| Total Natural Gas Budget* | \$193K | \$193K | \$180K | \$187K | \$121K | \$109K |
| Biogas – million cubic feet | 57 | 54 | 62 | 73 | 79 | 82 |
| Energy Produced - kilowatts | 5,247 | 4,697 | 2,165 | 4,367 | 4,998 | 5,198 |
| Value of Biogas Produced | \$169,000 | \$127,493 | \$54,196 | \$256,464 | \$255,791 | \$299,900 |

*Reference: Operations Department line item budget.

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

| BUDGET | FY 11 | FY 12 | FY 13 | FY14 | FY 15 | FY 16 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Maintenance Department | \$1.35M | \$1.33M | \$1.38M | \$1.48M | \$1.66M | \$1.78M |
| Operations Department | \$2.97M | \$2.97M | \$2.92M | \$2.91M | \$2.87M | \$3.19M |
| TOTAL | \$4.32M | \$4.31M | \$4.34M | \$4.40M | \$4.53M | \$4.98M |

| COMPLETED WORK ORDERS | FY 11 | FY 12 | FY 13 | FY14 | FY 15 | FY 16 |
|-----------------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Preventative | 771 | 865 | 1,566 | 4,397 | 4,831 | 4,400 |
| Corrective | 692 | 326 | 1,237 | 4,157 | 4,922 | 3,925 |
| TOTAL | 1463 | 1191 | 2,803 | 8,554 | 9,753 | 8,325 |

The increasing number of work orders completed since FY 11 for various activities indicates the learning curve and time commitment associated with the build-up and successful implementation of the asset management database, and is a measure of better and increased reliability of reporting standards. 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 and strongly believes continued training is important to the employee’s 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) and job specific educational courses. Methods of training include attendance at seminars and conferences, as well as computer-based webinars.

| | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 |
|---------------------------------------|-------|-------|-------|-------|-------|-------|
| Total Meetings/Training Budget | \$64K | \$64K | \$65K | \$72K | \$82K | \$79K |
| Internal Hours | 750 | 770 | 914 | 807 | 575 | 750 |
| External Hours | 901 | 737 | 871 | 870 | 668 | 800 |

See department budget accounts for Meetings/Training (6700-010), Conferences (6700-020), Outside Safety Training (6830-017)

I. Water Sample Analyses: The Agency has a certified environmental laboratory where wastewater that enters (influent) and leaves (effluent) the plant 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 chart below shows the number of water sample analyses the laboratory performed, and the projection for FY 16.

| | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 |
|-----------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|
| Total Permit Testing & Monitoring Budget* | \$108K | \$133K | \$138K | \$141K | \$153K | \$149K |
| NPDES Compliance Analyses | 5,202 | 5,150 | 5,485 | 5,482 | 5,661 | 5,500 |
| Process Control Analyses | 11,793 | 11,721 | 12,107 | 12,643 | 16,661 | 16,000 |
| Quality Control Testing | 5,154 | 5,183 | 5,609 | 5,697 | 5,650 | 5,650 |
| Water Quality Sample Analyses for ammonia, coliform and sulfides performed for JPA member agencies | 347 | 305 | 229 | 222 | 202 | 210 |

**Reference: Environmental Services line item budget accounts (6300-000, 6310-030, 6320-010, 6320-020, 6330-010, 6330-020.)*

During FY 14 the Agency had begun to conduct daily digester testing, and the number of Process Control Analyses has continued to increase.

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 effect the environment 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 Fats, Oils, and Grease (FOG), Pollution Prevention, and the Dental Amalgam Program recover costs to perform inspections and issue permits. The number of inspections completed and permits issued are shown in the table below.

Fluctuations in the number of inspections are dependent upon customer compliance and by the number of new and existing restaurants in the service area. Permits are issued for 1-, 2- or 3-year periods and the cyclical pattern is reflected in the number permits renewed FY 11 through the FY 15 budget.

| | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 |
|--------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|
| Total FOG, Permit & Inspections, Dental Amalgam Revenue | \$77K | \$82 | \$ 69 | \$94K | \$95K | \$98K |
| Pretreatment and Pollution Prevention Inspections* | 244 | 340 | 332 | 332 | 333 | 335 |
| FOG Program Food Establishment Inspections* | 601 | 678 | 504 | 606 | 602 | 605 |
| Permits Issued and Renewed* | 187 | 54 | 47 | 77 | 198 | 45 |

*See Revenues by Source budget accounts 4030/4031/4033/4034/4035/4036/4037-000-00.

- K. Public Outreach and Education:** CMSA is the lead Agency for a county-wide public education program. Staff and program participants educate the public about important environmental issues related to water and wastewater at many community-based events that include Agency exhibits at the Marin County Fair, local festivals, farmers’ markets, and Earth Day events. The program also hires puppeteers and jugglers to deliver educational and entertaining environmental messages to elementary school children. The Agency tracks the number of visitors who visit the public education booth and who take our environmental quiz, and also tracks the number of children who attend the educational school events. A calendar of upcoming education events where CMSA will be in attendance is available on the Agency’s website <http://www.cmsa.us/localevents>.

| | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 |
|---------------------------------------------------|-------|-------|-------|-------|-------|-------|
| Total Public Education Program Budget* | \$32K | \$32K | \$32K | \$36K | \$36K | \$38K |
| Public Education Events Visitors | 3,351 | 3,559 | 4,152 | 3,197 | 3,401 | 2,900 |
| School Education Events Student Attendance | 4,152 | 3,433 | 4,369 | 6,314 | 4,330 | 4,300 |

*Reference: Environmental Services Department budget account 6821-000-02.

SECTION 4. STRATEGIC BUSINESS PLAN

The Agency's Strategic Business Plan (SBP) provides a clear path for advancing and improving CMSA as it provides guidance to staff in all levels of decision making, and communicates the Agency's organizational priorities to its stakeholders and ratepayers. Many of the Agency's successful initiatives and recognized achievements over the last few years can be directly attributed to its two five-year SBPs, which are instrumental in instilling a culture of continuous improvement and enhanced service delivery.

The Agency is now entering the final year of implementation of the five-year SBP. The plan is comprised of Purpose, Vision, and Mission statements, six organizational goals, sixteen supporting objectives, and sixty-three strategic actions. Fourteen Agency employees from a cross-section of the organization serve on the Agency Strategic Planning Committee, with each person serving as a coordinator for a specific strategic objective and/or a lead for the initiation and implementation of one of more of the SBP's strategic actions.

To date, the direct budget impact associated with SBP implementation activities has been minimal, as most of the efforts and accomplishments have been completed by Agency staff. Beginning in FY 14, the Agency initiated budgeting for activities that require specialized professional services, such as conducting an audit of the Agency's greenhouse gas emissions, sharing in the cost for a recycled water feasibility study with the local water district, and updating the employee performance evaluation and merit award programs. The SBP focus during FY 16 will be on activities listed below:

- Completing the study on the feasibility of supplying Agency-produced recycled water for use outside the treatment facility.
- Implementing an updated employee merit award program to better link employee performance evaluations to merit awards.
- Conducting an organizational culture survey.
- Developing an information technology master plan.

The SBP Brochure is presented on the following pages. The SBP Annual Report will be presented to the CMSA Board in September 2015 and will be available on the CMSA website at that time.

Protecting Public Health and the Environment

The Central Marin Sanitation Agency (CMSA) is a Joint Powers Agency (JPA) that was formed in 1979 by the four local agencies (San Rafael Sanitation District, City of Larkspur, and Sanitary Districts No.1 and No.2 of Marin County), to provide wastewater services to the residents and businesses in Central Marin County. The initial purpose of CMSA was to construct and operate a regional wastewater treatment plant and make other improvements to the Central Marin wastewater transport system to comply with the stricter wastewater treatment, disposal, and regulatory requirements in the 1972 Clean Water Act.

Since its first day of operation, CMSA has provided a consistent, continuous, and critical public health service to Central Marin residents, businesses, and industries. In addition to providing wastewater treatment and disposal services, CMSA has a comprehensive pollution prevention program, leads an award winning county-wide water/wastewater public education program, and provides various environmental services to several local agencies.

In 2002, CMSA assembled a group of well-respected managers from wastewater agencies in the San Francisco Bay Area to conduct an Operations and Management Review of CMSA and identify areas of strength and opportunities for improvement. The highest ranked recommendation was to develop a strategic business plan that would guide the Agency and its staff in decision making, set a strategic direction to achieve the Agency's vision, and establish a culture of continuous improvement.

The development of the Agency's first strategic business plan was a collaborative and constructive process involving the CMSA Board members, employees, and external stakeholders, and was adopted by the CMSA Board of Commissioners in December 2004. Since then the Agency has completed nearly all of the strategic actions in the Plan resulting in numerous improvements within the organization such as: improved planning and communication processes; constructed facility improvements to increase treatment and disposal capacities for wet weather events; prepared financial, administrative and operational policies and procedures; developed and implemented a multi-faceted asset management program; executed succession plans associated with the retirement of management and wastewater operations staff; and implemented programs to improve staff development and morale. More importantly, the culture of continuous improvement has been firmly established throughout the Agency and has enabled us to improve service delivery to our customers and enhance environmental protection.



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Central Marin Sanitation Agency

Strategic Business Plan 2011 - 2016

Regulatory Compliance

Financial Sustainability

Green Business Principles

Regional Opportunities

Quality Work Environment

Enhanced Communication



Message from the General Manager

On behalf of the Agency and its employees, I am pleased to present the Agency's second Five-Year Strategic Business Plan. The development of this strategic business plan followed an approach similar to our first 5-year plan in 2004/2005. Over one-third of the Agency staff participated and contributed to the development of the Plan and all staff will participate in its implementation. The adoption of this plan signifies the importance that the Agency, its Board, and employees place on seeking continuous improvements in every aspect of the Agency's operations. The Agency intends to review and update the plan annually and welcomes comments and feedback from its stakeholders and other interested parties.

Respectfully Submitted,

Jason Dow



Purpose

Central Marin Sanitation Agency shall provide wastewater treatment, disposal, and related environmental services to protect public health and enhance environmental quality within its service area comprised of Sanitary District Number 1 of Marin County, Sanitary District Number 2 of Marin County, and the San Rafael Sanitation District.

Vision

Central Marin Sanitation Agency will be an industry leader in providing efficient wastewater treatment and disposal services in a manner that is fully compliant with regulations and is economically and environmentally sustainable over the long term.

Mission

Central Marin Sanitation Agency will achieve its purpose and vision by:

Operating and maintaining the wastewater treatment plant and related facilities in a safe, sustainable, efficient, and effective manner.

Managing and protecting its assets and investments through sound financial policies and business practices.

Providing quality service through long-range planning and appropriate use of technology.

Encouraging discussion and development of strategies for addressing regional wastewater issues.

Maintaining a diverse work place that fosters professional growth, teamwork, succession planning, and job satisfaction.

Educating the public on water, wastewater, and environmental issues.

1 Goal One CMSA will continue to operate and maintain its wastewater facilities to produce high quality effluent and biosolids, and to meet or exceed changing regulatory requirements.

Objective 1.1: Further enhance the Agency's asset management program.

- a. Develop a condition assessment program and associated decision making processes for the Agency's assets.
- b. Utilize the condition assessment results in the Agency's preventative maintenance program.
- c. Develop a long-term risk and condition based asset funding model.
- d. Prepare a comprehensive inventory management program for critical equipment, materials, and supplies.

Objective 1.2: Continuously improve the performance of the treatment plant's operational processes and systems.

- a. Periodically review process equipment and systems to identify opportunities for improvements.
- b. Evaluate new technologies being used in the wastewater industry for applicability at the Agency.
- c. Develop an implementation plan for the identified improvements and technologies.
- d. Develop and implement a secondary flow equalization strategy.

Objective 1.3: Proactively develop and implement strategies to meet changing regulatory requirements.

- a. Negotiate realistic and reasonable terms and conditions for the Agency's 2012 NPDES permit.
- b. Prepare a phased, multi-year implementation plan to monitor and/or reduce wastewater blending, if required by the Regional Water Quality Control Board.
- c. Participate in organizations that advocate on behalf of wastewater entities before state and federal regulators.
- d. Develop and/or update strategies and plans to meet anticipated regulatory requirements.

2 Goal Two CMSA will continually improve financial management programs to ensure transparency, financial sustainability, and sound fiscal management.

Objective 2.1: Prepare financial documents in accordance with the Governmental Finance Officer Association's (GFOA) recommended best practices.

- a. Train supervisory staff on fundamentals of governmental accounting and budgeting and the use of financial documents.
- b. Identify GFOA best practices that could be utilized by the Agency.
- c. Define key performance indicators and develop a public reporting document that links finances to operational results.

Objective 2.2: Enhance interdepartmental capital program planning and project implementation.

- a. Utilize a capital improvement planning team to manage and administer the Agency's Capital Improvement Program.
- b. Develop standardized assessments for use in capital project decision making and reporting.
- c. Develop new reports for capital project implementation and management.

Objective 2.3: Broaden financial policies and procedures to further align procurement and contracting practices with public contracting standards.

- a. Periodically review financial policies and procedures and update or supplement them as appropriate.
- b. Develop and utilize California Uniform Public Cost Construction Accounting Act (CUPCCAA) informal bidding procedures.
- c. Develop a forecasting analysis for chemical pricing.
- d. Prepare a guidance document to assist in selecting the appropriate procurement or contracting method.

3 Goal Three CMSA will incorporate green business principles in its short and long-term planning.

Objective 3.1: Consider energy efficiency and environmental sustainability in Agency projects, initiatives, and business practices.

- a. Maintain Green Business certification status with the County of Marin.
- b. Conduct an energy audit of the Agency's facilities and equipment.
- c. Perform a greenhouse gas audit of the treatment plant.
- d. Review results of the audits for implementation if economically feasible.
- e. Implement projects to enhance the production of biogas.
- f. Increase use of recycled products when economically feasible.

Objective 3.2: Develop a strategy for promoting and/or increasing the beneficial use of the Agency's products.

- a. Develop a policy for the beneficial use of the Agency's products.
- b. Explore opportunities for the use of reclaimed water.
- c. Expand material and commodity reuse and recycling programs within the Agency.
- d. Identify, monitor, and evaluate beneficial use opportunities for biosolids.

4 Goal Four CMSA will lead or actively participate in collaborative discussions and efforts to address regional environmental opportunities and challenges.

Objective 4.1: Identify regional issues and lead or participate in their resolution.

- a. Monitor issues that could directly impact wastewater agencies.
- b. Identify appropriate organizations for Agency participation.
- c. Assign appropriate staff to represent the Agency at regional organizations.
- d. Promote interagency coordination on capital projects and explore regional benefits of collaborating on joint ventures.
- e. Partner with other local entities to reduce greenhouse gas emissions.

Objective 4.2: Collaborate with other local agencies in sharing of services and resources.

- a. Consider providing Agency services to local agencies when requested and develop contracts as appropriate.
- b. Identify opportunities with local agencies to share services and/or resources and develop a contract or agreement as appropriate.
- c. Identify and initiate beneficial pooled purchasing opportunities for commodities and services.

5 Goal Five CMSA will retain and attract high quality employees by providing a work environment that motivates staff and fosters professional development.

Objective 5.1: Design and implement training and processes that support a culture of leadership and professional growth.

- a. Inventory and evaluate current training programs and assess the need for additional training to support professional development.
- b. Develop an Agency-wide training policy.
- c. Incorporate training elements into each employee's annual workplan.
- d. Provide internal and external training resources to promote professional development.

Objective 5.2: Create meaningful opportunities to participate in and contribute to organizational success.

- a. Provide opportunities for employees to participate in the planning and implementation of Agency initiatives.
- b. Encourage employees to volunteer for leadership/committee assignments in industry organizations.
- c. Conduct a needs assessment for employee workspaces and develop a plan for modifications to optimize productivity.
- d. Initiate a biannual organizational culture survey and evaluate and share results with staff.
- e. Develop standardized elements in annual performance reviews to solicit feedback regarding organizational improvement.

Objective 5.3: Improve recognition of employee work performance.

- a. Promote and acknowledge exceptional performance by employees and the Agency.
- b. Develop a standardized format with classification-specific criteria for performance evaluations.
- c. Develop a consistent method for providing feedback during annual employee performance evaluations.
- d. Develop a standardized evaluation procedure for the merit award program.

6 Goal Six CMSA will enhance its internal and external communication programs.

Objective 6.1: Enhance outreach to external stakeholders.

- a. Promote public awareness of industry issues and trends.
- b. Develop and maintain a list of stakeholders to receive Agency communications.
- c. Develop a web-based application to allow stakeholders to sign-up for and receive Agency announcements.
- d. Expand webcam page to allow stakeholders to view Agency facilities and projects.

Objective 6.2: Develop and encourage processes to facilitate inter- and intradepartmental information sharing.

- a. Standardize the use of calendaring software for Agency-wide use.
- b. Develop standardized departmental formats for information sharing.
- c. Inventory Agency and departmental information sharing needs.
- d. Implement solutions to any important information sharing needs.

Objective 6.3: Implement technologies and systems that facilitate access to and use of information.

- a. Obtain legal guidance on what information must be retained in hard copy.
- b. Retain an information management consultant.
- c. Develop an information management master plan that addresses on-going planning and coordination of information technology needs.
- d. Initiate implementation of the information management master plan.



BOARD MEMORANDUM

September 4, 2015

To: CMSA Commissioners and Alternates
From: Kate Brouillet, Administrative Assistant
Approved: Jason Dow, General Manager
Subject: FY 2015-16 Strategic Business Plan Annual Report

Recommendation: Accept the FY 15 Strategic Business Plan Annual Report, and provide any comments or direction to the General Manager, as appropriate.

Summary: In September 2011, the Board adopted the Agency's second 5-year Strategic Business Plan (SBP). During the SBP discussion at that Board meeting, staff informed the Board that an annual SBP report will be prepared to summarize the prior year's SBP activities and accomplishments. We have now completed over four years of SBP implementation, and below are some highlights from the past year's SBP accomplishments.

Objective 1.2c Develop an Implementation Plan for Improvements or New Technologies

Dechlorination Study

In an effort to reduce the amount of chemicals needed to dechlorinate the effluent before discharge to the S.F. Bay, staff has been performing a dechlorination study. This past year, a new Sodium Bisulfite (SBS) Injection line was constructed in front of the outfall, and a SBS Polishing Station was brought on-line. Both have been tested and are currently running in quasi-operational mode. Operations staff is currently monitoring the polishing station operation with the process control system and working with maintenance and engineering staff to make control response time adjustments. Since the new injector and polishing system began operation, the Agency has realized a notable decrease in SBS usage.

Objective 1.3d Develop and/or Update Strategies and Plans to Meet Anticipated Regulatory Requirements

Nutrient Watershed Permit

The S.F. Bay Regional Water Board developed a Nutrient Watershed Permit, in collaboration with the Bay Area Clean Water Agencies (BACWA), that was adopted April 2014. BACWA, representing the wastewater agencies in the region, is taking the lead in managing and administering the studies and evaluations for their members to comply with the permit's requirements. BACWA hired HDR Engineering to perform an evaluation of each BACWA member's treatment plant to optimize treatment processes, utilize side-stream treatment systems, and/or construct new treatment systems and processes to reduce nutrient discharges.

This study will collect data from all 36 POTW in the Bay Area, and will make recommendations for technologies and equipment to reduce the nutrient levels at each facility.

Representatives from HDR Engineering were given a tour of the Agency on June 12, an assessment was conducted, and options for nutrient (ammonia, nitrogen, and phosphorus) removal equipment and technologies were discussed. Staff provided four years of flow data, and various other information to HDR. A progress report from HCR is due by the end of the year, which will be followed in 4-6 weeks by a draft report for each agency to review.

Objective 2.2b Develop Standardized Assessments in Capital Project Decision Making and Reporting

Staff completed the review, and have finalized, an SBP implementation memo detailing the process for standardizing capital project assessments.

Objective 3.1b Conduct an Energy Audit of the Agency's Facilities and Equipment

Staff completed an energy audit that was conducted by the Industrial Assessment Center (IAC) at San Francisco State University. IAC recommendations for energy-reducing actions were taken under the purview of appropriate department teams (Process Control, Capital Improvement, Energy Efficiency/Greenhouse Gas), and included incorporating variable frequency drives on carrier water pumps in future CIP projects, and installing LED outdoor lighting, among other activities.

An Energy Efficiency/GHG Team was established during the assessment period that now meets regularly and issues quarterly reports. Findings and recommendations are routinely communicated to appropriate departments.

Objective 3.2b Explore Opportunities for the Use of Reclaimed Water

Recycled Water Feasibility Study

During the past year, much progress has been made in this area. By April 2015, Carollo Engineers had completed about 50% of the study work, including conducting a San Quentin site visit, producing a market assessment for commercial use of recycled water, and preparation of conceptual treatment and distribution costs for different possible alternatives and use locations. Five reasonable cost options were identified and were taken to the conceptual design stage. An administrative draft report will be prepared in September for CMSA and MMWD review, a draft in October for review/comment by the State Water Board, and the final report should be ready in November.

Recycled Water Filling Station

In May, Kennedy Jenks completed the Title 22 Engineering Report and Marin Municipal Water District submitted it to the State Water Resources Control Board (SWRCB) for review, comment, and eventual approval. The design for new recycled water truck filling station was recently completed by Kennedy Jenks. In late August, the Title 22 report and fill station design were approved by the SWRCB, and staff is currently advertising the truck fill station construction contract for public bidding. Construction is planned for completion by end of the November.

Objective 5.2c Conduct a Needs Assessment for Employee Workspaces and Develop a Plan for Modifications to Optimize Productivity

Maintenance Building Rehabilitation Project

In November, the Board approved a professional services agreement with FME Architecture + Design for architectural design and support services for planning the expansion and remodeling of the Maintenance Building and Annex to better meet the office space and equipment and supply storage needs of the Agency. Subsequently, FME completed a needs assessment of the maintenance facility, and the preferred office configuration and storage improvements were selected for design. In May, the Board approved a design task order for FME to prepare a biddable set of construction contract documents for the selected improvements and new facilities. FME recently submitted the 60% design documents for staff review, and is working with the San Rafael Planning and Building departments to obtain the necessary building permits.

Employee Workspace Assessment

In March, the ASPC team started the process to address this objective. The topic of workspace assessments was researched, and a draft policy was discussed and developed, along with a form for employees to use to request an ergonomic assessment of their workspace. The final draft of the policy and form were reviewed by Agency managers, and was finalized in August.

Objective 5.2d Initiate a Biannual Organizational Culture Survey and Evaluate and Share Results with Staff

An internal team researched content and processes for organizational culture surveys, and provided an overview of previous work completed for the Agency by consultants, and current costs and timeframes for conducting a survey. The team has recommended to engage a consultant to assist with developing appropriate questions for the survey, perform the survey anonymously through the consultant's online portal, and assist in interpreting and communicating the results. This action will be initiated after new Administrative Services Manager starts work.

Objectives 5.2e/5.3b-ee Develop a Standardized Format for Employee Performance Reviews, and a Consistent Method For Providing Feedback

CPS HR Consulting was selected to develop a new employee performance evaluation program to include core competencies for managers and employees, and a new evaluation form to be consistently used for all departments. CPS conducted focus group workshops with Agency staff to discuss desired outcomes for the program. Also developed by CPS HR Consulting with the Agency were revised workplan templates that function in conjunction with the performance evaluation program, and provide accountability for employees and managers. Agency staff created an Administrative policy that provides guidance and direction for managers, supervisors, and employees on the activities and timeframes in conducting performance evaluations. Supervisors have been using the new evaluation process and forms since early 2015. CPS is currently assisting the Agency was revising our Merit Incentive Program, with a

major element of work being aligning the merit award criteria to the annual performance evaluation process and creating a system with improved objectivity.

Objectives 6.2/6.3 Facilitate Information Sharing and Develop an IT Master Plan

Working with Agency staff, the Engineering Department and the Information Systems Analyst inventoried and documented the Agency's existing hardware and software, and surveyed employees' technology needs to lay the groundwork in developing an Information Systems Master Plan. The Plan includes documenting the network layout, scheduling systematic hardware and software upgrades and replacements, improving security and remote access, and organizing existing directories and files on the Agency's shared drive. The plan was reviewed and approved by Agency managers, and a third of the elements have been implemented, with completion scheduled for spring 2016.

SECTION 5. FINANCIAL REPORTING AND FINANCIAL POLICIES SUMMARY

The Agency is a Joint Powers of Authority 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 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, 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 <http://www.cmsa.us/documents/administrative>.

CMSA Financial Policies Table of Contents



CMSA’s mission: “Managing and protecting its assets and investments through sound financial policies and business practices.”

Financial Policies Summary

The Board adopted a comprehensive set of financial policies in October 2006 which are periodically reviewed and updated to align with GFOA best practices, recommendations from the Agency's independent auditors, and the latest GASB pronouncements. Since then, the Agency has undertaken a schedule to review one of its three major sets of policy documents annually on a rotating basis: Financial; Personnel, and Administrative. During FY 15, the Agency conducted a thorough review of its financial policies that were adopted by the board in July 2015. The policies that are included in the appendix were adopted by the Board in July 2015.

Major policy areas are displayed in the graphic on the previous page and each specific policy is listed and 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 annual financial report, Comprehensive Annual Financial Report (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, 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, construction contracts, equipment purchases, 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 the fiscal year beginning July 1. The Board, General Manager, and Agency staff each have their respective Agency, departmental, and programmatic responsibilities to develop a financially responsible budget each fiscal year. Budget development is guided by financial policies and procedures, the strategic business plan, long- and short-term organizational goals and objectives, the economic climate, and other external factors.

FY 2015-16 Budget Calendar – Development, Adoption and Administration



Balanced Budget: The Budget is balanced when revenues equal expenditures. When revenues exceed expenditures, surplus funds are transferred into designated reserves in accordance with the Agency's Financial Reserves Policy.

Cash Basis of Budgeting: The Agency's annual 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 annual budget development cycle begins with an analysis of the current year budget compared to projected annual expenditures and long-term capital improvement program funding, and serves as the baseline for the upcoming year's 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 which may include refining expenditure budgets, and/or recommending to the Board to increase regional charge revenue 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 July 1 to June 30 fiscal period.

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 reports 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 <http://www.cmsa.us/board/agendas-and-minutes>.

SECTION 7. FY 2015-16 BUDGET - DISCUSSION AND ANALYSIS

Development of the FY 16 budget began in January 2015. During the course of its development, the General Manager and Administrative Services Manager reviewed the work in progress and sought guidance from the Board Finance Committee on three major components of the FY 16 Budget: 1) sewer service charges, 2) the 10-year capital improvement program expenditures (Section 8), and 3) the 10-Year Financial Forecast assumptions (Section 9).

On June 9, 2015, the CMSA Board adopted a balanced FY 16 Budget (revenues less expenditures and any balance transferred to/from reserves). The Adopted FY 16 Budget incorporated employee compensation adjustments that resulted from the approved six-year labor agreements with the Agency's two employee groups last August. This section presents two components of the Adopted Budget, revenues and expenditures. Section 8 presents the third component of the Adopted Budget, capital expenditures.

CMSA's primary source of revenue in the FY 16 Budget is the sewer service charges received from each JPA member agency. Over the past three fiscal years, the Agency has transitioned from determining per unit treatment costs using Equivalent Dwelling Unit (EDU) to a cost structure based on the volume and strength of wastewater treated. This method is a fairer determination for the assignment of treatment costs, as it uses the cost-of-service principal in recognizing that each EDU does not produce the same volume and strength of wastewater. The Agency has now completed three years of calculating the wastewater strength from each JPA member's flow and has incorporated 36-months of wastewater strength along with 36-months of wastewater volume in determining each JPA member's FY 16 sewer service charges.

Table 1 shows the FY 13, FY 14, and FY 15 operating revenues and expenses, with surplus funds being transferred to the operating and unrestricted capital reserves. Major changes to FY 16 revenues and expenditures from FY 15 are discussed in the narrative following Table 1.

Table 1: Overview of Operating Revenues and Expenditures for FY 14, 15 and 16

| | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget | | FY 15-16 Adopted Budget | % Difference FY 16 to FY 15 Budget |
|-------------------------------------|----------------------------------------|----------------------------------------|--|----------------------------------------|---------------------------------------------------|
| Total Operating Revenues | \$10,442,459 | \$11,173,949 | | \$11,770,086 | 5.3% |
| Total Operating Expenditures | \$10,082,029 | \$10,129,676 | | \$10,896,500 | 7.6% |
| Surplus/(Deficit) | \$ 360,430 | \$ 1,044,273 | | \$ 873,586 | |

Note: Budget surpluses are transferred to designated reserve funds per Financial Policy #532.

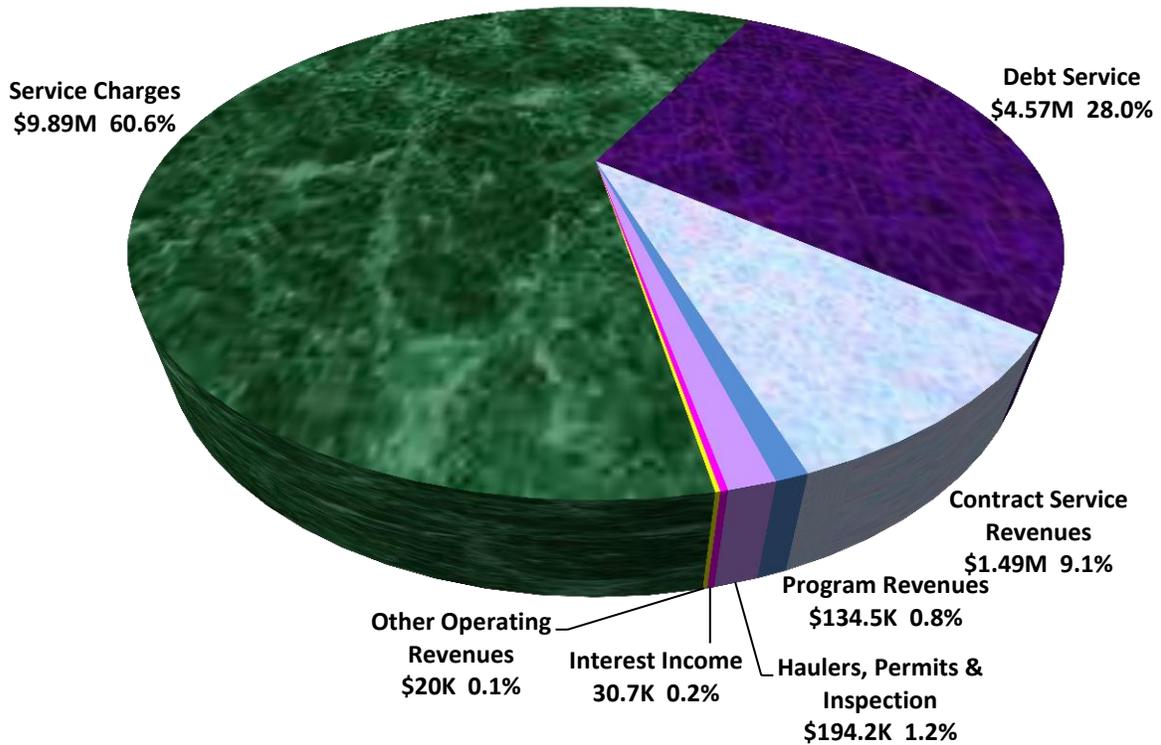
Total Operating Revenues increase by 5.3% and Total Operating Expenditures increase by 7.6%, and the expected surplus of \$873.6K includes \$430,000 designated for future capital projects.

Adopted FY 15-16 Revenues: Revenues are summarized by source in Table 2 for FY 14, FY 15, and FY 16. A brief analysis that describes the difference between FY 15 and FY 16 revenue categories follows the pie chart below.

Table 2: Revenues by Source for FY 14, FY 15, and FY 16 Adopted Budgets

| Revenue Sources by Category | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget | FY 15-16 Adopted Budget | % Difference FY 16 to FY 15 Operating Budget | % Total Revenues |
|---------------------------------|-------------------------|-------------------------|-------------------------|----------------------------------------------|------------------|
| Operating Revenues | | | | | |
| Service Charges | \$ 8,901,932 | \$ 9,399,740 | \$ 9,897,549 | 5.3% | 60.6% |
| Contract Service Revenues | 1,291,339 | 1,420,302 | 1,493,041 | 5.1% | 9.1% |
| Program Revenues | 135,938 | 134,080 | 134,543 | 0.3% | 0.8% |
| Haulers, Permits & Inspection | 60,250 | 169,127 | 194,252 | 14.9% | 1.2% |
| Interest Income | 33,000 | 30,700 | 30,700 | 0.0% | 0.2% |
| Other Operating Revenues | 20,000 | 20,000 | 20,000 | 0.0% | 0.1% |
| Total Operating Revenues | \$10,442,459 | \$11,173,949 | \$11,770,086 | 5.3% | 72.0% |
| Debt Service | \$ 5,820,449 | \$ 5,815,627 | \$ 4,574,030 | -21.3% | 28.0% |
| TOTAL REVENUES | \$16,262,908 | \$16,989,576 | \$16,344,115 | | 100.0% |

FY16 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 wastewater flows and strength into CMSA from April 1, 2012 to March 31, 2015. Flow is measured in millions of gallons and strength factors are measured in pounds for mass of biological oxygen demand and mass of total suspended solids. The sewer service charges are budgeted to increase by 5.3% to fund increased operating expenses and to fund future capital projects as planned for in the 10-year financial forecast (Section 9).

Contract Services: Revenues received for services provided by the Agency under contract to local agencies are expected to increase by 10%.

- \$890,716 for SQSP wastewater services: 5% increase in accordance with contract terms.
- \$102,800 for SQSP pump station maintenance: 2.8% increase for Bay Area CPI.
- \$34,383 for SQ Village: 24.5% increase in accordance with planned projects and contract terms.
- \$389,242 for SD 2 Pump Station Maintenance: 5.4% increase in accordance with contract terms and scheduled maintenance.
- \$20,000 for LGVSD FOG and Pollution Control Programs: No change from FY 15.
- \$18,000 for SD #1 FOG Program: No change from FY 15
- \$22,000 for SRSD FOG Program: 8.3% decrease from FY 15 for a reduction in inspection services due to increased program compliance in the service area.
- \$2,400 for TCSD FOG Program: 100% increase for increased inspections at a new grocery and food take-out market that recently opened in the community.
- \$9,500 for SD 2 FOG Program: 18.8% increase for increased compliance inspections at several new restaurants in the service area.
- \$4,000 for Novato SD Dental Amalgam Program: No change from FY 15.

Program Revenues: Revenues received in accordance with agreements with program participants for the Safety Director and Countywide Public Education programs. Revenues are expected to increase by a net 0.3%. The Safety Program decreased by 4.2% for reduced reimbursable program related expenses, while the Public Education program was increased by 8.8% to support the three new locations for the Pharmaceutical Take-Back program.

Haulers, Permits, and Inspection: Revenues received from charges for septage disposal at the CMSA facility from private waste haulers, permit fees for industrial waste dischargers, administrative costs for pollution prevention program inspections, and other services. Revenues are expected to increase by 14.9% due to increased deliveries from septic haulers, FOG haulers, and food waste disposers. The new FOG and Foodwaste Receiving Station was placed into operation in January 2014 and revenues received for deliveries to the station are the funding source to operate and maintain the station.

Interest income: Revenue received from LAIF and CAMP. The Agency is taking a very conservative approach on this revenue source and has assumed a .3% interest rate for FY 16. There is no change to the interest income budget.

Capacity Charge Connection Fees: Revenue received from new customers to connect to the sanitary sewer system, and revenue received for new construction or converting former septic system properties. Capacity charges must be expended on capital improvement programs and expansion projects. The Agency no longer budgets for new connections. In FY 11, the Finance Committee concurred with staff’s recommendation to not budget for this revenue source. Over the past ten years there has been very little new construction activity in the service area and therefore connection fees have not been a major, nor a reliable, source of revenue for the Agency. Though the actual receipts have been significant in the past three fiscal years, the Agency does not expect construction activity to continue in the long-term.

