

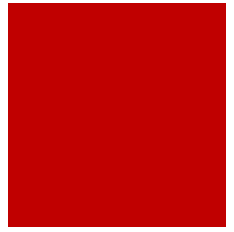
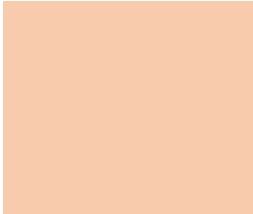
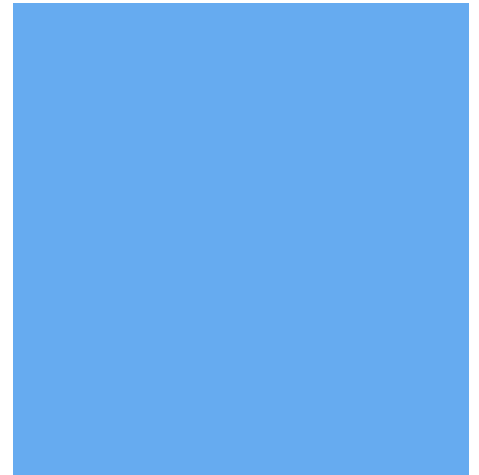
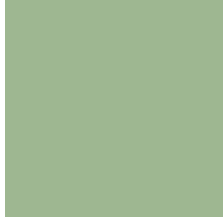


CENTRAL MARIN SANITATION AGENCY



ADOPTED BIENNIAL OPERATING AND CAPITAL BUDGET

JULY 1, 2025 — JUNE 30, 2026 AND
JULY 1, 2026 — JUNE 30, 2027



**CMSA ADOPTED BIENNIAL BUDGET
FY26 & FY27**

JULY 1 through JUNE 30

TABLE OF CONTENTS

Message from the General Manager.....	7
Section 1. Organization.....	12
• Organization Chart and CMSA Authorized Staff Positions.....	15
Section 2. Location and Service Area, Local Demographics and Economy.....	17
Section 3. Facilities, Wastewater Treatment Process, Workload, and Performance Metrics.....	22
• CMSA Regional Wastewater Facilities/Process Schematic Brochure.....	23
Section 4. Strategic Plan.....	33
Section 5. Financial Reporting and Financial Policies Summary.....	35
Section 6. Budget Development: Balanced Budget, Basis of Budgeting, Accounting, Development and Administration	37
Section 7. FY26 and FY27 Budget - Discussion and Analysis	39
Section 7. Operating & Capital Budget for FY26 and FY27 Overview Schedules, Tables and Line-Item Budgets.....	45
• Funding Requirements and Sources Summary.....	47
• Agency Reserves Summary.....	48
• Schedule of Revenues and Other Financing Sources.....	50
• Summary of Expenditures by Department and Category.....	56
• Summary of Benefit Expenditures and Benefits as a Percent of Total Revenue.....	57
<u>Department Budget Documents (Summary, Line Item, Account Descriptions)</u>	
• Administration.....	59
• Health & Safety.....	67
• Technical Services.....	71
• Operations.....	81
• Maintenance.....	89
• Non-Agency Expenses.....	97
Health and Safety - Novato Sanitary District	98
Technical Services - Countywide Public Education Program.....	100
Maintenance - SQRC, SD2, SQV.....	102

Section 8.	Capital Improvement Program.....	105
	• Adopted FY26 and FY27 Budget and 10-Year Forecast.....	107
	• Account/Project Descriptions.....	109
	• Detailed Project Descriptions for Selected Capital Projects.....	121
Section 9.	10-Year Financial Forecast.....	141
Section 10.	Debt Obligations.....	147
Section 11.	Key Terms and Financial Glossary with Acronym Listing.....	150
	 Appendix	
	Schedule of JPA Revenue Allocations.....	156
	Initial Allocation of Service Charges using Flow and Strength (without and with SQRC)	157
	Schedule of Equivalent Dwelling Units (EDU) and Combined Rate Cost per EDU.....	159
	Countywide Public Education Operating Budget Schedule.....	160
	Central Marin Sanitation Agency Financial Policies Manual (Published only in the website version of the adopted FY26 & FY27 GFOA Budget located at www.cmsa.us/finance	161

Central Marin Sanitation Agency

Budget Acknowledgements

San Rafael Sanitation District

Dean DiGiovanni, Vice Chair, appointed, February 2016
Maribeth Bushey, Commissioner, appointed January 2014
Mark Solomon, Alternate, appointed December 2018
Alan Zahradnik, Alternate, appointed December 2018

Ross Valley Sanitary District

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

Sanitary District No. 2

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

Executive Team

Jason R. Dow, P.E., General Manager
Peter Kistenmacher, P.E., Technical Services Manager/Assistant General Manager
Corey Spray, CPA, Administrative Services Manager
Nick Talbot, Treatment Plant Manager

Finance Team

Heidi Lang, Senior Accountant/Analyst
Grace Buell, Accounting Technician
Tiffany Elam, Administrative Specialist

www.cmsa.us/finance



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Central Marin Sanitation Agency
California**

For the Biennium Beginning

July 01, 2023

Christopher P. Morrill

Executive Director



June 5, 2025

Message from the General Manager

On behalf of the Board of Commissioners and staff of the Central Marin Sanitation Agency (CMSA), I am pleased to present the Agency's FY26 and FY27 budget. This budget serves as the financial plan for both fiscal years and details the resource requirements and costs associated with providing safe, reliable, and environmentally sound wastewater and resource recovery services to approximately 105,040 residents, businesses, and institutions in central Marin County. All the financial documents referenced in this document are available online at www.cmsa.us/finance/documents.

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

Achieving Outstanding Performance in the Past, Present, and Future

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

- Achieved 100% compliance with the Environmental Protection Agency's National Pollutant Discharge Elimination System (NPDES) permit requirements for the past seven consecutive years.
- Received recognition from the GFOA for Excellence in Financial Reporting for the Agency's Annual Comprehensive Financial Report (22 consecutive years), Outstanding Achievement in Popular Annual Financial Reporting (14 consecutive years), and the Distinguished Budget Presentation Award (8 consecutive years and 3 biennial years).
- Garnered state-level recognition of first place from the California Water Environment Association (CWEA) for Safety Program of the Year.

- Recognized by the regional CWEA Redwood Empire Section for Treatment Plant of the Year, Engineering Achievement Award, Safety Program of the Year, and Community Engagement and Outreach Program of the Year, as well as recognizing six Agency employees for exceptional performance in their respective professions.

Major Agency Objectives for FY26 and FY27

- Exceed all NPDES permit requirements for both fiscal years.
- Expand the power delivery program by increasing biogas production and renewable power generation from the newly installed higher capacity cogeneration system.
- Operate the treatment facilities to minimize odors and public complaints.
- Expand use of the new financial system.
- Implement the Agency's business plans for FY26 and FY27 in alignment with the Board adopted 5-year strategic plan and multi-year revenue plan.
- Maintain a safe work environment and promote a culture of safety, measured by no incidents of employee lost time injuries.
- Maintain a high level of service to customers in our service area and clients outside the service area who contract with the Agency for services.
- Upgrade and replace capital assets for reliable, resilient, and sustainable facility operations, to minimize costs to our customers.

FY26 and FY27 Budgets

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

The FY26 and FY27 budgets include a scheduled reserve draw in the amounts of approximately \$544,200 and \$5,389,900 for each of the two fiscal years, respectively, to assist with funding the CIP. The budget includes an overall operating revenue increase of 9% for FY26 and 3.9% for FY27, and an overall expenditure increase of 20.6% for FY26 and a decrease of 18.1% for FY27. Debt service revenues total nearly \$5.6 million for FY26 and \$6.8 million for FY27, of which there is approximately \$1,124,300 in FY26 and \$1,365,800 in FY27 of debt service coverage used for CIP funding both years. The Agency plans to spend approximately \$16.7 million on 35 capital improvement projects next year and approximately \$8.3 million the following year, using a combination of capital revenue sources and reserve usage from accumulated restricted and committed capital reserve accounts, and amounts from unassigned capital reserve

accounts. Detailed discussions of the Operating Budget, CIP, and 10-year Financial Forecast can be found in Sections 7, 8, and 9, respectively.

