



Central Marin Sanitation Agency

COMMISSION SPECIAL MEETING AGENDA

November 13, 2025

Hybrid Meeting

6:00 p.m.

NOTE: This is a Hybrid Board meeting and will be held in-person in the Board Room of the Central Marin Sanitation Agency located at 1301 Andersen Drive, San Rafael CA 94901 and via Zoom®.

If you would like to participate via Zoom, click the link below or copy and paste the address into your browser. You may also phone-in at the number below.

Join Zoom Meeting

Online:

<https://us06web.zoom.us/j/81319637283>

Phone in:

+1 253 215 8782

Meeting ID:

813 1963 7283

Public Comment: Members of the public may directly address the Board on any item appearing on the Agenda. They may address the Board when the item is called by the Board Chair and he/she indicates it is the time for the public to speak to the agenda item. Public comments can also be submitted via email to the Recording Secretary at telam@cmsa.us.

The public comment period opens when the agenda is posted online and will close two hours prior to the start of the meeting. Include your name and the item you'd like to provide written comment on. Written comments submitted will be shared with the Board before the meeting, summarized during the Open Period for Public Participation, and included in the meeting proceedings.

To provide comments virtually during the meeting:

- If in the Zoom teleconference, use the “raise hand” feature. The Host will notify and unmute you when it is your turn to speak.
- If on a phone, press *9 (“star + 9”), and the Host will notify and unmute you when it is your turn to speak.

If you experience an issue providing comments in the meeting, please email those comments to the Recording Secretary at telam@cmsa.us.

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AGENDA

1. **6:00 p.m.: Call Meeting to Order**

2. **Pledge of Allegiance**

3. **Roll Call**

4. **Agenda Review & Approval**

5. **Open Period for Public Participation**

Open time for public expression, up to two minutes per speaker, on items within CMSA's jurisdiction and not on the Board of Commissioners' agenda. The Board will not discuss or take action during open time, but Board members may briefly respond to statements made or questions proposed by the public, ask for clarification from staff, refer the matter to staff, or request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

6. **Consent Calendar**

a)	Minutes – Regular Board Meeting, October 2025
b)	Resolution No. 367 – Resolution of the Board of Commissioners of the Central Marin Sanitation Agency Rescheduling the Regular Meeting on Tuesday, November 11, 2025 to Thursday, November 13, 2025
c)	Treasurer's Report – October 2025
d)	October 2025 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report
e)	Performance Metric Report – October 2025
f)	FY26 First Quarter Budget Status Report
g)	FY25 Capacity Charge Schedule
h)	General Manager Employment Agreement - Amendment #6
i)	Revised Signature Authority Financial Policy
j)	Procurement of Equipment for Primary Clarifiers No. 4, 5, 6, and 7
k)	Procurement of Headworks Influent Sluice Gates

7. **Fiscal Year 2025 Audited Financial Statements**

Recommendation: Accept the Agency's FY25 audited financial statements, and provide comments or direction to the General Manager, as appropriate

8. **Public Hearing for the Proposed Compensation Ordinance 2025-2, Entitled "An**

Ordinance of the Central Marin Sanitation Agency Board of Commissioners Adjusting Commissioner Compensation"

Recommendation: Conduct the public hearing for the proposed Compensation Ordinance 2025-2, pass the Ordinance, and authorize publication of a summary of the passed Ordinance in the Marin Independent Journal newspaper.

9. **Revised Board Policy #2 - Compensation for Agency Officials**

Recommendation: Approve the revised Board Policy #2 – Compensation for Agency Officials.

10. **Grit Classifiers Replacement Project - Construction Contract Award**

Recommendation: Reject the C. Overaa & Co bid and award the construction contract for the Grit Classifiers Replacement Project to D.W. Nicholson Corporation for the total bid amount of \$1,598,962, and authorize the General Manager to execute the contract agreement.

11. **November 2025 Informational Items**

Recommendation: Informational, provide comments or direction to the General Manager, as appropriate.

12. **North Bay Watershed Association (NBWA) Report***

13. **Oral Reports by Commissioners***

14. **Oral Reports by General Manager ***

15. **Items for Next/Future Agendas**

16. **Adjourn to Closed Session**

Public Employee Performance Evaluation

Title: General Manager

California Government Code Section 54957

17. **Reconvene in Open Session**

Report on any action taken in Closed Session.

18. **Next Scheduled Regular Meeting**

December 9, 2025 at 6:00 p.m.

*Information not furnished with Agenda

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Central Marin Sanitation Agency at 415-459-1455. For auxiliary aids or services or other reasonable accommodations to be provided by the Agency at or before the meeting, please notify the Agency at least 3 business days in advance of the meeting date (meeting is the second Tuesday of each month). If the Agency does not receive timely notification of your reasonable request, the Agency may not be able to make the necessary arrangements by the time of the meeting.

**Central Marin Sanitation Agency****COMMISSION REGULAR MEETING MINUTES
October 14, 2025
Via Hybrid Meeting**

NOTE: The minutes are an official record of the Board meeting. There are also official audio and video recordings available on the Agency's website at www.cmsa.us. The time stamps on these minutes refer to the items' start times on the video recording of the meeting. Please contact CMSA at 415-459-1455 for information about receiving a copy of these records.

1. Call Meeting to Order**2. Pledge of Allegiance**

Chair DiGiovanni called the meeting to order at 6:00 p.m. a quorum was present

3. Roll Call**00:00:48**

Present: Commissioners Eli Beckman, Maribeth Bushey, Michael Boorstein, Dean DiGiovanni (via Zoom), and Thomas Gaffney.

Absent: None

Staff Present: Jason Dow, General Manager; Peter Kistenmacher, Technical Services Manager/Assistant General Manager; Corey Spray, Administrative Services Manager; Nick Talbot, Treatment Plant Manager

Public Present: RVSD Employment law attorney

4. Review and Approve Agenda**00:01:20**

Commissioner Bushey requested to remove item 11 from agenda as the Board would discuss the item during closed session.

The Board discussed the conflict-of-interest rules with CMSA legal counsel Brandon Halter and agreed to remove item 11 due to anticipated litigation.

ACTION:	Commissioner Bushey moved to remove item 11; second Commissioner Beckman.	
DIRECTION:	None	
VOTE:	The item was passed by a vote of 4 to 1.	
	AYES:	Beckman, Boorstein, Bushey, DiGiovanni,
	NAYS:	Gaffney
	ABSTAIN:	None

5. Open Period for Public Participation

00:15:04

There were no comments from members of the public.

6. Consent Calendar

00:15:14

a)	Minutes – Regular Board Meeting, September 9, 2025
b)	Treasurer’s Report – September 2025
c)	September 2025 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report
d)	Performance Metric Report – September 2025
e)	FY26 Asset Management Program 1st Quarter Report
f)	Sale of the 2007 Ford F-450 Service Truck
g)	Acceptance of Completion for the Biosolids Hoppers Coating Work
h)	Procurement of Auger Grinder Screen System

Commissioner Boorstein requested item 6h to be pulled for discussion.

The Board asked GM Dow to provide additional information on item 6h.

GM Dow provided the Board with background information on the procurement of the auger grinder screen system for the West Pump Station improvement project, with a total project cost not to exceed \$245,000 to be reimbursed by the Department of Corrections.

Commissioner Boorstein asked clarifying questions regarding the signing authority of the Chair and authority to approve purchases exceeding the GM’s signing authority between board meetings.

GM Dow stated that historically, Board Chair’s had approved purchases in the past due to timing to minimize construction time delays.

Commissioner Bushey noted the importance of retaining discretion with both the Board Chair and the GM for swift action that benefits the Agency and its customers. She further stated the item can be brought to the Board for approval afterward.

GM Dow stated the Agency would review and update the administrative policies to clarify the Board Chair’s approval authority and bring it back to the board for review.

Comments from the Public

There were no comments from members of the public.

ACTION:	Commissioner Bushey moved to approve 6a through 6g; second, Commissioner Beckman	
	Commissioner Beckman moved to approve 6h ; second, Commissioner Gaffney.	
DIRECTION:	None	
VOTE:	The items were passed unanimously.	
	AYES:	Beckman, Boorstein, Bushey, DiGiovanni, Gaffney

	NAYS:	None
	ABSTAIN:	None

7. Legal Conflict of Interest Waiver - Delegation Policy

00:25:34

GM Dow stated the Agency received a legal conflict of interest waiver from a law firm in July which he discussed with Agency legal counsel, and it was determined that GM would not sign the waiver.

Mr. Halter stated many agencies delegate to their general counsel the ability to decide on conflict-of-interest waiver requests, and that CMSA currently had no current policies to do so.

The Board discussed whether to create a formal policy regarding legal conflict of interest waivers. The Board agreed to develop a default policy, to deny conflict of waiver requests, absent compelling facts to be decided by the Board Chair and GM or Attorney. The Board requested Mr. Halter prepare a draft board policy for future Board review.

Comments from the Public

There were no comments from members of the public.

ACTION:	Commissioner Bushey moved to prepare a Delegation of Authority to Execute Conflict of Interest Waivers policy; second, Commissioner Boorstein	
DIRECTION:	None	
VOTE:	The item was passed unanimously.	
	AYES:	Beckman, Boorstein, Bushey, DiGiovanni, Gaffney
	NAYS:	None
	ABSTAIN:	None

8. Board Compensation Policy

00:37:01

GM Dow stated the Board Compensation Policy was revised in 2018 which increased commissioner compensation from \$100 to \$225, and that only minor edits were made in 2020 and 2023.

The Board reviewed and discussed the compensation rates survey of surrounding agencies, including a potential CPI increase and voted to increase the daily rate to \$250, and continue the 2-year review cycle.

GM Dow stated the Agency would bring the revised policy to the next board meeting as well as an ordinance to increase the compensation for Board approval

Comments from the Public

There were no comments from members of the public.

ACTION:	Commissioner Gaffney moved to approve the Board stipend amount increase to \$250; second, Commissioner Beckman	
DIRECTION:	Agency staff to revise policy and create public notice summary by next meeting.	

VOTE:	The item was passed unanimously.	
	AYES:	Beckman, Bushey, Boorstein, DiGiovanni, Gaffney
	NAYS:	None
	ABSTAIN:	None

9. Reschedule the November Board meeting

00:44:54

The Board discussed rescheduling the November 11, 2025, Board meeting due to the Veterans Day holiday conflict and agreed to meet on Thursday, November 13, 2025.

Comments from the Public

There were no comments from members of the public.

ACTION:	Commissioner Bushey moved to approve Reschedule the November Board meeting; second, Commissioner Gaffney	
DIRECTION:	None	
VOTE:	The item was passed unanimously.	
	AYES:	Beckman, Boorstein, Bushey, DiGiovanni, Gaffney
	NAYS:	None
	ABSTAIN:	None

10. Development Options for the Agency's Next 5-year Strategic Plan

00:44:54

GM Dow stated the current 5-year strategic plan, which includes the Agency's Vision, Mission, Values and Goals, was set to expire in June 2026. GM Dow stated the Agency previously hired a consultant who worked with staff and the board to draft a strategic plan and noted it was a 3-to-4-month process. GM Dow provided the Board with several approaches to consider in developing the new plan, such as keeping the current plan, the Board work on creating a plan, hiring a consultant to work with the Board and staff to prepare a new plan, or have the strategic planning committee work on the plan revisions and bring it back to the Board.

The Board discussed the options and agreed that Agency staff should continue working with the current version and provide the Board with proposed updates.

Comments from the Public

There were no comments from members of the public.

ACTION:	None	
DIRECTION:	The Agency's Strategic Planning Committee to prepare a new 5-year strategic plan for Board review and comment.	

- 11. Proposed FY26 Regional Charge Allocation Options** 00:55:16
Removed from the Agenda, see item 4.
- 12. October 2025 Informational Items** 00:55:17
There was no discussion on any of the items
- 13. North Bay Watershed Association (NBWA) Report** 00:56:56
Commissioner Boorstein discussed a report on bee populations presented at the NBWA meeting and the potential impacts of commercially raised bees on wild bee populations.
- 14. Oral Reports by Commissioners** 01:01:42
Commissioner Boorstein stated RVSD was recognized for their 'Trash It Don't Flush It' campaign, which focused on the overuse of nitrile gloves filling the collection systems in the latest California Small District Association publication.
- 15. Oral Reports by General Manager** 01:01:50
GM Dow referred to his handout and reported:
- Electrical Engineer consultant completed the biennial assessment of the main electrical switchgear, and no corrective actions had to be made which allowed for work to be pushed out two years in the CIP.
 - Agency Public Education program participated in the Marin Sanitary Service public outreach event and received 250 visitors at the program outreach booth.
- 16. Items for Next/Future Agendas** 01:05:00
None.
- 17. Adjourn to Closed Session** 01:05:10
- A. Public Employee Performance Evaluation
Title: General Manager, California Government Code Section 54957
- B. Anticipated Litigation
Significant exposure to litigation pursuant to California Government Code Section 54956.9(d)(2)
- 18. Reconvene in Open Session**
Direction was given to staff.
- 19. Next Scheduled Meeting**
The Board has scheduled a Regular meeting for November 13, 2025 at 6:00 p.m.

Respectfully submitted,

Corey Spray, Administrative Services Manager

Dean DiGiovanni, Chair

DRAFT

Resolution No. 367**RESOLUTION OF THE BOARD OF COMMISSIONERS
OF THE CENTRAL MARIN SANITATION AGENCY RESCHEDULING THE REGULAR MEETING ON
TUESDAY, NOVEMBER 11, 2025 to THURSDAY, NOVEMBER 13, 2025**

Whereas, the Board of Commissioners (Board) for the Central Marin Sanitation Agency (CMSA) holds a monthly Board meeting on the second Tuesday of the month at 6:00 pm at the CMSA office; and

Whereas, at the Board's October 14, 2025 meeting, the Board took action to reschedule its regular November 11, 2025 meeting to Thursday, November 13, 2025, to avoid it conflicting with Veteran's Day.

Whereas, the Board's action to reschedule the November meeting is in compliance with the Brown Act, but it is not in compliance with Section 10 of the CMSA Joint Powers Agreement (JPA), which requires regular Board meetings to be set by Resolution.

NOW, THEREFORE BE IT RESOLVED, to comply with Section 10 of the JPA, the Board of Commissioners of CMSA hereby reschedules the regular November 11, 2025 meeting to November 13, 2025.

Adopted by the Commission of the Central Marin Sanitation Agency at a regular meeting thereof on the 13th day of November, 2025, and passed by the following vote:

Ayes:

Noes:

Absent:

Dean DiGiovanni, Chair

Attest: _____
Eli Beckman, Secretary

**BOARD MEMORANDUM**

November 10, 2025

To: CMSA Board of Commissioners

From: Corey Spray, Administrative Services Manager
Jason Dow, General Manager**Subject: October 2025 Treasurer's Report**

Purpose: Consistent with *Financial Policy# 530 – General*, Agency staff shall prepare a monthly Treasurer's Report that presents the Agency's cash and investments, operating and capital reserves, and cash flow activities.

Cash and Investments:

	Cash/Investment	Financial Institution	9/30/2025	Receipt	Disbursement	FMV Change	Funds Transfer	10/31/2025
1	Operating account	Westamerica	\$ 1,804,037	\$ 423,601	\$(2,247,285)	\$ -	\$ 985,714	\$ 966,066
2	Petty cash	In-house	400	-	(147)	-	-	253
3	RV petty cash	In-house	39	341	-	-	(352)	28
4	Pension bond trust	US Bank	2,869	89	-	-	-	2,958
5	Revenue bond trust	US Bank	7,527	436	-	-	-	7,964
6	Pooled investment	LAIF	19,442,496	224,619	-	-	(1,000,000)	18,667,116
7	Pooled investment	CAMP	445,363	1,611	-	-	-	446,975
8	Dental trust	EDIS	5,157	-	(1,572)	-	14,639	18,224
9	Pension trust	Keenan	1,642,197	4,499	-	11,207	-	1,657,902
10	Total Agency		<u>\$23,350,085</u>	<u>\$ 655,197</u>	<u>\$(2,249,004)</u>	<u>\$ 11,207</u>	<u>\$ -</u>	<u>\$ 21,767,485</u>
11	Total net change in cash and investments			<u>\$(1,582,600)</u>	<i>[Includes FMV change in pension trust]</i>			

Note: The Fair Market Value (FMV) change on the LAIF portfolio is not included in the above presentation due to the funds deposited into the pooled account are guaranteed to be withdrawn dollar-for-dollar at the request of the Agency. Furthermore, the change in the pension trust is not included due to timing of the release of the statement for the current month.

	Cash/Investment	Financial Institution	10/31/2025	CM Interest	Average
			Institution	/FMV Change	RoR%
1	Operating account	Westamerica	\$ 966,066	\$ 976	1.00%
2	Petty cash	In-house	253	-	0.00%
3	RV petty cash	In-house	28	-	0.00%
4	Pension bond trust	US Bank	2,958	89	3.51%
5	Revenue bond trust	US Bank	7,964	436	3.51%
6	Pooled investment	LAIF	18,667,116	224,619	4.13%
7	Pooled investment	CAMP	446,975	1,611	4.34%
8	Dental trust	EDIS	18,224	-	0.00%
9	Pension trust	Keenan	1,657,902	15,706	6.22%
10	Total Agency		<u>\$21,767,485</u>	<u>\$ 243,438</u>	<u>2.52%</u>

Note: The average rate of returns for each account are annualized calculations of the monthly or quarterly interest proceeds received. The total Agency average rate of return percentage is the simple average of all annualized return percentages.

Operating and Capital Reserves:

Financial Policy #532 – Reserve stipulates the establishment of certain reserve categories to manage the Agency’s liquidity. Some of the Agency’s activities are legally binding based on existing agreements, State law, or Internal Revenue Code (IRC) requirements that make these funds restricted, i.e., the debt service trusts for both the pension obligation bond and revenue bonds, payments being made out of a dedicated payment account established by EDIS, collection of capacity and debt service coverage fees, as well as the Section 115 pension investment trust. Other activities are tethered to Board of Commissioner approved policies that commit certain funds, i.e., establishment of an operating, emergency and capital reserves that have specific funding targets. All other activities that do not meet either the restricted or committed categories are classified as unassigned funds.

The Agency strives to use its unassigned funds first when conducting its core operations. Transfers to and from and its committed reserves are conducted following the management practices stipulated as per Financial Policy. Transfers to and usage of proceeds allocated within its restricted reserves comply with current applicable laws and regulations.

	Reserve	Status	Note 2		Funds Transfer	10/31/2025	Board Target
			9/30/2025	Net Result			
1	Pension trust (Note 1)	Restricted	\$ 1,642,197	\$ 15,706	\$ -	\$ 1,657,902	\$ -
2	Pension bond trust	Restricted	2,869	89	-	2,958	-
3	Revenue bond trust	Restricted	7,527	436	-	7,964	-
4	Dental trust	Restricted	5,157	(1,572)	14,639	18,224	-
5	Capital reserve	Restricted	1,124,300	44,135	-	1,168,435	1,124,300
6	Operating reserve	Committed	4,302,500	-	-	4,302,500	4,293,000
7	Emergency reserve	Committed	500,000	-	-	500,000	500,000
8	Unassigned operating	Unassigned	-	(1,105,048)	1,605,048	500,000	-
9	Unassigned capital	Unassigned	15,765,535	(536,347)	(1,619,687)	13,609,502	8,626,700
10	Total Agency		\$23,350,085	\$(1,582,600)	\$ -	\$21,767,485	\$ 14,544,000

Note 1: The pension trust net result is non-cash due to it including changes in fair value of the investment portfolio.

Note 2: Net result is the difference between cash receipts, FMV change, and cash disbursements.

Statement of Compliance:

The above portfolio of investments is in compliance with the Agency’s investments policy, adopted annually, and California Code Section 53601, authorized investments, and 53646, investments policy. In addition, the Agency does have the financial ability to meet its cash flow requirements for the next six months.

Further detail on the cash flows are provided in the succeeding pages showing the current month cash receipts and disbursements along with a comparison of the fiscal year-to-date activity to the annual budget.

Cash Receipt & Disbursement Detail

A breakdown of the cash receipts for all Agency cash and investment accounts over the past month is listed below:

	Cash Receipt Transaction	Amount
1	Permit and inspection fee collections	\$ 3,155
2	Laboratory services (Verily September 2025)	1,350
3	Waste Haulers & RV	35,051
4	Organic Waste Programs	11,644
5	SRSD Service Agreement Development collection	13,341
6	SQRC Wastewater Services Contract (June 2025)	137,992
7	SQ Village Operations & Maintenance contract	2,882
8	Sanitary District #2 Pump Station Maintenance Contract (Jul-Sept 2025)	108,185
9	Marin Clean Energy power purchase (July & August 2025)	26,913
10	Marin Airpoter lease payment (October 2025)	6,219
11	Capacity Charges (see below)	37,768
12	Misc collections (Peroxide study reimb/vehicle sale/other reimb)	38,466
13	Interest received & FMV change in pension trust (<i>all accounts</i>)	243,438
14	Total Agency cash receipts	<u>\$ 666,404</u>

As per the Joint Powers Authority (JPA) Agreement, the member agencies have agreed to collect the Agency's share of capacity charges and remit the proceeds within 45 days of collection. For the current month, the breakdown of capacity charges from each member is the following:

	JPA Member	Amount	Notes
1	Ross Valley Sanitary District	\$ -	N/A
2	San Rafael Sanitation District	5,811	12 fixture units
3	Sanitary District #2	31,958	65 fixture units
4	Total capacity charges	<u>\$ 37,768</u>	

Please see attached *Disbursement Register* for the disbursement detail.

Fiscal Year-to-Date Budget-to-Actual (*Cash Basis*) – As of October 2025 (P4 – 33.3%)

	FY2026 Budget	FY2026 YTD Actual	Budget Remain \$	Budget Used %
OPERATING ACTIVITIES				
SOURCES				
1 Regional service charges	\$ 13,843,600	\$ 3,460,900	\$ 10,382,700	25.0%
2 Contract service collection fees	2,041,100	635,320	1,405,780	31.1%
3 Program collection fees	194,100	81,573	112,527	42.0%
4 Permits, source control, inspection & other fees	507,000	251,167	255,833	49.5%
5 Bank interest (<i>all except USB Rev Bonds</i>)	880,300	542,773	337,527	61.7%
6 Total funding sources	17,466,100	4,971,732	12,494,368	28.5%
USES				
7 Salaries and benefits	11,368,500	4,813,504	6,554,996	42.3%
8 Chemicals and fuel	2,014,900	689,285	1,325,615	34.2%
9 Biosolids management	645,300	267,612	377,688	41.5%
10 Permit testing and monitoring	260,100	104,410	155,690	40.1%
11 Repairs and maintenance	768,300	360,662	407,638	46.9%
12 Utilities and telephone	392,400	92,979	299,421	23.7%
13 Insurance	632,500	433,269	199,231	68.5%
14 General and administrative	1,098,050	308,473	789,577	28.1%
15 Total funding uses	17,180,050	7,070,194	10,109,856	41.2%
16 Net funding position change	\$ 286,050	\$ (2,098,462)	n/a	n/a
CAPITAL ACTIVITIES				
SOURCES				
17 Debt service charges	\$ 4,497,200	\$ 3,795,098	\$ 702,102	84.4%
18 Debt service coverage fees	1,124,300	948,774	175,526	84.4%
19 Capital fees	1,903,500	475,875	1,427,625	25.0%
20 Capacity charges	40,500	252,624	(212,124)	623.8%
21 Grant proceeds	-	-	-	0.0%
22 Capital debt proceeds, net	12,675,000	-	12,675,000	0.0%
23 Bank interest (<i>USB Rev Bonds only</i>)	130,100	7,998	122,102	6.1%
24 Total funding sources	20,370,600	5,480,369	14,890,231	26.9%
USES				
25 Capital debt service	4,497,200	4,029,041	468,159	89.6%
26 Capital improvement program	16,787,890	2,804,880	13,983,010	16.7%
27 Total funding uses	21,285,090	6,833,921	14,451,169	32.1%
28 Net funding position change	\$ (914,490)	\$ (1,353,552)	n/a	n/a
TOTAL AGENCY				
29 Total funding sources	\$ 37,836,700	\$ 10,452,101	27,384,599	27.6%
30 Total funding uses	38,465,140	13,904,115	24,561,025	36.1%
31 Net funding position change	\$ (628,440)	\$ (3,452,014)	n/a	n/a

Attachment:

- October 2025 Disbursement Register

CENTRAL MARIN SANITATION AGENCY
ATTACHMENT - DISBURSEMENT REGISTER
For the Month Ended OCTOBER 30, 2025

Number	Date	Vendor/Payee	Amount	Description
2027521				Last check from prior month's register
2027522	10/01/2025	Byron Jones	185.08	Reimbursement for monthly retiree health benefits
2027523	10/01/2025	Phillip Frye	185.08	Reimbursement for monthly retiree health benefits
2027524	10/03/2025	California State Disbursement	348.92	Garnishment for pay period ending 09/27/2025
2027525	10/03/2025	California State Disbursement	194.42	Garnishment for pay period ending 09/27/2025
2027526	10/06/2025	Allied Fluid Products Corp	2,132.12	Rubber for primary and secondary skimmers (2 invoices)
2027527	10/06/2025	Atmospheric Analysis	1,639.00	Monthly biogas monitoring
2027528	10/06/2025	Give Me Five LLC	1,518.14	CMSA logo baseball hats
2027529	10/06/2025	Harrington Industrial Plastics	632.56	PVC fittings for ferric pumps
2027530	10/06/2025	Itzel Montano	224.00	Employee reimbursement: Laboratory analyst Grade II exam
2027531	10/06/2025	Water Components & Bldg. Supp.	131.68	Clamp and seal hot water line repair
2027532	10/06/2025	EDIS	965.00	Dental monthly fee, October 2025
2027533	10/08/2025	CWEA TCP	400.00	CWEA tour and Continuing Education Presentation at Novato Sanitary District for 8 employees
2027534	10/08/2025	Grainger	9,566.18	SD2: Electrical fitting, enclosure and conduit for Trailer Ct. (3 invoices, Note B). SQRC: VFD clock battery, electrical relays and trash bags (3 invoices, Note B). Solenoid valve, hoses, welding wire, fittings, lube and mineral oil, sanding belt, cam rollers, pipes, ethernet cable, PVC glue ,and hardwares (18 invoices)
2027535	10/08/2025	McMaster-Carr Supply Co.	6,020.55	SQRC: Inspection tags for eyewash (1 invoice, Note B). 2-in ball valve, gear rack, cutting tool, paint supplies, 4-inch port valve, bolts and piping (8 invoices)
2027536	10/09/2025	Environmental Express Inc.	582.66	Laboratory chemical: digestion reagent solution
2027537	10/09/2025	Environmental.com	1,257.48	Laboratory supplies: wide-mouth bottles (5 invoices)
2027538	10/09/2025	Fisher Scientific	4,258.98	Laboratory chemicals: Ascorbic acid, sodium bromide, sulfuric acid, and suppressor reagent. Laboratory supplies: Coupler, micro vials, and beakers (15 invoices)
2027539	10/09/2025	Hach Company	934.39	Laboratory chemicals: Chlorine, nutrient BFR solution and COD Standard solution (3 invoices). Laboratory test strips (2 invoices)
2027540	10/09/2025	Idexx Distribution Inc	1,171.86	Laboratory supplies: 100-pk micro containers
2027541	10/09/2025	VOID	-	VOID
2027542	10/09/2025	Reinholdt Engineering Construction	250.00	Monthly underground storage tank inspection, September 2025
2027543	10/09/2025	Univar USA Inc	24,372.70	Sodium hypochlorite (2 deliveries)
2027544	10/09/2025	USP Technologies	13,858.62	Hydrogen peroxide (2 invoices)
2027545	10/10/2025	AT&T Corp	175.00	Monthly internet fee, September 2025
2027546	10/10/2025	Blake Petersen	607.14	Employee travel per diem: Jenbacher training in Redwood City and reimbursement for safety prescription glasses
2027547	10/10/2025	Clark, James	250.00	Employee reimbursement: Safety boots
2027548	10/10/2025	Downey Brand LLP	381.03	Legal Services: Real Estate law, June 2025
2027549	10/10/2025	Mary Jo Ramey	59.67	Employee purchase reimbursement: Mill Valley Trunk or Treat event (Note B)
2027550	10/10/2025	PG&E	11,090.67	Electricity service at Sir Francis Drake 08/18/2025-09/16/2025, and electricity service at CMSA, 08/13/2025-09/11/2025 (2 invoices)
2027551	10/10/2025	Sean Clementz	251.00	Employee reimbursement: CWEA membership renewal fee
2027552	10/10/2025	USP Technologies	21,311.17	Hydrogen peroxide (3 invoices)
2027553	10/13/2025	Downey Brand LLP	2,754.00	Legal Services: Real Estate law, August 2025
2027554	10/13/2025	Evoqua Water Tech LLC	170.50	DI water system maintenance
2027555	10/13/2025	Jackson's Hardware	163.11	Misc. hardware supplies, September 2025
2027556	10/13/2025	Kone Inc	225.41	Elevator monthly maintenance, September 2025
2027557	10/13/2025	Lystek International LTD	21,332.16	Biosolids beneficial reuse fee, September 2025
2027558	10/13/2025	Marin Color Service	315.77	Paint, plastic tray liners, mini roller frame, poly foam brush, blue tape (4 invoices)
2027559	10/13/2025	Marin Resource Recovery Center	366.00	Trash disposal (3 invoices)
2027560	10/13/2025	Marin Sanitary Service - 0004321	1,478.71	Recycling and compost disposal, September 2025
2027561	10/13/2025	Marin Sanitary Service - 0027511	5,028.88	Grit box disposal, September 2025
2027562	10/13/2025	PG&E	2,413.14	Natural gas supply, September 2025
2027563	10/13/2025	PG&E Non-Energy Collection Unit	160.15	Renewable energy expansion, October 2025
2027564	10/13/2025	Univar USA Inc	17,577.77	Sodium hypochlorite (1 delivery)
2027565	10/15/2025	Aleshire & Wynder LLP	375.00	Legal Services: Employment law, September 2025
2027566	10/15/2025	Automation Direct Co., Inc.	79.75	SD2: Power supply for SD2 vault (Note B)
2027567	10/15/2025	Give Me Five LLC	1,153.85	Public Ed Program: Stickers promotional item (Note B)
2027568	10/15/2025	Hach Company	1,409.02	Turbidity wiper meter, lab sensor cap replacement, DO probe wiper, and BOD standard dilution solution for testing (5 invoices)
2027569	10/15/2025	Hagel Supply Co.	279.63	Janitorial supplies: Mop and floor wax (2 invoices)
2027570	10/15/2025	Horizon Dist. Inc	195.01	Irrigation valve, and sprinkler parts (3 invoices)
2027571	10/15/2025	Progent Corporation	99.95	IT support, October 2025
2027572	10/15/2025	Prudential Overall Supply	2,081.30	Uniforms, September 2025
2027573	10/15/2025	Rock Steady Juggling	1,500.00	Public Ed Program: Two school presentations (Note B)
2027574	10/15/2025	Safety-kleen Systems, Inc	295.00	Hazardous waste disposal

CENTRAL MARIN SANITATION AGENCY
ATTACHMENT - DISBURSEMENT REGISTER
For the Month Ended OCTOBER 30, 2025

Number	Date	Vendor/Payee	Amount	Description
2027575	10/15/2025	Waste Management	6,675.31	Biosolids disposal, September 2025
2027576	10/17/2025	California State Disbursement	348.92	Garnishment for pay period ending 10/11/2025
2027577	10/17/2025	California State Disbursement	194.42	Garnishment for pay period ending 10/11/2025
2027578	10/15/2025	Blue Sky Environment, Inc.	34,950.00	Annual source test for Jenbacher system
2027579	10/15/2025	Euro Style Management	386,004.00	Primary clarifier and CCT coating project (payment #3, final)
2027580	10/16/2025	Fastenal Company	255.09	SS hardware for inventory
2027581	10/16/2025	Grainger	2,525.54	SD2: 2-in conduit and conduit fittings for Trailer Ct. (2 invoices, Note B), RDT valve rebuild kit, trash grabber, pipe cutter and cutter wheel (3 invoices)
2027582	10/16/2025	McMaster-Carr Supply Co.	2,473.10	SQRC: Auger, power supply (2 invoices, Note B). Thread pipe sealant, electrical conduit, grit classifier tubes, safety cover, padlock cover for washers, engine log books holder, masonry drill bits, conduit fittings adapter, and steel bar for hopper gate (9 invoices)
2027583	10/16/2025	Occupational Health Center of California	88.00	Hearing test: 1 NSD employee (Note B)
2027584	10/16/2025	Sentry	1,280.00	Sentry subscription for aeration basin #2 (invoice #11)
2027585	10/20/2025	Automation Direct Co., Inc.	193.37	SQRC: Contact block and selector switch (Note B)
2027586	10/20/2025	Flyers Energy LLC	2,773.60	Mobil gear oil for stock, and oil for Cummins engine
2027587	10/20/2025	Frank A. Olsen Co	11,634.62	SQRC: 12-inch plug valve (1 invoice, Note B). Butterfly valve, and 10-inch knife gate valve (2 invoices)
2027588	10/20/2025	Galco Industrial Electronics	975.79	Safe-pak relay
2027589	10/20/2025	Gregory Farley	136.56	Rack key for F150 truck
2027590	10/20/2025	GWF Technologies GmbH	14,665.00	RV interceptor flow meter installation: TO#2 - pipe prep and measurement (invoice #1)
2027591	10/20/2025	Hach Company	713.61	Chlorine
2027592	10/20/2025	Instrumart	4,307.93	Flowmeter
2027593	10/20/2025	Marin Independent Journal	1,092.45	Subscription renewal
2027594	10/20/2025	Marin Recycling HHWF	118.60	Hazardous waste disposal
2027595	10/20/2025	McInerney & Dillon, P.C.	322.00	Legal Services: Contract law, August 2025
2027596	10/20/2025	Metal Service Center	567.01	SS pipe for administration building hot water loop
2027597	10/20/2025	Motion Industries, Inc.	1,390.84	Hydraulic filter, PVC fitting, and 2-in SS braided hose (3 invoices)
2027598	10/20/2025	Pace Supply Corp.	1,658.11	Ball check, copper coupling, 6-inch victaulic blind caps, and christy box covers (4 invoices)
2027599	10/20/2025	Roy's Sewer Service, Inc.	6,000.00	OWRF storage tank and FOG tank cleaning
2027600	10/20/2025	Shamrock Building Materials	132.18	Propane
2027601	10/20/2025	Super Bright Leds, Inc	139.91	Strobe lights for pump station
2027602	10/20/2025	TEC Associates Inc	1,932.30	Hydrogen sulfide gas sensor for Headworks
2027603	10/20/2025	USA Blue Book	1,272.03	Pipe flange spacer
2027604	10/20/2025	Western Exterminator Co., Inc.	288.68	Pest control, September 2025
2027605	10/20/2025	Aleshire & Wynder LLP	450.00	Legal Services: Employment law, July 2025
2027606	10/20/2025	DKF Solution Group LLC	206.25	Consulting - CMSA new hire onboarding module update
2027607	10/20/2025	Dow, Jason	218.50	Employee travel per diem: CWIC annual meeting (Note B)
2027608	10/20/2025	Downey Brand LLP	396.34	Legal services: Real Estate law, September 2025
2027609	10/20/2025	McInerney & Dillon, P.C.	364.00	Legal services: Contract law, October 2025
2027610	10/20/2025	UBEO Business Services	4,130.02	Copier rental, 08/20/2025-10/20/2025 (2 invoices)
2027611	10/22/2025	Caltest Analytical Laboratory	27,171.27	Analytical services: Biosolids, Source control, NPDES monitoring (22 invoices)
2027612	10/23/2025	Caltest Analytical Laboratory	12,485.09	Analytical services: Biosolids, Source control, NPDES monitoring (8 invoices)
2027613	10/23/2025	CD & Power (Got Power, Inc.)	13,110.84	SD2: Rental generator for Paradise pump station (2 invoices, final)
2027614	10/23/2025	DKF Solution Group LLC	1,950.00	Safety consulting: Indoor heat illness prevention
2027615	10/23/2025	Enthalpy Analytical, LLC	805.00	PCB monitoring
2027616	10/23/2025	Environmental Express Inc.	368.69	Eco-conscious single-use BOD test
2027617	10/23/2025	Euro Style Management	68,564.41	Primary clarifier and CCT coating project retention payment
2027618	10/23/2025	Evoqua Water Tech LLC	467.50	DI water system maintenance
2027619	10/23/2025	Fastenal Company	1,082.47	Maintenance vending machine replenishment, September 2025
2027620	10/23/2025	Fisher Scientific	81.68	Sulfuric acid
2027621	10/23/2025	Hagel Supply Co.	849.04	Janitorial supplies: Mop, glass cleaner, sponges, paper towels, multi-fold towels, can liners, and bleach
2027622	10/23/2025	Moody's Investors Service	1,500.00	Annual credit rating service
2027623	10/23/2025	Phenova Inc	592.89	WP Enterococci and micro quantitative. and WS Source water proficiency testing
2027624	10/23/2025	State Water Resources Ctrl Brd	311.00	Operator certification application fee for E. Gilmore
2027625	10/23/2025	Univar USA Inc	42,222.44	Sodium hypochlorite (2 deliveries) and sodium bisulfite (1 delivery)
2027626	10/24/2025	Comcast	224.11	Internet service back-up, 10/04/2025-11/03/2025
2027627	10/24/2025	Diamond Tire Center	857.60	F150 truck tires
2027628	10/24/2025	Examinetics, Inc.	2,335.00	Annual hearing test: 10 NSD employees(Note B) and 41 CMSA employees
2027629	10/24/2025	Grainger	447.52	Lens cleaner, ear plugs and LOTO tags (3 invoices)
2027630	10/24/2025	Graybar	2,277.62	Flowmeter fittings
2027631	10/24/2025	Hach Company	573.45	Laboratory chemicals: COD digestion vials, and formazin turbidity standard (2 invoices)
2027632	10/24/2025	Hagel Supply Co.	91.58	Janitorial supply: Floor wax pads
2027633	10/24/2025	Horizon Dist. Inc	340.63	Sprinkler parts and pre-emergent herbicide (2 invoices)

CENTRAL MARIN SANITATION AGENCY
ATTACHMENT - DISBURSEMENT REGISTER
For the Month Ended OCTOBER 30, 2025

Number	Date	Vendor/Payee	Amount	Description
2027634	10/24/2025	Kone Inc	1,841.69	Elevator shutdown service call
2027635	10/24/2025	Marin Resource Recovery Center	606.00	Trash disposal (2 invoices)
2027636	10/24/2025	Marin Water	524.53	Water service at two Sir Francis Drake locations, 08/09/2025-10/08/2025 (2 invoices)
2027637	10/24/2025	McMaster-Carr Supply Co.	494.89	Welding safety umbrella
2027638	10/24/2025	Phenova Inc	656.00	WP micro quantitative. and WS Source water proficiency testing (2 invoices)
2027639	10/24/2025	Spex Certiprep Group LLC	504.00	Standard for TNI certification
2027640	10/29/2025	Evoqua Water Tech LLC	398.67	DI water system maintenance
2027641	10/29/2025	Hach Company	332.24	Silicone tubing
2027642	10/29/2025	Idexx Distribution Inc	2,994.07	Enterolert media NPDES monitor
2027643	10/29/2025	Marin Water	3,958.83	Water service at 1301 Andersen Drive location, 08/12/2025-10/10/2025 (2 invoices)
2027644	10/29/2025	Mettler Toledo LLC	907.26	Analytical balance annual service
2027645	10/29/2025	Regional Monitoring Program	63,885.00	Annual participant fee for Regional Monitoring Program
2027646	10/29/2025	Univar USA Inc	17,257.15	Sodium hypochlorite (1 delivery)
2027647	10/29/2025	USP Technologies	13,811.67	Hydrogen peroxide (2 invoices)
2027648	10/31/2025	California State Disbursement	348.92	Garnishment for pay period ending 10/25/2025
2027649	10/31/2025	California State Disbursement	194.42	Garnishment for pay period ending 10/25/2025
2027650	10/30/2025	Federal Express	20.15	Postage
2027651	10/30/2025	Hagel Supply Co.	13.02	Janitorial supply: Floor wax pads
2027652	10/30/2025	McMaster-Carr Supply Co.	455.98	Light bulbs, hardwares, pipe fittings, threaded PWC (5 invoices)
Total Checks			943,197.61	

Payments by ACH:

Date	Vendor/Payee	Amount	Description
10/16/2025	Amazon	1,172.52	Desk setup equipment, scanner, cellular antenna, and cables (2 invoices)
10/02/2025	Cal Public Employee Retirement	102,226.43	Medical insurance for October 2025
10/03/2025	CalPERS	50,575.52	Retirement pension contribution: Agency and employees, PPE 09/27/2025 (Note C)
10/17/2025	CalPERS	53,766.87	Retirement pension contribution: Agency and employees, PPE 10/11/2025 (Note C)
10/31/2025	CalPERS	50,357.76	Retirement pension contribution: Agency and employees, PPE 10/25/2025 (Note C)
10/16/2025	Carollo Engineers, Inc.	45,322.50	Prof Svcs: Nutrient Removal Alternatives Evaluation Project, September 2025 (payment #12), Grit classifier replacement project ESDC, September 2025 (invoice #1), Technical support plant electrical project, September 2025 (invoice #1)
10/14/2025	Constellation Energy Corporation	519.22	Natural gas supply, September 2025
10/03/2025	Employment Development Department	18,499.84	State and SDI Taxes, PPE 09/27/2025
10/17/2025	Employment Development Department	19,564.40	State and SDI Taxes, PPE 10/11/2025
10/31/2025	Employment Development Department	19,327.52	State and SDI Taxes, PPE 10/25/2025
10/31/2025	Hach Company	9,151.55	Chemical oxygen demand supplies, sampler pump tubing, turbidity standard, UV spec annual maintenance, contacting conductivity gateway, and dissolved oxygen controller probe (8 invoices)
10/21/2025	IEDA, Inc.	1,044.25	Labor Relations consulting fees, October 2025
10/03/2025	IRS	47,291.44	Federal income and Medicare Taxes, PPE 09/27/2025
10/17/2025	IRS	49,555.42	Federal income and Medicare Taxes, PPE 10/11/2025
10/31/2025	IRS	49,356.58	Federal income and Medicare Taxes, PPE 10/25/2025
10/24/2025	JE Sellen Consulting, LLC	4,615.00	Elevator control project consulting services, CN 25-25 (payment #2)
10/03/2025	Lincoln Financial Group	3,208.44	Life insurance, October 2025
10/15/2025	Michael Owen Boorstein	60.15	Lunch meeting reimbursement
10/03/2025	MissionSquare Retirement Trust-457	1,550.00	Deferred compensation contributions, PPE 09/27/2025 (Note A)
10/17/2025	MissionSquare Retirement Trust-457	1,550.00	Deferred compensation contributions, PPE 10/11/2025 (Note A)
10/31/2025	MissionSquare Retirement Trust-457	1,550.00	Deferred compensation contributions, PPE 10/25/2025 (Note A)
10/15/2025	Monica Oakley	315.00	NPDES permit regulatory consulting
10/02/2025	Retiree Benefits	13,171.97	Monthly reimbursement for retiree health benefits
10/03/2025	Nationwide Retirement	30,396.57	Deferred compensation contributions, PPE 09/27/2025 (Note A)
10/17/2025	Nationwide Retirement	30,097.25	Deferred compensation contributions, PPE 10/11/2025 (Note A)
10/31/2025	Nationwide Retirement	29,258.88	Deferred compensation contributions, PPE 10/25/2025 (Note A)
10/06/2025	Navia Benefit Solutions	782.76	Flexible spending account, PPE 09/27/2025
10/08/2025	Navia Benefit Solutions	200.00	Monthly minimum fee, October 2025
10/17/2025	Navia Benefit Solutions	782.76	Flexible spending account, PPE 10/11/2025
10/31/2025	Navia Benefit Solutions	782.76	Flexible spending account, PPE 10/25/2025
10/14/2025	Northeast-Western	1,309.31	Oil for Jenbacher
10/14/2025	Pencco, Inc	15,666.71	Ferric chloride (1 delivery)
10/06/2025	Public Agency Retirement Services	590.10	Retirement pension contribution: Part-time employees, PPE 09/27/2025
10/17/2025	Public Agency Retirement Services	413.20	Retirement pension contribution: Part-time employees, PPE 10/11/2025
10/31/2025	Public Agency Retirement Services	620.34	Retirement pension contribution: Part-time employees, PPE 10/25/2025
10/06/2025	SEIU Local 1021	1,221.72	Union dues, PPE 09/27/2025
10/17/2025	SEIU Local 1021	1,221.72	Union dues, PPE 10/11/2025

CENTRAL MARIN SANITATION AGENCY
ATTACHMENT - DISBURSEMENT REGISTER
For the Month Ended OCTOBER 30, 2025

Number	Date	Vendor/Payee	Amount	Description
	10/31/2025	SEIU Local 1021	1,221.72	Union dues, PPE 10/25/2025
	10/14/2025	1 employee	100.00	CMTA award
	10/21/2025	Synagro West, Inc.	20,240.00	Biosolids hauling, September 2025
	10/24/2025	Synagro West, Inc.	21,931.80	Biosolids hauling, September 2025
	10/24/2025	Sewerage Agency of Southern Marin	3,525.15	Countywide Education reimbursement from overbilling error
	10/14/2025	Two Rivers Terminal LLC	23,278.62	Calcium Nitrate (2 deliveries)
	10/31/2025	Two Rivers Terminal LLC	11,048.64	Calcium Nitrate (1 delivery)
	10/03/2025	Vision Service Plan -(CA)	1,860.28	Vision insurance, October 2025
	10/31/2025	Bank fees	1,421.45	Westamerica monthly bank fees (analysis account & credit card processing)
	10/31/2025	EDIS Dental claims	1,571.60	Monthly claims paid out of Dental Trust for employees
	10/14/2025	VWR International	3,433.08	BOD bottles, graduated cylinder, thermometer, filters, nitrile gloves, pipettes, and stir magnetic pour boat, chem sod bromide, conductivity standard, potassium phosphate, copper sulfate, chlorine check and Stenkon plus bioindicator check (13 invoices)
	10/16/2025	VWR International	990.47	Laboratory graduated cylinder, TSS influent lvl standard, and dehydrated culture criterion (3 invoices)
		Total ACH	747,719.27	

CMSA Employee Compensation:

Date	Vendor/Payee	Amount	Description
10/03/2025	CMSA employee payroll	180,755.29	Pay period ended 09/24/2025
10/17/2025	CMSA employee payroll	189,536.19	Pay period ended 10/11/2025
10/31/2025	CMSA employee payroll	185,873.40	Pay period ended 10/25/2025
	Total ACH	556,164.88	

Board Member Compensation:

Date	Vendor/Payee	Amount	Description
10/03/2025, 10/31/2025	Eli Beckman	675.00	Stipend for 09/17/2025 Ad-Hoc SRSD Service Contract Development Committee meeting, 10/14/2025 CMSA Regular Commission meeting, and 10/15/2025 Finance Committee meeting
10/03/2025, 10/31/2025	Michael Boorstein	675.00	Stipend for 09/12/2025 and 10/10/2025 North Bay Watershed Association Board meetings, and 10/14/2025 CMSA Regular Commission meeting
10/03/2025	Maribeth Bushey	225.00	Stipend for 10/14/2025 CMSA Regular Commission meeting
10/03/2025, 10/31/2025	Dean DiGiovanni	675.00	Stipend for 09/17/2025 Ad-Hoc SRSD Service Contract Development Committee meeting, 10/14/2025 CMSA Regular Commission meeting, and 10/15/2025 Finance Committee meeting
10/03/2025, 10/31/2025	Thomas Gaffney	675.00	Stipend for 09/17/2025 Ad-Hoc SRSD Service Contract Development Committee meeting, 10/14/2025 CMSA Regular Commission meeting, and 10/15/2025 Finance Committee meeting
	Total ACH	2,925.00	

Less: 10 prior month stale check reversals (1,002.62) Adjustment to agree total net disbursements to aggregate cash activity

GRAND TOTAL	2,249,004.14
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Notes:

A: Not an Agency Expense. Funded through Payroll deduction.