On July 1, 2015, there was a scheduled increase for the Agency’s capacity charge connection fee in accordance with the CMSA Fee Schedule Ordinance 2013-2 available on the Agency’s website <http://www.cmsa.us/documents/ordinances>. The fee increase is adjusted annually by an increment based on the April-to-April annual change in the Engineering News Record (ENR) Construction Cost Index for the San Francisco Bay Area. The FY 16 connection fee will increase 2.5% from \$5,526.75 to \$5,665.47.

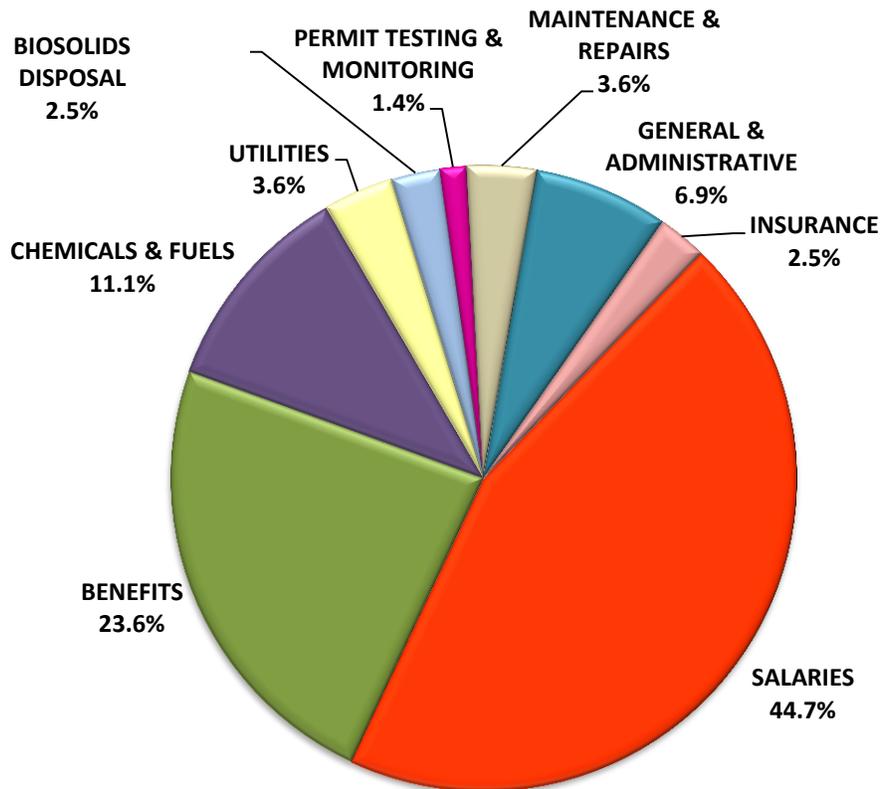
Adopted FY 2015-16 Operating Expenditures: A summary of the Agency’s FY 15 Adopted Budget by Category of Expenditures is shown in Table 3. On the next page, the pie chart shows this information in a graphical display. A descriptive analysis for each expenditure category can be found below the pie chart.

Table 3: Budget by Category of Expenditures for FY 14, FY 15, and FY 16 Adopted Budgets

| Expenditures by Category | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget | | FY 15-16 Adopted Budget | % of FY 15-16 Budget | % Difference FY 16 to FY 15 Budget |
|-----------------------------|-------------------------|-------------------------|--|-------------------------|----------------------|------------------------------------|
| Salaries | \$ 4,268,916 | \$ 4,491,473 | | \$ 4,874,200 | 44.7% | 8.5% |
| Benefits | 2,789,872 | 2,445,749 | | 2,571,600 | 23.6% | 5.2% |
| Chemicals & Fuel | 1,098,787 | 1,045,978 | | 1,207,500 | 11.1% | 15.4% |
| Utilities | 416,200 | 377,583 | | 395,300 | 3.6% | 4.7% |
| Biosolids Disposal | 266,086 | 273,002 | | 275,900 | 2.5% | 1.1% |
| Permit Testing & Monitoring | 140,869 | 153,248 | | 149,000 | 1.4% | -2.8% |
| Maintenance & Repairs | 191,800 | 368,000 | | 391,000 | 3.6% | 6.3% |
| General & Administrative | 723,585 | 735,599 | | 757,100 | 6.9% | 2.9% |
| Insurance | 185,915 | 239,469 | | 274,900 | 2.5% | 14.8% |
| Total Expenditures | \$10,082,029 | \$10,129,676 | | \$10,896,500 | 100.00% | 7.6% |

Over 90% of the budget is related to fixed operational expenses over which the Agency has limited control once agreements are in place, and include salaries, benefits, chemicals, biosolids hauling and disposal, permit sampling requirements, biosolids monitoring compliance, insurance, utilities, and several operating permits required by regulatory agencies. The remaining 9-10% represents maintenance and repair costs, and general and administrative expenses that include a varying degree of funds available for discretionary use.

FY 15-16 Budget by Category of Expenditure
(where the money goes)



Salaries: Salaries are budgeted to increase by 8.5% due to a 4% to 4.5% salary adjustment for Agency employees effective July 1, 2015, other anticipated step adjustments for eligible staff, and two new positions. The Agency has started to stabilize salary growth as senior employees retire or as employees leave and new employees are appointed to the vacant position at the entry level salary step.

Benefits: Total employee benefits are budgeted to increase by a net 5.2%. The budgetary changes are primarily due to 1) a 38% decrease (16.691% to 10.958%) for the employer's share of retirement contributions to CalPERS, 2) decreased retirement costs associated with employees' increasing contributions towards retirement, and 3) a 10.5% decrease for retiree medical health care premiums as enrollment in less costly Medicare plans increases. The decreases are offset by

increases in all medical benefit premiums, the annual OPEB employer contribution, and the employer paid Medicare Tax.

The Agency's budgeted GASB 45 expenditures include the direct health care expenditures for current retired employees and the prefunding of future obligations for current employees. The FY 16 Budget includes the actuarial expenditures for post-employment benefits totaling \$319K, of which \$182K is for direct expenditures for retiree health benefits, and \$139K is a contribution into the CalPERS trust account for future benefits. The Agency is scheduled to complete a biennial GASB 45 valuation report for the period ending June 30, 2015 during FY 16. Once the new valuation report has been adopted by the Board, the Agency can then use those results to revise FY 16 expenditures, and in developing the FY 17 and FY 18 budgets.

Chemicals & Fuel: This category is budgeted to increase by 15.4%. Significant savings were achieved in FY 14 when the Agency joined the Bay Area Chemical Consortium (BACC), a regional chemical purchasing cooperative. Chemical suppliers agreed to supply chemicals to the members of the cooperative at lower unit costs than what the Agency would be able to obtain on its own. In FY 16, the Agency continues to benefit from reduced bid prices from the cooperative, having received per unit price reductions for four out of five BACC chemicals. However, due to the drought, chemical usage and the number of deliveries for some chemicals are projected to increase. 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, and other utilities is budgeted to increase 4.7%. Although the budget includes a 10% rate increase for electricity in the event the cogeneration engine unexpectedly goes off-line, there is a 9.5% decrease for natural gas. The Agency has achieved significant savings through the production of its own biogas. In January 2014, the FOG and Food Waste Receiving Station was placed into service providing the Agency the biogas production capability to power the cogeneration engine for 14 to 16 hours a day, up from eight hours a day prior to the Receiving Station becoming operational, thereby reducing the need to purchase natural gas.

Biosolids Disposal: This category is budgeted to increase by 1.1% due to contractual CPI adjustments.

Permit Testing and Monitoring: This category is budgeted to decrease by a net 2.8%. The 100% decrease for underground tank secondary containment, which was tested in FY 15 and is not required by state regulation to be tested again until FY 18, is offset by increases in lab supplies, NPDES permit testing requirements for PCBs, and a contractual CPI adjustment for outside laboratory analyses.

Maintenance & Repairs: This category is budgeted to increase 6.3% due to a one-time planned purchase for fleet maintenance, and increases in FOG/Foodwaste Receiving Station maintenance, hazardous waste disposal services, and utility, electrical, and tool equipment used for repairs not related to capital assets.

General & Administrative: This category is budgeted to increase 2.9%. The Administration Department budget includes increases for safety supplies; Environmental Services includes increases for regulatory permits and licenses; Operations includes increases for the BAAQMD permit and process control; Engineering includes increases for Ignition SCADA software, cathodic protection anode replacement, and engineering support services. These increases are offset by decreases published in each department's line item budget.

Insurance: This category is budgeted to increase 14.8% based upon recommendations received from CSRMA for potential premium increases for property, general liability, and Workers' Compensation insurance. The 20.7% decrease in general liability is based upon a 5% increase over actual premiums paid FY 11 through FY 15, and Workers' Compensation is budgeted to increase 26% to reflect the 4%-4.5% salary adjustments, and includes an increased Experience Modification Rate (EMR) factor resulting from injury claims filed in previous years.

Adopted Operating & Capital Budget for Fiscal Year July 1, 2015 – June 30, 2016 and Overview

The following section is the FY 16 budget document in its entirety that was adopted by the Central Marin Sanitation Agency on June 9, 2015. The outline provided below summarizes the Agency's primary sources and uses of funds, to give the reader a better 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 |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FY 2015-16 Budget Overview | A snapshot summary. | Displays total revenues and total expenditures and summarizes beginning reserves, anticipated additions and uses, to estimate ending reserves. |
| Summary of Funding Sources and Fund Requirements by Designations | High level summary of all revenues the Agency expects to receive during FY 16 (for General Operations and Debt Service) less all expenses (for General Operations, Debt Service, and Capital Improvement). | <p><u>Section I.</u> Total EDU counts multiplied by the EDU Rate for Debt Service is used to calculate debt service. San Quentin Prison is reported separately.</p> <p>Sewer Service Charge allocation based on flow and strength of wastewater treated.</p> <p><u>Section II.</u> General operations. The details for all other operational revenues and expenses are found in Section 7 Revenue by Source and Summary of Expenditures, and in each department's Budget Documents.</p> <p><u>Section III.</u> Debt Service and Capital Improvement Program. The details for this are found in Section 8, Capital Improvement Program and Section 10, Debt Service Obligations.</p> <p><u>Section IV.</u> Net Cash Flow to/from Reserves.</p> <p><u>Section V.</u> Adjustments to Cash & Reserves and Reconciliation of cash flow by Reserve. This section shows how much money the Agency expects to have in reserves on June 30, 2016.</p> |
| Revenues by Source | Details all budget line item revenue sources the Agency will receive. | <p><u>Section I:</u> General Purpose Revenues.</p> <p><u>Section II:</u> Revenue for Debt Service and Capital Improvement Program.</p> |

**Expenditures:
Where the Money Is Spent**

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

| DOCUMENT TITLE | BUDGET PURPOSE | EXPLANATION |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Summary of Expenditures by Departments and Category | Summarizes totals for Operating Budget by Departments and by Category of Expenditures. | The summary compares the Adopted Budgets for FY 16, FY15, and FY 14. FY 14 Audited Actuals are compared to the FY 15 Adopted Budget. FY 15 Projected Year End Expenditures are compared to the FY 15 Adopted Budget. |
| Departmental Operating Budget | <p>The departmental budget documents show in increasing detail how each department expects to spend their budgeted dollars during FY 16.</p> <ul style="list-style-type: none"> *Administration *Environmental Services *Maintenance *Operations *Engineering *Non-Agency (a cost center that tracks reimbursable expenses related to services provided to other sanitary districts) | <p>Descriptions of each department and its core function and responsibilities that include a department summary of Expenditures by Category, an Authorized Positions head count for three fiscal years, and FY 16 Department Initiatives.</p> <p>Adopted Operating Budget detailed by line item account for three fiscal years for each department.</p> <p>The Adopted 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.</p> |
| Capital Improvement Program (Section 8) | The Capital Improvement Program is presented in increasing detail so the reader can “drill down” from the Summary of Changes to the CIP Budget by line item account schedules, to Account and Project Descriptions that provide explanations and information about how the budgeted dollars will be spent. | <p>Summary of Changes compares FY 16 Adopted Budget to FY 15 Adopted Budget and Projected Actual expenditures and provides a narrative about significant changes.</p> <p>Capital Improvement Program FY 16 Budget and 10-Year Forecast. This schedule shows the FY 15 Adopted Budget, FY 16 Adopted Budget and a projected 10-year forecast for planned activities by budget line item account.</p> <p>The Account/Project Descriptions and Full Page Project Descriptions are explanations of how the budget is spent and provides additional detail about each project and future planned activities.</p> |
| 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 payment to owners of the Agency’s Refunding Revenue Bonds Series 2015 . | |

Adopted FY 2015-16 Budget Overview

| | Operating | Capital Improvement Program (CIP) | Debt Service | Total |
|-----------------------------|------------|-----------------------------------------|-----------------|------------|
| Adopted Revenues | 11,340,086 | 1,344,806 | 3,659,224 | 16,344,116 |
| Adopted Expenditures | 10,896,500 | 4,544,800 | 3,659,224 | 19,100,524 |
| Surplus (Deficit) | 443,586 | Not Applicable | - | |

Comments

1. FY 15-16 Revenues for CIP Program are not available for FY 15-16 CIP use. (\$430k for future capital and \$914k from debt service coverage which cannot be used in the same FY that it is received.)

2. The proposed FY 15-16 budget surplus is \$443K. \$190K of this surplus will be designated for the Agency's Operating Reserves to maintain that reserve at 25% of the annual operating budget. The remaining balance of \$257K will be designated for the Unrestricted Capital Reserve.

Sources of Funding for FY 15-16 CIP

| | |
|-------------------------------|------------------|
| Restricted Capital Reserves | 2,954,553 |
| Unrestricted Capital Reserves | 1,590,247 |
| Total Funding for CIP | 4,544,800 |

Agency Reserves (estimated)

| | |
|---------------------------------------------------------------|-------------------|
| Total Beginning Reserves on July 1, 2015 | 13,695,097 |
| A. Restricted: Capacity Charges | - |
| B. Restricted: Capital Improvement Program, Beginning Balance | 2,954,553 |
| Addition to Reserves - Debt Service Coverage | 914,806 |
| Use of Reserves - Capital Projects | (2,954,553) |
| Ending Balance | 914,806 |
| 1. Unrestricted: CSRMA Insurance Deductible | 100,000 |
| 2. Unrestricted: Operating Reserves, Beginning Balance | 2,532,419 |
| Addition to Reserves - Operational Surpluses | 191,706 |
| Use of Reserves - General Operations | - |
| Ending Balance (25% of Operating Budget) | 2,724,125 |
| 3. Unrestricted: Capital Improvement Program | 7,858,125 |
| Addition to Reserves - Operational Surpluses | 251,880 |
| Addition to Reserves - Future Capital | 430,000 |
| Use of Reserves - Capital Projects | (1,590,247) |
| Ending Balance | 6,949,758 |
| 4. Unrestricted: Emergency | 250,000 |
| Total Ending Reserves on June 30, 2016 | 10,938,689 |
| Change in Beginning and Ending Reserves | (2,756,408) |

CENTRAL MARIN SANITATION AGENCY
Adopted FY 2015-16 Budget
SUMMARY OF FUNDING SOURCES AND FUND REQUIREMENTS BY DESIGNATIONS

| | Adopted Budget FY 13-14 | Actuals FY 13-14 | Adopted Budget FY 14-15 | Projected Rev/Exp FY 14-15 | Adopted Budget FY 15-16 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------|----------------------------------------|-------------------------------------------|----------------------------------------|
| Section I. EDU Factors - Informational Only | | | | | |
| Effective FY 12-13, the Agency now longer uses EDU count to calculate sewer service charges. The EDU count is still used to allocate debt service to each member agency. The EDU count for SQSP is fixed at 4,005. | | | | | |
| Total Number of EDUs in Service Area (ex SQSP) | 48,106 | 48,156 | 48,156 | 48,507 | 48,507 |
| Effective EDU Rate (Operating, ex SQSP) | \$ 180.27 | \$ 180.08 | \$ 188.34 | \$ 186.98 | \$ 195.18 |
| EDU Rate (Debt Service, inc SQSP) | \$ 111.69 | \$ 111.59 | \$ 111.49 | \$ 110.75 | \$ 87.10 |
| Section II. General Operations | | | | | |
| Funding sources are considered to be general purpose and can be used to fund general operations. Surpluses can be used for capital improvement program funding, or held in Agency reserves in accordance with established policies. | | | | | |
| Funding Sources (general purpose) | | | | | |
| Service Charges | 8,671,932 | 8,671,932 | 9,069,740 | 9,069,740 | 9,467,549 |
| All other Operational Revenues | 1,540,527 | 1,695,109 | 1,774,209 | 1,865,775 | 1,872,537 |
| Total Funding Sources | 10,212,459 | 10,367,041 | 10,843,949 | 10,935,515 | 11,340,086 |
| Operational Expenses | 10,082,029 | 11,449,799 | 10,129,676 | 9,927,454 | 10,896,500 |
| Funding Surplus/(Deficit): | 130,430 | (1,082,758) | 714,273 | 1,008,061 | 443,586 |
| Transfer to/(from) Unrestricted Operating Reserve | 130,430 | 130,430 | 21,160 | 21,160 | 191,706 |
| Transfer to/(from) Unrestricted Capital Improvement Reserve | - | (1,213,188) | 693,113 | 986,901 | 251,880 |
| Section III. Debt Service and Capital Improvement Program | | | | | |
| Funding sources are considered to be restricted and can only be used for | | | | | |
| All Funding Sources | | | | | |
| Surplus from General Operations: | - | (1,213,188) | 693,113 | 986,901 | 251,880 |
| Funding for Future CIP from Regional Service Changes | 230,000 | 230,000 | 330,000 | 330,000 | 430,000 |
| Capacity Charges | - | 588,251 | - | 327,763 | - |
| Debt Service (Principal & Interest) | 4,656,359 | 4,656,359 | 4,652,501 | 4,652,501 | 3,659,224 |
| Debt Service Coverage | 1,164,090 | 1,164,090 | 1,163,125 | 1,163,125 | 914,806 |
| Total Funding Sources | 6,050,449 | 5,425,512 | 6,838,740 | 7,460,290 | 5,255,910 |
| All Funding Requirements | | | | | |
| Debt Service Expenses (Principal & Interest) | 4,656,359 | 4,656,359 | 4,652,501 | 4,652,501 | 3,659,224 |
| CIP Projects (net of Capacity Charges) | 3,507,470 | 1,958,018 | 4,902,700 | 2,502,410 | 4,554,800 |
| Use of Capacity Charges for CIP Projects | - | 588,251 | - | 327,763 | - |
| Total Funding Requirements | 8,163,829 | 7,202,627 | 9,555,201 | 7,482,674 | 8,214,024 |
| Net Funding To/(From) Capital Reserves: | (2,113,380) | (1,777,115) | (2,716,462) | (22,384) | (2,958,114) |
| Section IV. Net Cash flow to/(from) Reserves | | | | | |
| Transfer to/(from) Unrestricted Operating Reserve | 130,430 | 130,430 | 21,160 | 21,160 | 191,706 |
| Transfer to Restricted Capital Reserve - CY Debt Svcs Coverage | 1,164,090 | 1,164,090 | 1,163,125 | 1,163,125 | 914,806 |
| Transfer (from) Restricted Capital Reserve - Capital Projects | (3,507,470) | (1,958,018) | (4,293,838) | (2,502,410) | (2,954,553) |
| Transfer (from) Unrestricted Capital Reserve - Capital Projects | 230,000 | (983,188) | 414,251 | 1,316,901 | (908,367) |
| Use of Emergency Reserves | - | - | - | - | - |
| Total Transfers | (1,982,950) | (1,646,685) | (2,695,301) | (1,224) | (2,756,408) |

CENTRAL MARIN SANITATION AGENCY
Adopted FY 2015-16 Budget
SUMMARY OF FUNDING SOURCES AND FUND REQUIREMENTS BY DESIGNATIONS

| | Adopted Budget FY 13-14 | Actuals FY 13-14 | Adopted Budget FY 14-15 | Projected Rev/Exp FY 14-15 | Adopted Budget FY 15-16 |
|--------------------------------------------------------------------------------|----------------------------------------|-----------------------------|----------------------------------------|-------------------------------------------|----------------------------------------|
| <u>Section V-A. Adjustments to Cash & Investments/Reserves</u> | | | | | |
| Total Beginning Reserves on July 1 | 15,343,006 | 15,343,006 | 13,696,321 | 13,696,321 | 13,695,097 |
| <u>Reserve Designations, Ending Balance on June 30</u> | | | | | |
| A. Restricted: Capacity Charges | - | - | - | - | - |
| B. Restricted: Capital Improvement Program (Debt Coverage) | 2,744,385 | 4,293,838 | 1,163,125 | 2,954,553 | 914,806 |
| Subtotal Restricted Reserves | 2,744,385 | 4,293,838 | 1,163,125 | 2,954,553 | 914,806 |
| 1. Unrestricted: CSRMA Insurance Deductible | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| 2. Unrestricted: Operating Reserves | 2,511,259 | 2,511,259 | 2,532,419 | 2,532,419 | 2,724,125 |
| 3. Unrestricted: Capital Improvement Program | 7,754,412 | 6,541,224 | 6,955,475 | 7,858,125 | 6,949,758 |
| 4. Unrestricted: Emergency | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Subtotal Unrestricted Reserves | 10,615,671 | 9,402,483 | 9,837,894 | 10,740,544 | 10,023,883 |
| Total Ending Reserves on June 30 | 13,360,056 | 13,696,321 | 11,001,020 | 13,695,097 | 10,938,689 |
| Change in Beginning and Ending Reserves | (1,982,950) | (1,646,685) | (2,695,301) | (1,224) | (2,756,408) |
| <u>Section V-B. Reconciliation of cash flow by Reserve Designations</u> | | | | | |
| Total Beginning Reserves on July 1 | 15,343,006 | 15,343,006 | 13,696,321 | 13,696,321 | 13,695,097 |
| A. Restricted: Capacity Charges | - | - | - | - | - |
| B. Restricted: Capital Improvement Program, Beginning Balance | 5,087,765 | 5,087,765 | 4,293,838 | 4,293,838 | 2,954,553 |
| Addition to Reserves - Debt Coverage | 1,164,090 | 1,164,090 | 1,163,125 | 1,163,125 | 914,806 |
| Use of Reserves - Capital Projects | (3,507,470) | (1,958,018) | (4,293,838) | (2,502,410) | (2,954,553) |
| Ending Balance | 2,744,385 | 4,293,838 | 1,163,125 | 2,954,553 | 914,806 |
| 1. Unrestricted: CSRMA Insurance Deductible | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| 2. Unrestricted: Operating Reserves, Beginning Balance | 2,380,829 | 2,380,829 | 2,511,259 | 2,511,259 | 2,532,419 |
| Addition to Reserves - Operational Surpluses | 130,430 | 130,430 | 21,160 | 21,160 | 191,706 |
| Use of Reserves - General Operations | - | - | - | - | - |
| Ending Balance | 2,511,259 | 2,511,259 | 2,532,419 | 2,532,419 | 2,724,125 |
| 3. Unrestricted: Capital Improvement Program | 7,524,412 | 7,524,412 | 6,541,224 | 6,541,224 | 7,858,125 |
| Addition to Reserves - Operational Surpluses | - | 340,612 | 693,113 | 986,901 | 251,880 |
| Addition to Reserves - Future Capital | 230,000 | 230,000 | 330,000 | 330,000 | 430,000 |
| Use of Reserves - Capital Projects | - | (1,553,800) | (608,862) | - | (1,590,247) |
| Ending Balance | 7,754,412 | 6,541,224 | 6,955,475 | 7,858,125 | 6,949,758 |
| 4. Unrestricted: Emergency | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Total Ending Reserves on June 30 | 13,360,056 | 13,696,321 | 11,001,020 | 13,695,097 | 10,938,689 |

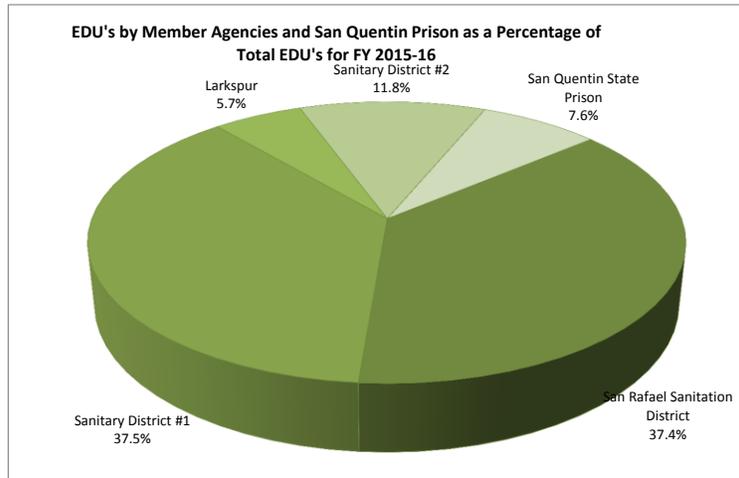
CENTRAL MARIN SANITATION AGENCY
Member Agencies and San Quentin Prison Equivalent Dwelling Units (EDU's)

| Status | Fiscal Year | San Rafael | Sanitary | City of | San | Sanitary | Total EDU | % Change | % Change |
|--------|-------------|-----------------|---------------------|---------|-----------------------------|----------|-----------|----------|----------|
| | | District (SRSD) | District #1 (SD #1) | | Sanitary District #2 (SQSD) | | | | |
| Actual | 1985-86 | 17,089 | 17,913 | 2,774 | 3,569 | 4,757 | 46,102 | | |
| Actual | 1986-87 | 17,704 | 18,059 | 2,774 | 3,489 | 4,842 | 46,868 | 766 | 1.7% |
| Actual | 1987-88 | 18,040 | 18,447 | 2,773 | 3,489 | 5,267 | 48,016 | 1,148 | 2.4% |
| Actual | 1988-89 | 18,200 | 18,335 | 2,768 | 2,892 | 5,267 | 47,462 | (554) | -1.2% |
| Actual | 1989-90 | 19,140 | 18,947 | 2,974 | 3,630 | 5,304 | 49,995 | 2,533 | 5.3% |
| Actual | 1990-91 | 18,933 | 18,852 | 2,998 | 3,227 | 5,201 | 49,211 | (784) | -1.6% |
| Actual | 1991-92 | 18,437 | 19,620 | 3,042 | 3,785 | 5,709 | 50,593 | 1,382 | 2.8% |
| Actual | 1992-93 | 18,455 | 19,480 | 3,078 | 3,960 | 5,695 | 50,668 | 75 | 0.1% |
| Actual | 1993-94 | 18,362 | 18,958 | 3,015 | 4,148 | 5,358 | 49,841 | (827) | -1.6% |
| Actual | 1994-95 | 17,897 | 18,881 | 3,041 | 3,926 | 5,273 | 49,018 | (823) | -1.7% |
| Actual | 1995-96 | 18,201 | 18,892 | 3,081 | 4,371 | 5,290 | 49,835 | 817 | 1.7% |
| Actual | 1996-97 | 18,290 | 18,820 | 3,132 | 5,513 | 5,412 | 51,167 | 1,332 | 2.7% |
| Actual | 1997-98 | 18,431 | 18,827 | 3,042 | 5,800 | 5,454 | 51,554 | 387 | 0.8% |
| Actual | 1998-99 | 18,518 | 19,538 | 3,157 | 3,500 | 5,524 | 50,237 | (1,317) | -2.6% |
| Actual | 1999-00 | 18,663 | 19,424 | 3,157 | 4,143 | 5,524 | 50,911 | 674 | 1.3% |
| Actual | 2000-01 | 19,314 | 19,324 | 3,123 | 4,421 | 5,532 | 51,714 | 803 | 1.6% |
| Actual | 2001-02 | 19,531 | 19,524 | 3,123 | 4,422 | 5,665 | 52,265 | 551 | 1.1% |
| Actual | 2002-03 | 19,879 | 18,859 | 3,005 | 4,752 | 5,693 | 52,188 | (77) | -0.1% |
| Actual | 2003-04 | 19,515 | 19,022 | 3,116 | 4,609 | 5,883 | 52,145 | (43) | -0.1% |
| Actual | 2004-05 | 19,603 | 19,029 | 3,111 | 5,090 | 5,840 | 52,673 | 528 | 1.0% |
| Actual | 2005-06 | 19,586 | 18,842 | 3,085 | 7,883 | 6,094 | 55,490 | 2,817 | 5.3% |
| Actual | 2006-07 | 19,382 | 19,074 | 3,057 | 8,215 | 6,091 | 55,819 | 329 | 0.6% |
| Actual | 2007-08 | 19,617 | 19,112 | 3,107 | 8,227 | 6,195 | 56,258 | 439 | 0.8% |
| Actual | 2008-09 | 19,685 | 19,295 | 3,116 | 7,936 | 6,196 | 56,228 | (30) | -0.1% |
| Actual | 2009-10 | 19,575 | 19,709 | 3,050 | 7,529 | 6,078 | 55,941 | (287) | -0.5% |
| Actual | 2010-11 | 19,401 | 19,261 | 3,021 | 7,209 | 5,975 | 54,867 | (1,074) | -1.9% |
| Actual | 2011-12 | 19,409 | 18,835 | 3,079 | 3,247 | 5,955 | 50,525 | (4,342) | -7.9% |
| Actual | 2012-13 | 19,482 | 19,511 | 2,997 | 4,005 | 6,116 | 52,111 | 1,586 | 3.1% |
| Actual | 2013-14 | 19,703 | 19,498 | 2,949 | 4,005 | 6,006 | 52,161 | 1,636 | 3.1% |
| Actual | 2014-15 | 19,643 | 19,666 | 2,982 | 4,005 | 6,216 | 52,512 | 401 | 0.8% |

The actual EDU count for San Quentin State Prison (SQSP) decreased significantly in FY 2011-12 due to SD #1 implementing a change in formula methodology to calculate the EDU.

Effective FY 2012-13, the State of California contracted directly with CMSA for the provision of wastewater treatment services for SQSP. SQSP has been assigned an EDU count of 4,005 units for the purpose of calculating its share of debt service charges.

| | SRSD | SD#1 | Larkspur | SD#2 | SQP | TOTAL |
|-------------------|---------------|---------------|--------------|--------------|--------------|---------------|
| FY 2015-16 | 19,643 | 19,666 | 2,982 | 6,216 | 4,005 | 52,512 |
| % of Total | 37.4% | 37.5% | 5.7% | 11.8% | 7.6% | 100.0% |



| Central Marin Sanitation Agency | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------|---------------------------------------------------------|------------------------------------|---------------------------------------------------------|---------------------------------------------------------|--------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Revenues by Source | | | | | | | |
| Acct No. | Account Description | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget | FY 15-16 Adopted Adjustments | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Comments |
| Section I: General Purpose Revenues Service Charges | | | | | | | |
| 4010-000-00 | SRSD | 4,029,905 | 4,290,778 | 96,135 | 4,386,913 | 2.2% | change from 24 m to 36 m strength |
| 4010-000-00 | SD #1 | 3,998,748 | 4,184,371 | 425,756 | 4,610,127 | 10.2% | change from 24 m to 36 m strength |
| 4010-000-00 | SD #2 | 873,280 | 924,592 | (24,082) | 900,509 | -2.6% | change from 24 m to 36 m strength |
| | Subtotal | 8,901,932 | 9,399,740 | 497,809 | 9,897,549 | 5.3% | inc \$430k for future capital |
| The FY 15-16 Revenue from Services Charges includes \$430,000 for Unrestricted Capital Reserves to fund future capital projects. | | | | | | | |
| | | 36 Month Flow/12 Month Strength % Total | 36 Month Flow/24 Month Strength % Total | | 36 Month Flow/36 Month Strength % Total | | |
| | SRSD | 45.27% | 45.65% | | 44.32% | | |
| | SD #1 | 44.92% | 44.52% | | 46.58% | | |
| | SD #2 | 9.81% | 9.84% | | 9.10% | | |
| | | 100.00% | 100.00% | | 100.000% | | |
| Notes on FY 15-16 Revenue Budget: | | | | | | | |
| 1. This is Year 3 of the Five-Year Revenue Plan. Scheduled operating revenue increase of \$397,809. | | | | | | | |
| 2. Increase for future CIP funding by \$100,000 to \$430,000. | | | | | | | |
| 3. Flow-Strength Allocation based on 36 months of measurement. | | | | | | | |

| Central Marin Sanitation Agency | | | | | | | |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|------------------------------------|-------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Revenues by Source | | | | | | | |
| Acct No. | Account Description | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget | FY 15-16 Adopted Adjustments | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Comments |
| | Contract Service Revenues | | | | | | |
| 4601-000-00 | San Quentin State Prison Wastewater Services | 704,909 | 848,189 | 42,527 | 890,716 | 5.0% | SQSP is 5.77% of flow-strength. 5.77% of FY 16 Oper and CIP budget |
| 4601-001-00 | San Quentin State Prison Pump Station Maintenance | 100,000 | 100,000 | 2,800 | 102,800 | 2.8% | 2.8%, Bay Area annual CPI |
| 4602-000-00 | San Quentin Village Wastewater Services | 27,976 | 27,627 | 6,756 | 34,383 | 24.5% | Approved SQVSMD Budget |
| 4600-000-00 | SD#2 Pump Stations | 384,854 | 369,286 | 19,956 | 389,242 | 5.4% | Approved SD 2 Budget |
| 4031-000-00 | LGVSD - FOG & pollution prevention | 20,000 | 20,000 | - | 20,000 | 0.0% | |
| 4033-000-00 | SD #1 - FOG | 17,400 | 18,000 | - | 18,000 | 0.0% | |
| 4034-000-00 | SRSD - FOG | 20,000 | 24,000 | (2,000) | 22,000 | -8.3% | |
| 4035-000-00 | TCSO - FOG | 1,200 | 1,200 | 1,200 | 2,400 | 100.0% | |
| 4036-000-00 | SD #2 - FOG | 8,000 | 8,000 | 1,500 | 9,500 | 18.8% | |
| 4037-000-00 | Novato SD - Dental Amalgam | 7,000 | 4,000 | - | 4,000 | 0.0% | |
| 403x-000-00 | Almonte SD - FOG | - | - | 2,000 | 2,000 | - | |
| | Subtotal | 1,291,339 | 1,420,302 | 72,739 | 1,493,041 | 5.1% | |
| | Program Revenues | | | | | | |
| 4070-000-00 | Safety Director Program | 88,898 | 87,040 | (3,653) | 83,387 | -4.2% | NSD: 42.21% of \$197,538 |
| 4080-001-00 | County-wide Education Program | 47,040 | 47,040 | 4,116 | 51,156 | 8.8% | Participating Agencies: 58.8% of \$87,000 |
| 4080-002-00 | Outside Safety Training | - | - | - | - | - | |
| | Subtotal | 135,938 | 134,080 | 463 | 134,543 | 0.3% | |
| | Notes on FY 15-16 Revenue Budget: | | | | | | |
| | 1. SQSP Flow-Strength allocation is 5.77%. Revenues of SQSP is based on 5.77% of FY 16 Adopted Operating and CIP expenditures. | | | | | | |
| | 2. Changes in contract services revenues is a function of 1) CMSA employee compensation costs for FY 16, and 2) level of services to be provided. | | | | | | |

| Central Marin Sanitation Agency | | | | | | | |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|------------------------------------|-------------------------------|---------------------------------------------------------|------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Revenues by Source | | | | | | | |
| Acct No. | Account Description | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget | FY 15-16 Adopted Adjustments | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Comments |
| | Haulers, Permits & Inspection | | | | | | |
| 4030-000-00 | Permit and Inspection Fees | 20,000 | 20,000 | - | 20,000 | 0.0% | |
| 4050-010-00 | Revenue from Haulers - Septic | 40,000 | 50,377 | 10,000 | 60,377 | 19.9% | |
| 4050-020-00 | Revenue from Haulers - RV | 250 | 250 | - | 250 | 0.0% | |
| 4050-030-00 | Revenue from Haulers - FOG | - | 78,000 | 12,000 | 90,000 | 15.4% | 12k gallons FOG/day @ \$.03/gallon |
| 4050-040-00 | Revenue from Foodwaste Disposal | - | 20,500 | 3,125 | 23,625 | 15.2% | 4.5 tons/day, \$21/ton, 250 days |
| | Subtotal | 60,250 | 169,127 | 25,125 | 194,252 | 14.9% | |
| | Interest Income | | | | | | |
| 4910-002-00 | Interest Income - L.A.I.F. | 30,000 | 30,000 | - | 30,000 | 0.0% | .3% of \$10m |
| 4910-011-00 | Investment Interest - C.A.M.P. | 3,000 | 700 | - | 700 | 0.0% | .2% of \$.35m |
| | Subtotal | 33,000 | 30,700 | - | 30,700 | 0.0% | |
| | Other Operating Revenues | | | | | | |
| 4990-000-00 | Other non-operating revenue | 20,000 | 20,000 | - | 20,000 | 0.0% | |
| 4990-011-00 | C.A.M.P. non-operating revenue | - | - | - | - | - | |
| | Subtotal | 20,000 | 20,000 | - | 20,000 | 0.0% | |
| | Total General Purpose Revenues | 10,442,459 | 11,173,949 | 596,136 | 11,770,086 | 5.3% | |
| | Notes on FY 15-16 Revenue Budget: | | | | | | |
| | 1. Increase in FOG and foodwaste revenues associated with increased in the volume of FOG and foodwaste received. | | | | | | |

| Central Marin Sanitation Agency | | | | | | | |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------|-------------------------------|------------------------------------|-------------------------------|---------------------------------------------------------|----------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Revenues by Source | | | | | | | |
| Acct No. | Account Description | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget | FY 15-16 Adopted Adjustments | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Comments |
| Section II: Revenue for Debt Service and Capital Improvement Program | | | | | | | |
| 4011-000-00 | Service charges-debt service principal | 2,040,000 | 2,135,000 | (40,000) | 2,095,000 | -1.9% | refinanced rev bonds |
| | Service charges-debt service interest | 2,616,359 | 2,517,501 | (953,278) | 1,564,224 | -37.9% | refinanced rev bonds |
| | Service charges-debt service coverage | 1,164,090 | 1,163,125 | (248,319) | 914,806 | -21.3% | 25% coverage |
| | Subtotal | 5,820,449 | 5,815,627 | (1,241,597) | 4,574,030 | -21.3% | |
| Debt Service by Member Agencies & San Quentin State Prison (SQSP) | | | | | | | |
| | SRSD | 2,176,009 | 2,184,462 | (473,469) | 1,710,993 | -21.7% | 19,643 EDU |
| | SD #1 | 2,513,992 | 2,488,688 | (515,946) | 1,972,742 | -20.7% | 22,648 EDU |
| | SQSP | 447,332 | 476,595 | (127,742) | 348,853 | -26.8% | 4,005 EDU |
| | SD #2 | 683,116 | 665,882 | (124,441) | 541,441 | -18.7% | 6,216 EDU |
| | Total | 5,820,449 | 5,815,627 | (1,241,598) | 4,574,030 | -21.3% | 52,512 EDU |
| | EDU Rate for Debt Service | \$ 111.69 | \$ 111.49 | | \$ 87.10 | -21.9% | EDU rate for all EDU (inc SQSP) |
| Notes on FY 15-16 Revenue for Debt Service: | | | | | | | |
| 1. Debt Service on newly issued 2015 series Revenue Bonds (refinancing of 2006 Revenue Bonds). | | | | | | | |
| 2. Debt Service allocation is based on EDUs with SQSP fixed at 4,055 units. EDU rate is \$87.10 per unit. | | | | | | | |
| Capacity Charge Connection Fees | | | | | | | |
| 4020-010-00 | Connection fees - SRSD | - | - | - | - | - | - assumes no new connections |
| 4020-020-00 | Connection fees - SD #1 | - | - | - | - | - | - assumes no new connections |
| 4020-030-00 | Connection fees - SD # 2 | - | - | - | - | - | - assumes no new connections |
| | Total | - | - | - | - | - | - |