The following are the main features of the FY26 and FY27 budgets:

- Total Operating Revenues of approximately \$17.5 million for FY26 and \$18.1 million for FY27, and dedicated capital fees in the amount of approximately \$3.1 million for FY26 and \$2.4 million for FY27 that consist of a capital fee, a debt service coverage fee, capacity charges.
- Application of a 36-month wastewater flow and strength methodology for the allocation of the regional sewer service charges to the JPA members. The allocation is based on the JPA member's proportionate share of the 13,631 million gallons of wastewater treated by CMSA during the April 1, 2022 to March 31, 2025 period, along with 24 million pounds of Biological Oxygen Demand and 24.8 million pounds of Total Suspended Solids during the same period. The FY26 regional service and capital charges, and debt service CMSA will receive from its JPA members is approximately \$596,100 more than FY25, and FY27 is approximately \$623,000 more than FY26, as scheduled in the Agency's current 5-year Revenue Program.
- The Agency expects to receive approximately \$12.7 million in net debt proceeds from an anticipated 2026 Revenue Bond issuance. This issuance is expected to assist the Agency's CIP funding over the next fiscal year. The single largest other revenue sources are for contracted services with the state of California for providing wastewater treatment and pump station operation and maintenance services to San Quentin Rehabilitation Center (SQRC) as well as pump station operations and maintenance for Sanitary District #2.
- Debt Service of \$5.6 million, or \$108.01 per Equivalent Dwelling Units (EDU), in FY26 and anticipated \$6.8 million, or \$131.21 per EDU, in FY27 in the combined service area.
- Total Operating Expenditures of approximately \$17.2 million, an overall decrease of 0.2% from FY25. The main changes to the FY26 budget are due to scheduled salary and benefits increases of 0.8% that are offset by decreases in chemicals and fuels of 1.4%, maintenance and repairs of 5.5%, utilities of 11.7%, and insurance of 6.2%. For FY27, the main changes are due to scheduled salary and benefits increases of 3.5%, an increase in chemicals and fuel of 3%, an increase in insurances of 8.8%.

Making Significant Capital Investments in the Agency's Infrastructure

The treatment and disposal of wastewater and reuse of its by-products is a highly regulated enterprise that requires significant capital infrastructure. The Agency operates an around-the-clock wastewater facility, and the various fixed assets and equipment used in the treatment processes are subject to heavy usage, sometimes under a challenging operating environment. Capital assets are used to move large volumes of wastewater through the treatment facilities

and are subject to constant contact with wastewater and various chemicals used in the treatment processes. Agency staff monitors new technologies and operational approaches, and evaluates those that may improve the treatment processes, save energy, reduce chemical usage, minimize greenhouse gas emissions, and meet changing regulatory requirements. The maintenance, replacement, and addition of capital assets are an essential part of the Agency's budget.

Budgeted capital improvements for FY26 amount to approximately \$16.7 million, and \$8.3 million for FY27. There are 35 projects in the CIP, and the most significant include facility improvements, an electrical conduit rehabilitation program, installation of new grit washing systems for the Headworks, rehabilitation of two primary clarifiers and biosolids hoppers, completion of a nutrient removal evaluation study and the beginning of predesign work, installation of a new higher capacity centrifuge dewatering system, an emergency generator control system assessment and improvements, and preventative maintenance on the organic waste receiving facility..

The total cost of the planned CIP over the next 10 years is approximately \$150 million and focuses on replacing and rehabilitating aging infrastructure and assets, implementing new projects to reduce energy use and improve operational efficiencies, meeting regulatory objectives, increasing energy self-sufficiency and renewable power delivery, and constructing new treatment systems to remove nutrients from the treated wastewater. CIP funding sources are from debt proceeds, ongoing capital-related service charges, debt coverage charges, capacity charges collected from new residential and commercial construction, and capital reserves. By the end of FY26, the Agency will have an estimated \$15.5 million in capital reserves, and an estimated \$9.7 million for FY27 in capital reserves to finance projects.

Sustainable Budgeting for the Future

The Agency has pursued a number of budget initiatives over the past several years to achieve long-term budgetary sustainability and financial stability. One such initiative was the adoption of a 5-year Revenue Plan to provide JPA members ample time to incorporate Agency revenue requirements into respective financial plans and rate increase processes. The Agency fixed its debt service cost allocation to the JPA members using their 10-year average EDU counts to smooth annual fluctuations. CMSA has secured a new five-year \$12.4 million contract with the State of California to provide wastewater services to the SQRC. Lastly, the Agency uses debt issuances to level potential revenue increases, as the Agency plans to issue \$13 million in revenue bonds to finance its FY26 capital improvements.

On the expense reduction side, the Agency issued pension obligation bonds (POBs) in April 2022 to reduce unfunded pension liability in connection with the CalPERS pension benefit. Debt service on the POBs is less than the otherwise annually scheduled unfunded actuarial liability (UAL) payment to CalPERS, resulting in savings from the UAL amount. The savings are placed in a Section 115 pension trust to use for future retirement program funding. The Agency's most recent labor negotiations with its two employee groups resulted in a five-year contract with

benefit savings from employees using spousal medical. The Agency refunds debt where economically feasible for savings from original issued debt. A 2015 revenue bond refunding resulted in a total savings of \$15 million to our customers from FY16 through FY32.

Our People Make Us a High-Performing Agency

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

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

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

Respectfully,

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

Jason R. Dow, P.E.
General Manager

SECTION 1. ORGANIZATION

Formation History and Organization

Faced with wastewater collection and treatment challenges unique to central Marin County and the need to meet the 1972 Federal Clean Water Act and subsequent State of California Water Quality regulations, Ross Valley Sanitary District (RVSD), Sanitary District No. 2 (SD2) of Marin County, the City of Larkspur (LARK), and the San Rafael Sanitation District (SRSD) united in 1979 to form a JPA and created CMSA. San Quentin Rehabilitation Center (SQRC), formerly named San Quentin State Prison, represents the largest single customer of wastewater treatment services in the combined service area, opted not to join the JPA. The treatment facilities were constructed at a cost of \$84 million and were funded by federal (75%) and state (12.5%) clean water grants and local contributions (12.5%) from the four local wastewater agencies and SQRC. The CMSA wastewater treatment facility, the largest in Marin County, became operational in January 1985. In January 2020, the City of Larkspur withdrew from the JPA.

CMSA's governing body is a five-member Board of Commissioners (Board), appointed by the JPA members. Each JPA member determines the term for its appointed representative(s). SRSD and RVSD each have two members on the Board, while SD2 has one.

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

Agency Officials as of June 30, 2025

Board of Commissioners (year appointed):

Eli Beckman, Chair, SD2 (December 2018)
Fred Cassisa, Alternate, SD2 (May 2020)
Dean DiGiovanni, Vice-Chair, SRSD (February 2016)
Maribeth Bushey, Commissioner, SRSD (January 2014)
Marc Solomon, Alternate, SRSD (December 2018)
Alan Zahradnik, Alternate, SRSD (December 2018)
Mary Sylla, Secretary, RVSD (July 2012)
Doug Kelly, Commissioner, RVSD (July 2016)
Thomas Gaffney, Alternate, RVSD (July 2014)
Michael Boorsteim, Alternate, RVSD (July 2014)

Agency Managers (tenure):

Jason Dow, P.E., General Manager (employee since 1993, General Manager since 2002)
Peter Kistenmacher, P.E., Technical Services Manager/Assistant General Manager (since 2018)
Corey Spray, CPA, Administrative Services Manager (since 2024)
Nick Talbot, Treatment Plant Manager (since 2024)

Employees, Service Achievements, and Recognitions

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

Characteristics of the workforce:

- 48 authorized positions
- Average age 42.4 years old
- Average length of service is 6.3 years
- Nine employees with over ten years of service
- Five of the current employees meet the minimum requirements for retirement benefits from the California Public Employees Retirement System

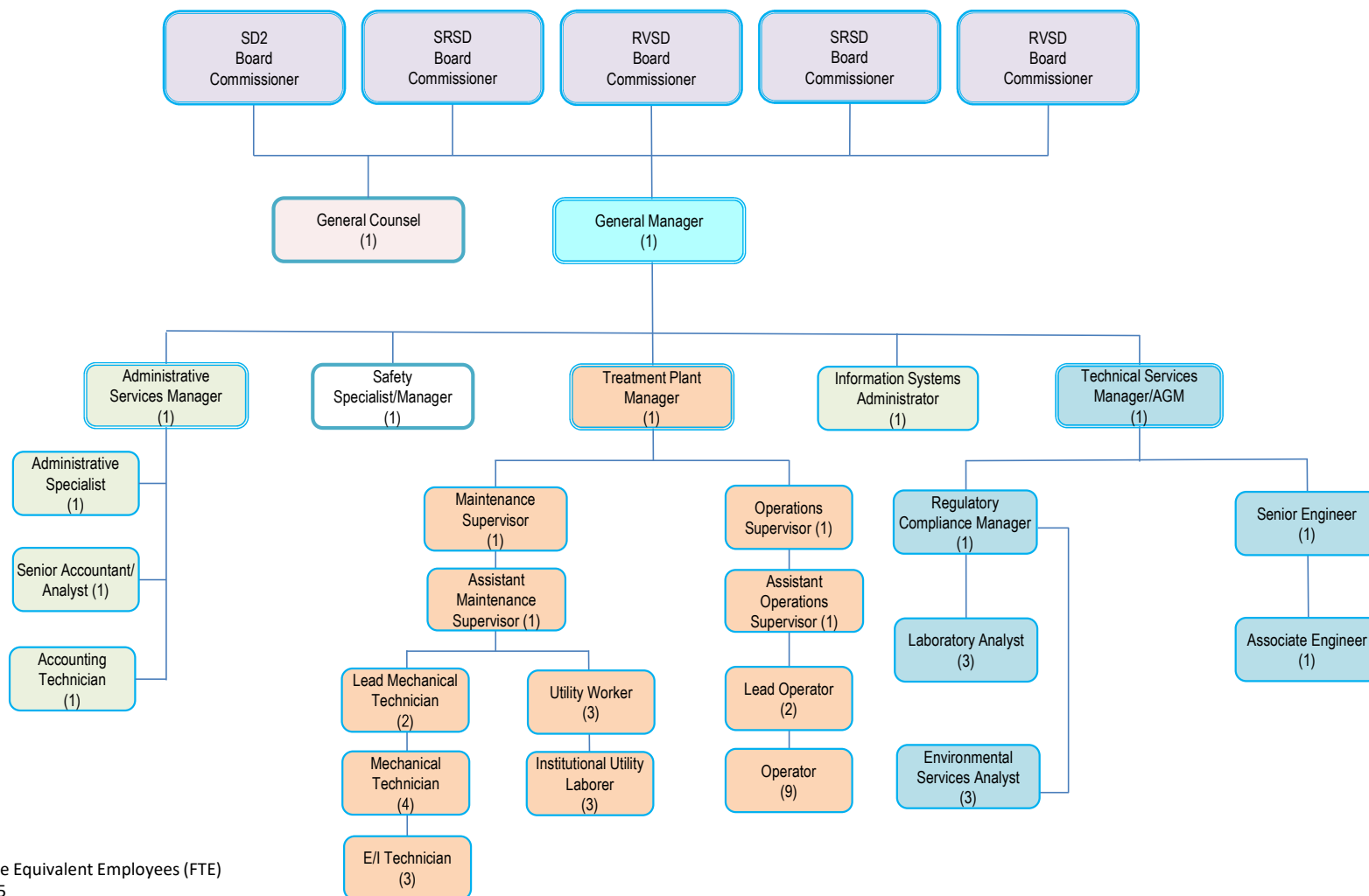
The exceptional dedication, experience, and caliber of the workforce are reflected in the service achievements and recognition that have been received by the Agency over the years. Below is a summary of the significant accomplishments and the most recent industry awards that have accompanied these accolades.