B: Not an Agency Expense. CMSA will be reimbursed for this expense.

C: CMSA is partially reimbursed for this expense per Employee Labor Agreements.

**BOARD MEMORANDUM**

November 10, 2025

To: CMSA Commissioners and Alternates

From: Nicholas Talbot, Treatment Plant Manager

Approved: Jason Dow, General Manager

Subject: October 2025 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report

Recommendation: Accept the October 2025 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report.

I. NPDES Permit Compliance

NPDES permit testing for October demonstrated the treatment plant effluent was in compliance with all permit limits. The Monthly Compliance Summary Table shows the results by permitted parameter, the sample's frequency, the sample results, and the permit limit. CMSA's NPDES permit specifies monitoring the six-week rolling geometric mean of enterococcus bacteria which shall be calculated weekly for final effluent disinfection compliance. The rolling enterococcus geometric mean was 18.0 MPN, which is significantly lower than the permit limit of 255 MPN. The average ammonia concentration for the month was 41.7 mg/L, which is less than the monthly permit limit of 60 mg/L.

II. Influent and Effluent Flows

In October, the region experienced minor rain events, dropping 0.57 inches measured by the Agency's on-site rain gauge. There were no blend events. Table 1 summarizes CMSA's average influent and effluent flows, along with daily, hourly, and 5-minute peak flows for the month. Table 2 provides the daily average and total monthly influent flows for the CMSA treatment plant and its satellite collection agencies.

Table 1: CMSA Influent and Effluent Flow Summary (MGD)

Flow Location	Daily Maximum	Hourly Maximum	5 Minute Maximum	Daily Average
Influent	11.26 MGD	17.34 MGD	28.89 MGD	9.17 MGD
Effluent	7.98 MGD	13.10 MGD	16.38 MGD	6.14 MGD

Table 2: Satellite Collection Agency and Total Flow Summary

Flow Type	SRSD	RVSD	SD2	San Quentin	CMSA Totals
Average Daily (MGD)	4.03 MGD	3.46 MGD	1.05 MGD	0.63 MGD	9.17 MGD
Total for Month (MG)	124.88 MG	107.53 MG	32.42 MG	19.52 MG	284.35 MG
Percent of Flow	43.92%	37.81%	11.40%	6.87%	100%

III. Treatment Process

In October, unstaffed graveyard shift testing was conducted over a two-week period, during which treatment process automation controls were monitored and adjusted as needed. The testing was successfully completed, and the facility operated as intended. This automation will be available for future dry weather seasons, should Operations staff not volunteer to staff the graveyard shift. Primary Clarifier No. 1 was returned to service after replacement of a failed scum collector bearing. All chemical pumps, including the large wet weather sodium hypochlorite, sodium bisulfite, and ferric chloride pumps, were tested per the Operations wet weather checklist. The sodium bisulfite line to the Effluent Pump Station was also tested and flushed to ensure proper operation and flow. Annual preventive maintenance was completed on the five grit classifiers, with Classifier No. 4 being refurbished with new bearings and an auger shaft. Chemical piping to Grit Tanks No. 4 and 5, used to dose ferric chloride for flocculation and increased settling in the primary clarifiers during wet weather events, was replaced due to internal buildup. Operations also assisted Maintenance with cleaning the aeration tanks drain pump sump.

The Mixed Liquor Suspended Solids inventory averaged 885 mg/l, which aligned with the target Mean Cell Residence Time of 2.5 days. The sludge volume index (SVI), which measures the secondary sludge settleability, averaged 89 mL/g, below the Agency's KPI of 175 mL/g.

Graph #4 shows the TSS, a good indicator of effluent quality. The TSS monthly average was 6.2 mg/l, which is 41.3% of the Agency's KPI of 15 mg/l and 20.6% of the permit's monthly average limit of 30 mg/l.

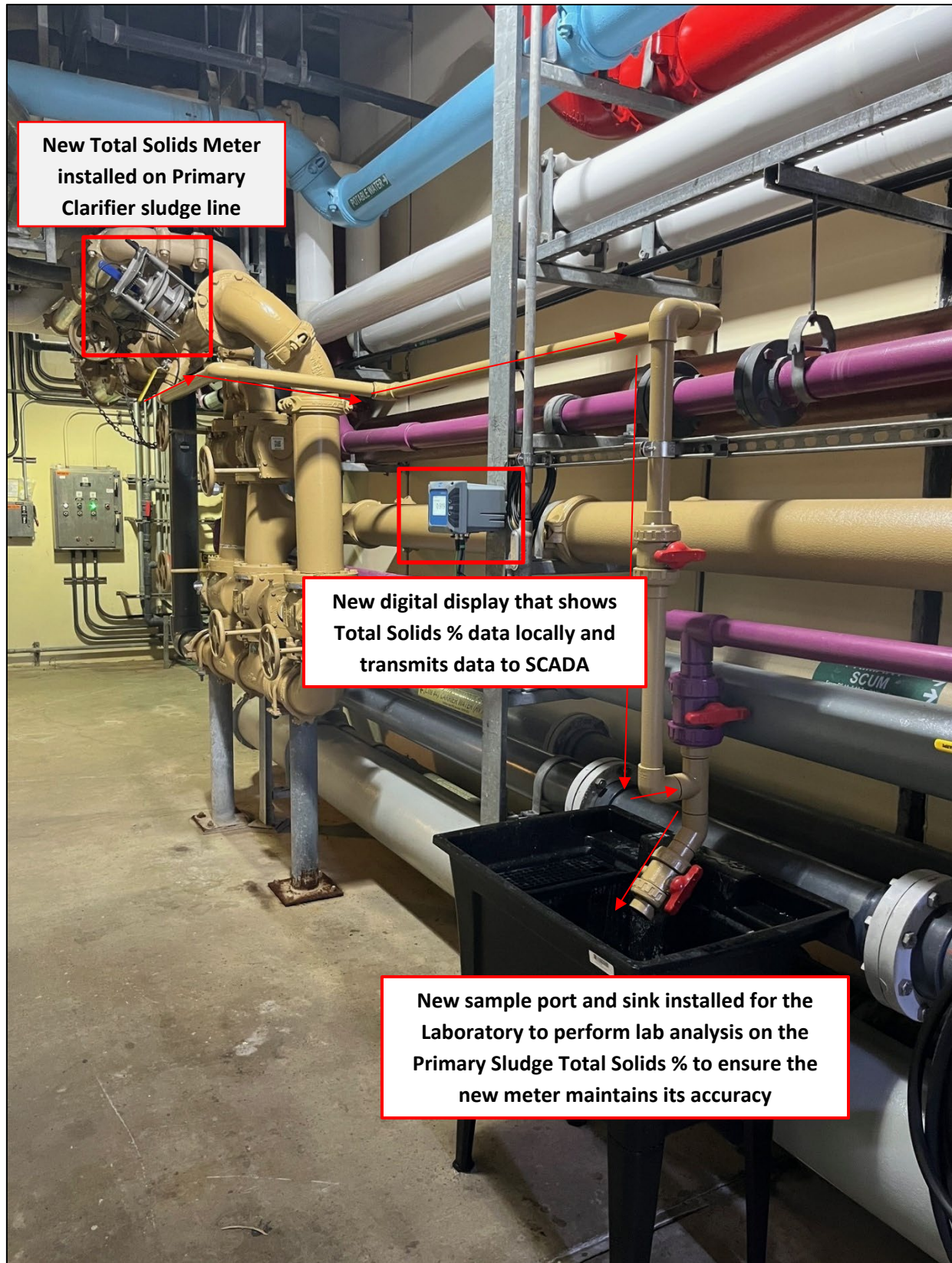
IV. Maintenance Activities

In October, the cogeneration system produced a net total of 118% of the Agency's power demand, exporting more electricity than the facility required. MCE supplied small power imports during hours when cogeneration production did not meet facility demand (Graph #8). Staff replaced Centrifuge Feed Pump No. 2 after a decline in pumping performance. Maintenance staff assisted contractors with the installation of newly fabricated slide gate frames for Biosolids Hopper No. 3, completing the replacement and rehabilitation of all three hoppers and slide gates. The San Rafael influent conductivity probe, which had been reading incorrectly, was repaired by installing a new digital gateway, restoring accurate operation. Staff completed the installation of the primary clarifier sludge total solids meter and added a dedicated laboratory sampling sink for primary sludge analysis and meter accuracy verification. The total solids meter will assist Operations in regulating primary sludge pumping to the digesters, ensuring sludge solids percentage meets key performance indicators; SCADA alarms have also been added to alert staff to increase primary clarifier sludge pumping as needed to prevent over-pressuring of primary sludge pumps due to thicker sludge. Lastly, staff installed a new force main pressure sensor and two new pumps at the Trailer Court pump station and assisted with the successful completion of the Paradise pump station capital improvement project through great collaboration with SD2.

Attachment:

- October 2025 NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report

New Primary Clarifier Sludge Total Solids Meter



Monthly Compliance Summary Table
Central Marin Sanitation Agency
October, 2025
Final Effluent Monitoring

Parameter	Limit Type	NPDES Monitoring Frequency	CMSA Monitoring Frequency	Results	Units	Limit
Carbonaceous Biochemical Oxygen Demand (cBOD)	Weekly Maximum Average	1/Week	3/Week	7.3	mg/L	Maximum 40
	Monthly Average	1/Week	3/Week	6.2	mg/L	Maximum 25
cBOD Removal	Monthly Average	1/Week	3/Week	97	%	Minimum 85
Total Suspended Solids (TSS)	Weekly Maximum Average	2/Week	3/Week	9.3	mg/L	Maximum 45
	Monthly Average	2/Week	3/Week	6.2	mg/L	Maximum 30
TSS Removal	Monthly Average	2/Week	3/Week	96	%	Minimum 85
Chlorine Residual	Hourly Maximum	Continuous	Continuous	ND	mg/L	Maximum 0.56
Ammonia	Monthly Average	2/Month	1/Week	41.7	mg/L	Maximum 60
	Daily Maximum	2/Month	1/Week	41.7	mg/L	Maximum 120
pH	Instantaneous	Continuous	Continuous	6.7	SU	Minimum 6
	Instantaneous	Continuous	Continuous	7.2	SU	Maximum 9
Bacteriological Analysis						
Enterococcus	6-Week Geomean	2/Week	3/Week	18.0	MPN/100mL	Maximum 255
	10% Maximum	2/Week	3/Week	24.9	MPN/100mL	Maximum 1,055
Metals Analysis						
Copper	Daily Maximum	Monthly	Monthly	8.1	ug/L	Maximum 84
	Monthly Average	Monthly	Monthly	8.1	ug/L	Maximum 48
Cyanide	Daily Maximum	Monthly	Monthly	ND	ug/L	Maximum 37
	Monthly Average	Monthly	Monthly	ND	ug/L	Maximum 21
Semiannual and Quarterly Analysis						
Mercury	Weekly Average	Quarterly	Quarterly	0.0038	ug/L	Maximum 0.072
	Monthly Average	Quarterly	Quarterly	0.0038	ug/L	Maximum 0.066
	Annual Load	Quarterly	Quarterly	0.057	kg/yr	Maximum 0.11
Chronic Toxicity (EFF-002)	Pass/Fail	Semiannual	Semiannual	Pass	Pass/Fail	Pass Minimum
	Effect	Semiannual	Semiannual	0.4	%	50% Maximum
Chronic Toxicity (SUR-001)	Pass/Fail	Semiannual	Semiannual	Pass	Pass/Fail	Pass Minimum
	Effect	Semiannual	Semiannual	0.0	%	50% Maximum
Permit Analysis						
Dioxin - TEQ Sum	Daily Maximum	1/Permit	1/Permit	*	ug/L	Maximum 2.8E-08
	Monthly Average	1/Permit	1/Permit	*	ug/L	Maximum 1.4E-08
PCB Aroclor Sum	Sum	1/Permit	1/Permit	*	ug/L	Maximum 0.012

* Monitoring Not Required This Month ND = None Detected X = Data not available at report time J = Detected but not Quantified

Glossary of Terms

NPDES Permit Compliance Summary Table

- **Ammonia:** We analyze the final effluent for ammonia due to its toxicity to aquatic organisms and potential for providing nutrients to algae in the San Francisco Bay. The permit has a maximum daily limit of 110 mg/L and a monthly average limit of 60 mg/L.
- **Carbonaceous Biochemical Oxygen Demand (cBOD):** The amount of dissolved oxygen needed by microorganisms (biomass) to reduce organic material in the effluent. Effluent permit limits require removal of 85% influent cBOD, a monthly average of concentration of less than 25 mg/L cBOD and a weekly average concentration of less than 40 mg/L.
- **Chlorine Residual:** The secondary effluent is disinfected with hypochlorite (chlorine), and then the residual chlorine is neutralized with sodium bisulfite to protect the Bay environment. The final effluent chlorine residual hourly average limit is 0.56 mg/L, which is monitored continuously.
- **Chronic Bioassay:** A 7-day test of *Mysida* shrimp's exposure to final effluent in a static renewed tank to determine their survivability. The permit requires that we maintain a less than a 50 percent survival effect.
- **Copper:** Our permit requires monitoring of the final effluent for a variety of different metals and has limits for Copper and Mercury. The Copper monthly average limit is 48 ug/L, and the daily maximum limit is 84 ug/L. The remaining metals are monitored only.
- **Cyanide:** A byproduct of potential source control activities and is also a by-product of the disinfection process, and our permit requires monthly sampling and analysis. The Cyanide monthly average limit is 21 ug/L, and the daily maximum limit is 37 ug/L.
- **Dioxin:** Our permit requires monitoring of 17 dioxin-like compounds once per permit cycle. It has a limit for the weighted sum of these 17 dioxin compounds, referred to as the Dioxin Toxic Equivalency (TEQ). The Dioxin TEQ monthly average limit is 0.014 pg/L and daily maximum limit is 0.028 pg/L.
- **Enterococcus:** Enterococcus bacteria are the indicator organisms for the determination of the effectiveness of the disinfection process. The Enterococcus six-week rolling geometric mean limit is 255 MPN/100mL and the Enterococcus 10 percent monthly maximum limit is 1,055 MPN/100mL.
- **pH:** pH is a measurement of acidity, with pH 7.0 being neutral and higher pH values being basic and lower pH values being acidic. Our effluent pH must stay within the range of 6.0 to 9.0, which we monitor continuously.
- **Mercury:** Our permit requires monitoring of the final effluent for a variety of different metals, and has limits for Copper and Mercury. The Mercury monthly average limit is 0.066 ug/L, the weekly average limit is 0.072 ug/L, and the annual average loading limit is 0.11 kg/yr. The remaining metals are monitored only.
- **Total Suspended Solids (TSS):** Measurement of suspended solids in the effluent. Our permit requires removal at least 85% of the influent TSS, and that the effluent limit is less than 45 mg/L as a weekly average and less than 30 mg/L as a monthly average.

EXECUTIVE SUMMARY PROCESS PERFORMANCE DATA

October 2025

The removal efficiencies shown are based on the monthly average of the following treatment processes that were in service.

PRIMARY CLARIFIER PERFORMANCE

Total Suspended Solids (TSS) in:	362.5	mg/l	Expected removal efficiencies as outlined in Metcalf & Eddy Wastewater Engineering Manual.
TSS out:	101.5	mg/l	
Percent Removal Achieved:	72.0	%	Design 50-70% Removal
Total Biochemical Oxygen Demand (BOD) in:	327.0	mg/l	
BOD out:	186.6	mg/l	
Percent Removal Achieved:	42.6		Design 25-40% Removal
Plant Influent Flows:	9.17	MGD	

SECONDARY SYSTEM PERFORMANCE

AERATION TANKS/ACTIVATED SLUDGE

Dissolved Oxygen set point:	2.3	mg/l
MLSS:	885	mg/l
MCRT:	2.5	Days
SVI:	89	

SECONDARY CLARIFIERS

WAS concentration:	4,366	mg/l
TSS out:	9.4	mg/l
Secondary System TSS Removal	90.8	%

FINAL EFFLUENT

Effluent TSS for the month:	6.2	mg/l	(Maximum Limit: 30mg/l)
Week #1 weekly average	3.7	mg/l	(Maximum Limit: 45mg/l)
Week #2 weekly average	5.7	mg/l	"
Week #3 weekly average	9.3	mg/l	"
Week #4 weekly average	5.3	mg/l	"
Week #5 weekly average	5.3	mg/l	"
Monthly average TSS removal efficiency through the plant:	96.0	%	(Minimum Limit: 85%)

Effluent CBOD:	6.2	mg/l	(Maximum Limit: 25mg/l)
Week #1 weekly average	4.0	mg/l	(Maximum Limit: 40mg/l)
Week #2 weekly average	6.0	mg/l	"
Week #3 weekly average	7.3	mg/l	"
Week #4 weekly average	6.3	mg/l	"
Week #5 weekly average	5.0	mg/l	"
Monthly average CBOD removal efficiency through the plant:	97.0	%	(Minimum Limit: 85%)

Disinfection Dosing Rate:	2.8	mg/l	monthly average
Ammonia Monthly Average:	41.7	mg/l	(Maximum 60)
Enterococcus six-week Geometric Mean:	18.0	MPN	(Maximum 255)
Enterococcus 10% Maximum:	24.9	MPN	(Maximum 1,055 MPN)
Effluent pH for the month:	Min	6.7	(Min 6.0)
	Max	7.2	(Max 9.0)

DIGESTER TREATMENT

Thickened Waste Concentration from the RDT:	6.57	%
Volatile Solids destroyed:	86.8	%
Cubic feet of biogas produced:	9,443,680 (Total)	304,635 (Daily Average)
Temperature of the digesters:	101.8	degrees Fahrenheit

EXECUTIVE SUMMARY PROCESS PERFORMANCE DATA

October 2025

The removal efficiencies shown are based on the monthly average of the following treatment processes that were in service.

DEWATERING

Centrifuge feed concentration:	2.9	%
Biosolids concentration:	25.8	%
TSS of the centrate:	214	mg/l
Centrifuge solids capture:	99.35	%
Polymer use per dry ton of biosolids:	15.01	#/dry ton
Polymer feed rate per run:	3.34	gpm
Concentration of the polymer batches:	0.328	%
Sludge feed rate per run:	51.1	gpm

Comments:

The treatment plant performed well, and all online equipment operated without incident.

Graph #1:

Depicts the total influent flow (from all collection agencies) entering the treatment plant.

The red graph line represents total influent flows; and the blue bars depict the CMSA rain gauge recordings for the month.

Graph #2:

Depicts individual collection agency flows.

The Y-axis is in the flow range of 0-10 MGD.

Graph #3:

Depicts the enterococcus most probable number (MPN) results which are an indication of the performance of the disinfection system.

The 6-week geometric mean of 18.0 MPN remained well below the Agency KPI of 35 MPN and permit limit of 255 MPN.

Graph #4:

Depicts the total suspended solids in the effluent.

Our monthly average was 6.2 mg/l versus our KPI of 15 mg/l and NPDES permit monthly average limit of 30 mg/l.

Graph #5:

Depicts the effluent CBOD which is measuring the oxygen demand of the wastewater.

The effluent CBOD average was 6.2 mg/l, below our NPDES limits of 40 mg/l weekly and 25 mg/l for the month. The effluent CBOD remained below the Agency KPI of 15 mg/l for the entire month.

Graph #6:

Depicts the degree to which the biosolids have been dewatered.

Our biosolids % concentration met or exceeded our KPI of 25% for most of the month. One day fell below the KPI. The centrifuge sludge feed pump experienced decreased performance on 10/8 which is believed to have contributed to a lower cake solids percentage. The pump was promptly replaced by maintenance, restoring normal operation. No dewatering operations were conducted on two days, 10/19 & 10/25.

Graph #7:

Depicts the amount of biogas that is produced in the digesters, measured by a flow meter, and then used to produce electricity.

Biogas production averaged 304,635 cubic feet per day, above our monthly KPI of 200,000 cubic feet per day.

Graph #8:

This graph depicts the amount of energy produced through cogeneration versus the energy purchased from MCE for Agency operations, and the green line represents power exported to the grid. The Agency exported 117,681 kWh in October.

Glossary of Terms

Process Performance Data Sheet

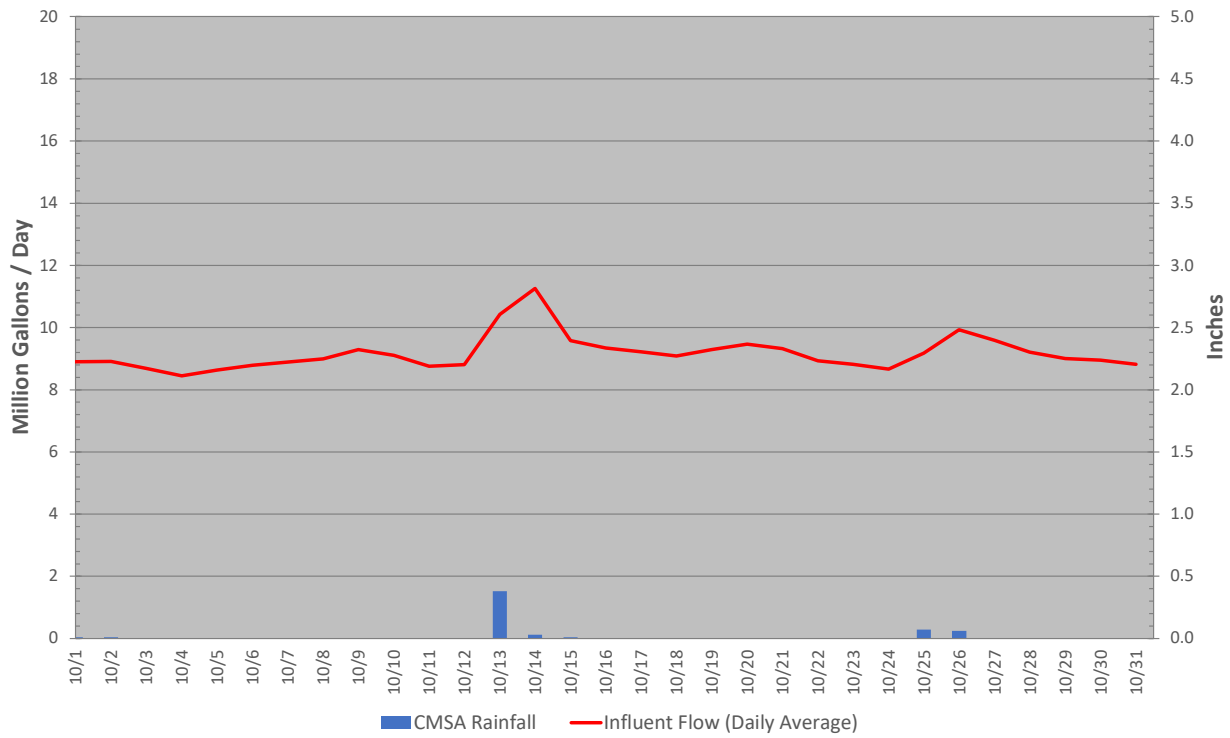
- **Aeration Tanks:** A biological process that takes place after the biotowers, where biomass (microorganisms) is mixed with the wastewater to feed on dissolved and suspended organic material. High speed blowers are used to provide compressed air to mix the tank contents.
- **Anaerobic Digesters:** In the anaerobic digestion process, organic material removed in the primary and secondary clarifiers is digested by anaerobic bacteria. The end products are methane, carbon dioxide, water, stabilized organic matter, and some inorganic material.
- **Biosolids:** Anaerobically digested solids that are removed from the two digesters, dewatered, and then beneficially reused. Beneficial reuse may include landfill alternate daily cover (ADC), land application in the summer as a soil amendment and fertilizer, or converted into a liquid fertilizer for agricultural applications.
- **Biotower:** A biological treatment process, occurring after the primary clarifiers and before the aeration tanks, in which the wastewater trickles over a biomass-covered media. The biomass feeds on the dissolved and suspended solids in the wastewater.
- **Centrifuge:** Process equipment used to dewater biosolids prior to beneficial reuse.
- **Cogeneration System:** A system comprised of a dual-fuel engine coupled to an electric generator that is used to produce energy to power the Agency facilities. Fuels the system uses are methane biogas produced in the anaerobic digesters and, when biogas is not available, purchased natural gas. As well as generating electricity, the system supplies heat for plant processes and building heating.
- **Chlorine Contact Tanks (CCTs):** The final treatment process is disinfection and de-chlorination. The CCTs allow contact time for injected chlorine solution to disinfect the wastewater. Sodium bisulfite, the de-chlorination chemical, is introduced at the end of the CCTs to neutralize any residual chlorine to protect the San Francisco Bay environment.
- **Rotary Drum Thickener (RDT):** Waste activated sludge removed from the secondary clarifiers is thickened in rotary drum thickeners before being transported to the anaerobic digesters. Thickening removes some of the sludge's water content, to decrease hydraulic loading to the digesters.
- **Final Effluent:** After all the treatment processes are completed, the final effluent is discharged into to central San Francisco Bay through a 10,000-foot-long deep-water outfall.
- **Mean Cell Residence Time (MCRT):** An expression of the average time that a microorganism will spend in the secondary treatment system.
- **Mixed Liquor Suspended Solids (MLSS):** The liquid in the aeration tanks is called MLSS and is a combination of water, solids, and microbes. Suspended solids in the MLSS measured in milligrams per liter (mg/l).

- **Most Probable Number (MPN):** Concentrations, or number of colonies, of total coliform bacteria are reported as the “most probable number.” The MPN is not the absolute count of the bacteria but a statistical estimate of their concentration.
- **Polymer:** Polymer is added to digested sludge prior to dewatering to improve solids coagulation and water separation.
- **Primary Clarifier:** A physical (as opposed to biological) treatment process where solids that settle or float are removed and sent to the digesters for further processing.
- **Return Activated Sludge (RAS):** The purpose of returning activated sludge (biomass) to the aeration tanks is to maintain a sufficient concentration of microbes to consume the wastewater’s dissolved solids.
- **Secondary Clarifiers:** Provides settling for the biomass after aeration. Most of the settled biomass is returned to the aeration tank as return activated sludge (RAS) and some is sent to the RDT unit as waste activated sludge.
- **Sludge Volume Index (SVI):** This is a calculation used to indicate the settling ability of the biomass in the secondary clarifiers.
- **Thickened Waste Activated Sludge (TWAS):** Waste activated sludge is thickened in the RDTs, and then the TWAS product is pumped to the digester for processing.
- **Volatile Solids:** Organic content of the wastewater suspended solids.
- **Waste Activated Sludge (WAS):** Biomass that is removed from the secondary clarifiers pumped to the RDTs for thickening.

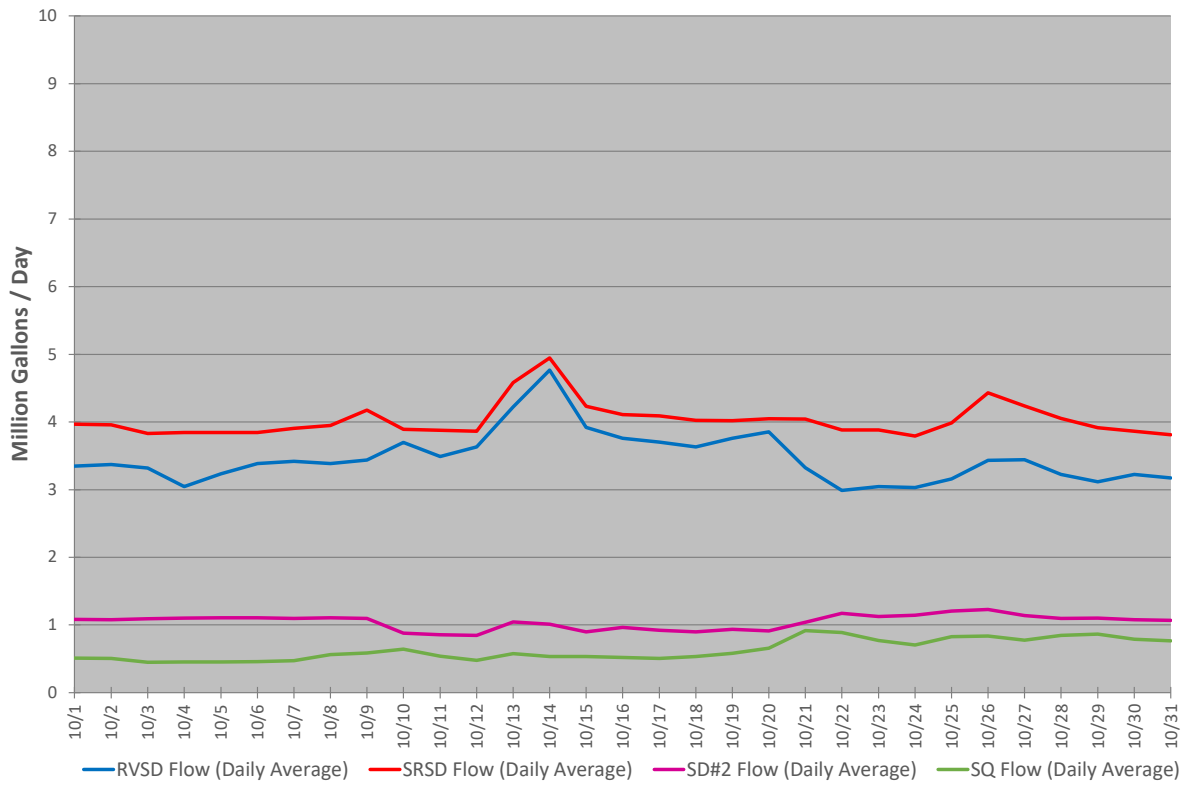
Units of Measurement

- kg/month (Kilograms per Month): 1 kilogram = 2.205 lbs.
- KPI (Key Performance Indicators): The Agency’s process performance goals.
- Kwh (Kilowatt Hours): A unit of electric power equal to using 1 Kw for 1 hour.
- Milligrams per Liter (mg/L): A measure of the concentration by weight of a substance per unit volume. For practical purposes, one mg/L is equal to one part per million (ppm).
- MPN/100mL (Most Probable Number per 100 milliliters): Statistical estimate of a number per 100 milliliters of a given solution.
- Percent by Mass (% by mass): A measure of the combined mass of a solute + solvent.
- Percent by Volume (% by vol): A measure of the volume of a solution.
- ug/L (Micrograms per Liter of Solution): Mass per unit volume.

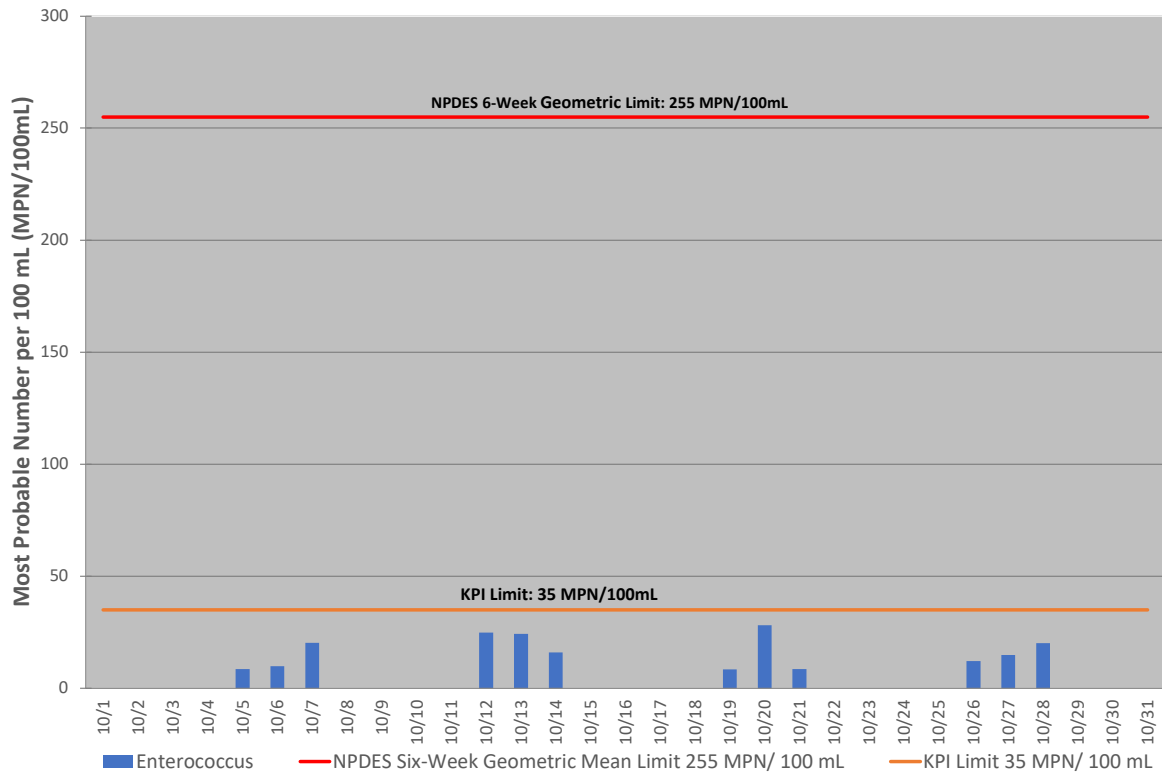
Graph #1: CMSA Influent Flow and Rainfall



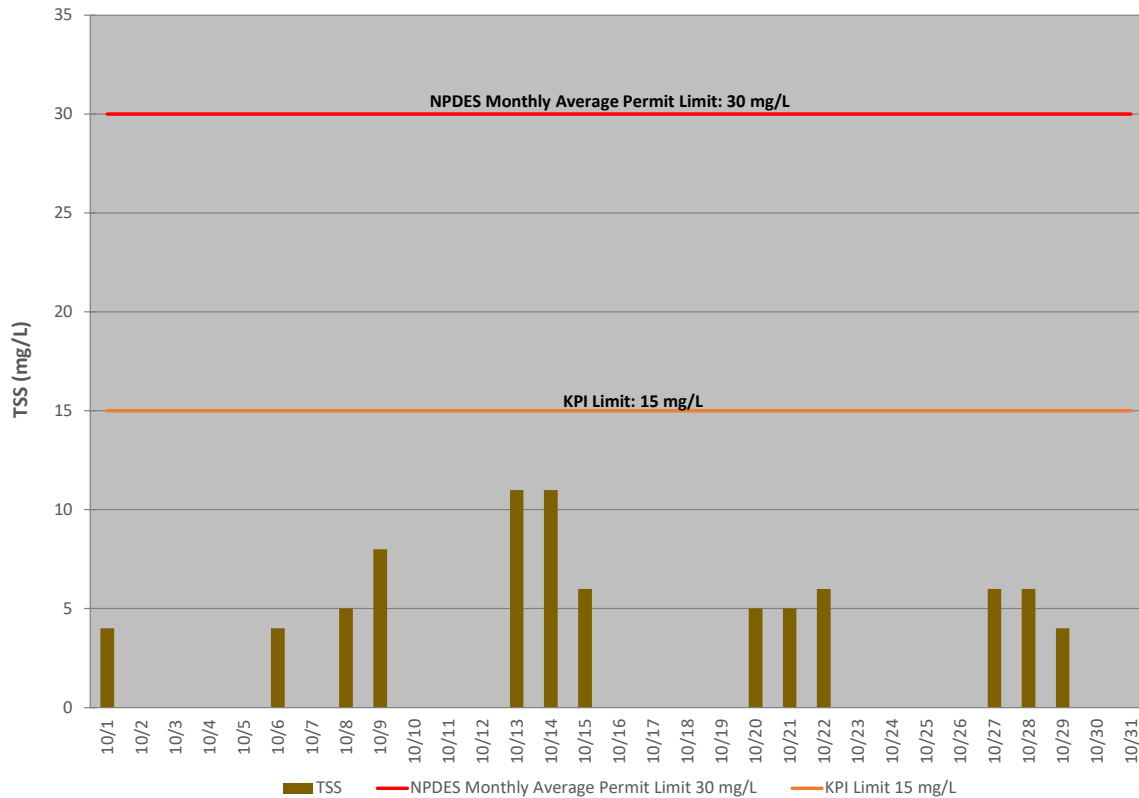
Graph #2: Collection System Influent Flows



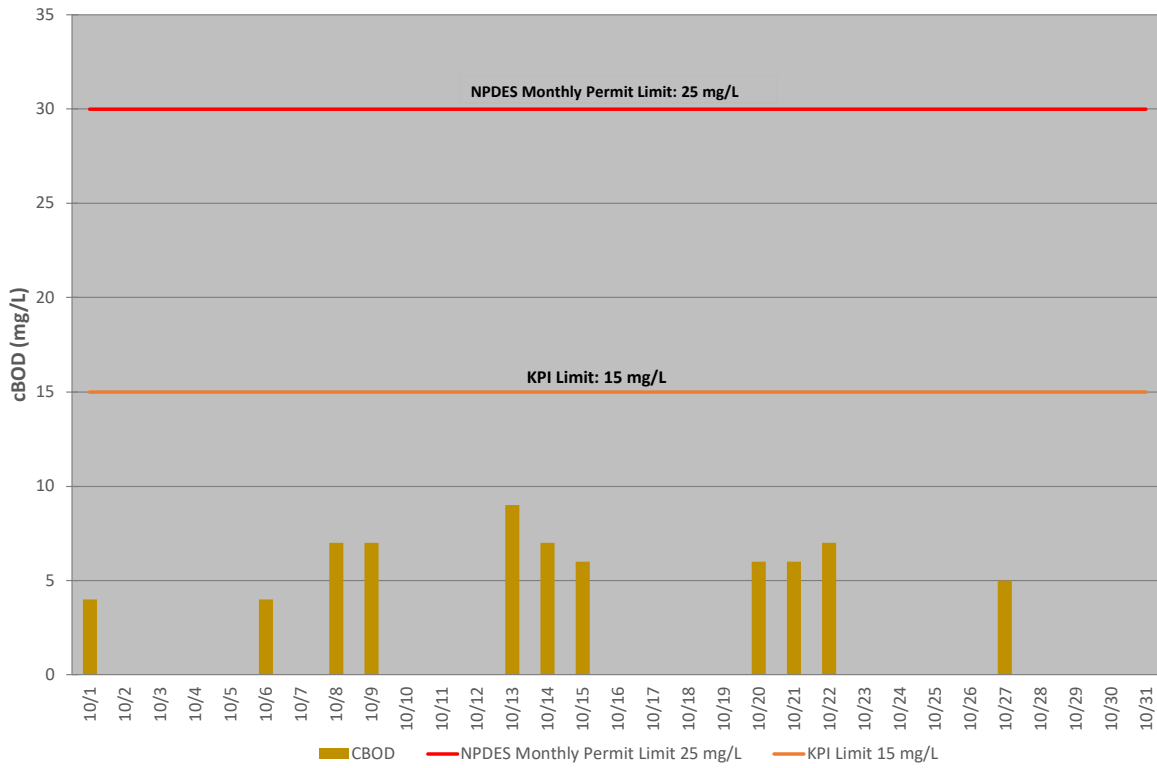
Graph #3: Enterococcus



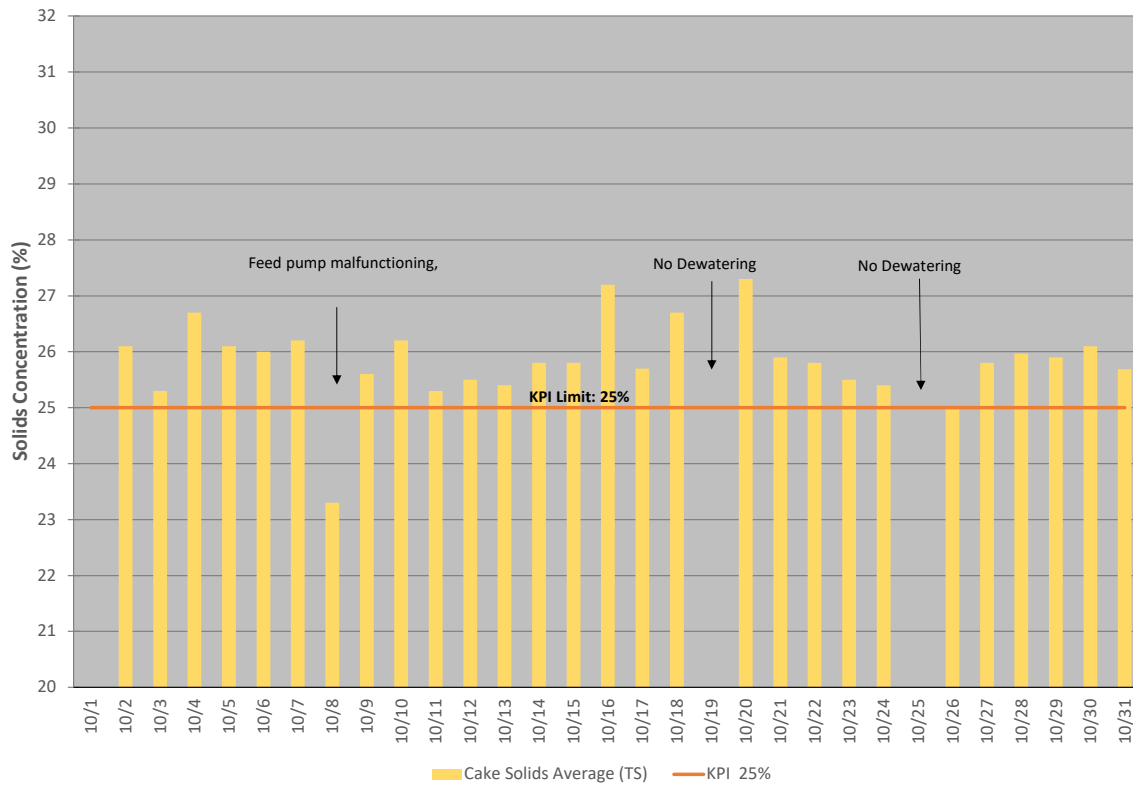
Graph #4: Final Effluent Total Suspended Solids