FY 2015-16 Adopted Allocation of Service Charges using Flow and Strength

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 | SD #1 | SD #2 | Total CMSA Plant Influent Flow |
|---------------------------------|-----------------|-----------------|-----------------|---------------------------------------|
| April 1, 2012 to March 31, 2013 | 1,528.91 | 1,993.15 | 422.70 | 3,944.76 |
| April 1, 2013 to March 31, 2014 | 1,387.11 | 1,737.97 | 397.52 | 3,522.60 |
| April 1, 2014 to March 31, 2015 | 1,521.91 | 1,953.05 | 424.90 | 3,899.86 |
| Total 36 month Flow | 4,437.93 | 5,684.17 | 1,245.12 | 11,367.22 |
| % of Flow | 39.0% | 50.0% | 11.0% | 100.0% |

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

| | SRSD | SD #1 | SD #2 | Total CMSA Plant Influent BOD |
|---------------------------------|-------------------|-------------------|------------------|--------------------------------------|
| April 1, 2012 to March 31, 2013 | 4,242,574 | 3,532,865 | 748,430 | 8,523,870 |
| April 1, 2013 to March 31, 2014 | 4,716,353 | 3,522,352 | 694,504 | 8,933,209 |
| April 1, 2014 to March 31, 2015 | 4,451,240 | 5,101,508 | 447,649 | 10,000,397 |
| Total 36 month BOD | 13,410,167 | 12,156,726 | 1,890,584 | 27,457,476 |
| % of Total BOD | 48.8% | 44.3% | 6.9% | 100.0% |

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

| | SRSD | SD #1 | SD #2 | Total CMSA Plant Influent TSS |
|---------------------------------|-------------------|-------------------|------------------|--------------------------------------|
| April 1, 2012 to March 31, 2013 | 6,396,936 | 4,325,587 | 1,171,099 | 11,893,621 |
| April 1, 2013 to March 31, 2014 | 7,573,120 | 5,341,885 | 1,361,000 | 14,276,006 |
| April 1, 2014 to March 31, 2015 | 7,812,006 | 8,343,902 | 699,225 | 16,855,133 |
| Total 36 month TSS | 21,782,061 | 18,011,374 | 3,231,324 | 43,024,759 |
| % of Total TSS | 50.6% | 41.9% | 7.5% | 100.0% |

II. Allocation of Sewer Service Charges to JPA Members

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 | SD #1 | SD #2 | Total Allocation |
|-----------------------------------------------------------------------------|------------------------|------------------------|----------------------|-------------------------|
| FY 2015-16 Budget | 44.32% | 46.58% | 9.10% | 100.00% |
| FY 16 Initial Allocation Includes \$430,000 for future capital projects. | \$ 4,386,913.20 | \$ 4,610,126.64 | \$ 900,509.16 | \$ 9,897,549.00 |
| FY 2015-16, First Quarter | \$ 1,096,728.30 | \$ 1,152,531.66 | \$ 225,127.29 | \$ 2,474,387.25 |
| FY 2015-16, Second Quarter | 1,096,728.30 | 1,152,531.66 | 225,127.29 | 2,474,387.25 |
| FY 2015-16, Third Quarter | 1,096,728.30 | 1,152,531.66 | 225,127.29 | 2,474,387.25 |
| FY 2015-16, Fourth Quarter* | 1,096,728.30 | 1,152,531.66 | 225,127.29 | 2,474,387.25 |
| Total | \$ 4,386,913.20 | \$ 4,610,126.64 | \$ 900,509.16 | \$ 9,897,549.00 |

* An adjustment will be made during the FY 2015-16 Fourth Quarter to update the FY 2015-16 Regional/SSC allocation by using the wastewater flows and strength from April 1, 2013 through March 31, 2016.

**Central Marin Sanitation Agency
Adopted FY 2015-16 Operating Budget**

Summary of Expenditures by Departments and Category

| Operating Expenditures by Department | FY 13-14 | FY 13-14 | Adopted | FY 14-15 | FY 15-16 | % Change |
|--------------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|--------------|
| | Adopted | Audited | Budget | Projected Year | Adopted | FY16 Adopted |
| | Budget | Actuals | Amended | End | Budget | Budget from |
| | | | 08/26/14 | Expenditures | | FY15 Adopted |
| Administration | 4,193,277 | 5,566,545 | 4,003,123 | 3,859,843 | 4,230,700 | 5.7% |
| Environmental Services | 1,114,518 | 1,020,045 | 1,180,632 | 1,130,136 | 1,224,400 | 3.7% |
| Maintenance | 1,488,581 | 1,391,697 | 1,669,617 | 1,530,550 | 1,789,800 | 7.2% |
| Operations | 2,917,824 | 2,911,917 | 2,870,032 | 3,047,666 | 3,193,900 | 11.3% |
| Engineering | 367,827 | 270,855 | 406,271 | 359,259 | 457,700 | 12.7% |
| TOTAL | \$ 10,082,028 | \$ 11,161,060 | \$ 10,129,676 | \$ 9,927,454 | \$ 10,896,500 | 7.6% |

| Operating Expenditures by Category | FY 13-14 | FY 13-14 | Adopted | FY 14-15 | FY 15-16 | % Change |
|------------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|--------------|
| | Adopted | Audited | Budget | Projected Year | Adopted | FY16 Adopted |
| | Budget | Actuals | Amended | End | Budget | Budget from |
| | | | 08/26/14 | Expenditures | | FY15 Adopted |
| SALARIES | 4,268,916 | 4,269,953 | 4,491,437 | 4,462,868 | 4,874,200 | 8.5% |
| BENEFITS * | 2,789,872 | 4,140,987 | 2,445,359 | 2,387,625 | 2,571,600 | 5.2% |
| SUB-TOTAL | 7,058,787 | 8,410,940 | 6,936,796 | 6,850,493 | 7,445,800 | 7.3% |
| CHEMICALS & FUELS | 1,098,787 | 1,094,324 | 1,045,978 | 1,144,332 | 1,207,500 | 15.4% |
| BIOSOLIDS DISPOSAL | 266,086 | 222,062 | 273,002 | 268,938 | 275,900 | 1.1% |
| MAINTENANCE & REPAIRS | 191,800 | 178,617 | 368,000 | 339,177 | 391,000 | 6.3% |
| PERMIT TESTING & MONITORING | 140,869 | 110,372 | 153,248 | 152,835 | 149,000 | -2.8% |
| INSURANCE | 185,915 | 198,899 | 239,469 | 195,511 | 274,900 | 14.8% |
| UTILITIES | 416,200 | 446,954 | 377,583 | 339,031 | 395,300 | 4.7% |
| GENERAL & ADMINISTRATIVE | 723,584 | 498,893 | 735,600 | 637,138 | 757,100 | 2.9% |
| SUB-TOTAL | 3,023,241 | 2,750,120 | 3,192,879 | 3,076,962 | 3,450,700 | 8.1% |
| TOTAL | 10,082,028 | 11,161,060 | 10,129,676 | 9,927,454 | 10,896,500 | 7.6% |

| Benefit Expenditures | Adopted | FY 15-16 | % Change | |
|-------------------------------------------------|------------------|------------------|----------------|--------------|
| | Budget | Adopted | FY16 Adopted | Budget from |
| | Amended | Budget | Change | FY15 Adopted |
| | 08/26/14 | | | |
| RETIREMENT - CALPERS CLASSIC | 938,355 | 590,565 | (347,789) | -37.1% |
| RETIREMENT - CALPERS PEPPA | 10,834 | 30,520 | 19,686 | 181.7% |
| RETIREMENT - CALPERS UNFUNDED ACCRUED LIABILITY | - | 352,580 | 352,580 | 100.0% |
| RETIREMENT - CALPERS SURVIVORS | 1,919 | 2,535 | 616 | 32.1% |
| RETIREMENT - SOCIAL SECURITY/MEDICARE | 63,775 | 72,500 | 8,725 | 13.7% |
| CALPERS MEDICAL - ACTIVE EMPLOYEES | 900,265 | 974,300 | 74,035 | 8.2% |
| DENTAL - ACTIVE EMPLOYEES | 95,918 | 108,800 | 12,882 | 13.4% |
| LIFE INSURANCE, AD&D, LTD - ACTIVE EMPLOYEES | 46,404 | 48,400 | 1,996 | 4.3% |
| VISION - ACTIVE EMPLOYEES | 9,713 | 11,100 | 1,387 | 14.3% |
| MARA - ACTIVE EMPLOYEES | 15,712 | 22,700 | 6,988 | 44.5% |
| CALPERS MEDICAL - RETIRED EMPLOYEES | 203,023 | 181,600 | (21,423) | -10.6% |
| ANNUAL OPEB CONTRIBUTION | 114,518 | 139,700 | 25,182 | 22.0% |
| TOTAL * | 2,400,434 | 2,535,300 | 134,866 | 5.6% |

* Benefit line items for uniforms, unemployment benefits, and shoes are excluded from the Benefit Expenditures FY 14-15 and FY 15-16 table.

Administration

The Administration Department serves as the administrative arm for the Agency and the Board of Commissioners. The Board of Commissioners appoints the General Manager who is the chief of staff to the Board and is responsible for the overall management and operations of the Agency.

The Department is responsible for the following functions:

- Provides support to the Board of Commissioners
- Represents the Agency on regulatory matters
- Maintains intergovernmental relations with the four JPA member agencies, local governments in Marin County, and government agencies in the region
- Communicates Agency initiatives to stakeholders and the public
- Develops, implements and manages the Agency’s annual budget
- Manages the Agency’s finances and investments
- Provides human resource services to departments and employees
- Ensures the safety of agency employees and assets through insurance protection and risk management programs provided by the California Sanitation Risk Management Authority (CSRMA)
- Provides program oversight for the Safety Director Program

| Administration Expenditures by Category | FY 13-14 | FY 14-15 | FY 15-16 |
|-----------------------------------------|--------------------|---------------------------------|--------------------|
| | Adopted Budget | Adopted Budget Amended 08/26/14 | Adopted Budget |
| SALARIES | \$ 854,107 | \$ 949,475 | \$ 996,400 |
| BENEFIT | 2,789,872 | 2,445,359 | 2,571,600 |
| SUB-TOTAL | 3,643,979 | 3,394,834 | 3,568,000 |
| INSURANCE | 185,915 | 239,469 | 274,900 |
| GENERAL & ADMINISTRATIVE | 363,385 | 368,820 | 387,800 |
| SUB-TOTAL | 549,300 | 608,289 | 662,700 |
| TOTAL | \$4,193,279 | \$4,003,123 | \$4,230,700 |

| Authorized Positions | FY 13-14 | FY 14-15 | FY 15-16 |
|-------------------------------------|----------|----------|----------|
| General Manager | 1 | 1 | 1 |
| Administrative Assistant | 1 | 1 | 1 |
| Treatment Plant Manager | 1 | 1 | 1 |
| Administrative Services Manager | - | 1 | 1 |
| Finance Manager | 1 | - | - |
| Financial Analyst | 1 | 1 | 1 |
| Personnel and Accounting Technician | 1 | 1 | 1 |
| Safety Director | 1 | 1 | 1 |
| TOTAL | 7 | 7 | 7 |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|--------------------------------------|---------------------------------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | General Manager | | | GM | |
| | | | Administrative Services Manager | | | ASM | |
| | | | Operations Supervisor | | | OS | |
| | | | Information Systems Analyst | | | ISA | |
| | | | Assistant Engineer | | | AE | |
| | | | Administrative Assistant | | | AA | |
| Administration | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| SALARIES & BENEFITS | | | | | | | |
| 5010-010-01 | Salaries & Wages | ASM | 875,425 | 945,525 | 992,400 | 4.96% | Salaries for 7 full-time employees. FY 16 includes increases of 4% for management and 4.5% for unrepresented employees, 1 step adjustment, and merit pay. Includes 58.3% of Safety Director salary with 41.7% allocated to Non-Agency Expense Safety Director Program. |
| 5010-020-01 | Overtime | GM | 3,950 | 3,950 | 4,000 | 1.27% | Authorized overtime to complete special and extraordinary activities or assignments under strict deadlines, and cash-out of employee compensatory time. |
| Subtotal Salaries & Wages | | | 854,107 | 949,475 | 996,400 | 4.94% | |
| 5020-020-01 | Retirement - CalPERS | ASM | 1,327,377 | 951,108 | 976,200 | 2.64% | Employer and employer-paid employee contributions for CalPERS 2.7% @ 55 Classic employee retirement program and 2% @ 62 for PEPRA employees hired after January 1, 2013. The FY 16 employer contribution rate is 10.958% for Classic employees and 6.25% for PEPRA. FY 16 includes a \$353K UAL (unfunded accrued liability) payment. There are 2 PEPRA employees replacing 2 Classic employees. |
| 5020-030-01 | Retirement - SS / Medicare | ASM | 63,182 | 63,775 | 72,500 | 13.68% | Employer's 1.45% share of Medicare for all employees. Increase is function of salary increases in all departments and 2 new positions. |
| 5030-010-01 | Benefits-CalPERS Medical Active Employees | ASM | 900,641 | 900,265 | 974,300 | 8.22% | Budget uses the higher CalPERS Kaiser family rate effective January 2014 plus a .5% administrative fee (equivalent to \$500 more annually per employee) rather than the lower January 2015 Kaiser rate. |
| 5030-001-01 | Benefits-Dental Active Employees | ASM | 95,918 | 95,918 | 108,800 | 13.43% | Employer paid dental benefits. Budget includes 2.5% increase for dental insurance premiums, additional enrollment in family coverage, and increased participation in the Agency dental reimbursement program. |
| 5030-003-01 | Benefits-Life Insurance, AD&D, LTD for Active Employees | ASM | 45,292 | 46,404 | 48,400 | 4.30% | Employer paid life, accidental death & dismemberment, and long-term disability insurances. Increase function of salary increase and 2 new hires. |
| 5030-004-01 | Benefits-Vision Active Employees | ASM | 9,713 | 9,713 | 11,100 | 14.28% | Employer paid vision benefits. Budget includes a 6% premium increase and changes in employee & dependent enrollment. |
| 5030-015-01 | Employee Benefits-MARA Active | ASM | 11,844 | 15,712 | 22,700 | 44.48% | MARA: Medical-After-Retirement-Account. Employer contribution and administrative fee totaling 1.6% of base salary for 16 employees (FY 15 was 11 employees). Budget increase is a function of salary increase, 8 step adjustments and two new hires. |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|--------------------------------------|---------------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | General Manager | | | GM | |
| | | | Administrative Services Manager | | | ASM | |
| | | | Operations Supervisor | | | OS | |
| | | | Information Systems Analyst | | | ISA | |
| | | | Assistant Engineer | | | AE | |
| | | | Administrative Assistant | | | AA | |
| Administration | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 5030-020-01 | Employee Benefits - Retired Employees | ASM | 166,005 | 203,023 | 181,600 | -10.55% | Medical benefits for retired employees at the SF-Bay Area PERS Kaiser single rate. The spouses of 4 former SRSD employees who transferred to CMSA also receive medical benefits. Budget decrease due to 5 additional retirees turning age 65 and consequent enrollment in less costly Medicare supplement plans. |
| 5030-025-01 | Annual OPEB Contribution | ASM | 218,708 | 114,518 | 139,700 | 21.99% | Prefunding of the Agency's post-employment health benefit obligations for current retirees and employees. The prefunding amount is the annual OPEB expense of \$318,024 (Agency GASB 45 actuarial report as of July 01, 2013 exhibit 3) less the actual premiums paid for current retirees (5030-020-01). |
| 5050-000-01 | Unemployment Benefits Claimed | ASM | 10,000 | 10,000 | 10,000 | 0.00% | Unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees. |
| 5060-000-01 | Uniforms | AE | 26,250 | 26,250 | 26,300 | 0.19% | Contracted service to provide uniforms, jackets, fire resistant clothing, rain gear and miscellaneous work clothing for staff, and also includes towel and floor mat cleaning services. |
| 5065-000-01 | Shoes | ASM | 8,675 | 8,675 | - | -100.00% | Safety shoes provided for employees per CMSA safety policies has moved to Safety Supplies account 6818-001-01. |
| Subtotal Benefits | | | 2,789,872 | 2,445,359 | 2,571,600 | 5.16% | |
| Total Salaries & Benefits | | | 3,643,978 | 3,394,835 | 3,568,000 | 5.10% | |
| INSURANCE | | | | | | | |
| 6800-010-01 | Property Insurance | ASM | 37,740 | 40,280 | 56,300 | 39.77% | Annual property insurance coverage from the California Sanitation Risk Management Authority (CSRMA) for all CMSA-owned structures. The increase is based on actual premiums paid in FY 15 plus 5% per CSRMA's recommendation. |
| 6800-020-01 | General Liability & Auto Insurance | ASM | 67,599 | 67,600 | 53,600 | -20.71% | CSRMA pooled insurance coverage for general, automobile, and error and omission liability premiums. FY 16 decrease is based on FY 15 actual premiums paid plus a 5% increase recommended by CRSMA. |
| 6800-030-01 | Pollution Liability Insurance | ASM | 898 | 900 | 900 | 0.00% | CSRMA pollution liability insurance for cleanup costs resulting from underground fuel storage tank system leaks and releases and other pollution caused losses. |
| 6800-040-01 | Employee/Commissioner's Bonds | ASM | 1,970 | 1,970 | 2,000 | 1.52% | Public official bonds for four Agency employees who are authorized to sign Agency checks, and includes employees who handle agency funds such as petty cash. Bonding, a JPA requirement, is through CSRMA, and coverage is under separate policies with different durations and premiums. |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|-------------------------------------|------------------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | General Manager | | | GM | |
| | | | Administrative Services Manager | | | ASM | |
| | | | Operations Supervisor | | | OS | |
| | | | Information Systems Analyst | | | ISA | |
| | | | Assistant Engineer | | | AE | |
| | | | Administrative Assistant | | | AA | |
| Administration | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6800-050-01 | Commercial Crime Insurance | ASM | 788 | 790 | 800 | 1.27% | This insurance covers instances of public employee dishonesty. It is intended to cover all employees not covered under the employee/public official bonds. |
| 5040-000-01 | Workers' Compensation Insurance | ASM | 76,921 | 127,930 | 161,300 | 26.09% | CSRMA workers' compensation (WC) insurance for Agency employees. The FY 16 increase is a result of WC premiums are based on payroll and the Agency's Experience Modification Factor (EMF). EMF increases are caused by WC claims and the FY 16 increase is due to the EMF increasing from 0.72 to 1.07. |
| Subtotal Insurance | | | 185,915 | 239,469 | 274,900 | 14.80% | |
| GENERAL ADMINISTRATIVE | | | | | | | |
| 6700-010-01 | Meetings/Training | GM | 5,200 | 5,200 | 5,200 | 0.00% | Expenses associated with staff travel, training, and attendance at single-day professional meetings and seminars. Expenses include registration, mileage, meal allowance, bridge tolls, and other allowed expenses pursuant to the Agency's travel expense reimbursement policy. |
| 6700-020-01 | Conferences | GM | 14,000 | 14,000 | 22,000 | 57.14% | Expenses associated with staff attendance at multi-day professional conferences, seminars, and training events outlined in the Agency's travel expense reimbursement policy. Budget increase is due to 3 additional conferences and associated travel expenses. |
| 6710-010-01 | Commissioners Meeting Fees & Conferences | GM | 11,600 | 11,600 | 11,600 | 0.00% | Pursuant to Commission compensation policy, CMSA Commissioners receive \$100 per day of service. |
| 6805-000-01 | Memberships: Professional Affiliations | ASM | 1,250 | 1,750 | 1,800 | 2.86% | Professional memberships and registration requirements for the Agency's General Manager, Treatment Plant Manager, and finance and administrative staff. |
| 6805-001-01 | Memberships: BACWA | GM | 7,500 | 7,500 | 7,700 | 2.67% | Annual membership dues to the Bay Area Clean Water Agencies (BACWA). BACWA is comprised of 5 members and over 25 associate members, such as CMSA. |
| 6805-002-01 | Memberships: NBWA | GM | 6,500 | 9,000 | 9,000 | 0.00% | Annual membership dues to the North Bay Watershed Association (NBWA), which is comprised of 16 governmental agencies from the North San Pablo Bay watershed. |
| 6805-003-01 | Memberships: CASA | GM | 9,000 | 9,000 | 16,000 | 77.78% | Annual membership dues to the California Association of Sanitation Agencies (CASA). FY 16 increase due to new JPA agency fee structure effective January 2015. |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|-------------------------------------|----------------------------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | General Manager | | | GM | |
| | | | Administrative Services Manager | | | ASM | |
| | | | Operations Supervisor | | | OS | |
| | | | Information Systems Analyst | | | ISA | |
| | | | Assistant Engineer | | | AE | |
| | | | Administrative Assistant | | | AA | |
| Administration | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6805-004-01 | Memberships: NACWA | GM | 7,500 | 8,500 | 9,200 | 8.24% | Annual membership dues to the National Association of Clean Water Agencies (NACWA). NACWA represents the wastewater industry nationwide on regulatory and legislative issues. |
| 6815-000-01 | Office Expenses | AA | 29,500 | 29,500 | 29,500 | 0.00% | Costs associated with the Agency's administrative operations, including office supplies, copier lease, office furniture, office equipment service and repairs, and other related expenses. |
| 6815-001-01 | Safety Supplies | OS | 18,850 | 14,850 | 35,100 | 136.36% | 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. FY 16 Budget increase is due to transferring the Shoes budget to Safety Supplies and one time expenses for fall protection and safety nets. |
| 6815-002-01 | Information Technology Software | ISA | 1,500 | 1,500 | 1,100 | -26.67% | Expenses related to software licenses and upgrades. |
| 6820-000-01 | Printing & Publications | AA | 5,500 | 5,500 | 5,500 | 0.00% | Printing expenses associated with brochures, newspaper subscriptions, monthly periodicals, publication of notices, and copy services at local print shops. |
| 6830-001-01 | Professional Services: General | GM | 45,900 | 51,000 | 51,000 | 0.00% | Expenses for general governmental and human resource services such as recruitment, background reference checks, and employment law staff training and development. |
| 6830-002-01 | Professional Services: Regulatory | GM | 5,000 | 5,000 | 5,000 | 0.00% | Consultation and advice on regulatory compliance and permit issues, including NPDES permit matters. |
| 6830-005-01 | Professional Services: Finance & Audit | ASM | 23,500 | 23,500 | 23,500 | 0.00% | Expenses for professional services related to the financial operations of the Agency: annual audit of financial statements; annual maintenance fee for financial software license renewal and financial software support; actuarial, financial and operational analyses. |
| 6830-010-01 | Professional Services: Labor Negotiations | GM | 9,675 | 9,675 | 10,000 | 3.36% | IDEA annual fee for labor relations and negotiations services and a subscription to the IEDA online compensation & benefit document warehouse. |
| 6830-015-01 | Professional Services: Legal Services | GM | 61,300 | 61,300 | 40,000 | -34.75% | Expenses for general, employment law, and public contract legal counsels. Decrease is due to a recent settlement agreement with a JPA member. |
| 6830-016-01 | Professional Services: Safety Director, CMSA Share | ASM | 10,569 | 9,365 | 9,700 | 3.58% | This account represents the Agency's share (57.8%) of the Safety Director program non-salary costs. The remaining 42.2% of the Safety Director program budget is included in Non-Agency Expenses: Services to Other Districts cost center. |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|-------------------------------------------------|----------------------------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | General Manager | | | GM | |
| | | | Administrative Services Manager | | | ASM | |
| | | | Operations Supervisor | | | OS | |
| | | | Information Systems Analyst | | | ISA | |
| | | | Assistant Engineer | | | AE | |
| | | | Administrative Assistant | | | AA | |
| Administration | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6830-017-01 | Professional Services: Outside Safety Training | ASM | 11,000 | 12,240 | 8,800 | -28.10% | Training expenses for required safety programs that include hearing tests, first-aid/CPR, incident command training, traffic control, defensive driving, and many other Cal/OSHA programs that facilitate a safe work environment. |
| 6830-025-01 | Professional Services: Employee Assistance | AA | 1,500 | 1,800 | 1,900 | 5.53% | Confidential professional counseling benefit provided to employees. The fee is increased annually. |
| 6830-060-01 | Professional Services: Employee Health Maintenance | AA | 2,500 | 2,500 | 2,500 | 0.00% | Expense for safety related physicals, pre-employment exams, and urgent care at Kentfield Medical Clinic. |
| 6840-010-01 | Internet & Telephone Service | ISA | 13,890 | 13,890 | 21,000 | 51.19% | Telephone, internet and Google Gmail services. Cell phones, portable radios, internet, and data plan expenses and Agencystaff. The FY 16 Budget includes a 5% increase for Comcast services, and consolidating all IT accounts into one department. |
| 6855-000-01 | Postage/Shipping | AA | 8,400 | 8,400 | 8,400 | 0.00% | Postage, postage meter rental, and overnight shipping expense. |
| 6859-000-01 | Bank Fees & Analysis Charges | ASM | 2,250 | 2,250 | 2,300 | 2.22% | Bank fees and investment expenses for California Asset Management Program and Westamerica Bank accounts. Finance charges and late payment fees. |
| 6860-000-01 | Trade Discounts | ASM | - | - | - | 0.00% | Account used to record vendor payment discounts received and taken for paying bills within payment terms. |
| 6890-010-01 | Contingency | GM | 50,000 | 50,000 | 50,000 | 0.00% | Funds available for transfer to other operating budget accounts for unplanned and unanticipated activities. Transfers from this account require GM approval. |
| 6990-000-01 | Other Non-Operating Expenses | GM | - | - | - | 0.00% | No budget. Account used for accounting adjustments such as general ledger account reconciliations, prior year audit adjustments, and expenditures associated with prior year activities such as service charge refunds. |
| Subtotal Administrative | | | 363,384 | 368,820 | 387,800 | 5.15% | |
| Subtotal (excluding Salary and Benefits) | | | 549,299 | 608,289 | 662,700 | 8.94% | |
| Total Administration | | | 4,193,277 | 4,003,123 | 4,230,700 | 5.68% | |

Environmental Services

The Environmental Services Department is responsible for performing, monitoring and reporting regulatory compliance activities required by the Agency’s federal National Pollutant Discharge Elimination System (NPDES) permit, and for managing and maintaining pretreatment, pollution prevention, mercury reduction and public education programs. Another important function of the department is regulating commercial and industrial disposal of wastewater into the collection and treatment systems to prevent pollutants from disrupting the treatment plant operations and to prevent discharge into the San Francisco Bay.

The department operates an accredited laboratory which performs the majority of routine testing required in the Agency’s NPDES permit. The laboratory also performs process control and analytical testing for local collection systems, and oversees outside analytical testing services for specialized analyses that cannot be performed in the CMSA laboratory.