- **Record of Regulatory Compliance:** CMSA has an exceptional regulatory compliance record. Over the past twenty years, the Agency has only had one minor NPDES permit exceedance. For calendar years 2018-2021, CMSA was recognized by the National Association of Clean Water Agencies (NACWA) with the Gold Peak Performance Award, which recognizes the achievement of obtaining 100% compliance with the NPDES permit requirements over the calendar year. From 2022-2024, CMSA was in full compliance with its permit requirements, and will receive a NACWA Platinum-7 Peak Performance award. The Agency will be recognized with a formal presentation of its award at an Awards Ceremony during the July 2025 NACWA Utility Leadership Conference and its 55th Annual Meeting.
- **Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report (ACFR):** Recognition from the GFOA for the Agency's FY22 and FY23 ACFR. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting and its attainment represents a significant accomplishment by a governmental entity. These marked the 21st and 22nd consecutive years that the Agency's ACFR had met the high standards of the GFOA for governmental accounting and financial reporting. The Agency expects to receive its 23rd ACFR award during FY25. The Agency continually strives to comply with GFOA guidelines and recommendations. All its financial reports—from the Biennial Budget, audited Annual Financial Statements, and ACFR reports, to the monthly Treasurer's and Quarterly Budget Status Reports—are transparent representations of the Agency's financial operations. Each of these reports are presented to the Board for review and acceptance and are posted on the Agency's website www.cmsa.us/finance/documents.
- **Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR):** Recognition from the GFOA for the Agency's FY22 and FY23 PAFR. The PAFR award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular financial reports. The PAFR is specifically designed to be readily accessible and easily understandable to the public and other interested parties who do not have a background in public finance. These marked the 13th and 14th consecutive years that the Agency's PAFR had met

the high standards of the GFOA for governmental accounting and financial reporting. The Agency expects to receive its 15th PAFR during FY25.

- **Distinguished Budget Presentation Award:** Recognition from the GFOA for the Agency's FY24 and FY25 Adopted Biennial Budget. The award is the highest form of recognition in governmental budgeting and its attainment represents a significant accomplishment by a governmental entity. The GFOA encourages public entities to prepare budget documents that fully explain the agency's business, are transparent, and are designed to be readily accessible to the public and other interested parties. The Budget Award deems the Agency's budget to be proficient as a policy document, financial plan, operational guide, and communication device for the Agency's business. This marked the 11th consecutive submission that the Agency's budget has met the high standards of the GFOA for budget presentation.
- **California Water Environment Association (CWEA):** The Agency was recognized in April 2025 by its industry peers at the annual CWEA conference for the following state-level achievements.
 - 2024 Safety Program of the Year - 1st Place
- **Regional Redwood Empire Section CWEA Awards:** The Agency was recognized in 2025 and 2024 by receiving awards for the following achievements:
 - 2024 Treatment Plant of the Year
 - 2024 Safety Program of the Year
 - 2024 Engineering Achievement Award
 - 2024 Mechanical Technician of the Year (Brian Carr)
 - 2024 Pollution Prevention and Pretreatment Person of the Year (Eromosele Esoimeme)
 - 2024 Electrical and Instrumentation Person of the Year (Sean Clementz)
 - 2023 Community Engagement and Outreach Program of the Year
 - 2023 Electrical and Instrumentation Person of the Year (Tony Drady)
 - 2023 Operator of the Year (Mike Silva)
 - 2023 Murray McKinnie Award – Operator-in-Training (Cody Leveque)

CMSA ORGANIZATIONAL CHART



48 Full Time Equivalent Employees (FTE)
July 1, 2025

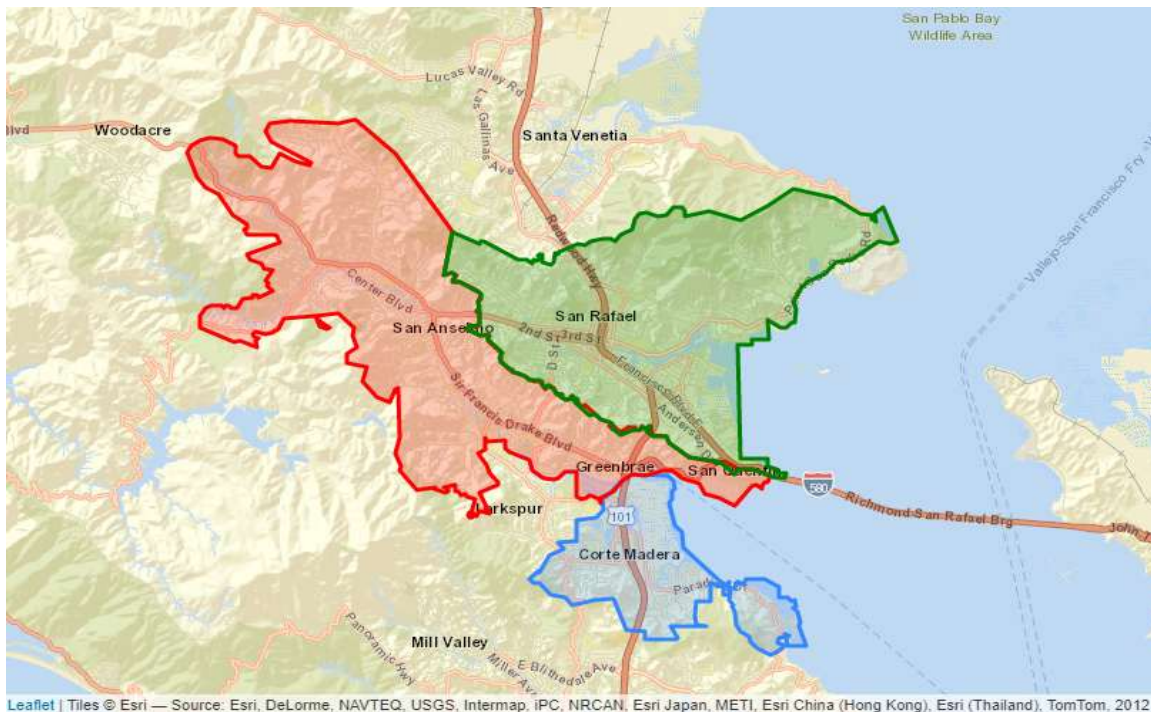
CMSA Authorized Staff Positions	FY24	FY25	FY26 & FY27
ADMINISTRATION			
General Manager	1	1	1
Administrative Specialist (I-III)	1	1	1
Administrative Services Manager	1	1	1
Senior Accountant/Analyst	1	1	1
Accounting Technician	1	1	1
Information Systems Administrator	1	1	1
Total Administration	6	6	6
HEALTH & SAFETY			
Safety Manager	1	1	1
Total Health & Safety	1	1	1
MAINTENANCE			
Treatment Plant Manager (.5 FTE split with Operations)	0.5	0.5	0.5
Maintenance Supervisor	1	1	1
Assistant Maintenance Supervisor*	-	-	1
Lead Mechanical Technician	2	2	2
Mechanical Technician (I-III)	5	5	4
Utility Worker	3	3	3
Electrical/Instrumentation Tech (I-III)	3	3	3
Total Maintenance	14.5	14.5	14.5
NON-AGENCY MAINTENANCE			
Institutional Utility Laborer (I-III)	3	3	3
Total Non-Agency Maintenance	3	3	3
OPERATIONS			
Treatment Plant Manager (.5 FTE split with Maintenance)	0.5	0.5	0.5
Operations Supervisor	1	1	1
Assistant Operations Supervisor	1	1	1
Lead Operator	1	1	1
Operator (Trainee, I-III)	10	10	10
Total Operations	13.5	13.5	13.5
TECHNICAL SERVICES			
Technical Services Manager/Assistant General Manager	1	1	1
Senior Engineer	1	1	1
Associate Engineer	1	1	1
Regulatory Compliance Manager	1	1	1
Laboratory Analyst (I-II)	3	3	3
Environmental Services Analyst (I-II)	3	3	3
Total Technical Services	10	10	10
TOTAL AUTHORIZED STAFFED POSITIONS	48	48	48