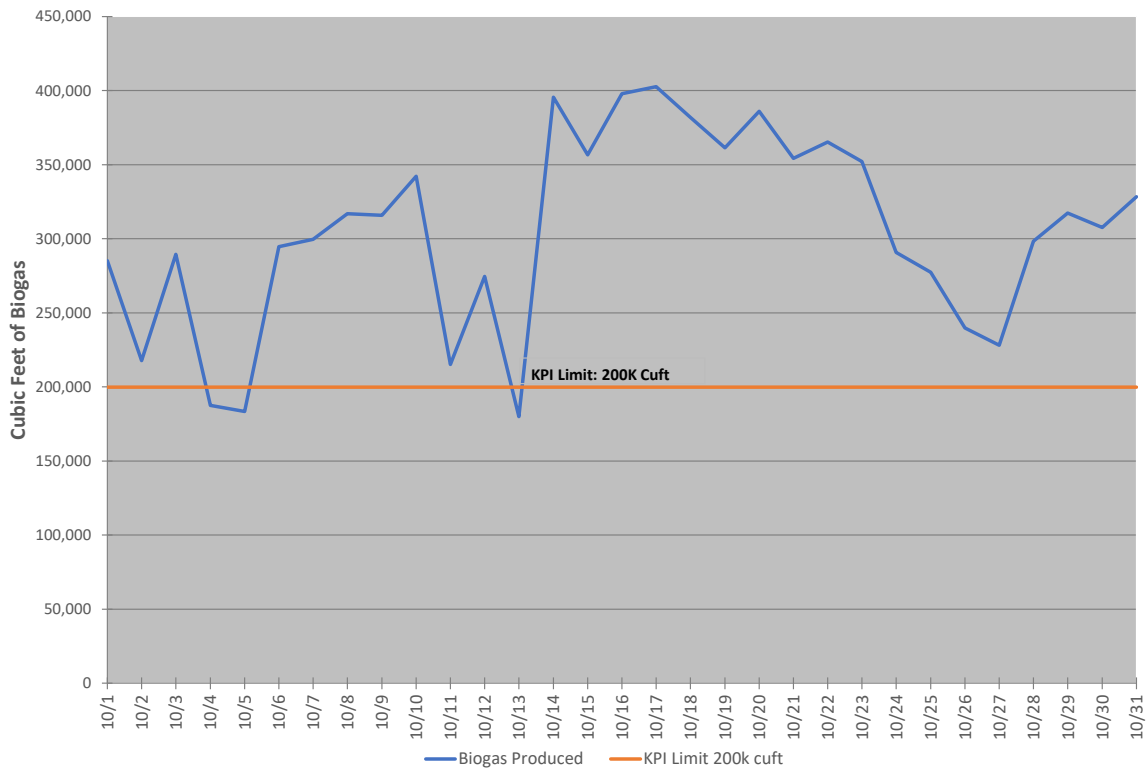
Graph #5: Carbonaceous Biochemical Oxygen Demand (cBOD)



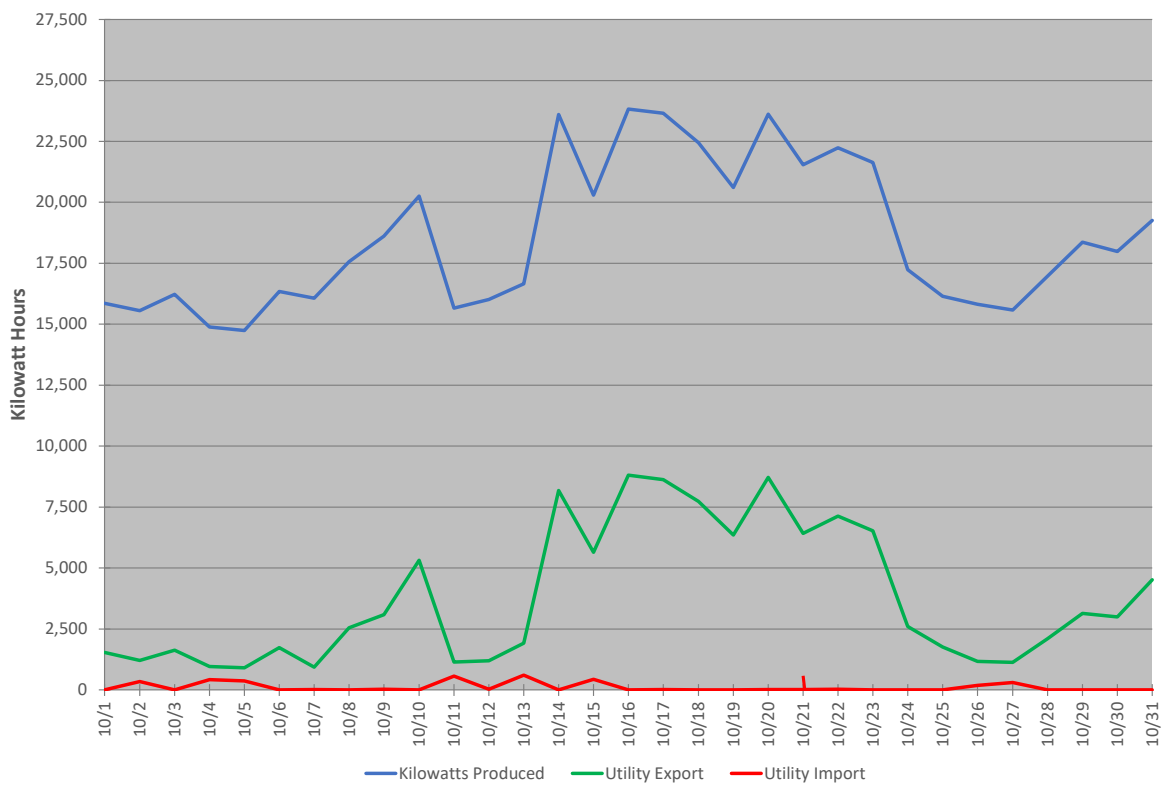
Graph #6: Biosolids Solids Concentration



Graph #7: Biogas Production



Graph #8: Power Distribution





BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

Subject: Performance Metric Report – October 2025

Recommendation: Accept the October 2025 Performance Metric Report.

Performance Summary: The Agency's performance in operations and maintenance activities, regulatory and environmental compliance, public education, and outreach met or exceeded all our metric goals/targets. Noteworthy metrics or variances are described below.

Table I – Treatment/Process Metrics

Treatment facilities are in their dry weather operational mode, and final effluent quality remains very good.

Table II – Employee Metrics

Internal training over the past month included Injury and Illness Prevention Program safety training for most employees, Pathogen Protection Program training for laboratory and environmental service staff, and laboratory enterococcus and coliform test training for several operators.

An electrical/instrumentation technician attended the annual Nexgen conference in Sacramento. Nexgen is the Agency's Computerized Maintenance Management System (CMMS).

Preventative maintenance labor hours (Item 2) are lower than the target range due to a significant number of labor hours completed in September to prepare the treatment facilities and equipment for the wet weather season.

Table III – Public Outreach

Three odor notifications were posted to the Agency website, and there were no public odor complaints. The notifications were for receiving solids and grit at the vactor receiving station after SRSD cleaned the West Railroad and North Francisco Pump Station wet wells; filling primary clarifiers before and draining them after a rain event; and draining Aeration Tanks No. 1 and 4 for preventative maintenance.

Monthly public education events may include staff attendance at public outreach events, school classroom and/or juggler show presentations, and Agency tours, as presented below.

Public Outreach Events

Date	Event	Attendees
10/10	Marin County Environmental Health Services Food Program Workshop	75
10/17	Get Ready to Go 94920	40
10/18	Novato Sanitation District 100-year Celebration	600
10/24	Mill Valley Trunk or Treat	400

School Events – Juggler Show Presentations and Classroom Events

Rock Steady Juggling provides elementary school outreach presentations, and there were three events in October 2025.

Date	Event	Attendees
10/7	Venetia Valley Elementary School in San Rafael	618
10/14	Loma Verde Elementary School in Novato	401
10/24	Kenfield Elementary School	658

CMSA Tours

There were not any Agency tours in October 2025.

Table IV – Environmental and Regulatory Compliance Metrics

There were no final effluent or air permit exceedances during the past month. The Process Control Analyses range was exceeded to address the Primary Clarifier Baffle Study analyses requirements. That dry weather study is completed and staff are evaluating the results.

Attachment:

- October 2025 Performance Metric Report

TABLE I - TREATMENT/PROCESS METRICS

Metric	Definition	Measurement	Range/Target/Goal
1) Wastewater Treated	Volume of wastewater influent treated in million gallons (Mg); <i>Year to date in billion gallons (Bg)</i>	284.35 Mg; 3.35 Bg	165 – 820 Mg/month
2) Recycled Water Use	Volume of recycled water produced and used on-site, in million gallons (Mg) Volume delivered at the truck fill station, in thousand gallons (Kg)	31 Mg 57 Kg	25 - 40 Mg variable
3) Biosolids Reuse	Reuse at the Redwood Landfill, in wet tons (wt) Fertilizer and soil amendment at land application sites, in wet tons (wt) Bio-Fertilizer production at the Lystek facility, in wet tons (wt)	192.5 wt 52.5 wt 227.5 wt	360 – 665 wt
4) Conventional Pollutant Removal	Removal of the conventional NPDES pollutants. a. tons of Total Suspended Solids (TSS) removed; % TSS removal b. tons of Biological Oxygen Demand (BOD) removed; % BOD removal	183.5 tons; 96% 238.6 tons; 97%	> 85% > 85%
5) Priority Pollutants Removal	Diversion of priority NPDES metals from discharge to the San Francisco Bay: a. % Mercury, for current quarter b. % Copper	96 % 81 %	88 – 99% 75 – 90%
6) Total Inorganic Nitrogen	Total Inorganic Nitrogen in final effluent (Permitted May – September) a. % of permit season total limit b. May – September (rolling permit season average)	92% 1,198 kg	<100% <1300 kg
7) Biogas Production	Biogas generated in our anaerobic digesters, in million cubic feet (Mft ³) Natural gas equivalent of the biogas, in million cubic feet (Mft ³) Average biogas production per day, in thousands of cubic ft (Kft ³)	9.44 Mft ³ 6.04 Mft ³ 305 Kft ³	7.0 - 10.5 Mft ³ 4.5 - 6.7 Mft ³ 200 - 375 Kft ³
8) Power Produced	Power produced from cogeneration of biogas and purchased natural gas - in kilowatt hours. (kWh) Power produced from cogeneration of biogas and delivered to the MCE Cogeneration system runtime on biogas, <i>in hours (hrs.); % time during month</i> Agency power demand supplied by renewable power, % Cogeneration system uptime, <i>in hours; % time during month</i> Biogas value (natural gas cost equivalent).	575,380 kWh 117,681.1 kWh 684.52 hrs; 92.0% 118% 743.78 hrs; 99.9% \$51,569	425,000 -740,000 kWh 60,000 – 175,000 kWh 600 hrs; 80% 80 - 150% 650 hrs; 87% \$30,000 - \$60,000
9) Efficiency	The cost to operate and maintain the treatment facilities per million gallons of wastewater treated, in dollars per million gallons. (\$/Mg) Energy used, kilowatt hours, per million gallons treated. (kWh/Mg)	\$4,312/Mg 2,036 kWh/Mg	\$2,500 - \$5,400/Mg (wet - dry) 670 - 2,400 kWh/Mg

CMSA CY24 PERFORMANCE METRICS – October 2025

Table II – EMPLOYEE METRICS

Metric	Definition	Measurement	Target/Goal
1) Employee Training	Hours of internal training – safety, virtual, project, vendor, etc. Hours of external training – employment law, technical, regulatory, etc.	Internal = 69.25 hrs External = 34.0 hrs	variable
2) Work Orders	Preventative maintenance (PM) labor hours Planned corrective maintenance (CM) labor hours; % of CM+UCM hrs. Unplanned corrective maintenance (UCM) labor hours; % of CM+PM hrs. Ratio of PM to total corrective maintenance (CM + UCM);	572.50 hrs 968.75 hrs (93.3%) 69.5 hrs (4.5%) 0.55	800 - 1,100 hrs ≥ 70% total CM hrs ≤ 30% total hours ≥ 0.45
3) Overtime Worked	Monthly hours of overtime worked; <i>Year to date hours of overtime</i> % of regular hours worked; <i>% Year to date</i>	47.25 hrs; (956 hrs) 0.6%; (1.1%)	< 5%
4) Internship Program	Number of high school and college student interns work hours; <i>Year to date hours</i>	324.9 hrs; (2,613 hrs)	Variable

Table III- PUBLIC OUTREACH

Metric	Definition	Measurement	Target/Goal
1) Public Education Events	Attendance at public education outreach events; # of booth visitors; <i>(YTD)</i>	1,115; (5,724)	3,000/year
2) School Events	Participation or sponsorship in school outreach events; attendees; <i>(YTD)</i>	1,677; (4,559)	variable
3) Agency Tours	Tours given to students and the public; # of people, <i>(YTD)</i>	0; (135)	variable
4) Odor Notifications	Number of odor alerts posted to the Agency website	3	1-10
5) Odor Complaints	Number of odor complaints received from the public	0	0

CMSA CY24 PERFORMANCE METRICS – October 2025

Table IV - ENVIRONMENTAL AND REGULATORY COMPLIANCE METRICS

Metric	Definition	Measurement	Range/Target/Goal
1) Permit Exceedances	# of NPDES permit exceedances # of BAAQMD permit exceedances	0 0	0 0
2) Regulatory Analyses	# of analyses by the CMSA laboratory for NPDES, stormwater, and biosolids regulatory compliance monitoring and reporting.	383	200-500
3) Process Control Analyses	# of analyses by the CMSA laboratory for process control monitoring and studies.	1,006	400-900
4) Contract Laboratory Analyses	# of analyses by contract laboratories for regulatory compliance reporting, studies, and source control program monitoring.	37	25-150
5) Quality Control Testing	# of CMSA performed laboratory analyses for QA/QC purposes.	1,239	500-1,500
6) Water Quality Sample Analyses	# of ammonia, total and fecal coliform, enterococcus, and/or sulfide analyses performed for the CMSA member agencies, and occasionally source control monitoring analyses.	187	50-500
7) Source Control Inspections	Inspections of industrial and commercial businesses in the Agency's and LGVSD's source control programs and Novato Sanitary District's Mercury Reduction Program – 187 businesses and 95 dental offices.	4	10-30
8) FOG Program Inspections	Inspections of food service establishments (FSEs) in the Almonte, TCSD, SD2, RVSD, SRSD, and LGVSD service areas – approx. 346 FSEs are regulated.	33	30 – 50
9) Permits Issued/Renewed	Permits issued for the source control programs – pretreatment, pollution prevention, food service establishments, and ground water discharge.	1	variable

**BOARD MEMORANDUM**

November 10, 2025

To: CMSA Commissioners and Alternates

From: Corey Spray, Administrative Services Manager

Approved: Jason Dow, General Manager

Subject: FY26 First Quarter Budget Status Report

Recommendation: Review and accept the First Quarter Budget Status Report for FY26.

Discussion: We are pleased to present the budget status report for the first quarter ended September 30, 2025. Tables for revenues by source, expenses by function, and Capital Improvement Program (CIP) by major classes of capital projects are reflected below with analytical information for each.

Highlights for the first quarter ended September 30, 2025 are as follows:

- First quarter total revenue collections are at 25.9% of budget.
- Sewer service charges are at 25% as billed.
- Debt service contributions are at approximately 83.8% collected for the first quarter. JPA members are billed semi-annually and monthly for San Quentin Rehabilitation Center.
- Debt service contributions include 25% coverage required by revenue bond indenture provisions, used as a financing source for the capital program.
- Capacity charges are collected at approximately 530.5% of budget for the first quarter through September 30, 2025.
- Total operating expenses incurred are approximately 32% of budget.
- Tables for expenses by function and department are shown on page 4 of this report.
- The CIP consists of 35 different projects classified within four categories with a total FY26 budget of approximately \$16.8M and actual expenditure or encumbrance of \$7.6M.

Description	FY26 Budget	YTD Act+Encum ⁽¹⁾	Amount (Over) Under	% Coll Spent
Total Collected Revenues	\$ 38,027,100	\$ 9,834,283	\$ 28,192,817	25.9%
Total Operating Expenses	17,370,450	5,562,804	11,807,646	32.0
Total Debt Service Payments	4,497,200	4,029,041	468,159	89.6
Total Capital Expenditures	\$ 16,787,890	\$ 7,583,935	\$ 9,203,955	45.2

⁽¹⁾ Encumbrances apply to operating expenses and capital expenditures only.

Collected Revenues by Source

Description	FY26 Budget	YTD Actual	Amount (Over) Under	% Coll
Sewer Service Charges	\$ 15,747,100	\$ 3,936,775	\$ 11,810,325	25.0%
Contributions for Debt Service	5,621,500	4,712,039	909,461	83.8
Contract Services	2,139,400	420,360	1,719,040	19.6
Program Revenues	194,100	68,232	125,868	35.2
Haulers, Permits, & Inspection Fees	406,000	152,300	253,700	37.5
Other Non-Operating Revenues	193,100	22,389	170,711	11.6
Interest Income	1,010,400	307,333	703,067	30.4
Capacity Charges	40,500	214,856	(174,356)	530.5
Capital debt proceeds, net	12,675,000	-	12,675,000	0.0
Total Revenues & Financing Sources	\$ 38,027,100	\$ 9,834,283	\$ 28,192,817	25.9%

Sewer Service Charges: Sewer service charges are billed at the beginning of each quarter to the JPA member agencies for operating and capital funding and are due upon receipt. Sewer service charges are the largest source of revenue.

Contributions for Debt Service: Debt service contributions, including coverage, are billed to the JPA member agencies in July and January, prior to each debt service payment. San Quentin's contributions are billed monthly and have been received through September 2025.

Contract Services and Program Revenues: These revenues have separate tables and analytical information for each as shown on the following page.

Haulers, Permits, and Inspection Fees: Revenue from haulers is approximately 37.5%. This revenue type represents septic receiving-facility-use-charges, organic waste disposal tipping fees, industrial waste discharge permit fees, reimbursement of costs for source control program discharger permits, and other related services.

Other Non-Operating Revenues: Other non-operating revenues consists of small dollar items, infrequent cost reimbursements, grant proceeds, and insurance dividends.

Interest Income: California Asset Management Program (CAMP) posts interest monthly and is currently at 4.36% and the Local Agency Investment Fund (LAIF) posts interest quarterly and is currently at 4.19% of applicable account balances. Investments in LAIF have become subject to market value adjustment that is reflected as an increase or decrease in interest income.

Capacity Charges: Budgeted capacity charges are a placeholder for five new residential connections from the JPA members. Actual capacity charges received represent new connections and increased fixture units for existing connections. The Agency received proceeds for 340 new fixtures (56 SRSD, 205 RVSD, 79 SD2) and 5 new connections (4 SRSD, 1 SD2). Of the collections, there were 8 high strength users.

Contract Service Revenue Collections

Description	FY26 Budget	YTD Actual Collections	YTD Actual Expenses	Invoice Frequency
Marin Airporter Property Use	\$ 75,700	\$ 24,783	NA	Monthly
Marin Clean Energy	75,200	22,895	NA	Monthly
SQRC Wastewater Services	852,000	135,833	135,833	Monthly
SQRC Pump Station Maintenance	491,900	76,483	62,640	Monthly
SQ Village Wastewater Services	35,200	12,091	9,902	Monthly
SD2 Pump Stations	512,000	103,449	84,725	Monthly
LGVSD – FOG & Pollution Prevention	19,500	13,428	11,007	Quarterly
RVSD – FOG	24,800	14,833	13,485	Quarterly
SRSD – FOG	39,500	16,204	14,731	Quarterly
TCSD – FOG	1,500	361	296	Quarterly
SD2 – FOG	6,800	-	-	Quarterly
Almonte SD – FOG	1,500	-	-	Quarterly
NSD – Dental Amalgam	4,700	-	-	Annually
Total Contract Service Revenues	\$ 2,139,400	\$ 420,360	\$ 332,618	

Contract Services: The Agency provides services to sanitary districts and other government entities for wastewater treatment, collection system operations and maintenance, pump station maintenance, and source control program administration. Contract service revenues in total are at approximately 19.6% of budget for the first quarter. The Agency contracts with San Quentin Rehabilitation Center (SQRC) for wastewater treatment services and pump station operation and maintenance, San Quentin Village (SQV) for collection system operation and maintenance, and Sanitation District #2 (SD2) for pump station and force main operation and maintenance. FOG and pollution prevention program activities completed through the first quarter have been billed to the respective contract agencies, and we anticipate payments in October and November 2025.

Contract service revenues are billed to participating entities for the direct costs of materials, use of Agency equipment and supplies, along with total compensation for employee staff time at weighted labor rates. Overhead rates are in accordance with contract provisions and range from 10%-22.1% depending upon the contract.

Program Revenues Collections

Description	FY26 Budget	YTD Actual Collections	YTD Actual Expenses	Invoice Frequency
Revenue for Health & Safety Program	\$ 122,500	\$ 27,273	\$ 25,974	Quarterly
Countywide Education Program	57,500	20,880	18,157	Quarterly
Other program revenues	4,100	9,316	9,316	Monthly
NBWA treasurer services	10,000	10,762	1,934	Annually
Total Program Revenues	\$ 194,100	\$ 68,232	\$ 55,381	

Program Revenues: The Agency administers joint venture programs for Health and Safety (H&S) with the Novato Sanitary District (NSD) and a Countywide Education Program (CWP) with five participating wastewater agencies in Marin County. Costs of the H&S program are allocated between the Agency and NSD for salary and benefits, incidental program expenses, and outside safety training costs. The Agency manages the H&S program and charges an administrative fee to NSD, accordingly. Revenue collections for the H&S program are at approximately 22.3%.

CWP participants plan their programs as a group and budget respective annual shares of program costs based upon percentages established in the CWP agreement at the beginning of each fiscal year. The Agency purchases program materials on behalf of CWP participants and recognizes revenue for reimbursed expenditures plus an administrative fee.

The Agency has been engaged in two additional services. One is for development of a service contract with San Rafael Sanitation District (SRSD), and it is reimbursed for applicable costs incurred. Through the current quarter, CMSA has received \$9,316. Second, the Agency also provides Treasurer services to the North Bay Watershed Association (NBWA). Applicable costs incurred for staff time, supplies, and bank fees are reimbursed annually by NBWA.

Expenses by Function

Description	FY26 Budget	YTD Act+Encum	Amount (Over) Under	% Spent + Encum
Salaries and Benefits	\$ 11,558,900	\$ 3,800,991	\$ 7,757,909	32.9%
Biosolids Management	645,300	101,763	543,537	15.8
Chemicals and Fuel	2,034,900	380,503	1,654,397	18.7
Permit Testing and Monitoring	260,100	31,199	228,901	12.0
Repairs and Maintenance	768,300	484,956	283,344	63.1
Insurance	632,500	495,253	137,247	78.3
Utilities	392,400	44,730	347,670	11.4
General and Administrative	1,078,050	223,409	854,641	20.7
Total Expenses by Function	\$ 17,370,450	\$ 5,562,804	\$ 11,807,646	32.0%

Expenses by Department

Description	FY26 Budget	YTD Act+Encum	Amount (Over) Under	% Spent + Encum
Administration	\$ 3,992,100	\$ 2,001,402	\$ 1,990,698	50.1%
Health and Safety	297,300	72,968	224,332	24.5
Technical Services	3,754,450	867,855	2,886,595	23.1
Operations	5,206,300	1,274,624	3,931,676	24.5
Maintenance	4,120,300	1,345,955	2,774,345	32.7
Total Expenses by Department	\$ 17,370,450	\$ 5,562,804	\$ 11,807,646	32.0%

Salary and Benefits: Salary and benefit expenses include 6 of 26 payrolls (or 23%) that, in total, are at about 32.9% for the first quarter. Benefit costs include pension obligation bond debt service plus a provision to the employee benefits trust to assist the Agency with managing its pension-related obligations with CalPERS. The YTD expenses include the semi-annual September 2025 debt service and annual July 2025 CalPERS unfunded pension UAL payments.

General Purchasing Information: Expenses and capital disbursements follow purchasing procedures established by policies to ensure protection of public assets, fairness in the purchasing process, and transparency to the public. Purchases are recognized as expenses or additions to capital projects when the goods are received or the services performed.

General and Administrative (G&A): Expenditures are tracking at 20.7% of budget reflecting strong purchasing across all account classifications within general and administrative. The G&A expense category includes professional services (legal, financial, regulatory, etc.), operating permits, memberships in local, state, and national wastewater organizations, employee certifications, conferences, safety supplies, training, software renewals, and office expenses.

Insurance: Insurance is at 78.3% spent for the annual premiums that are paid at the beginning of the fiscal year. The schedule below provides the payment status for insurance coverage. Insurance premiums are paid following when policies are renewed. Workers' Compensation insurance remained flat due to claims costs remaining consistent with the prior year. Property insurance exhibited a similar trend where the premium remained flat as a result of actual claims costs remaining consistent year-over-year. The Agency budgeted increases in its insurance costs due to recent insurance market volatility described by CSRMA. In aggregate, the Agency is experiencing savings in its insurance budget.

Description	FY26 Premium	Status
General Liability and Auto	57,432	FY26 paid in full (1/2 prepaid expense)
Pollution Liability	1,616	FY26 paid in full
Officers Fidelity Bonds	-	FY26 (3-yr staggered terms – none billed Q1)
Commercial Crime Insurance	3,938	FY26 paid in full
Workers Compensation	170,872	FY26 paid in full
Property Insurance	261,248	FY26 paid in full

Repairs and Maintenance: Repair and maintenance expenditures currently represent approximately 63.1% of the annual budget. These expenditures include procurement and disposal of air purification media, purchase of pumps, hoses, and equipment for the Organic Waste Receiving Station, and annual contractor cleaning of managed pump station wet wells. Additionally, this percentage also includes \$178,179 for a fully reimbursable asset management project that was approved for the San Quentin Pump Station in the first quarter. Expenditure levels alone do not directly indicate the quality or volume of repair and maintenance activities. For instance, higher expenditures may reflect the purchase of materials and supplies in preparation for upcoming maintenance, while lower expenditures may indicate staff performing planned maintenance utilizing existing parts inventory. As of the end of the first quarter, the parts inventory is valued at approximately \$2.1 million, ensuring readiness for essential maintenance needs.

Chemicals and Fuel: The current fiscal year budget utilization is 18.7%, aligning with projected expenditures. Chemical usage fluctuates throughout the year based on weather conditions. For example, in the first quarter and early second quarter, during warmer weather, there tends to be higher usage of calcium nitrate and hydrogen peroxide for odor control. Higher usage of sodium hypochlorite and bisulfite is expected in the second and third quarters during the wet weather season when plant influent flows increase. Fuel consumption for vehicles remains steady year-round.

Table of Chemical Purchases:

Description	% Budget	Number of Deliveries
Ferric Chloride	32.3%	4 delivery(s) through September 2025
Polymer	0.0%	0 delivery(s) through September 2025
Calcium Nitrate (odor control)	18.7%	5 delivery(s) through September 2025
Hydrogen Peroxide (odor control)	34.4%	8 delivery(s) through September 2025
Sodium Hypochlorite (disinfection)	14.9%	7 delivery(s) through September 2025
Sodium Bisulfite (dechlorination)	11.4%	3 delivery(s) through September 2025

Biosolids Management: Expenditures were at 15.8% of budget for the first quarter. Management expenses vary and are primarily dependent upon seasonal weather-related circumstances: (1) land application in Sacramento County and alternate daily cover at the Redwood Landfill results in lower combined hauling and reuse tipping fee costs when compared to biofertilizer production at the Lystek facility, and (2) the volume for beneficial reuse is lower during the warmer weather spring and summer months. Costs for this area are still on track for this fiscal year.

Permit Testing and Monitoring: Permit testing and monitoring actual expenditures are at approximately 12% for costs associated with purchases of lab supplies and equipment rentals, NPDES and source control monitoring, and other types of monitoring/testing. Costs for this area are on track for this fiscal year.

Utilities: Utility costs are approximately 11.4% of budget for the first quarter. The FY26 budget usage is currently at 14.4% for electricity, 1.9% for natural gas, 17.0% for water, and 14.5% for solid waste, all of which align closely with projected consumption.

Debt Service Payments

Description	FY26 Budget	YTD Actual	Amount Remaining	% Spent	Debt Invoice
					JPA-Annual
Principal	\$3,480,000	\$3,480,000	\$ -	100.0%	SQSP-Monthly
Interest	1,017,200	549,041	468,159	54.0%	Same
Total Debt Service Payments	\$4,497,200	\$4,029,041	\$ 468,159	89.6%	

The debt service amounts shown above consist of full annual principal and interest for the 2015 and 2020 revenue bonds. The first installment paid on September 1st for each issue contains full principal and partial interest, and the second installment paid on March 1st is interest only. Only the first debt service payment has been made and annual debt service for FY26 is approximately 89.6% paid.

Debt service amounts are invoiced to the JPA members approximately one month in advance of when the debt service payments are due. San Quentin Prison is invoiced monthly for its share.

Capital Improvement Program

Description	FY26 Budget	YTD Actual	Encum	Amount (Over) Under	% Spent + Encum
Facility Improvements	1,937,400	266,942	260,754	1,409,704	27.2
General Equipment	945,876	87,395	85,173	773,308	18.2
Liquids Treatment Equipment and Systems	8,112,314	1,037,758	1,647,358	5,427,198	33.1
Solids Treatment and Energy Generation Equip and Systems	5,792,300	42,645	4,155,911	1,593,744	72.5
Total Cap Improv Program	\$ 16,787,890	\$ 1,434,740	\$ 6,149,196	\$ 9,203,955	45.2%

Total capital program expenditures amount to approximately \$7.6M through the first quarter, with encumbrances for outstanding contracts in the amount of approximately \$6.2M. There are payments made for numerous projects with each of the capital improvement program categories (1) Facility Improvements, (2) General Equipment, (3) Liquids, Treatment Equipment, and Systems, and (4) Solids Treatment and Energy Generation Equipment and Systems. Salaries and benefits for in-house staff are charged through time-entry to projects, where applicable, for cost reimbursement purposes such as those financed through grants or other programs.

Attachment:

- FY26 Quarter 1 - Capital Program Budget Report



Capital Program Budget Report
FY26 Q1 (As of September 30, 2025)

Status

Attachment

	Original Total Budget	Current Total Budget	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Used	
Facility Improvements							
Industrial Coatings/Concrete Rehabilitation	894,500.00	894,500.00	271,324.54	206,515.90	416,659.56	53.42	Chlorine Contact Tank (CCT) No. 4 and the SBS spill vault were rehabilitated during this period. The encumbrance is for completing the remaining work on CCT No. 4 and SBS spill vault. This project was completed in October.
Outfall Inspection & Repairs	41,200.00	41,200.00	-	-	41,200.00	0.00	No account activity during this period.
Facility Improvements	379,500.00	379,500.00	-	34,073.25	345,426.75	8.98	The encumbrance is for the purchase of a replacement air handling system in gallery C.
Facility Paving/Site Work	204,700.00	204,700.00	(4,382.56)	-	209,082.56	(2.14)	A \$4.8k credit was reimbursed for the aggregate base used in the parking lot paving project, which was completed in Q4 of FY25.
Facility Roofs Rehabilitation	20,000.00	20,000.00	-	-	20,000.00	0.00	No account activity during this period.
SHB Elevator Control Replacement	397,500.00	397,500.00	-	20,165.00	377,335.00	5.07	The encumbrance is for consultant JE Sellen to develop bid documents and provide construction management oversight for the Solids Handling Building elevator repair and modernization project.
Facility Improvements Total:	1,937,400.00	1,937,400.00	266,941.98	260,754.15	1,409,703.87	27.2%	
General Equipment							
Process control	54,600.00	54,600.00	4,372.45	-	50,227.55	8.01	Retired annuitant labor for process control work was funded from this account. Networking equipment for internal process control and SCADA projects were purchased and installed.
Security/Fire Systems	21,300.00	21,300.00	855.00	3,705.00	16,740.00	21.41	Quarterly inspections of the Agency's security and fire systems were completed. The encumbrance is for the remaining three quarterly inspections.
IT Hardware/Communication Equipment	37,400.00	37,400.00	18,304.06	-	19,095.94	48.94	Portable radios and parts were purchased. Workstation equipment (monitors, scanner, etc.) were purchased and installed in the Administration building. A security access control system was purchased and is being installed.
Laboratory Equipment	65,000.00	73,184.89	-	8,184.89	65,000.00	11.18	Encumbrance is related to final closeout of laboratory dishwasher purchase with application of purchase credits received from vendor. Final invoice expected to be processed in Q2 FY26.
Agency Vehicle Replacement	89,100.00	89,100.00	31,821.61	-	57,278.39	35.71	A new 2025 Honda CRV Hybrid was purchased to replace the Lab/TS Ford F-150.
Electrical Equipment	122,500.00	122,500.00	5,237.95	-	117,262.05	4.28	New VFDs, conduit, and associated parts were purchased and installed for the centrifuge sludge feed pumps.
Process Instrumentation	117,200.00	136,690.75	26,803.68	4,382.93	105,504.14	22.82	Replacement effluent pH probes, aeration dissolved oxygen and total suspended solids probes, and a new total solids meter were purchased and installed. The encumbrance is for a new flowmeter.
Electrical Distribution System Rehabilitation	161,100.00	161,100.00	-	68,900.00	92,200.00	42.77	The encumbrance is for a contractor to perform visual, mechanical, and electrical testing on various Motor Control Centers and the facility's main switchgear, and a consultant to provide engineering support and summarize the findings. This project was completed in October.
Electrical conduit rehabilitation	250,000.00	250,000.00	-	-	250,000.00	0.00	No account activity during this period.
General Equipment Total:	918,200.00	945,875.64	87,394.75	85,172.82	773,308.07	18.2%	
Liquids Treatment Equipment and Systems							
Odor Control System Improvemnt	40,000.00	40,000.00	-	-	40,000.00	0.00	No account activity during this period.
Process piping inspection/repairs/rehabilitation	25,000.00	25,000.00	-	-	25,000.00	0.00	No account activity during this period.
Influent Flow Meter Improvement	158,000.00	158,000.00	18,700.00	136,498.45	2,801.55	98.23	Work was performed in Q1 to remove an abandoned flowmeter on the Ross Valley interceptor and modify the pipe surface to ensure proper installation of the new flowmeter. The encumbrance includes the cost for the pre-purchased flowmeter system and its installation.
Nutrient Removal	1,500,000.00	1,500,000.00	176,954.71	249,254.66	1,073,790.63	28.41	Carollo Engineers and Hazen & Sawyer performed stress testing of CMSA's secondary clarifiers and are continuing to refine the nutrient removal alternatives. The encumbrance is for ongoing nutrient removal evaluation efforts including finalizing a facilities plan in Q3.
Recycled Water	100,000.00	100,000.00	-	-	100,000.00	0.00	No account activity during this period.
Plant Pumps	90,000.00	90,000.00	-	24,953.06	65,046.94	27.73	The encumbrance is for a new submersible pump to be installed at the site sump.
Chemical Pumps	85,800.00	85,800.00	738.66	-	85,061.34	0.86	New PVC piping was purchased and installed for the ferric chloride pumps.
Gates Rehabilitation	302,100.00	431,464.38	85,030.00	44,334.38	302,100.00	29.98	Aeration tank effluent replacement stainless steel gates were purchased and received. The encumbrance is for the inlet pond gate replacement.
Headworks Equipment	3,932,150.00	3,932,150.00	449,283.19	901,031.10	2,581,835.71	34.34	The pre-purchased grit washers were delivered in Q1, and Carollo updated the construction documents for the bid phase. The encumbrance includes the ESDC contract for Carollo, the purchase order for the grit pumps, parts for the headworks plate screen refurbishment, and startup/commissioning services for the grit washers.
Primary Clarifier Rehabilitation	1,490,000.00	1,490,000.00	294,152.75	217,259.10	978,588.15	34.32	Primary Clarifiers No. 2 and 3 were rehabilitated during this period and placed back in service. This project was completed in October.
Aeration System Rehabilitation	10,800.00	10,800.00	-	-	10,800.00	0.00	No account activity during this period.
Chemical Tanks	69,100.00	69,100.00	640.21	-	68,459.79	0.93	New electrical fittings, ball valves, and gaskets were purchased and installed to complete the replacement of Sodium Bisulfite Tank No. 1.
Piping-Valves-Operators	180,000.00	180,000.00	12,258.30	74,027.33	93,714.37	47.94	Various stainless-steel valves and piping were purchased. The encumbrance is for the replacement of a 30-inch secondary clarifier inlet valve and for contractor-performed repairs on the Agency's potable water line.
Solids Treatment Equipment and Systems Total:	7,982,950.00	8,112,314.38	1,037,757.82	1,647,358.08	5,427,198.48	33.1%	



Capital Program Budget Report
FY26 Q1 (As of September 30, 2025)

Status

	Original Total Budget	Current Total Budget	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Used	
Solids Treatment and Energy Generation Equipment and Systems							
Emergency Generator Improvement	520,000.00	520,000.00	-	-	520,000.00	0.00	No account activity during this period.
New Cogeneration System	25,000.00	25,000.00	-	9,800.00	15,200.00	39.20	The encumbrance is for a consultant to provide as-needed engineering support for Air Board regulatory compliance for the Jenbacher cogeneration engine.
Centrifuge Replacement	4,772,500.00	4,772,500.00	19,788.00	4,041,045.69	711,666.31	85.09	Black & Veatch completed the design and Carollo performed a constructability review in Q1. The encumbrance is for the construction contract, ESDC, and the pre-purchased centrifuges and bridge crane.
Hot Water Systems	41,500.00	41,500.00	-	-	41,500.00	0.00	No account activity during this period.
Biosolids Hoppers-Maintenance	111,700.00	111,700.00	11,286.29	104,100.00	(3,686.29)	103.30	The centrifuge rotodiff was repaired, and materials were ordered for in-house fabrication of the biosolids hoppers gates. The encumbrance is for the coating the biosolids hoppers and replacement of the gate frames. This project was completed in October. A budget transfer of \$3,686 was completed in Q2 to reconcile the negative variance due to the unplanned repair of the centrifuge rotodiff.
Organic Waste Receiving Facility	240,800.00	240,800.00	-	-	240,800.00	0.00	No account activity during this period.
Jenbacher Cogeneration Maintenance	80,800.00	80,800.00	11,570.70	69,229.30	-	100.00	Routine long term service agreement operating hour payments were processed.
Solids Treatment and Energy Generation Equipment and Systems Total:	5,792,300.00	5,792,300.00	42,644.99	4,224,174.99	1,525,480.02	73.7%	
Report Total:	16,630,850.00	16,787,890.02	1,434,739.54	6,217,460.04	9,135,690.44	45.6%	



BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Corey Spray, Administrative Services Manager

Approved: Jason Dow, General Manager

Subject: FY25 Capacity Charge Schedule

Recommendation: Approve the FY25 Schedule of Capacity Charges.

Discussion: CMSA charges a fee to property owners for new connections to the wastewater treatment system and/or an increase in the number of connected fixture units. The fee is a regional capacity charge for use of a proportionate share of the capacity of the wastewater treatment system. The intent of the fee is to ensure that all users pay their fair share of the costs of the wastewater treatment system, and the fee is based on the concept that wastewater capacity is available on a first-come-first-serve basis. JPA member agencies charge a separate connection fee to the wastewater collection system. The total fee is collected by the member agencies, with the portion for the capacity charge forwarded to CMSA.

In FY25, the CMSA residential capacity charge was \$7,861.60, the fixture unit fee was \$491.34 per unit, and high strength fixtures were \$1,149.76 per unit. The Agency received \$580,201 in capacity charges, and there was a total of 13 new residential connections and 967 additional fixture units in the service area, including three high strength fixture units.

The California Government Code requires CMSA to disclose the amount of capacity charges collected within 180 days after each fiscal year end and to identify the public improvements or projects that were funded by the capacity charges.

Attachment:

- FY25 Schedule of Capacity Charges

**Central Marin Sanitation Agency
Schedule of Capacity Charges
Fiscal Year Ended June 30, 2025**

The California Government Code requires certain disclosures regarding capacity charges. The Code requires separate accounting of capacity charges and the application of interest to outstanding balances. The Agency's practice is to utilize capacity charges received on a first-in-first-out basis to finance the FY25 capital program initiatives. Accordingly, no interest was posted to capacity charges and there were no outstanding balance of capacity charges at fiscal year-end.

Other required disclosures for the fiscal year-ended June 30, 2025 are as follows:

Total amount of capacity charges collected	<u>\$ 580,201</u>
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Capital projects capacity charge proceeds were applied for:

Headworks Grit Classifiers Replacement Project	<u>\$ 580,201</u>
Total capital project expenditures	<u>\$ 580,201</u>



BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Brandon Halter, General Counsel

Subject: **General Manager Employment Agreement – Amendment #6**

Recommendation: Approve Amendment #6 to the General Manager Employment Agreement, and approve a 5% performance bonus.

Summary: In closed session at the October 14, 2025, Board meeting, the Board reviewed the performance of General Manager Dow, and subsequently directed General Counsel Brandon Halter to negotiate with Mr. Dow regarding a potential amendment to the 2019 General Manager Employment Agreement (as amended, "Agreement"). The attached Amendment #6, in summary, extends the term of the Agreement by one year, to October 2030, and provides an additional 16 hours of administrative leave. Additionally, the Board agreed to issue Mr. Dow a 5% performance bonus for his performance over the last year, pursuant to the terms of the Agreement.