The department provides regulatory enforcement and program administration services under contract with wastewater and other local agencies in Marin County for Pollution Prevention and, Fats Oils and Grease programs, storm water enforcement; regulatory and technical assistance; and leads the countywide Public Education Outreach Program in collaboration with various other agencies.

| Environmental Services Expenditures by Category | FY 13-14 | FY 14-15 | FY 15-16 |
|-------------------------------------------------|--------------------|---------------------------------|--------------------|
| | Adopted Budget | Adopted Budget Amended 08/26/14 | Adopted Budget |
| SALARIES | \$ 557,224 | \$ 586,717 | \$ 624,800 |
| SUB-TOTAL | 557,224 | 586,717 | 624,800 |
| BIOSOLIDS DISPOSAL | 266,086 | 273,002 | 275,900 |
| PERMIT TESTING & MONITORING | 140,869 | 153,248 | 149,000 |
| GENERAL & ADMINISTRATIVE | 150,340 | 167,666 | 174,700 |
| SUB-TOTAL | 557,295 | 593,916 | 599,600 |
| TOTAL | \$1,114,519 | \$1,180,633 | \$1,224,400 |

| Authorized Positions | FY 13-14 | FY 14-15 | FY 15-16 |
|----------------------------------------|----------|----------|----------|
| Environmental Services Manager | 1 | 1 | 1 |
| Environmental Laboratory Administrator | 1 | 1 | 1 |
| Environmental Services Analyst (I-II) | 3 | 3 | 3 |
| TOTAL | 5 | 5 | 5 |

| Central Marin Sanitation Agency | | | | | | | *Position Code |
|--------------------------------------|---------------------------------------------|-----|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | | | | | |
| | | | | Administrative Services Manager | | | ASM |
| | | | | Environmental Services Manager | | | ESM |
| | | | | | | | |
| | | | | | | | |
| Environmental Services | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| SALARIES & WAGES | | | | | | | |
| 5010-010-02 | Salaries & Wages | ASM | 537,183 | 566,130 | 602,100 | 6.35% | Salaries for 5 full-time employees. FY 16 includes increases of 4% for represented and 4.5% for unrepresented employees, 3 increases to next certification level, and merit pay. |
| 5010-020-02 | Overtime | ESM | 9,085 | 9,085 | 9,100 | 0.17% | Authorized overtime for evening and weekend public outreach events, assignments under strict deadlines, and overtime worked when called in for wet weather stand-by duty. |
| 5010-022-02 | ES Wet Weather Stand-by Duty | ESM | 10,956 | 11,502 | 13,600 | 18.24% | Pursuant to MOU and personnel policies, qualified environmental analyst staff are paid to remain fit for duty and to respond within 1 hour when called in to collect samples and conduct analysis during wet weather blending events November 1-April 30. |
| Subtotal Salaries & Wages | | | 557,224 | 586,717 | 624,800 | 6.49% | |
| BIOSOLIDS DISPOSAL | | | | | | | |
| 6200-010-02 | Biosolid Reuse Fees | ESM | 201,086 | 205,922 | 208,600 | 1.30% | Redwood Landfill fees and Synagro land application fees for biosolids disposal of 6100 tons based on 5 year average (3843 at landfill and 2257 for land application). Contract agreements increase the cost/wet ton annually by the Bay Area CPI. |
| 6200-050-02 | Biosolids Hauling | ESM | 65,000 | 67,080 | 67,300 | 0.33% | Hauling of biosolids to landfill and land application sites. The contract increases annually using the Transportation Cost Index which includes Bay Area CPI of 2.8% and 0% estimated increase for the diesel fuel index. The budget is based on 315 loads of biosolids to be hauled to either landfill or land application sites. |
| Subtotal Biosolids Disposal | | | 266,086 | 273,002 | 275,900 | 1.06% | |
| PERMIT | | | | | | | |
| 6300-000-02 | Lab Supplies | ESM | 41,937 | 43,835 | 45,100 | 2.89% | Laboratory and source control program supplies including all chemicals, glassware, reagents, containers, filters, bioassay, and de-ionized water system, sampling, and inspection equipment. Budget includes a 2.8% CPI price increase. |
| 6310-030-02 | Biosolids Monitoring: Contract Lab Services | ESM | 9,122 | 9,259 | 9,400 | 1.52% | Contracts for laboratory tests and analysis of biosolids to meet 503 regulations for the Regional Water Board and EPA as well as additional requirements pertaining to land application and Redwood Landfill disposal. Budget includes a contractual 1.5% increase for Caltest services. |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|-------------------------------------------------|---------------------------------------------------------|-----|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | | | | | |
| | | | | Administrative Services Manager | | ASM | |
| | | | | Environmental Services Manager | | ESM | |
| | | | | | | | |
| | | | | | | | |
| Environmental Services | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6320-010-02 | NPDES Permit Sampling & Testing | ESM | 71,481 | 71,481 | 73,000 | 2.13% | Contract for laboratory testing and analysis of effluent and influent for NPDES permit compliance and Clean Water Act Section 13267 monitoring requirements. Budget includes 1.5% contract increase for Caltest, 2.2% CPI increase for Pacific Ecorisk, and no increase for Frontier Analytical services. |
| 6320-020-02 | Pretreatment Sampling | ESM | 15,624 | 15,858 | 16,100 | 1.53% | Contract for lab analysis of pretreatment samples and monitoring industrial waste. There is a scheduled 1.5% contract price increase. |
| 6330-010-02 | Underground Tank Testing: Overfill Containment | ESM | 2,705 | 5,315 | 5,400 | 1.60% | Annual testing and monitoring of underground gasoline and diesel tank over-fill and secondary containment required by state regulation CCR 2637(a). |
| 6330-020-02 | Underground Tank Testing: Secondary Containment | ESM | - | 7,500 | - | -100.00% | Testing of underground tank secondary containment every three years as required by state regulation CCR 2637(a). The last test was in FY 15 and the next test is to be scheduled during FY 18. |
| Subtotal Permit Testing & Monitoring | | | 140,869 | 153,248 | 149,000 | -2.77% | |
| ADMINISTRATIVE | | | | | | | |
| 6700-010-02 | Meetings/Training | ESM | 2,000 | 2,000 | 2,000 | 0.00% | Expenses associated with professional development, training and seminars that include registration, mileage, meal allowance, bridge tolls, and other allowed expenses pursuant to the Agency's MOU reimbursement policy. |
| 6700-020-02 | Conferences | ESM | 7,500 | 7,500 | 7,500 | 0.00% | Expenses associated with staff attendance at multi-day professional conferences, seminars, and training events such as CWEA regional and annual events. |
| 6805-000-02 | Memberships: Professional Affiliations | ESM | 2,000 | 2,000 | 2,000 | 0.00% | Professional memberships and certification requirements, including reimbursement of examination fees upon employees passing certification tests. |
| 6810-000-02 | Permits & Licenses: Annual NPDES Permit | ESM | 55,000 | 55,000 | 55,000 | 0.00% | Annual renewal fee for SWRCB administration of the NPDES permit and the Pre-treatment program fee. No FY 16 Budget increase planned because the State Water Board has not reported its FY 16 NPDES permit fee structure is not known. |
| 6810-040-02 | Permits & Licenses: ELAP | ESM | 3,000 | 3,000 | 3,000 | 0.00% | Annual renewal fee to maintain laboratory certification. The fee covers the costs of inspections, certificates, and ELAP operating costs. |
| 6810-050-02 | Permits & Licenses: Regional Monitoring Plan (AHI)/SFEI | ESM | 24,840 | 26,082 | 26,600 | 1.99% | CMSA's NPDES permit requires participation in the Regional Monitoring Program (RMP) for the San Francisco Bay, which is administered by the San Francisco Estuary Institute. FY 16 expense includes a 2% fee increase. |

| Central Marin Sanitation Agency | | | | | | | *Position Code |
|-------------------------------------------------|--------------------------------------------------------------|-----|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | | | | | |
| | | | | Administrative Services Manager | | | ASM |
| | | | | Environmental Services Manager | | | ESM |
| | | | | | | | |
| | | | | | | | |
| Environmental Services | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6810-051-02 | Permits & Licenses: Water Quality Attainment Strategy (WQAS) | ESM | 10,500 | 14,284 | 16,900 | 18.31% | BACWA established the Clean Bay Collaborative (CBC), a water quality attainment strategy testing program, administered in conjunction with the RWB. SF Bay NPDES dischargers are required to perform bay and regional monitoring tests and perform studies to determine impacts to the bay and to help predict the effects of upcoming regulations proposed by the RWB and the EPA. The 18% increase is to fund nutrient monitoring and treatment plant nutrient studies required in the Nutrient Watershed Permit. |
| 6810-060-02 | Permits & Licenses: CUPA | ESM | 5,500 | 5,500 | 6,200 | 12.73% | Certified Unified Program Agency fees increased by 12.7% and are paid to the County of Marin for the Agency's underground storage tanks and hazardous materials. |
| 6810-070-02 | Permits & Licenses: Stormwater Annual Permit | ESM | 1,500 | 1,800 | 1,800 | 0.00% | SWRCB permit for the Agency's industrial site stormwater permit. |
| 6810-080-02 | Permits & Licenses: BAPPG | ESM | 1,500 | 1,500 | 1,500 | 0.00% | Bay Area Pollution Prevention Group Sponsorship. The Agency's NPDES Permit requires the Agency support a portion of BACWA's pollution prevention and public education programs. BAPPG membership dues are not expected to increase. |
| 6810-090-02 | Permits & Licenses : eNPDES | ESM | 1,000 | 1,000 | 1,300 | 30.00% | Annual electronic reporting software maintenance fee that includes support and filing updates required by the State Water Board and EPA. The increase covers new software reporting requirement updates. |
| 6815-002-02 | IW (Industrial Waste) Database | ESM | | 12,000 | 12,000 | 0.00% | Development, hosting, and software upgrades for new IW database for all dischargers and permits in the Agency's pretreatment, pollution prevention programs, and FOG source control programs. Maintenance, hosting, and upgrades are covered for 36 months at \$12K per year. |
| 6821-000-02 | Public Education Program: CMSA portion | ESM | 36,000 | 36,000 | 38,900 | 8.06% | CMSA's share of the Countywide Public Education Program for expenses associated with all public outreach events, including registration, supplies, and promotional items for school programs, and exhibits at the Marin County Fair, BAEER Fair, Pollution Prevention Week, Earth Day; joint school outreach programs with MMWD, MCSTOPPP, and LGVSD; increased participation in the County's pharmaceutical Take-Back Program at 6 new locations; and programs undertaken solely by CMSA. |
| Subtotal Administrative | | | 150,340 | 167,666 | 174,700 | 4.20% | |
| Subtotal (excluding Salary and Benefits) | | | 557,294 | 593,915 | 599,599 | 0.96% | |
| Total Environmental Services | | | 1,114,518 | 1,180,632 | 1,224,399 | 3.71% | |

Maintenance

The Maintenance Department is responsible for maintaining Agency facilities, infrastructure, and assets that include buildings, grounds, treatment facilities, vehicles, and equipment. Certified mechanics, maintenance technicians, and utility workers perform a wide variety of corrective and preventive maintenance and repairs on all assets and equipment in the wastewater treatment plant and related facilities. The department utilizes a computerized asset management system to manage its fixed assets, develop preventive maintenance schedules, and to track repairs and maintenance activities with their associated costs.

The Electrical and Instrumentation group is responsible for maintaining the Agency’s process control systems, electrical and instrumentation control systems, various electro-mechanical systems, communication systems, and information technology infrastructure.

Under contractual agreements with San Quentin State Prison, the County of Marin, and Sanitary District #2, the department maintains collection system assets such as pump stations, force mains, and gravity sewers.

| Maintenance Expenditures by Category | FY 13-14 | FY 14-15 | FY 15-16 |
|--------------------------------------|--------------------|---------------------------------|--------------------|
| | Adopted Budget | Adopted Budget Amended 08/26/14 | Adopted Budget |
| SALARIES | \$1,267,131 | \$1,276,217 | \$1,382,100 |
| SUB-TOTAL | 1,267,131 | 1,276,217 | 1,382,100 |
| LUBRICANTS, PROPANE, OTHER | 6,800 | 5,000 | 5,000 |
| MAINTENANCE & REPAIRS | 185,000 | 363,000 | 386,000 |
| GENERAL & ADMINISTRATIVE | 29,650 | 25,400 | 16,700 |
| SUB-TOTAL | 221,450 | 393,400 | 407,700 |
| TOTAL | \$1,488,581 | \$1,669,617 | \$1,789,800 |

| Authorized Positions | FY 13-14 | FY 14-15 | FY 15-16 |
|-----------------------------------------------|-----------|-----------|-----------|
| Maintenance Supervisor ** | - | 1 | 1 |
| Asset Manager-Maintenance Supervisor | 1 | - | - |
| Assistant Maintenance Supervisor ** | - | 1 | 1 |
| Maintenance Lead | 1 | 1 | 1 |
| Maintenance Repair (Trainee to Step III) | 2 | 1 | 1 |
| Mechanical Technician (Steps I-III) | 4* | 4*** | 4 |
| Maintenance Painter | 1 | - | - |
| Utility Worker**** | 2 | 2 | 3**** |
| Electrical/Instrumentation (E/I) Supervisor | 1 | - | - |
| Assistant Maintenance Supervisor-(E/I) ** | - | 1 | 1 |
| Electrical/Instrumentation Tech (Steps I-III) | 2 | 2 | 2 |
| TOTAL | 14 | 13 | 14 |

* Temporary addition of one position during FY 13-14 to support department succession planning efforts.

** Succession Planning Reorganization

*** One promotion to Assistant Maintenance Supervisor

**** One new Utility Worker

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|--------------------------------------------|----------------------------|-------------------------------------------------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | Administrative Services Manager | | | | ASM | |
| | | Treatment Plant Manager | | | | TPM | |
| | | Maintenance Supervisor | | | | MS | |
| | | Electrical Instrumentation Assistant Maintenance Supervisor | | | | EIAMS | |
| | | Information Systems Analyst | | | | ISA | |
| Maintenance | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| SALARIES & WAGES | | | | | | | |
| 5010-010-03 | Salaries & Wages | ASM | 1,238,186 | 1,222,348 | 1,332,000 | 8.97% | Salaries for 14 full-time employees. FY 16 includes increases of 4% for represented and 4.5% for unrepresented employees, 6 step adjustments, and merit pay. Includes one new Utility Worker position. |
| 5010-103-10 | Transfer to CIP | ASM | (41,882) | (20,524) | (20,600) | 0.37% | Transfer of salary expenses for staff assigned to CIP funded projects (.2 FTE for department staff capitalizations). |
| 5010-020-03 | Overtime | TPM | 25,125 | 25,125 | 25,200 | 0.30% | Authorized overtime to complete unexpected maintenance activities or assignments that require work after an employee's regularly scheduled shift. Includes maintenance of assets and process equipment scheduled for evenings and weekends. |
| 5010-021-03 | Stand-by Duty | TPM | 45,702 | 49,268 | 45,500 | -7.65% | 24/7 Stand-by duty for qualified maintenance staff to respond to emergency repair work and equipment failures. Pursuant to MOU and personnel policies, employees are paid to remain fit for duty and to respond within 1 hour when called in for duty. Sanitary District #2 of Marin (Corte Madera) funds one half of this expense. FY 16 Budget decreased because supervisors are not anticipated to be assigned stand-by duty. |
| Subtotal Salaries & Wages | | | 1,267,131 | 1,276,217 | 1,382,100 | 8.30% | |
| MAINTENANCE & REPAIRS (M&R) | | | | | | | |
| 6400-030-03 | Lubricants, Propane, Other | MS | 6,800 | 5,000 | 5,000 | 0.00% | Lubricants used for facility assets and equipment (Cogeneration and Standby Power systems excluded), propane for the forklift, and welding and calibration gases. |
| 6500-000-03 | Utility Supplies | MS | 10,000 | 7,000 | 8,000 | 14.29% | Janitorial and general facility maintenance supplies such as cleaning and paper products, waxes, vacuum and floor buffing supplies. Year end usage projections and anticipated price increases contribute to the budget increase. |
| 6510-001-03 | Outside Services & Parts | TPM | 57,000 | 30,000 | 30,000 | 0.00% | Service repair costs performed by outside providers for machining, fabrication, vacuum services, specialty repair work, and related parts, equipment and supplies. |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|-------------------------------------|----------------------------------|-------------------------------------------------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | Administrative Services Manager | | | | ASM | |
| | | Treatment Plant Manager | | | | TPM | |
| | | Maintenance Supervisor | | | | MS | |
| | | Electrical Instrumentation Assistant Maintenance Supervisor | | | | EIAMS | |
| | | Information Systems Analyst | | | | ISA | |
| Maintenance | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6510-004-03 | Fleet Maintenance | MS | 11,000 | 11,000 | 31,000 | 181.82% | This account is utilized to perform preventative, predictive, and corrective maintenance on the Agency's fleet vehicles and includes purchases of batteries, oil, tires and other consumables. The Agency's fleet consists of 10 vehicles, two forklifts, a skid steer loader, 15 electric carts, and 10 bicycles. The budget increase funds a one time purchase of a hub assembly for the Telehandler forklift. |
| 6510-007-03 | Hazardous Waste Disposal Service | MS | 18,000 | 18,000 | 20,000 | 11.11% | Safe disposal of wastes such as oils, greases, oil and air filters, coolants, paints, solvents, light bulbs, batteries and air purification medias (siloxane, hydrogen sulfide, and activated carbon). |
| 6510-008-03 | Facilities Maintenance | MS | 15,000 | 20,000 | 20,000 | 0.00% | Planned preventive and corrective repairs to maintain non-process specific facility structures such as roof and gutter systems, doors and door hardware, flooring, non-process specific coating work, and outside contractors if specialty work is required. This budget also includes funds for facility pest control services. |
| 6510-009-03 | Electrical Equipment | EIAMS | | 15,000 | 23,000 | 53.33% | Routine preventive and corrective electrical equipment maintenance, minor electrical repairs, and the purchase of consumable items such as conduit, wiring, electrical connectors, fittings, and lighting. The FY 16 increase is due to transferring remaining CIP project equipment from capital account 7450-002-00 to this line now that the project work is complete and routine maintenance begins. |
| 6510-010-03 | Plant Pumps | MS | | 20,000 | 20,000 | 0.00% | Routine, preventative, and corrective maintenance of facility pumps and purchases of consumable pump parts, such as impellers, gaskets, volutes, that require periodic replacement due to wear and tear. |
| 6510-011-03 | Process Tank Maintenance | MS | | 29,000 | 29,000 | 0.00% | Preventive and corrective maintenance costs for process tank and heat exchangers (non-cogeneration system heat exchangers). This account funds all process tank repairs such as the refurbishment or replacement of clarifier chain and flights, shoes, piping, clarifier drives, and all repairs and replacements not associated with a capital improvement project. |
| 6510-012-03 | Centrifuge Maintenance | MS | | 25,000 | 20,000 | -20.00% | Annual preventive and corrective maintenance for the Agency's dewatering system, three centrifuges and their system components. The FY 16 Budget decreased because the centrifuge control panel upgrades and the hydraulic backdrive replacement were completed last year. |

| Central Marin Sanitation Agency | | | | | | | *Position Code |
|-------------------------------------|------------------------------------------------|-------------------------------------------------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | Administrative Services Manager | | | | | ASM |
| | | Treatment Plant Manager | | | | | TPM |
| | | Maintenance Supervisor | | | | | MS |
| | | Electrical Instrumentation Assistant Maintenance Supervisor | | | | | EIAMS |
| | | Information Systems Analyst | | | | | ISA |
| Maintenance | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6510-013-03 | Process (Filter) Media Replacement | MS | | 25,000 | 25,000 | 0.00% | Purchase biogas and air purification media for facility equipment. Budgets is for purchase of one sulfa treat and one siloxane media bed replacement per year. |
| 6510-014-03 | FOG/FW Receiving Station Maintenance | MS | | 20,000 | 33,000 | 65.00% | Annual routine preventive, predictive, and corrective maintenance for the FOG/Food-waste receiving and processing station. The FY 16 Budget assumes performing one complete mixing pump impellor/cutter bar changeout, purchasing two sets of paddle finisher screens, spare hoses, glycerin, rock trap grinder parts, and other critical spare inventory items. FY 16 increase is based on first year of operating the facility. |
| 6510-015-03 | Boilers and Hot-water Systems | MS | | 11,500 | 10,000 | -13.04% | Annual routine preventive and corrective maintenance for two dual fueled (biogas and/or natural gas) hot water boilers and the hot water recirculation systems. Purchases include pressure regulators, descaling agents, and critical spare inventory items . Budget includes annual specialized boiler system inspection work to examine the brick and burner assemblies, the fuel regulating systems, and associated pumps and piping. |
| 6510-016-03 | Effluent PS & Above Ground Diesel Storage Tank | MS | | 9,500 | 9,500 | 0.00% | Annual preventive and corrective maintenance performed on the Effluent Pump Station's pumps, engines, driveshafts, wet well, fuel conveyance, diesel storage tanks, motor controls, and fire protection system. |
| 6510-020-03 | Cogen/Emergency Generator Maintenance | MS | 32,000 | 67,000 | 50,000 | -25.37% | Routine, predictive, and minor corrective maintenance procedures scheduled for the cogeneration system and the emergency standby diesel generator and the purchase of system components. The budget assumes three 2,000 hour maintenance procedures per year where the oil and oil filters, sparkplugs, fuel filters, air filters, borescoping and valve lash is regularly completed on the cogeneration system. One annual maintenance procedure on the emergency standby diesel generator is also scheduled. The budgeted decreased due to the completion of a major over-haul of the cogeneration engine during FY 15. |
| 6520-000-03 | Groundskeeping | MS | 32,000 | 45,000 | 45,000 | 0.00% | Facility landscaping services and supplies to maintain the Agency's property. Services include fire-defensible space maintenance and weed control on Agency owned property. |
| 6530-000-03 | Small Tools & Equipment | MS | 10,000 | 10,000 | 12,500 | 25.00% | Purchase and repair of hand, power, and pneumatic tools utilized by staff in the day to day maintenance of assets and equipment. Tools and equipment meeting the Agency's capitalization threshold are funded through the Capital Improvement Program. |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|-------------------------------------------------|------------------------------------------|-------------------------------------------------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | Administrative Services Manager | | | | ASM | |
| | | Treatment Plant Manager | | | | TPM | |
| | | Maintenance Supervisor | | | | MS | |
| | | Electrical Instrumentation Assistant Maintenance Supervisor | | | | EIAMS | |
| | | Information Systems Analyst | | | | ISA | |
| Maintenance | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| Subtotal Maintenance & Repairs | | | 191,800 | 368,000 | 391,000 | 6.25% | |
| ADMINISTRATIVE | | | | | | | |
| 6700-010-03 | Meetings/Training | TPM | 5,000 | 5,000 | 5,000 | 0.00% | Expenses associated with attendance at single-day meetings, seminars, webinars, technical certification review courses, professional development and facilitated learning opportunities. Includes registration, mileage, meal allowance, bridge tolls, and other allowed expenses pursuant to the Agency's expense reimbursement policy. |
| 6700-020-03 | Conferences | TPM | 7,000 | 7,000 | 7,000 | 0.00% | Expenses associated with multi-day professional conferences, seminars, and training events outlined in the Agency's travel and expense reimbursement policy. |
| 6805-000-03 | Memberships: Professional Affiliations | TPM | 3,200 | 3,200 | 4,400 | 37.50% | Professional memberships and annual certification renewal fees for 14 maintenance and electrical / instrumentation technicians. The budget increase is for increases in annual certification, licenses, and trade association fees. |
| 6830-030-03 | Professional Services: USA | MS | 200 | 200 | 300 | 50.00% | Annual service fee for Underground Service Alerts required by California government code prior to any type of digging or excavation work. |
| 6840-020-03 | Telephone: Pump Station Telemetry Data | ISA | 6,250 | 4,000 | - | -100.00% | SRSD, the sole user of this dedicated phone land-line, will accept the transfer of this service effective July 1, 2015. |
| 6840-030-03 | Telephone: Cell Phones & Portable Radios | ISA | 8,000 | 6,000 | - | -100.00% | This line item has been transferred to Administration account 6840-010-01 Internet & Telephone Service. |
| Subtotal Administrative | | | 29,650 | 25,400 | 16,700 | -34.25% | |
| Subtotal (excluding Salary and Benefits) | | | 221,450 | 393,400 | 407,700 | 3.63% | |
| Total Maintenance | | | 1,488,581 | 1,669,617 | 1,789,800 | 7.20% | |

Operations

The Operations Department performs various activities essential to the operation of a regional wastewater facility, and the treatment and disposal of wastewater that is in full compliance with state and federal water pollution control laws and regulations.

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 pump stations and related assets
- Order treatment chemicals and maintain inventories
- Conduct pilot testing to improve and/or optimize treatment
- Monitor and operate systems to control the generation of wastewater odors
- Track the performance of all treatment and energy generation systems
- Operate and maintain a FOG/Food-waste Receiving Station
- Operate a power generation facility

| Operations Expenditures by Category | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget |
|--------------------------------------------|----------------------------------------|-------------------------------------------------------------|----------------------------------------|
| SALARIES | \$1,343,638 | \$1,386,997 | \$1,520,600 |
| SUB-TOTAL | 1,343,638 | 1,386,997 | 1,520,600 |
| CHEMICALS & FUELS | 1,098,787 | 1,045,978 | 1,207,500 |
| UTILITIES | 416,200 | 377,583 | 395,300 |
| GENERAL & ADMINISTRATIVE | 59,200 | 59,474 | 70,500 |
| SUB-TOTAL | 1,574,187 | 1,483,035 | 1,673,300 |
| TOTAL | \$2,917,825 | \$2,870,032 | \$3,193,900 |

| Authorized Positions | FY 13-14 | FY 14-15 | FY 15-16 |
|---------------------------------|-----------------|-----------------|-----------------|
| Operations Supervisor(s) | 1 | 2 | 2 |
| Assistant Operations Supervisor | 1 | - | - |
| Lead Operators | 4 | 4 | 4 |
| Operators (Trainee, I-III) | 7 | 7 | 7 |
| TOTAL | 13 | 13 | 13 |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|--------------------------------------|-------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | Administrative Services Manager | | | ASM | |
| | | | Treatment Plant Manager | | | TPM | |
| | | | Operations Supervisor | | | OS | |
| Operations | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| SALARIES & WAGES | | | | | | | |
| 5010-010-04 | Salaries & Wages | ASM | 1,280,474 | 1,311,227 | 1,432,300 | 9.23% | Salaries for 13 full-time employees include an increase of 4% for represented and 4.5% for unrepresented employees, 4 step adjustments, 1 certification advancement, and merit pay. |
| 5010-104-10 | Transfer to CIP | ASM | (20,602) | (10,111) | (10,200) | 0.88% | Transfer of salary expenses for staff assigned to selected CIP funded projects (.1 FTE). |
| 5010-020-04 | Overtime | OS | 70,000 | 70,000 | 80,000 | 14.29% | Authorized overtime to ensure plant is staffed 24 hours/day and to complete extraordinary activities or assignments under strict deadlines. Increase is for additional scheduled OT for shift coverage due to an expected retirement. |
| 5010-022-04 | OPS Wet Weather Stand-by Duty | TPM | 13,766 | 15,880 | 18,500 | 16.50% | 24/7 Stand-by duty provided by qualified operations staff during wet weather season. Pursuant to MOU and personnel policies, employees are paid to remain fit for duty and must respond within 1 hour when called in for duty for emergency repair situations. |
| Subtotal Salaries & Wages | | | 1,343,638 | 1,386,997 | 1,520,600 | 9.63% | |
| CHEMICALS & FUEL | | | | | | | |
| 6100-010-04 | Chemicals: Ferric Chloride | OS | 96,138 | 72,389 | 66,400 | -8.27% | Ferric chloride is mixed with plant influent flow to improve settling of suspended solid material in the primary clarifiers during storm related flow events. Ferric chloride also reduces hydrogen sulfide levels in bio gas and eliminates struvite (magnesium ammonium phosphate) formations that damage pipes, pumps, and other process equipment. This budget is based upon annual usage over the past three years, which averaged 126 dry tons or between 11 and 14 loads per year. |
| 6100-020-04 | Chemicals: Polymer-Cationic | OS | 165,735 | 156,854 | 177,300 | 13.04% | Polymer is added to centrifuge feed sludge to enhance the efficiency of solids removal, and is also injected into the flow stream for sludge thickening units to increase solids capture which reduces hydraulic loading in the digesters. Polymer is also used for chemically enhanced primary treatment (CEPT) to improve primary clarifier solids settling during wet weather operations. During FY 16, the Agency plans to replace less efficient Dissolved Air Flotation technology with Rotary Drum Thickening Units which will require an additional 1.5 loads of polymer. The FY 16 polymer budget increase is for 3.5 bulk polymer deliveries. |

| Central Marin Sanitation Agency | | | | | | | *Position Code |
|-------------------------------------|--------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | Administrative Services Manager | | | | ASM |
| | | | Treatment Plant Manager | | | | TPM |
| | | | Operations Supervisor | | | | OS |
| | | | | | | | |
| | | | | | | | |
| <u>Operations</u> | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6100-030-04 | Chemicals: Odor Control | OS | 20,000 | 18,500 | 18,500 | 0.00% | Odor masking agents are used to minimize malodorous compounds produced during sewage treatment and to minimize, or eliminate, odor complaints received from the public. Odorants are delivered in 55 gallon barrels. The FY 16 budget does not change and is based on a 3-year average use of 13 barrels. |
| 6100-040-04 | Chemicals: Nitrate | OS | 292,864 | 260,765 | 378,500 | 45.15% | Nitrate salts are the first of a two phase odor control system used in the collection system upstream of the wastewater treatment plant. Nitrate injection in strategic locations inhibits hydrogen sulfide formation and increases the life of collection system infrastructure by reducing the formation of corrosive sulfuric acid. The budget increase is based upon the increased amount of nitrate solution used in recent drought related low flow years and the projected additional nitrate solution that will be required to reduce hydrogen sulfide generation in the collection system. Use is projected at 158K gallons (up from 150K) or 38 deliveries for FY 16. |
| 6100-050-04 | Chemicals: Hydrogen Peroxide | OS | 205,110 | 195,210 | 216,900 | 11.11% | Hydrogen peroxide is the second phase of CMSA's odor control system. It is injected into the 54" and 45" collection system interceptors. Peroxide reacts with the influent flow by oxidizing sulfur compounds which reduces odors and decreases the potential for corrosion in the Headworks building. Annual usage ranges between 85 – 105 thousand gallons. The budget is based on the increased amount of hydrogen peroxide solution used in recent drought years and the projected additional hydrogen peroxide solution that will be required to reduce hydrogen sulfide generation in the collection system. Use is projected at 100K gallons (up from 90K) or 22.5 deliveries for FY 16. |
| 6100-060-04 | Chemicals: Sodium Hypochlorite | OS | 146,440 | 166,320 | 166,400 | 0.05% | Sodium hypochlorite is used for 1) effluent disinfection and recycled water; 2) the control of filamentous biological organisms; and 3) for three plant odor control scrubbers. The budget is based on the 3-year average hypochlorite solution use. |
| 6100-070-04 | Chemicals: Sodium Bisulfite | OS | 150,000 | 153,440 | 163,100 | 6.30% | Sodium bisulfite is used in the effluent to neutralize the chlorine residual after the disinfection process prior to discharge into the San Francisco Bay. The budget is based upon continued increased usage over recent years to ensure the Agency's NPDES permit bacteria limits are met. The budget increase is for 170K gallons or 34 deliveries during FY 16. |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|--------------------------------------|--------------------------|---------------------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | Administrative Services Manager | | | | ASM | |
| | | Treatment Plant Manager | | | | TPM | |
| | | Operations Supervisor | | | | OS | |
| | | | | | | | |
| | | | | | | | |
| <u>Operations</u> | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6400-020-04 | Gasoline, Oil, & Fuel | OS | 22,500 | 22,500 | 20,400 | -9.33% | Gasoline for vehicles, landscaping machinery, and portable equipment, and diesel for standby engine generators and the effluent pump station pumps. The current US EIA (Energy Information Administration) index for Bay Area gasoline/diesel fuel peak pricing was used to project the cost of fuel at \$3.70/gallon down from \$4.13/gallon in FY 15. The budget is for 2000 gallons of gasoline and 3500 gallons of diesel. |
| Subtotal Chemicals & Fuel | | | 1,098,787 | 1,045,978 | 1,207,500 | 15.44% | |
| <u>UTILITIES</u> | | | | | | | |
| 6835-010-04 | Utilities: Natural Gas | OS | 187,200 | 121,458 | 109,900 | -9.52% | Supplemental fuel for the cogeneration system that produces electricity for the Agency, and fuel for the boilers when this system is offline. CMSA purchases natural gas (NG) from the not-for-profit SPURR (School Project for Utility Rate Reduction) which purchases gas in bulk for public agency facilities at wholesale costs. This budget is based on purchasing 10,000 therms at a fixed cost of \$0.43/therm and purchasing between 9,000 and 11,000 therms per month on the spot market at an estimated average of \$0.49/therm delivered. |
| 6835-020-04 | Utilities: Electricity | OS | 175,000 | 199,500 | 219,500 | 10.03% | Electricity is purchased from MCE (Marin Clean Energy) and transportation demand charges are paid to PG&E to supplement the cogeneration engine and to supply power when the cogenerator is offline for maintenance. Rates are budgeted to increase 4.2% for MCE, 6% for PG&E, plus a 7% provision in the event the cogeneration unexpectedly goes off-line. |
| 6835-030-04 | Utilities: Water | OS | 4,000 | 4,000 | 8,200 | 105.00% | Potable water for CMSA and the San Quentin junction box odor control facility. The Marin Municipal Water District advised to plan for a 5% rate increase FY 16. |
| 6835-040-04 | Utilities: Garbage | OS | 50,000 | 52,625 | 57,700 | 9.64% | Solid waste disposal for commercial garbage, green waste, recycling, and debris box disposal of headworks screenings, grit removal, and non-recyclable wastes. The increase is for projected additional waste bins and debris boxes, and a 2.7% garbage rate increase that was approved for FY 16. |
| Subtotal Salaries & Wages | | | 416,200 | 377,583 | 395,300 | 4.69% | |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|----------------------------------------------------|----------------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | Administrative Services Manager | | | ASM | |
| | | | Treatment Plant Manager | | | TPM | |
| | | | Operations Supervisor | | | OS | |
| | | | | | | | |
| | | | | | | | |
| Operations | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| MISCELLANEOUS & ADMINISTRATIVE | | | | | | | |
| 6210-000-04 | Operations - General | TPM | 7,000 | 6,000 | 6,000 | 0.00% | Small tools, equipment, parts, and other miscellaneous supplies. |
| 6700-010-04 | Meetings/Training | TPM | 6,000 | 6,000 | 5,000 | -16.67% | Expenses associated with attendance at single-day professional meetings, seminars, and certification trainings. Includes registration, mileage, meal allowance, bridge tolls, and other allowed expenses pursuant to the Agency's expense reimbursement policy. |
| 6700-020-04 | Conferences | TPM | 3,500 | 3,500 | 4,500 | 28.57% | Expenses associated with multi-day professional conferences, seminars, and training events outlined in the Agency's travel and expense reimbursement policy. Budget increase is for sending an additional employee to regional training conferences. |
| 6805-000-04 | Memberships: Professional Affiliations | TPM | 5,000 | 6,000 | 6,000 | 0.00% | Professional memberships and certification renewal requirements for operators. The budget includes 13 annual membership renewals and 3 treatment plant operator certification tests. |
| 6810-010-04 | Permit & Licenses: BAAQMD Permit | TPM | 13,700 | 13,974 | 19,000 | 35.97% | Bay Area Air Quality Management District (BAAQMD) permit fees for the cogeneration engine, emergency power generator, five effluent pump station engines and fuel dispensers. The BAAQMD fee increased to meet permit requirements for the FOG/Foodwaste facility and for operating 2 new Rotary Drum Thickeners which will be installed in FY 16. |
| 6830-001-04 | Professional Services: Process Control | TPM | 24,000 | 24,000 | 30,000 | 25.00% | Professional wastewater consulting service that evaluates process control options for reliability, efficiency and other improvements, and provides assessment advice on process control issues, trains staff on process analysis, and conducts special studies. The budget includes funds for a FY 16 Flow Equalization Study. |
| Subtotal Miscellaneous & Administrative | | | 59,200 | 59,474 | 70,500 | 18.54% | |
| Subtotal (excluding Salary and Benefits) | | | 1,157,987 | 1,483,035 | 1,673,300 | 12.83% | |
| Total Operations | | | 2,917,825 | 2,870,032 | 3,193,900 | 11.28% | |

Engineering

The Engineering Department provides full engineering support for the Agency and is responsible for the following functions:

- Designs small construction projects and oversees the design and construction of larger projects outsourced to engineering consulting firms and construction contractors.
- Manages construction contracts and projects.
- Maintains Agency engineering and construction records and documents for ongoing and completed projects.
- Assists with conducting operational studies and energy efficiency greenhouse gas emission evaluations.
- Negotiates and administers the Agency’s service and commodity contracts for staff uniforms, biosolids hauling and disposal, natural gas purchases, and procurement of chemicals used in the wastewater and biosolids treatment processes.
- Chairs the Agency’s Capital Improvement Planning Committee which develops, implements, and manages the Agency’s 10-year Capital Improvement Program and prepares the annual CIP budget with the 10-year forecast.
- Assists with Underground Service Alert (U.S.A) utility locating services.
- Maintains the Agency’s information systems for process control, communications, business, and administrative applications.

| Engineering Expenditures by Category | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget |
|--------------------------------------|-------------------------------|---------------------------------------------------|-------------------------------|
| SALARIES | 246,816 | 292,031 | 350,300 |
| SUB-TOTAL | 246,816 | 292,031 | 350,300 |
| GENERAL & ADMINISTRATIVE | 121,011 | 114,240 | 107,400 |
| SUB-TOTAL | 121,011 | 114,240 | 107,400 |
| TOTAL | 367,827 | 406,271 | 457,700 |

| Authorized Positions | FY 13-14 | FY 14-15 | FY 15-16 |
|-----------------------------|----------|----------|----------|
| Engineering Manager | 1 | 1 | 1 |
| Associate Engineer* | - | - | 1 |
| Assistant Engineer | 1 | 1 | 1 |
| Information Systems Analyst | 1 | 1 | 1 |
| TOTAL | 3 | 3 | 4 |

*The Associate Engineer is a new position and is partially funded in FY 16. The classification is to be determined.

| Central Marin Sanitation Agency | | | | | | | *Position Code |
|-------------------------------------|----------------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | General Manager | | | | GM |
| | | | Administrative Services Manager | | | | ASM |
| | | | Engineering Manager | | | | EM |
| Engineering | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 5010-010-05 | Salary & Wages | ASM | 339,686 | 376,036 | 434,300 | 15.49% | Salaries for 3 full-time employees and 1 (.25) FTE and includes an increase of 4% for represented and 4.5% for unrepresented employees, 2 step adjustments and merit pay. |
| 5010-105-10 | Transfer to CIP | ASM | (92,870) | (85,900) | (85,900) | 0.00% | Transfer of salary expenses for staff assigned to Digester-FOG Facility and other CIP funded projects (.7 FTE for department staff capitalizations). |
| 5010-020-05 | Overtime | EM | - | 1,895 | 1,900 | 0.26% | Allowance for 3 days of staff overtime to address unplanned information technology system (ITS) issues that occur outside of normal business hours. |
| Subtotal Salary & Wages | | | 246,816 | 292,031 | 350,300 | 19.95% | |
| ADMINISTRATIVE | | | | | | | |
| 6700-010-05 | Meetings/Training | EM | 3,000 | 3,000 | 5,000 | 66.67% | Expenses associated with single-day professional meetings and training seminars. The budget also includes training for advanced reporting from Ignition SCADA software. |
| 6700-020-05 | Conferences | EM | 8,000 | 16,775 | 7,800 | -53.50% | Expenses associated with multi-day professional conferences, seminars, and training events per the Agency's expense reimbursement policy. |
| 6805-000-05 | Memberships: Professional Affiliations | EM | 1,761 | 1,215 | 1,300 | 7.00% | Professional society memberships and registration fees for Engineering Department staff. |
| 6815-000-05 | Office Expenses | EM | 1,000 | 1,000 | 500 | -50.00% | Engineering office supplies: ink cartridges, paper for large-format printer/plotter, and other miscellaneous office expense. |
| 6815-002-05 | Information Systems | EM | 1,250 | 1,250 | 1,300 | 4.00% | Annual subscription fees for AutoCAD and other engineering productivity and project management software. |
| 6815-003-05 | CMMS System | | - | 6,500 | 11,000 | 69.23% | Annual licensing fee for Nexgen software that is used for inventory control, procurement management, condition assessment of critical assets and time and budget tracking by asset, process, or project. Budget has increased with the addition of Ignition SCADA software which will be used to monitor and operate the treatment plant. |
| 6820-000-05 | Printing & Publications | EM | 1,000 | 1,000 | 1,000 | 0.00% | Allowance for printing/shipping/advertising expenses for documents not assigned to specific CIP project contracts, and for local print shop services for copying, scanning, and converting 300 large-format records of U.S.A. marking drawings into electronic formats. |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|-------------------------------------------------|-----------------------------------------|-----|---------------------------------|------------------------------------------|-------------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | | General Manager | | | GM | |
| | | | Administrative Services Manager | | | ASM | |
| | | | Engineering Manager | | | EM | |
| Engineering | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| 6830-001-05 | Professional Svcs - Special Studies | GM | 65,000 | 40,000 | 20,000 | -50.00% | Professional Services to complete the Recycled Water Feasibility study and Title 22 report. |
| 6830-002-05 | Cathodic Protection | | - | 3,500 | 9,500 | 171.43% | 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 at the Treatment Plant, San Rafael Sanitation District Simms Force Main, and the South Francisco casing. Annual costs will vary from year to year due to monitoring frequencies for different facilities. The budget increase includes a \$5K allowance to replace up to 2 magnesium anodes. |
| 6830-019-05 | Professional Svcs - Engineering Support | | 40,000 | 40,000 | 50,000 | 25.00% | The ITS Master Plan includes consultant services to perform an IT security assessment, asset management training and guidance, disaster recovery alternatives evaluation and database creation. |
| Subtotal Administrative | | | 121,011 | 114,240 | 107,400 | -5.99% | |
| Subtotal (excluding Salary and Benefits) | | | 121,011 | 114,240 | 107,400 | -5.99% | |
| Total Engineering | | | 367,827 | 406,271 | 457,700 | 12.66% | |

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

The Agency provides services under contract to other local agencies for wastewater treatment services, pump station and collection system maintenance, administration of Pollution Prevention or Source Control Programs, and a Dental Amalgam Reduction Program. The Agency also serves as the lead agency to administrate the Safety Director and the County-wide Education Programs.