* The Assistant Maintenance Supervisor position has been reactivated effective FY26

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

Location and Service Area

Located within Marin County, CMSA is in San Rafael, California, and is adjacent to the San Rafael side of the Richmond-San Rafael Bridge. The shaded area on the map below shows the CMSA service area. It measures approximately 43.5 square miles, and encompasses the residents, businesses, and institutions within the City of Larkspur, the Towns of Corte Madera, Fairfax, Ross, and San Anselmo, portions of the City of San Rafael, the unincorporated areas of Ross Valley and San Quentin Village, and SQRC. The April 2020 census reported that Marin County has a total population of 262,321. The Agency provides services to an approximate population of 105,040 within this area or 52,636 EDUs reported for FY25.



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

City of San Rafael (Approximately 2/3 of the city's population)	41,157
City of Larkspur	12,589
Town of San Anselmo	12,498
Town of Corte Madera	9,947
Town of Fairfax	7,417
Kentfield	6,808
Unincorporated CMSA Service Area (San Quentin Village, Greenbrae, Tiburon Peninsula)	6,524
San Quentin Rehabilitation Center	3,361
Sleepy Hollow	2,401
Town of Ross	2,338

Sources: United States Census Bureau State and County Quick Facts (2020 Census and 2023 estimates), Bureau of Economic Analysis; San Quentin Rehabilitation Center 2024 SB601 Report

Local Demographics and Economy

The county's residents continue to have the highest California per capita income of \$171,177 (California per capita is \$77,036) according to the most recent available data reported for 2022 by the California Employment Development Department.

Marin's annual 2024 unemployment rate of 3.9% was among the lowest in California and remains just below the national level of 4.0%. Six of the top ten employers in the CMSA service area, as measured by number of employees, are governmental entities. Many of the remaining businesses employ between 1-360 employees, and approximately 90% of these business enterprises include goods and services occupations.

Source: California <https://labormarketinfo.edd.ca.gov> and <https://www.census.gov/quickfacts>

Ten of the Largest Employers and Number of Employees in CMSA Service Area

BioMarin	1,700
Marin Health Medical Center	1,650
San Quentin Rehabilitation Center	1,468
Dominican University	1,033
Golden Gate Transit	853
San Rafael City Schools	561
Tamalpais Union High School District	531
College of Marin	512
Restoration Hardware	500
City of San Rafael	416

The local real estate and housing market decreased through December 2023 as buyers responded to higher mortgage interest rates. The annual mean/median home sale price for a home in Marin as reported by the Marin County Assessor Office was \$1,785,933/\$1,376,500 for a mean home living area of 1,957 square feet, compared to \$1,909,245/\$1,500,000 and 1,997 square feet reported in December 2022. The downward trend reversed in 2024, where the county reported \$1,830,108/\$1,455,000 average home living area of 2,017 square feet as reported by the Marin County assessor's office for the calendar year ending December 2024. The impact of current inflationary economic conditions on interest rates has lessened somewhat and resulted in a continuing upward trend on 2025 home sales during January through April where the county has reported a \$2,023,330/\$1,565,000 mean/median sales data statistic for a mean home living area of 2,026 square feet.

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

Equivalent Dwelling Units

An EDU refers to a unit of wastewater discharge, and is the estimated volume and strength generated by an average, single-family residence. Each JPA member determines the number of EDU counts in its jurisdiction and works with the Marin County Tax Collector to add the RSC to the property tax bill, which is the method used to collect RSC payments from its customers. The annual RSC EDU rate is presented each July 1 in the CMSA adopted budget. The Agency's EDU rate is based on the total revenue budget for RSC, capital fee, and debt service charged to members divided by the number of reported EDUs. The EDU rate is used to determine fee schedules for waste haulers and industrial monitoring. Additional

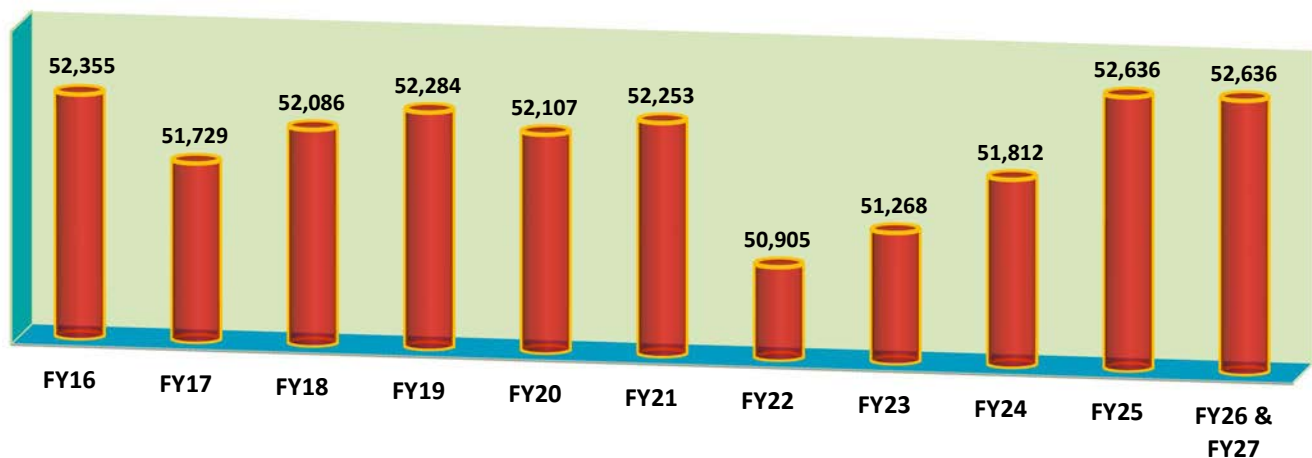
information can be found by referring to CMSA's Fee Schedule Ordinance available on the www.cmsa.us website.

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

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

The chart and table below display the total EDU count within the CMSA service area for the last 10 years, and estimates FY26 and FY27 to be the same as FY25. In April 2026, the actual FY26 EDU counts will be reported by JPA members. The number of residential EDUs tends to be stable in the central Marin service area because there is generally very little commercial and residential development. The EDU fluctuations from year-to-year are generally due variable water usage by commercial properties, which is used to calculate their EDU count, and to a lesser extent, new sewer connections and additional fixture units for exiting connections. The significant decrease of 1,348 EDUs in FY22 was caused by serious local drought conditions resulting in less water use by commercial customers. Over the past decade, increased drought-related water conservation efforts and reduced water consumption by commercial users have also had a stabilizing effect on the EDU count. CMSA's multi-year service contract with the State of California for wastewater service for SQRC established 4,005 EDUs for the prison's fixed EDU count.

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



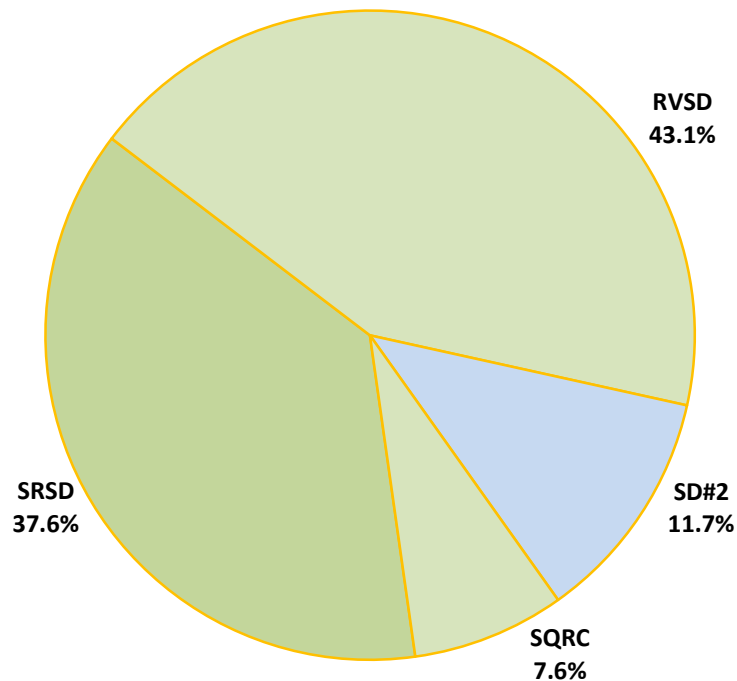
EDU Count by JPA Member and SQRC for FY16 to FY25 and FY26/FY27 Estimated

Fiscal Year	SRSD	RVSD	City of Larkspur (RVSD)	SD2	SQRC	Total EDU Count
Actual						
Estimated						
FY26 & FY27	19,777	22,699		6,155	4,005	52,636
FY25	19,777	22,699		6,155	4,005	52,636
FY24	19,342	22,308		6,157	4,005	51,812
FY23	19,334	22,114		5,815	4,005	51,268
FY22	19,122	22,098		5,680	4,005	50,905
FY21	19,674	22,422		6,152	4,005	52,253
FY20	19,609	22,248	See note	6,245	4,005	52,107
FY19	19,716	19,345	3,066	6,152	4,005	52,284
FY18	19,565	19,448	3,060	6,008	4,005	52,086
FY17	19,332	19,298	3,039	6,055	4,005	51,729
FY16	19,555	19,700	3,019	6,076	4,005	52,355

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

The pie chart below shows the EDU count for each JPA member and SQRC as a percentage of the total number EDUs in the service area.