Attachment:

- Amendment #6 to the 2019 General Manager Employment Agreement

**CENTRAL MARIN SANITATION AGENCY
GENERAL MANAGER EMPLOYMENT AGREEMENT
Amendment #6**

This Amendment #6 ("Amendment") is made and entered into on November 13, 2025, by and between the Central Marin Sanitation Agency (CMSA) and Jason Dow ("Dow" or "Manager"). The provisions in this Amendment supersede the same provisions in that certain General Manager Employment Agreement between CMSA and Manager of October 8, 2019, as amended, but any provisions in the 2019 Agreement not specifically amended by this Amendment shall remain in full force and effect.

SECTION I - Employment and Term of Office

CMSA agrees to employ Dow as General Manager to perform the functions and duties of said office. The Manager shall serve for a five-year term. This term shall expire on November 13, 2030. CMSA shall have the option of extending the five-year term at any time, but may only do so in writing. Upon expiration of this Agreement or any Addendum or Amendment hereto, the other terms and conditions of this Agreement shall remain in effect until it is either terminated or renegotiated.

SECTION II - Compensation

Effective November 13, 2025, Manager shall receive a monthly salary of \$29,176, and for each successive year on July 1, shall receive a cost-of-living adjustment ("COLA"). The COLA shall be the same percentage that is given to Agency staff. CMSA may provide Manager with a bonus equal to up to 5% of Manager's annual base salary, each year, based upon Manager's performance.

SECTION VII - Administrative Leave

In addition to the eighty (80) hours of Administrative Leave that FLSA Exempt employees receive, the Manager shall receive fifty-six (56) additional hours for a total of one-hundred and thirty-six (136) hours of Administrative Leave annually.

Dated: _____

Dean DiGiovanni, CMSA Board Chair

Dated: _____

Eli Beckman, CMSA Board Secretary

Dated: _____

Jason Dow, General Manager

Approved to as Form:

Dated: _____

Brandon Halter, CMSA General Counsel



BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

Subject: Revised Signature Authority Financial Policy

Recommendation: Approve the revised Financial Policy 560: *Signature Authority*.

Summary: At the October 14, 2025, meeting, the Board discussed the importance of the Board Chair having the ability to approve procurement transactions in excess of the General Manager's signature authority for certain situations. The Board directed staff to revise the appropriate Agency policies to capture the practice. Staff revised the Signature Authority Financial Policy to state the Board Chair has the authority to approve non-construction related procurement transactions to address emergency situations and urgent Agency business, and when the transaction has been approved by an agency contracting for CMSA services. The approved transaction must be brought to the Board for approval of the decision at the following Board meeting.

Background: The Policy details the General Manager's signature authority for procurement of materials, supplies, and equipment, approval of purchase orders, professional service agreements and maintenance service contracts, and approval for three levels of construction contracts. On rare occasions, typically when Agency costs and project time can be saved to the benefit of the Agency, the Board Chair has approved transactions, and the decision is presented to the Board at the following Board meeting.

In mid-September, a Department of Corrections representative approved the procurement of a new screening system for the San Quentin West pump station, to replace an older unit. The first screening system was replaced in June 2025. The next Board meeting was on October 14, 2025, and to save about 30 days on the project installation schedule, staff proposed, and the Board Chair agreed to process the Agency purchase order to initiate the purchase. This decision was presented to the Board at its October 14, 2025, meeting when the Board directed staff to revise the necessary policies to document the practice.

Attachment:

- Revised Financial Policy 560: *Signature Authority*

POLICY #:	560
SECTION:	FINANCIAL – PROCUREMENT MANAGEMENT
SUBJECT:	Signature Authority
DATE:	1/14/25

POLICY

This policy establishes signature authority for the Agency’s procurement transactions.

PROCEDURES

This policy defines the signature approval levels within the Agency for the following types of procurement transactions:

- Purchase Orders
- Professional Services Agreements
- Maintenance Service Agreements and Contracts
- Equipment Procurement
- Materials & Supply Contracts
- Construction Contracts and Change Orders

I. Procurement Transactions

The General Manager shall approve procurement transactions equal to the amount specified by the California Uniform Construction Cost Accounting Commission (CUCCAC) for utilizing alternative bidding procedures for public project work. The table below shows each procurement transaction type with its governing CUCCAC Tier and the General Manager’s signature authority for each transaction type. By ordinance, the Agency established bid cost thresholds and procedures in accordance with CUCCAC. Dollar amounts indicated are the CUCCAC limits as of the effective date of this policy, and will be adjusted over time as the CUCCAC limits are updated.

Transaction Type	CUCCAC Tier	General Manager Authority
Purchase Orders	Tier I	Less than \$75,000
Professional Services Agreements	Tier I	Less than \$75,000
Maintenance Service Contracts	Tier I	Less than \$75,000
Equipment Procurement	Tier I	Less than \$75,000
Material & Supply Contracts	Tier I	Less than \$75,000
Construction Contracts – Administrative	Tier I	Less than \$75,000
Construction Contracts – Informally Bid	Tier II	Between \$75,000 and \$220,000
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.

The Board Chair has the authority to approve non-construction Tier 1 procurement transactions above the General Manager's authority limit, if the Board Chair and General Manager agree that the transaction is needed to respond to an emergency situation, address urgent Agency business, or has been approved by the representative of an agency contracting with CMSA for services. The procurement decision will be presented to the CMSA Board for approval at the subsequent Board meeting.

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 \$500,000</u> a) Change Order Limit b) CCO limit if schedule impacted*	\$50,000 \$75,000
2) <u>\$500,000 to \$2,000,000</u> a) CCO limit b) CCO limit if schedule impacted*	10% of construction contract amount 20% of construction contract amount
3) <u>Greater Than \$2,000,000</u> a) CCO limit b) CCO limit if schedule impacted*	\$200,000 \$400,000
4) Emergency situations for any size project	CMSA Board Chair approval if schedule impacted,* with subsequent ratification by CMSA Board

* As determined by CMSA staff.

A. Reporting to the Board

The Board shall receive the following change order reports from the General Manager, as appropriate:

- 1) CCO aggregate amount if it approaches the specified limit;
- 2) Periodic change order and contract update; and
- 3) An economic analysis of the project costs at the construction contract's completion.

III. Payment Transactions

The General Manager or designee shall approve payments up to the signature authority limits under *Procurement Transactions*, above.

Agency staff designated as responsible for specific accounts in the adopted budget shall be responsible for reviewing single payments, which are related to the transactions covered by this policy, other procurement management policies, and related procedures. These Agency staff shall approve single payments up to the signature authority established by the General Manager. Approval shall be based on verifying that work, services, and/or materials are completed per the procurement document.



BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Nick Talbot, Treatment Plant Manager

Approved: Jason Dow, General Manager

Subject: Procurement of Equipment for Primary Clarifiers No. 4, 5, 6, and 7

Recommendation: Authorize the purchase of equipment for Primary Clarifiers No. 4, 5, 6, and 7, not to exceed \$395,000.

Summary: Primary Clarifiers No. 1, 2, and 3 underwent full equipment replacement in 2024 and 2025, including flights, chains, wear shoes, and associated hardware. Primary Clarifiers No. 4 and 5 were last rehabilitated in 2014, while No. 6 and 7 were constructed in 2010, and staff is planning to complete the replacement of equipment in the remaining four clarifiers. For Primary Clarifiers No. 4 and 5, Agency staff solicited three proposals and received two responses: Mi Motion at \$162,023 and PMC at \$154,304. For No. 6 and 7, which have a different equipment configuration than No. 1 through 5, staff solicited three proposals and received two responses: DC Frost at \$228,372 and PMC at \$155,332. Staff recommend purchasing all replacement equipment from PMC for a total estimated amount of \$368,278, which includes sales tax and an estimate for the freight costs.

Fiscal Impact: The Agency's FY26 Capital Improvement Program budget allocates \$1,490,000 for Primary Clarifier Rehabilitation, and includes funds for the procurement of equipment for the primary clarifiers.

Alignment with Strategic Plan: This project aligns with the Agency's FY26 Business Plan to support Goal 1 – Objective 1.2 as shown below.

Goal One: CMSA will effectively operate and maintain its treatment facilities in compliance with changing regulations.

Objective 1.2: Manage the Agency's equipment and assets consistent with CIP and maintenance program.

Attachment:

- Quotation from PMC for Equipment and Hardware for Primary Clarifier No. 4, 5, 6, & 7.

PMC INC

110 West Road, Suite 213
Baltimore, MD 21204

Central Marin Sanitation Agency

PC No. 6 & 7

www.PMC720.com

Sales@PMC720.com

Phone: 410-828-4475

QUOTATION

Date	Quotation #
10/28/2025	250935

Product Description	Quantity	Unit Cost	Total
Filler Wear Strips Virgin UHMW Wear Strip 3/8"x2-5/8"x10', 1 hole, 3 slots	360	\$30.00	\$10,800.00
8" Flight 3" x 8" x 231.00" C-Channel Flight, 10 Holes 2 DAPs, FRP	180	\$172.00	\$30,960.00
Carry Wear Shoes Nylon 6/6, Black, 4 hole, 3" x 3" x 5.5" x 0.5" Alternate - Different Material: Virgin UHMW-PE, Black, 4 hole, 3" x 3" x 5.5" x 0.5" Unit Cost: \$7	360	\$13.00	\$4,680.00
Return Wear Shoes w/lug Nylon 6/6, Black, 4 hole, 3" x 3" x 4.5" x 0.5" Alternate - Different Material: w/lug Virgin UHMW-PE, Black, 2 hole, 3" x 3" x 4.5" x 0.5" Unit Cost: \$7	360	\$13.00	\$4,680.00
8" Filler Block Filler Block, for 3" x 8" C-Channel Flight, Polypropylene	360	\$6.00	\$2,160.00
Flight Mounting Hardware 316 Stainless Steel	180	\$35.00	\$6,300.00
Hardware Hardware Kit, Wear strips, Concrete Floor 5 Each: 1/4 X 1-1/4" Flat Head Screws 5 Each: 1-3/8" Weld Washers 5 Each: #14-16 X 1-3/8" Long Nylon Anchors	184	\$14.00	\$2,576.00
Hardware Hardware Kit, Wear strips, Return Rail 5 Each: 5/16" X 1-1/2" Flat Head Machine Screws 5 Each: 1-3/8" Weld Washers 5 Each: 5/16" Flat Washers 5 Each: 5/16" Split Lock Washers 5 Each: 5/16" Hex Nuts	176	\$16.00	\$2,816.00

PC No. 6 & 7

Product Description	Quantity	Unit Cost	Total
			\$64,972.00

A 25% deposit is due with Purchase Order

NOTE: Freight for a similar Flight order was around \$4,000

NOTE: Freight for a similar Wear Strip order was over \$1000

Price is based on quantities quoted

Lead time is currently estimated to be 7-9 weeks

Freight will be prepaid and added to our invoice

Payment terms: Net 30 days after shipment subject to credit approval

A 4.5% surcharge will be added for credit card payments

PMC INC

110 West Road, Suite 213
Baltimore, MD 21204

Central Marin Sanitation Agency

PC No. 6 & 7

www.PMC720.com

Sales@PMC720.com

Phone: 410-828-4475

QUOTATION

Date	Quotation #
10/29/2025	250936

Product Description	Quantity	Unit Cost	Total
720 Non Metallic Chain VC720NM Chain - Viking Non metallic collector chain, 6" pitch, shipped in 9.5' sections	360	\$224.00	\$80,640.00
F228 Non Metallic Attachment Link VC720NM-F228 - Viking Non metallic attachment link	360	\$27.00	\$9,720.00
			\$90,360.00

A 25% deposit is due with Purchase Order

Price is based on quantities quoted

Delivery is based on the current availability of parts, materials, and the production schedule,
which will be confirmed at the time of order

Freight will be prepaid and added to our invoice

Payment terms: Net 30 days after shipment subject to credit approval

A 4.5% surcharge will be added for credit card payments

PMC INC

110 West Road, Suite 213
Baltimore, MD 21204

Central Marin Sanitation Agency

PC No. 4 & 5

www.PMC720.com
Sales@PMC720.com
Phone: 410-828-4475

QUOTATION

Date	Quotation #
10/28/2025	251041-1

Product Description	Quantity	Unit Cost	Total
8" Flight 3"x 8" x 19'-4" FRP Standard Duty Flight 10 holes 2 DAPs	136	\$172.00	\$23,392.00
			\$23,392.00

Revision 1 - Changed Quantities

Lead time is currently estimated to be 6-8 weeks

Freight will be prepaid and added to our invoice (Freight for a similar order was around \$4,000)

Payment terms: Net 30 days after shipment

A 4.5% surcharge will be added for credit card payments

PMC INC

110 West Road, Suite 213
Baltimore, MD 21204

Central Marin Sanitation Agency

PC No. 4 & 5

www.PMC720.com

Sales@PMC720.com

Phone: 410-828-4475

QUOTATION

Date	Quotation #
10/28/2025	251042-1

Product Description	Quantity	Unit Cost	Total
720 Non Metallic Chain	376	\$270.00	\$101,520.00
NM720S Non-Metallic Collector Chain, 6.00" Pitch, with the standard MAXCO F228 attachment every 10'; chain will be shipped as 9.5' sections of plain chain with (1) loose F228 attachment with pins.			
			\$101,520.00

Revision 1 - Changed Quantities

A 25% deposit is due with Purchase Order

Price is based on quantities quoted

Due to the upcoming holidays, ship dates will be determined based upon factory production and holiday schedules at that time the order is received and confirmed by factory

Freight will be prepaid and added to our invoice

Payment terms: Net 30 days after shipment subject to credit approval

A 4.5% surcharge will be added for credit card payments

PMC INC

110 West Road, Suite 213
Baltimore, MD 21204

Central Marin Sanitation Agency

PC No. 4 & 5

www.PMC720.com

Sales@PMC720.com

Phone: 410-828-4475

QUOTATION

Date	Quotation #
10/28/2025	251043-1

Product Description	Quantity	Unit Cost	Total
Hardware 316SS Floor Wear Strip Hardware	160	\$14.00	\$2,240.00
8" Filler Block	352	\$8.00	\$2,816.00
Carry Wear Shoes Standard Shoe Floor HSTD187 Alternate - Different Brand UHMW, Black, 4 hole, 3" x 3" x 5.5" x 0.5" Unit Cost: \$12	352	\$16.40	\$5,772.80
Return Wear Shoes Return Shoe UHMW HSTD168 Alternate - Different Brand: w/lug UHMW, Black, 4 hole, 3" x 3" x 4.5" x 0.5" Unit Cost: \$11	352	\$15.50	\$5,456.00
Filler Wear Strips HSTD125 Track UHMW 3/8" X 2-5/8" X 10Ft Alternate - Different Brand: UHMW Wear strips 3/8"x2-5/8"x10' 1 hole 4 slots Unit Cost: \$30	176	\$41.00	\$7,216.00
Static Sleeve Bushings 3-7/16" shaft, split, black UHMW material, 316 stainless steel band clamps, 6" shoulder outside diameter x 6.224" overall length	12	\$195.00	\$2,340.00
Sprockets 720 19-tooth molded sprocket, 18.45"pitch diameter split, black UHMW teeth w/chainsaver rim, black GF/CP hub, black UHMW inner bore, 304 stainless steel hardware, C- hub, 4" length through bore, bore for 3-7/16" static sleeve bushing	12	\$296.00	\$3,552.00

PC No. 4 & 5

Product Description	Quantity	Unit Cost	Total
			\$29,392.80

Revision 1 - Changed Quantities

Price is based on quantities quoted

Due to the upcoming holidays, ship dates will be determined based upon factory production and holiday schedules at that time the order is received and confirmed by factory

Freight will be prepaid and added to our invoice

Payment terms: Net 30 days after shipment subject to credit approval

A 4.5% surcharge will be added for credit card payments



BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Nick Talbot, Treatment Plant Manager

Approved: Jason Dow, General Manager

Subject: Procurement of Headworks Influent Sluice Gates

Recommendation: Approve the purchase of two Headworks influent sluice gates, not to exceed \$90,000.

Summary: The Headworks is equipped with two influent sluice gates that isolate the San Rafael and Ross Valley interceptor force mains. The existing cast-iron gates are original to the facility and are approaching the end of their service life. Agency staff solicited proposals from three suppliers and received two responses: Coombs-Hopkins (Whipps Gates) at \$81,937.50 and Frank Olsen (Rodney Hunt Gates) at \$85,579.17.

The Whipps stainless steel gates from Coombs-Hopkins bolt directly into the existing wall thimbles, are lighter and easier to maintain than the existing cast-iron gates, and require no protective coating. Agency staff will request bids for the removal of the existing gates and installation of the new gates in spring 2026.

Fiscal Impact: The FY26 Capital Improvement Program budget allocates \$302,100 for gate replacements, of which \$100,000 was planned for the procurement of the Headworks influent sluice gates, including delivery, sales tax, and contingencies.

Alignment with Strategic Plan: This project aligns with the Agency's Business Plan to support Goal 1 – Objective 1.2 as shown below.

Goal One: CMSA will effectively operate and maintain its treatment facilities in compliance with changing regulations.

Objective 1.2: Manage the Agency's equipment and assets consistent with CIP and maintenance programs.

Attachment:

- Quotation from Coombs-Hopkins for two Headworks influent sluice gates.

QUOTATION

Attachment



370 South Athol Road
Athol, MA 01331
Phone : 978-249-7924
Fax : 978-249-3072

Quotation No. 36057

August 14, 2025

Please Reply To :
Coombs Hopkins
4380 South syracuse Street, Suite 450
Denver, Colorado 80237

Subject : San Rafael Treatment Plant
San Rafael, California
Engineer : Kennedy Jenks Consultants
Bid Date : Friday, August 15, 2025
Bid Expires : Tuesday, October 14, 2025

Bidding Contractors :

We are pleased to offer the following quotation for **316 stainless steel slide gates**.

Item No 1	Tag No.
Location - Drawing Number :	N/A - N/A
Quantity :	Two (2)
Gate Size - Model :	60" Wide x 48" High - Model 924 Self Contained Stainless Steel Slide Gate
Invert To Floor :	6 ft
Max Design Head :	10 ft seating - 25 ft unseating
Description :	The upward opening stainless steel slide gate will have the following features : SS316L construction; UHMW side and top seals and a neoprene invert seal; The single operating stem will be SS316L with a plastic stem cover.
Mounting Style :	Wall mounted with non-shrink grout and SS anchor studs.
Lifting Mechanism :	Yoke hydraulic cylinder using existing HPU and piping by others.
Anchor Bolts :	1/2" anchor studs and nuts included.

Comments:

1. Pricing includes P.E. stamped seismic calcs.
2. Pricing is for hydraulic cylinder only. HPU and piping by others.

Price for both gates without taxes \$75,000

This quotation represents our best interpretation of the project plans and specifications. Any subsequent changes may result in a price change.

Whipps Inc. is ISO 9001:2015 certified. Whipps Inc. complies with Buy America, AIS and BABA requirements. Whipps, Inc. unequivocally disclaims any liability associated with the electrical operators required for the project, especially those suppliers explicitly designated and named in the contract specifications.

INCLUDED: Submittal drawings and O&M manuals.

EXCLUDED: Field Measurements, Installation, grout, deck sleeves, blind flanges, mastic, lubricant, control panels, instrumentation, wiring and epoxy capsules for anchor bolts.

DURATION: Our price is held firm for 60 days from the bid date listed on Page 1. Please contact our local representative for updated pricing after 60 days.

FORCE MAJEURE: Whipps Inc, shall not be considered in default in the performance of its obligations under this agreement to the extent that the performance of such obligations is prevented or delayed by an event or circumstance of Force Majeure, including without limitation: strike, labor disputes, civil commotion, rebellion, invasion, epidemic, hostilities, war, embargo, natural disaster, act of God, fire, sabotage, loss and destruction of property, changes in laws, regulations or orders, absence of necessary orders or permits of any kind which have been applied for, other events beyond the reasonable control of the affected party, or a situation which the affected party was unable to prevent or overcome despite the exercise of due diligence and best efforts by it.

PAYMENT TERMS: Payment terms are net 30 days with no retainer allowance. Interest will be charged on amounts past due at 1-1/2% per month.

SPARE PARTS: No spare parts are required.

TAXES: Taxes, duties and tariffs are not included in this quotation. Sales tax is not included in our Total Price. However, Whipps, Inc. is registered to collect sales tax in the states of California, Florida, Maryland and Massachusetts.

DELIVERIES: The standard delivery of submittal drawings is 4-6 weeks after receipt of written purchase order. The equipment will ship 18-20 weeks after receipt of approved submittal drawings.

We will make every effort to coordinate our engineering and manufacturing schedule with your construction schedule. Please contact our local representative for expedited or extended delivery dates.

FREIGHT: The price quoted is F.O.B. our factory in Athol, Massachusetts with freight allowed to jobsite. Partial shipments may be provided upon request for an additional charge. Price includes shipment via common carrier. (Open top truck shipment may be provided upon request for an additional charge). Price does not include unloading at job site.

VOLUME DISCOUNT DISCLAIMER: The price shown reflects a volume discount for the quantity quoted. Please contact our local representative if you need to order a different quantity than the number shown herein and we will send a revised quotation.

FIELD SERVICE: **No field service is included.** Three weeks advance notice in writing is required for field service.

OPERATION AND MAINTENANCE MANUALS : Whipps, Inc. manuals are produced project specific. Our manual is set up in a manner designed for the user to easily comprehend information relating to our gates. This is our standard structured document representing the Whipps, Inc. products. Whipps, Inc. reserves the right to deviate from what is listed in the Project Specifications should Whipps, Inc. determine that specific provisions add little or no value to the Manual.

Sincerely,

Randy Stewart
Western Regional Sales Manager
Oregon Office : 503-263-3477
Cell : 971-272-3477
Whipps – Quality & Experience
<http://www.whipps.com>



BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Corey Spray, Administrative Services Manager

Approved: Jason Dow, General Manager

Subject: Fiscal Year 2025 Audited Financial Statements

Recommendation: Accept the Agency's FY25 audited financial statements, and provide comments or direction to the General Manager, as appropriate.

Summary: Each fiscal year, the Agency undergoes an audit of its financial statements. FY25 is the second year the public accounting firm, Maze & Associates Accounting Corporation (Maze), has been engaged to perform the annual financial audit. The audit was recently completed with no issues identified, and the final draft is ready for acceptance by the Board. David Alvey, from Maze, will virtually attend the November 13, 2025, Board meeting to present the FY25 financial audit results.

Discussion: Annually, the Agency is required to undertake an external audit of its financial statements for conformity with Generally Accepted Accounting Principles within the United States of America, or US GAAP. An audit is comprised of two primary objectives:

- 1) Assessment of the Agency's internal control framework over financial reporting.
- 2) Assessment of the Agency's financial transactions and preparation of the financial statements with related disclosures.

Maze planned and performed the external audit in two phases, an interim phase and a final phase. The interim phase included testing of internal controls over financial reporting, and the final phase included testing of financial transactions with respect to preparation of the financial statements. All the work was performed remotely by Maze, with the Agency providing the supporting documentation through a secure file transfer protocol (SFTP) web portal. The results of the various tests performed are memorialized within Maze's Opinion Letter. The Opinion Letter is included with the Agency's financial statements.

Based on Maze's assessment for FY25, no issues with the Agency's internal control framework were identified and an unmodified opinion was issued for preparation of the FY25 financial statements. Discussion of the procedures performed by Maze as well as their findings are

further documented within the attached Memorandum on Internal Controls and Required Communications Letter.

Once accepted, the report will be included in the Agency's Annual Comprehensive Financial Report (ACFR) and summarized into the Popular Annual Financial Report (PAFR) for consideration of financial excellence awards from the Government Finance Officer's Association (GFOA).

FY25 Financial Highlights

- 1) *Cash and cash equivalents* increased \$0.92 million, or 4%, to an aggregate balance of \$23.6 million. This represents both growth in the Agency's reserves that can be used for future budgetary planning and overall cost control of using the Agency's resources. Actual FY25 expenses were 81% of the FY25 budget.
- 2) *Restricted cash and investments* increased \$0.7 million, or 75.5%, to an aggregate balance of \$1.6 million. The primary driver of this growth is the result of the Agency continually funding its Section 115 pension trust to manage its pension funding position.
- 3) *Bonds payable, net* decreased \$3.93 million, or 8.4%, to an aggregate balance of \$42.97 million, which represents payment of the principal and interest on the 2015 refunding revenue bonds, 2020 revenue bonds, and 2022 pension obligation bonds.
- 4) *Net pension liability* decreased \$0.31 million, or 4.6%, to an aggregate balance of \$6.53 million. The Agency's net pension liability held steady leading to a US GAAP funding ratio of 89% due to CalPERS earning a 9.6% investment return.
- 5) *Net OPEB liability* increased \$0.05 million, or 2.7%, to an aggregate balance of \$1.87 million. Retiree medical costs are steadily increasing as expected; however, this cost increase is offset by the investment gains received on the CERBT portfolio of approximately 11%. Both of which kept the funding ration steady at 63%.
- 6) *Change in net position* resulted in \$5.6 million net income. This is primarily the result of several factors benefiting the Agency. First, CalPERS recognized a 9.6% investment rate of return on the PERF C portfolio resulting in lower non-cash pension accrual expense. Investment rates of return that are achieved in excess of the actuarial discount rate (currently at 6.9%) increases plan fiduciary position resulting in less of a pension expense burden on participating public agencies. Second, the Agency collected its Inflation Reduction Act – Investment Tax Credit direct payment of \$1.9 million. Collection of these proceeds was in doubt due to the change in Administrations at the federal level. Third, cost pressures and financial market angst appear to be abating as inflation continues to trend lower through FY25.

Overall, the Agency's net financial position remains strong. The Agency's reserves are increasing, the bond obligations are being paid as scheduled, and the retirement obligations are being managed following the applicable Financial Policies. Combined with a clean independent

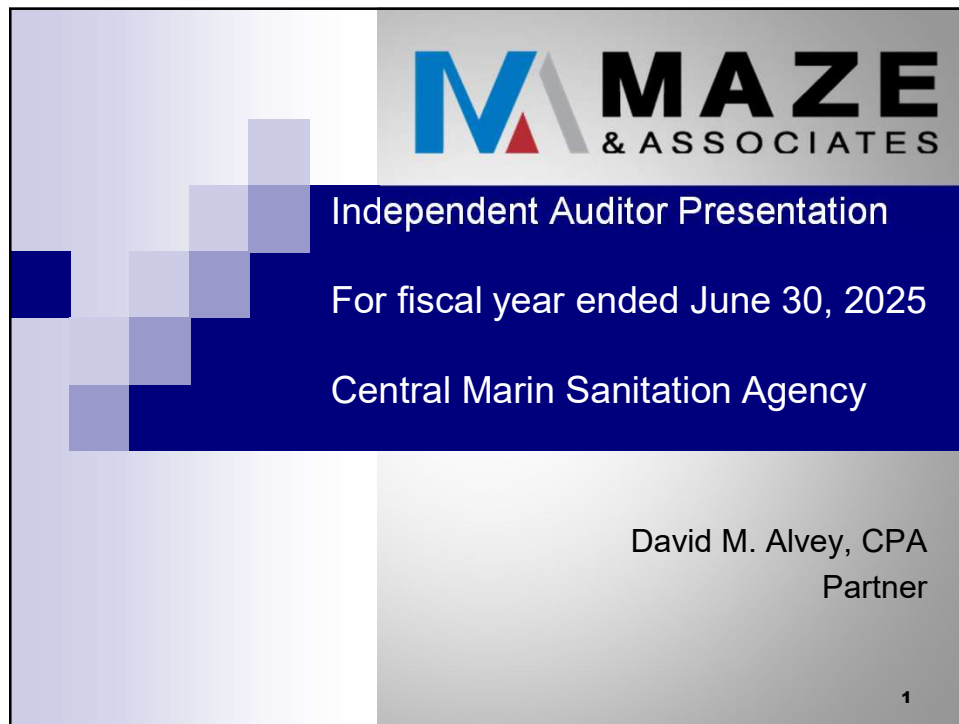
audit opinion from Maze, all these factors can lead to an improved credit rating within the municipal bond marketplace.

Financial Statement Presentation Changes

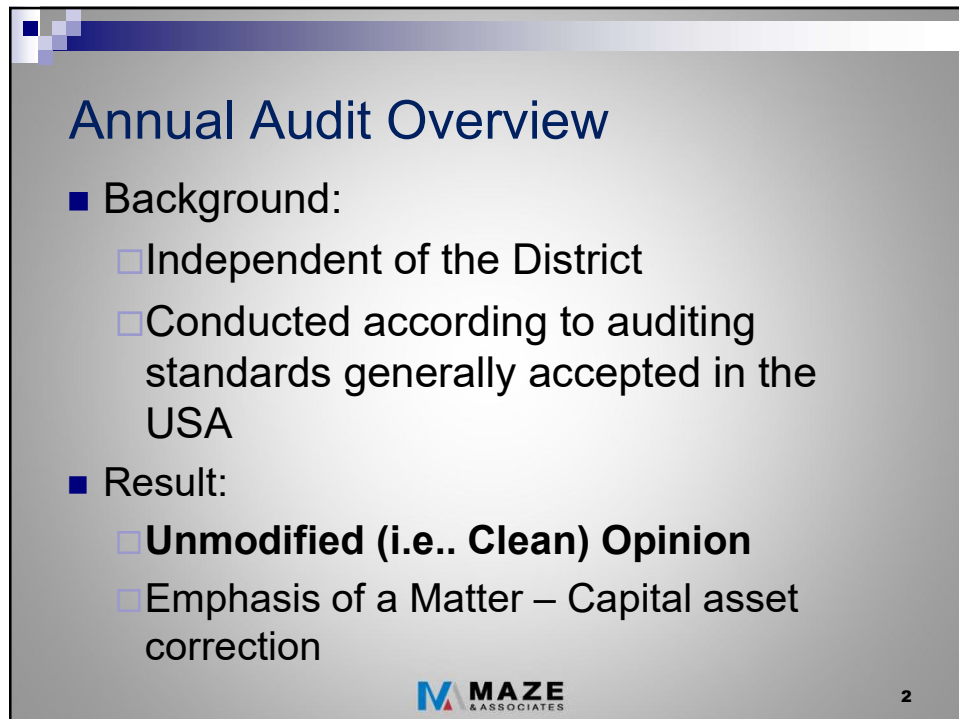
The Agency updated the presentation of its Financial Statements to further make the report more useful for the Board and other interested readers. The primary change is for the report to include a comparable prior year. So, the basic financial statements, i.e., Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, as well as the Statement of Cash Flows, include both financial data from FY25 and FY24. The Management Discussion & Analysis section further includes FY23 as a third comparable year to show a slightly longer-term trend in the Agency's financial performance. This is to allow users and readers to be able to easily see year-over-year comparisons of financial data, and better assess the Agency's performance. This practice is not required under US GAAP, but it is preferred by the Governmental Accounting Standards Board (GASB) to show this kind of presentation considering this is common practice in the private sector.

Attachments:

- 1) FY25 Audit Presentation from Maze and Associates
- 2) Maze and Associates Memorandum on Internal Controls and Required Communications Letter, dated November 4, 2025
- 3) Central Marin Sanitation Agency Financial Statements – June 30, 2025 and 2024



1



2

Annual Audit Overview

■ Background:

- ☐ Independent of the District
- ☐ Conducted according to auditing standards generally accepted in the USA

■ Result:

- ☐ **Unmodified (i.e.. Clean) Opinion**
- ☐ Emphasis of a Matter – Capital asset correction



2

Annual Audit Overview

■ Background:

- ☐ Independent of the District
- ☐ Conducted according to auditing standards generally accepted in the USA

■ Result:

- ☐ **Unmodified (i.e.. Clean) Opinion**
- ☐ Emphasis of a Matter – Capital asset correction



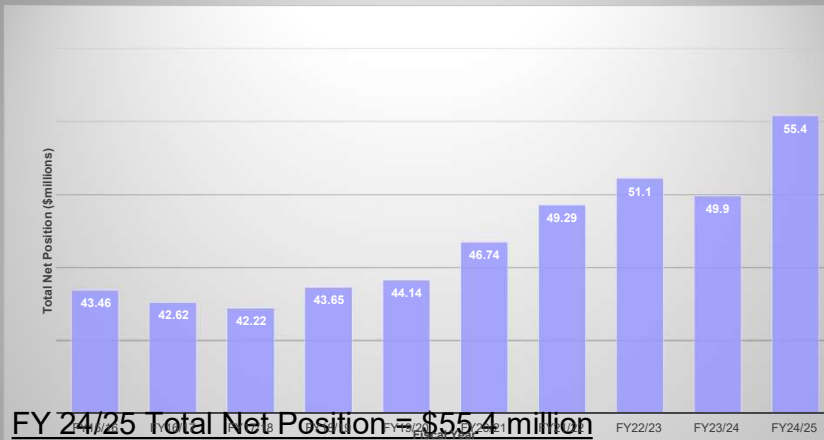
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Financial Highlights (Page 26 through 28)

- Statement of Net Position
 - Asset \$109.5M– Increased by \$108k
 - Liabilities \$54.7M– Decreased by \$4.9m
 - Net Position - \$55.4m – Unrestricted is \$6.8m

3

Historical Total Net Position



- \$47.1m (85%) in net investment in capital assets
- \$1.6m (3%) restricted for pension trust
- \$6.8 million (12%) unrestricted

MAZE
& ASSOCIATES

4

6

Memorandum on Internal Control and Required Communication

- Material Weakness: None
- Significant Deficiency: None
- Other Matters: Upcoming GASB Pronouncements
- Required Communication:
 - ☐ No unusual transactions
 - ☐ No disagreements with management
 - ☐ No issues with accounting estimate and assumptions
 - ☐ No reason to believe the scope was limited
 - ☐ No second opinion



5

5

QUESTIONS?



"We are in the business to help our clients succeed"

6

**CENTRAL MARIN SANITATION AGENCY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

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**CENTRAL MARIN SANITATION AGENCY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2025

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

In planning and performing our audit of the basic financial statements of the Central Marin Sanitation Agency (Agency), California, as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the Agency.

This communication is intended solely for the information and use of management, Board of Commissioners, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Maze + Associates'.

Pleasant Hill, California
November 4, 2025

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**CENTRAL MARIN SANITATION AGENCY
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2025**

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2026/27:

GASB 104 – Disclosure of Certain Capital Assets

State and local governments are required to provide detailed information about capital assets in notes to financial statements. GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with GASB Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will im-prove consistency and comparability between governments.

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REQUIRED COMMUNICATIONS

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

We have audited the basic financial statements of the Central Marin Sanitation Agency (Agency), California, for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Audit Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 30, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are included in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year except as follows:

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 102 – Certain Risk Disclosures

GASB 103 – Financial Reporting Model Improvements

Unusual Transactions, Controversial or Emerging Areas – We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates – Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

Estimated Fair Value of Investments: As of June 30, 2025, the Agency held approximately \$25.2 million of cash and investments as measured by fair value as disclosed in Note 3 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2025. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2025.

Estimated Net Pension Liability and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liability and deferred outflows/inflows of resources are disclosed in Note 11 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Agency. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liability and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liability and OPEB-Related Deferred Outflows and Inflows of Resources is disclosed in Note 13 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the Agency. We evaluated the key factors and assumptions used to develop the estimate and determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 2K to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 8 to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures – The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the Agency's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Commissioners.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 4, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

This information is intended solely for the use of the Board of Commissioners and management and is not intended to be, and should not be, used by anyone other than these specified parties.



Pleasant Hill, California
November 4, 2025

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CENTRAL MARIN SANITATION AGENCY BASIC FINANCIAL STATEMENTS



**FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 AND 2024**

PREPARED BY ADMINISTRATION DEPARTMENT

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**CENTRAL MARIN SANITATION AGENCY
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025 and 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Central Marin Sanitation Agency (Agency), California, as of and for fiscal years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Agency, as of June 30, 2025 and 2024, and the respective changes in financial positions and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of the of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Pleasant Hill, California
November 4, 2025

The purpose of management's discussion and analysis (MD&A) is to help Agency customers and other readers understand what the financial statements and notes in this financial report say about the Agency's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the Administration Department staff's knowledge of the Agency's finances.

If you have questions about this report or would like further information, please contact the Agency located at 1301 Andersen Drive San Rafael, CA 94901 or by calling (415) 459-1455.

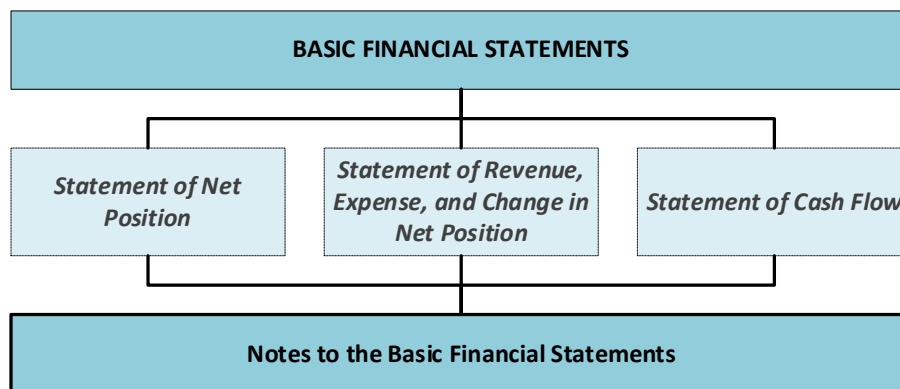
OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's financial statements contain two components, *Basic Financial Statements* and *Notes to the Basic Financial Statements*. The report also contains other required supplementary information in addition to the *Basic Financial Statements*.

The Agency, like other special purpose governments, presents its basic financial statements using fund accounting to ensure and demonstrate compliance with financial-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The two funds the Agency presents are its single proprietary or enterprise fund covering its wastewater operations and its single fiduciary or custodial fund covering its resources held for the benefit of the North Bay Watershed Association (NBWA).

Proprietary Fund: Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The proprietary fund statements include:

Figure 1 – Contents of the Agency's Financial Statements



The *Basic Financial Statements* have three individual statements:

- **Statement of Net Position:** This statement presents information on the Agency's assets, deferred outflows, liabilities, and deferred inflows as year-end, with the difference reporting as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or worsening.

- *Statement of Revenues, Expenses and Changes in Net Position*: The statement presents the results of the Agency's operations over the course of the fiscal year and information as to how net position changed during the year. These statements can be used as an indicator of the extent to which the Agency successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement from items that will result in future cash flows.
- *Statement of Cash Flows*: This statement presents the changes in cash and cash equivalents resulting from operational, capital financing, non-capital financing, and investing activities. These statements summarize the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt, and excludes non-cash accounting measures of depreciation or amortization.

Fiduciary Fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Agency operates one custodial fund that is to account for the assets held by NBWA in a trustee capacity for treasury services. The accounting used for fiduciary funds is much like that used for the proprietary funds.

The *Notes to the Basic Financial Statements* delve deeper into the Agency's finances as reported in the *Basic Financial Statements*. The information in the *Notes to the Basic Financial Statements* is as important to understanding the Agency's finances as the information in the *Basic Financial Statements*. The Agency uses this component to (1) present information in greater detail than is possible within the *Basic Financial Statements* themselves, (2) explain the nature of amounts in the *Basic Financial Statements* and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the *Basic Financial Statements* (such as certain contingencies).

In addition to the *Basic Financial Statements* and accompanying *Notes to the Basic Financial Statements*, this report also presents certain *Required Supplementary Information* concerning the Agency's progress in funding its obligation to provide pension and other post-employment healthcare benefits to its employees.

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

The Agency's financial report uses the *economic resources measurement focus* and *accrual basis of accounting*. In other words, they comprehensively report all of the below elements:

- *Assets*: Resources the Agency controls, from short-term assets like cash to long-term assets like equipment and treatment facility infrastructure.
- *Liabilities*: Amounts the Agency owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.

Central Marin Sanitation Agency
Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

- Deferred Outflows of Resources and Deferred Inflows of Resources: Flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- Revenues and Expenses: Inflows and outflows of economic resources, respectively, related to the current year.

More detail about the measurement focus and basis of accounting can be found in *Note 2 – Summary of Significant Accounting Policies*.

ANALYSIS OF THE AGENCY'S FINANCES

Table 1 - Comparative Condensed Statement of Net Position
June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

	2025	(Restated) 2024	(Restated) 2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
Total assets							
Cash and cash equivalents	\$ 23,630	\$ 22,711	\$ 21,868	\$ 919	4.0 %	\$ 843	3.9 %
Other current assets	3,657	4,802	4,344	(1,145)	(23.8) %	458	10.5 %
Restricted cash and investments	1,616	921	214	695	75.5 %	707	330.4 %
Capital assets, net	80,380	80,332	80,863	48	0.1 %	(531)	(0.7) %
Other noncurrent assets	246	317	381	(71)	(22.4) %	(64)	(16.8) %
Total assets	109,529	109,083	107,670	446	0.4 %	1,413	1.3 %
Deferred outflows of resources	5,491	8,317	12,945	(2,826)	(34.0) %	(4,628)	(35.8) %
Total liabilities							
Current liabilities	2,516	2,978	2,086	(462)	(15.5) %	892	42.8 %
Bonds payable, net	42,970	46,898	50,559	(3,928)	(8.4) %	(3,661)	(7.2) %
Other noncurrent liabilities	9,228	9,701	9,622	(473)	(4.9) %	79	0.8 %
Total liabilities	54,714	59,577	62,267	(4,863)	(8.2) %	(2,690)	(4.3) %
Deferred inflows of resources	4,873	7,965	7,468	(3,092)	(38.8) %	497	6.7 %
Total net position							
Net investment in capital assets	47,059	43,446	40,733	3,613	8.3 %	2,713	6.7 %
Restricted net position	1,616	921	214	695	75.5 %	707	330.4 %
Unrestricted net position	6,758	5,491	9,933	1,267	23.1 %	(4,442)	(44.7) %
Total net position	\$ 55,433	\$ 49,858	\$ 50,880	\$ 5,575	11.2 %	\$ (1,022)	(2.0) %

Explanation of Changes Between Fiscal Years 2025 and 2024:

The Agency's total net position increased \$5.6 million, or 11.2%, between fiscal year 2025 and 2024. The overall increase is primarily attributable to total liabilities decreasing \$4.9 million, or 8.2%, total deferred inflows of resources decreasing by \$3.1 million, or 38.8%, offset by total deferred outflows of resources decreasing \$2.8 million, or 34%. Each total category plus certain categories from total assets are further detailed out below:

- Cash and cash equivalents increased by \$0.92 million, or 4%, from continuing operation of the wastewater treatment plant facility and performance of the capital improvement program (CIP). Significant drivers of the net increase include greater regional service charge (RSC) collections

Central Marin Sanitation Agency
Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

paid for by the joint powers agreement (JPA) members, reimbursable capital project work performed for San Quentin Rehabilitation Center, more interest income received due to relatively still high interest rates, and collection of \$1.9 million in Inflation Reduction Act grant proceeds. The greater collections, however, were offset by routine payments to its employees, vendors, and bondholders. Further detail on the Agency's cash flow activity can be reviewed on the *Statement of Cash Flows*.