With the exception of the Safety Director Program, the budget in this cost center is to track the non-employee compensation portion of the 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.

The tables below illustrate the relationship between the amount of projected revenues from each contracting agency in FY 15-16 and estimated expenses incurred by CMSA for its services.

| Non-Agency Services | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget |
|----------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------|----------------------------------------|
| Contract Service Revenues | | | |
| San Quentin State Prison Wastewater Services | 704,909 | 848,189 | 890,716 |
| San Quentin State Prison Pump Station Maintenance | 100,000 | 100,000 | 102,800 |
| San Quentin Village Wastewater Services | 27,976 | 27,627 | 34,383 |
| SD#2 Pump Stations | 384,854 | 369,286 | 389,242 |
| LGVSD - FOG & pollution prevention | 20,000 | 20,000 | 20,000 |
| SD #1 - FOG | 17,400 | 18,000 | 18,000 |
| SRSD - FOG | 20,000 | 24,000 | 22,000 |
| TCSD - FOG | 1,200 | 1,200 | 2,400 |
| SD #2 - FOG | 8,000 | 8,000 | 9,500 |
| Novato SD - Dental Amalgam (new) | 7,000 | 4,000 | 4,000 |
| Sub-total Contract Service Revenues | 1,291,339 | 1,420,302 | 1,493,041 |
| Safety Director Program | 129,182 | 87,040 | 83,387 |
| County-wide Education Program | 44,100 | 47,040 | 51,156 |
| Sub-total Program Revenues | 173,282 | 134,080 | 134,543 |
| Total Contract Service Revenues | 1,464,621 | 1,554,382 | 1,627,584 |
| Contract Service Expenditures (excluding administrative overhead charges) | | | |
| San Quentin State Prison Wastewater Services | 704,909 | 848,189 | 890,716 |
| San Quentin State Prison Pump Station Maintenance | 100,000 | 100,000 | 91,000 |
| San Quentin Village Wastewater Services | 24,270 | 23,578 | 30,334 |
| SD#2 Pump Stations | 335,166 | 322,471 | 342,427 |
| LGVSD - FOG & pollution prevention | 16,393 | 16,393 | 16,393 |
| SD #1 - FOG | 15,818 | 16,364 | 16,364 |
| SRSD - FOG | 18,182 | 21,818 | 20,000 |
| TCSD - FOG | 984 | 984 | 1,967 |
| SD #2 - FOG | 7,273 | 7,273 | 8,636 |
| Almonte SD – FOG | - | - | 1,818 |
| Novato SD - Dental Amalgam | 5,738 | 3,279 | 3,279 |
| Sub-total Contract Service Expenditures | 1,228,732 | 1,360,348 | 1,422,935 |
| Safety Director Program | 122,957 | 84,520 | 80,750 |
| County-wide Education Program | 38,348 | 40,904 | 44,483 |
| Sub-total Program Expenditures | 161,305 | 125,424 | 125,234 |
| Total Contract Service & Program Expenditures | 1,390,037 | 1,485,773 | 1,548,168 |

| Central Marin Sanitation Agency | | | | | | | *Position Code |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | Administrative Services Manager | | | | | ASM |
| | | Environmental Services Manager | | | | | ESM |
| | | Safety Director | | | | | SD |
| | | Treatment Plant Manager | | | | | TPM |
| | | Maintenance Supervisor | | | | | MS |
| Non-Agency Expenses: CMSA Services Provided Under Contract to Other Local Agencies | | | | | | | |
| This budget center is for accounting purposes only. The Agency is reimbursed (revenues) for costs that are incurred. Does not include CMSA labor expense for | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| ADMINISTRATION | | | | | | | |
| 5010-010-06 | Salaries & Wages - Safety Director | ASM | 43,341 | 52,424 | 54,800 | 4.53% | NSD's share of the Safety Director salary is 41.7% and includes a 4.5% salary increase, merit pay and car allowance. The Agency's share is 58.3% and is allocated to the Administration Budget. |
| 5020-020-06 | CalPERS Retirement - Safety Director | ASM | 13,607 | 11,747 | 12,000 | 2.16% | Employer and employer-paid employee contributions for CalPERS 2.7% @ 55 retirement program. The increase is a function of the salary increase. |
| 5020-030-06 | SS / Medicare - Safety | ASM | 630 | 762 | 800 | 5.05% | Employer's 1.45% share of Medicare. |
| 5030-010-06 | Employee Health Benefits - Safety Director | ASM | 10,179 | 11,585 | 11,800 | 1.86% | Employer paid contributions for employee benefits includes insurance coverage for health, dental, vision, life, accident and disability. Budget increase is due to increased premiums. |
| 5030-015-06 | Employee Benefits-MARA | ASM | 638 | 775 | 900 | 16.17% | MARA: Is a medical after retirement employer paid contribution and has an administrative fee totaling 1.6% of base salary. |
| 5030-020-06 | Retiree Health Benefits - Safety Director | ASM | 2,514 | 2,373 | 2,300 | -3.05% | Medical benefits for one retired employee and one surviving spouse. The decrease is due to the assumption there will not be a premium increase effective January 2016. |
| 5065-000-06 | Shoes - Safety Director | ASM | 77 | 84 | 100 | 18.95% | Safety shoes are part of the safety clothing provided for employees per CMSA safety policies. |
| 6830-016-06 | Safety Director Program Expenses | SD | 6,561 | 6,754 | 7,000 | 3.64% | Professional services, materials, supplies and memberships, to administer the Safety Program for 2 participating agencies. CMSA's 58.3% share is budgeted to 6830-016-01. |
| Subtotal Administration | | | 77,546 | 86,503 | 89,700 | 3.70% | |

| Central Marin Sanitation Agency | | | | | | *Position Code | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------|-------------------------|------------------------------------------|-------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adopted FY 2015-16 Operating Budget | | | | | | | |
| Line Item Accounts | | Administrative Services Manager | | | | ASM | |
| | | Environmental Services Manager | | | | ESM | |
| | | Safety Director | | | | SD | |
| | | Treatment Plant Manager | | | | TPM | |
| | | Maintenance Supervisor | | | | MS | |
| Non-Agency Expenses: CMSA Services Provided Under Contract to Other Local Agencies | | | | | | | |
| This budget center is for accounting purposes only. The Agency is reimbursed (revenues) for costs that are incurred. Does not include CMSA labor expense for | | | | | | | |
| Account # | Main Account Description | *By | FY 13-14 Adopted Budget | FY 14-15 Adopted Budget Amended 08/26/14 | FY 15-16 Adopted Budget | % Change FY16 Adopted Budget from FY15 Adopted | Budget Account Description |
| ENVIRONMENTAL SERVICES | | | | | | | |
| 6821-000-06 | Countywide Public Education Program | ESM | 47,040 | 47,040 | 47,000 | -0.09% | Program expenditures to administer the County Wide Education Program for 5 participating agencies include promotional materials, booth registration fees, public outreach program costs, sponsorships, supplies and memberships. CMSA's 40.6% share of the program cost is budgeted to Environmental Services account 6821-000-02. |
| Subtotal Environmental Services | | | 47,040 | 47,040 | 47,000 | -0.09% | |
| MAINTENANCE | | | (excludes labor) | (excludes labor) | (includes labor) | | |
| 6600-000-06 | SD-2 Pump Stations | MS | 88,635 | 110,640 | 389,242 | | SD#2 is currently reviewing the Agency's budget proposals and is pending approval. The FY 16 Budget for SD#2 Pump Stations will be presented at the June meeting. |
| 6600-001-06 | SQP Pump Station Maintenance | TPM | 20,000 | 20,000 | 102,800 | | San Quentin Prison is currently reviewing the Agency's budget proposals and is pending approval. The FY 16 Budget for SQP Pump Stations will be presented at the June meeting. |
| 6600-002-06 | SQ Village WW System Maintenance | TPM | 6,000 | 53,091 | 34,383 | | The County of Marin-San Quentin Village is currently reviewing the Agency's budget proposals and is pending approval. The FY 16 Budget for SQV Wastewater System Maintenance Budget will be presented at the June meeting. |
| Subtotal Maintenance | | | 114,635 | 183,731 | 526,425 | | |
| TOTAL Non-Agency Expenses | | | 239,221 | 317,274 | 663,125 | 109.01% | |

SECTION 8. CAPITAL IMPROVEMENT PROGRAM

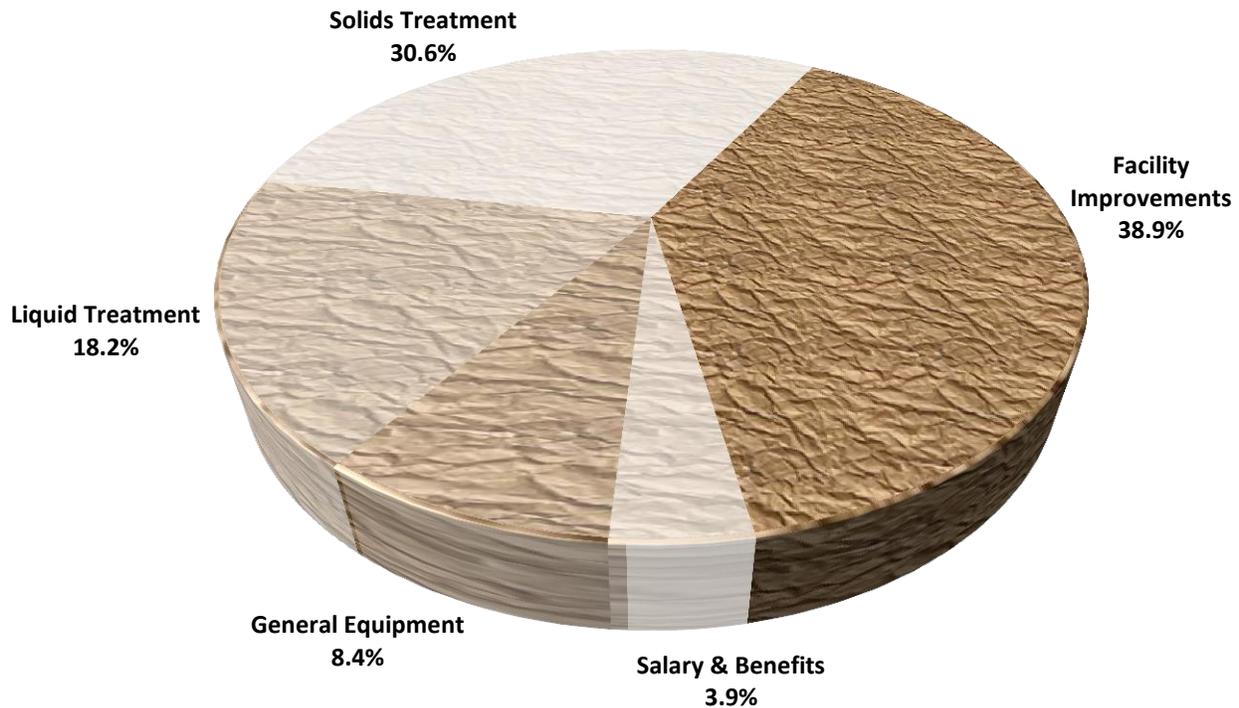
The treatment and disposal of wastewater and its beneficial reuse of by-products is a highly regulated enterprise that requires significant capital infrastructure. CMSA operates an around-the-clock wastewater facility and the various assets and equipment used in the treatment processes are subjected to heavy usage in a sometimes harsh operating environment. These assets are subjected to constant contact with wastewater and various chemicals used in the treatment process. Agency staff monitors the development of new technologies and processes and considers ones that may improve treatment processes, 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 Capital Improvement Program (CIP) budget.

The CIP identifies capital expenditures over the next ten years for the Agency in developing appropriate funding plans to implement future capital activities. 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 is the FY 16 budget 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. A capital asset is any asset valued over \$5,000 with a useful life of over one year. Examples include land, buildings, machinery, vehicles, and equipment. All capital assets that the Agency plans to acquire or construct are included in the FY 16 CIP.

| | FY 14 Adopted Budget | FY 15 Adopted Amended Budget | FY 16 Adopted Budget | FY 16 Projects |
|--------------------------------------------------------------------|-------------------------------------|-------------------------------------------------|-------------------------------------|---------------------------|
| <u>CIP Categories:</u> | | | | |
| 1. Salary & Benefits for CIP Management | \$ 274,545 | \$ 170,300 | \$ 178,200 | |
| 2. Facility Improvements | 845,334 | 764,500 | 1,767,900 | 7 |
| 3. General Equipment | 454,973 | 411,500 | 381,700 | 9 |
| 4. Liquid Treatment Equipment and Systems | 891,012 | 739,500 | 828,000 | 12 |
| 5. Solids Treatment and Energy Generation Equipment and Systems | 2,032,622 | 2,816,900 | 1,389,000 | 7 |
| TOTAL CIP PROJECTS | \$ 4,498,486 | \$ 4,902,700 | \$ 4,544,800 | 35 |
| <u>CIP Funding Sources:</u> | | | | |
| 2006 Revenue Bond Proceeds | \$ 991,016 | \$ - | \$ - | |
| Restricted Capital Reserves | 3,507,470 | 4,624,196 | 2,954,553 | |
| Unrestricted Capital Reserves | | 278,504 | 1,590,247 | |
| TOTAL CIP FUNDING | \$ 4,498,486 | \$ 4,902,700 | \$ 4,544,800 | |

CIP Expenditures as % of Total Capital Improvement Program for FY 16



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. Two major projects in FY 16 are:

- **Sludge Thickening System Improvements Project:** Waste Activated Sludge (WAS) must be thickened before it is fed into the Agency's anaerobic digesters. WAS is currently thickened in two dissolved air flotation thickeners (DAFs) prior to being fed into the anaerobic digesters, which are 21 years-old, are energy intensive and odorous, and most of the equipment have reached the end of their useful lives. Evaluation of sludge thickening technologies, and design of the selected rotary drum thickening system was completed in FY 15, and construction will be completed in FY 16 at a total approximate cost of \$2.5 million.
- **Chemical Storage Room Rehabilitation Project:** This project includes removal and replacement of concrete contaminated from chemical leaks, construction of a containment berm around the pumps where the majority of the leaks occur, improvements to the chemical piping system, and application of a new, non-skid epoxy coating. Construction activities are underway and require the removal and reinstallation of the chemical storage tanks, pumps, piping, and walkway grating. In order to maintain chemical feed during construction, the contractor will install a temporary chemical feed system outside of the building. This temporary system will use three of the five tanks and pumps, which is sufficient chemical storage for wet and dry weather flows. However, the full hypochlorite

system must be operational before the start of the wet weather season. The Agency plans to complete this project in FY 16 at an approximate cost of \$1.5 million.

10-Year Capital Improvement Program Planning and Funding

The Agency annually updates its 10-Year Capital Improvement Plan as part of the budget development process. The FY 16 CIP Budget and 10-year CIP schedule were prepared by an interdisciplinary CIP team consisting of managers and supervisors from the Engineering, Operations, and Maintenance departments. The CIP team is responsible for the development and management of the annual CIP Budget, determining the appropriate delivery method for each project and activity, and the monitoring and reporting of CIP project status. The General and Administrative Services Managers are responsible for working with the Board Finance Committee to develop long-term funding options for the 10-Year CIP.

The plan undergoes several levels of review. Each project or activity included in the CIP is individually evaluated to 1) determine its operational necessity, 2) ascertain if there is a less expensive alternative, and 3) create a project development schedule. Depending on the scale of the project, large, multi-year construction projects will typically have pre-design study elements incorporated into the CIP. Costs for projects greater than \$500,000 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 Uniform Public Construction Cost Accounting Act to acquire the assets and deliver the project. All construction and professional service contracts and purchases that are over the dollar threshold set by the aforementioned Act and CMSA policies require Board approval at an open public meeting.

The total cost of the CIP over the next ten years is approximately \$31.5 million. This 10-year CIP is more modest in scope, with a focus on replacing aging infrastructure and assets, when compared to the 10-year period that just concluded in FY 15. Whereas the previous 10-Year CIP was financed with proceeds from a revenue bond debt issuance in 2006, the current 10-Year CIP will be paid for mainly from ongoing service charges and debt service coverage revenues. Through thoughtful planning, the Agency will have accumulated sufficient capital reserves by the end of FY 16 to finance just over 80 percent of the current 10-Year CIP. The Agency plans to address the remaining 10-Year CIP funding requirements as it begins to develop the Agency's Five-Year Revenue Plan for the period FY 2018-19 through FY 2022-23 during FY 16.

Other Sources of Capital Expenditures Funding

When there is a new connection to the sanitary sewer system from a home or business in the CMSA service area, the Agency receives a capacity charge. The intent of the charge is to ensure that all new users pay their fair share of the wastewater treatment and discharge systems costs, and is based on the idea that wastewater services and capacity are available on a first-come-first-serve basis. Each JPA Member agency charges a separate collection system connection fee. For a new connection, the JPA member agency collects the combined connection fee and capacity charge from the property owner/developer, with the capacity charge portion of the fee then remitted to CMSA. Given that central Marin County is fairly

developed with very little large scale residential or commercial expansions generally occurring in the combined service area, the Agency does not budget or rely on capacity charges as a significant funding source for the CIP. Should the Agency receive capacity charges during the fiscal year, California Government Code requires CMSA to disclose the amount of capacity charges collected within 180 days after the fiscal year 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: <http://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. This information is used to develop an asset funding model for 10-Year CIP.

In the last four 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.

Fiscal Year 16 and 10-Year CIP Budget Documents

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

- 10 Year Capital Improvement Program Schedule. The schedule shows the Agency's planned capital activities for the next ten fiscal years. Included in this display are the Projected Expenditures for FY 15 projects and the Adopted FY 16 CIP project budgets.
- 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. Capital investments made in these projects during FY 16 do not have a direct impact on the FY 16 operating budget.

Adopted FY 15-16 Capital Improvement Program – Summary of Changes

| Category | FY 14-15 Adopted Budget | FY 14-15 Projected Actuals | FY 15-16 Adopted Budget | # of Activities |
|-------------------------------------------|------------------------------------|---------------------------------------|------------------------------------|----------------------------|
| Facility Improvements | \$ 764,500 | \$ 380,121 | \$ 1,767,900 | 7 |
| General Equipment | 411,500 | 392,892 | 381,700 | 9 |
| Liquid Treatment Equipment and Systems | 739,500 | 499,060 | 828,000 | 12 |
| Solids Treatment and Energy Generation | 2,816,900 | 1,387,800 | 1,389,000 | 7 |
| Staff Costs | 170,300 | 170,300 | 178,200 | 1.0 FTE |
| Total | \$4,902,700 | \$2,830,173 | \$4,544,800 | 31 |

FY 15-16 Priority Projects

- 1) Sludge Thickening System Improvements (\$1.2 million): Complete construction of system improvements – replacement of DAF tanks with rotary drum thickeners.
- 2) Chemical Storage Room Rehabilitation (\$985K): Construction of the project is underway and will be completed in FY 15-16
- 3) Maintenance Facility Modifications (\$571K): Architectural evaluation recommended improvements to add office and storage space in the maintenance building, and to build a second building by the maintenance annex. Multi-year design and construction will begin in FY 15-16.
- 4) Odor Control System Improvements (\$160K): Operational testing to select the optimum mode of operation for the existing odor scrubbers. Design and construction of ventilation improvements in solids handling building biosolids truck loading bay.
- 5) Critical Buried Pipe Inspection (\$105K): Condition assessment of SRSD and RVSD Interceptors and internal pipelines.
- 6) Centrifuge Maintenance (\$35K): Planned design and construction of replacement dewatering equipment accelerated from FY 22 and FY 23 to FY 16 through FY 18. Perform major condition assessment and preliminary design study to research potential replacement technologies for FY 16 and recommend rehabilitation or replacement as the appropriate course of action.
- 7) Hillside Slope Stabilization (\$100K, New Account): Design and construction of geotechnical improvements to stabilize the hillside along Anderson Drive.
- 8) Recycled Water Truck Fill Station (\$30K, New Account): Construction of a recycled water truck filling station near the secondary clarifiers.

Noteworthy Changes:

- 1) Facility Roofs Rehabilitation: Postponed the roof replacement from FY 16 and FY 17 to FY 20 and FY 21 based on the FY 15 condition assessment results stating that the roofing systems are in good condition.
- 2) Security / Fire Systems: Allowance for cleanup of homeless encampments on the Anderson Drive hillside was transferred to the Maintenance Department operating budget.
- 3) Electrical Distribution System Rehabilitation: In accordance with the main plant switchgear condition assessment report, removed annual allowances and added a project to completely replace the equipment in the main plant switchgear building in FY 21.
- 4) Odor Control System Improvements: Design and construction of replacement odor scrubbers is postponed to allow for additional testing in FY 16 to determine if the service life of the existing scrubbers can be extended.
- 5) Emergency Generator Assessment and Improvement: Moved assessment and replacement of the generator from FY 16 and FY 18 to FY 21 and FY 22 due to the low amount of runtime hours on the existing generator. Postponement also allows better coordination with planned improvements to the main plant switchgear and the cogeneration system.
- 6) Aeration System Rehabilitation (New Account): Annual projects to replace the tank drain pump system, blower discharge valves, and the diffuser membranes.

**Central Marin Sanitation Agency
Capital Improvement Program
FY 16 Adopted Budget and 10-Year Forecast**

| GL Account Number | PM* | Adopted Delivery Method | Prior FYs' Costs | Adopted Budget For FY 15 | Projected FY 15 Actuals | 10-year CIP | | | | | | | | | | Total FY 16 - FY 25 | Project Totals |
|-----------------------------------------------------------|-----|-------------------------------------------------|------------------|--------------------------|-------------------------|-----------------|------------------|------------------|----------------|----------------|----------------|------------------|----------------|------------------|----------------|---------------------|------------------|
| | | | | | | 1 Adopted FY 16 | 2 FY 17 | 3 FY 18 | 4 FY 19 | 5 FY 20 | 6 FY 21 | 7 FY 22 | 8 FY 23 | 9 FY 24 | 10 FY 25 | | |
| Facility Improvements | | | | | | | | | | | | | | | | | |
| 7300-103-10 | EM | Effluent Storage Pond Rehabilitation (1) (3) | FB | 90,054 | - | - | - | - | - | - | - | 35,100 | 1,113,600 | - | - | 1,148,700 | 1,238,754 |
| 7300-700-10 | EM | Agency Facilities Master Plan | PSA | - | - | 353,100 | 117,700 | - | - | - | - | - | - | - | - | 470,800 | 470,800 |
| 7300-956-00 | EM | Industrial Coatings & Concrete Rehabilitation | IB | - | 15,800 | 25,000 | 16,500 | 17,300 | 17,700 | 176,400 | 90,100 | 19,000 | 19,400 | 19,900 | 20,400 | 421,700 | - |
| 7300-979-10 | EM | Chemical Storage Room Rehabilitation | FB | 299,048 | 571,600 | 290,825 | 984,500 | - | - | - | - | - | - | - | - | 984,500 | 1,574,373 |
| 7300-987-00 | EM | Outfall Inspection & Repairs | IB | - | 36,000 | 34,389 | 16,100 | 16,500 | 16,900 | 17,300 | 384,500 | 18,100 | 18,500 | 19,000 | 19,400 | 19,900 | 546,200 |
| 7400-103-10 | EM | Maintenance Facility Modifications (1) (3) | FB | 6,885 | 120,000 | 41,900 | 571,300 | 190,400 | - | - | - | - | - | - | - | 761,700 | 810,485 |
| 7400-956-00 | EM | Facility Paving/Site Work | IB | - | - | 16,000 | 115,600 | 10,500 | 10,700 | 123,500 | 11,200 | 11,500 | 131,800 | 12,100 | 12,300 | 455,200 | - |
| 7400-600-00 | EM | Hillside Slope Stabilization | IB | - | - | 100,000 | - | - | - | - | - | - | - | - | - | 100,000 | - |
| 7400-800-00 | EM | Recycled Water Truck Fill Station | M/IB | - | - | 30,000 | - | - | - | - | - | - | - | - | - | 30,000 | - |
| 7400-960-00 | EM | Facility Roofs Rehabilitation (1) | | 294 | 21,100 | 13,007 | 25,000 | - | - | - | 70,900 | 866,300 | - | - | - | 962,200 | 975,501 |
| Subtotal - Facility Improvements | | | | | 764,500 | 380,121 | 1,767,900 | 692,100 | 162,400 | 45,700 | 755,300 | 985,700 | 84,100 | 1,283,800 | 51,400 | 52,600 | 5,881,000 |
| General Equipment | | | | | | | | | | | | | | | | | |
| 7300-672-00 | ISA | Process Control | M | - | 75,000 | 75,000 | 75,000 | 25,000 | 26,200 | 26,800 | 27,400 | 28,100 | 43,800 | 29,400 | 30,100 | 30,800 | 342,600 |
| 7300-672-10 | EM | Security / Fire Systems | PO | - | 24,600 | 23,000 | 3,500 | - | 3,700 | - | 3,800 | - | 4,000 | - | 4,200 | - | 19,200 |
| 7300-683-00 | MS | Above Ground Fuel Storage Tanks | IB | - | - | - | 104,600 | - | - | - | - | - | - | - | - | - | 104,600 |
| 7410-851-00 | ISA | IT Hardware and Communication Equip | M | - | 9,300 | 7,500 | 24,000 | 53,200 | 12,600 | 12,900 | 13,200 | 13,500 | 59,800 | 14,100 | 14,500 | 14,800 | 232,600 |
| 7420-701-00 | MS | Agency Vehicle Replacement | IB | - | 47,000 | 52,527 | 54,000 | 43,000 | 13,600 | 53,600 | 68,100 | 36,000 | 63,300 | 164,900 | 66,300 | 49,400 | 612,200 |
| 7430-958-00 | ESM | Laboratory Equipment | PO | - | 11,600 | 10,142 | 14,200 | 14,000 | 13,800 | 11,300 | 15,700 | 12,500 | 54,100 | 35,800 | 16,100 | 37,800 | 225,300 |
| 7450-002-00 | MS | Electrical Equipment | M/IB | - | 89,000 | 72,750 | 100,000 | 81,900 | 68,100 | 69,700 | 60,400 | 61,800 | 74,800 | 76,500 | 54,200 | 55,500 | 702,900 |
| 7450-002-10 | MS | Plant Lighting | IB | - | 15,000 | 16,417 | 26,000 | 16,900 | 17,300 | 17,700 | 18,100 | 18,500 | 19,000 | 19,400 | 19,900 | 20,400 | 193,200 |
| 7450-102-00 | MS | Process Instrumentation | M | - | 25,000 | 24,300 | 30,000 | 38,600 | 39,400 | 48,100 | 41,200 | 42,100 | 43,000 | 44,000 | 44,900 | 45,500 | 416,800 |
| 7450-105-00 | MS | Electrical Distribution System Rehabilitation | PSA/FB | - | 115,000 | 111,256 | 55,000 | 25,000 | - | - | - | 1,094,600 | - | 176,600 | - | 185,100 | 1,536,300 |
| Subtotal - General Equipment | | | | | 411,500 | 392,892 | 381,700 | 402,200 | 194,700 | 240,100 | 247,900 | 1,307,100 | 361,800 | 560,700 | 250,200 | 439,300 | 4,385,700 |
| Liquids Treatment Equipment and Systems | | | | | | | | | | | | | | | | | |
| 7300-685-00 | EM | Bio-Tower Rotary Distributor Replacement (1) | IB | - | - | - | - | 124,000 | - | - | - | - | - | - | - | - | 124,000 |
| 7300-700-00 | MS | Plant Pumps | M | - | 50,000 | 42,000 | 53,900 | 55,100 | 56,300 | 57,500 | 58,800 | 60,100 | 61,400 | 62,800 | 64,200 | 65,000 | 595,100 |
| 7300-719-00 | MS | Chemical Pumps | M | - | 40,000 | 37,000 | 43,100 | 44,100 | 45,100 | 46,000 | 47,100 | 48,100 | 49,200 | 50,200 | 51,300 | 52,000 | 476,200 |
| 7300-720-00 | MS | Gates Rehabilitation | M/IB | - | 60,000 | - | 110,000 | 86,000 | 67,500 | 69,000 | 70,500 | 72,100 | 73,700 | 75,300 | 77,000 | 78,000 | 779,100 |
| 7300-727-00 | MS | Headworks Equipment | M | - | 52,600 | 53,688 | 64,000 | 65,500 | 67,100 | 68,600 | 70,300 | 71,900 | 73,600 | 70,700 | 72,300 | 74,000 | 698,000 |
| 7300-981-00 | EM | Odor Control System Improvements (1) | PSA/FB | - | 165,000 | 49,507 | 163,000 | 1,114,300 | - | - | - | - | - | - | - | - | 1,277,300 |
| 7300-983-00 | MS | Process Tank Maintenance | M/IB | - | 75,000 | 60,000 | 70,000 | 71,700 | 73,300 | 75,100 | 76,900 | 56,200 | 57,500 | 58,900 | 60,300 | 61,700 | 661,600 |
| 7400-965-00 | EM | Primary Clarifiers Rehabilitation | PO/M | - | 131,600 | 199,754 | 95,000 | 7,200 | 31,400 | - | - | - | 122,800 | 125,600 | 128,300 | 130,100 | 640,400 |
| 7300-990-00 | MS | Secondary Clarifiers Rehabilitation | PSA/IB | - | - | - | 15,000 | 237,100 | 242,300 | 247,600 | 148,200 | - | - | - | - | - | 890,200 |
| 7300-995-00 | TPM | Aeration System Rehabilitation | M/IB | - | - | - | 30,000 | 30,700 | 18,900 | - | - | - | - | - | - | - | 79,600 |
| 7400-966-00 | EM | Critical Buried Pipe Inspection/Repairs (1) (3) | PSA | - | 105,300 | - | 105,500 | - | - | 172,600 | - | - | - | - | - | - | 278,100 |
| 7430-855-00 | MS | Chemical Tanks | M/IB | - | 15,000 | 4,500 | 30,000 | 5,100 | 83,800 | 26,800 | 54,900 | 56,200 | 34,500 | 41,200 | 42,200 | 43,200 | 417,900 |
| 7430-857-00 | MS | Piping, Valves & Operators | M | - | 45,000 | 52,611 | 48,500 | 49,600 | 50,700 | 51,800 | 52,900 | 54,100 | 55,300 | 56,500 | 57,800 | 58,500 | 535,700 |
| 7450-104-10 | MS | Influent Flow Meter Improvement | PSA | - | - | - | - | 22,000 | - | - | - | - | - | - | - | - | 22,000 |
| Subtotal - Liquids Treatment Equipment and Systems | | | | | 739,500 | 499,060 | 828,000 | 1,788,400 | 860,400 | 815,000 | 579,600 | 418,700 | 528,000 | 541,200 | 553,400 | 562,500 | 7,475,200 |

**Central Marin Sanitation Agency
Capital Improvement Program
FY 16 Adopted Budget and 10-Year Forecast**

| GL Account Number | PM* | Description | Adopted Delivery Method | Prior FYs' Costs | Adopted Budget For FY 15 | Projected FY 15 Actuals | 10-year CIP | | | | | | | | | | Project Totals | |
|--------------------------------------------------------------------------------|--------------|-----------------------------------------------------|-------------------------|------------------|--------------------------|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|---------------------|
| | | | | | | | 1 Adopted FY 16 | 2 FY 17 | 3 FY 18 | 4 FY 19 | 5 FY 20 | 6 FY 21 | 7 FY 22 | 8 FY 23 | 9 FY 24 | 10 FY 25 | | Total FY 16 - FY 25 |
| Solids Treatment and Energy Generation Equipment and Systems | | | | | | | | | | | | | | | | | | |
| 7300-678-00 | EM | Emergency Generator Assessment & Improvement (1) | PSA/FB | | 30,000 | 6,500 | - | - | - | - | - | 73,000 | 1,816,100 | - | - | - | 1,889,100 | |
| 7300-691-00 | EM | Digester Inspection, Cleaning & Cover Replacement | FB | | - | - | - | - | - | - | 823,100 | 841,300 | - | - | - | - | 1,664,400 | |
| 7300-715-00 | EM | Centrifuge Maintenance | PSA/FB | | 140,000 | 83,500 | 35,000 | 230,300 | 1,571,700 | - | - | - | 115,000 | - | - | - | 1,952,000 | 2,035,500 |
| 7300-722-00 | MS | Cogeneration Maintenance (3) | M/IB/FB | | 333,000 | 210,000 | 40,000 | 332,300 | 57,600 | 80,400 | 340,300 | 1,827,100 | 1,539,700 | 58,900 | 60,300 | 61,700 | 4,398,300 | |
| 7300-724-00 | MS | Hot Water Systems | M/PSA | | 12,600 | 11,800 | 15,000 | 107,800 | 13,200 | 13,500 | 13,800 | 14,100 | 14,400 | 14,700 | 15,000 | - | 221,500 | |
| 7300-725-00 | MS | Boilers Rehabilitation or Replacement | IB | | - | - | 42,000 | - | - | 67,700 | - | - | - | - | - | - | 109,700 | |
| 7300-977-00 | MS | Sludge Recirculating Pump Grinders | M | | - | 11,000 | 16,100 | 16,500 | 16,900 | 17,200 | 17,600 | 18,000 | 18,400 | 18,800 | 19,200 | 19,500 | 178,200 | |
| 7300-978-00 | MS | Biosolids Hoppers Maintenance | M | | - | 5,000 | 35,900 | - | 8,000 | - | 8,400 | - | 8,700 | - | 9,100 | - | 70,100 | |
| 7300-964-10 | GM/EM | Sludge Thickening System Replacement (1) (3) | FB | 250,136 | 2,278,000 | 1,060,000 | 1,205,000 | - | 1,205,000 | 2,515,136 |
| Subtotal - Solids Treatment and Energy Generation Equipment and Systems | | | | | 2,793,600 | 1,387,800 | 1,389,000 | 686,900 | 1,667,400 | 178,800 | 1,203,200 | 2,773,500 | 3,512,300 | 92,400 | 103,600 | 81,200 | 11,688,300 | |
| CMSA Staff Costs for CIP (2) | | | | | 170,300 | 170,300 | 178,200 | 182,400 | 186,700 | 191,100 | 195,600 | 200,300 | 205,000 | 209,800 | 214,800 | 219,900 | 1,983,800 | |
| Annual CIP Totals | | | | | 4,879,400 | 2,830,173 | 4,544,800 | 3,752,000 | 3,071,600 | 1,470,700 | 2,981,600 | 5,685,300 | 4,691,200 | 2,687,900 | 1,173,400 | 1,355,500 | 31,414,000 | |