**EDU's by JPA Members and SQRC
as a Percentage of Total EDU's for FY26 and FY27**



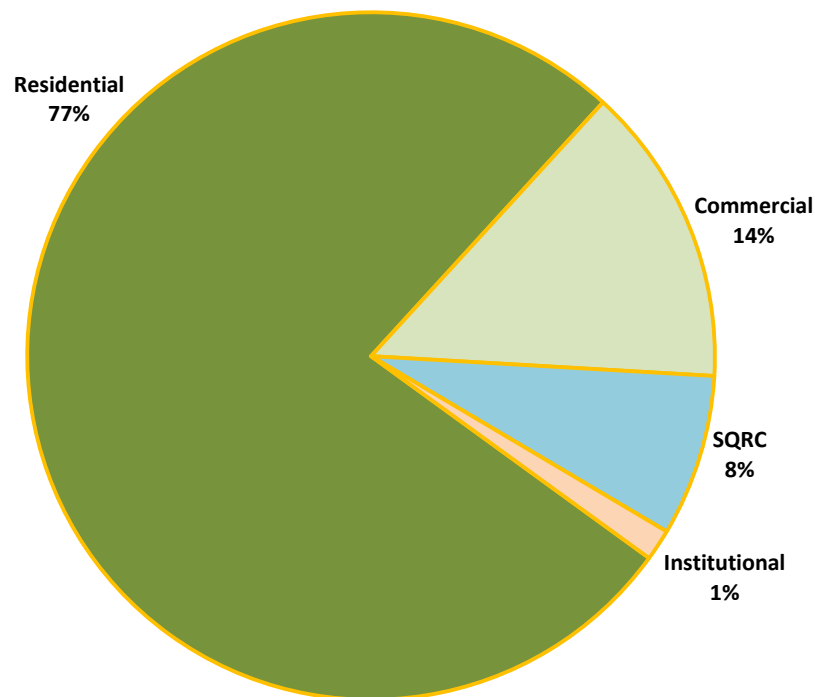
The table and chart below show the EDU count presented by connection type reported by the JPA members and SQRC. There are three types of connections: residential, commercial, and institutional. Institutional connections represent property tax exempt governmental entities (federal, state, county, city,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

FY26 and FY27 Initial EDU Count by Connection Types

	SRSD	RVSD	SD2	SQRC	Total by Type
Residential	15,979	19,617	4,819	-	40,415
Commercial	3,643	2,584	1,214	-	7,441
Institutional	155	498	122	4,005	4,780
Total	19,777	22,699	6,155	4,005	52,636

Source: Property Tax Reports, County of Marin

**FY26 and FY27 EDU by Connection Type and SQRC
as a Percentage of Total EDUs**



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

Facilities

The CMSA wastewater treatment facilities, pictured below, are a vital component of the central Marin wastewater management system. This extensive system includes over 70 pump stations, more than 450 miles of sewer pipelines located throughout the service area, as well as two major interceptors to transport wastewater to the treatment plant, and a two-mile long outfall through which the treated wastewater is discharged into the San Francisco Bay. In full compliance with federal, state, and regional water quality regulations, CMSA processes and disposes an average of 8.5 million gallons of wastewater per day during the dry weather season and 11.8 million gallons of wastewater per day during wet weather flows and has treated more than 129 million gallons per day during peak rainfall periods.



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

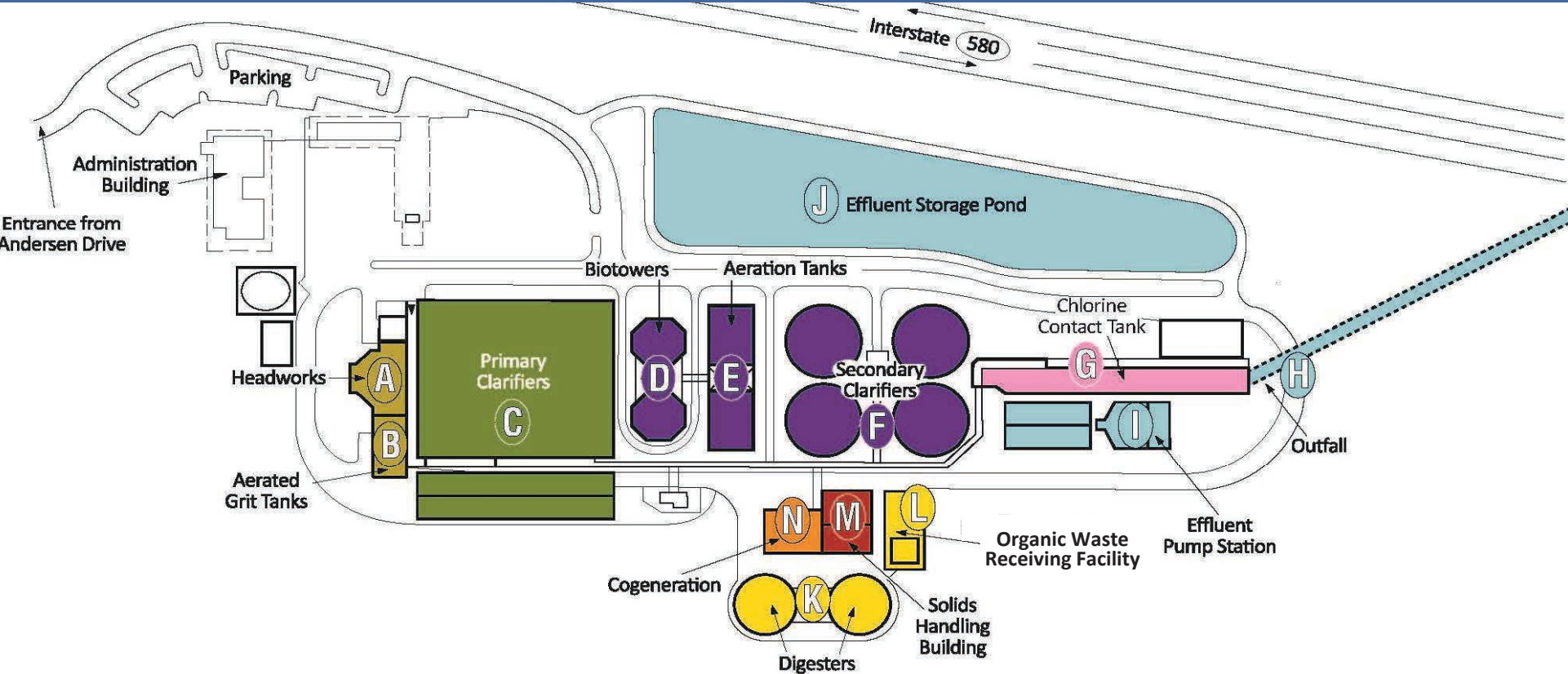
Wastewater Treatment Process

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

TAKE A TOUR OF THE TREATMENT PLANT !

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

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



STEP 1: PRE-TREATMENT

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



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

STEP 2: PRIMARY TREATMENT

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



Both materials are pumped to anaerobic digesters for further treatment.

STEP 3: SECONDARY TREATMENT

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



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



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

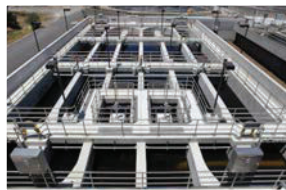


Some microbes are returned to the aeration tanks to maintain a useful population.

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

STEP 4: DISINFECTION & DECHLORINATION

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

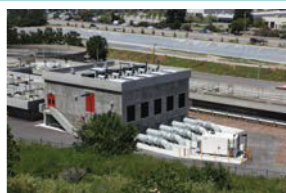


STEP 5: DISCHARGE

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



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



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



STEP 6: DIGESTION & ENERGY RECOVERY AND EXPORT

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



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



STEP 7: BIOSOLIDS PRODUCTION & SOLIDS HANDLING

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



STEP 8: COGENERATION ENGINE

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



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

WANT SEE THE REAL THING?