- Other Current Assets decreased by \$1.15 million, or 23.8%, primarily due to collection of the final retention from the CalRecycle grant program.
- Restricted cash and investments increased by \$0.7 million, or 75.5%, primarily from the Agency's annual contribution to its Internal Revenue Code (IRC) Section 115 pension trust following its pension funding plan.
- Deferred outflows of resources decreased by \$2.83 million, or 34%, primarily due to the California Public Employees Retirement System (CalPERS) continuing to amortize the Agency's \$9.43 million pension obligation bond (POB) contribution recognized in reporting year 2023. Amortization of excess contributions follow a five-year period.
- Current liabilities decreased by \$0.46 million, or 15.5%, primarily due to completion of a number of capital projects offset by further vesting of compensated employee leave that is expected to be used in the following fiscal year as a result of continued service. See further information for capital project activity under the *Significant Capital Asset and Long-Term Financing Activity* section.
- Bonds payable decreased by \$3.93 million, or 8.4%, due to the Agency paying down its bond obligations following the relevant bond indenture agreements.
- Other long-term liabilities decreased by \$0.47 million, or 4.9%, primarily due to CalPERS' positive performance on the investment portfolio of 9.6% for reporting year 2025 and payouts of compensated leave for three retiring long-time employees. The CalPERS investment return was in excess of the required rate of return of 6.9% for the current reporting year of which increases the plan's fiduciary net position.
- Deferred inflow of resources decreased by \$3.1 million, or 38.8%, primarily due to CalPERS continuing to amortize the very large investment gain earned in reporting year 2022. CalPERS earned approximately 22% on its investment portfolio, which was larger than the required rate of return on the portfolio of 7.15% for that reporting year. Following current accounting policy, excess investment earnings are amortized following the Expected Average Remaining Service Lifetime (EARSL), which is 3.7 years. The EARSL is an average number of service years an employee stays at any one public agency. This figure is a key determinate for amortizing pension costs.

Central Marin Sanitation Agency
Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Explanation of Changes Between Fiscal Years 2024 and 2023:

The Agency's total net position decreased \$1 million, or 2%, between fiscal year 2024 and 2023. The overall decrease is attributable to total assets increasing \$1.41 million, or 1.3%, offset by total deferred outflows of resources decreasing \$4.63 million, or 35.8%, and total liabilities decreasing \$2.69 million, or 4.3%. Each total category is further detailed out below:

- Cash and cash equivalents overall increased by \$0.84 million, or 3.9%, from continuing operation of the wastewater treatment plant facility and following through on the capital improvement program (CIP). Significant drivers of the net increase include greater regional service charge (RSC) collections paid for by the joint powers authority (JPA) members, more interest income received due to higher interest rates, and collection of \$1.5 million in CalRecycle grant proceeds. The greater collections, however, were offset by routine payments to its employees, vendors, and bondholders. Further detail on the Agency's cash flow activity can be reviewed on the *Statement of Cash Flows*.
- Restricted cash and investments increased by \$0.71 million, or 330.4%, primarily from the Agency's annual contribution to its Internal Revenue Code (IRC) Section 115 pension trust following its pension funding plan.
- Deferred outflows of resources decreased by \$4.63 million, or 35.8%, primarily due to the California Public Employees Retirement System (CalPERS) fully recognizing and beginning amortization of the Agency's \$9.43 million pension obligation bond (POB) contribution. Actuarial recognition of Agency contributions is performed on a two-year lag due to when CalPERS performs their assessment of Agency pension investments and liability calculations. Amortization of excess contributions follow a five-year period.
- Current liabilities increased by \$0.89 million, or 42.8%, primarily due to an increase of capital project activity in May 2024 and June 2024 that were paid into the following fiscal year. Capital project activity is driven by the capital improvement program (CIP) plan with several major projects starting in the early Summer period.
- Bonds payable decreased by \$3.66 million, or 7.2%, due to the Agency paying down its bond obligations following the relevant bond indenture agreements.
- Deferred inflow of resources increased by \$0.49 million, or 6.7%, primarily due to CalPERS earning approximately 5.8% on the pension plan assets in fiscal year reporting year 2024. This positive return increased the pension plan's assets that sufficiently funded the current year benefit payments. Positive rates of return, however, are recognized as a current year long-term liability and amortized over a five-year period. For further detail on CalPERS' fiscal year 2023 Annual Comprehensive Financial Report (ACFR) located at <https://www.calpers.ca.gov/>.

The activity within the various components of net position, i.e., net investment in capital assets, restricted net position, and unrestricted net position, for all fiscal years reported reflect the above changes impacting the components.

Central Marin Sanitation Agency
Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Table 2 - Comparative Condensed Statement of Revenue, Expense and Changes in Net Position
For the Fiscal Years Ended June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

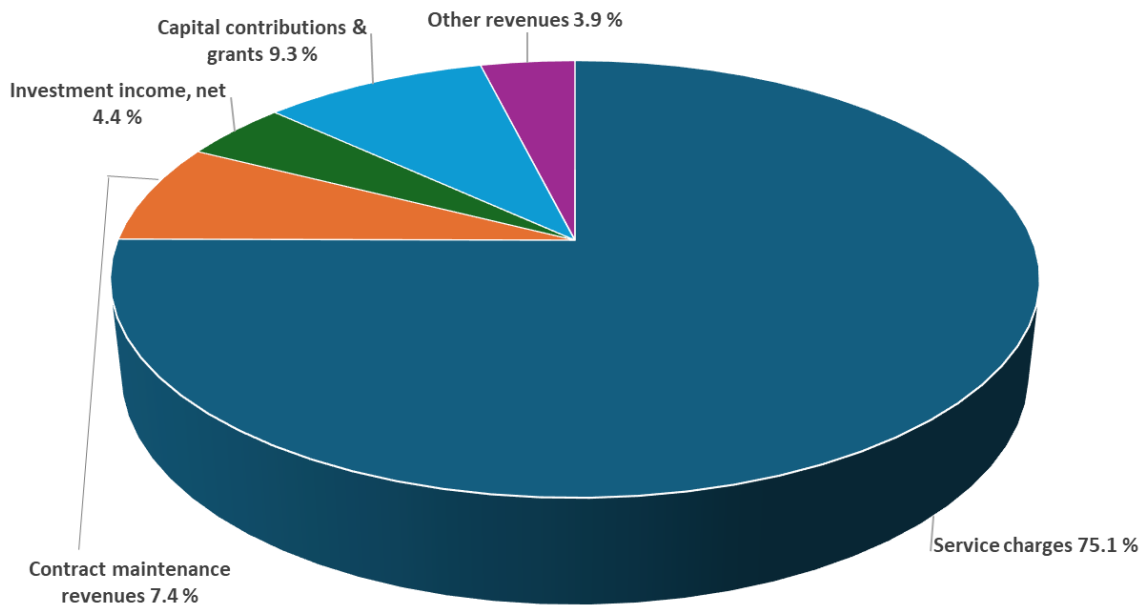
	2025	(Restated) 2024	(Restated) 2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
Revenues							
Service charges	\$ 20,448	\$ 19,568	\$ 18,820	\$ 880	4.5 %	\$ 748	4.0 %
Contract maintenance revenues	2,015	1,695	1,857	320	18.9 %	(162)	(8.7) %
Contract safety and public education program	167	135	116	32	23.7 %	19	16.4 %
Contract treasurer and admin services	106	-	-	106	100.0 %	-	0.0 %
Leasing income	72	120	69	(48)	(40.0) %	51	73.9 %
Renewable energy sales	86	64	55	22	34.4 %	9	16.4 %
Wastewater discharge permit fees	53	42	56	11	26.2 %	(14)	(25.0) %
Source control fees	110	96	99	14	14.6 %	(3)	(3.0) %
Waste hauler service fees	424	412	298	12	2.9 %	114	38.3 %
COVID and illegal substance sampling fees	29	43	34	(14)	(32.6) %	9	26.5 %
Investment income (expense), net	1,187	1,160	478	27	2.3 %	682	142.7 %
Capacity charges	580	1,153	641	(573)	(49.7) %	512	79.9 %
Federal and State grant proceeds	1,943	1,651	927	292	17.7 %	724	78.1 %
Other non-operating revenue (expense)	14	(127)	29	141	111.0 %	(156)	(537.9) %
Total revenue	27,234	26,012	23,479	1,222	4.7 %	2,533	10.8 %
Expenses							
Salaries and benefits	9,257	14,674	11,231	(5,417)	(36.9) %	3,443	30.7 %
Biosolids management	553	413	440	140	33.9 %	(27)	(6.1) %
Chemicals and fuel	1,896	1,912	1,659	(16)	(0.8) %	253	15.3 %
Repairs and maintenance	2,322	1,754	665	568	32.4 %	1,089	163.8 %
Permit testing and monitoring	252	207	204	45	21.7 %	3	1.5 %
Insurance	490	570	410	(80)	(14.0) %	160	39.0 %
Utilities and telephone	370	428	446	(58)	(13.6) %	(18)	(4.0) %
Provision for uncollectable accounts	1	-	-	1	100.0 %	-	0.0 %
General and administrative	864	738	800	126	17.1 %	(62)	(7.8) %
Depreciation and amortization	4,395	4,893	4,497	(498)	(10.2) %	396	8.8 %
Interest expense	1,259	1,445	1,540	(186)	(12.9) %	(95)	(6.2) %
Total expense	21,659	27,034	21,892	(5,375)	(19.9) %	5,142	23.5 %
Change in net position	5,575	(1,022)	1,587	6,597	645.5 %	(2,609)	(164.4) %
Net position - beginning	49,858	50,880	49,293	(1,022)	(2.0) %	1,587	3.2 %
Net position - ending	\$ 55,433	\$ 49,858	\$ 50,880	\$ 5,575	11.2 %	\$ (1,022)	(2.0) %

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Explanation of Changes Between Fiscal Years 2025 and 2024:

The Agency's total change in net position increased by \$5.6 million between fiscal year 2025 and 2024. The increase is primarily attributable to the year-over-year increases in total revenue of \$1.22 million and by decreases in total expense of \$5.38 million. Significant changes within total revenue and expenses are discussed separately.

Figure 2 – Revenue by Source



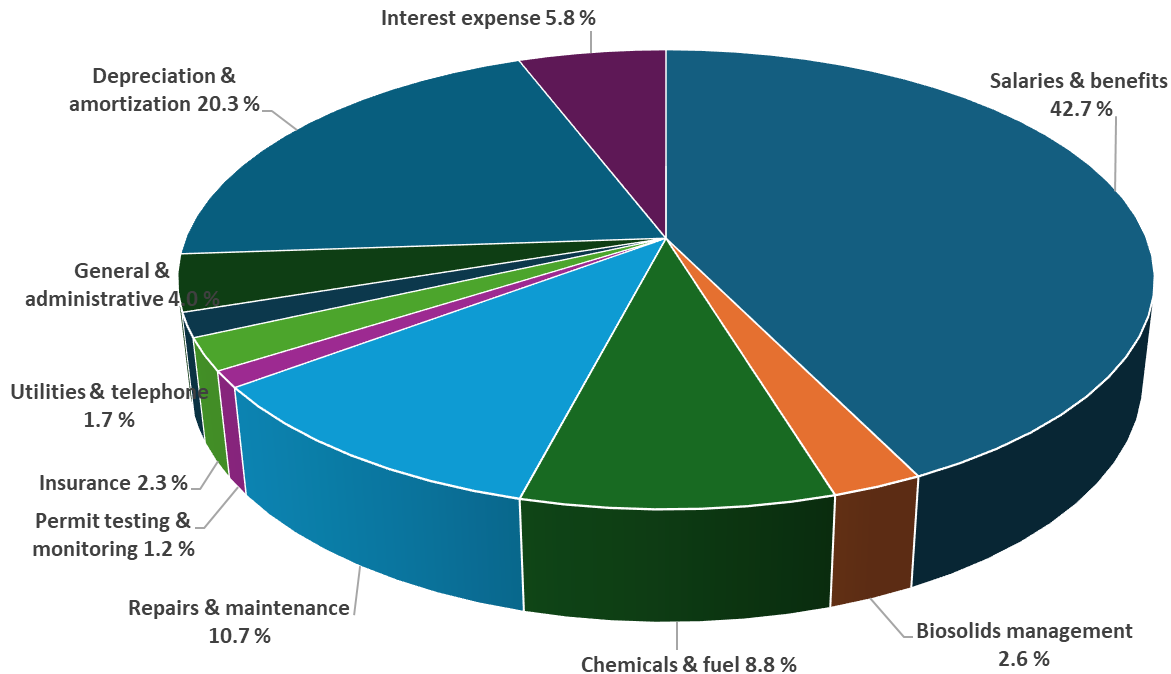
Note: "Other revenues" include contract safety & public education, contract treasurer and admin services, leasing income, renewable energy sales, wastewater discharge permit fees, source control fees, waste hauler service fees, COVID & illegal substance sampling fees, and other non-operating revenue (expense).

- Service charges, which account for 75.1% of the Agency's total current year revenue, increased \$0.88 million, or 4.5%, between fiscal year 2025 and 2024. The increase is driven by the Agency's Board of Commissioner approved Revenue Plan in November 2023. Total service charges are comprised of RSCs, capital fees, debt service charges, and debt coverage fees, of which were all approved in the aggregate to increase by 4.5% going into fiscal year 2025.
- Contract maintenance revenues, which account for 7.4% of the Agency's total current year revenue, increased by \$0.32 million, or 18.9%, between fiscal year 2025 and 2024. The increase is attributable to extra work performed on both of the pump station maintenance contracts for both Sanitary District #2 and San Quentin Rehabilitation Center. The extra work performed is infrequent in nature.

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- Contract treasurer and admin services revenue, which account for 0.4% of the Agency's total current year revenue, increased \$0.11 million, or 100%, between fiscal year 2025 and 2024. The increase is primarily attributable to the Agency's Board authorizing staff to develop an operations and management service agreement for the San Rafael Sanitation District (SRSD). Currently, the contract is in development and the current fees received relate to reimbursable Board of Commissioner stipends, staff time, and any other costs relating to the development of the contract. The Agency also entered into an agreement with NBWA to serve as its treasurer. The Agency collects fees for its services.
- Federal and state grant proceeds, which account for 7.1% of the Agency's total current year revenue, increased \$0.29 million, or 17.7%, between fiscal year 2025 and 2024. The increase is attributable to the Agency receiving its tax credits from the Internal Revenue Service (IRS) as per the federal government program, Inflation Reduction Act (IRA). The IRA program allowed for reimbursement of capital project costs relating to the completion of the newest cogeneration engine added to the treatment plant facility. The cogeneration system allows for clean energy to be generated from using the the developed byproduct biogas as a fuel.
- Capital contributions, which account for 2.1% of the Agency's total current year revenue, decreased \$0.57 million, or 49.7%, between fiscal year 2025 and 2024. The decrease is attributable to lower building activity recorded within the service area. Building activity is tethered to borrowing costs, of which have stagnated over the last fiscal year. As such, building activity has stabilized relative to the prior year providing a more normalized collection of capacity charges.
- Other non-operating revenue (expense), which accounts for 0.1% of the Agency's total current year revenue, increased \$0.14 million, or 111%, between fiscal year 2025 and 2024. The increase is attributable to the prior year recording losses on capital asset disposals relative to a small gain on sale recorded from sale of the Agency's digester pilot trailer for \$10,000. The current year amount otherwise includes immaterial collections from various other sources.

Figure 3 – Expense by Use



- Salaries & benefits, which accounts for 42.7% of the Agency's total current year expense, decreased \$5.42 million, or 36.9%, between fiscal year 2025 and 2024. The decrease is primarily attributable to CalPERS actuarially recognizing the POB contribution resulting in additional pension expense as the excess contribution is being amortized following accounting policy in the prior fiscal year. The current year experienced fairly strong investment gains of approximately 9.6% from the pension portfolio resulting in lower current year pension expense. This positive pension impact is despite the annual salary increase of 3.67% approved within the employee collective bargaining agreements as well as a 9% cost escalation observed in the health insurance markets as a result from higher medical costs. Otherwise, the Agency's personnel count as well as benefits plan offerings and structure have remained fairly consistent year-over-year.
- Biosolids management, which accounts for 2.6% of the Agency's total current year expense, increased \$0.14 million, or 33.9%, between fiscal year 2025 and 2024. The increase is primarily attributable to the change in the transportation costs being billed to the Agency from being cost per ton to instead being cost per truck load. The cost per number of truck loads received by the Agency is more than the cost per tonnage on an incremental basis resulting in the increase.
- Repairs & maintenance, which accounts for 10.7% of the Agency's total current year expense, increased \$0.57 million, or 32.4%, between fiscal year 2025 and 2024. The increase is primarily due to the Agency performing a seismic study, small repairs to various structures and equipment, and continued services from Northeast-Western for the Jenbacher cogeneration engine. For further detail, please refer to the *Major Initiatives* subsection within the *Introduction* section of the ACFR.

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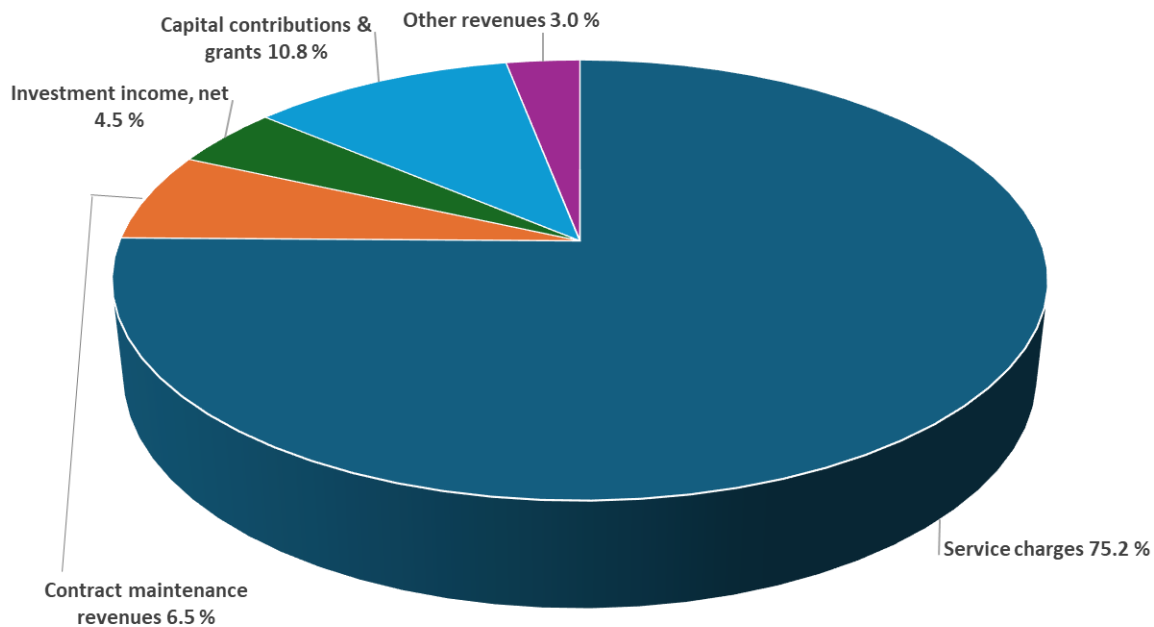
- Depreciation & amortization, which accounts for 20.3% of the Agency's total current year expense, decreased \$0.5 million, or 10.2%, between fiscal year 2025 and 2024. The decrease is due to the Agency performing more preventative maintenance on its wastewater treatment facility infrastructure versus performing long-term capital improvements in the current year. Capital improvements and maintenance activities are driven by the Agency's CIP plan, of which can be reviewed in the Agency's Biannual Budget located at <https://www.cmsa.us/finance/documents/>.
- Interest expense, which accounts for 5.8% of the Agency's total current year expense, decreased \$0.19 million, or 12.9% between fiscal year 2025 and 2024. The decrease is due to the Agency continually paying off its bond obligations, thereby reducing the principal balance. A lower principal balance leads to lower interest payments.

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Explanation of Changes Between Fiscal Years 2024 and 2023:

The Agency's total change in net position decreased by \$1 million between fiscal year 2024 and 2023. The decrease is primarily attributable to the year-over-year increases in total revenue of \$2.53 million offset by increases in total expense of \$5.14 million. Significant changes within total revenue and expenses are discussed separately.

Figure 4 – Revenue by Source



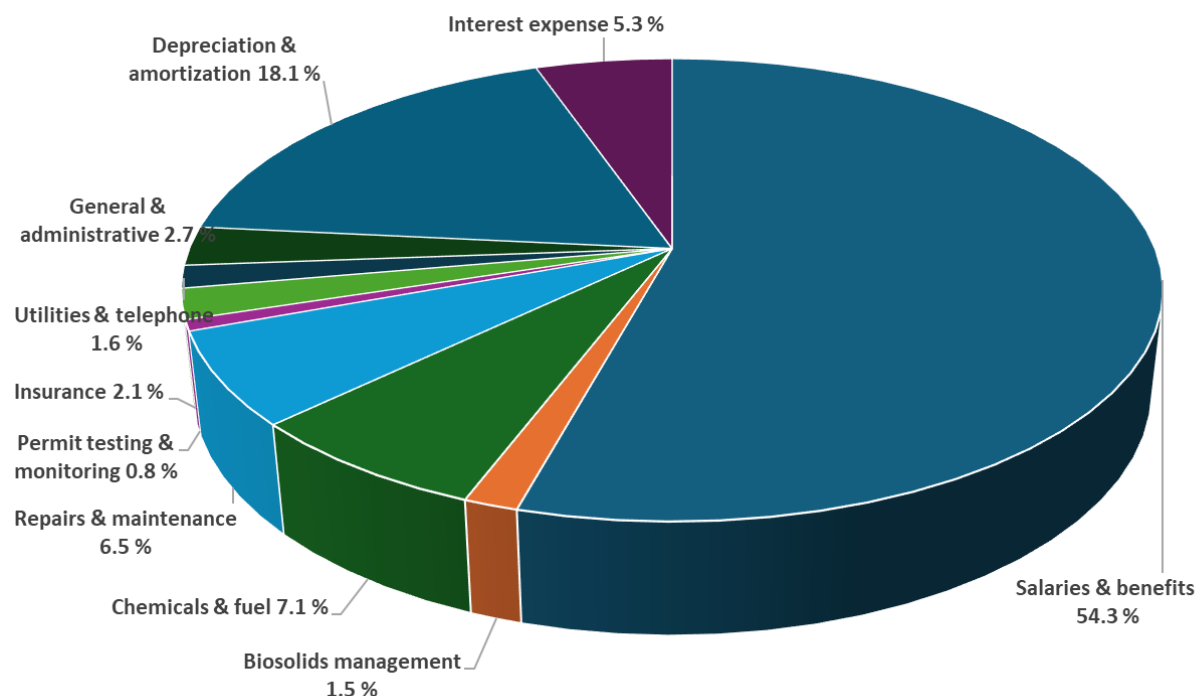
Note: "Other revenues" include contract safety & public education, contract treasurer and admin services, leasing income, renewable energy sales, wastewater discharge permit fees, source control fees, waste hauler service fees, COVID & illegal substance sampling fees, and other non-operating revenue (expense).

- Service charges, which account for 75.2% of the Agency's total current year revenue, increased \$0.75 million, or 4%, between fiscal year 2024 and 2023. The increase is driven by the Agency's Board of Commissioner approved Revenue Plan in November 2023. Total service charges are comprised of RSCs, capital fees, debt service charges, and debt coverage fees, of which were all approved in the aggregate to increase by 4% going into fiscal year 2024.
- Contract maintenance revenues, which account for 6.5% of the Agency's total current year revenue, decreased by \$0.16 million, or 8.7%, between fiscal year 2024 and 2023. The decrease is attributable to completion of asset management projects at the San Quentin pump station. The cost of the capital project activity is reimbursable to the Agency.

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- Investment income (expense), net, which account for 4.5% of the Agency's total current year revenue, increased \$0.68 million, or 142.7%, between fiscal year 2024 and 2023. The increase is attributable to both the Local Investment Agency Fund (LAIF) investing its portfolio into higher coupon Treasury securities thereby earning more interest and a recovery in the fair market value of the same portfolio. Market interest rates have steadily been declining due to the United States Federal Reserve's interest rate policy thereby causing the fair market value of Treasury securities to increase in value. The fair value of Treasury securities increase when market interest rates decrease.
- Capacity charges, which account for 4.4% of the Agency's total current year revenue, increased \$0.51 million, or 79.9%, between fiscal year 2024 and 2023. The increase is attributable to collection of more capacity charges from the JPA members. Capacity charge collection is tethered to building activity within the service area, which began to increase as borrowing rates began to decrease leading to increased home improvement activity.
- Federal and state grant proceeds, which account for 6.3% of the Agency's total current year revenue, increased \$0.72 million, or 78.1%, between fiscal year 2024 and 2023. The increase is attributable to invoicing the next reimbursement request to the State of California under the CalRecycle grant program. The next CalRecycle reimbursement request was submitted at completion of the Organic Waste Receiving Facility capital project.

Figure 3 – Expense by Use



- Salaries & benefits, which account for 54.3% of the Agency's total current year expense, increased \$3.44 million, or 30.7%, between fiscal year 2024 and 2023. The increase is primarily attributable to CalPERS actuarially recognizing the POB contribution resulting in additional pension expense as the excess contribution is being amortized following accounting policy. Amortization of excess contributions follows a five-year plan. Salaries & benefits also increased because of the 4.5% cost-of-living adjustment (COLA) approved within the employee collective bargaining agreements as well as a 6.6% cost escalation observed in the health insurance markets as a result from higher medical costs. Otherwise, the Agency's personnel count as well as benefits plan offerings and structure have remained fairly consistent year-over-year.
- Chemicals & fuel, which account for 7.1% of the Agency's total current year expense, increased \$0.25 million, or 15.3%, between fiscal year 2024 and 2023. The increase is primarily due to persistent cost inflation permeating throughout the US economy in selected areas. In particular, there is greater demand for the disinfecting chemical, Sodium Hypochlorite, for industrial cleaning and sanitation purposes.
- Repairs & maintenance, which account for 6.5% of the Agency's total current year expense, increased \$1.09 million, or 163.8%, between fiscal year 2024 and 2023. The increase is primarily due to the Agency performing process piping condition assessments at the Biotowers, Primary Clarifiers, Primary Effluent and Secondary Effluent areas, as well as clearing of the Marine Outfall in the San Francisco Bay, and continued services from Northeast-Western for the Jenbacher cogeneration engine. For further detail, please refer to the *Major Initiatives* subsection within the *Introduction* section of the ACFR.

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- Insurance, which account for 2.1% of the Agency's total current year expense, increased \$0.16 million, or 39%, between fiscal year 2024 and 2023. The increase is primarily driven by insurance premium increases in both the property and workers' compensation policies. Property insurance is heavily swayed by the economic activity of the property market, of which has been experiencing severe turbulence because of natural disasters (hurricanes, flooding, wildfires, etc.), property market values, as well as financial market interest rates, resulting in greater pooled losses. The workers' compensation insurance increased due to the Agency experiencing more claims leading to greater losses needing to be made up by the insurance pool participants.
- Depreciation & amortization, which account for 18.1% of the Agency's total current year expense, increased \$0.39 million, or 8.8%, between fiscal year 2024 and 2023. The increase is due to the Agency continuing to rehabilitate and improve its wastewater treatment facility infrastructure and place into service newly purchased equipment following its approved CIP. For further detail on capital asset activity, please refer to section *Significant Capital Asset and Long-Term Financing Activity*.

Fiscal Year 2024 and 2023 Restatement:

The Agency restated its fiscal year 2024 and 2023 balances on its comparable Statement of Net Position and Statement of Revenues, Expenses and Changes of Net Position due to two recognized errors. The errors are as follows:

- In fiscal year 2024, the Agency early capitalized and began depreciating its cogeneration engine capital asset whereby its depreciation expense was restated by \$0.09 million affecting the net capital asset balance. This impact affected fiscal year 2023 given the correct depreciation should have been posted in that fiscal year.
- In fiscal year 2025, the Agency corrected its implementation of *GASB Statement 101 – Compensated Absences* whereby the current and non-current liabilities were respectively restated in fiscal years 2024 and 2023 by \$0.33 million and \$0.31 million. The GASB Statement impacted all prior years presented given the total compensated absence liability was recalculated following estimated usage of an employee's accrued leave balance as part of implementation.

These restatements are included in Tables 1, 2, and 3 as appropriate.

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SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The discussion thus far has only touched upon certain significant transactions and events during fiscal year 2025 and 2024 that may impact capital assets and long-term debt. The below subsections discuss in further detail significant capital asset project activity, equipment procurement, and long-term debt activity used for funding the CIP.

A. Capital Assets

The Agency has allocated a significant amount of resources into a variety of capital assets for performing its essential operations. This includes land and associated improvements, wastewater treatment and disposal infrastructure, equipment, and software applications.

Table 3 - Comparative Capital Assets, Net of Accumulated Depreciation and Amortization
June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

	2025	2024	(Restated) 2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
Land and land improvements	\$ 5,800	\$ 5,800	\$ 5,511	-	0.0 %	289	5.2 %
Construction-in-progress	2,797	1,011	1,958	1,786	176.7 %	(947)	(48.4) %
Wastewater treatment facility	65,556	67,584	66,861	(2,028)	(3.0) %	723	1.1 %
Wastewater disposal facility	1,369	1,573	1,857	(204)	(13.0) %	(284)	(15.3) %
General, plant and admin facilities	4,688	4,239	4,505	449	10.6 %	(266)	(5.9) %
Intangible right-of-use lease assets	76	4	11	72	1800.0 %	(7)	(63.6) %
Intangible right-of-use subscriptions	94	121	160	(27)	(22.3) %	(39)	(24.4) %
Total capital assets, net	\$ 80,380	\$ 80,332	\$ 80,863	\$ 48	0.1 %	\$ (531)	(0.7) %

The Agency's total capital assets, net of accumulated depreciation and amortization, increased \$0.04 million, or 0.1%, between fiscal year 2025 and 2024. The primary drivers for this slight increase are continued capital improvement activity offset by lower depreciation and amortization of the wastewater treatment facility infrastructure and associated equipment. Depreciation and amortization are ongoing costs to estimate wear-and-tear of a capital asset from its usage, and fiscal year 2025 experienced a decrease from removal of various capital assets in the prior year reducing the applicable depreciable base.

The Agency's total capital assets, net of accumulated depreciation and amortization, decreased \$0.53 million, or 0.7%, between fiscal year 2024 and 2023. The primary drivers for this decrease are continued depreciation and amortization of the wastewater treatment facility infrastructure and associated equipment, along with disposals of rehabilitated capital assets. Fiscal year 2024 experienced an increase from completion of capital projects and placing into service new equipment. Capital asset disposals are a routine part to the Agency's operations in so far as the replacement of older equipment is re-occurring.

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Regarding new capital additions during the fiscal year, the Agency annually prepares a CIP plan that details the Agency's capital projects, equipment procurement, and needed maintenance programs. Some of the capital projects are completed throughout the fiscal year, while others are carried forward. Once completed, depreciation begins reducing the carrying value.

Significant Capital Project Activity for 2025:

Significant capital projects that were completed and purchased equipment placed into service are:

Capital Project / Equipment Purchase Activity	Amount (in thousands)
FY25 Parking Lot Rehabilitation Project	\$ 409
Primary Clarifier #1 Rehabilitation	1,002
Cogeneration System Improvement	405
Chlorine Contact Tank Improvement	142
Wastewater treatment facility improvement	167
Laboratory equipment	45
Vehicles	299
Wastewater treatment facility equipment	101
Total completed capital asset additions	<u>\$ 2,570</u>

The capital projects that are still ongoing are carried forward as construction-in-progress are the following:

Capital Project Activity	Amount (in thousands)
Chlorine Contact Tank (CCT) #4 Coating Project	\$ 273
Nutrient Removal Alternatives Evaluation	433
Primary Clarifier #2/3 Coatings Project	289
Centrifuge Replacement Project	1,057
Headworks Grit Classifiers Replacement Project	745
Total ongoing capital projects	<u>\$ 2,797</u>

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Significant Capital Project Activity for 2024:

Significant capital projects that were completed and purchased equipment placed into service are:

Capital Project / Equipment Purchase Activity	Amount (in thousands)
FY24 Pavement Repair Project	\$ 285
2023 Andersen Hillside Slope Repairs	289
Secondary Clarifier #2 Rehabilitation	547
Biosolids Hopper Structural Repairs	237
Liquid Organic Waste Receiving Facility Rehabilitation	3,126
Wastewater treatment facility improvements	296
Laboratory equipment	61
Wastewater treatment facility equipment	561
Vehicles	32
Computer equipment	31
Total completed capital asset additions	<u>\$ 5,465</u>

The capital projects that are still ongoing are carried forward as construction-in-progress are the following:

Capital Project Activity	Amount (in thousands)
Primary Clarifier #1 Rehabilitation Project	\$ 543
Diesel Underground Storage Tank Replacement	40
Nutrient Removal Alternatives Evaluation	8
Centrifuge Replacement Project	270
Headworks Grit Classifiers Replacement Project	150
Total ongoing capital projects	<u>\$ 1,011</u>

For further detail on the Agency's capital assets, please refer to *Note 7 – Plant and Facilities* (Capital Assets). For further detail on the Agency's CIP plan, please refer to the CIP project descriptions within the Budget located here: <https://www.cmsa.us/finance/docuemnts/>.

B. Long-Term Debt

The Agency has issued several bond obligations, both through the public marketplace and via private placement, to carry out its operations. The publicly issued tax-exempt revenue bonds were sold at a combination of a premium and a discount on certain tranches in 2015 and 2020. The 2015 issuance was used to refund the original 2006 revenue bond into a lower costing obligation, and the 2020 issuance was used to fund several CIP projects. The original 2006 revenue bond was publicly issued with the proceeds being used for funding capital projects. Meanwhile, the private placement bond was sold at par in 2022, and was used to refund the Agency's unfunded actuarial pension liability into a lower costing fixed debt obligation.

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Table 4 - Comparative Outstanding Bond Obligations, Net of Unamortized Premium and Discount
June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

	2025	2024	2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
2015 refunding revenue bond	\$ 26,396	\$ 29,674	\$ 32,808	\$(3,278)	(11.0) %	\$(3,134)	(9.6) %
2020 revenue bond	7,686	8,088	8,485	(402)	(5.0) %	(397)	(4.7) %
2022 pension obligation bond	8,888	9,136	9,266	(248)	(2.7) %	(130)	(1.4) %
Total outstanding bonds, net	<u>\$ 42,970</u>	<u>\$ 46,898</u>	<u>\$ 50,559</u>	<u>\$(3,928)</u>	<u>(8.4) %</u>	<u>\$(3,661)</u>	<u>(7.2) %</u>

The Agency's total outstanding bond obligations, net of unamortized premiums and discounts, decreased \$3.93 million, or 8.4%, between 2025 and 2024. The difference is due to the Agency continually repaying its debt obligations following the terms of the debt agreements. The current year annual debt service on the principal balance is \$3.58 million for all obligations, and the current year net non-cash bond premium and discount amortization resulted in \$0.36 million following accounting policy. The Agency, otherwise, did not issue any new bond obligations in fiscal year 2025.

The Agency's total outstanding bond obligations, net of unamortized premiums and discounts, decreased \$3.66 million, or 7.2%, between 2024 and 2023. The difference is due to the Agency continually repaying its debt obligations following the terms of the debt agreements. The current year annual debt service on the principal balance is \$3.31 million for all obligations, and the current year net non-cash bond premium and discount amortization resulted in \$0.36 million following accounting policy. The Agency otherwise did not issue any new bond obligations in fiscal year 2024.

For further detail on the Agency's bond obligations, please refer to *Note 8 – Long-Term Obligations*.

All bond obligations are subject to periodic review by various credit agencies, such as Standard & Poor's (S&P) and Moody's. As of fiscal years 2025 and 2024, the Agency's credit ratings on its bonds from S&P and Moody's respectively are "AA" and "Aa2".

Furthermore, all revenue bond obligation indenture agreements include covenants which require the Agency to collect sufficient net revenues each fiscal year for payment of debt service. The benchmark threshold for all bond obligations is at least 1.25 times annual debt service. The annual debt service ratio for fiscal years 2025 and 2024 is respectively 2.25 times and 2.28 times, meaning the Agency has collected sufficient funds to meet its required rate covenant under the terms of the indenture agreements.

The Agency lastly is not subject to any debt limitations.

Additional details concerning the Agency's indenture agreements and offering statements are available at <https://www.emma.msrb.org/>.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Agency is aware of six developments that will have either an impact on the Agency's financial position or a significant impact on next year's results. Many of these expected events were built into the upcoming budget for long-term planning:

- 1) Go-forward revenue plan
- 2) Salaries and benefits COLA update
- 3) Cost inflation in procurement activities abating
- 4) Deferred capital projects and revenue bond funding
- 5) OPEB plan funding
- 6) Pension plan funding

A. Go-Forward Revenue Plan

In November 2023, the Board adopted an updated multi-year Revenue Plan where the Agency's total service charges, which includes regional service charges, capital fees, debt service charges, and coverage fees, were all to increase at an annual rate of 4.5% instead of 3.5% going into fiscal year 2026. The intent of the upward revision was to provide relief to the Agency's previously forecasted operating budget shortfall due to expected rising costs.

B. Salaries and Benefits COLA Update

Going into the upcoming fiscal year, the salary COLA for all Agency employees was determined to be 2.76% following the annual calendar year average consumer price index (CPI) for all urban consumers within the San Francisco-Oakland-Hayward, CA area. The collective bargaining agreements allow for annual COLA updates following the annual percentage change in the CPI with a minimum of 1% and an allowable maximum of 4.5%.

In addition to the salary COLA, the Agency is further expecting an average of 6.8% cost increase in Agency employee health insurance costs. The cost is driven by significantly higher healthcare medical costs from plan retirees for the entire health insurance pool. Health insurance is purchased through CalPERS' health insurance exchanges.

C. Cost Inflation in Procurement Activities Abating

Inflation across the US is improving to where the Agency is not expecting significant cost pressures going into the next fiscal year. As of June 2025, the US Bureau of Labor Statistics reported CPI with all items, food, energy, rent, and all other goods and services, growing at an average rate of 2.7%, which is lower than the prior year of 3%. Inflation is still above the US Federal Reserve's target inflation rate of 2% that the institution deems to be sustainable, however, the overall trend is going lower. This effects the Agency's procurement activities, especially with its purchasing of routine chemicals for disinfecting purposes. In prior years, chemicals purchases were trending higher. Now, the Agency expects that significant cost to reasonably flatline based on recent costing insights from its suppliers. As such, the Agency anticipates costs to reasonably be flat for its operating budget with certain expenditure streams that are increasing year-over-year being offset by costs that are likewise decreasing year-over-year.

D. Deferred Capital Projects and Revenue Bond Funding

Over fiscal year 2025, the Agency completed and worked on several capital projects resulting in growth in the Agency's gross capital asset balance. However, the Agency had to defer several of the planned project activities due to longer equipment delivery schedules and rescheduling of capital projects. The Agency annually updates a ten-year CIP plan that allocates resources to each fiscal year based on the Agency's risk assessment of which specific areas within the treatment facilities and resource recovery requiring improvements. The adopted fiscal year 2026 capital budget was approved for \$16.63 million, which is higher than the previously developed ten-year CIP plan in fiscal year 2025 of \$11.34 million because of these impacts. The Agency is planning to issue revenue bond obligations to cover the majority of this fiscal year 2026 capital budget, of which will collectively impact the Agency's upcoming financial net position. Discussion of the revenue bond issuance is anticipated to be approved by the Board in fiscal year 2026.

E. OPEB Plan Funding

The Agency elected to set up and fund an Internal Revenue Code (IRC) Section 115 OPEB trust in fiscal year 2010 with CalPERS to manage the OPEB plan assets. CalPERS offers public agencies to invest their OPEB plan assets under the California Employers' Retirement Benefit Trust (CERBT) program in which a suite of investment strategies are offered from a conservatively portfolio to a more aggressively managed portfolio. Over fiscal year 2025 for CERBT, which is going to appear in the fiscal year 2026 OPEB net plan position calculation, it appreciated with an approximately 12% net investment return. This is very positive considering CalPERS estimated a much lower net investment return for the portfolio going into fiscal year 2025. So, the Agency expects that its non-cash OPEB expense to net decrease thereby positively impacting its change in net position. For further detail, please refer to *Note 14 – Other Post Employment Benefits (OPEB)* and the *Required Supplementary Information* for a historical view.

F. Pension Plan Funding

In fiscal year 2022, the Agency refunded the majority of its unfunded actuarial pension liability (UAL) into a fixed rate POB. The Agency further set up a pension reserve trust fund in fiscal year 2022 following *Financial Policy #556 – Pension Funding Policy* to either offset its future pension cost or defease outstanding POB debt service. Total contributions to date to the pension trust is \$1.47 million with the current year contribution being \$0.59 million. Contributions are based on budgetary savings between the original twenty-year CalPERS UAL amortization schedule at the point of refunding less any debt service on the POB and actual UAL payment made to CalPERS. The Agency's current year US GAAP pension funding ratio is 89.1% and 91.7% on a pro forma basis with the pension trust demonstrating an improvement in financial position from the prior year. Contributions to the pension trust are expected to decrease to \$0.19 million going into the upcoming fiscal year due to escalating debt service cost on the POB following the amortization schedule. However, the Agency's total pension funded position is going to remain within the 90% pro forma funded range, especially given CalPERS achieving a preliminary 11.6% rate of return on its PERF C portfolio. The 11.6% rate of return is going to positively impact the Agency's PERF C funding position in fiscal year 2026.

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Table 5 - Comparative Pension Funding
June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

	2025	2024	2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
Total pension liability	\$ 59,947	\$ 57,033	\$ 54,807	\$ 2,914	5.1 %	\$ 2,226	4.1 %
Fiduciary net position (PERF C)	53,416	50,188	47,855	3,228	6.4 %	2,333	4.9 %
Net pension liability (asset) - US GAAP	6,531	6,845	6,952	(314)	(4.6) %	(107)	(1.5) %
Funding ratio - US GAAP	89.1 %	88.0 %	87.3 %	n/a	1.1 %	n/a	0.7 %
Section 115 pension trust	1,583	904	208	679	75.1 %	696	334.6 %
Net pension liability (asset) - pro forma	\$ 4,948	\$ 5,941	\$ 6,744	(993)	(16.7) %	(803)	(11.9) %
Funding ratio - pro forma	91.7 %	89.6 %	87.7 %	n/a	2.2 %	n/a	1.9 %

As shown above, the Agency's pension funding ratio has improved over the past fiscal year due to both CalPERS achieving a positive investment rate of return of 9.6% and the Agency continuing to fund its pension trust. As such, the Agency's financial position is expected to improve because of its pension funding situation. For further detail, please refer to *Note 13 – Defined Benefit Pension Plan* and the *Required Supplementary Information* for a historical view.

The succeeding sections to the Financial Statements include the *Basic Financial Statements*, *Notes to the Basic Financial Statements*, and *Required Supplementary Information* that support the analysis within the MD&A.