* 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 FY 14 that will have staff time charged to the CIP.

| | | | | | | | | | | | |
|------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--|--|
| Projected Annual Escalation Rate: | 2.36% | (rolling 5-year average of ENR San Francisco Construction Cost Index (CCI) annual changes 12/2010-12/2014). | | | | | | | | | |
| Escalation Factors | 1.0236 | 1.0478 | 1.0725 | 1.0979 | 1.1238 | 1.1504 | 1.1775 | 1.2053 | 1.2338 | | |

| | |
|----------------------------------|--------------|
| 2013 to 2014 CCI % Change | 0.16% |
| | 1.0016 |

| Delivery Methods | |
|------------------|-------------------------------------|
| M | Maintenance project, self performed |
| PSA | Professional Services Agreement |
| PO | Purchase Order |
| IB | Informally Bid |
| FB | Formally Bid |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Facility Improvements | | |
|------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7300-103-10 | Effluent Storage Pond Rehabilitation | See Full Page Description |
| 7300-700-10 | Agency Facilities Master Plan | See Full Page Description |
| 7300-956-00 | Industrial Coatings & Concrete Rehabilitation | <p>Scheduled industrial coating rehabilitation program for process structures and 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.</p> <p>FY 16 Perform a condition assessment of the concrete in the grit tanks, primary clarifiers, aeration basins, secondary clarifiers and chlorine contact tanks.</p> <p>FY 17 – 19 Allowance for industrial coatings as needed.</p> <p>FY 20 Headworks structural metal (skylights, pipe supports, etc.).</p> <p>FY 21 Repair wear coats on Headworks and Secondary Clarifier decks.</p> <p>FY 22 – 25 Allowance for industrial coatings as needed.</p> |
| 7300-979-10 | Chemical Storage Room Rehabilitation | See Full Page Description |
| 7300-987-00 | Outfall Inspection & Repairs | <p>Ongoing underwater inspection and maintenance of the marine outfall diffuser section. Activities include diver inspections of diffusers and risers, survey of diffuser risers' levels above shifting bay floor sediments, extending or replacing risers and diffusers as needed, and periodic monitoring and removal of solids deposition inside outfall pipe.</p> <p>FY 16 Inspect the entire diffuser of the outfall and an allowance to repair up to 5 broken diffusers if found during the inspection.</p> <p>FY 17– FY 19 Routine inspection and riser extension or replacement (assumed 5 per year), as needed.</p> <p>FY 20 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 FY 14 to FY 19. Cost estimate based on escalating the \$300,000 costs from FY 09.</p> <p>FY 21 – FY 25 Routine inspection and riser extension or replacement (assumed 5 per year), as needed.</p> |
| 7400-103-10 | Maintenance Facility Modifications | See Full Page Description |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Facility Improvements | | |
|------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7400-956-00 | Facility Paving/Site Work | <p>This account is for paving repairs and associated site work on internal plant roads, walkways, parking lots, other pavement, and re-grading, cleaning, and replacing gravel in drainage ditches.</p> <p>FY16 Remove and replace the pavement at headworks building near the Ross Valley interceptor ragbin. Repaint the faded plant road striping that is used direct truck traffic to specific process areas.</p> <p>FY 17 Allowance for a major plant paving project around the solids handling building.</p> <p>FY 20 Allowance for a major plant paving project.</p> <p>FY 23 Allowance for a major plant paving project.</p> |
| 7400-600-00 | Hillside Slope Stabilization | <p>Portions of the hillside slope along Andersen Drive have failed, with debris sliding down the face of the slope and depositing material in existing drainage channels. The slope failures appear to be due to a combination of natural weathering and the steep inclination of the hillside cut slope. A preliminary geotechnical report was prepared with options to stabilize the slope. One option consists of trimming the slope and installing new retaining walls. The project cost estimate is based this option and includes allowances for design, permitting, traffic control, and specialty inspection.</p> |
| 7400-800-00 | Recycled Water Truck Fill Station | <p>After receiving approval of the Title 22 Engineering Report, a truck filling station will be constructed adjacent to the Secondary Clarifiers. The filling station will consist of a 4-inch pipeline loop connected to the existing 8-inch recycled water main, a flow meter, and a truck hose connection port with flow control valving.</p> |
| 7400-960-00 | Facility Roofs Rehabilitation | <p>See Full Page Description</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| General Equipment | | |
|--------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7300-672-00 | Process Control | <p>Allowances for purchasing spare PLCs (Programmable Logic Controllers), and ongoing replacement, upgrades, and improvements to the plant's process control system (new instruments, plant-wide servers and computers, and PLC and HMI hardware and software). Annual allowance is based on equipment costs in FY 14. Actual cost estimates are used for specifically identified equipment.</p> <p>FY 16 Routine PLC (ID PLC's marked for replacement) and HMI (ID HMI's scheduled for replacement) hardware replacement. Upgrade facility SCADA monitoring stations (Control Rm., Maint. Shop, GA4/5, GA 7, GA 8, GA 21, and 2x solids handling). Following standardization selection, replace existing digital remote IO. Upgrade controls at plant peroxide station.</p> <p>FY 17 – 21 Routine PLC and HMI hardware replacement. Identify and purchase critical spares.</p> <p>FY 22 Routine PLC and HMI hardware replacement and replace SCADA servers. Identify and purchase critical spares.</p> <p>FY 23 - 24 Routine PLC and HMI hardware replacement. Identify and purchase critical spares.</p> <p>FY 25 SCADA system software review and potential upgrades.</p> |
| 7300-672-10 | Security / Fire Systems | <p>This is for projects related to the Agency's physical security and fire protections systems, and includes a biannual allowance to purchase replacement equipment as needed.</p> <p>FY 16 Purchase and install Fire Alarm Control Panels for the Bulk Chemical Storage Building (Area 10) and the Maintenance Annex (Area 19). Replace 20 smoke detectors within the facility.</p> |
| 7300-683-00 | Above Ground Fuel Storage Tanks | <p>Allowance to replace one of the existing underground fuel storage tanks with an above ground storage tank. 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.</p> |
| 7410-851-00 | IT Hardware and Communication Equip | <p>Routine maintenance repairs, and regular replacement of Information Technology hardware and software (office computers, printers, scanners, digital telephone equipment and its supporting servers) and voice radio equipment used by Agency staff. Annual allowance for equipment is based on the estimated cost in FY 15.</p> <p>FY 16 Allowance for equipment listed above. Replacement of 30 handheld radios including Administration and Engineering.</p> <p>FY 17 Allowance for equipment listed above and replacement of VMware servers and vCenter upgrade.</p> <p>FY 18 - 21 Allowance for equipment listed above</p> <p>FY 22 Allowance for equipment listed above and replacement of VMware servers and vCenter upgrade.</p> <p>FY 23 - 25 Allowance for equipment listed above.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| General Equipment | | |
|--------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7420-701-00 | Vehicle Equipment Replacement | <p>Purchase new vehicles or equipment for passenger vehicles, trucks, forklift, bicycles and electric carts as they reach or exceed their expected useful lives.</p> <p>FY 16 Replace one electric cart. Install toolbox, fuel tank, and service crane on the F450 flatbed truck. Purchase LED warning light bars or beacons for three fleet trucks used to service pump stations.</p> <p>FY 17 Replace one carpool vehicle and one electric cart.</p> <p>FY 18 Replace one electric cart, and Environmental Services Tri-cycle.</p> <p>FY 19 Replace the Ford Explorer and one electric cart.</p> <p>FY 20 Replace Pump Station truck, one carpool vehicle, and one electric cart.</p> <p>FY 21 Replace Maintenance Department truck and one electric cart.</p> <p>FY 22 Replace Toyota Highlander.</p> <p>FY 23 Replace F450 Flatbed with a Utility Truck (Crane, toolbox, fuel tank).</p> <p>FY 24 Replace front end loader.</p> <p>FY 25 Replace Ford E250 van.</p> |
| 7430-958-00 | Laboratory Equipment | <p>This account includes allowances for scheduled replacement of laboratory equipment (autoclaves, pumps, collection/sampler systems, washers, incubators, bioassay system, etc.).</p> <p>FY 16 New refrigerated sampler for Corte Madera meter vault and replace a chlorine titrator.</p> <p>FY 17 Replace bacti and BOD incubators and a chlorine titrator.</p> <p>FY 18 Replace suspended solids oven, BOD meter, and a chlorine titrator.</p> <p>FY 19 Replace sterilization oven and a chlorine titrator.</p> <p>FY 20 Replace two balances and a chlorine titrator.</p> <p>FY 21 Replace a fecal coliform water bath, desiccator, and a chlorine titrator.</p> <p>FY 22 Replace bioassay system and a chlorine titrator.</p> <p>FY 23 Replace primary effluent sampler, final effluent sampler, and a chlorine titrator.</p> <p>FY 24 Replace enterococcus incubator, enterococcus sealer and a chlorine titrator.</p> <p>FY 25 Replace the three influent composite samplers, pH meter and a chlorine titrator.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| General Equipment | | |
|-------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7450-002-00 | Electrical Equipment | <p>This account includes allowances for planned maintenance, upgrading, and replacement of Agency electrical components: individual motor controls and equipment panels, dry transformers, variable frequency drives, and electrical equipment to support the process equipment.</p> <p>FY16 Replace two plant sump pump panels, convert three carrier water pumps over to VFD control, replace three dry transformers and three electric sluice gate actuators. Install power usage meter system in the main plant switch gear.</p> <p>FY17 Replace two plant sump pump panels, three dry transformers, and three electric sluice gate actuators. Convert three reclaimed water pumps over to VFD control.</p> <p>FY 18 Rebuild / replace two sump pump panels, replace three dry transformers, and replace three electronic sluice gate actuators.</p> <p>FY 19 Rebuild / replace two sump pump panels, replace three dry transformers, and replace three electric sluice gate actuators.</p> <p>FY 20 Replace three dry transformers and three electric sluice gate actuators.</p> <p>FY 21 Replace three dry transformers and three electric sluice gate actuators.</p> <p>FY 22 Replace Control Room uninterruptible power source, replacement of one reclaimed water or carrier water pump motor and motor controls; replace three dry transformers and three electric sluice gate actuators.</p> <p>FY 23 Condition assessment of Effluent Pump Station electric motors and controls; replace three dry transformers and three electric sluice gate actuators.</p> <p>FY 24 - 25 Allowance for replacement of equipment as determined by condition assessment.</p> |
| 7450-002-10 | Plant Lighting | <p>This account includes allowances to 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 an electrical contractor.</p> <p>FY 16 Replace final 10 LED wall pack lights, and replace high pressure sodium Primary deck shoebox lighting with LED retrofits.</p> <p>FY 17 Replace high pressure sodium pendant lighting in engine and boiler rooms with LED pendants.</p> <p>FY 18 Replace high pressure sodium shoebox lights on all facility chlorine contact tanks. Replace fluorescent fixtures with LED lighting in centrifuge room.</p> <p>FY 19 Replace high pressure sodium pendant lights in Galleries B and C with LED pendants.</p> <p>FY 20 – 25 Allowance for plant lighting upgrade projects as determined by condition assessment and lighting technology advancements.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| General Equipment | | |
|--------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7450-102-00 | Process Instrumentation | <p>This account includes an allowance for ongoing repair, replacement or upgrading of 4 to 6 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 in FY 14 and has been escalated to current and future dollars.</p> <p>FY 16 Above allowances, plus replace two chlorine analyzers. FY17 Above allowances, plus replace two chlorine analyzers, and conduct condition assessment of Headworks and Solids Handling Building permanent gas detection equipment. FY18 Above allowances, plus refurbish/replace Headworks fixed gas detection equipment. FY 19 Above allowances, plus refurbish/replace Solids Handling Building fixed gas detection equipment, and two pressure transmitters on CCT 5 and 6. FY 19 – 25 Above allowances.</p> |
| 7450-105-00 | Electrical Distribution System Rehabilitation | <p>This account includes an allowance to perform condition assessment and testing of the treatment plant wiring, breakers, and motor control centers (MCCs). The MCCs are 30 years old and while still functioning properly, they are approaching the end of the useful life of various components and wiring in them.</p> <p>FY 16 Inspect and service Main Switchgear per condition assessment report recommendations. Upgrade gallery air handling system to allow the galleries to be unclassified per NFPA 820 standards. FY 17 Upgrade the air handling systems in the remaining identified plant areas to allow the area to be unclassified per NFPA 820 standards. Some of the identified process areas will be upgraded as part of another CIP projects. FY 21 Upgrade the Main Switchgear to coincide with the planned improvements to the cogeneration system and backup power generator. FY 23 Allowance for refurbishment or replacement of MCCs or components as condition based on assessment findings. FY 25 Allowance for refurbishment or replacement of MCCs or components as condition based on assessment findings.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Liquid Treatment Processes and Equipment | | |
|-------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7300-685-00 | Bio-Tower Rotary Distributor Replacement | See Full Page Description |
| 7300-700-00 | Plant Pumps | <p>Scheduled replacement of centrifugal, positive displacement and chopper pumps. These pumps transport primary sludge, waste activated sludge, contact tank scum, and other liquids throughout the Agency Facilities. This account includes the digester mixing pumps and FOG/F2E Station pumps.</p> <p>FY 16 Refurbish one RAS pump. Replace two primary sludge pumps, two plant carrier water pumps, one headworks influent sample pump, and two plant sump pumps.</p> <p>FY 17 Refurbish one RAS pump. Replace three primary sludge pumps, one WAS pump, two plant sump pumps,</p> <p>FY 18 Refurbish or replace one digester basement chopper pump and one WAS pump. Replace one Headworks sample pump, three primary sludge pumps.</p> <p>FY 19 Replace or refurbish one digester basement chopper pump. Replace three primary sludge pumps, one secondary system pump.</p> <p>FY 20 Refurbish one Biotower pump, one centrifuge feed pump, one RAS pump. Replace one secondary system scum pump, three primary sludge pumps, and two hot water pumps.</p> <p>FY 21 Refurbish one Biotower pump, one centrifuge feed pump, one RAS pump. Replace three sludge pumps, replace or refurbish three hot water pump and two plant sump pumps.</p> <p>FY 22 Refurbish one tank drain pump, one plant water pump, one scum pump, one plant water pump, one carrier water pump, and one RAS pump. Replace three sludge pumps, one Headworks sample pump and two sump pumps.</p> <p>FY 23 Repair or refurbish one digester mixing pump, and three primary scum pumps.</p> <p>FY 24 -25 Allowance to rehabilitate pumps as dictated by condition assessments.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Liquid Treatment Processes and Equipment | | |
|-------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7300-719-00 | Chemical Pumps | <p>Regular refurbishment or replacement, based on condition assessment, of pumps and related equipment for the delivery of specific chemicals (e.g. Ferric Chloride, Hydrogen Peroxide, Calcium Nitrate, Sodium Hypochlorite, Emulsion Polymer, and Sodium Bisulfite) at various treatment unit processes.</p> <p>FY 16 Refurbish one (SHB) polymer feed pump. Replace two (one at each station) hydrogen peroxide pumps. Replace one Cl2 chemical induction mixer.</p> <p>FY 17 Refurbish one polymer activation unit and one polymer feed pump. Replace one chemical induction mixer.</p> <p>FY 18 Refurbish one polymer activation unit and one Sodium Hypochlorite metering pump. Replace one ferric chloride metering pump and one chemical induction mixer.</p> <p>FY 19 Refurbish one sodium hypochlorite and one sodium bisulfite pump.</p> <p>FY 20 Refurbish one sodium bisulfite metering pump and replace one chemical induction mixer.</p> <p>FY 21 Refurbish one hydrogen peroxide metering pump and one chemical induction mixer.</p> <p>FY 22 Refurbish one polymer feed pump and one chemical induction mixer.</p> <p>FY 23 Refurbish or replace one sodium hypochlorite and one sodium bisulfite transfer pump and one chemical induction mixer.</p> <p>FY 24 -25 Replace chemical pumps based on condition assessment.</p> |
| 7300-720-00 | Gates Rehabilitation | <p>Maintenance and replacement, as needed, of large gates and operators, including procurement and outside specialized labor to install them. These gates control flow into, through, and between processes, and isolate processes for repair or maintenance. Many of them will be replaced with stainless steel gates, which are expected to have a longer service life due to being more corrosion resistant and having sealing surfaces that can be refurbished. Scheduled work may change in future years based on condition assessment and ongoing inspection results.</p> <p>FY 16 Purchase six Primary Clarifier main influent gates and install in the summer of 2017.</p> <p>FY 17 Complete installation of large Primary Clarifier main influent gates.</p> <p>FY 18 – 22 Replace up to two medium Aeration Basin gates (influent or effluent), transition up to two hydraulic Primary Clarifier influent gate operators to electric operators per year.</p> <p>FY 23 Refurbish two Plant Influent gate operators. Condition assessment on large 84”and 72” outfall isolation gates.</p> <p>FY 24 Replace or refurbish medium triangle pit / pond isolation gates, refurbish three large inlet gates for CCTs 1 – 4.</p> <p>FY 25 Allowance to replace gates as needed based on condition assessment.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Liquid Treatment Processes and Equipment | | |
|-------------------------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7300-727-00 | Headworks Equipment | <p>Ongoing repair and replacement of Headworks and grit handling equipment such as valves, pipes, hydraulic systems, grit hoppers, classifier troughs, grit pumps and augers. This equipment collects, transports, dewateres, and stores screenings and grit from plant influent for disposal as it passes to the Primary Clarifiers, and operates in a very corrosive and erosive environment.</p> <p>FY 16 Annual allowance, plus perform five-year preventive maintenance on Headworks filter screens and washer-compactors. Purchase two gear box and classifier covers for two headworks classifiers (screw and auger). Refurbish two grit tank gate operators. Replace four grit tank gate access hatches.</p> <p>FY 17 Annual allowance, plus refurbish one grit classifier and one grit pump. Replace one grit classifier auger.</p> <p>FY 18 –19 Annual allowances, plus replace two grit classifier augers.</p> <p>FY 20 Annual allowance, plus refurbish one grit classifier and one grit pump. Replace one grit classifier auger.</p> <p>FY 21 Annual allowance, plus refurbish one grit classifier and one grit pump and perform five-year preventive maintenance on Headworks filter screens and washer-compactors. Replace one grit classifier auger.</p> <p>FY 22 Annual allowance, plus perform complete condition assessment of Headworks hydraulic system.</p> <p>FY 23 Annual allowance, plus allowance to begin implementing work arising from hydraulic system condition assessment.</p> <p>FY 24 - 25 Annual allowance.</p> |
| 7300-981-00 | Odor Control System Improvements | See Full Page Description |
| 7300-983-00 | Process Tank Maintenance | <p>Refurbishment and replacement of mechanical equipment in all process tanks and systems throughout the Treatment Plant. Funds allocated in FY 15 for small valve replacements have been moved to the Piping, Valves, and Operators budget.</p> <p>FY 16 Modify skimmer arms and baffle in the Secondary Clarifier #2 tank. Install five safe access gates onto remaining primary clarifiers. Replace sample sinks at the headworks hydrogen peroxide station and the head analyzer based on condition assessments.</p> <p>FY 17 Refurbish two channel air blowers. Install safe access gates onto four secondary clarifiers. Replace sample sinks at the solids handling building, digester basement and final effluent sampling vault based on condition assessment.</p> <p>FY 18 Refurbish two channel air blowers. Install safe access gates onto four Aeration basins.</p> <p>FY 19 Refurbish two grit air blowers. Install safe access gates onto five chlorine contact tanks.</p> <p>FY 20 Refurbish or repair tank wash down equipment.</p> <p>FY 21 - 25 General tank related replacement of equipment as determined by condition assessment.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Liquid Treatment Processes and Equipment | | |
|-------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7400-965-00 | Primary Clarifiers Rehabilitation | <p>There are a total of seven primary clarifiers in the treatment plant. Five of the clarifiers were installed during the original plant construction and two were installed during the Wet Weather Improvement Project. The mechanical equipment in the five original clarifiers has been upgraded to non-corroding, non-metallic components. However, there are other metal surfaces that require periodic industrial coating. Additionally, the mechanical equipment will require replacement in the future.</p> <p>FY 16 Level all seven primary clarifier weirs and blend channel weirs. Purchase FRP weir material for one tank, and purchase spare chain and flights for one primary clarifier.</p> <p>FY 17 Replace all Primary deck (1-5) grating (influent and effluent side). Replace toe kick boards under handrails.</p> <p>FY 18 Replace reclaimed water piping and hose bibs in five clarifiers</p> <p>FY 22 Industrial coatings in clarifier #1</p> <p>FY 23 Industrial coatings in clarifier #2</p> <p>FY 24 Industrial coatings in clarifier #3</p> <p>FY 25 Industrial coatings in clarifier #4</p> |
| 7300-990-00 | Secondary Clarifiers Rehabilitation | <p>Replacement of three secondary clarifiers' sludge collector mechanisms, large drive turntables that are nearing the end of their expected life. Condition assessments indicate the three turntables needing replacement can be expected to last until the scheduled metal coating projects for their clarifiers. The fourth unit was purchased in FY 10 and installed in FY 11, and the costs shown are based on the FY 10 costs, plus escalation.</p> <p>FY 16 Assessment of secondary clarifier superstructures and RAS/WAS piping and consider improvements such as increasing the flocculation zones and replacing the updraft tubing. Level all four clarifier effluent weirs.</p> <p>FY 17 Replace main drive assembly and apply industrial coatings in Secondary Clarifier No. 4. Replace walkway deck plates.</p> <p>FY 18 Replace main drive assembly and apply industrial coatings in Secondary Clarifier No. 1. Replace walkway deck plates.</p> <p>FY 19 Replace main drive assembly and apply industrial coatings in Secondary Clarifier No. 3. Replace walkway deck plates.</p> <p>FY 20 Apply industrial coating in Secondary Clarifier No. 2. Replace walkway deck plates.</p> |
| 7300-995-00 | Aeration System Rehabilitation | <p>This new account includes replacement and rehabilitation of aeration system equipment.</p> <p>FY 16 Replace the aeration basin tank drain pump and 150 feet of schedule 80 wall mounted 4" RAS return piping. Purchase stainless steel band clamps for the blower discharge piping.</p> <p>FY 17 Replace the aeration blower discharge piping valves and actuators that supply air to all four tanks.</p> <p>FY 18 Replace aeration diffuser membranes.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Liquid Treatment Processes and Equipment | | |
|-------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7400-966-00 | Critical Buried Pipe Inspection / Repairs | See Full Page Description |
| 7430-855-00 | Chemical Tanks | <p>Replacement of chemical storage tanks used throughout the plant and in the collection system as they exceed their service life. Tank material and installation complexity vary. Tanks include 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.</p> <p>FY 16 Replace plant site Hydrogen Peroxide tank and install a roof over the tank to reduce UV damage. FY 17 Assess condition of headworks bulk ferric chloride storage and all nitrate tanks. FY 18 Assess solid handling building bulk polymer storage tank. Replace the Greenbrae nitrate tank and one hydrogen peroxide tank, replace/refurbish headworks bulk ferric chloride storage tank based on FY17 assessment. FY 19 Replace the North Francisco nitrate tank. Condition assessment of both siloxane media vessels and appurtenances. FY 20 Replace one sodium hypochlorite tank, the West Railroad nitrate tank. Assess CEPT bulk polymer tank. FY 21 Replace one sodium hypochlorite tank and the Paradise nitrate tank. FY 22 Replace one sodium hypochlorite tank and assess headworks bulk ferric chloride storage tanks. FY 23 Assess condition of hydrogen sulfide media filters vessels. Replace one sodium bisulfite tank. FY 24-25 Replace one tank as determined by condition assessment.</p> |
| 7430-857-00 | Piping, Valves & Operators | <p>There are over 750 plug valves in the treatment plant's process systems, ranging from less than 6" 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 ongoing condition assessments are completed.</p> |
| 7450-104-10 | Influent Flow Meter Improvement | <p>Both the 45" San Rafael Interceptor and the 54" Ross Valley Interceptor were fitted with insertion magnetic-type meters in FY 11. Having both the original ultrasonic meters plus the magnetic meters is expected to improve their accuracy in measuring large flow variations.</p> <p>FY 17 Study to survey available technologies for possible improvement of meter accuracy in light of the collection system's large seasonal flow variations.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Solids Treatment And Energy Generation Processes and Equipment | | |
|-----------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7300-678-00 | Emergency Generator Assessment & Improvement | <p>The emergency generator provides power to Agency Facilities when utility power is not available and the cogeneration system is offline. The emergency generator system consists of an electrical generator connected to a diesel fueled reciprocating engine. The generator system is the original equipment that was installed when the plant was constructed. While the equipment is relative old, it has had minimal usage and is maintained per manufacturer's recommendations.</p> <p>FY 21 A consultant will conduct an assessment of the generator for condition, air emissions and reliability. The budget includes an allowance for a preliminary design report that will include an estimate to rehabilitate or replace the equipment.</p> <p>FY 22 Allowance to fund design and installation of a replacement emergency generator based on findings of the assessment and preliminary design report.</p> |
| 7300-691-00 | Digester Inspection, Cleaning and Cover Replacement | <p>This account includes allowance for periodic cleaning and inspection each Anaerobic Digester every 7 years based on conservative estimates of their membrane covers' service life. Agency staff will drain the tanks to allow a contractor to remove material that has accumulated inside of the tanks. A contractor will replace the membrane covers after the cleaning is complete and then staff will return each digester to service.</p> <p>FY20 Allowance to clean and inspect the interior of Digester No. 1 and replace its dual membrane cover. FY21 Allowance to clean and inspect the interior of Digester No. 2 and replace its dual membrane cover.</p> |
| 7300-715-00 | Centrifuge Maintenance | See Full Page Description |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Solids Treatment And Energy Generation Processes and Equipment | | |
|-----------------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7300-722-00 | Cogeneration Maintenance | <p>The cogeneration engine runs continuously, utilizing plant 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 purchase critical spare parts and larger maintenance activities for the engine. Larger maintenance activities include onsite, 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. Although the engine life can be extended with proper periodic major overhauls, cogeneration technologies are continuing to improve. The accounts include the design and replacement of the cogeneration technology beginning in FY 19 and ending in FY 22.</p> <p>FY 16 Replace cogeneration engine starting air compressor. Includes an allowance to modify the PG&E interconnection agreement and hire a consultant to assist with agreement preparation and negotiation.</p> <p>FY 17 Replace the existing air fuel modulating system with a blended air fuel regulating system to increase response time to load changes and reduce PG&E demand charges. Onsite engine upper and lower end rebuild and replace turbo chargers.</p> <p>FY 18 Replace thermocouples.</p> <p>FY 19 Onsite engine upper end rebuild and replace turbo chargers, plus allowance for technology survey.</p> <p>FY 20 Budget assumes design of replacement cogeneration technology and replacement of thermocouples and turbo chargers. If current engine is to be kept in service, major offsite overhaul for engine, five year generator preventive maintenance, and replace turbo chargers.</p> <p>FY 21 Budget assumes procurement and beginning installation of a replacement cogeneration technology.</p> <p>FY 22 Budget assumes completion of the installation of a replacement cogeneration technology.</p> <p>FY 23 – 25 Allowance for major maintenance of the cogeneration facility.</p> |
| 7300-724-00 | Hot Water Systems | <p>Repairs and replacement of hot water system pumps, valves, flex fittings and piping as needed to maintain the hot water system that supplies hot water (from the cogeneration unit and/or the boilers) to the digesters, other Agency Facilities and the administration building.</p> <p>FY 16 Perform condition assessment, balance system water, and add descaling agent as necessary.</p> <p>FY 17 Allowance for large scale replacement of hot water piping system if indicated by extensive condition assessment. Replace the water softening system in the hot water loop.</p> <p>FY 18 - FY 25 Allowance for system repairs.</p> |

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 16 BUDGET AND 10-YEAR PROJECTION**

| Solids Treatment And Energy Generation Processes and Equipment | | |
|-----------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNT NUMBER | ACCOUNT / PROJECT TITLE | ACCOUNT / PROJECT DESCRIPTION |
| 7300-725-00 | Boilers Rehabilitation or Replacement | Scheduled inspection, repair and / or replacement of boiler tubes that produce heat for the plant hot water systems when the cogeneration engine is offline. FY 16 Upgrade boiler control panels and gas regulating/modulating equipment. FY 19 Allowance for major maintenance including inspection, repair, and/or replacement of boiler tubes as needed. If necessary, plan for an upgrade or replacement to meet anticipated new, more stringent emissions regulations. |
| 7300-977-00 | Sludge Recirculating Pump Grinders | An annual allowance for replacement of two sludge grinders' high-wear cutter cassettes. |
| 7300-978-00 | 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. FY 16 Replace hopper skirting (all), and perform assessment on hydraulic gate actuators, pump, and oil storage tank. FY 18 -24 Allowance for minor maintenance of mechanical equipment every other year. |
| 7300-964-10 | Sludge Thickening Improvements | See Full Page 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 for FY 16 are based on actual estimated staff time, totaling 2 Full Time Equivalencies (FTE's). Costs for future years are based on a one FTE allowance, and will be modified for each current fiscal year in that year's CIP budget. The projects identified for staff cost capitalization in FY 16 are: 7300-979-10 Chemical Storage Room Rehabilitation Project 7400-103-10 Maintenance Facility Modifications 7300-981-00 Odor Control System Improvements 7300-964-10 Sludge Thickening Improvements |

| Effluent Storage Pond Improvements GL 7300-103-10 | | | |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|
| Type of Project | Capital Construction | Lead Department | Engineering |
| Project Delivery | Combination of formally and informally bid, as described below. | | |
| 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 resurvey in FY 22 and potential renovation of berms and bottom in FY 23; these activities were originally scheduled for FY 18 and have been deferred based on very little observed new subsidence in the reconstructed berm. | | |
| Elements | FY 22 - Survey entire berm, top road and bottom for excessive or uneven settlement; FY 23 - 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. | | |
| Projected Expenditures FY 16 - 25 | | | |
| | | FY 22 | \$35,100 |
| | | FY 23 | 1,113,600 |
| | | FY 16 – 25 Total | \$1,148,700 |
| Implementation Schedule | | | |
| Schedule | Activity Description | | Cost |
| FY 22 | Allowance to survey and design improvements to berm, road, and/or pond bottom. | | 35,100 |
| FY 23 | Allowance to raise pond berm and extend and re-anchor cover. | | 1,113,600 |
| | | Project Total | \$1,245,046 |

Project Photo



Effluent Storage Pond

| Agency Facilities Master Plan GL 7300-700-10 | | | |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------|
| Type of Project | Planning Study | Lead Department | Engineering |
| Project Delivery | Request for Proposals | | |
| Description and Justification | This Master Plan will include several elements to guide the Agency in planning future projects. A traditional master plan primarily considers the impacts related to growth. Because there is limited potential for growth in the Agency's service area, this study will focus on the condition of the Agency's aging facilities, impacts associated with potential regulatory changes, reduction in energy usage and GHG emissions, operational improvements, and climate change. The Master Plan recommendations will be incorporated into the 10-Year CIP. | | |
| Elements | <ul style="list-style-type: none"> - Recommendations for if and when aging infrastructure should be replaced in-kind or retrofitted with a newer technology that reduces electrical consumption or GHG emissions. - Investigate the feasibility of expanding the F2E station and cogeneration equipment and/or installing a solar power generation system to increase energy production. - Potential improvements to address sea level rise. - A calibrated treatment plant model that can be used to simulate changes in operational strategy and for training of new operations staff. | | |
| Projected Expenditures FY 16 - 25 | | | |
| | | FY 17 | \$353,100 |
| | | FY 18 | 117,700 |
| | | FY 16 – 25 Total | \$470,800 |
| Implementation Schedule | | | |
| Schedule | Activity Description | Cost | |
| FY 17 | Develop and issue an RFP to select a consultant and begin preparation of the Master Plan. | \$353,100 | |
| FY 18 | Complete the Master Plan. | 117,700 | |
| | | Project Total | \$470,800 |

Project Photos:



Agency Facilities



FOG/F2E Facility

| Chemical Storage Room Rehabilitation GL 7300-979-10 | | | |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|
| Type of Project | Capital Construction | Lead Department | Engineering |
| Project Delivery | Formally bid. | | |
| Description and Justification | Concrete repair and recoating is necessary where the concrete slabs are exposed to penetrating, corrosive vapors (hydrogen sulfide in the Headworks) or liquids (sodium hypochlorite where solution is stored and used). Based on the recommendations in the peer-reviewed December, 2011 <i>Concrete Corrosion Study</i> , these projects will repair damaged concrete and remove and replace worn coatings in the areas detailed below. Future cost estimates are based on the 2011 Study plus escalation. | | |
| Elements | FY 12 - (Completed) Conduct concrete corrosion study. FY 13 - (Completed) Remove and replace damaged concrete and failed protective coatings in the headworks and the northern wall of CCT No. 4; repair concrete joint seals and metal equipment coating in CCTs 1 – 4; FY 14, 15 & 16 – (Underway) Repair and recoat damaged floor concrete in the hypochlorite storage room and replacement of leaking piping and valves. | | |
| Projected Expenditures FY 16 – 25 | | | |
| | | FY 16 | 984,500 |
| | | FY 16 – 25 Total | \$984,500 |
| Implementation Schedule | | | |
| Schedule | Activity Description | Cost | |
| FY 12 (Completed) | Concrete Corrosion Study and peer review. | \$30,989 | |
| FY 13 (Completed) | Strip and replace coating and repair damaged concrete in the Headworks, strip and replace coating on northern wall of CCT No. 4, recoat metal equipment in CCTs 1 – 4, and reseal one construction cold joint across all four CCTs. | 170,591 | |
| FY 14 (Completed) | Prepare design documents to bid and begin construction to strip and repair concrete, remove and replace chemical piping, and recoat floor, equipment pedestals, and other damaged areas in hypochlorite storage room. | 79,383 | |
| FY 15 (Projected Actual) | Publically bid the project and initiate construction of the hypochlorite storage room project. | 290,825 | |
| FY 16 | Complete construction of the hypochlorite storage room project. | 984,500 | |
| | | Project Total | \$1,556,288 |

Project Photos:



Hypochlorite room showing floor damage



Hypochlorite room pumps and piping

| Maintenance Facility Modifications GL 7400-103-10 | | | |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------|
| Type of Project | Capital Construction | Lead Department | Engineering |
| Project Delivery | Formally bid | | |
| Description and Justification | Since the Maintenance Building and Maintenance Annex were constructed (1985 and 1995, respectively), the Agency's inventory and work space needs have changed. Also, soil has subsided under the asphalt floors in two bays of the covered portico, which need to be replaced with structural concrete slabs. This multi-year project includes expansion and remodeling of the 1985 Maintenance Building and 1995 Maintenance Annex to better meet current Agency needs. Allowances in FY 16 and FY 17 will be updated after the design phase has been completed. | | |
| Elements | <p>FY 12 - (Completed) Structural assessment of the grade beams surrounding the slabs;</p> <p>FY 14 - (Completed) Conduct an internal needs assessment to identify the scope of needed modifications to the maintenance building and annex;</p> <p>FY 15 - (Completed) Select a designer for the needed modifications, prepare a needs assessment, initiate the design phase, and modify final effluent sample vault drain system to eliminate flow restrictions.</p> <p>FY 16 - Allowance to complete the maintenance building improvement design and initiate construction of maintenance building modifications to create an office space, enclose open side of the maintenance building for storage and construct a new structure adjacent to the maintenance annex.</p> <p>FY 17 - Allowance to complete the construction initiated in FY 16.</p> | | |
| Projected Expenditures FY 16 - 25 | | | |
| | | | FY 16 |
| | | | 571,300 |
| | | | FY 17 |
| | | | 190,400 |
| FY 16 – 25 Total | | | \$761,700 |
| Implementation Schedule | | | |
| Schedule | Activity Description | Cost | |
| FY 12 (Completed) | Structural assessment | \$6,884 | |
| FY 14 (Completed) | Focus groups to identify needs, develop scope of design work | 0 | |
| FY 15 (Projected Actual) | Allowance to complete a needs assessment. | 51,900 | |
| FY 16 | Allowance for design and construction of maintenance building modifications and new structure including a 10% contingency. | 571,300 | |
| FY 17 | Allowance to complete construction. | 190,400 | |
| Project Total | | | \$820,484 |