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

Key Workload and Performance Metric Indicators for FY25 and the FY26 and FY27 Projections

The following section summarizes the Agency's key workload and performance metrics for the July 1, 2022 - June 30, 2025 fiscal periods. The data presented is compiled from the *Performance Metric Report* and *NPDES Permit Compliance, Treatment Process, and Maintenance Activities Report* prepared for the monthly Board meeting agendas. These reports are publicly available in the consent calendar of the agenda packets published on the CMSA website (<http://www.cmsa.us/board/agendas-and-minutes>). The Agency has received the prestigious NACWA Platinum-7 Peak Performance Award for 100% attainment and compliance with its NPDES permit limits for the past seven consecutive years.

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

A. Volume of Wastewater Treated (FY26 \$17.1M & FY27 \$17.7M Total Operating Expenditures): The Agency received and treated approximately 4,315.8 million gallons (MG) of wastewater during FY25. The table below shows the monthly wastewater volume, in million gallons, received from each satellite collection system entity: SRSD, RVSD, SQRC, and SD2, over the past three fiscal years. The total treated flow volume was lower in FY25 due to milder and less frequent storm events between the months of October through February. Future weather patterns are difficult to predict, therefore this statistic is not projected for FY26 and FY27. The total operating budget represents the total cost to treat the total wastewater flow into the treatment plant and discharge effluent flow into the San Francisco Bay to comply with the Agency's NPDES permit requirements.

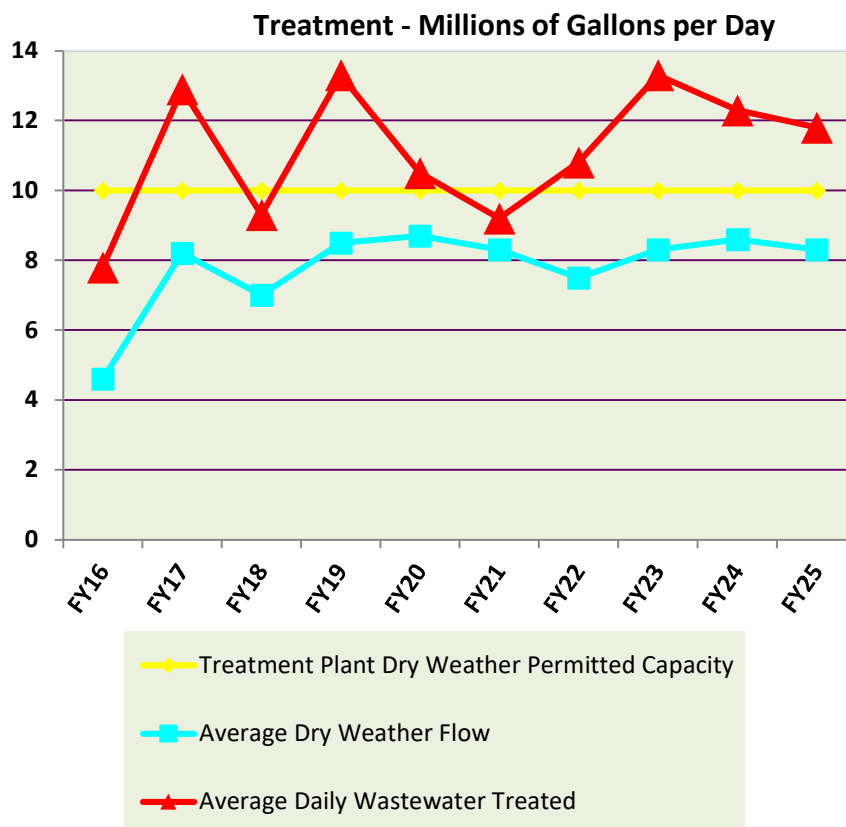
TOTAL TARGET MEASUREMENT: 165 – 820 MG per month and 1,980 MG – 9,840 per year															
	SRSD			RVSD			SQRC			SD2			TOTAL MEASUREMENT		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
Jul	98.8	106.7	103.6	100.1	113.5	108.7	17.9	20.9	19.9	28.2	30.4	32.2	245.0	271.5	264.4
Aug	106.2	105.4	102.2	107.3	110.9	108.6	17.5	20.1	19.0	29.9	30.6	32.1	260.9	267.0	261.9
Sep	100.9	95.3	100.0	109.1	105.8	107.4	15.5	22.2	17.9	29.8	29.5	32.0	255.3	252.8	257.4
Oct	100.5	103.8	98.7	111.0	106.0	110.4	18.4	23.0	17.9	28.1	31.6	33.1	258.0	264.4	260.1
Nov	113.6	103.8	161.3	117.3	106.0	172.5	17.3	23.0	20.8	29.2	31.6	44.1	277.4	264.4	398.7
Dec	198.0	177.7	219.1	220.4	195.2	271.4	24.3	24.0	26.1	55.7	53.9	63.0	498.4	450.8	579.6
Jan	317.6	229.4	128.5	447.2	297.8	167.3	29.6	27.8	19.3	80.1	65.5	37.0	874.5	620.5	352.2
Feb	162.2	246.9	258.5	202.7	325.4	331.3	18.2	29.3	24.6	43.1	57.6	61.0	426.2	659.2	675.3
Mar	297.5	186.1	151.7	403.2	242.8	198.8	27.5	25.7	19.3	71.8	48.1	37.9	800.0	502.7	407.8
Apr	134.5	131.8	116.1	184.9	172.4	160.3	19.4	21.4	16.7	35.0	35.2	30.1	373.8	360.8	323.1
May	117.3	119.7	104.5	152.1	143.7	124.0	19.6	20.1	17.8	34.1	36.2	33.1	323.1	319.7	279.4
Jun	101.5	104.6	100.1	126.0	113.6	109.0	20.0	19.2	14.1	29.9	33.0	32.7	277.4	270.4	255.9
Total	1848.6	1711.2	1644.3	2281.3	2033.1	1969.7	245.2	276.7	233.4	494.9	483.2	468.4	4870.0	4504.2	4315.8
% Total Flow	38.0%	38.0%	38.1%	46.8%	45.1%	45.6%	5.0%	6.1%	5.4%	10.2%	10.7%	10.9%	100.0%	100.0%	100.0%

Average Daily Influent Flow. The Agency's permitted dry weather capacity is 10 million gallons per day (MGD). Below is the average daily dry weather flow, daily wastewater treated, and annual flows for the past three years with the same volume of influent flows projected for FY26 and FY27.

				Projected Flows	
MILLIONS GALLONS PER DAY	FY23	FY24	FY25	FY26	FY27
Dry Weather Flow (July-Sept), MGD	8.3	8.6	8.5	8.5	8.5
Daily Average Wastewater Treated, MGD	13.3	12.3	11.8	11.8	11.8
Total Fiscal Year Influent Flow Treated, MG	4,870.0	4,504.2	4,315.8	4,315.8	4,315.8
TOTAL OPERATING BUDGET	\$14.7M	\$16.0M	\$17.2M	\$17.1M	\$17.7M

The graph below presents the average volume of wastewater treated and discharged into San Francisco Bay from FY16 through June FY25.

- The yellow line is the Agency's permitted dry weather flow, which has remained constant through several NPDES permit cycles.
- The turquoise line shows the average dry weather flow each year during the months of July, August, and September.
- The red line represents the average annual daily wastewater treated and is higher than the turquoise line because it includes storm water that infiltrates into sewer pipelines during wet weather season rain events.



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

The Agency beneficially reuses approximately 5-10% of its treated water for irrigating landscaping, hosing down and washing tanks and equipment, and diluting chemicals used in the treatment process. Recycled water is also used to maintain a wildlife sanctuary habitat for endangered turtles at Remillard Park in the City of Larkspur.