Central Marin Sanitation Agency

Statement of Net Position

June 30, 2025 and 2024

	Restated 6/30/2024	6/30/2025
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents (<i>Note 3</i>)	\$ 22,710,786	\$ 23,629,669
Accounts receivable (<i>Note 4</i>)	2,221,723	975,604
Lease receivable, current (<i>Note 7</i>)	63,711	67,706
Accrued interest receivable	240,141	228,226
Prepaid expenses	42,538	130,516
Inventory parts and fuel	2,234,179	2,254,584
Total current assets	27,513,078	27,286,305
<i>Noncurrent assets</i>		
Restricted cash and investments (<i>Note 3</i>)	921,264	1,616,090
Revenue bond issuance costs, net (<i>Note 9</i>)	20,039	17,275
Lease receivable (<i>Note 7</i>)	296,613	228,907
Capital assets, net (<i>Note 6</i>)	80,332,465	80,380,175
Total noncurrent assets	81,570,381	82,242,447
Total assets	109,083,459	109,528,752
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated benefits from pension (<i>Note 11</i>)	6,439,353	4,038,967
Accumulated benefits from OPEB (<i>Note 13</i>)	727,589	488,713
Deferred loss on bond refunding (<i>Note 9</i>)	1,150,010	963,522
Total deferred outflows of resources	8,316,952	5,491,202
Total assets and deferred outflows	\$ 117,400,411	\$ 115,019,954

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency

Statement of Net Position

June 30, 2025 and 2024

	Restated 6/30/2024	6/30/2025
LIABILITIES		
<i>Current liabilities</i>		
Accounts payable	\$ 1,812,153	\$ 1,287,207
Accrued salaries and benefits	177,883	200,733
Interest payable	519,817	465,573
Right-of-use lease liability, current (<i>Note 9</i>)	4,091	15,054
Subscription IT liability, current (<i>Note 9</i>)	26,330	26,976
Compensated absences liability, current (<i>Note 8</i>)	437,549	520,097
Bonds payable, current (<i>Note 9</i>)	3,573,000	4,112,000
Total current liabilities	6,550,823	6,627,640
<i>Noncurrent liabilities</i>		
Right-of-use lease liability (<i>Note 9</i>)	-	61,175
Subscription IT liability (<i>Note 9</i>)	97,345	70,369
Compensated absences liability (<i>Note 8</i>)	938,457	697,303
Bonds payable, net (<i>Note 9</i>)	43,325,345	38,857,521
Net pension liability (<i>Note 11</i>)	6,845,166	6,530,997
Net OPEB liability (<i>Note 13</i>)	1,819,874	1,868,716
Total noncurrent liabilities	53,026,187	48,086,081
Total liabilities	59,577,010	54,713,721
DEFERRED INFLOWS OF RESOURCES		
Accumulated costs from pension (<i>Note 11</i>)	6,870,744	3,997,717
Accumulated costs from OPEB (<i>Note 13</i>)	782,559	625,612
Deferred lease revenue (<i>Note 7</i>)	311,544	249,235
Total deferred inflows of resources	7,964,847	4,872,564
NET POSITION		
Net investment in capital assets	43,446,485	47,059,266
Restricted for pension trust	904,043	1,583,379
Restricted for revenue bond trust	1,299	10,949
Restricted for pension obligation bond trust	54	1,405
Restricted for dental trust	15,868	20,357
Unrestricted net position	5,490,805	6,758,313
Total net position	49,858,554	55,433,669
Total liabilities, deferred inflows and net position	\$ 117,400,411	\$ 115,019,954

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Revenue, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
OPERATING REVENUES		
Service charges	\$ 19,567,809	\$ 20,448,352
Contract maintenance revenues	1,694,712	2,015,204
Contract safety and public education program	134,745	166,529
Contract treasurer and admin services	-	105,639
Leasing income	119,979	72,101
Renewable energy sales	63,757	86,304
Wastewater discharge permit fees	42,207	52,916
Source control fees	96,291	109,703
Waste hauler service fees	411,939	423,951
COVID and illegal substance sampling fees	43,443	29,081
Total operating revenues	<u>22,174,882</u>	<u>23,509,780</u>
OPERATING EXPENSES		
Salaries and benefits	14,654,491	9,256,913
Biosolids management	412,515	553,591
Chemicals and fuel	1,911,621	1,895,891
Repairs and maintenance	1,753,982	2,322,178
Permit testing and monitoring	206,743	252,239
Insurance	570,090	489,909
Utilities and telephone	427,641	370,186
Provision for uncollectable accounts	-	600
General and administrative	737,774	864,473
Depreciation and amortization	4,893,277	4,394,780
Total operating expenses	<u>25,568,134</u>	<u>20,400,760</u>
Operating income (loss)	<u>(3,393,252)</u>	<u>3,109,020</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income (expense), net	1,159,918	1,187,240
Interest expense	(1,444,918)	(1,258,605)
Capacity charges	1,152,938	580,201
Federal and State grant proceeds	1,650,501	1,943,309
Other non-operating revenue (expense)	(126,486)	13,950
Total nonoperating revenues (expenses)	<u>2,391,953</u>	<u>2,466,095</u>
Change in net position	(1,001,299)	5,575,115
Net position, beginning (as stated)	51,102,383	49,858,554
<i>Prior period adjustment:</i>		
Correction of accumulated depreciation error (Note 18)	88,155	-
Correction of accumulated compensated absences error (Note 18)	(330,685)	-
Net position, beginning (as restated)	<u>50,859,853</u>	<u>49,858,554</u>
Net position, ending	<u>\$ 49,858,554</u>	<u>\$ 55,433,669</u>

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from JPA member service charges	\$ 19,899,617	\$ 20,448,351
Receipts from contractual collection system maintenance	1,486,277	2,074,184
Receipts from contractual county education and safety programs	121,845	146,142
Receipts from contractual treasurer and admin services	-	92,171
Receipts from leasing activities	71,198	67,378
Receipts from renewable energy sales	71,819	79,258
Receipts from permits, source control, waste hauler and other	480,165	772,485
Payments to employees and related benefits	(9,399,905)	(10,048,712)
Payments to vendors for goods and services	(5,318,826)	(7,381,795)
Net cash provided (used) by operating activities	<u>7,412,190</u>	<u>6,249,462</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Receipts from capacity charges	986,988	641,971
Receipts from federal and state grant proceeds	1,556,349	2,962,224
Acquisition of capital assets	(4,506,528)	(4,439,725)
Proceeds from sale of capital assets	-	10,000
Principal payment on capital long-term debt	(3,219,960)	(3,279,193)
Interest paid on capital long-term debt	(1,329,628)	(1,179,382)
Net cash provided (used) by capital financing activities	<u>(6,512,779)</u>	<u>(5,284,105)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payment on pension obligation bonds	(130,000)	(248,000)
Interest paid on pension obligation bonds	(309,154)	(302,803)
Net cash provided (used) by non-capital financing activities	<u>(439,154)</u>	<u>(550,803)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	836,063	1,004,417
Purchases of Section 115 pension trust investments	(675,370)	(586,235)
Receipts from borrowers of computer purchase program	1,750	-
Payments to borrowers of computer purchase program	(1,750)	-
Net cash provided (used) by investing activities	<u>160,693</u>	<u>418,182</u>
Net increase (decrease) in cash and cash equivalents	<u>620,950</u>	<u>832,736</u>
Cash and cash equivalents, beginning	22,182,434	22,803,384
Cash and cash equivalents, ending	<u>\$ 22,803,384</u>	<u>\$ 23,636,120</u>

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (3,393,252)	\$ 3,109,020
Adjustment to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation and amortization	4,893,277	4,394,780
Provision for uncollectable accounts	-	600
Other non-operating income (loss)	19,685	3,950
(Increase) / decrease accounts receivable	(14,862)	164,835
(Increase) / decrease lease receivable	60,895	63,711
(Increase) / decrease prepaid expenses	6,521	(87,978)
(Increase) / decrease inventory	(118,286)	(20,404)
(Increase) / decrease deferred outflows - retirement	4,441,572	2,639,262
Increase / (decrease) accounts payable	813,306	(527,932)
Increase / (decrease) accrued salaries and benefits	23,742	22,851
Increase / (decrease) claims liability	-	2,985
Increase / (decrease) compensated absences	39,054	(158,608)
Increase / (decrease) net pension liability	(106,358)	(314,169)
Increase / (decrease) net OPEB liability	249,890	48,842
Increase / (decrease) deferred inflows - retirement and lease	497,006	(3,092,283)
Net cash provided (used) by operating activities	<u>\$ 7,412,190</u>	<u>\$ 6,249,462</u>
Total unrestricted cash	\$ 22,786,163	\$ 23,603,409
Total restricted cash	17,221	32,711
Total cash and cash equivalents (<i>at deposit value</i>)	22,803,384	23,636,120
Add: fair value adjustment for unrestricted short-term investments	(75,377)	26,260
Add: fair value of restricted long-term investments	904,043	1,583,379
Total cash and investments	<u>\$ 23,632,050</u>	<u>\$ 25,245,759</u>
Non-cash transactions:		
Disposal of net capital assets at non-cash loss	(146,173)	-
Construction in progress written off	(281,126)	-
Acquisition of lease asset	-	83,569
Disposal of lease asset	-	(37,979)
Bonds payable discount/premium amortization	355,823	355,823
Bonds payable prepaid insurance amortization	2,663	2,764

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Fiduciary Net Position
June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 577,787
Contributions receivable	-	41,772
Total assets	<u>-</u>	<u>619,559</u>
LIABILITIES		
Accounts payable	-	15,793
Total liabilities	-	15,793
FIDUCIARY NET POSITION		
Restricted for NBWA trust	-	603,766
Total net position	-	603,766
Total liabilities and net position	<u>\$ -</u>	<u>\$ 619,559</u>

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
ADDITIONS		
Membership collections	\$ -	\$ 225,290
Investment income	-	3,642
Total additions	-	228,932
DEDUCTIONS		
Executive director services	-	140,830
Public outreach	-	26,748
Website management	-	9,406
Finance and accounting services	-	14,532
Conference services	-	3,000
General and administrative	-	4,173
Total deductions	-	198,689
Change in fiduciary net position	-	30,243
Fiduciary net position, beginning	-	573,523
Fiduciary net position, ending	<u>\$ -</u>	<u>\$ 603,766</u>

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF ORGANIZATION

A. The Organization

The Central Marin Sanitation Agency (Agency) was established in October 1979 as a joint powers agency (JPA) to both treat and environmentally dispose of collected wastewater into the San Francisco Bay for each of its JPA member's service areas. The members comprising the JPA are the San Rafael Sanitation District (SRSD), Sanitary District No. 1 of Marin County (later renamed Ross Valley Sanitary District or RVSD), Sanitary District No. 2 of Marin County (SD2), and the City of Larkspur. No equity interests were established as part of the JPA formation. In addition to treatment and disposal of wastewater from its JPA members, the Agency contracts with the San Quentin Rehabilitation Center (SQRC) for treatment and disposal of wastewater from its collection system. SQRC was provided an opportunity to join the JPA at its formation, but chose not to do so. Furthermore, the City of Larkspur's service area was annexed by the Ross Valley Sanitary District in 1995 and later withdrew its membership from the Agency JPA in 2020.

The Agency is an independent public entity organized under a Joint Powers Agreement as established within California Government Code §6500-6599.3. Its formation is an enterprise fund structure, a type of proprietary fund, where the activity is to be accounted for as goods and services provided to the general public that are financed by user charges. Its user charges are levied on the JPA members.

The Agency is jointly governed by a five-member Board of Commissioners that are appointed by each of the JPA members. Two members are appointed from SRSD, two members are appointed from RVSD and one member is appointed from SD2. The Board appoints the General Manager of the Agency to manage and oversee the day-to-day operations.

B. The Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America (US GAAP), these financial statements present the financial position and related activities of the Agency. The Agency is the primary governmental unit based on the entity being considered financially accountable. At its foundation, the Agency is a standalone government that is legally separate from any other municipality and has the power to be fiscally independent. Its Board is appointed by its JPA members, however, no JPA member may appoint a majority where they may be able to impose their will onto Agency operations or resources. Therefore, the Agency is to be reported as the primary government.

The Agency is a joint venture between its JPA members and SQRC. The Agency's operating and maintenance costs as well as debt service costs are proportionally billed amongst its JPA members and SQRC thereby creating an ongoing financial responsibility for continued Agency operation and existence. No single member, however, supports the majority of the Agency's costs.

C. Component Units

Component units are considered part of the financial reporting entity given their significance and financial accountability to the primary government. Component units are formed as legally separate organizations that rely on a primary government in form or manner. The criteria for a component unit organization are the primary government being able to impose its will on the component unit, the component unit

Central Marin Sanitation Agency
Notes to the Basic Financial Statements
June 30, 2025 and 2024

organization is fiscally dependent on the primary government, or the component unit's equity interests is majority held by the primary government. Furthermore, organizations for which do not meet any of the criteria can still be considered a component unit of the primary government if excluding the operations of this organization were to cause the primary government's financial statements to be misleading.

For financial reporting purposes, the Agency neither identified organizations as a component of it or is considered a component unit of another organization.

D. Jointly Governed Organizations

California Sanitation Risk Management Authority (CSRMA): The Agency is a member of the JPA called CSRMA for risk management insurance pool services. The Agency is one of 59 total member agencies to participate within the insurance pool. CSRMA's Board of Directors is structured for joint control where no participating member has majority control. Participating members are not awarded equity interest in CSRMA. Participating members are obligated to the JPA's operating costs, however, CSRMA's continued existence does not rely upon any single participating member's contributions. Contributions to CSRMA are paid by the Agency annually following its current allocation of the shared cost of the insurance premium. As of June 30, 2025, total Agency insurance premiums for its allocated share of the jointly governed organization were \$543,436 (\$105,410 for general liability, \$265,226 for property, and \$172,800 for workers' compensation). For further information on CSRMA's financial statements, please refer to their contact information: 100 Pine Street, 11th Floor, San Francisco, CA 94111 and <https://www.csrma.org/>.

North Bay Watershed Association (NBWA): The Agency appoints one of its Board of Commissioners to the Board of Directors of NBWA. NBWA is a governmental non-profit organization that facilitate partnerships across political boundaries to promote stewardship in the North San Francisco Bay watersheds. The Agency is one of 22 total member agencies within NBWA. NBWA's Board of Directors is structured for joint control where no participating member has majority control. Participating members are not awarded equity interest in NBWA. Participating members are obligated for NBWA's operating costs, however, NBWA's continued existence does not rely upon any single participating member's contributions. Contributions to NBWA are paid by the Agency annually following its proportional allocation. As of June 30, 2025, total Agency contributions were \$5,561. For further information on NBWA's budget, please refer to their contact information: 1301 Andersen Drive, San Rafael, CA 94901 and <https://www.nbwatershed.org/>. The Agency began services as NBWA's treasurer in fiscal year 2025 and holds its assets in a fiduciary capacity.

California Asset Management Program (CAMP): The Agency is a member of the JPA called CAMP for pooled investment services. The Agency is one of 5,500 total member agencies within CAMP. CAMP's Board of Trustees is structured for joint control where no participating member has majority control. Participating members are not awarded equity interest in CAMP. Participating members rather set up an investment account with CAMP and invest a principal balance into one of its stable value fund portfolios. The JPA's operating costs are covered by the participating members through a proportional reduction in each member's portfolio rate of return. CAMP does not rely upon any single participant member's investment principal balance for conducting its investment services. As of June 30, 2025, the Agency earned a net investment return of \$20,576 or average 4.67%. For further information on CAMP, please refer to their contact information: PFM Asset Management, One California Street, Suite 1000, San Francisco, CA 94111 and <https://www.camponline.com/>.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounts of the Agency are organized as a proprietary fund-type, or enterprise fund. The activities are accounted for within a set of self-balancing accounts that comprise of the fund's assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The basic financial statements include the prior year comparative information. A complete presentation of the prior-year information can be found in the Agency's financial statements for the fiscal year ended June 30, 2024.

Additionally, the Agency reports NBWA's activities as a fiduciary fund-type, or custodial fund. The custodial fund is to account for monies held on behalf of NBWA as the Agency provides treasury and accounting services to NBWA. The custodial fund is maintained to account for assets held in a trustee capacity.

B. Basis of Accounting and Measurement Focus

The Agency's financial activities are prepared on the economic resources measurement focus using the accrual basis of accounting in accordance with US GAAP. Under this method, all assets, deferred outflow of resources, liabilities and deferred inflows of resources associated with its operations are included on the Statement of Net Position and Statement of Fiduciary Net Position; meanwhile, all revenues are recognized when earned, and expenses are recognized when liabilities are incurred.

The Agency further distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Agency are charges to customers for services. Operating expenses for the Agency include salaries and benefits costs, biosolids management costs, chemicals and fuel costs, repairs and maintenance costs, permit testing and monitoring costs, insurance costs, utilities and telephone costs, general and administrative costs, as well as depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Agency applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in its application of this basis of accounting and measurement focus.

C. Cash and Cash Equivalents

Cash and cash equivalents include all demand deposits as well as highly liquid investments with a maturity of 90 days or less and carried at cost, which approximates fair value. As of June 30, 2025 and 2024, this includes cash on hand, demand deposits, deposits held in trust, money market accounts, the State of California Local Agency Investment Fund (LAIF), and the California Asset Management Program (CAMP).

D. Investments

All fixed income instruments that the Agency holds for both the purpose and present service capacity to generate cash. All investments are stated at fair value based upon quoted prices and relevant valuation methods. Changes in fair value are recognized as investment gains or losses and are recorded as a component of non-operating revenues.

E. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest level input that is significant to the entire measurement.

F. Receivables

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for uncollectable accounts. Uncollectable accounts are based on prior experience and the Agency's assessment of collectability. Provision for uncollectable accounts is recognized within the Statement of Revenues, Expenses and Changes in Net Position based on the allowance assessment.

G. Prepaid Charges

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Central Marin Sanitation Agency
Notes to the Basic Financial Statements
June 30, 2025 and 2024

H. Inventory

Materials, supplies and fuel purchased for the sole usage in Agency operations are valued at historical cost using the first-in-first-out (FIFO) method.

I. Loans Receivable

The Agency acts as a lender to its employees for purchases of personal computer equipment. Loans receivable are presented both at net carrying value as well as net of allowances for uncollectable accounts. Loan receivables are amortized following the applicable loan agreement. No interest income is earned over the life of the receivable per Agency Policy. Uncollectable accounts are based on prior experience and the Agency's assessment of collectability on the long-term contracts. Provision for uncollectable accounts is not recognized within the Statement of Activities due to overall term maturity of this contract.

J. Lease Receivable

Lease receivables are recognized based on the future base rental income to be received over the total lease term. The receivable value is estimated by discounting the future cash flows by the implicit interest rate stated over the lease agreement. The value of the receivable is to be presented at the net carrying value. Over the life of the lease receivable, rental interest income is earned as the receivable is amortized based on the collected payments.

K. Capital Assets

Capital assets are additions to the Agency's wastewater treatment plant infrastructure, equipment, buildings, vehicles, and other major replacements or improvements. All additions that meet the uniform capitalization threshold of \$5,000 are capitalized and stated at historical cost. Donated capital assets or donated works of art are reported at acquisition value at the time of donation. Capital assets also received in a service concession arrangement are reported at acquisition value. Repairs and maintenance that do not increase the service life of capital assets as well as engineering studies are expensed as incurred.

Costs incurred for construction of major projects following the capital improvement program are recorded as construction-in-progress. Construction-in-progress is not depreciable until the capital project is completed and placed into service.

All capitalized items are depreciated or amortized over the estimated useful life using the straight-line method. The estimated useful lives for each asset category are listed below:

Wastewater Treatment Facilities:	
Buildings	40 years
Other	5 - 25 years
Wastewater Disposal Facilities	40 - 50 years
General Plant & Administrative Facilities:	
Buildings	40 years
Other	5 - 30 years

Impairment is assessed periodically for obsolescence, irreparable damage, construction project stoppage, and other changes in service utility that are both unforeseen and significant.

L. Payables

Vendor accounts payable arise from ordinary course of business for good or services received. Such activities are expensed as incurred.

M. Compensated Absences

Accrued vacation, holiday leave, compensatory time off, administrative leave, and sick leave, which may be respectively accumulated up to 320 hours, 48 hours, 40 hours, 80 hours, and sick leave does not have a maximum allowed, is charged to expense as earned. Sick leave may be paid out to a retiring employee if that employee has at least ten years of service with the Agency and up to only 500 hours. Vesting begins upon date of hire.

N. Unearned Revenue

Unearned revenue is accrued when cash receipts are paid in advance before revenue recognition is completed. Grants, lease fees, and investment income within retirement trusts received in advance are accordingly classified as liabilities and deferred inflow of resources.

O. Insurance Claims Liability

Insurance claims deductibles are charged to expense as incurred once the Agency's claims adjuster both estimates the loss as well as assesses the loss to be probable.

P. Bonds Payable

Bonds payable are loans arrangements where cash proceeds are borrowed from external parties. All loan arrangements are carried at net carrying value with associated interest accrued between debt service payment dates.

Q. Unamortized Bond Premium and Discount

On all loan arrangements that are issued through the public financial markets, premium or discounts can arise based on fluctuations in market discount rates. Both premiums and discounts are amortized over the life of the bond obligation using the straight-line method. The resulting offset activity is against interest expense.

R. Gains and Losses on Refunding of Debt

Gains or losses occurring from refunding of debt prior to maturity are reported as deferred outflows and deferred inflows of resources from refunding of debt. Deferred outflows and inflows of resources are recognized as a component of interest expense using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

S. Right-of-Use Lease Assets and Liabilities

Lease or subscription arrangements where the Agency serves as lessee, the contract life is greater than one fiscal year, and the capitalized asset is greater than the capitalization threshold are capitalized as a component of capital assets and debt obligations. The total value is estimated using the future cash payments over the total lease or subscription term discounted to the present from the implicit interest rate stated in the lease or subscription agreement. The asset recognized is presented at net amortized cost which is based on a straight-line method of amortization. The liability recognized is presented at net carrying value which is amortized using the effective interest rate method. Interest expense is recognized as a result of the liability amortization.

T. Pensions

The net pension liability (or asset), deferred outflows of resources, deferred inflows of resources, and pension expense are actuarially determined on the same basis reported by the California Public Employees' Retirement System (CalPERS). The allocated net pension liability (or asset) is measured as the present value of projected benefit payments to be provided to retired employees participating within the Miscellaneous Plan less the pension trust fund (PERF C) investments held at CalPERS. Investments are reported at fair value. Benefit payments are recognized when due and payable in accordance with the benefit terms.

U. Other Post-Employment Benefits (OPEB)

The net OPEB liability (or asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense are actuarially determined by an independent actuary. The net OPEB liability (or asset) is measured as the portion of the present value of projected benefit payments to be provided to retired employees that meet the eligible service requirements less the OPEB trust fund investments. Investments are measured at fair value. Benefit payments are further recognized when currently due and payable in accordance with the benefit terms.

V. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources result from various activities as previously discussed relating to the timing of when certain transactions are to occur. Deferred outflows represent a consumption of net assets that applies to future periods. Deferred inflows represent an acquisition of net assets that applies to future periods.

W. Net Position

Net position is the excess of all of the Agency's assets and deferred outflows of resources over all of its liabilities and deferred inflows of resources. Net position is divided into three categories:

- *Net Investment in Capital Assets* – This category represents the net equity ownership of capital assets that are financed through debt obligations. It consists of all capital assets, net of accumulated depreciation and amortization, less the debt obligations, net of unamortized

premium and discount as well as deferred inflows or outflows of resources related to refunding gains or losses.

- *Restricted* – This category represents the external constraints placed onto an asset's use by creditors, grantors, contributors, or laws and regulations. It consists of all assets and deferred outflows of resources net of all related liabilities and deferred inflows of resources. The Agency's cash and investments held in its capital and pension obligation bond debt trusts, independent pension trust, and proceeds collected from capacity charges and debt service coverage fees are classified under the restricted category for proper presentation.
- *Unrestricted* – This category represents the Agency's net remaining equity in its non-capital assets not restricted by any external party or law. It consists of all assets and deferred outflows of resources net of all liabilities and deferred inflows of resources not restricted for use.

It is the Agency's policy to apply restricted resources first when an expense is incurred for purposes of which both restricted and unrestricted resources are available.

X. Use of Estimates

To prepare financial statements that are in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Y. New Accounting Standards Adopted in Fiscal Year 2025

1. In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for reporting periods beginning after June 15, 2024. The Agency adopted the provisions of the Statement in fiscal year 2025, which did not have a significant effect on its financial statements.
2. In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for reporting periods beginning after June 15, 2025. The Agency early adopted the provisions of the Statement in fiscal year 2025, which did not have a significant effect on its financial statements.

Z. Upcoming Accounting and Reporting Changes

1. In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to improve financial reporting over capital assets whereby certain asset categories are to be separately disclosed within the footnotes. This Statement is effective for

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reporting for reporting periods beginning after June 15, 2025. The Agency does not anticipate that the Statement will have a material effect on the financial statements.

NOTE 3 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

Cash and cash equivalents along with investments are classified in the accompanying financial statements as follows as of June 30, 2025 and 2024:

	2024	2025
Cash on hand	\$ 440	\$ 450
Deposits with financial institutions	1,905,097	1,248,221
Short-term investments (<i>at fair value</i>)	20,805,249	22,380,998
Total Agency cash & cash equivalents	22,710,786	23,629,669
Cash held in dental payment trust	15,868	20,357
Cash held in revenue bond trust	1,299	10,949
Cash held in pension bond trust	54	1,405
Total restricted cash & cash equivalents	17,221	32,711
Total cash & cash equivalents	22,728,007	23,662,380
Investments held in pension trust	904,043	1,583,379
Total restricted cash and investments	904,043	1,583,379
Total cash & investments	<u>\$ 23,632,050</u>	<u>\$ 25,245,759</u>
Cash held in dental payment trust	\$ 15,868	\$ 20,357
Cash held in revenue bond trust	1,299	10,949
Cash held in pension bond trust	54	1,405
Investments held in pension trust	904,043	1,583,379
Total restricted cash & investments	<u>\$ 921,264</u>	<u>\$ 1,616,090</u>
Cash held in trust for NBWA	<u>\$ -</u>	<u>\$ 577,787</u>

B. Restricted Cash and Investments

The Agency maintains several independent cash and investment accounts pursuant to the trust and bond indenture agreements where all proceeds are irrevocably pledged for specific purposes. The trust accounts are identified as the following:

- *Investments Held in Pension Trust* – This trust account is for the Agency’s exclusive use of investing contributed cash proceeds to pay for future pension obligations. The account is an Internal Revenue Code (IRC) Section 115 trust where the proceeds are irrevocable and can only be used for the specific purpose of payment of pension contributions. The Agency set up its account with Keenan Financial Services (Keenan) for establishment and investment of proceeds within the trust. All contributed proceeds are invested into mutual funds that carry diversified portfolios of equities, fixed income, and other financial instruments to earn investment income for future usage following the trust agreement. The portfolio is actively managed by Keenan.

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- *Investments Held in Revenue Bond Trust* – This trust account is for the Agency’s exclusive use of payment of debt service on its revenue bond obligations. Once proceeds are contributed into the trust, it is irrevocable per the indenture agreements for the revenue bond series 2015 and 2020. All contributed proceeds are invested into money market funds that correspondingly earn investment income for future usage following the trust agreements.
- *Investments Held in Pension Obligation Bond (POB) Trust* – This trust account is for the Agency’s exclusive use of payment of debt service on its 2022 POB. Once proceeds are contributed into the trust, it is irrevocable per the indenture agreement for the POB. All contributed proceeds are invested into money market funds that correspondingly earn investment income for future usage following the trust agreement.
- *Cash Held in Dental Trust* – This trust account is for the Agency’s payment account held in trust for the exclusive use by Employer Driven Insurance Services (E.D.I.S.) for paying employee dental claims. All contributed proceeds are irrevocable per the Administrative Services Agreement with E.D.I.S. to not disrupt payment processing of employee dental claims. The proceeds are not invested and do not earn interest.

C. Investment Policy

The Agency is authorized under California Government Code to make direct investments in bonds, notes, or warrants issued by governmental entities domiciled in the United States, private companies, or purchase share units of local government pools. The Agency’s investment policy prohibits investment into securities with a credit rating of less than “AA” or equivalent.

Investment purchases and sales are coordinated by the Agency’s Treasurer.

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The Agency's Board of Commissioners approved of the following securities and investments that can be transacted with Agency proceeds:

Authorized Investment Type	California State Limits			Agency Policy	
	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Maximum Percentage of Portfolio	Minimum Credit Quality
U.S. treasury obligations	5 years	None	None	100%	N/A
U.s. government agency issues ⁽¹⁾	5 years	None	None	30%	N/A
Medium term notes ⁽³⁾	5 years	30%	10%	30%	AA
California municipal issues	5 years	None	None	30%	AA
Negotiable certificates of deposit ⁽²⁾⁽³⁾	5 years	30%	None	30%	AA & A-1
Banker's acceptances ⁽³⁾	180 days	40%	30%	25%	A-1
Commercial paper ⁽³⁾	270 days	25%	10%	25%	AA & A-1
Repurchase agreements	90 days	None	None	25%	A-1
Time certificates of deposit ⁽²⁾	5 years	30%	None	20%	N/A
Passbook savings accounts ⁽²⁾	N/A	None	None	20%	N/A
Money market funds	N/A	20%	10%	10%	A-1
Joint powers authority pools (CAMP)	N/A	None	None	100%	AA
Local agency investment funds (LAIF)	N/A	None	\$75 million	100%	N/A

(1) The maximum is 20% if the portfolio is comprised of callable federal agency obligations or mortgage-backed securities guaranteed by principal and interest payments.

(2) The maximum allowable limit is up to the FDIC limit of \$250,000.

(3) The maximum allowable limit is reduced if all invested into one single issuer. Medium term notes is 10%, Negotiable Certificates of Deposit is 20%, Banker's Acceptance is 20%, and Commercial Paper is 10%.

Excess proceeds held in both the POB and revenue bond trust accounts at any point in time are to be invested following the provisions of the indenture agreement. The investment policy of the indenture agreements for the Agency's bonds generally follow the California Government Code and Agency policy, but the indenture agreement policy may in some cases be more or less restrictive than either the State of California or the Agency. The following securities and investments are approved for transactions with excess proceeds within the bond trust accounts:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Minimum Credit Quality
U.S. treasury obligations	5 years	None	N/A
U.s. government agency issues	5 years	None	N/A
Municipal issues	5 years	None	AA
Certificates of deposit	5 years	30%	AA & A-1
Banker's acceptances	180 days	30%	A-1
Commercial paper	270 days	25%	A-1
Repurchase agreements	90 days	None	A-1
Money market funds	N/A	20%	A-1
Joint powers authority pools (CAMP)	N/A	None	AA
Local agency investment funds (LAIF)	N/A	None	N/A

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Investments made within the pension trust are also exempt from both the California Government Code concerning local agency investment policies and the Agency's investment policies given pension-related investment activity follows the permitted investments for deferred compensation funds.

D. Fair Value Measurements

The following is a summary of the Agency's cash and investments measured using the fair value hierarchy as of June 30, 2025 and 2024:

	Credit Ratings (S&P/Moody's)	2025 Maturities	Amortized Cost	Fair Value	Fair Value Measurements Using		
					Quoted Prices in active markets for similar assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investment held in State of California Local Agency Investment Fund (LAIF)	N/A	< 360 Days	\$ 21,914,270	\$ 21,940,529	\$ -	\$ 21,940,529	\$ -
Investment held in Joint Powers Authority Pool California Asset Management Program (CAMP)	AAA	< 360 Days	440,469	440,469	-	440,469	-
Investment held in Keenan & Associates Section 115 Pension Trust	N/A	1 YR - 20 YR	1,528,450	1,583,379	-	1,583,379	-
Total investment in external pools			23,883,189	23,964,377	-	23,964,377	-
Money market accounts	A-1	< 90 Days	12,354	12,354	-	-	-
Cash and deposits	N/A	< 90 Days	1,269,028	1,269,028	-	-	-
Total cash exempt from fair value			1,281,382	1,281,382	-	-	-
Total cash and investments			\$ 25,164,571	\$ 25,245,759	\$ -	\$ 23,964,377	\$ -

	Credit Ratings (S&P/Moody's)	2024 Maturities	Amortized Cost	Fair Value	Fair Value Measurements Using		
					Quoted Prices in active markets for similar assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investment held in State of California Local Agency Investment Fund (LAIF)	N/A	< 360 Days	\$ 20,460,734	\$ 20,385,357	\$ -	\$ 20,385,357	\$ -
Investment held in Joint Powers Authority Pool California Asset Management Program (CAMP)	AAA	< 360 Days	419,892	419,892	-	419,892	-
Investment held in Keenan & Associates Section 115 Pension Trust	N/A	1 YR - 20 YR	899,436	904,043	-	904,043	-
Total investment in external pools			21,780,062	21,709,292	-	21,709,292	-
Money market accounts	A-1	< 90 Days	1,353	1,353	-	-	-
Cash and deposits	N/A	< 90 Days	1,921,405	1,921,405	-	-	-
Total cash exempt from fair value			1,922,758	1,922,758	-	-	-
Total cash and investments			\$ 23,702,820	\$ 23,632,050	\$ -	\$ 21,709,292	\$ -

All cash deposits, money market accounts, and funds held within the California Asset Management Program (CAMP) are classified as being exempt from fair value due to the stable dollar value maintained. The Agency's positions within the State of California Local Agency Investment Fund (LAIF) and pension trust are stated at fair value to accurately reflect the financial position of the allocated share of the pool's investments. Both investments are assessed to be fair value level 2 considering the fair value of the investment interest is ascertained through relevant valuation of the asset prices within the pool's portfolio.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment; generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. It is the Agency's policy to manage exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Agency policy is that investment maturities may not exceed five years, with the exception of pooled investment funds such as LAIF and other government authority pools, and money market funds; however, investments can be held longer with Board approval.

All cash and cash equivalents are held in highly liquid accounts. The expected maturity for each is within 360 days with some categories being within 90 days. See the maturities indicating likelihood of interest rate sensitivity for each account in *Section D Fair Value Measurements* above.

Investment in LAIF – The Agency voluntarily invests its excess cash within the external investment pool, LAIF. LAIF is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF. Included within LAIF's investment pool are U.S. Treasury securities, U.S. federal agency securities, commercial paper, corporate bonds, and other savings assets. The balance available for withdrawal is based on LAIF's accounting records, which are recorded on an amortized basis. At June 30, 2025 and 2024, the investment had a respective weighted average maturity of 248 days and 217 days.

Investment in pension trust – The Agency voluntarily invests excess cash with Keenan within the Pension Stabilization Trust program to earn a rate of return for future obligations. Keenan invests the Agency's contributed proceeds into a portfolio of equities, fixed income, and other investment funds. The investments within the portfolio are long-term in nature, i.e., with maturities being from one year to twenty years, and therefore are subject to interest rate risk. Adjustments in fair value for unrealized gains or losses are accordingly recorded within the Agency's *Statement of Revenues, Expenses and Changes in Net Position* to reflect the current market conditions. Moreover, the portfolio is actively managed by Keenan following its investment risk management policies and procedures. Periodic investment statements and performance reports are provided to each of the participant members within the pool, of which show appropriate measures to mitigate adverse effects from changes in interest rates.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To limit loss exposure due to credit risk, the Agency's investment policy limits purchases of investments to those rated A-1 for short-term investments and AA for medium-term investments following the Standard & Poor's credit rating standards.

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All cash and investments are held either in highly rated money market accounts or are not rated. See the ratings assigned to each category listed in *Section D Fair Value Measurements* above.

G. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

As of fiscal year ended June 30, 2025 and 2024, none of the Agency's investments had concentrations in any single issuer greater than 5 percent.

H. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., the broker-dealer) to a transaction, a government will not be able to recover the value of its investment, collateral securities, or deposits that are in the possession of another party. The California Government Code requires that any private sector financial institution entity utilized for placement of excess cash deposits that are not invested in other financial assets are to be covered at all times by the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). The Agency's respective total cash within the financial institutions as of June 30, 2025 and 2024 is \$1,248,221 and \$1,905,097, which is insured up to the applicable FDIC limit with the remaining covered by collateral owned by the financial institutions. The California Government Code does not contain any legal or policy requirements concerning limits of exposure to custodial risk for investments. Regarding the Agency's remaining cash and investments that are not held as cash deposits in financial institutions are not to be considered for custodial risk exposure considering the instruments are not held as transferrable securities.

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NOTE 4 – RECEIVABLES

A. Receivables Summary

The Agency's receivables, net of allowance for uncollectable accounts, consisted of the following as of June 30, 2025 and 2024:

<i>As of June 30, 2025</i>	JPA Member	Other Related Party	Outside 3rd Party	Total
Contract maintenance	\$ -	\$ -	\$ 540,289	\$ 540,289
Contract education & safety	-	-	6,328	6,328
Contract treasurer & admin	2,705	10,762	-	13,467
Clean energy sales	-	-	22,895	22,895
Site lease	-	-	6,125	6,125
Source control	43,923	-	7,923	51,846
Waste haulers	-	-	86,100	86,100
Wastewater discharge permits	-	-	23,109	23,109
COVID & substance sampling	-	-	4,742	4,742
Capacity charges	185,640	-	-	185,640
Other cost reimbursement	1,350	8,713	25,000	35,063
Total receivables	\$ 233,618	\$ 19,475	\$ 722,511	\$ 975,604

<i>As of June 30, 2024</i>	JPA Member	Other Related Party	Outside 3rd Party	Total
Contract maintenance	\$ 45,107	\$ -	\$ 554,163	\$ 599,270
Contract education & safety	-	-	12,901	12,901
Clean energy sales	-	-	15,848	15,848
Source control	33,372	-	4,790	38,162
Waste haulers	-	-	88,530	88,530
Wastewater discharge permits	-	-	20,175	20,175
COVID & substance sampling	-	-	8,652	8,652
Capacity charges	247,409	-	-	247,409
Federal and State grants	-	-	1,018,915	1,018,915
OPEB benefits reimbursement	-	-	168,962	168,962
Other cost reimbursement	-	2,471	428	2,899
Total receivables	\$ 325,888	\$ 2,471	\$ 1,893,364	\$ 2,221,723

B. Allowance for Uncollectable Accounts

The Agency did not assess an allowance for uncollectable accounts for either fiscal year ended. All outstanding receivables are related to known customers that have a history of repayment, and as such are deemed fully collectable.

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NOTE 5 – LOAN RECEIVABLES

A. Loan Programs

The Agency offers a computer purchase loan program to provide financing assistance to Agency employees with their personal computer equipment needs. Terms of the loan contract are a maximum loan amount of \$1,750 at zero percent interest for a maximum maturity of two years. The loan is repaid through periodic payroll deductions.

B. Loan Receivables Summary

As of June 30, 2025 and 2024, the Agency carried no outstanding loan balance.

NOTE 6 – CAPITAL ASSETS

A. Capital Asset Summary

The Agency's capital assets, net of accumulated depreciation and amortization, consisted of the following as of June 30, 2025 and 2024:

	2024	Additions	Disposals	Transfers	2025
Non-depreciable Plant and Facilities:					
Land and land improvements	\$ 5,799,806	\$ -	\$ -	\$ -	\$ 5,799,806
Construction in progress	1,010,886	3,911,882	-	(2,125,764)	2,797,004
Total non-depreciable plant and facilities	6,810,692	3,911,882	-	(2,125,764)	8,596,810
Depreciable & Amortizable Plant and Facilities:					
Wastewater treatment facilities	148,892,933	101,278	-	1,685,563	150,679,774
Wastewater disposal facilities	13,790,367	-	-	-	13,790,367
General plant and administrative facilities	10,930,573	342,996	-	440,201	11,713,770
Right of use assets	37,979	83,569	(37,979)	-	83,569
Subscription-based IT arrangements	162,321	-	-	-	162,321
Total depreciable plant and facilities	173,814,173	527,843	(37,979)	2,125,764	176,429,801
Less Accumulated Depreciation & Amortization for:					
Wastewater treatment facilities	(81,309,406)	(3,814,171)	-	-	(85,123,577)
Wastewater disposal facilities	(12,216,599)	(204,917)	-	-	(12,421,516)
General plant and administrative facilities	(6,691,634)	(334,117)	-	-	(7,025,751)
Right of use assets	(34,181)	(11,757)	37,979	-	(7,959)
Subscription-based IT arrangements	(40,580)	(27,053)	-	-	(67,633)
Total accumulated depreciation	(100,292,400)	(4,392,015)	37,979	-	(104,646,436)
Total depreciable plant and facilities, net	73,521,773	(3,864,172)	-	2,125,764	71,783,365
Total plant and facilities, net	\$ 80,332,465	\$ 47,710	\$ -	\$ -	\$ 80,380,175

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	Restated 2023	Additions	Disposals	Transfers	2024
Non-depreciable Plant and Facilities:					
Land and land improvements	\$ 5,510,600	\$ -	\$ -	\$ 289,206	\$ 5,799,806
Construction in progress	1,958,156	4,113,017	(281,126)	(4,779,161)	1,010,886
Total non-depreciable plant and facilities	7,468,756	4,113,017	(281,126)	(4,489,955)	6,810,692
Depreciable & Amortizable Plant and Facilities:					
Wastewater treatment facilities	146,960,746	561,215	(3,074,728)	4,445,700	148,892,933
Wastewater disposal facilities	13,746,112	-	-	44,255	13,790,367
General plant and administrative facilities	11,146,076	124,335	(339,838)	-	10,930,573
Right of use assets	37,979	-	-	-	37,979
Subscription-based IT arrangements	174,227	-	(11,906)	-	162,321
Total depreciable plant and facilities	172,065,140	685,550	(3,426,472)	4,489,955	173,814,173
Less Accumulated Depreciation & Amortization for:					
Wastewater treatment facilities	(80,100,168)	(4,191,085)	2,981,847	-	(81,309,406)
Wastewater disposal facilities	(11,889,057)	(327,542)	-	-	(12,216,599)
General plant and administrative facilities	(6,640,841)	(337,339)	286,546	-	(6,691,634)
Right of use assets	(26,586)	(7,595)	-	-	(34,181)
Subscription-based IT arrangements	(14,519)	(27,053)	992	-	(40,580)
Total accumulated depreciation	(98,671,171)	(4,890,614)	3,269,385	-	(100,292,400)
Total depreciable plant and facilities, net	73,393,969	(4,205,064)	(157,087)	4,489,955	73,521,773
Total plant and facilities, net	\$ 80,862,725	\$ (92,047)	\$ (438,213)	\$ -	\$ 80,332,465

Total depreciation and amortization expense from capital asset activity recognized for the respective fiscal years ended 2025 and 2024 are \$4,392,015 and \$4,890,614.

B. Capital Asset Impairment Consideration

The Agency assesses its capital assets for impairment considerations and has determined no impairment for the current fiscal year 2025 and 2024.

NOTE 7 – LEASE RECEIVABLE

A. Lease Receivable Summary

The Agency's lease receivable consisted of the following as of June 30, 2025 and 2024:

	2024	Issuance	Remeasurement & Repayments	2025	Current Balance
Lease receivable - site lease	\$ 360,324	\$ -	\$ (63,711)	\$ 296,613	\$ 67,706
Total lease receivable	\$ 360,324	\$ -	\$ (63,711)	\$ 296,613	\$ 67,706

	2023	Issuance	Remeasurement & Repayments	2024	Current Balance
Lease receivable - site lease	\$ 421,218	\$ -	\$ (60,894)	\$ 360,324	\$ 63,711
Total lease receivable	\$ 421,218	\$ -	\$ (60,894)	\$ 360,324	\$ 63,711

B. Marin Airporter Site Lease

The Agency carries one long-term lease receivable arrangement, parking spaces for Marin Airporter employees and buses on the wastewater treatment plant facility. The terms of the site lease agreement includes base rent of \$5,400 per month with an annual lease escalation per a Consumer Price Index (CPI) commencing every July 1 over 5 years with 5 additional 1-year extensions. No other payments are received in addition to the base rent received. The lease may be terminated when either the lessee fails to timely pay its monthly lease payments, the site property is determined to be unusable, or regulations stipulate that the lessor needs to repurpose the land.

During fiscal years ended 2025 and 2024, the Agency respectively collected \$63,711 and \$60,894 in lease proceeds against the lease receivable with \$9,537 and \$11,312 also respectively recognized of the total amount as lease interest income. The Agency further recognized lease amortization income of \$62,309 in both fiscal years from revenue recognized on the long-term unearned revenue liability being carried as deferred inflow of resources. Fiscal year 2024 further includes a one-time correction from a valuation correction of \$37,469. In total, the Agency respectively earned \$72,101 and \$108,667 in fiscal years ended 2025 and 2024 in lease income from the intangible right-to-use lessor arrangement.

At fiscal year-end 2025 and 2024, the respective total lease receivable net carrying value is \$296,613 and \$360,324 with the total deferred inflow of resources for the leasing activities respectively being \$249,235 and \$311,544.