Project Photos



Maintenance Building and Covered Portico



Area to be enclosed for additional storage

| Facility Roofs Rehabilitation GL 7400-960-00 | | | |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------|
| Type of Project | Capital Construction | Lead Department | Engineering |
| Project Delivery | Formally bid | | |
| Description and Justification | In FY 2015, the Agency had a roofing expert survey all its building roofs at no cost to the Agency. The assessment indicated that the standing seam metal roofs are in good condition. Therefore, planned replacement of the roofs has been postponed for five years. This item contains allowances to rehabilitate the standing seam metal roofs on the Administration, Maintenance, Aeration and Secondary Clarifier control buildings and the Maintenance Annex, and to perform minor repairs on their supporting structures, if required. | | |
| Elements | FY 15 - (Completed) Develop a RFP and hire a specialty inspector and / or structural engineer inspect the standing seam metal roofs, gutters, and their supporting wooden structures and including seismic retrofit implications; FY 16 - Replace corroded gutters on the aeration system and secondary clarifier control buildings; FY 20 - Prepare construction documents to bid and perform a contract for roof system replacement, structural repairs, and/or seismic upgrades; FY 21 - Construct upgrades to the structures. | | |
| Projected Expenditures FY 16 - 25 | | | |
| | | FY 16 | 25,000 |
| | | FY 20 | 70,900 |
| | | FY 21 | 866,300 |
| | | FY 16 – 25 Total | \$962,200 |
| Implementation Schedule | | | |
| Schedule | Activity Description | Cost | |
| FY 15 (Completed) | Develop RFP and perform roof system inspection, including structural / seismic assessment | \$0 | |
| FY 16 | Gutter replacement for the aeration system and secondary clarifier control buildings | 25,000 | |
| FY 20 | Prepare construction documents for necessary upgrades | 70,900 | |
| FY 21 | Planned construction for roof replacement and structural / seismic upgrades or repairs, may be deferred, depending on inspection results | 866,300 | |
| | | Project Total | \$962,200 |

Project Photo



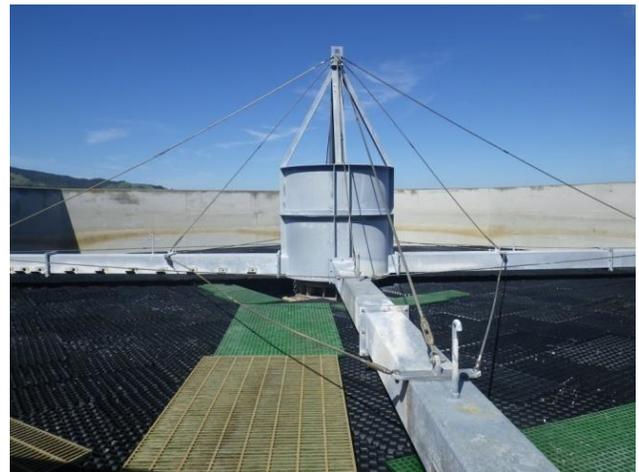
Maintenance Building with standing seam metal roofs.

| Bio-Tower Rotary Distributor Replacement GL 7300-685-00 | | | |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|
| Type of Project | Maintenance | Lead Department | Engineering |
| Project Delivery | Informally bid. | | |
| Description and Justification | The biotowers are the first of two secondary treatment processes, and remove some of the biochemical oxygen demand (BOD) 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 and they have about a 25 to 30-year life expectancy. The rotary distributor in Biotower No. 1 was replaced in 2010. A FY 15 condition assessment of Biotower No. 2 indicated the mechanical equipment has at least two more years of useful life. This account includes costs to replace the rotary distributor and an allowance to replace the top layers of filter media if they are found to be unexpectedly degraded. | | |
| Elements | <ul style="list-style-type: none"> - Replace galvanized-steel distributor mechanism and plastic spreader nozzles; - Replace of the distributor bearing; - Replace or recoat the cast iron turntable on which the mechanism turns; and - Optionally, replace the top tier of media that is subject to weather damage. | | |
| Projected Expenditures FY 16 - 25 | | | |
| | | | FY 18 |
| | | | \$124,000 |
| | | | FY 16 – 25 Total |
| | | | \$124,000 |
| Implementation Schedule | | | |
| Schedule | Activity Description | | Cost |
| FY18 | Develop and execute contract for rotary distributor and bearing replacement and replacement of Agency-supplied media | | \$99,900 |
| | Allowance for media replacement | | 24,100 |
| Project Total | | | \$124,000 |

Project Photos:



Original base & turntable, Biotower No. 2



New rotary distributor, Biotower No. 2

| Odor Control System Improvements GL 7300-981-00 | | | |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|
| Type of Project | Capital Construction | Lead Department | Engineering |
| Project Delivery | Formally bid | | |
| Description and Justification | Some wastewater treatment processes produce odorous and/or corrosive gasses, and odor control systems protect plant equipment and serve as one component of the Agency's overall odor control management program. The existing odor control scrubbers in the Headworks, Biotower basement, and Solids Handling Building are approaching 30 years of service. A consulting firm was hired in FY 15 to prepare a conceptual design report to replace the scrubbers. They conducted limited sampling to evaluate the overall performance of the units and prepared cost estimates to replace each unit with activated carbon media system. Sampling showed that while the existing scrubbers were not overly efficient, they were capable of removing odors to a level that did not impact our surrounding neighbors. The cost to replace the units is estimated to be \$4.3 million. Rather than replace the existing scrubbers in FY 16, the consultant will conduct additional testing to determine if the service life of the existing scrubbers can be extended. | | |
| Elements | <p>FY 15 – Consultant will perform a condition assessment, survey current state of alternative technologies, and prepare a preliminary design recommendation. Conduct additional odor sampling for several operational strategies to optimize the operation of the existing scrubbers.</p> <p>FY 16 - Design and construct ventilation improvements in the solids handling building to improve atmospheric conditions during biosolids truck loading.</p> <p>FY 17 – An allowance to design and construct replacement and/or upgrades for one or more of the existing scrubbers. The scope of this work will be further defined after additional testing is conducted in FY 16.</p> | | |
| Projected Expenditures FY 16 - 25 | | | |
| | | FY 16 | 163,000 |
| | | FY 17 | 1,114,300 |
| | | FY 16 – 25 Total | \$1,277,300 |
| Implementation Schedule | | | |
| Schedule | Activity Description | Cost | |
| FY 15 (Completed) | Consultant performs high-level odor control and equipment analysis and prepares report with recommendations. | 72,674 | |
| FY 16 | Design, bid and construct ventilation improvements in the solids handling building. | 163,000 | |
| TBD | Design and construct replacement or upgrades for one or more odor scrubber. | 1,114,300 | |
| | | Project Total | \$1,349,974 |

Project Photos:



Odor control scrubbers, with air handlers, two views.

| Critical Buried Pipe Inspection and Repairs GL 7400-966-00 | | | |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------|
| Type of Project | Capital Construction | Lead Department | Engineering |
| Project Delivery | Inspection – informally bid; repairs formally bid. | | |
| Description and Justification | There are several large diameter buried pipelines that are the only connection to convey wastewater into the treatment plant, the San Rafael and Ross Valley Interceptors, and to transfer water between major plant treatment processes; Primary effluent line between the Primary Clarifiers and the Biotowers and the Return Activated Sludge lines back from the Secondary Clarifiers to the Biotowers and Aeration Basins. The treatment plant pipelines contain elastomeric joints that are nearing the end of their service lives. This project is intended to include inspections of the critical buried pipe flex joints, where possible, diver inspection of several large sumps in the Treatment Plant that would be difficult to keep dewatered, and inspecting those portions of the Interceptors that CMSA is responsible to maintain. Inspections of the Agency Facility pipelines have been deferred until after the Agency Facilities Master Plan. | | |
| Elements | FY 16 - Allowance to inspect the portions of the San Rafael Interceptor and the Ross Valley Interceptor which CMSA is responsible for maintaining. The scope of work may be expanded to include inspection of the entire length of each pipeline; FY 19 - Allowance for interior inspection of the pipelines, elastomeric joints, and selected sumps, with possible uncovering of the exterior of some buried joints throughout the Agency Facility. Includes possible internal sealing of some or all of the elastomeric joints and external pipe repairs, based on inspection results. | | |
| Projected Expenditures FY 16 - 25 | | | |
| | | FY 16 | \$105,500 |
| | | FY 19 | 172,600 |
| | | FY 16 – 25 Total | \$278,100 |
| Implementation Schedule | | | |
| Schedule | Activity Description | Cost | |
| FY 16 | Allowance to inspect sections of the San Rafael and Ross Valley Interceptors that CMSA is responsible to maintain. | \$105,500 | |
| FY 19 | Allowance for internal inspection and possible repair of pipeline joints throughout the Agency Facilities. | 172,600 | |
| | | Project Total | \$278,100 |

Project Photos:



Primary Effluent Pipe emerging into gallery



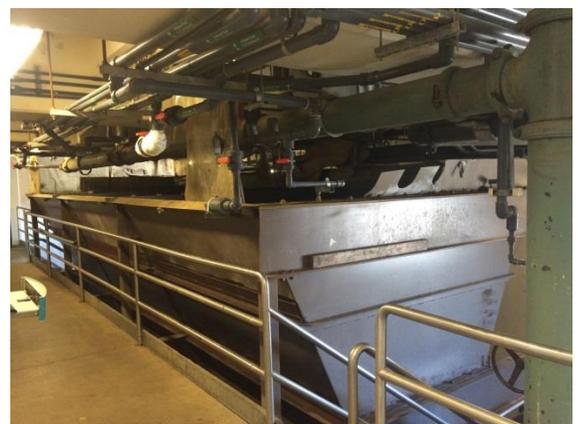
RAS pipe manifold

| Centrifuge Maintenance GL 7300-964-10 | | | |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|
| Type of Project | Capital Construction | Lead Department | Engineering |
| Project Delivery | Formally bid | | |
| Description and Justification | The Agency dewatered digested sludge with three high speed centrifuges. The centrifuges spin the sludge at high speed to remove water and produce a biosolids cake with an average concentration of 26% solids. The high speed rotation and corrosive operating environment necessitate a significant amount of routine maintenance to replace wear parts and fix unexpected breakdowns. The centrifuges are scheduled for major 5-year preventive maintenance beginning in FY 17. Before beginning the 5-year maintenance, a consultant will perform a condition assessment to estimate the remaining useful life of the centrifuges and conduct a preliminary design study to research potential replacement technologies with lower life cycle costs. A replacement technology must be capable of producing a biosolids cake of similar concentration while requiring less energy, polymer, and annual maintenance. If recommended in the condition assessment and preliminary design study, the engineering design and bid document preparation will start in FY 17. | | |
| Elements | FY 16 – Perform major condition assessment and preliminary design study to research potential replacement technologies; FY 17 – Allowance to refurbish two centrifuge hydraulic systems and replace the master PLC on the third floor if deemed necessary by the condition assessment. Design the centrifuge replacement including solids handling equipment; FY 18 – Construct the centrifuge replacement; FY 22 - Rehabilitate dewatering equipment after completion of the digester cleaning. | | |
| Projected Expenditures FY 16 - 25 | | | |
| | | FY 16 | 35,000 |
| | | FY 17 | 230,300 |
| | | FY 18 | 1,571,700 |
| | | FY 22 | 115,000 |
| | | FY 16 – 25 Total | \$1,952,000 |
| Implementation Schedule | | | |
| Schedule | Activity Description | Cost | |
| FY 16 | Perform condition assessment and preliminary design study | \$35,000 | |
| FY 17 | Allowance to refurbish hydraulic systems and/or design replacement dewatering systems. | 230,300 | |
| FY 18 | Complete the centrifuge replacement | 1,571,700 | |
| FY 22 | Rehabilitate dewatering equipment | 115,000 | |
| | | Project Total | \$1,952,000 |

Project Photos:



Existing Centrifuges



Biosolids Hoppers

| Sludge Thickening System Replacement GL 7300-964-10 | | | |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|
| Type of Project | Capital Construction | Lead Department | Engineering |
| Project Delivery | Formally bid | | |
| Description and Justification | Waste Activated Sludge (WAS) is thickened in two Dissolved Air Flotation tanks (DAFs) prior to feeding into the anaerobic digesters. The DAFs are 29 years old, are energy intensive and odorous, and are at the end of their service lives. HDR Engineering completed the preliminary design that selected rotary drum thickeners as the preferred replacement technology. The project is currently in the construction phase and will be completed in in mid-FY 16. | | |
| Elements | FY 14 – (Completed) Issue a Request for Proposals and select a design consultant to perform predesign, final design, and provide engineering services during construction; FY 15 – (Completed) Complete the design document, bid the project and begin construction; FY 16 – Complete construction of the project. | | |
| Projected Expenditures FY 16 - 25 | | | |
| | | | FY 16 |
| | | | 1,205,000 |
| | | | FY 16 – 25 Total |
| | | | \$1,205,000 |
| Implementation Schedule | | | |
| Schedule | Activity Description | Cost | |
| FY 13 (Completed) | Develop RFP and select consultant | -0- | |
| FY 14 (Completed) | Design and various support costs through predesign and design | \$250,136 | |
| FY 15 (Projected Actuals) | Complete design and bidding phase | 146,727 | |
| | Construction | 868,273 | |
| | Engineering Services During Construction | 45,000 | |
| FY 16 | Construction (including 10% change order allowance) | 1,162,300 | |
| | Engineering Services During Construction | 42,700 | |
| Project Total | | | \$2,515,136 |

Project Photos:



Existing DAF's



DAF Equipment Room

SECTION 9. 10-YEAR FINANCIAL FORECAST

The Agency updates a 10-Year Financial Forecast each fiscal year to accompany the annual budget. The 10-Year Financial Forecast is a long-term budgetary examination of Agency operations, and shows revenues, operating expenses, capital expenses, and reserve balances. It provides a strategic perspective to guide the Board in making decisions on the direction for future budgets, wastewater sewer service charges, and the funding and use of Agency reserves.

The 10-Year Financial Forecast is presented following this narrative. The starting point of this forecast is the FY 14-15 Projected Budget Performance (FY 15) and the FY 15-16 Adopted Budget (FY 16). At this time, FY 15 preliminary estimates for year-end reflect the following unbudgeted event which occurred during the fiscal year:

- Capacity charges for residential and commercial sewer connections were received during FY 15 and generated over \$327K in capacity fees.

The 10-year model for FY 16 indicates that, consistent with the Board's five-year funding decision in February 2013, the Agency will have sufficient revenues to support operations over the remaining three fiscal years (FY 16 to FY 18) of the Agency's five-year revenue plan. The Agency will begin to have an operating funding deficit (operating expenses in excess of operating revenues) beginning in FY 19. Without an increase in operating revenues, the Agency is projected to deplete its operating reserves during FY 21.

The 10-year forecast includes the following factors (line item references to forecast worksheet):

Expenditures

Line #1: Operational Expenses

- Salaries
 1. Addition of one Utility Worker position in FY 16.
 2. Addition of one engineering position funded for three months in FY 16.
 3. Adjustments for anticipated step increases for eligible positions.
 4. Negotiated salary increases of 4% (represented employees) and 4.5% (unrepresented employees) in FY 16 and FY 17, 2% in FY 2017-18, and Bay Area annual CPI ceiling of 3% in FY 19 and FY 20.
- Benefits:
 1. Retirement
 - Significant changes in CalPERS funding policy for employer contributions. A new CalPERS policy requires the employer to address and pay unfunded liabilities in 30 years; CalPERS' prior policy was to annually evaluate, adjust, and fund the liability over a rolling 30 year period.
 - Employee reimbursement of employer pension contribution as follows:
 - Unrepresented employees: 3% in FY 15, 5.5% in FY 16, and 8% in FY 17.
 - Represented employees: 4% in FY 15, 6% in FY 16, and 8% in FY 17.
 - Elimination of the employer paid member contribution by June 30, 2018.

2. Health Benefits:

- CalPERS did not release 2016 rates until June 2015; as a result the budget reflects the best estimates at the time the budget was adopted.
- Annual health benefit increases from the FY 13 GASB 45 actuary report reflect increases starting at 7.5% in FY 17 and declining by 0.3% per year thereafter.
- Reduction in annual OPEB expenses are associated with an updated GASB 45 valuation which was accepted by the Board in FY 14.
- Chemicals: Budget for a CPI increase of 3.0% per year starting in FY 17 for the cost of chemicals combined with changes in the volume of chemicals used.
- Maintenance & Repairs: Budget for a CPI increase of 3.0% per year starting in FY 17.
- Utilities: Budget for an increase of \$0.05/therm of natural gas and CPI increase of 3.0% per year starting in FY 17.
- NPDES Permit Renewal: Planned costs for the NPDES permit renewal in 2017, and for the 2022 renewal starting in FY 16 and FY 21.
- All other categories of expenditures: Budget for a CPI increase of 3.0% per year starting in FY 17.

Revenues

Line #2: Revenues - Regional Service Charge

- FY 15 to FY 18: Remaining three years of revenues based on February 2013 Board approved five-year funding plan (Line 6B).
- FY 19 to FY 23: FY 18 Regional Service Charges are used as the baseline revenue, as the Board has not made any decision to adjust this item beyond FY 18.

Line #3: Revenues - All Other Operational Revenues

- Assumes a new 5-year contract for SQSP in FY 20. SQSP revenues for treatment services are based on the SQSP share of the flow and strength allocation (5.77% in FY 16) applied to the Agency's operating and CIP expenses, not to exceed \$1 million per year. In addition, there is \$102K associated with SQSP pump station maintenance with an annual CPI adjustment for the labor component.
- SD #2 and SQVSMD contract revenues are based on fixed costs for pump station maintenance. These revenues do not include CIP projects which are developed annually with the contracting entities.
- Revenues for FOG and food-waste disposal are based on daily loads of 12,000 gallons of FOG and 4.5 tons of food-waste.
- Revised revenues for the Safety Director Program reflect contractual changes in CMSA administrative support and program oversight changes.

Line #6B: Revenues – Five-Year Regional Service Charge

- Board approved (February 2013) funding plan. This figure does not include Board approved funding for future capital.

Lines #7-10: Revenues – Debt Service

- Revenues received from JPA members and SQSP for the debt service payments on the newly issued 2015 Series Revenue Bonds. Debt coverage revenue is based on 25% of the annual debt service payment to the bondholders.

Capital Improvement Program

Line #12: 10-Year Capital Improvement Program

- Total FY 16 to FY 25 cost is \$31.4 million.

Line #13: Funding Sources for 10-Year CIP

- Capacity Charges – Connection Fees: The Agency does not budget or forecast for these revenues. The revenues that are received in each fiscal year are the first dollars used to financial that year's CIP activities.
- Restricted Capital Reserves: These are the next dollars used to fund the annual CIP activities. The restriction is that the Agency cannot use the debt service coverage for CIP during the year that it is received.
- Unrestricted Capital Reserves: These are the next dollars used to fund the annual CIP activities.

Line #14: CIP Funding Shortfall

- The Agency will not have sufficient funds in its two capital reserves to fully fund the CIP starting in FY 21. The total shortfall in FY 21 to FY 23 is expected to be \$6.2 million.

Funding For Agency Reserves

Line #15: Funding to/from Operating Reserves

- When there are anticipated surpluses, a portion of the surplus will be used to maintain the Operating Reserves at 25% of the Operating Expense Budget. The Agency will begin to use its Operating Reserves to supplement its operating revenues beginning in FY 19. The Operating Reserves will be depleted during FY 22.

Line #16: Funding for Unrestricted Capital Reserves

- The source of this reserve is the operating surplus (Line #5) less the amount needed to maintain Operating Reserves at 25% of operating budget.

Line #17: Funding for Future Capital

- Represents the February 2013 Board action to collect revenues to fund future years in the 10-Year CIP. FY 16 amount is \$430K. This increases each year by \$100K until it reaches \$630K annually in FY 18.

Agency Reserves

Lines #18-28: Shows the Projected Ending Balances for each reserve.

CENTRAL MARIN SANITATION AGENCY
Annual Update to the 10-Year Forecast Summary
FY 2015-16 Adopted Budget

| | Adopted FY 14-15 | Projected FY 14-15 | Year 1 Adopted FY 15-16 | Year 2 Forecast FY 16-17 | Year 3 Forecast FY 17-18 | Year 4 Forecast FY 18-19 | Year 5 Forecast FY 19-20 | Year 6 Forecast FY 20-21 | Year 7 Forecast FY 21-22 | Year 8 Forecast FY 22-23 | Year 9 Forecast FY 23-24 | Year 10 Forecast FY 24-25 | Comments | |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------|----------------------------------------|
| Section I - General Operations: | | | | | | | | | | | | | | |
| 1 | Operational Expenses | \$ 10,129,676 | \$ 9,927,454 | \$ 10,896,500 | \$ 11,626,221 | \$ 12,117,090 | \$ 12,446,688 | \$ 12,974,889 | \$ 13,479,334 | \$ 14,058,167 | \$ 14,601,663 | \$ 14,983,265 | \$ 15,518,906 | FY 19-25 = \$98 million |
| 2 | Regional/Sewer Service Charges for Operations | 9,069,740 | 9,069,740 | 9,467,549 | 9,865,358 | 10,263,166 | 10,263,166 | 10,263,166 | 10,263,166 | 10,263,166 | 10,263,166 | 10,263,166 | 10,263,166 | Board Approved 5-yr Funding Feb 2013 |
| 3 | All other Operational Revenues | 1,774,209 | 1,865,775 | 1,872,537 | 1,852,588 | 1,877,061 | 1,870,064 | 1,863,383 | 1,872,031 | 1,881,022 | 1,890,370 | 1,900,091 | 1,910,200 | SQSP contract ends June 30, 2019 |
| 4 | Total Funding Sources | 10,843,949 | 10,935,515 | 11,340,086 | 11,717,945 | 12,140,228 | 12,133,230 | 12,126,549 | 12,135,197 | 12,144,188 | 12,153,536 | 12,163,257 | 12,173,366 | FY 19 to 25 = \$85 m |
| 5 | Funding Surplus/(Deficit): | 714,273 | 1,008,061 | 443,586 | 91,725 | 23,138 | (313,458) | (848,340) | (1,344,138) | (1,913,979) | (2,448,127) | (2,820,008) | (3,345,540) | FY 19 to 25 = \$13 m deficit |
| Board Approved (Feb 2013) Five-Year Regional/SSC Funding Model | | | | | | | | | | | | | | |
| 6A | for Operations | 9,069,740 | | 9,467,549 | 9,865,358 | 10,263,166 | | | | | | | | |
| | Change in Regional Service Charges from prior year (does not include Operating Reserve Funding) | 397,809 | | 397,809 | 397,809 | 397,809 | | | | | | | | |
| | % Change | 4.6% | | 4.4% | 4.2% | 4.0% | | | | | | | | |
| Section II - Debt Service on 2006 Revenue Bonds | | | | | | | | | | | | | | |
| Funding Requirements | | | | | | | | | | | | | | |
| 7 | Debt Service (Principal & Interest) | \$ 4,652,501 | \$ 4,652,501 | \$ 3,659,224 | \$ 3,968,094 | \$ 3,961,906 | \$ 3,973,206 | \$ 3,967,331 | \$ 3,957,006 | \$ 3,966,006 | \$ 3,965,706 | \$ 3,942,381 | \$ 3,944,506 | Debt Service Schedule |
| 8 | Debt Service Coverage | 1,163,125 | 1,163,125 | 914,806 | 992,023 | 990,477 | 993,302 | 991,833 | 989,252 | 991,502 | 991,427 | 985,595 | 986,127 | 25% of Debt Service Schedule |
| 9 | Total Funding Sources | 5,815,627 | 5,815,627 | 4,574,030 | 4,960,117 | 4,952,383 | 4,966,508 | 4,959,164 | 4,946,258 | 4,957,508 | 4,957,133 | 4,927,977 | 4,930,633 | |
| 11 | EDU Rate for Debt Service (same rate per EDU w SQSP) | \$ 111.49 | \$ 110.75 | \$ 87.10 | \$ 94.46 | \$ 94.31 | \$ 94.58 | \$ 94.44 | \$ 94.19 | \$ 94.41 | \$ 94.40 | \$ 93.84 | \$ 93.90 | |
| Section III - Capital Improvement Program | | | | | | | | | | | | | | |
| 12 | Ten-Year CIP Projects | \$ 4,902,700 | \$ 2,830,173 | \$ 4,544,800 | \$ 3,752,000 | \$ 3,071,600 | \$ 1,470,700 | \$ 2,981,600 | \$ 5,685,300 | \$ 4,691,200 | \$ 2,687,900 | \$ 1,173,400 | \$ 1,355,500 | FY 16-25= \$31.4m |
| 13 | CIP Funding Sources | | | | | | | | | | | | | |
| | 1. Capacity Charges - Connection Fees | | 327,763 | | | | | | | | | | | |
| | 2. Restricted Capital Reserves | 4,293,837 | 2,502,410 | 2,954,553 | 914,806 | 992,023 | 990,477 | 993,302 | 991,833 | 989,252 | 991,502 | 991,427 | 985,595 | |
| | 3. Unrestricted Capital Reserves | 608,863 | - | 1,590,247 | 2,837,194 | 2,079,577 | 480,223 | 1,988,298 | 2,614,465 | 630,000 | 630,000 | 630,000 | 630,000 | |
| | Total Available Funding | 4,902,700 | 2,830,173 | 4,544,800 | 3,752,000 | 3,071,600 | 1,470,700 | 2,981,600 | 3,606,298 | 1,619,252 | 1,621,502 | 1,621,427 | 1,615,595 | FY 16-25= \$25.9m |
| 14 | CIP Funding Shortfall | - | - | - | - | - | - | - | (2,079,002) | (3,071,948) | (1,066,398) | | | FY 20-23 shortfall = \$5.5m |
| Section IV - Funding for Agency Reserves | | | | | | | | | | | | | | |
| 15 | Funding to/(from) Operating Reserves | \$ 21,160 | \$ 21,160 | \$ 191,706 | \$ 91,725 | \$ 23,138 | \$ (313,458) | \$ (848,340) | \$ (1,344,138) | \$ (1,913,979) | \$ (2,448,127) | \$ (2,820,008) | \$ (3,345,540) | not funded to maintain @ 25% of budget |
| 16 | Funding for Unrestricted Capital Reserves | 693,113 | 986,901 | 251,880 | - | - | - | - | - | - | - | - | - | |
| | A. Board Approved (Feb 2013) Funding for Future Capital | 330,000 | 330,000 | 430,000 | 530,000 | 630,000 | 630,000 | 630,000 | 630,000 | 630,000 | 630,000 | 630,000 | 630,000 | FY 16-25= \$6m |
| 17 | Total | 1,044,273 | 1,338,061 | 873,586 | 621,725 | 653,138 | 316,542 | (218,340) | (714,138) | (1,283,979) | (1,818,127) | (2,190,008) | (2,715,540) | |
| Section V: Adjustments to Cash & Investments/Reserves | | | | | | | | | | | | | | |
| 18 | Total Beginning Reserves on July 1 | 13,696,320 | 13,696,320 | 13,695,097 | 10,938,689 | 8,800,437 | 7,372,451 | 7,211,594 | 5,003,487 | (656,699) | (5,640,377) | (9,154,977) | (11,532,790) | |
| Reserve Designations, Ending Balance on June 30 | | | | | | | | | | | | | | |
| 19 | A. Restricted: Capacity Charges | - | - | - | - | - | - | - | - | - | - | - | - | |
| 20 | B. Restricted: Capital Improvement Program (Debt Coverage) | 1,163,125 | 2,954,553 | 914,806 | 992,023 | 990,477 | 993,302 | 991,833 | 989,252 | 991,502 | 991,427 | 985,595 | 986,127 | |
| 21 | Subtotal Restricted Reserves | 1,163,125 | 2,954,553 | 914,806 | 992,023 | 990,477 | 993,302 | 991,833 | 989,252 | 991,502 | 991,427 | 985,595 | 986,127 | |
| 22 | 1. Unrestricted: CSRMA Insurance Deductible | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | |
| 23 | 2. Unrestricted: Operating Reserves | 2,532,419 | 2,532,419 | 2,724,125 | 2,815,850 | 2,838,987 | 2,525,529 | 1,677,189 | 333,052 | (1,580,928) | (4,029,054) | (6,849,062) | (10,194,602) | Depleted FY 22 |
| | % of Reserve to Operating Expenses (Line 1) | 25.0% | 25.0% | 25.0% | 24.2% | 23.4% | 20.3% | 12.9% | 2.5% | -11.2% | -27.6% | -45.7% | -65.7% | |
| 24 | 3. Unrestricted: Capital Improvement Program | 6,955,475 | 7,858,125 | 6,949,758 | 4,642,564 | 3,192,987 | 3,342,764 | 1,984,465 | (2,079,002) | (5,150,950) | (6,217,349) | (5,769,322) | (5,509,227) | Depleted FY 21 |
| 25 | 4. Unrestricted: Emergency | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | - | - | - | - | - | Depleted FY 21 |
| 26 | Subtotal Unrestricted Reserves | 9,837,894 | 10,740,544 | 10,023,883 | 7,808,413 | 6,381,975 | 6,218,293 | 4,011,654 | (1,645,950) | (6,631,878) | (10,146,403) | (12,518,385) | (15,603,830) | |
| 27 | Total Ending Reserves on June 30 | 11,001,019 | 13,695,097 | 10,938,689 | 8,800,437 | 7,372,451 | 7,211,594 | 5,003,487 | (656,699) | (5,640,377) | (9,154,977) | (11,532,790) | (14,617,703) | |
| 28 | Change in Beginning and Ending Reserves | (2,695,301) | (1,224) | (2,756,408) | (2,138,252) | (1,427,986) | (160,857) | (2,208,107) | (5,660,186) | (4,983,678) | (3,514,600) | (2,377,813) | (3,084,914) | |

SECTION 10. DEBT OBLIGATIONS

During FY 15, the Agency took advantage of the historically low interest rate environment to issue new debt at lower interest rates and use the proceeds from the issuance to pay off the existing debt. On April 22, 2015, the Agency issued \$49,310,000 of Series 2015 Revenue Bonds at a premium of \$5,344,174, with an interest rate average of 2.78% percent. The proceeds from the 2015 bonds have been placed in an escrow account and are being used to 1) make debt service payments on the existing Series 2006 Bonds through September 1, 2016, and 2) redeem the outstanding Series 2006 Revenue Bonds when they become callable on September 1, 2016. The Agency's ongoing debt service obligation is solely the Series 2015 bonds which are fully registered with principal due annually on September 1, and interest payable semi-annually on March 1 and September 1. This transaction will result in ongoing debt service savings to the CMSA rate payers of over \$15 million from FY 16 through FY 32.

The table below displays the amount of outstanding debt service obligations through 2032.

Series 2015 Revenue Bond Debt Service Schedule to 2032

| Fiscal Year | Principal | Interest | Total |
|--------------------------------------------------------------|----------------------|----------------------|----------------------|
| 2015-16 (Budgeted) | \$ 2,095,000 | \$ 1,564,224 | \$ 3,659,224 |
| 2016-17 | 2,195,000 | 1,773,094 | 3,968,094 |
| 2017-18 | 2,250,000 | 1,711,906 | 3,961,906 |
| 2018-19 | 2,330,000 | 1,643,206 | 3,973,206 |
| 2019-20 | 2,395,000 | 1,572,331 | 3,967,331 |
| 2020-21 | 2,470,000 | 1,487,006 | 3,957,006 |
| 2022-2026 | 14,055,000 | 5,702,981 | 19,757,981 |
| 2027-2031 | 17,595,000 | 2,252,406 | 19,847,406 |
| 2031-32 | 3,925,000 | 61,328 | 3,986,328 |
| Total Series 2015 Debt Issued as of July 1, 2016 | \$ 49,310,000 | \$ 17,768,483 | \$ 67,078,483 |
| Total Series 2006 Debt Outstanding as of July 1, 2015 | \$ 55,510,000 | \$ 24,856,973 | \$ 80,366,973 |

Each JPA Member Agency is obligated to pay its share of the semi-annual debt service payments and a 25 percent payment for debt service coverage pursuant to the Debt Service Payment Agreement between and among CMSA and the members and the Master Indenture between CMSA and the Bond Trustee. The proportionate allocation of the debt service payment and coverage to each member is based on the total number of EDU reported for the JPA service area. Future Debt Service Charges for each JPA member will vary depending upon each member's EDU count and the total number of EDU in the combined service area.

In accordance with the Agency’s Financial Policy on Reserves, debt 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 Reserves for Capital Projects to fund current year Capital Improvement Program (CIP) activities. The FY 16 Budget appropriates up to \$2.95 million to be spent from the Restricted Reserves for CIP activities. Details for the Agency’s FY 16 CIP can be found in Section 8 – Capital Improvement Program.

The table below displays the debt service payment and coverage collection since FY 2006-07.

Debt Service Charges per Equivalent Dwelling Unit

| Fiscal Year | Debt Service Charges/EDU | Principal Retired | Interest Paid | Coverage Collected |
|----------------------------------|---------------------------------|--------------------------|----------------------|---------------------------|
| Series 2015 Revenue Bonds | | | | |
| 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 |
| 2010-11 | 103.95 | 1,805,000 | 2,849,708 | 1,163,677 |
| 2009-10 | 103.44 | 1,735,000 | 2,918,251 | 1,163,313 |
| 2008-09 | 104.19 | 1,670,000 | 2,986,351 | 1,164,088 |
| 2007-08 | 71.63 | --- | 3,019,751 | 754,938 |
| 2006-07 | 33.15 | --- | 1,107,242 | 276,811 |

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.
- **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 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, facilities, buildings, and equipment net of depreciation.
- **CAPITAL EXPENDITURE:** An expenditure of \$2,500 or more that is used to newly 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 projects, delineated by type of capital 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 (CONNECTION) FEE:** 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 charge fees fund capital projects.
- **COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM (CMMS):** A software package that is used for inventory control, procurement management, fixed asset condition assessment and maintenance repair management. 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 FOG & Pollution Prevention programs, and the Dental Amalgam program, 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 is used to calculate the sewer service charge and allocate to each JPA member agency for its respective portion of the sewer charge.