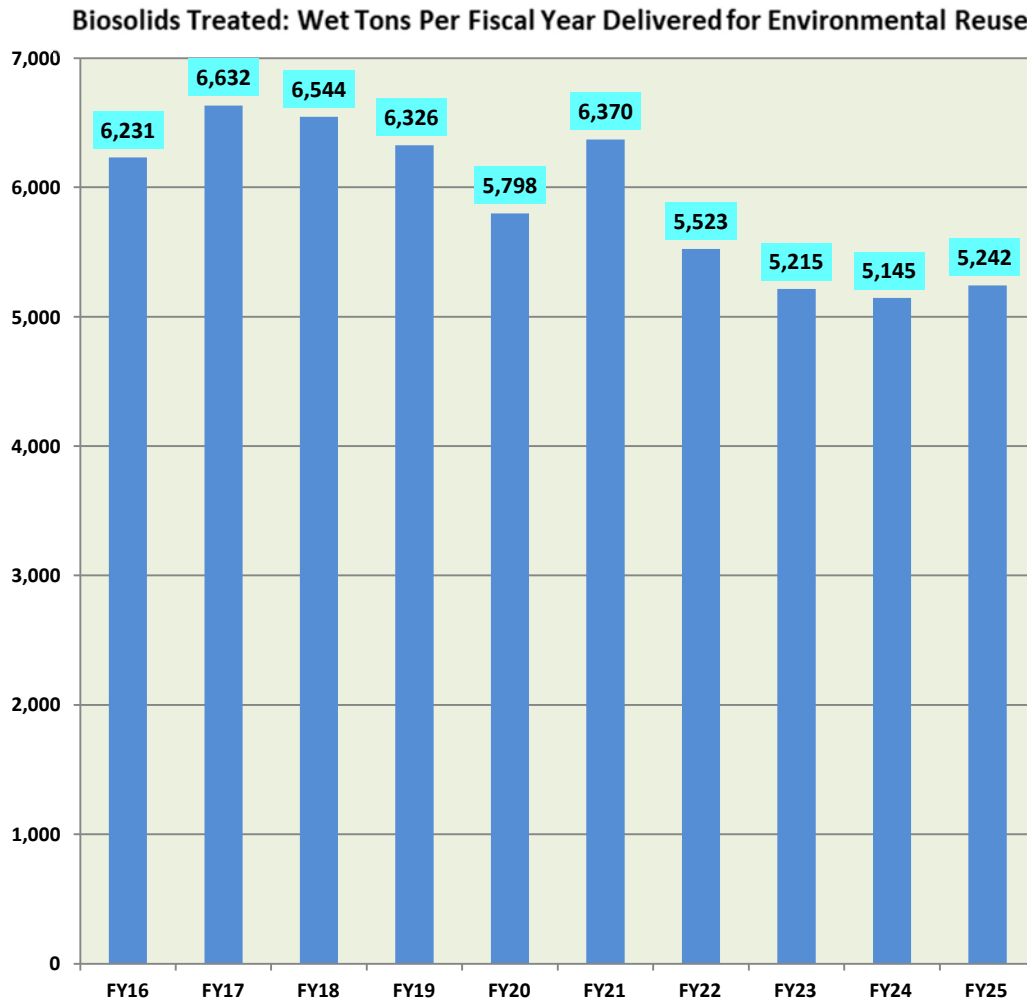
The Agency has a recycled water truck filling station that our JPA members regularly use for sewer flushing within our service area, saving potable water.

B. Biosolids Management Production: Biosolids are renewable by-products of the wastewater treatment process. In the spirit of its mission and vision, CMSA beneficially reuses biosolids as alternative daily landfill cover in Marin County during the wet weather season, as a feedstock at the bio-fertilizer production facility, and as fertilizer and soil amendments on agricultural land in Sacramento County during the dry weather season. The quantity of wet tons of biosolids reused is the performance measure for this budget.

ANNUAL TARGET/GOAL TO REMOVE FOR BIOSOLIDS REUSE: 4,320 Wet Tons – 7,980 Wet Tons

				Projected Number Tons	
WET TONS REPORTED REMOVED:	FY23	FY24	FY25	FY26	FY27
Total Biosolids Management Budget*	\$502K	\$490K	\$632K	\$645K	\$667K
Total Biosolids Reuse:	5,215	5,146	5,242	6,000	6,220
Landfill Alternative Daily Cover	2,345	3,413	3,220	3,500	3,550
Lystek Bio-fertilizer	1,680	1,628	1,855	290	4,255
Fertilizer/Soil Amendment	1,190	105	167	1,800	1,800

*Reference: Technical Services Department Biosolids Management Budget.



CMSA's mission is to provide environmental and resource recovery services with a vision to capture and utilize renewable resources. The bar chart above shows the annual volume of biosolids produced and beneficially reused.

- C. Odor Alerts and Complaints:** Unpleasant odors occur naturally in the wastewater collection system and in treatment processes. The Agency has implemented a multi-phased approach to manage odor generation that includes: (1) introduction of a calcium nitrate solution into specific locations in the sewer collection system to control the production of hydrogen-sulfide gas by microorganisms; (2) the addition of 50% strength hydrogen peroxide into the influent wastewater prior to entry into the facility's headworks to neutralize odorous compounds; and (3) the use of odor control masking agents when treatment processes are removed or placed into service.

We routinely monitor odor generating processes, and the Agency posts odor alerts on the CMSA website to inform the public of the potential generation of odors due to process control changes, warm weather, and other environmental or operational factors. The performance metric for the Odor Control Budget, and reported in the monthly agenda Performance Metric report, is the number of alerts issued, and the number of complaints

received from the public. The table below shows the number of posted alerts and public complaints received over the past three years. The Agency's annual goal is zero complaints.

ANNUAL TARGET/GOAL ODOR COMPLAINTS = 0

				Projected Alerts	
	FY23	FY24	FY25	FY26	FY27
Total Odor Control Budget*	\$589K	\$733K	\$656K	\$652K	\$671K
Number of Odor Alerts Issued	21	31	38	35+/-	35+/-
Number of Odor Complaints Received	0	0	0	0	0

*Reference: Operations Dept. line-item chemical account budgets for Nitrate, Hydrogen Peroxide, and Odor Control.

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

ANNUAL TARGET/GOAL >85% REMOVAL CONVENTIONAL POLLUTANT

				Projected Removals	
UNIT OF MEASURE: TONS*	FY23	FY24	FY25	FY26	FY27
Total Suspended Solids (TSS) and % removed*	6,380 96.8%	2,611 95.8%	2,518 96.0%	3,000 97%	3,000 97%
Organics (Biological Oxygen Demand - BOD) and % removed*	4,271 96.4%	2,716 96.5%	2,583 96.5%	4,300 96%	4,300 96%

*Total suspended solids and organic removal projections decreased due to relocation of the influent sample location.

- E. Priority Pollutants Removal:** The Agency's NPDES permit requires the removal of priority pollutants – mercury and copper. The percentage of these pollutants removed from the treated effluent discharged into the San Francisco Bay is shown in the table below. The Agency's goal is 100%, but a more realistic and achievable goal is between 88% and 99% for mercury and 75%-90% for copper. While the Technical Services Pretreatment Sampling budget monitors industrial dischargers, the Countywide Public Education Program budget supports programs that educate the public on ways they can contribute to the removal of mercury and copper.

				Projected Removal Rate	
MONTHLY AVERAGE	FY23	FY24	FY25	FY26	FY27
Mercury (Goal 88-99%)	94%	86%	90%	90%	90%
Copper (Goal 84-98%)	76%	75%	76%	80%	80%

- F. Biogas and Energy Production:** The treatment plant's anaerobic digesters produce biogas, which is similar to natural gas. This renewable resource, repurposed as fuel in a cogeneration system, generates renewable electricity to power Agency facilities, with the excess power sold to Marin Clean Energy. The amount of biogas generated proportionately decreases the volume of natural gas purchased from outside suppliers as fuel in the cogeneration system. The estimated quantity of biogas and renewable energy produced, and the economic value of natural gas savings shown in the table reinforces the significant value of capturing and utilizing this biogas resource.

ANNUAL GOAL BIOGAS: 72 to 114 Mft³ NATURAL GAS: 45.6 to 73.2 Mft³

				Projected Production	
	FY23	FY24	FY25	FY26	FY27
Total Natural Gas Budget*	\$99K	\$132K	\$90K	\$65K	\$67K
Biogas – million cubic feet	90	101	109	80	85
Energy Produced – Megawatt hours	5,484	5,946	6,230	5,000	5,000
Value of Biogas Produced	\$888,307	\$518,178	\$578,363	\$500,000	\$550,000

*Reference: Operations Department budget (7502)

- G. Work Orders Completed:** The Agency has over 4,000 assets that include the treatment facilities and systems, equipment, buildings, vehicles, computers, and other assets. These assets need to be proactively maintained (preventative work) and repaired and rehabilitated as needed (corrective work). The Operations and Maintenance Departments schedule preventative and corrective work order activities and track progress using an asset management system. The table below shows the number of work order hours completed over the past three fiscal years, a key performance measure of workplace productivity for the two departments.

BUDGET	FY23	FY24	FY25	FY26	FY27
Operations Department	\$4.96M	\$5.39M	\$5.23M	\$5.21M	\$5.41M
Maintenance Department	\$3.50M	\$3.38M	\$3.55M	\$3.58M	\$3.72M
TOTAL	\$8.46M	\$8.77M	\$8.78M	\$8.79M	\$9.13M

				Projected Work Order Hours	
	FY23	FY24	FY25	FY26	FY27
COMPLETED WORK ORDERS*					
Preventative Work Orders - # Hours	11,465	10,790	11,185	13,100	13,100
Corrective Work Orders - # Hours	5,245	7,589	9,456	5,315	5,315
Unplanned Corrective Maintenance - # Hours	443	452	415	300	300
TOTAL WORK ORDER HOURS	17,153	18,831	21,056	18,715	18,715

*Source: CMSA July 2022-June 2025 Agendas NPDES Permit Compliance and Performance Metric reports
<http://www.cmsa.us/board/agendas-and-minutes>

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

- H. Employee Training:** CMSA supports employee training and development. We strongly believe continuing training is important to our employees' professional development and job satisfaction, as well as for the effective functioning of the organization. Training includes mandatory topics such as safety and employment law (diversity, discrimination, harassment prevention and ethics) and job specific educational courses. Methods of training include attendance at virtual and in-person seminars and conferences, as well as computer-based webinars. The total Agency training budget and internal and external hours employees spent on training and development sessions are the key performance measures in the table below.