NOTE 8 – COMPENSATED ABSENCES

A. Employee Leave Policy

Agency employees can accumulate several forms of leave accrual that are to be paid out upon termination or retirement from the Agency:

1. *Vacation* – This leave is earned and accrued for all full-time employees following an employee's level of service which can range from 80 to 200 hours. The total maximum number of hours that can be accrued is 320 hours.
2. *Compensatory Time Off* – This leave is earned and accrued for all full-time hourly employees where time off hours can be accumulated in lieu of paid overtime wages. The total maximum hours that can be accrued is 40 hours.
3. *Holiday* – This leave is earned and accrued by all full-time employees through either allowance of floating holidays or hourly employees working on observed holidays. The total maximum number of hours that can be accrued is 48 hours.
4. *Administrative Leave* – This leave is earned and accrued by all unrepresented employees. The total maximum number of hours that can be accrued is 120 hours. These accrued hours, however, are all paid out on January 1 of each calendar year and then re-accrued with a new bank for use throughout the calendar year. As such, the accrual only reflects earned and accrued hours from January through June.

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5. *Sick Leave* – This leave is earned and accrued by all full-time and part-time employees, except members on the Board of Commissioners and retired annuitants. This leave is earned for the sole purpose for using when an employee is either themselves ill, needs to take care of a family member that is ill, or under special circumstances allowed under applicable law. The Agency allows for retiring employees that have ten or more years of service at the Agency to be paid out one-half of their sick leave balance up to 500 maximum hours; the rest of the hours are converted to pension service credit upon retirement. If an employee were to leave the Agency prior to retirement, all accrued sick leave hours are forfeited. The total maximum number of hours that can be accrued each year is 96 hours for full-time employees and part-time employees receive one hour for every 30 hours worked. Lastly, there is no life-to-date accrual maximum.

B. Compensated Absences Summary

The Agency's compensated absences consisted of the following as of June 30, 2025 and 2024:

	Restated 2024	Addition	Usage	2025	Current Portion
Vacation leave	\$ 541,563	\$ 470,503	\$ (489,611)	\$ 522,455	\$ 209,790
Compensated time off	43,435	92,120	(91,527)	44,028	29,574
Holiday leave	55,405	134,618	(137,563)	52,460	35,289
Administrative leave	88,634	106,413	(102,429)	92,618	44,735
Sick leave	646,969	121,024	(262,154)	505,839	200,709
Total compensated absence	<u>\$ 1,376,006</u>	<u>\$ 924,678</u>	<u>\$ (1,083,284)</u>	<u>\$ 1,217,400</u>	<u>\$ 520,097</u>

	Restated 2023	Addition	Usage	Restated 2024	Current Portion
Vacation leave	\$ 549,575	\$ 104,780	\$ (112,793)	\$ 541,562	\$ 102,360
Compensated time off	39,996	13,292	(9,853)	43,435	1,161
Holiday leave	45,155	21,301	(11,050)	55,406	20,881
Administrative leave	73,020	25,401	(9,787)	88,634	55,030
Sick leave	608,258	95,727	(57,016)	646,969	258,117
Total compensated absence	<u>\$ 1,316,004</u>	<u>\$ 260,501</u>	<u>\$ (200,499)</u>	<u>\$ 1,376,006</u>	<u>\$ 437,549</u>

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NOTE 9 – LONG TERM DEBT

A. Long-Term Debt Summary

The Agency's long-term debt, net of unamortized bond premiums and discounts, for all obligation types consisted of the following as of June 30, 2025 and 2024:

	Base CUSIP Number	Interest Rate	Maturity (Fiscal Year)	2024	Additions	Retirements	2025	Current Portion
<i>Bonds from Private Placement</i>								
2022 pension obligation bond	n/a	3.36%	2038	\$ 9,136,000	\$ -	\$ 248,000	\$ 8,888,000	\$ 632,000
<i>Revenue Bonds from Public Offering</i>								
2015 revenue bond	154076	2.50% - 5.00%	2032	27,525,000	-	2,930,000	24,595,000	3,075,000
2020 revenue bond	154076	2.00% - 2.25%	2041	7,970,000	-	395,000	7,575,000	405,000
Plus: unamortized premium	n/a	n/a	n/a	2,325,300	-	359,403	1,965,897	
Less: unamortized discount	n/a	n/a	n/a	(57,955)	-	(3,579)	(54,376)	
Total revenue bonds from public offering				37,762,345	-	3,680,824	34,081,521	3,480,000
Total bonds payable				46,898,345	-	3,928,824	42,969,521	4,112,000
<i>Right-to-Use Lease and Subscription Liabilities</i>								
Leases	n/a	3.36%	2030	4,091	83,569	11,431	76,229	15,054
Subscriptions	n/a	3.36%	2029	123,675	-	26,330	97,345	26,976
Total right-to-use lease and subscription liabilities				127,766	83,569	37,761	173,574	42,030
Total long-term borrowings				\$ 47,026,111	\$ 83,569	\$ 3,966,585	\$ 43,143,095	\$ 4,154,030

	Base CUSIP Number	Interest Rate	Maturity (Fiscal Year)	2023	Additions	Retirements	2024	Current Portion
<i>Bonds from Private Placement</i>								
2022 pension obligation bond	n/a	3.36%	2038	\$ 9,266,000	\$ -	\$ 130,000	\$ 9,136,000	\$ 248,000
<i>Revenue Bonds from Public Offering</i>								
2015 revenue bond	154076	2.50% - 5.00%	2032	30,310,000	-	2,785,000	27,525,000	2,930,000
2020 revenue bond	154076	2.00% - 2.25%	2041	8,360,000	-	390,000	7,970,000	395,000
Plus: unamortized premium	n/a	n/a	n/a	2,684,702	-	359,402	2,325,300	
Less: unamortized discount	n/a	n/a	n/a	(61,534)	-	(3,579)	(57,955)	
Total revenue bonds from public offering				41,293,168	-	3,530,823	37,762,345	3,325,000
Total bonds payable				50,559,168	-	3,660,823	46,898,345	3,573,000
<i>Right-to-Use Lease and Subscription Liabilities</i>								
Leases	n/a	3.36%	2030	12,070	-	7,979	4,091	4,091
Subscriptions	n/a	3.36%	2029	149,375	-	25,700	123,675	26,330
Total right-to-use lease and subscription liabilities				161,445	-	33,679	127,766	30,421
Total long-term borrowings				\$ 50,720,613	\$ -	\$ 3,694,502	\$ 47,026,111	\$ 3,603,421

All Agency issued revenue bond obligations covenant the Agency's pledge of future revenues as repayment as well as the Agency maintaining a collective debt service coverage ratio greater than 1.25 times. The debt service coverage ratio is calculated as the ratio of net revenues (gross revenues less operating costs excluding depreciation) over total debt service.

All intangible lease and subscription asset obligations are for recognition of the right-to-use lease and subscription assets being "purchased" like an installment loan instrument. Upon expiration of the lease and subscription agreement, the lease and subscription assets are to be returned to the lessor or subscriber. The underlying assets are recognized as a part of total capital assets in *Note 6 – Capital Assets*.

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B. 2015 Revenue Bonds

On April 22, 2015, the Agency issued \$49,310,000 of revenue bonds with a premium of \$5,344,174. The purpose of the bonds was to refund the Agency's 2006 Revenue Bonds. The original 2006 Revenue Bond issuance was to provide new money to construct new wastewater treatment facilities and for refurbishment of existing wastewater treatment plant facility infrastructure. Furthermore, the original issue included an unamortized cost of issuance balance in the amount of \$48,572 that was carried forward under legacy US GAAP. This balance continues to be amortized over the remaining life of the bonds. The refunding resulted in a loss of \$2,859,484. The bonds were issued at a credit rating of "AA-" by S&P and "Aa2" by Moody's for a coupon ranging from 2.5% to 5%. Repayment terms of the bonds are semiannually on March 1 and September 1 with maturity on September 1, 2031. The bonds are callable any time after September 1, 2024 with no call premium. As of June 30, 2025, the outstanding principal balance is \$24,595,000 with an unamortized premium balance of \$1,800,753, and remaining refunding loss deferred outflow of \$963,522 and cost of issuance balance of \$17,275. As of June 30, 2024, the outstanding principal balance is \$27,525,000 with an unamortized premium balance of \$2,149,287, and remaining refunding loss deferred outflow of \$1,150,010 and cost of issuance balance of \$20,039.

The Agency's 2015 Revenue Bond debt service requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 3,075,000	\$ 864,381	\$ 3,939,381
2027	3,250,000	738,756	3,988,756
2028	3,340,000	606,506	3,946,506
2029	3,510,000	435,256	3,945,256
2030	3,690,000	292,156	3,982,156
2031-2033	7,730,000	241,059	7,971,059
Subtotal	24,595,000	\$ 3,178,114	\$ 27,773,114
Plus: unamortized premium	1,800,753		
Total	\$ 26,395,753		

C. 2020 Revenue Bonds

On November 3, 2020, the Agency issued \$9,115,000 of revenue bonds with a premium of \$215,574 and discount of \$70,982. The purpose of the bonds was to provide new money for refurbishment of existing wastewater treatment plant facility infrastructure and replacement of equipment. The bonds were issued at a credit rating of "Aa2" by Moody's for a coupon ranging from 2% to 2.25%. Repayment terms of the bonds are semiannually on March 1 and September 1 with maturity on September 1, 2040. The bonds are callable any time after September 1, 2030 with no call premium. As of June 30, 2025, the outstanding principal balance is \$7,575,000 with an unamortized premium balance of \$165,144 and unamortized discount balance of \$54,376. As of June 30, 2024, the outstanding principal balance is \$7,970,000 with an unamortized premium balance of \$176,012 and unamortized discount balance of \$57,955.

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The Agency's 2020 Revenue Bond debt service requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 405,000	\$ 152,775	\$ 557,775
2027	415,000	144,575	559,575
2028	420,000	136,225	556,225
2029	430,000	127,725	557,725
2030	440,000	119,025	559,025
2031-2035	2,330,000	458,425	2,788,425
2036-2040	2,585,000	206,694	2,791,694
2041-2042	550,000	6,188	556,188
Subtotal	7,575,000	\$ 1,351,632	\$ 8,926,632
Plus: unamortized premium	165,144		
Less: unamortized discount	(54,376)		
Total	\$ 7,685,768		

D. 2022 Pension Obligation Bonds

On April 28, 2022, the Agency issued \$9,432,000 of pension obligation bonds. The purpose of the bonds was to refund the Agency's unfunded actuarial pension liability (UAL) with CalPERS. The bonds were issued via private placement and are as such not rated. The coupon rate is fixed at 3.36% with repayment terms of the bonds being semiannually on March 1 and September 1. Maturity is stated to be on September 1, 2037. As of June 30, 2025 and 2024, the respective outstanding principal balance is \$8,888,000 and \$9,136,000.

The Agency's 2022 Pension Obligations Bond debt service requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 632,000	\$ 288,019	\$ 920,019
2027	653,000	266,431	919,431
2028	676,000	244,104	920,104
2029	699,000	221,004	920,004
2030	723,000	197,114	920,114
2031-2035	4,001,000	597,828	4,598,828
2036-2038	1,504,000	55,339	1,559,339
Total	\$ 8,888,000	\$ 1,869,839	\$ 10,757,839

E. Lease Liability

The Agency entered into a lease agreement for copy machine equipment to carry out its operating activities. The lease term is 63 months with an expected end date on March 1, 2030. There are no lease incentives or direct costs paid on all lease arrangements. All repair and maintenance costs based on future performance are expensed as incurred. The aggregate lease asset and liability recognized was \$83,569 at point of capitalization. The Agency was previously under a lease for copy machine equipment in fiscal year 2024. However, that original copy machine lease expired in fiscal year 2025. As of fiscal year end 2025, the respective lease asset, net of accumulated amortization, and liability are \$75,610 (where accumulated amortization is \$7,959) and \$76,229. As of fiscal year end 2024, the respective lease asset, net of

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accumulated amortization, and liability are \$3,798 (where accumulated amortization is \$34,181) and \$4,091.

The Agency's lease obligation principal and interest requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 15,054	\$ 2,331	\$ 17,385
2027	15,568	1,817	17,385
2028	16,099	1,286	17,385
2029	16,649	737	17,386
2030	12,859	181	13,040
Total	<u>\$ 76,229</u>	<u>\$ 6,352</u>	<u>\$ 82,581</u>

F. Subscription Liability

The Agency entered into a software subscription arrangement with Microsoft Corporation for Windows software to carry out its operating activities. The subscription term is 72 months with an expected end date on December 1, 2028. All maintenance costs based on future performance are expensed as incurred. The aggregate subscription asset and liability was \$162,321 at point of capitalization in fiscal year 2023. As of fiscal year end 2025, the respective subscription asset, net of accumulated amortization, and liability are \$94,688 (where accumulated amortization is \$67,633) and \$97,345. As of fiscal year end 2024, the respective subscription asset, net of accumulated amortization, and liability are \$121,741 (where accumulated amortization is \$40,580) and \$123,675.

The Agency's subscription obligation principal and interest requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 26,976	\$ 2,062	\$ 29,038
2027	27,637	1,401	29,038
2028	28,315	723	29,038
2029	14,417	102	14,519
Total	<u>\$ 97,345</u>	<u>\$ 4,288</u>	<u>\$ 101,633</u>

NOTE 10 – RISK MANAGEMENT

A. Risk Management Insurance Policy Coverage

The Agency is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To manage these risks, the Agency joined with other entities in 1986 to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for the member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing the cost. Through CSRMA, the Agency purchases property insurance, general liability insurance, and workers' compensation insurance.

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The level of coverage the Agency currently has as of June 30, 2025 and 2024 is as follows:

Coverage Type	Insurer	Deductible	Coverage Limit
Special Form Property	Alliant Property Insurance Program (APIP)	\$ 10,000	\$ 208,734,376
Public Entity Pollution Liability	Interstate Fire & Casualty Insurance Company	\$ 250,000	\$ 25,000,000
Cyber Liability	Llyods's of London - Beazley Syndicate (APIP)	\$ 50,000	\$ 2,000,000
ACIP CSRMA Master Crime	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	\$ 2,500	\$ 2,000,000
ID Fraud Master Policy Identity Theft	Travelers Insurance Company	\$ -	\$ 25,000
AWRP - Alliant Deadly Weapons Response	Llyods's of London - Beazley	\$ 500,000	\$ 2,500,000
UST Pollution Legal Liability	Nautilus Insurance Co.	\$ 5,000	\$ 1,000,000
Public Official Bond	Travelers Property and Casualty	\$ -	\$ 100,000
General Liability	Munich American Reinsurance Co.	\$ 25,000	\$ 15,500,000
Excess Liability	Allied World National Assurance Company	\$ 25,000	\$ 15,750,000
Alliant Mobile Vehicle Program (AMVP)	AGCS Marine Insurance Company	\$ 1,000	\$ 270,474
Excess Workers' Compensation Liability	Safety National Casualty	\$ -	\$ 1,000,000

B. Claims Liability

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities related to insurance activities are reported when the loss is determined as being an amount to be paid by the Agency's claims adjuster. These claims liabilities include all available factors, such as subrogation, inflation, settlement trends, timing and frequency of payouts, salvage, claims adjustment expenses, and other economic factors. As a participant within the insurance authority, CSRMA, the Agency is only liable for claims deemed in the best judgment of its claims adjuster that are within the applicable self-insured retention (SIR) deductible. All claims in excess of the SIR are paid by the insurance authority. However, the insurance authority fronts all insurance payments and then recovers the Agency's SIR. All claims are expected to be paid for the Agency that are within the self-insured deductible are paid in the following fiscal year.

As of June 30, 2025 and 2024, there are no outstanding claims determined by the Agency's claims adjuster that were not billed to the Agency from the insurance authority.

C. Self-Insured Dental Plan

The Agency sponsors and administers a self-insured employee health & welfare benefit plan (Plan) that covers eligible dental expenses incurred by its employees. All active full-time employees are automatically enrolled into the Plan upon initial hire. The Plan's benefit terms allow for each employee and their eligible dependents to each expend up to \$2,500 in any given plan year on dental procedures allowed within the plan document. Any dental expense incurred and submitted over and above the allowable limit is to be covered by the employee. The Agency contracts with Employer Driven Insurance Services (EDIS) as a third-party administrator to assist the Agency with managing the Plan's benefit claims.

The Plan is funded by monthly employer contributions that are sufficient to cover approved employee claims tracked by EDIS. The total number of covered employees and dependents as of June 30, 2025 and 2024 are 121 and 127. Total Plan contributions for fiscal year 2025 and 2024 is \$111,249 and \$130,930 relative to total claims paid is \$106,760 and \$119,655. As of fiscal year end 2025 and 2024, the Agency's Plan carried a respective total balance in the trust account of \$20,357 and \$15,868, and the claims liability is \$2,985 in fiscal year 2025 only. All outstanding approved claims are expected to be paid in the following

fiscal year. EDIS prepares annual financial reports of the Plan following provisions of the Employee Retirement Income Security Act (ERISA) of 1974, and can be published upon request.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

A. Plan Description

The Agency sponsors a defined benefit pension plan (Plan) to provide retirement income to its employees. The Agency established the Plan on September 8, 1981 through a contract with the California Public Employees' Retirement System (CalPERS) to join the cost-sharing multiple employer local Miscellaneous risk pool. All day-to-day administration, investment of plan assets, valuation of benefits, and related compliance is managed by CalPERS. All full-time employees upon initial hire are eligible to participate in the Plan. Benefit provisions within the Plan are governed by State statute and Agency Resolution. CalPERS issues publicly available reports that includes the full Plan description covering health provisions, assumptions and membership information, of which can be found at <https://www.calpers.ca.gov>.

B. Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan participants and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment, being applied against a plan participant's final compensation. Service credit rates applied to each plan participant are based on plan entrance date. Plan participants who entered before January 1, 2013 qualify under the "Classic" Tier 2 benefits and plan participants afterward qualify under the "PEPRA" benefits structure. Eligible retirement ages are either age 50 for "Classic" participants or at age 52 for "PEPRA" participants for those that have achieved a minimum of five years of service credit. All members are eligible for the standard non-industrial disability and rollover of a percentage of sick leave for service credit. The death benefit is one of the following dependent on the Miscellaneous Plan classification: the Optional Settlement 2W Death Benefit, the 1957 Survivor Benefit, or post-retirement lump sum payment (non-PEPRA plans). The cost-of-living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law.

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The Plan provisions and benefits in effect as of June 30, 2025 and 2024, are summarized as follows:

	Miscellaneous	
	Misc	PEPRA
Benefit Formula	2.0% - 2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a % of eligible compensation	2.0% to 2.7%	2.0%
Required Employee Contribution Rates 2025	8.000%	7.750%
Required Employer Contribution Rates 2025	16.020%	7.870%
Required Employee Contribution Rates 2024	8.000%	7.750%
Required Employer Contribution Rates 2024	15.950%	7.680%

Note: The only change between each fiscal year is the contribution rates.

C. Employees Covered

As of June 30, 2025 and 2024, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous	
	2025	2024
Active	46	44
Transferred	20	18
Separated	8	6
Retired	59	59
Total	133	127

D. Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the date. Funding contributions for the Miscellaneous risk pool are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the employees' contribution rate. For the fiscal year end 2025 and 2024, the Agency respectively contributed \$941,042 and \$741,991 into the Plan.

E. Pension Liabilities, Expenses and Deferred Outflows/Inflows of Resources

As of June 30, 2025 and 2024, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of NPL/(NPA)	
	2025	2024
Miscellaneous	6,530,997	6,845,166

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The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan for the respective fiscal years 2025 and 2024 are measured as of June 30, 2024 and June 30, 2023. The total pension liability for the Plan used to calculate the net pension liability was accordingly determined by a respective actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plan as of measurement year ended June 30, 2024 and 2023 was as follows:

Fiscal Year 2025

	Miscellaneous
Proportion - June 30, 2023	0.13689%
Proportion - June 30, 2024	0.13503%
Change - Increase/(Decrease)	-0.00186%

Fiscal Year 2024

	Miscellaneous
Proportion - June 30, 2022	0.14856%
Proportion - June 30, 2023	0.13689%
Change - Increase/(Decrease)	-0.01167%

For the year ended June 30, 2025 and 2024, the Agency recognized pension expense of \$154,232 and \$1,078,949. At June 30, 2025 and 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Fiscal Year 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 167,860	\$ -
Differences between expected and actual experience	564,665	22,033
Net difference between projected and actual investment earnings	375,982	-
Differences between employer's contribution and proportionate share	1,575,456	1,394,189
Changes in employer's proportion	413,962	2,581,495
Pension contributions subsequent to measurement date	941,042	-
Total	\$ 4,038,967	\$ 3,997,717

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Fiscal Year 2024

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 413,274	\$ -
Differences between expected and actual experience	349,688	54,245
Net difference between projected and actual investment earnings	1,108,293	-
Differences between employer's contribution and proportionate share	3,826,107	719,793
Changes in employer's proportion	-	6,096,706
Pension contributions subsequent to measurement date	741,991	-
Total	<u>\$ 6,439,353</u>	<u>\$ 6,870,744</u>

The Agency respectively reported \$941,042 and \$741,991 of deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2026 and 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows for fiscal years 2025 and 2024:

Fiscal Year 2025

Fiscal Year Ending June 30:	Annual Amortization
2026	\$ (969,333)
2027	344,704
2028	(146,320)
2029	(128,844)
Total	<u>\$ (899,793)</u>

Fiscal Year 2024

Fiscal Year Ending June 30:	Annual Amortization
2025	\$ (976,877)
2026	(774,278)
2027	545,971
2028	31,802
Total	<u>\$ (1,173,382)</u>

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F. Actuarial Assumptions

The total pension liability in the June 30, 2023 and 2022 actuarial valuations were determined using the following actuarial assumptions:

Fiscal Year 2025

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.90% (2)
Mortality	(3)

- (1) Vaires by entry age and service.
(2) Net of pension plan investment expenses, including inflation.
(3) Derived using CalPERS' membership data for all funds.

Fiscal Year 2024

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.90% (2)
Mortality	(3)

- (1) Vaires by entry age and service.
(2) Net of pension plan investment expenses, including inflation.
(3) Derived using CalPERS' membership data for all funds.

G. Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Allocation	Rate of Return Year 1-10 (a) (b)
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

The methodology was consistently used for both fiscal years.

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Agency's proportionate share of the net pension liability for the Plan as of June 30, 2025 and 2024, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	
	2025	2024
1% Decrease	5.90%	5.90%
Net Pension Liability (Asset)	14,620,229	14,558,614
Current	6.90%	6.90%
Net Pension Liability (Asset)	6,530,997	6,845,166
1% Increase	7.90%	7.90%
Net Pension Liability (Asset)	(127,632)	496,336

I. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position available in the separately issued CalPERS financial reports.

NOTE 12 – DEFINED CONTRIBUTION PENSION PLANS

A. Deferred Compensation 457(b) Plan

The Agency sponsors and administers a deferred compensation plan (Plan) structured in accordance with IRC Section 457(b). All full-time employees are eligible to enroll into the Plan upon initial hire and become fully vested. Plan participants may defer a portion of their compensation, either on a pre-tax or post-tax basis, up to applicable IRC limits in any given plan year. Plan participants are able to self-direct their contributions in a manner that meets their retirement goals and needs. All investment earnings are credited to individual plan participant accounts. The Agency may contribute proceeds to a plan participants account as per Agency Resolution or agreement, of which are fully vested upon credit to a plan participant's account. Distributions may be only made at termination, retirement, death, or in an emergency as allowed in the plan document. The Agency contracts with Nationwide Retirement Solutions and MissionSquare Retirement as third-party administrators to assist the Agency with managing the Plan. The total number of covered employees as of June 30, 2025 and 2024 respectively is 112 and 114. Total employer Plan contributions for fiscal year 2025 and 2024 respectively is \$13,309 and \$12,817.

The Plan's assets are held for the benefit of plan participants and their beneficiaries, and the Agency does not have the ability to direct the use, exchange, or employ the Plan assets. Since the assets held under the Plan are not the Agency's property and not subject to claims by general creditors of the Agency, it has been excluded from these financial statements. Plan financial statements are available from the Administration Department located at 1301 Andersen Drive San Rafael, CA 94901.

B. Deferred Compensation 401(a) Plan

The Agency sponsors and administers a deferred compensation plan (Plan) structured in accordance with IRC Section 401(a). All full-time employees are eligible to enroll into the Plan upon initial hire and become fully vested. Plan participants are required to defer a flat percentage of their compensation on a pre-tax basis. Plan participants are able to self-direct their contributions in a manner that meets their retirement goals and needs. All investment earnings are credited to individual plan participant accounts. Distributions may be only made at termination, retirement, death, or in an emergency as allowed in the plan document. The Agency contracts with Nationwide Retirement Solutions as a third-party administrator to assist the Agency with managing the Plan. The total number of covered employees as of June 30, 2025 and 2024 respectively is 9 for both years. The Agency does not contribute assets to plan participant accounts.

The Plan's assets are held for the benefit of plan participants and their beneficiaries, and the Agency does not have the ability to direct the use, exchange, or employ the Plan assets. Since the assets held under the Plan are not the Agency's property and not subject to claims by general creditors of the Agency, it has been excluded from these financial statements. Plan financial statements are available from the Administration Department located at 1301 Andersen Drive San Rafael, CA 94901.

C. FICA Alternate Retirement System (ARS) Plan

The Agency sponsors and administers a FICA Alternate Retirement System (ARS) Plan (Plan) structured in accordance with IRC Section 457(b). The Agency implemented the Plan as per the requirements under the Omnibus Budget Reconciliation Act of 1990 where all part-time, seasonal, or temporary employees are to contribute to either Social Security or to an alternative plan. The Agency does not contribute to Social Security for its full-time employees. The Agency contracts with Public Agency Retirement Systems (PARS) as a third-party administrator to assist with the management the Plan.

All part-time, seasonal and temporary employees as well as Board members are eligible to enroll into the Plan upon initial hire and become fully vested. The Plan requires a 7% total contribution, of which plan participants defer 3.5% of their compensation on a pre-tax basis and the Agency contributes the remaining 3.5%. All plan assets are invested into one investment portfolio managed by PARS. Distributions may be only made at resignation, termination, retirement, death, or in an emergency as allowed in the plan document. The total number of covered employees as of June 30, 2025 and 2024 respectively is 29 and 27. Total employer Plan contributions for fiscal year 2025 and 2024 respectively is \$5,912 and \$6,865.

The Plan's assets are held for the benefit of plan participants and their beneficiaries, and the Agency does not have the ability to direct the use, exchange, or employ the Plan assets. Since the assets held under the Plan are not the Agency's property and not subject to claims by general creditors of the Agency, it has been excluded from these financial statements. Plan financial statements are available from the Administration Department located at 1301 Andersen Drive San Rafael, CA 94901.

NOTE 13 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

A. Plan Description

The Agency sponsors a defined benefit OPEB plan (Plan) to provide retiree medical benefits. The Agency established the agent multiple-employer plan on January 1, 1990 through coordination with CalPERS to reimburse retirees for a portion of their health insurance premium as allowed under the Public Employees' Medical & Hospital Care Act of 1961 (PEMHCA). All day-to-day administration is shared between the Agency and CalPERS. CalPERS provides services for health insurance coverage, investment of plan assets, and maintenance of all Plan compliance. The Agency manages all benefit remittances and valuation of benefits thereof. All full-time employees are eligible to participate in the Plan upon initial hire. Benefit provisions are governed by State statute and Agency Resolution. The Plan assets are pooled and invested with other governmental agencies through the CalPERS California Employers' Retirement Benefit Trust (CERBT) program. The Plan's actuarial valuation reports and benefit provisions can be found at <https://www.cmsa.us/> and financial reports for CERBT can be found at <https://www.calpers.ca.gov/>.

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B. Benefits Provided and Eligibility Requirements

The Agency provides reimbursement to eligible retirees for health insurance costs. Calculation of the reimbursement amount is tiered between two classes of retirees where the differentiating factor is by hire date. The chart below shows the benefit structure:

Eligibility Criteria	Benefit Provided
Employees hired <u>before</u> 2010: - Unrepresented January 1 - Represented June 1	100% of employee only premium, based on Kaiser health medical plan, to the retiree, for life.
Employees hired <u>after</u> 2010: - Unrepresented January 1 - Represented June 1	Up to PEMHCA minimum available to the retiree and surviving spouse for life.

All retiring employees become eligible to receive this benefit if they are enrolled in a CalPERS health plan upon retirement, retired from the Agency, and have attained the minimum retirement age (50 for “Classic” or 52 for “PEPRA”) following the defined benefit pension plan.

As shown above, both benefit tiers provide for the minimum contribution as allowed under PEMHCA. The Agency contributes \$158 per month (as of January 1, 2025), \$157 per month (as of January 1, 2024), and \$151 per month (as of January 1, 2023).

C. Employees Covered

At June 30, 2023 (the valuation date), the benefit terms covered the following employees:

Active employees	44
Inactive employees currently receiving benefit	38
Inactive employees not yet receiving benefit	-
Total employees	82

D. Contributions

The Agency makes contributions based on an annually determined rate and approved by the Board. Total contributions during fiscal year 2025 were \$105,656 and 2024 were \$96,598. Total contributions included in measurement period 2024 were \$96,598 and 2023 were \$33,254. The actuarially determined contribution for the measurement period 2024 was \$265,560 and 2023 was \$203,301. The Agency’s contributions were 3.93% of covered employee payroll during fiscal year ended 2025 and 3.13% during fiscal year ended 2024.

E. Actuarial Assumptions

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of June 30, 2023.

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The total OPEB liability as of June 30, 2024 and 2023 measurement date actuarial reports were determined using the following assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024 & 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Salary Increases	3%
Healthcare Trend Rate	5.50%
Investment Rate of Return	6.75%
Mortality	In all actuarial valuations, assumed life expectancies were based on the CalPERS Mort and Disb Rates_PA Misc Tables.
Retirement	In all actuarial valuations, assumed retirement ages were based on the CalPERS Rx Misc 2% @ 62 and Rx PA Misc 2.7% @ 55 Tables.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75% for both measurement years 2024 and 2023. This factor is based on the expected rate of return assessed by CERBT which is used to proxy the yield for a 20-year tax-exempt municipal bonds portfolio of credit quality AA/Aa or higher. CERBT is the primary trust entity to which the Agency regularly contributes on an annual basis to prefund its OPEB liabilities and invest the OPEB Plan assets. The projection is provided by CERBT is split between the first ten years real return and the latter ten years real return where an arithmetic average between the two intervals is determined. Based on this assumption, this OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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G. Long-Term Expected Rate of Return

The long-term expected rate of return on the OPEB Plan investments were determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	49%	+/- 5%	MSCI All Country World Index IMI (Net)
Fixed Income	23%	+/- 5%	Bloomberg Long Liability Index
TIPS	5%	+/- 3%	Bloomberg US TIPS Index, Series L
Commodities	3%	+/- 3%	S&P GSCI Total Return Index
REITs	20%	+/- 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	0%	+/- 2%	ICE BofA US 3-Month Treasury Bill Index
Total	100%		

H. Change in Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2025 and 2024 for the respective measurement dates of June 30, 2024 and 2023:

Fiscal Year Ended June 30, 2025 (Measurement Date June 30, 2024)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Beginning balance at June 30, 2023	\$ 4,872,230	\$ 3,052,356	\$ 1,819,874
Service cost	160,413	-	160,413
Interest	320,714	-	320,714
Changes in benefit terms	-	-	-
Difference between expected & actual experience	-	-	-
Changes in assumptions	-	-	-
Net investment income	-	336,688	(336,688)
Contributions - employer	-	48,405	(48,405)
Contributions - implicit subsidy	-	48,193	(48,193)
Benefit payments	(193,621)	(193,621)	-
Implicit subsidy credit	(48,193)	(48,193)	-
Administrative expense	-	(1,001)	1,001
Net change	239,313	190,471	48,842
Ending balance at June 30, 2024	\$ 5,111,543	\$ 3,242,827	\$ 1,868,716
Covered payroll		6,489,958	
Total OPEB liability as % of covered payroll		78.76%	
Plan fiduciary net position as % of total OPEB liability		63.44%	
Service cost as % of covered payroll		2.47%	
Net OPEB liability as % of covered payroll		28.79%	

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Fiscal Year Ended June 30, 2024 (Measurement Date June 30, 2023)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Beginning balance at June 30, 2022	\$ 4,598,604	\$ 3,028,620	\$ 1,569,984
Service cost	153,534	-	153,534
Interest	327,378	-	327,378
Changes in benefit terms	-	-	-
Difference between expected & actual experience	(292,351)	-	(292,351)
Changes in assumptions	288,366	-	288,366
Net investment income	-	194,654	(194,654)
Contributions - employer	-	-	-
Contributions - implicit subsidy	-	33,254	(33,254)
Benefit payments	(170,047)	(170,047)	-
Implicit subsidy credit	(33,254)	(33,254)	-
Administrative expense	-	(871)	871
Net change	273,626	23,736	249,890
Ending balance at June 30, 2023	<u>\$ 4,872,230</u>	<u>\$ 3,052,356</u>	<u>\$ 1,819,874</u>
Covered payroll		6,090,471	
Total OPEB liability as % of covered payroll		80.00%	
Plan fiduciary net position as % of total OPEB liability		62.65%	
Service cost as % of covered payroll		2.52%	
Net OPEB liability as % of covered payroll		29.88%	

I. Deferred Outflows and Inflows of Resources

At June 30, 2025 and 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Fiscal Year 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	\$ -	\$ 617,463
Difference between expected & actual investment earnings	164,117	-
Changes in assumptions	218,940	8,149
OPEB contributions subsequent to measurement date	105,656	-
Total	<u>\$ 488,713</u>	<u>\$ 625,612</u>

Fiscal Year 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	\$ -	\$ 772,713
Difference between expected & actual investment earnings	362,372	-
Changes in assumptions	268,619	9,846
OPEB contributions subsequent to measurement date	96,598	-
Total	<u>\$ 727,589</u>	<u>\$ 782,559</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$105,656 and \$96,598 respectively resulted from the Agency contributions subsequent to the measurement date and before the

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end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended 2026 and 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year 2025

Fiscal Year Ending June 30:	Annual Amortization
2026	\$ (59,763)
2027	56,465
2028	(128,250)
2029	(73,350)
2030	(37,652)
Total	<u>\$ (242,550)</u>

Fiscal Year 2024

Fiscal Year Ending June 30:	Annual Amortization
2025	\$ (13,563)
2026	(33,625)
2027	82,603
2028	(102,112)
2029	(47,212)
Remaining	(37,652)
Total	<u>\$ (151,561)</u>

J. OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2025 and 2024, for the measurement date June 30, 2024 and 2023:

Fiscal Year 2025

Service cost	\$ 160,413
Interest	320,714
Changes in benefit terms	-
Difference between expected & actual experience	(155,250)
Changes in assumptions	47,982
Expected investment return	(206,000)
Difference between expected & actual investment earnings	67,567
Administrative expenses	1,001
OPEB expense	<u><u>\$ 236,427</u></u>

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Fiscal Year 2024

Service cost	\$ 153,534
Interest	327,378
Changes in benefit terms	-
Difference between expected & actual experience	(155,250)
Changes in assumptions	47,982
Expected investment return	(220,452)
Difference between expected & actual investment earnings	97,895
Administrative expenses	871
OPEB expense	<u>\$ 251,958</u>

The following summarizes the changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2025 and 2024, for the measurement date of June 30, 2024 and 2023:

Fiscal Year 2025

Net OPEB liability ending	\$ 1,868,716
Net OPEB liability beginning	<u>(1,819,874)</u>
Change in Net OPEB liability	48,842
Change in deferred outflows of resources	238,876
Change in deferred inflows of resources	(156,947)
Employer contributions & implicit subsidy	<u>105,656</u>
OPEB expense	<u>\$ 236,427</u>

Fiscal Year 2024

Net OPEB liability ending	\$ 1,819,874
Net OPEB liability beginning	<u>(1,569,984)</u>
Change in Net OPEB liability	249,890
Change in deferred outflows of resources	(229,934)
Change in deferred inflows of resources	135,404
Employer contributions & implicit subsidy	<u>96,598</u>
OPEB expense	<u>\$ 251,958</u>

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K. Sensitivity to Changes in Discount Rate

The Agency's net OPEB liability, as well as what it would be, if it were calculated using discount rate that is one percentage point lower or one percentage point higher, is as follows:

	2025	2024
1% Decrease	5.75%	5.75%
Net OPEB Liability (Asset)	2,531,142	2,453,173
Current	6.75%	6.75%
Net OPEB Liability (Asset)	1,868,716	1,819,874
1% Increase	7.75%	7.75%
Net OPEB Liability (Asset)	1,323,925	1,298,943

L. Sensitivity to Changes in Healthcare Cost Rate

The Agency's net OPEB liability, as well as what it would be, if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates, is as follows:

	2025	2024
1% Decrease	4.50%	4.50%
Net OPEB Liability (Asset)	1,266,782	1,286,721
Current	5.50%	5.50%
Net OPEB Liability (Asset)	1,868,716	1,819,874
1% Increase	6.50%	6.50%
Net OPEB Liability (Asset)	2,602,369	2,466,807

NOTE 14 – DEFINED CONTRIBUTION OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

The Agency sponsors and administers a retiree health reimbursement arrangement (Plan) that is structured in accordance with IRC Section 501(c)(9). The Plan is a form of deferred compensation plan. All full-time unrepresented employees hired after January 1, 2010 and represented employees hired after June 1, 2010 are eligible to enroll into the Plan and become fully vested upon initial enrollment. Plan participant accounts are funded only by the Agency, of which is 1.5% of the plan participant's base pay. Plan participants are able to self-direct their contributions in a manner that meets their retirement goals and needs. All investment earnings are credited to individual plan participant accounts. Distributions may be only made at retirement for qualified medical expenses. The Agency contracts with Nationwide Retirement Solutions as a third-party administrator to assist the Agency with managing the Plan. The total number of covered employees as of June 30, 2025 and 2024 respectively is 98 for both years. Total employer Plan contributions for fiscal year 2025 and 2024 respectively is \$80,175 and \$70,072.

The Plan's assets are held for the benefit of plan participants and their beneficiaries, and the Agency does not have the ability to direct the use, exchange, or employ the Plan assets. Since the assets held under the HRA are not the Agency's property and not subject to claims by general creditors of the Agency, it has been excluded from these financial statements. Plan financial statements are available from the Administration Department located at 1301 Andersen Drive San Rafael, CA 94901.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. Outstanding Litigation

The Agency is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of Agency operations. To the extent the outcome of such litigation may be determined to result in financial loss to the Agency, in the opinion of Agency management, any potential liability for these actions is adequately provided for in the financial statements. The timing of potential payment of such losses cannot presently be determined.

B. Construction Contract Commitments

The Agency has a number of purchase commitments for ongoing capital project construction. These contracts typically are satisfied once construction of the project is finished with notice of completion recorded with the County of Marin. As of June 30, 2025 and 2024, the Agency has purchase commitments related to construction respectively of \$2,847,963 and \$585,917.

NOTE 16 – RISK DISCLOSURE FOR MANDATED SPENDING

The Agency's wastewater treatment operations are subject to environmental regulations established by the San Francisco Regional Water Control Board (SFWCB). The SFWCB adopted a new Nutrient Watershed Permit on July 10, 2024 that would require wastewater treatment plants to collectively reduce nitrogen discharges by 40% compared to observed levels in 2022. The Agency is required to reduce its nutrient discharge by 63%. This new permit allows for a ten-year grace period for wastewater treatment plants to be in compliance and build the necessary infrastructure to meet the new requirements. As a result of these new rules, the Agency is responsible for complying with the new permit by modifying the

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wastewater treatment plant at a substantial cost to its ratepayers by October 1, 2034. The Agency has obtained conceptual cost estimates for construction and it is included in its latest 10-Year Capital Improvement Plan located within its Biannual Budget at <https://www.cmsa.us/>.

NOTE 17 – SUBSEQUENT EVENTS

The Agency's management has evaluated all activities from the date of the financial statements to the date of issuance, and there are no material significant changes in operations or activities that warrant disclosure as a subsequent event.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

The Agency identified two instances where beginning net position for fiscal year 2024 had to be restated for appropriate presentation of net position as of June 30, 2024 and subsequently 2025:

	2024
Net position beginning balance, as stated	\$ 51,102,383
Correction of accumulated depreciation error	88,155 (A)
Correction of accumulated compensated absences error	(330,685) (B)
Total prior adjustment	(242,530)
Net position beginning balance, as restated	\$ 50,859,853

- (A) **Correction of Accumulated Depreciation Error** – As of June 30, 2024, the Agency identified it early capitalized its \$6.6 million cogeneration engine capital project cost in fiscal year 2023. The capital project was related to installation of a new cogeneration engine system to generate renewable energy to sufficiently power the Agency's facilities. The capital project was substantially complete in March 2023 and resulted in additional depreciation that understated net position by \$88,155.
- (B) **Correction of Accumulated Compensated Absences Error** – As of June 30, 2024, the Agency implemented Government Accounting Standards Board Statement No. 101 (GASB 101) whereby certain employee leave balances were to be accounted for on the basis of what is expected to be used versus what is to be paid out at an employee's termination. The primary impact of GASB 101 is restating the measurement of the Agency's sick leave balance to include the portion of leave that is more likely than not to be used. Previously, the Agency only accounted for sick leave that was to be paid out to employees that had ten or more years of service credit with the Agency as per Personnel Policy. However, the additional leave resulted in an aggregate restatement of \$330,685 to net position. This restatement is an error in that the Agency did not implement the remeasurement and recognition of the liability appropriately as per GASB 101.

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Miscellaneous Plan
Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years
Schedule of Agency's Pension Plan Contributions

Plan Measurement Date Fiscal Year Ended	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024	2024 2025
Contractually required contribution	\$ 848,569	\$ 942,199	\$ 991,502	\$ 1,130,901	\$ 1,315,602	\$ 1,491,516	\$ 1,609,691	\$ 1,160,485	\$ 741,991	\$ 941,042
Contributions in relation to the contractually required contribution	848,569	942,199	991,502	1,130,901	1,315,602	1,491,516	1,609,691	1,160,485	741,991	941,042
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered payroll	\$ 4,424,935	\$ 4,723,972	\$ 4,965,222	\$ 4,942,374	\$ 5,349,606	\$ 5,675,059	\$ 5,785,065	\$ 6,090,471	\$ 6,489,958	\$ 6,765,787
Contributions as % of covered payroll	19.18%	19.95%	19.97%	22.88%	24.59%	26.28%	27.82%	19.05%	11.43%	13.91%

Notes to Schedule:

Valuation & Measurement Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Asset Valuation Method	Market Value of Assets
Amortization Period	CalPERS determined (1) all investment gains and losses, assumption/methodology changes and benefit changes are amortized over 20 years, and (2) golden handshakes are amortized over 5 years. No ramp up or down factors are applied effective fiscal year June 30, 2021. Prior to the change, all (1) investment gains and losses were amortized over 30 years, (2) assumption/methodology and benefit changes were amortized over 20 years and (3) golden handshakes were amortized over 5 years. There were ramp up and down factors applied.
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	2.80%
Retirement Age	In all actuarial valuations, assumed retirement ages were based on the CalPERS Plan Provisions for each Miscellaneous Plan Type PEPR at 62 and Classic at 55.
Mortality	The mortality table use was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

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Miscellaneous Plan
Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years
Schedule of Proportionate Share of Net Pension Liability

Plan Measurement Date Fiscal Year Ended	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024	2024 2025
Proportion of NPL/(NPA)	0.27225%	0.27951%	0.28603%	0.29455%	0.30212%	0.31011%	0.42205%	0.14856%	0.13689%	0.13503%
Proportional share of NPL/(NPA)	7,469,105	9,709,970	11,275,453	11,100,877	12,098,439	13,080,864	8,013,909	6,951,525	6,845,166	6,530,997
Covered payroll	4,157,166	4,424,935	4,723,972	4,965,222	4,942,374	5,349,606	5,675,059	5,785,065	6,090,471	6,489,958
Proportional share of NPL/(NPA) as a % of covered payroll	179.67%	219.44%	238.69%	223.57%	244.79%	244.52%	141.21%	120.16%	112.39%	100.63%
Plan fiduciary net position as % of total pension liability	79.89%	75.44%	74.16%	74.96%	74.11%	73.58%	84.28%	87.32%	88.00%	89.11%

Central Marin Sanitation Agency
Required Supplementary Information
June 30, 2025 and 2024

Other Post-Employment Benefit (OPEB) Plan
Agent Multiple-Employer Defined Benefit OPEB Plan
Last 10 Years
Schedule of Agency's OPEB Plan Contributions

Plan Measurement Date	2017	2018	2019	2020	2021	2022	2023	2024
Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution (ADC)	\$ 287,122	\$ 299,028	\$ 239,297	\$ 261,693	\$ 255,027	\$ 209,712	\$ 203,301	\$ 265,560
Contributions in relation to the ADC	287,122	299,028	239,297	261,693	255,027	209,712	203,301	265,560
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered payroll	\$ 4,965,222	\$ 4,942,374	\$ 5,349,606	\$ 5,675,059	\$ 5,785,065	\$ 6,090,471	\$ 6,489,958	\$ 6,765,787
Contributions as % of covered payroll	5.78%	6.05%	4.47%	4.61%	4.41%	3.44%	3.13%	3.93%

Notes to Schedule:

Valuation & Measurement Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry-Age Normal Cost
Asset Valuation Method	Market Value of Assets
Amortization Period	Closed Period, Level of Percent of Pay
Discount Rate	6.75%
Inflation	2.75%
Healthcare Cost Trend Rates	5.50%
Salary Increases	3.00%
Investment Rate of Return	6.75%
Retirement Age	In all actuarial valuations, assumed retirement ages were based on the CalPERS Rx PA Misc 2.7% @ 55 Tables.
Mortality	In all actuarial valuations, assumed retirement ages were based on the CalPERS Mort and Disb Rates_PA Misc Tables.