- **FULL TIME EQUIVALENT (FTE):** a position converted to decimal equivalent of a full-time employee position)
- **HAULERS, PERMITS & INSPECTION REVENUE:** Fees and charges for use of Agency septage receiving facility, permit fees to discharge commercial and industrial waste, 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 AUTHORITY (JPA):** An agreement between two or more local governments agencies to form a separate governmental entity distinct from the member governments authorizing 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 ASSETS:** 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 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.
- **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 generated for the treatment plant project being financed.
- **SANITARY DISTRICT No. 2 (SD#2):** SD#2 is a CMSA JPA member located in the Town of Corte Madera.
- **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
- **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

| | |
|---------|----------------------------------------------------------------|
| AM | Asset Management |
| 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 |
| CAFR | Comprehensive Annual Financial Report |
| CalPERS | California Public Employees' Retirement System |
| CAMP | California Asset Management Program (see Interest Income) |
| CASA | California Association of Sanitation Agencies |
| CIP | Capital Improvement Program |
| CMMS | Computerized Maintenance Management System |
| CMSA | Central Marin Sanitation Agency |
| COLA | Cost of Living Adjustment |
| 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 |
| ELAP | Environmental Laboratory Approval Program |
| 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 |
| 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) |
| PAFR | Popular Annual Financial Report |
| SBP | Strategic Business Plan |
| SD #1 | Sanitary District #1, JPA Member (aka RVSD, Ross Valley Sanitary District) |
| SD #2 | Sanitary District #2, JPA Member |
| SDI | State Disability Insurance |
| SQSP | San Quentin State Prison |
| SQ Village | San Quentin Village |
| SQVSM | 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) |
| TSS | Total Suspended Solids |
| USA | Underground Service Alert |
| WAS | Waste Activated Sludge |

Appendix A

Central Marin Sanitation Agency

Financial Policies Manual



Central Marin Sanitation Agency

Financial Policies Manual

Adopted October 10, 2006
First Revision, July 15, 2009
Second Revision, July 11, 2012
Third Revision, July 22, 2015



**FINANCIAL POLICIES MANUAL
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| POLICY #: | 501 |
| SECTION: | FINANCIAL – FINANCIAL POLICIES |
| SUBJECT: | Policy Framework |
| DATE: | 07/22/2015 |

PURPOSE

Financial policies are key components to sound fiscal management and direct proactive steps toward effectively managing and conducting financial operations. The purpose of this Policy Framework is to provide guidance and direction for developing the financial policies. The development of these policies aligns with the Agency’s Mission Statement of, *“protecting its assets and investments through sound financial policies and business practices.”*

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 quality public services, and on effectively handling and safeguarding financial and physical assets. They define, promote, control, and ensure participation by each stakeholder on his/her roles, responsibilities, and relationships with respect to financial matters and administration. It is accepted as standard business practice to have financial policies in place. They are also used as good training tools for new employees and for refreshing ongoing financial skills and operations.

POLICIES VS. PROCEDURES

The focus of the financial policies is to 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 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. All Agency employees may be subject to disciplinary actions under Personnel Policy #405, *Progressive Discipline* for violation of any financial policies. 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 for making recommended changes.

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|------------------|-----------------------------------------------|
| POLICY #: | 502 |
| SECTION: | FINANCIAL – INTERNAL CONTROLS |
| SUBJECT: | Internal Controls and Fraud Prevention |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Internal Controls and Fraud Prevention Policy is to provide 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.

POLICY

I. Internal Controls

Agency staff shall establish and maintain procedures, documents and systems of internal controls to safeguard financial assets, to manage financial assets in an accountable, secure, efficient, and effective manner, and 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 transaction for the Agency;
- B. All transactions are properly authorized;
- C. 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 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. (See Policy #503, *Ethics*).

III. Internal Review and Recommendations

The Administrative Services Manager shall perform a periodic review of all financial policies, procedures, and practices, and make recommendations for changes and updates to the General Manager. 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 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 (Section 11), 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 (see Policy #510, *Financial Reporting*). 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.

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 develop 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. 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 Agency staff. 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

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.

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 Personnel and Accounting Technician. 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 Policy #562, *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.

XIII. RV Disposal Receipts

Agency staff shall securely maintain funds to conduct payment transactions for Recreational Vehicle (RV) customers utilizing the Agency facilities to offload wastewater. RV cash receipts will be reconciled semi-annually to the sales/money receipts book. 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.

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| POLICY #: | 503 |
| SECTION: | FINANCIAL – INTERNAL CONTROLS |
| SUBJECT: | Ethics |
| DATE: | 07/22/2015 |

PURPOSE

The Agency's Mission Statement promotes achievement of the Agency's purpose and vision by protecting its assets and investments through sound financial policies and practices. 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. The purpose of the Ethics Policy is to affirm required standards of conduct and practices with respect to financial roles and responsibilities.

POLICY

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 him/herself in his/her 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, procedures, and resolutions 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 (501, 540, 550, 560, and 570, et seq.), 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 (501, 520, and 550, et seq.), 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' Policy No. 4, *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 Resolution and a Personnel Policy that address 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 enter 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) and relevant U.S. Internal Revenue Service codes and pronouncements that set forth the rules and provisions that must be followed by public employees and officials related to the receipt of gifts and applicable taxes. 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.

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| POLICY #: | 510 |
| SECTION: | FINANCIAL – FINANCIAL REPORTING |
| SUBJECT: | General |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Financial Reporting Policy is to provide Agency staff direction on external financial reporting requirements.

POLICY

I. Comprehensive and Popular Annual Financial Reports

Agency staff shall prepare a Comprehensive Annual Financial Report (CAFR), which shall include an audited financial report. The Board of Commissioners shall review and accept the CAFR by no earlier than the date of the auditor’s opinion letter to the Agency, and no later than December 31st of the fiscal year end for which the report is prepared.

The CAFR shall be prepared in accordance with *Generally Accepted Accounting Principles (GAAP)* for government agencies and relevant Government Accounting Standards Board (GASB) statements. It shall be produced in three sections: introductory, financial, and statistical. The financial section shall be audited by an independent firm of certified public accountants in accordance with *Generally Accepted Auditing Standards*.

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 Government Finance Officers Association (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.

II. External Filings and Reporting

In addition to the CAFR, Agency staff shall comply with other required external filings and reports as listed in the table below.

| Report Category/Report | Frequency |
|--------------------------------------------------------------------|------------------|
| Financial Reporting: | |
| CAFR with audited financial statements | Annual |
| State Controller’s Special Districts Financial Transactions Report | Annual |
| Payroll Reporting: | |
| Federal and State Tax Withholding Deposits | Bi-weekly |
| Forms 941 (Federal) / DE 6 (State) | Quarterly |
| Forms W2 (Federal) / W3 (Federal) / DE 7 (State) | Annual |
| State Controller’s Government Compensation of California Report | Annual |

| Report Category/Report | Frequency |
|--------------------------------------------------------------------------------------------------------|--------------|
| Debt Reporting (see Policy #511): | |
| Audited Financial Statements from CMSA and each JPA member agency (Securities and Exchange Commission) | Annual |
| Disclosures to bondholders and other interested parties (Securities and Exchange Commission) | Event Driven |
| Other Reporting: | |
| Diesel fuel taxes (State) | Annual |
| Forms 1099 (Federal) / 1096 (Federal) | Annual |

| | |
|-----------------|----------------------------------------------------------------|
| POLICY#: | 511 |
| SECTION: | FINANCIAL – FINANCIAL REPORTING |
| SUBJECT: | Continuing Disclosure Procedures for Agency Issued Debt |
| DATE: | 04/14/2015 |

I. PURPOSE

Each debt issued by the Central Marin Sanitation Agency (the “Agency”) will have its own specific set of Continuing Disclosure Undertakings. The purpose of this policy is to ensure 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.

II. 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.

III. 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.

IV. CONTINUING DISCLOSURE FILINGS

A. Overview of Continuing Disclosure Filings

Under the Continuing Disclosure Undertakings, the Agency is required to file annual reports for the Agency and each JPA 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.

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. 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 IV. D. below.

C. Event Filings

If any of 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 IV. D. 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 or Agency counsel or such other counsel or consultant he/she deems appropriate.

V. DOCUMENTS TO BE RETAINED

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 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.



VI. 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.

VII. 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.



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| POLICY #: | 520 |
| SECTION: | FINANCIAL – REVENUE MANAGEMENT |
| SUBJECT: | General |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Revenue Management Policy is to provide staff direction on the management of Agency’s revenues with respect to its organizational budgets, goals, and objectives.

BACKGROUND

Joint Power Agreement (JPA) Member Agencies and San Quentin State Prison (satellite collection agencies) collect and transport wastewater to CMSA for treatment and disposal. Section 14 of the JPA binds the JPA members to pay the CMSA Regional Charges and specifies the manner in which CMSA determines the allocation of the Regional Charge for CMSA services.

The manner in which each Member Agency determines the CMSA Regional Charge for the property owners and businesses within its respective district is solely the purview of the Member.

The Agency’s ability to receive revenues for non-regional charges is derived from the Agency’s Sewer Use and Fee Ordinances and by contractual arrangements.

REVENUE SOURCES

CMSA’s service charge is established by the Board of Commissioners based on the Agency’s total funding requirements. These requirements take into account the Agency’s necessary 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, when determining and approving the service charges.

I. Service Charges (Regional Charge)

The Majority of the Agency revenues are from Regional Service Charges collected from its JPA Member Agencies and contract revenues for CMSA wastewater services provided to San Quentin State Prison. In accordance with Section 14 of 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 calculated by each Member Agency for each property in its service area. An EDU is an estimation of an average wastewater flow discharged from one single-family household.

Businesses may contain multiple EDUs depending upon the volume of wastewater discharge, while industrial dischargers' EDU is based on flow and strength. 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, Ross Valley interceptor, Sanitary District No. 2 of Marin County, and San Quentin State Prison, and calculated for Sanitary District No. 1 (Ross Valley Sanitary District).

II. All Other Revenues

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

PROCEDURES

I. Service Charges

Service charges shall be billed and collected quarterly from 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 annual budget. The annual 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 revenues do not include revenues for debt service and connection fees.

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 annual budget process for the upcoming fiscal year.

During the development of the annual budget, CMSA will use the prior year's reported actual EDU count to develop the revenue budget. By March 15th, 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 summarizes 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 sanitary units 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 Member Agency as appropriate. The EDU data reported by the Member Agencies will be used to prepare the revenue presentation for the Third Quarter Budget Report that is provided to the Board in April. 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 the maximum period will be 36 months. The measurement period will be in 12-month increments.

1) Allocation of Regional Charges by Flow Volume

Once the upcoming revenue budget has been developed, the 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:

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

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

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

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 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) Calculation of annual volume of the wastewater generated from each satellite collection entity.

Each April, the Operations department will provide Finance staff with the annual volume of wastewater generated from each satellite collection entity for the previous April 1 to March 31 period or prior 36-month period.

2) Calculation of annual wastewater quality (strength) from each satellite collection entity.

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 by Environmental Services staff and analyzed in the CMSA laboratory. Each April, the Environmental Services department will provide Finance staff with the wastewater quality information for each satellite collection entity.

3) Allocation of regional charges by flow volume and quality.

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 satellite collection agency'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) and accepted by the Board in April 2013: 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:

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

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

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

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

$$\begin{aligned} Regional\ Charge\ Allocation_{Agency} \\ &= Unit\ Cost_{Flow} \times Flow_{Agency} + Unit\ Cost_{BOD} \times BOD_{Agency} \\ &+ Unit\ Cost \times TSS_{Agency} \end{aligned}$$

4) 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, 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 Agreement for Treatment Services (debt service agreement) between CMSA and the Member Agencies, each Member Agency's proportional EDU share of the bond debt service shall be billed and collected semi-annually during each fiscal year. The payment shall be based on the budgeted EDU count. 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 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 constructions or other construction activities that would trigger a connection fee. Thus, the Board shall consider various economic factors when budgeting capacity charge revenue for the fiscal year. The Board shall approve through the annual budget process and Agency staff shall account for use of capacity charges to fund capital projects per California Government Code Section 66006.

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 Ordinances: 2013-1, Sewer Use Ordinance, and 2013-2, 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 "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 and other considerations. Contract revenues shall be billed monthly, while program revenues are billed quarterly. Receivables for environmental compliance, on-site disposal, and similar items shall be recorded as they occur.

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.

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| POLICY #: | 521 |
| SECTION: | FINANCIAL – REVENUE MANAGEMENT |
| SUBJECT: | Agency Service Contracts |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Agency Service Contracts Policy is to provide Agency staff with direction for responding to a request from a public entity for CMSA services.

POLICY

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 existing 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 and benefits, and Agency 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 of approval. Once approved by the Board, the agreement will be executed by CMSA after the governing board or designated official of the entity requesting CMSA services has also approved and executed the agreement.

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| POLICY #: | 530 |
| SECTION: | FINANCIAL – TREASURY |
| SUBJECT: | General |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of this Treasury Policy is to provide direction for managing the Agency’s treasury and investments, and to ensure fiduciary responsibility and prudent review, planning, and approval of treasury transactions. Also, see Policies 531, *Investments* and 532, *Reserve*.

I. Treasurer/Controller Appointment

Based on the General Manager’s recommendation, the Board of Commissioners shall appoint a Treasurer/Controller 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 1979 Joint Exercise of Powers Agreement (amended) and Government Code 6505.5, et seq.

II. Treasurer/Controller’s Report

Agency staff shall prepare monthly Treasurer/Controller’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. Staff shall also prepare monthly a detailed 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/Controller’s Operating Account Disbursement Register Reports.

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: 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. The Board shall review and approve the Schedule of Investments.

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 who prepares the accounts payable shall not perform the bank reconciliation.

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| POLICY #: | 531 |
| SECTION: | FINANCIAL – TREASURY |
| SUBJECT: | Investments |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Investment Policy is to provide guidelines for prudent investment of the Agency’s cash. This Policy covers all funds and investment activities under the direction of Agency in accordance with California Government Code Sections 53600, et seq.

STATEMENT OF INVESTMENT POLICY

Every June, the Treasurer/Controller shall submit to the Agency’s Board this Investment Policy, where the Board shall review any changes in the policy and approve it at a public meeting.

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. Investments of 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 Agency to meet 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. As a trustee, the standard of prudence shall be the prudent investor standard. 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

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 Agency.

DELEGATION OF AUTHORITY

The Board of Commissioners shall delegate authority to invest Agency's funds for a one-year period to the Treasurer/Controller, 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/Controller 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/Controller and the delegated staff acting in accordance with 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/Controller 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/Controller 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 Policy # 503, *Ethics*. 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.

AUTHORIZED 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 the 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 AAA 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 AAA, 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 AA or higher with a nationally recognized rating service; and/or have short-term debt rated at least AA-1 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 PSA 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 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

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.

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/Controller, 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 Agency shall be conducted on a delivery vs. payment basis. All securities shall be held in Agency's name by a third party custodian designated by the Treasurer/Controller.

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/Controller.

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/Controller shall continually monitor and evaluate the portfolio's performance.

REPORTING

The Treasurer/Controller shall submit a monthly investment report to the Board. 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.

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 or may not be available.

The report shall include a list of monthly investment transactions. This monthly report shall be submitted with the Board's monthly meeting agenda for public review.

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| POLICY #: | 532 |
| SECTION: | FINANCIAL – TREASURY |
| SUBJECT: | Reserve |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Reserve Policy is to ensure that the Agency has sufficient funding available to meet its operating and capital obligations. Establishment of reserves also 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 stable service charges.

POLICY

I. General

The Agency’s reserves shall be held in the Agency’s Local Agency Investment Fund (LAIF) or California Asset Management Program (CAMP) accounts, either as short- or long-term investments in accordance with the Agency’s Investment policy (Policy #531).

II. Reserve Fund Designations

The establishment of reserve designations better links the Agency’s available cash resources, as reported in the Agency’s Year-end Financial Statements, to the Annual Budget and Capital Improvement Program. The integration of reserve designations makes the annual 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 that 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 annual budget development process, the Treasurer/Controller develops an initial projection for the Agency expenses and revenues for the upcoming year. The General Manager and Treasurer/Controller 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 annual

budget and are subject to Board review and approval. The annual budget will also report the final status of the reserves for the prior year based on the audited financial statements.

Consistent with established policy on the budget (Policy #550), 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 types of reserve funds have been established: Restricted Reserves and Unrestricted Reserves.

A. Restricted Reserves

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

B. Unrestricted Reserves

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

Deductions (i.e., payments) from either reserve type shall follow documented Agency administrative and procurement policies and procedures. Any new or removal of 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. Designations for Restricted Reserves

- 1) Capacity Charges – (Sewer) Connection Fee: 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) Coverage from Debt Service: This is a contractually obligated requirement from the 2015 Revenue Bond Rate Covenant and represents 25% of the debt service payment that is collected from the JPA Member Agencies semi-annually. The expenditure of these funds is solely for the Capital Improvement Program.

The 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 preferentially used to fund approved projects from the Capital Improvement Program.

The distinction between this restricted reserve and the unrestricted Capital Improvement Program Reserve is in the source of funding. The Reserve for Coverage for Debt Service is considered to be restrictive due to Bond Indenture requirements that limit its usage to capital expenditures. The Capital Improvement Program Reserve is considered to be unrestrictive because its source is from service charges and/or other general purpose revenues and thus could be available to fund non-Capital expenses.

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 listed below. All allocations to reserves are subject to Board review and approval.

- 1) Operating Reserve for Economic Uncertainties: This reserve represents three months funding for general Agency operations. Funding will be adjusted annually (linked to the annual operating budget) to maintain three months (25% of annual Adopted Budget) of operational funding.
- 2) Self-Insurance Reserve and Deductibles: This reserve represents the deductible portion for the various insurance policies carried by the Agency. The Agency funds insurance premiums from the operating budget; however the operating budget would not be able to absorb the deductible portion for insurance claims that are filed. The funding level is \$100,000 and should be adjusted if there are changes to policy coverages or deductibles.

- 3) Capital Improvement Program: This Reserve funds projects and initiatives from the Capital Improvement Program. The target funding level will be determined in conjunction with the Agency's 10-Year Capital Improvement Program and financial model.

The distinction between this reserve and the Coverage from Debt Service Reserve is the source of funding. This reserve is considered to be unrestrictive because its source is from service charges and/or other general purpose revenues and thus could be available to fund non-Capital expenses at the Board's discretion. The Coverage from Debt Service Reserve is considered to be restrictive due to Bond Indenture requirements that limit its usage to capital expenditures.

- 4) Contingency, Emergency, and Future Designations: This reserve would serve as a contingency for unforeseen or unanticipated emergencies and other to-be-determined items. The funding level is \$250,000.

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| POLICY #: | 540 |
| SECTION: | FINANCIAL – EXPENDITURE MANAGEMENT |
| SUBJECT: | General |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Expenditure Management Policy is to provide direction to staff on how the Agency's expenses shall be handled to comply with organizational mission, goals, objectives, and budgets.

BACKGROUND

The budget adopted by the CMSA board serves as the policy document governing Agency expenditures. Expenditures are managed and categorized as Agency-wide, by department, and by major or special funding sources as shown in the Adopted Budget.

CMSA's largest percentage of operating expenditures is for employees' salaries and benefits. Other operating expenditures include professional services, studies, operating permits and fees, chemicals, utilities, materials and supplies, facilities maintenance, equipment, and miscellaneous administrative expenditures. Capital expenditures include salaries and benefits for employees who work on designated capital projects; construction and related professional services contract payments; equipment acquisition costs; and associated materials and supplies procurement.

POLICY

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. Other 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 merit award pay and 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 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:

#501—*Policy Framework*

#560—*Signature Authority*

#561—*Contracting*

#562—*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 to ensure the proper recognition of expenses and liabilities. Finance staff shall charge payables to the proper accounting period based upon the date the services were provided and perform a monthly reconciliation of accounts payable.

III. Petty Cash

Agency staff shall maintain a petty cash account that can be used for cash transactions of \$50 or less. Disbursements from petty cash shall be pursuant to Policy #562, *Purchasing*.

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| POLICY #: | 541 |
| SECTION: | FINANCIAL – EXPENDITURE MANAGEMENT |
| SUBJECT: | Travel, Training, and Other Business Expense Reimbursements |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the *Travel, Training and Other Business Expense Reimbursement Policy* is to define the authorization, payment, and reimbursement of travel, training, and other business expenses incurred by Agency staff while conducting Agency business. The expenses include routine business-related activities as well as registration, travel, lodging, meals, and incidental expenses while attending Agency approved or sponsored training, seminars, conferences, and meetings of professional and/or public organizations.

POLICY

I. General

The General Manager shall establish procedures for authorizing, paying, restricting, and reimbursing employees for travel, training, and other business-related expenses incurred by Agency staff. 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 2015 rates.

The per diem rates for meals, gratuities, and incidentals as of February 1, 2015 are as follows:

| TRAVEL PERIOD | FEBRUARY 1, 2015 PER DIEM | MAXIMUM PER DIEM RATE (120% of FEB. 2015) |
|-------------------------------------|------------------------------------------------------|------------------------------------------------------|
| Overnight Travel per 24-hour period | \$84.00 | \$101.00 |
| Travel between 12 and 24 hours | \$63.00 or 75% of Overnight Travel Rate | \$76.00 |
| Daily travel less than 12 hours | Breakfast \$12.00 Lunch \$15.00 Dinner \$24.00 | Breakfast \$14.50 Lunch \$18.00 Dinner \$29.00 |

An employee who has been issued a State of California Purchase Card (Agency credit card) shall also comply with Policy #562, *Purchasing*, 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 his/her supervisor should he/she have any questions about his/her 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 least 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.

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| POLICY #: | 550 |
| SECTION: | FINANCIAL – FINANCIAL PLANNING |
| SUBJECT: | Annual Budget |
| DATE: | 07/22/2015 |

PURPOSE

The Adopted Budget is a document specifying the allocation of Agency resources for the priorities approved by the Board of Commissioners for the fiscal year. The Agency's annual budget details revenues, operating and capital expenditures, and use of reserves. The adoption of a fiscal year budget by the CMSA Board is a statutory requirement for California public agencies, and is also specified in the Agency's Joint Powers Agreement.

POLICY

The Board of Commissioners shall adopt a comprehensive balanced annual budget for the Agency prior to the start of each fiscal year (July 1 to June 30). A budget is considered to be balanced, 1) when all sources of operating revenue, including the use of reserves, is at least equal to the operating expenses and capital funding requirements, and 2) the Agency has satisfied any bonding and debt service obligations. The annual 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 budget for the upcoming fiscal year;
- Descriptions and explanations of specific revenues and expenditure categories and line-items;
- 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;
- Allocation of Debt Service Charges to JPA Members;
- 10-Year Capital Improvement Program with budget allocations for upcoming capital projects and initiatives;
- Proposed accumulations and uses for Agency reserves; and
- 10-Year Financial Forecast.

I. **Budget Development**

The annual budget represents the Agency's financial blueprint to maintain effective wastewater operations that comply with the Agency's various operating permit requirements. The budget describes the funding requirements and operating costs associated with providing wastewater treatment 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 salient revenue category, including, but not limited to, sewer service charges, capacity charge connection fees, permit fees, revenues from contract and program services, fees for wastewater disposal at Agency facilities, and revenues for debt service payments and coverage. (See Policy #520, *Revenue Management*).

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 salient 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.

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 following fiscal year proposed projects as part of the annual budget approval, and conceptually approve the projects shown in the following nine fiscal years. (See Policy #551, *Capital Improvement Plan*).

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. (See Policy #552, *10-Year Financial Forecast*).

At the discretion of the Board, the annual budget may also include policy statements, directives, and funding plans (e.g., grant, long-term and/or debt financing strategies) 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 annual budget to the Board for review no later than the May Board meeting, prior to the start of each fiscal year. The Board shall approve the annual budget no later than the June Board meeting, prior to the start of each fiscal year.

II. Budget Reporting

During the fiscal year, the Agency's actual revenues and expenditures shall be tracked to the appropriate budget line-items in managing 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 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 (except those authorized by the General Manager as noted below) 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.

The General Manager shall establish and approve 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.

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 to the Board about these actions at its next scheduled meeting.

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| POLICY #: | 551 |
| SECTION: | FINANCIAL – FINANCIAL PLANNING |
| SUBJECT: | Capital Improvement Program |
| DATE: | 07/22/2015 |

PURPOSE

The Capital Improvement Program (CIP) describes and explains the Agency’s capital projects, delineated by type of capital project and funding source, 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. The CIP that is adopted by the Board of Commissioners reflects the capital project priorities for the Agency. It is a generally accepted accounting and budgeting practice for governmental agencies, particularly for capital-intensive enterprises such as wastewater treatment operations, to develop a long-term capital plan.

POLICY

The Agency’s CIP Committee will prepare an updated 10-year CIP during the budget development process for each fiscal year. A 10-year CIP provides the Board, JPA member agencies, customers, public financing institutions, and other stakeholder groups with a sufficient long-term perspective on CMSA’s infrastructure improvements and capital financial needs. The 10-Year CIP is a planning document that provides a projection of future project costs on a reasonable 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 annual budget process, and the first year of the 10-Year CIP shall be incorporated into the Agency’s Annual Budget for adoption. The later years of the 10-Year CIP will be incorporated into the Agency’s 10-Year Financial Forecast. (See Policies #550, *Annual Budget*, and #552, *10-Year Financial Forecast*).

I. 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 actual capital expenditures against the appropriate budgeted projects 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: digesters, sludge pumps, heat exchangers, cogeneration engine, 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 or facilities
- D. New modifications to existing facilities

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| POLICY #: | 552 |
| SECTION: | FINANCIAL - FINANCIAL PLANNING |
| SUBJECT: | 10-Year Financial Forecast |
| DATE: | 07/22/2015 |

PURPOSE

The 10-Year Financial Forecast is a long-term examination of the Agency’s projected operating status. It provides a strategic perspective and direction for the budget process and serves as a long-term financial planning document.

POLICY

Agency staff shall prepare a ten-year forecast of the Agency’s financial resources that includes a status and projection of revenues by source, expenditures, capital requirements, and accumulation and use of reserves. The forecast is a multi-year comparison of actual revenues and expenditures from prior previous fiscal years, a projection of the current fiscal year revenues and expenditures, and a ten-year projection of future resources and expenditures. Agency staff shall present the forecast for Board review as part of the annual budget process and the forecast shall also be included in the Agency’s annual budget. (See Policy #550, *Annual Budget*).

I. Guidance

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

The forecast will assist the Board in determining the required current and future sewer service charge revenues to meet the Agency’s financial and operational needs and objectives.

The Board may request periodic revisions to the forecast apart from the annual budget process to assist it with decisions on the future direction of the Agency.

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| POLICY #: | 553 |
| SECTION: | FINANCIAL – FINANCIAL PLANNING |
| SUBJECT: | Debt Financing and Management |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Debt Financing and Management Policy is to ensure that when the Agency issues debt, or borrows from governmental sources, that the debt load is managed prudently to maintain the Agency's sound fiscal condition and protect its credit quality.

POLICY

I. General

The General Manager shall make recommendations to the Board of Commissioners concerning debt financing. Generally, recommendations shall be presented during the Agency's annual budget development process. Recommendations may be made at other times during the fiscal year to meet immediate Agency capital improvement needs and/or as relevant debt financings are made available to the Agency.

The Administrative Services Manager shall be responsible for managing, implementing, and overseeing debt management for the Agency. 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 capitalized expenditures (see Policy #571, *Assets Accounting*). The Board shall consider long-term and short-term 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, infrastructure, equipment, debt issuance, and any other costs permitted by the Agency's Joint Powers Agreement and state or local laws for wastewater facilities and special districts.

When making a determination to proceed with debt structuring and financing, the Board shall consider the Agency's financial condition, sources of funding for the annual debt payment, the Agency's ability to repay the debt without fiscal disruption to its

effective operations and maintenance, economic trends affecting the Agency, financial benchmarks of other similar public agencies, and any existing and overlapping 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 shall approve the issuance of revenue bonds as the debt instrument per the Agency's Joint Powers Agreement. 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 not approve debt financing for routine or ongoing operating and maintenance costs, and non-capital furnishings and supplies with useful lives of less than one year.

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 approve a debt issuance process on a competitive or negotiated basis after making a determination that the appropriate process is in the best interests of the Agency.

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 Policy #531, *Investments*, and any indenture documents or debt issuance agreements that are part of the debt financing program when investing debt proceeds.

IV. Commingling of Debt Proceeds with Operating Funds

Debt proceeds shall not be commingled with operating funds.

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| POLICY #: | 554 |
| SECTION: | FINANCIAL – FINANCIAL PLANNING |
| SUBJECT: | Risk Management and Insurance |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of Risk Management and Insurance Policy is to provide direction to Agency staff on managing the Agency’s liability, property, fixed assets, vehicles, and employee-related risks in a reliable, economical, and beneficial manner.

POLICY

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 be in compliance 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 #: | 560 |
| SECTION: | FINANCIAL – PROCUREMENT MANAGEMENT |
| SUBJECT: | Signature Authority |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Signature Authority Policy is to define the signature approval levels within the Agency for the following types of procurement transactions:

- Purchase Orders
- Professional Services Agreements
- Maintenance Service Contracts
- Equipment Procurement
- Materials & Supply Contracts
- Construction Contracts (Administrative, Informally Bid, Formally Bid) and Change Orders

POLICY

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. Approval and authority limits for Change Orders are shown separately.

The table below shows each procurement transaction type with its governing CUCCAC Tier and the General Manager’s signature authority for each transaction type. Agency Ordinance No. 2013-03 allows the Agency to establish 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 \$45,000 |
| Professional Services Agreements | Tier I | Less than \$45,000 |
| Maintenance Service Contracts | Tier I | Less than \$45,000 |
| Equipment Procurement | Tier I | Less than \$45,000 |
| Material & Supply Contracts | Tier I | Less than \$45,000 |
| Construction Contracts – Administrative | Tier I | Less than \$45,000 |
| Construction Contracts – Informally Bid | Tier II | Between \$45,001 and \$175,000 |
| 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. See Administrative Policy and Procedure #31, *Management Signature Authority*.

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) <u>Less Than \$300,000</u> a) Change Order Limit b) CCO limit if schedule impacted | \$30,000 \$55,000 |
| 2) <u>\$300,000 to \$1,000,000</u> a) CCO limit b) CCO limit if schedule impacted | 10% of construction contract amount 20% of construction contract amount |
| 3) <u>Greater Than \$1,000,000</u> a) CCO limit b) CCO limit if schedule impacted | \$100,000 \$200,000 |
| 4) Emergency situations for any size project | CMSA Board Chair approval if schedule impacted, with subsequent ratification by CMSA Board |

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. The General Manager shall approve all professional services and contractual progress payments regardless of amount after the contract(s) is approved and awarded by the Board.

Agency staff designated as responsible for specific line-items and/or categories in the adopted Agency's annual budget shall be responsible for reviewing single payments, which are related to the transactions covered by this Policy, other Procurement Management policies (#561 and 562), 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 justifying and verifying that the related work, services, and/or materials and supplies are completed per the scope of the procurement document.

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| POLICY #: | 561 |
| SECTION: | FINANCIAL – PROCUREMENT MANAGEMENT |
| SUBJECT: | Contracting |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Contracting policy is to provide direction regarding how contracts and purchase orders should be awarded, processed, and approved to ensure integrity and consistency with established Agency policies and legal requirements. It also ensures that the most 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.

POLICY

I. Approval

This Contracting policy is used in conjunction with Policy #560, *Signature Authority*, which defines the signature responsibility and approval levels within the Agency for specific types of procurement transactions.

II. General Procedures and Processes

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 responsive and responsible contractor and/or supplier to meet the purpose of this Policy and that comply with relevant State laws.

These procedures will ensure competitive and evaluative contract awards, 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 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 and conditions and form may be reviewed by legal counsel before the contract is executed.

III. Contracting and Procurement Processes

A. Public 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.

- 1) If the estimated cost of a project is less than the Tier I amount (refer to Policy #560, *Signature Authority*) the General Manager can execute a contract or purchase order agreement for the defined services.
- 2) If the estimated cost of a project is within the Tier II amount, the project can be informally bid and the General Manager has the authority to execute a contract or purchase order agreement.
- 3) If the estimated cost of a project exceeds the Tier III amount, the contract is subject to Board approval.

IV. Professional Services Agreements

Agency staff shall follow the following parameters for evaluating professional services contracts. The processes shall consider and evaluate the consultant's suggested approach, scope of work, proposed fees, relevant experience, and other qualifications that are in the best interests 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 interests of the Agency to conduct a formal request for proposal (RFP) and/or qualifications (RFQ) process.
- B. For those services that exceed the General Manager's signature authority, the consultant shall be selected by an RFP or RFQ/RFP process. The contract shall be awarded to the most qualified service provider by the CMSA board.

V. Maintenance Services Contracts

Agency staff shall follow the following parameters for evaluating maintenance services 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 California Uniform Construction Cost Accounting Commission (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 interests 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.

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 Policy #562, *Purchasing*.
- 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 procurement procedures (see Administrative Policy and Procedure #75, *Equipment Procurement* and #76, *Material Procurement*), 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 (such as "pooling" contracts) may be used when the Agency can join contractually with other governmental 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. Approval of these agreements shall be consistent with Policy #560, *Signature Authority*.

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| POLICY #: | 562 |
| SECTION: | Financial – Procurement Management |
| SUBJECT: | Purchasing |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Purchase policy is to provide Agency staff with the direction to ensure continuity and uniformity in its purchasing operation for non-contract goods and services.

POLICY

I. Approval

This Purchasing Policy is associated with Policy #560, *Signature Authority*, which defines the signature responsibility and approval levels within the Agency for specific types of procurement transactions. The process for complying with each method of procurement is explained below.

II. Blanket Purchase Order

At the beginning of each fiscal year, Finance Department 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 the Personnel and Accounting Technician shall keep a record of the purchase (i.e., receipt, packing slip) to provide supporting documentation for invoice or statement payment processing. These cards shall also be governed by the same policies stated under the Purchase Card section below.

III. 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.

IV. Petty Cash

Agency staff can 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. 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. These expenses may include supplies, parts, bridge tolls, attendance at offsite meetings and trainings, multi-Agency meetings, etc. All requests for petty cash disbursements shall be in writing using the appropriate form and approved by the department manager. Petty cash disbursements are made by the Administrative Assistant or Administrative Services Manager.

V. State of California Purchase Card Program

The Board of Commissioners shall approve the number and type of management, supervisory, and administrative positions that are authorized to use purchase cards (credit cards). The General Manager shall issue the cards to the specific employees (cardholders) 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. He/she will manage the Agency's account in accordance with the requirements of the Purchase Card Program, including, but not limited to, assigning purchase cards and purchase limits to authorized employee card holders, collecting and cancelling cards from card holders when they leave Agency employment, and reviewing purchase card transactions, etc.

A. Use of the Card

The cardholder shall be the only person authorized to sign for purchased items and shall be the only person to make telephone and online transactions using the purchase card. The cardholder shall not give or authorize use of his/her card to another employee without the department manager's approval. The employee who is assigned a purchase card is responsible for safeguarding 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 (i.e., receipt, packing slip) to document purchases on the purchase card's account statement. An approved purchase order is required before using the purchase card for any transactions over \$500. 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 not 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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| POLICY #: | 570 |
| SECTION: | FINANCIAL - ASSET MANAGEMENT |
| SUBJECT: | General |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Asset Management Policy is to provide Agency staff with direction regarding asset planning and condition assessment to be used in the Agency's annual budget and capital improvement program development.

POLICY

I. General

The General Manager or designee shall ensure that Agency staff are utilizing 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 Agency's infrastructure assets and equipment for the cost-effective operation, maintenance, and management of these assets. Asset plans shall be developed and maintained for all assets with an original cost equal to or greater than the capitalization threshold (See Policy #571, *Assets Accounting*). 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 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 Capital Improvement Plan (see Policy #551, Capital Improvement Plan), 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 (refer to Financial Policy #571, *Assets Accounting*).

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 will develop and implement inventory management procedures. Procurement of parts and supplies that are placed into inventory shall conform to Policy #562, *Purchasing*, Policy #540, *Expenditure Management*, and related procedures.

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 (e.g., surplus assets). The General Manager shall approve disposal of a surplus asset valued at \$5,000 or less. The Board shall approve disposal for a surplus asset valued at greater than \$5,000.

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| POLICY #: | 571 |
| SECTION: | FINANCIAL – ASSET MANAGEMENT |
| SUBJECT: | Assets Accounting |
| DATE: | 07/22/2015 |

PURPOSE

The purpose of the Assets Accounting Policy is to provide Agency staff with direction on financial accounting, reporting, and control of the Agency’s capital assets.

POLICY

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 for each asset with an expected life of at least two 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 (e.g., plant infrastructure, land, buildings, furniture and fixtures, machinery, and equipment). All costs associated with purchase, 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, 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 should not be capitalized, regardless of the amount, and shall be recorded as repair and maintenance expenses in that fiscal year.