This schedule is presented to illustrate the requirement to show information in the last ten fiscal years. However, the Agency presents as many fiscal years that are available since implementation in fiscal year 2018.

Central Marin Sanitation Agency
Required Supplementary Information
June 30, 2025 and 2024

Other Post-Employment Benefit (OPEB) Plan
Agent Multiple-Employer Defined Benefit OPEB Plan
Last 10 Years
Schedule of Changes in Net OPEB Liability

Plan Measurement Date	2017	2018	2019	2020	2021	2022	2023	2024
Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service cost	\$ 111,349	\$ 114,689	\$ 118,130	\$ 122,614	\$ 126,292	\$ 149,062	\$ 153,534	\$ 160,413
Interest	293,164	309,421	326,176	306,773	322,355	309,061	327,378	320,714
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected & actual experience	-	-	(485,040)	-	(462,302)	-	(292,351)	-
Changes in assumptions	-	-	(18,331)	-	41,906	-	288,366	-
Benefit payments	(170,667)	(180,592)	(181,444)	(183,958)	(166,966)	(176,458)	(170,047)	(193,621)
Implicit subsidy credit	-	(11,122)	(14,771)	(34,735)	(45,053)	(33,254)	(33,254)	(48,193)
Net change in total OPEB liability	233,846	232,396	(255,280)	210,694	(183,768)	248,411	273,626	239,313
Total OPEB Liability - beginning	4,112,305	4,346,151	4,578,547	4,323,267	4,533,961	4,350,193	4,598,604	4,872,230
Total OPEB Liability - ending	\$ 4,346,151	\$ 4,578,547	\$ 4,323,267	\$ 4,533,961	\$ 4,350,193	\$ 4,598,604	\$ 4,872,230	\$ 5,111,543
Plan Fiduciary Position								
Net investment income	\$ 207,513	\$ 177,929	\$ 161,815	\$ 97,301	\$ 788,875	\$ (655,328)	\$ 194,654	\$ 336,688
Contributions - employer	287,122	287,906	224,526	226,958	209,974	176,458	-	48,405
Contributions - implicit subsidy	-	11,122	14,771	34,735	45,053	33,254	33,254	48,193
Benefit payments	(170,667)	(180,592)	(181,444)	(183,958)	(166,966)	(176,458)	(170,047)	(193,621)
Implicit subsidy credit	-	(11,122)	(14,771)	(34,735)	(45,053)	(33,254)	(33,254)	(48,193)
Administrative expense	(1,006)	(1,214)	(543)	(1,336)	(1,087)	(923)	(871)	(1,001)
Net change in plan fiduciary position	322,962	284,029	204,354	138,965	830,796	(656,251)	23,736	190,471
Plan fiduciary position - beginning	1,903,765	2,226,727	2,510,756	2,715,110	2,854,075	3,684,871	3,028,620	3,052,356
Plan fiduciary position - ending	\$ 2,226,727	\$ 2,510,756	\$ 2,715,110	\$ 2,854,075	\$ 3,684,871	\$ 3,028,620	\$ 3,052,356	\$ 3,242,827
Agency's Net OPEB Liability - End	\$ 2,119,424	\$ 2,067,791	\$ 1,608,157	\$ 1,679,886	\$ 665,322	\$ 1,569,984	\$ 1,819,874	\$ 1,868,716
Plan fiduciary position as % of total OPEB liability	51.23%	54.84%	62.80%	62.95%	84.71%	65.86%	62.65%	63.44%
Covered payroll	\$ 4,723,972	\$ 4,965,222	\$ 4,942,374	\$ 5,349,606	\$ 5,675,059	\$ 5,785,065	\$ 6,090,471	\$ 6,489,958
Net OPEB liability as % of covered payroll	44.87%	41.65%	32.54%	31.40%	11.72%	27.14%	29.88%	28.79%

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Central Marin Sanitation Agency (Agency), California, as of and for fiscal year ended June 30, 2025 and 2024, and have issued our report thereon dated November 4, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 4, 2025 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
November 4, 2025



BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

**Subject: Public Hearing for the Proposed Compensation Ordinance 2025-2, Entitled
“An Ordinance of the Central Marin Sanitation Agency Board of Commissioners
Adjusting Commissioner Compensation”**

Recommendation: Conduct the public hearing for the proposed Compensation Ordinance 2025-2, pass the Ordinance, and authorize publication of a summary of the passed Ordinance in the Marin Independent Journal newspaper.

Discussion: At the October 14, 2025, meeting, the Board reviewed its Compensation Policy for Agency Officials, and a compensation survey of 15 local water and wastewater agencies. During the discussion, Board members noted their compensation was last increased in 2018, an increase of compensation to \$250 per day of service was reasonable, and agreed to review Policy #2 again in two years.

Staff and Legal Counsel Brandon Halter prepared the attached Compensation Ordinance (Ordinance) to increase the Commissioners’ daily stipend amount to \$250 per day of service. A Notice for the public hearing on the proposed Ordinance was published in the Marin IJ Newspaper on November 6, 2025 to November 7, 2025.

The Ordinance is attached and has been posted on the Agency’s website. If the Board passes the proposed Ordinance, it will become effective 30 days after its date of passage, on December 13, 2025.

Attachments:

- 1) Proposed Compensation Ordinance 2025-2
- 2) Summary of Passed Ordinance 2025-02

ORDINANCE NO. 2025-2

**ORDINANCE OF THE CENTRAL MARIN SANITATION AGENCY BOARD OF
COMMISSIONERS ADJUSTING COMMISSIONER COMPENSATION**

WHEREAS, in 2000, the California Legislature amended Section 6489 of the California Health and Safety Code authorizing Sanitary District Boards to, by ordinance, increase Board member compensation in an amount greater than the then current maximum of one hundred dollars (\$100) per day by an additional five percent (5%) for each calendar year following the operative date of the last adjustment pursuant to California Water Code Sections 20200 et seq;

WHEREAS, in 1987, the Board of Commissioners of the Central Marin Sanitation Agency (CMSA) followed existing law and set the compensation for Board members at \$100 per day of service by ordinance;

WHEREAS, in 2018, the Board of Commissioners adopted Ordinance No. 2018-1 amending Board Policy #2 to increase its compensation to \$225 per day of service for attendance at Board meetings, attendance at Standing and ad hoc Board Committee meetings, attendance at a conference or organized educational activity conducted in compliance with Government Code Section 54952.2(c), attendance at a meeting of any multi-jurisdictional government body on which the Board member serves as CMSA's designated representative, and attendance at any meeting attended or service provided on a given day at the request of the Board and for which the Board approves payment of a daily meeting;

WHEREAS, the Board of Commissioners, by this Ordinance, desires to further amend its Compensation Ordinance to increase its compensation to \$250 per day of service in compliance with applicable law and Section 9(B) of the CMSA Joint Exercise of Powers Agreement;

NOW, THEREFORE, the Board of Commissioners of the CMSA does hereby ordain as follows:

The Compensation Ordinance is hereby amended as follows:

Commencing on the effective date of this Ordinance, and continuing until the Ordinance is modified, repealed or amended, the compensation for the Board of Commissioners of the Agency is \$250 per day of service.

The amount of Commissioner compensation (\$250) is for each day's service rendered as a Commissioner, not to exceed six days in any calendar month, for the following types of service:

1. Attendance at a regular or special meeting of the Board;
2. Attendance at Standing and ad hoc Board Committee meetings;
3. Attendance at a conference or organized educational activity conducted in compliance with Government Code section 54952.2(c), including ethics training required by State law;
4. Attendance at a meeting of any multi-jurisdictional government body on which the Board member serves as CMSA's designated representative;
5. Attendance at any meeting attended or service provided on a given day at the request of the Board and for which the Board approves payment of a daily meeting.

EFFECTIVE DATE. This ordinance shall be and is hereby declared to be in full force and effect as of thirty (30) days from and after the date of its passage, and shall be published once before the expiration of fifteen (15) days after its passage, with the names of the Commissioners voting for and against the same in the *Marin Independent Journal*, a newspaper of general circulation published in the County of Marin.

PASSED AND ADOPTED at a regular meeting of the Board of Commissioners of the CMAS held on this 13th day of November 2025 by the following vote:

AYES:

NOES:

ABSENT:

Dean DiGiovanni, Board Chair

ATTEST:

Eli Beckman, Secretary

SUMMARY OF PASSED ORDINANCE

**ORDINANCE OF THE CENTRA MARIN SANITATION AGENCY BOARD OF
COMMISSIONERS ADJUSTING COMMISSIONER COMPENSATION**

PLEASE TAKE NOTICE THAT on Thursday, November 13, 2025, the CENTRAL MARIN SANITATION AGENCY BOARD OF COMMISSIONERS CONDUCTED A PUBLIC HEARING and adopted an ordinance adjusting the compensation of Agency Commissioners from \$225 per day of service to \$250 and authorized such compensation for attendance at specific Board functions including the addition of attendance at Standing and ad hoc Committee meetings. The Ordinance will take effect on December 13, 2025.

The full text of the adopted Ordinance is available at the Central Marin Sanitation Agency, 1301 Andersen Drive, San Rafael, CA 94901 or can be viewed or downloaded from the Agency's website: www.cmsa.us.

The Ordinance was passed by the following vote:

AYES:

NOES:

ABSENT:

Jason R. Dow, P.E.
General Manager



BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Jason Dow, General Manager

Subject: Revised Board Policy #2 - Compensation for Agency Officials

Recommendation: Approve the revised Board Policy #2 – Compensation for Agency Officials

Summary: At the October 14, 2025, meeting, the Board decided to increase its stipend from \$225 to \$250 per day of service. This decision has been incorporated into a revised Board Policy #2, and is contingent upon the Board passing Compensation Ordinance 2025-2 at the November 13, 2025, meeting. If the revised Policy is approved, staff will include it in the Board's Policy Manual on the Agency website.

Attachment:

- Board Policy #2 – Compensation for Agency Officials

POLICY:	#2
SUBJECT:	Compensation Policy for Agency Officials
DATE:	11/13/2025

MEETING COMPENSATION

I. General

Consistent with Health and Safety Code section 6489 and Water Code section 20201, which provide for Commissioners to receive compensation for attendance at meetings or for a day's service rendered as a Commissioner, Commissioners receive a daily meeting compensation amount for each day's attendance at meetings and other qualifying events, as defined in this policy. Such compensation is in addition to any reimbursement for meals, lodging, travel, and expenses consistent with this policy.

II. Compensation Amount

Commissioners or Alternates in the place of Commissioners who attend qualifying meetings/events as defined in Section III shall receive **\$250.00** as their daily compensation. Should the Commission raise the compensation amount in the future, it shall be adjusted by passing an ordinance pursuant to the Health and Safety Code section 6489 (b), which allows for such an increase in compensation by ordinance, without the need to amend this policy.

III. Meetings and Service Subject to the Daily Compensation

For a Commissioner or Alternate to be entitled to a daily compensation under this policy, the event in question must constitute one of the following:

- A. A "meeting" of the Agency Board as that term is defined in Government Code section 54952.2(a); i.e., a "congregation of a majority" of the Commissioners "at the same time and location, including teleconference location" to hear or discuss any item that is "within the subject matter jurisdiction" of the Commission.
- B. Standing and ad hoc Board Committee meetings.
- C. A conference or organized educational gathering open to the public that "involves a discussion of issues of general interest to the public or to public agencies of the type represented" by the Board, as described in Government Code section 54952.2(c)(2), including ethics training required by Government Code section 53234 et seq.
- D. A meeting of any multi-jurisdictional governmental body on which the Commissioner serves as the Agency's designated representative.
- E. Any meeting attended or service provided on a given day at the formal request of the Board and for which the Board approves payment of a daily meeting.

IV. Aggregate Limits

The number of days for which a Commissioner receives a daily compensation will not exceed four days in a calendar month or state law, whatever is less.

The compensation amount is for all meetings in a given day. Multiple meetings in one day do not justify multiple compensation payments.

V. Policy Review

The Board will review this policy every two years and consider making adjustments or revisions, as appropriate.



BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Joyce Cheung, Senior Engineer
Peter Kistenmacher, Technical Services Manager/Assistant General Manager

Approved: Jason Dow, General Manager

Subject: Grit Classifiers Replacement Project – Construction Contract Award

Recommendation: Reject the C. Overaa & Co bid and award the construction contract for the Grit Classifiers Replacement Project to D.W. Nicholson Corporation for the total bid amount of \$1,598,962, and authorize the General Manager to execute the contract agreement.

Summary: Bids for the construction of the Grit Classifiers Replacement Project (Project) were received and publicly opened on October 29, 2025. After detailed review of the bids by staff and per recommendation from CMSA legal counsel, the C. Overaa & Co bid was deemed non-responsive and is recommended to be rejected, and D.W. Nicholson Corporation (DWN) is determined to be the lowest, responsive, responsible bidder with a total bid amount of \$1,598,962 which includes the Base Bid and Bid Alternate 2 amounts. If the construction contract is awarded to DWN, construction is anticipated to begin in December 2025, with substantial completion anticipated in November 2026.

Fiscal Impact: The Agency's Capital Improvement Program (CIP) allocated \$3,520,000 in FY26 and FY27 for this Project, which includes \$1,940,000 for construction; \$1,286,000 encumbered for the pre-purchase of the grit washers, grit pumps and VFDs; \$170,000 for bid phase and engineering services during construction; and \$124,000 for change orders, equipment warranties, in-house repairs of a grit classifier, and construction management. DWN's bid proposal of \$1,598,962 for the Base Bid and Bid Alternate 2 is below the corresponding engineer's estimate of \$1,850,000 for both. The CIP budget for the project is sufficient to complete the construction phase of work.

Discussion: This Project includes the demolition and replacement of three aging grit classifiers with two new grit washers, replacement of five grit pumps that have experienced heavy corrosion and wear, installation of new valves, piping, and seal water systems, and performing all associated mechanical, structural, instrumentation and electrical retrofits in the Grit Handling Room to integrate the new equipment into the existing grit handling process. The grit pumps and grit washers were pre-purchased in 2024 upon Board authorization, and the VFDs

were also pre-purchased to facilitate a timely completion of the Project. The Board adopted the Project's contract documents and authorized public bidding at the January 2025 meeting, and a project status update was provided at the September 2025 Board meeting.

The Notice Inviting Bids was issued on September 24, 2025, and was published in the Marin Independent Journal and on the Agency's website and sent to various Builders' Exchanges. The pre-bid meeting was held on October 15, 2025, and thirteen companies participated in the mandatory site visit. Two addenda were issued to clarify the Contract Documents, and nine sealed bids were received on October 29, 2025. Table 1 summarizes the bid opening results. Per the specifications, if an award is made, it will be to the lowest responsive, responsible bidder whose base bid yields the lowest contract price. Final selection and inclusion of any or all alternate bid items shall be at the sole discretion of the Owner.

Table 1. Bid Opening Results

Contractor	Base Bid	Total % Difference
<i>Engineer's Estimate</i>	<i>\$1,701,000</i>	
C. Overaa & Co. ^(1,2)	\$1,365,000	-20%
D.W. Nicholson	\$1,554,776	-9%
NMI Industrial Holdings LLC ^(1,2)	\$1,586,100	-7%
Valentine Corporation	\$1,619,369	-5%
GSW Construction	\$1,778,990	+5%
Thompson Builders	\$1,985,000	+17%
Western Water Constructors	\$2,120,000	+25%
GSE Construction Company, Inc. ^(1,2)	\$2,175,000	+28%
Pacific Infrastructure ^(1,2)	\$3,288,500	+93%

⁽¹⁾ The bidder was deemed non-responsive.

⁽²⁾ The bidder was unable to satisfy the Agency's requirements.

The difference between each of the nine base bids received are within 2-16% of each other due to a competitive bidding environment. The Overaa apparent low bid did not include complete information in a required form. After detailed review of the bids and per direction from CMSA's legal counsel, Overaa's bid was deemed non-responsive, and counsel recommends that the CMSA Board reject the Overaa bid and award to DWN as the lowest, responsive, responsible bidder.

For this Project, the Contractor has 318 calendar days to complete construction, and if the Contract is awarded, the Notice to Proceed will be issued in December 2025, which puts the estimated substantial completion date in November 2026.

Environmental Review: This Project is exempt from the requirements of the California Environmental Quality Act (CEQA) because this is a routine action necessary to restore and replace existing equipment. The Project qualifies for the CEQA "common sense exemption," which states under Section 15061(b)(3) of CEQA: "*A project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.*" Projects that are proposed within existing CMSA facilities which comprise routine maintenance actions, such as maintenance and/or replacement, repair or upgrading of existing internal structures and equipment, would not generate any environmental effects and would qualify for a commonsense exemption.

Alignment with Strategic Plan: This Project supports Goal 1 – Objective 1.3 in the Agency's FY26 Business Plan as shown below.

Goal One: CMSA will effectively operate and maintain its treatment facilities in compliance with changing regulations.

Objective 1.3: Deliver critical and high priority Agency capital projects.

Action: Begin the Grit Washers Replacement Project construction

Attachment:

- Agreement for Contract No. 25-19

SECTION 00500**AGREEMENT****Grit Classifiers Replacement Project
Contract No. 25-19**

THIS AGREEMENT is entered into this _____ day of November, 2025, between the Central Marin Sanitation Agency a public agency, by and through its Board of Commissioners ("Owner") and D.W. Nicholson Corporation ("Contractor"), License No. 68847.

WITNESSETH: That the parties hereto have mutually covenanted and agreed, and by these present do covenant and agree with each other, as follows:

ARTICLE 1 WORK

Contractor, in consideration of the mutual covenants set forth in this Agreement, promises and agrees with the Owner, at his/her own cost and expense, to do all the work and furnish all the tools, equipment, facilities, labor, supplies and materials necessary to construct and complete in good workmanlike and substantial manner the project entitled: Grit Classifiers Replacement Project, Contract No. 25-19, in strict conformity with the Contract Documents (collectively defined in Section 01090-2.0, **DEFINITIONS OF WORDS AND TERMS**), which said Contract Documents in their entirety are incorporated herein by reference and made a part of this Agreement.

Contractor's execution of this Agreement signifies its agreement that the Contract Time and Contract Price are sufficient for it to complete the Work, as well as its acceptance of the other terms and conditions contained in the Contract Documents.

Contractor shall provide a fully functional, complete and operational Project, including but not limited to, all investigations, analyses, surveys, engineering, procurement, materials, labor, workmanship, construction and erection, commissioning, equipment, shipping, subcontractors, material suppliers, permits, insurance, bonds, fees, taxes, duties, documentation, spare parts, materials for initial operation, security, disposal, startup, testing, training, warranties, guarantees, and all incidentals.

Contractor shall keep itself fully informed of and strictly comply with the ordinances, codes and regulations, as applicable, of the Owner, City of San Rafael, County of Marin and any state or federal governmental entity or agency having jurisdiction over the Project, the work and/or those entities or persons performing any part of the work of constructing the Project.

ARTICLE 2 CONTRACT TIME & LIQUIDATED DAMAGES

The Contractor shall diligently prosecute the work so that it shall be substantially completed within the time specified in Section 00800-1.1, **Time Allowed for Completion**.

It is understood and agreed by and between Contractor and the Owner that time is of the essence in all matters relating to this Agreement and the Contract Documents and that the Owner will suffer financial loss if the Project is not completed within the above-stated Contract Time, plus any extensions thereof allowed in accordance with Section 00700-6.0, **PROGRESS OF THE WORK**. The Owner and Contractor further understand and agree that the actual cost to Owner which would result from Contractor's failure to complete the Project within the Contract Time is extremely difficult, if not impossible, to determine. Accordingly, Contractor and the Owner agree that as liquidated damages for delay (but not as a penalty), Contractor shall pay the Owner the amounts set forth in Section 00800-1.2, **Damages For Delay** for each calendar day that expires after the above Contract Times and the Project is not substantially complete.

ARTICLE 3 CONTRACT PRICE

Contractor and the Owner agree that, upon performance and fulfillment of the mutual covenants set forth herein and the Contract Documents, the Owner will, in the manner provided by law and as set forth in the Contract Documents, pay or cause to be paid to Contractor the following price(s), as indicated in the Contractor's Bid Schedule (Section 00310):

1. Lump sum for specified portions of the Work
2. The total of all Unit Price Items bid
3. Allowances specified
4. Selected additive/deductive Alternate Bid Items

Total awarded contract price ("Contract Price"): \$ 1,598,962

(One million five hundred ninety-eight thousand nine hundred sixty-two dollars)

The price(s) and the amount set forth above for the Contract Price may be adjusted during the performance or upon final completion of the Project in accordance with the Contract Documents.

ARTICLE 4 LABOR REQUIREMENTS

The Project is a "public work" as defined in California Labor Code and shall be performed by Contractor as such. Contractor shall insure that it and the subcontractors at all tiers comply with the Labor Code, including but not limited to those sections listed in this Agreement. Contractor agrees that the prevailing rate of per diem wages for the day, legal holiday, and overtime work shall be those wage rates set forth within the appropriate General Prevailing Wage Determinations made by the Director of Industrial Relations, State of California, in accordance with Section 1770 of the Labor Code of the State of California. Said wage determinations are on the file with the Owner which copies will be made available to any interested party on request and can also be found at: www.dir.ca.gov/DLSR/PWD. Further, in accordance with Labor Code Sections 1771 and 1774, Contractor and subcontractors at all tiers shall not pay less than the general prevailing rate of per diem wages for work of a similar character within the locality where the work is being performed and not less than the general prevailing rate of per diem wages for holiday and overtime work set forth in the Labor Code and by Director of Industrial Relations.

Labor Code sections 1775, 1776, and 1777.5, which apply the work performed on this Project, set forth (1) the penalties to be assessed Contractor and/or the subcontractors at any tier for failing to pay the correct prevailing wage rates; (2) the responsibilities of Contractor and the subcontractors at any tier to maintain accurate payroll records for every person employed to work on the Project, which shall be made available for inspection at all reasonable hours at the principal office of the Contractor; and (3) the employment of apprentices on the Project. This Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations pursuant to Labor Code section 1771.4.

Labor Code Sections 1810–1815, which apply to the work performed on this Project, govern working hours, including but not limited to (1) eight hours labor constitutes a legal day's work, (2) work on the Project is limited to 8 hours during any one calendar day and 40 hours during any one calendar week, except as provided in Labor Code section 1815, (3) payment of not less than 1 ½ times the basic rate of pay for every hour in excess of 8 hours per day; (4) the payment twenty-five dollars (\$25.00) each calendar day to the Owner for each worker employed in the execution of the work by Contractor or by any subcontractor where such worker or workers are required or permitted to work more than eight hours in any one calendar day and forty hours in any one calendar week in violation of these sections; and (5) the violation of these sections is a misdemeanor.

Labor Code section 1861 provides that Contractor, by its execution of this Agreement, certifies the following:

“I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for worker’s compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.”

Contractor shall post all job site notices prescribed by the regulations, including but not limited to the applicable IWC Orders, Minimum Wage Order, Pay Day Notice, Cal/OSHA Form 200, Harassment or Discrimination in Employment is Prohibit form (DFEH – 162)

ARTICLE 5 INSURANCE

The Contractor shall procure and maintain all the insurance coverages set forth in Section 00800-2.0, **LIABILITY AND INSURANCE**.

The Notice to Proceed with the work under this Agreement will not be issued and the Contractor shall not commence work, until the Contractor submits written evidence that Contractor has obtained all the required insurance coverages. A subcontractor shall not commence work on the project until written evidence of the required insurance coverages has been obtained and verified by the Contractor and shall be submitted to the Owner for their records upon request.

ARTICLE 6 BONDS

The Contractor shall provide, on the execution of this Agreement, a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of the Contract Price, which bond shall be on the form provided by the Owner in Section 00610, **FAITHFUL PERFORMANCE BOND**, and be conditioned upon the faithful performance of all work and payment of all the Contractor’s obligation under the Contract Documents.

The Contractor shall also furnish a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of the Contract Price on the form provided by the Owner in Section 00620, **PAYMENT BOND**, and conform strictly with the provisions of Chapter 7, Title 15, Part 4, Division 3, of the Civil Code of the State of California, and all amendments thereto.

The Contractor shall also furnish a good and sufficient corporate surety bond in the penal sum of ten percent (10%) of the Final Contract Price on the form provided by the Owner in Section 00625, **MAINTENANCE BOND**, prior to the Owner’s issuance of final Project payment.

The bonds required by this Article 6 BONDS shall be issued by a corporate surety approved by the Owner. The corporate surety shall be authorized to conduct business in California. At its discretion, the Owner may request that a certified copy of the Certificate of Authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the Surety to the Owner. At its discretion, the Owner may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 of Chapter 1 of Part 2 of Division 1 of the Insurance Code. Further, subject to applicable law, such surety companies shall also meet such additional requirements and qualifications as provided in Section 00700-1.8, **Bonds**.

Only the bond forms provided by the Owner are acceptable and shall be executed by corporate sureties who are admitted surety insurers in the state of California in accordance with applicable law and acceptable to the Owner. All Bonds signed by an agent must be accompanied by a certified copy of such agent’s authority to act.

If the surety on any Bond furnished by the Contractor is declared bankrupt or becomes insolvent or its right to do business is terminated in any state where any part of the Work is located, the Contractor shall

within 7 days thereafter substitute another Bond and surety, which must be acceptable to the Owner.

ARTICLE 7 INDEMNITY

The duty of Contractor to indemnify and save harmless, as set forth herein, shall include a duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein shall be construed to require Contractor to indemnify to the extent prohibited by Section 2782 of the California Civil Code.

Contractor shall indemnify, defend with counsel acceptable to Owner, and hold harmless to the full extent permitted by law, the Owner, and its individual members, and their respective commissioners, officers, officials, employees, agents and volunteers, Design Consultant and its consultants for the Project and their respective agents and employees; and if one is designated by the Owner for the Project, the Construction Manager and its consultants for the Project and their respective agents and employees (collectively "the Indemnified Parties") in accordance with the requirements of Section 00800-2.1.6, Indemnification.

ARTICLE 8 GUARANTEE

In addition to other guarantees as may be provided in other provisions of the Contract Documents, Contractor hereby expressly guarantees for one (1) full year from the date of acceptance of the Work under this agreement thereof by the Owner, to repair or replace any part of the Work performed hereunder which constitutes a defect resulting from the use of inferior or defective materials, equipment or workmanship. If, within said period, any repairs or replacements in connection with the Work are, in the opinion of the Owner, rendered necessary as the result of the use of inferior or defective materials, equipment or workmanship, Contractor agrees, upon receipt of notice from Owner, and without expense to Owner, to promptly repair or replace such material or workmanship and/or correct any and all defects therein. If Contractor, after such notice, fails to proceed promptly to comply with the terms of this guarantee, Owner may perform the work necessary to effectuate such correction and recover the cost thereof from the Contractor and/or its sureties.

In special circumstances where a particular item of work or equipment is placed in continuous service before completion of all the Work, the correction period for that item may start to run from an earlier date. This date shall be agreed upon in writing by the Contractor and Owner on or before the item is placed in continuous service.

Any and all other special guarantees which may be applicable to specific parts of the Work under this Agreement shall be considered as an additional guarantee and shall not reduce or limit the guarantee as provided by Contractor pursuant to this article during the first year of the life of such guarantee.

ARTICLE 9 CONTRACTOR'S LICENSE & DIR REGISTRATION

Contractor covenants that it and each of its subcontractors at every tier who will be performing any work on this Project currently possesses and will maintain for the duration of the Project a current active contractor's license in accordance with the provisions of California's Business & Professions Code. Contractor further covenants that it and each of its subcontractors at every tier who will be performing any work on this Project is registered with the Department of Industrial Relations ("DIR") in accordance with California's Labor Code and will remain registered with DIR for the duration of the Project.

ARTICLE 10 ASSIGNMENTS

In accordance with Section 7103.5 of the Public Contract Code, the Contractor and subcontractors shall

conform to the following requirements. In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to a public works contract, the Contractor or subcontractor offers and agrees to assign to the Owner all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, materials or services pursuant to this Agreement or the subcontract. Such assignment shall be made and become effective at the time the Owner tenders final payment to the Contractor, without further acknowledgment by the parties.

ARTICLE 11 PAYMENT RELEASE

Pursuant to Public Contract Code Section 7100, the acceptance by the Contractor of an undisputed payment made under the terms of the Agreement shall operate as, and shall be, a release to the Owner, and their duly authorized agents, from all claim of and/or liability to the Contractor arising by virtue of this Agreement related to those amounts. Disputed contract claims in stated amounts may be specifically excluded by the Contractor from the operation of the release.

ARTICLE 12 CONTRACT INTERPRETATIONS

It is further expressly agreed by and between the parties hereto that should there be any conflict between the terms of this Agreement and the bid proposal of said Contractor, then this Agreement shall control, and nothing herein contained shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

ARTICLE 13 SEVERABILITY

If any term or portion of this Agreement is held to be invalid, illegal, or otherwise enforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, accepted and agreed on the date indicated above:

Executed on _____, 20____

OWNER:

CONTRACTOR:

By: _____
Jason R. Dow, P.E.

By: _____
(Authorized Representative of Contractor)

Dated: _____

Print Name: _____

Title: _____
(Attach Acknowledgement for Authorized Representative of Contractor)

License No.: _____

Dated: _____
(Contractor signatures must be notarized)

***** END OF SECTION *****

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BOARD MEMORANDUM

November 10, 2025

To: CMSA Commissioners and Alternates

From: Tiffany Elam, Administrative Specialist

Approved: Jason Dow, General Manager

Subject: November 2025 Informational Items

Recommendation: Informational, provide comments or direction to the General Manager, as appropriate.

1. Letter dated October 28, 2025, to Ms. Kerry O’Conner, California Regional Water Quality Control Board
Re: Monthly Self-Monitoring Report (SMR) – September 2025
2. CMSA Renewable Power Summary
Re: October 2025
3. Total Inorganic Nitrogen Levels – Monthly Update
Re: November 2025

**CENTRAL MARIN
SANITATION AGENCY**

Jason R. Dow P.E.
General Manager

1301 Andersen Drive, San Rafael, CA 94901-5339

Phone (415) 459-1455

Fax (415) 459-3971

www.cmsa.us

October 28, 2025

California Regional Water Quality Control Board
San Francisco Bay Region
Ms. Kerry O' Conner, Water Resource Control Engineer
1515 Clay Street, Suite 1400
Oakland, CA 94612

Subject: Monthly Self-Monitoring Report (SMR) – September 2025

Dear Ms. O' Conner,

The SMR for the Central Marin Sanitation Agency (CMSA) treatment plant has been submitted using the eSMR /California Integrated Water Quality System (CIWQS). This SMR conforms to CMSA's NPDES Permit Order #R2-2023-006, the Nutrient Watershed Permit Order #R2-2024-0013, the Mercury and PCBs Permit Order #R2-2022-0038, the Amendment of Monitoring and Reporting Requirements and Amendment of Alternate Monitoring and Reporting Program Permit Order #R2-2021-0028, and the Amendment Update to Total Residual Chlorine and Oil and Grease Requirement Permit Order R2-2023-0023.

Violations

There are no reportable NPDES Permit violations for this reporting period.

Blending Events

The CMSA treatment facility did not exceed the maximum secondary capacity of 30 MGD during this reporting period.

Data Validation

All regulatory daily, weekly, and monthly quality control calibrations/checks conducted during the month of September meet established quality assurance acceptance criteria, except those indicated within the attached analytical reports.

Summary

If there are any questions, please contact me at (415) 459-1455, extension 101. Quality assurance data are available for all test results cited in this report. Values reported are measured values and each are subject to analytical variability. CMSA reserves the right to question data in an enforcement proceeding.

I certify under penalty of law that this document and all attachments are prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of

the person or persons who managed the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for known violations (40 CFR 122.22(d)).

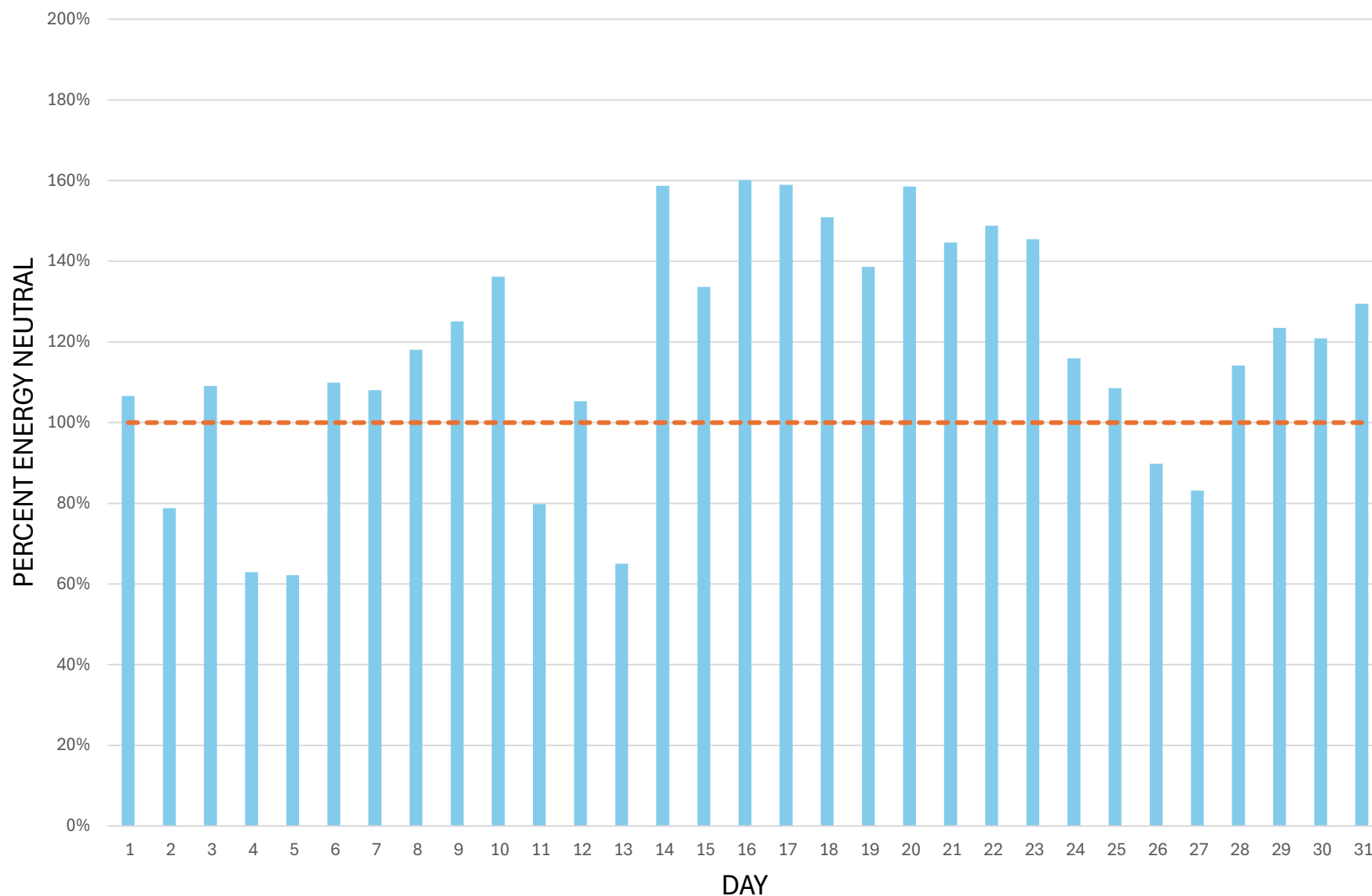
Sincerely,



Mark D. Koekemoer, Regulatory Compliance Manager

F: Nick Talbot, Treatment Plant Manager

OCTOBER 2025 CMSA RENEWABLE POWER SUMMARY

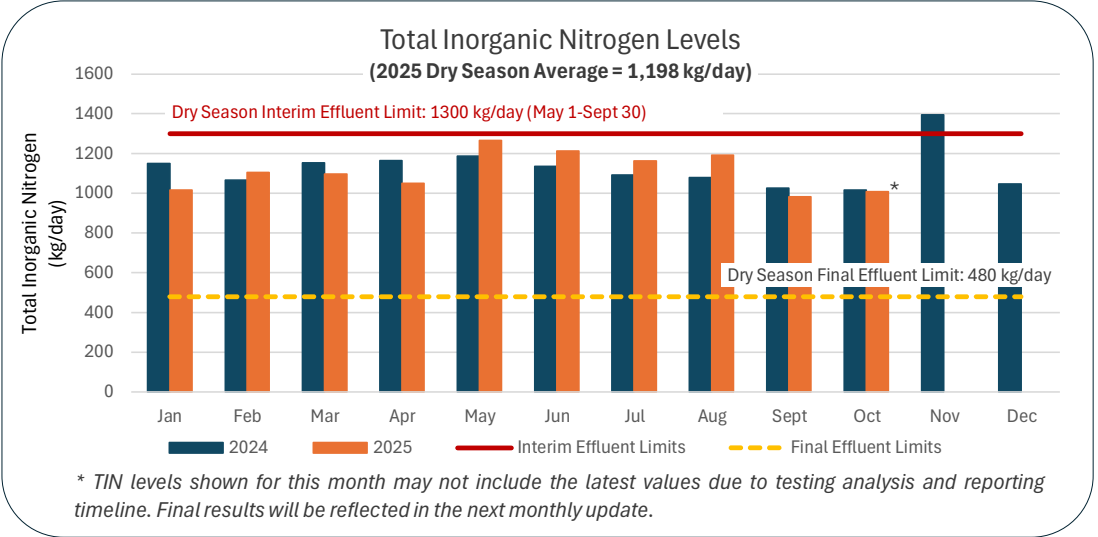
118% ENERGY NEUTRAL

Nutrient Removal Alternatives Evaluation & Facilities Plan Project

The Project consists of evaluating alternatives for interim (2025 -2034) and permanent (post 2034) nutrient removal from CMSA's effluent. The work includes wastewater sampling, process modeling, developing screenings criteria, evaluating interim and permanent nutrient removal options, evaluating funding options, evaluating the nutrient/energy/solids nexus, and completing a Facilities Plan and Final Report for the selected nutrient removal alternative.

Completed Tasks	Completion Date
Kickoff Meeting	September 10, 2024
2-Week Wastewater Sampling	October 2024
Interim Optimizations Workshop 1	October 2, 2024
Procured & Installed Ammonia and Nitrate Probes	November 28, 2024
Staff Training at Nutrient Technology Events	November 2024
Interim Optimizations Workshop 2	November 18, 2024
Screening Criteria Workshop	December 18, 2024
Tech Memo 1 & 2 on Sampling and Interim Optimizations	February 2025
Alternatives Evaluation Workshop #1 & Progress Update	January 15, 2025 & March 31, 2025
Tech Memo 3 on Design Criteria	February 14, 2025
Alternatives Evaluation Progress Update	March 31, 2025
Board approval of Amendment No. 1	April 8, 2025
Secondary Clarifier Stress Test	June 9-12, 2025
Alternatives Evaluation Workshop #2	July 25, 2025
Additional Calcium Nitrate Sampling	August-September 2025
Introductory Call with Freshwater Trust on Nutrient Trading	August 2025
Aeration System Diffuser/ Blower Evaluation	October 2025
Secondary Clarifier CFD Modeling (Draft Report for Review)	October 2025

Remaining Tasks	Target Completion Date
Secondary Clarifier CFD Modeling (Final Report)	January 2026
Process Modeling	January 2026
Solids Loading/Energy/Nutrient Nexus	January 2026
Conceptual Construction and O&M Costs	January 2026
Alternatives Evaluation	January 2026
Funding Opportunity Evaluation	January 2026
Facilities Plan and Report	January 2026
Final Report and Board Presentation	January 2026



Note: High TIN load in November 2024 due to large winter storm events (outside of dry season)



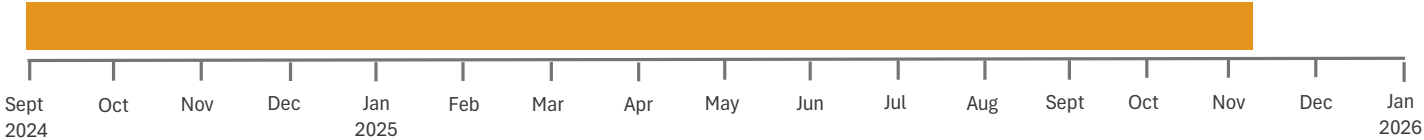
NOVEMBER 2025 UPDATE

FY26 Budget	Spent (14%)**	Remaining
\$1.5 M	\$0.217 M	\$1.283 M

** Note: Amount spent in this fiscal year does not include invoices received at the end of the previous month due to timeline required to review and process payments. Those invoices and payments will be reflected in next month's budget update.



Project Schedule (~91% Complete)



Special Notes

- The 2025 seasonal average TIN loading is 1,198 kg/day, which is within the seasonal average effluent limit of 1,300 kg/day. The Agency has completed the the nutrient permit monitoring requirements for the 2025 season and the Agency is in full compliance.
- The team met in late July to review nutrient removal alternatives. Two "bookend" alternatives were selected for further analysis to cover worst case scenarios in terms of cost and constructability, and two additional alternatives were selected for further evaluation to understand the potential range of operational and economic impacts.
- Carollo completed the development of the aeration blower model and is currently calibrating the model.
- Carollo provided a draft report on the computational fluid dynamics (CFD) model results based on the secondary clarifiers stress testing conducted in June 2025. The draft report indicated that CMSA's existing secondary clarifiers likely have sufficient capacity to handle future nutrient removal scenarios.
- Kennedy/ Jenks performed a seismic study on the primary clarifiers, biotowers and aeration tanks, and provided structural considerations for new nutrient removal facilities. The technical memorandum was received in April and provided to Carollo for reference. There are no structural or seismic issues with ground subsidence beneath the tanks.
- Carollo provided a funding matrix to summarize available loans and grants for this project, and will review it in further detail after the Alternatives Evaluation is completed.
- Additional influent sampling on the effects of calcium nitrate addition in the collection system was performed from August through the end of September.
- An introductory call was held with the Freshwater Trust where the Agency explained the scope and status of the project, and Freshwater Trust shared initial background information regarding potential nutrient trading concepts.
- Staff attended a BACWA call on potential extensions of the compliance deadline for the final permit. The Water Board will provide more information on the extension criteria over the next few months.