				Projected Hours	
	FY23	FY24	FY25	FY26	FY27
Total Agency Training Budget	\$114K	\$116K	\$107K	\$131K	\$132K
Internal Hours	1,291	1,175	987	2,250	1,500
External Hours	664	750	720	1,000	600

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

- I. Water Sample Analyses:** The Agency has a certified environmental laboratory where Agency staff routinely sample and analyze influent and effluent wastewater for various compounds pursuant to permit requirements. Samples from numerous treatment processes are also analyzed to ensure that the treatment systems are operating properly. The performance measure for the Permit Testing and Monitoring Budget is the number of laboratory tests performed to monitor water quality and permit compliance. The chart below shows the number of water sample analyses the laboratory performed, and the projection for FY26 and FY27. The number of analyses performed is based upon need and circumstances, therefore, the Range/Target/Goal is variable as reported in the monthly agenda Performance Metrics report.

				Projected number Tests/Analyses	
	FY23	FY24	FY25	FY26	FY27
Permit Testing & Monitoring Budget (Excludes Pretreatment & Underground Tank Testing*)	\$184K	\$224K	\$192K	\$197K	\$195K
NPDES Compliance Analyses	3,991	3,034	3,895	3,900	3,900
Process Control Analyses	8,469	7,610	11,836	10,500	10,500
Contract Laboratory Analyses	730	1,010	992	675	675
Quality Control Testing	8,466	11,032	14,252	15,000	15,000

* Reference: Technical Services line-item budget accounts (7301, 7310, 7311, 7313, 7314).

- J. Number of Inspections Performed and Permits Issued:** The United States Environmental Protection Agency and the State Regional Water Resources Control Board require wastewater agencies to regulate commercial and industrial businesses in their service areas

to ensure specific pollutants and materials are not discharged into the sanitary sewer system that can detrimentally affect the environment, public health, or wastewater treatment processes. Regulated businesses include restaurants, dental offices, car washes, dry cleaners, metal plating shops, auto repair facilities, manufacturing plants, and other business types that have the potential to produce environmentally harmful waste products. The Contract Service Revenues budget line items for Fats, Oils, and Grease (FOG), Pollution Prevention, and the Mercury Source Control Programs recover costs to perform inspections, and issue permits for other local agencies where CMSA has contracts to perform these services. The number of completed inspections and permits issued shown in the table below are the key performance measures for the referenced revenue line items. Fluctuations in the number of inspections are dependent upon customer compliance and by the number of new and existing businesses in the service area. Permits are issued for 1-, 2- or 3-year periods.

				Projected Number Inspections/Permits	
	FY23	FY24	FY25	FY26	FY27
Total FOG, Permit & Inspections, and Mercury Source Revenue*	\$140K	\$115K	\$117K	\$133K	\$137K
Source Control and Pollution Prevention Inspections (Target varies based upon need)	232	186	257	250	250
FOG Program Food Service Establishment Inspections (Target 240 – 600 per year)	447	361	452	580	500
Permits Issued and Renewed (Varies based upon need)	239	140	152	250	250

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

- K. Public Outreach and Education:** CMSA is the lead agency for a countywide cooperative public education program to educate the public about important environmental issues related to water quality, stormwater, and wastewater. Staff attend community-based events such as the Marin County Fair, local festivals, farmers’ markets, and Earth Day events. The program hires a juggler to deliver entertaining environmental messages to elementary school students. Attendance at public outreach and education events is a key performance measure for the program budget. The Agency tracks the number of people who visit the public education booth and take our environmental quiz, and the number of students who attend the educational school events. A calendar of events where CMSA will be in attendance is available on the Agency’s website www.cmsa.us/localevents.

3000 ANNUAL TARGET FOR PUBLIC EDUCATION EVENT ATTENDEES, SCHOOL EVENTS AND AGENCY TOURS (as requested)					
				Projected Attendance	
	FY23	FY24	FY25	FY26	FY27
Total Public Education Program Budget*	\$31K	\$31K	\$31K	\$34K	\$34K
Public Education Event Visitors: # events/attendees	6/3,323	5/1,750	7/3,623	7/3,623	7/3,623
School Education Events: #/attendance	20/4,401	15/3,261	11/3,510	11/3,510	11/3,510
Agency Tours: # events/attendees	19/471	25/459	14/142	14/142	14/142

*Reference: Technical Services Department budget account 7737. Performance outcomes for FY26 & FY27 are projected to be the same as FY25.

SECTION 4. STRATEGIC PLAN

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

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

Mission

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

Vision

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

Values

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

Goals

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

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

The Agency's budget is closely aligned with the SP and the annual Business Plans, and a majority of the FY26 Business Plan's strategic actions were considered in the budget development process.

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



SECTION 5. FINANCIAL REPORTING AND FINANCIAL POLICIES SUMMARY

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

CMSA Financial Policies Table of Contents



CMSA's values include:

"Sound financial practices ."
"Effective asset management ."

Financial Policies Summary

The Board adopted a comprehensive set of financial policies which are periodically reviewed and updated to align with GFOA best practices, recommendations from the Agency's independent auditors, the latest GASB pronouncements, and changes in Agency business practices. The Agency has undertaken a schedule to review one of its three major sets of policy documents annually on a rotating basis. The set of policies includes Financial, Personnel, and Administrative. The Financial Policy Manual was updated and adopted by the board during October 2023. Administrative Policy review is underway and is expected to be completed in July 2025, and the Personnel Policies and Procedures Manual was adopted in September 2022 and will be reviewed and revised later in 2025.

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

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

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

The Board approves and adopts a balanced budget prior to the start of every other fiscal year, beginning July 1. The Board, General Manager, and Agency staff each have their respective Agency, departmental, and program responsibilities to develop a financially responsible budget. The FY26 and FY27 Budget is the Agency's fourth biennial budget presentation. The Budget Calendar process will be repeated in 2026 to determine if budget amendments will be required for the FY27 Budget. Budget development is guided by financial policies and procedures, the SP, long- and short-term organizational goals and objectives, the economic climate, and other external factors.

FY26 and FY27 Budget Calendar – Development, Adoption, and Administration



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

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

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

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

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

Beginning in early 2026, there will be a post-adoption review of the FY27 Adopted Budget that follows the budget development process shown in the above "Budget Calendar – Development, Adoption and Administration" diagram. Identified adjustments to the adopted FY27 budget will be presented to the Board for consideration and approval by May 2026, and the FY27 Budget Adjustments will be available on the Agency website.

SECTION 7. FY26 AND FY27 BUDGET - DISCUSSION AND ANALYSIS

The Agency began development of the FY26 and FY27 two-year budget in February 2025, and it will be adopted by the Board in June 2025. The budget's three major components consist of (1) operating revenues, expenses, and debt service (Section 7), (2) CIP expenditures and the 10-year CIP projections (Section 8), and (3) the 10-year Financial Forecast assumptions (Section 9). The FY26 and FY27 Budget is balanced with revenues and expenses generally close, with unrestricted reserves used to balance it as needed. The tables, charts, and descriptions below for both revenues and expenses provide information about the various revenue sources and expense/expenditure uses.

CMSA's primary source of revenue is the SSC received from the JPA members. SSCs are based upon each respective member's volume and strength of wastewater received and treated. This method is a fair determination because it recognizes that wastewater volume and strength vary per JPA member, and it assigns costs based upon the actual burden placed on the treatment facility. The Agency has now completed 10 years, beginning in FY14, of allocating the SSC to the JPA members using the 36-month wastewater strength and flow methodology.

Table 1 shows the FY24 actual and FY25, FY26, and FY27 budgeted operating revenues and expenses, with usage funds flowing from unrestricted capital reserves. Major changes to FY26 and FY27 revenues and expenditures from FY24 and FY25 are discussed in the narrative following Table 1.

Table 1: Overview of Operating Revenues and Expenses for FY24, FY25, FY26 and FY27

	FY24 Actuals (Cash) ¹	FY25 Budget		FY26 Adopted Budget	FY26 Change from FY25		FY27 Adopted Budget	FY27 Change from FY26
Total Operating Revenues (Excludes Capital Fee, Capacity Charges, Debt Service, and Other Capital Financing Sources)	\$16,229,995	\$16,025,700		\$17,466,000	9.0%		\$18,146,800	3.9%
Total Operating Expenses	14,361,990	17,210,000		17,171,800	-0.2%		17,737,400	3.3%
Surplus/(Usage) ²	\$ 1,868,005	\$(1,184,300)		\$ 294,200	n/a		\$ 409,400	n/a

Note 1: Cash basis is presented above. Audited actuals are presented at the general ledger account level.

Note 2: Budget usages and surpluses transfer from/to designated reserve funds per Financial Policy on Reserves.

Total FY26 operating revenues increase by 9.0% and operating expenditures decreased by 0.2%, and for FY27 revenues increase 3.9% and expenses 3.3%. There are budgeted operating reserve surpluses for FY26 and FY27 in the amounts of approximately \$294,200 and \$409,400, respectively.

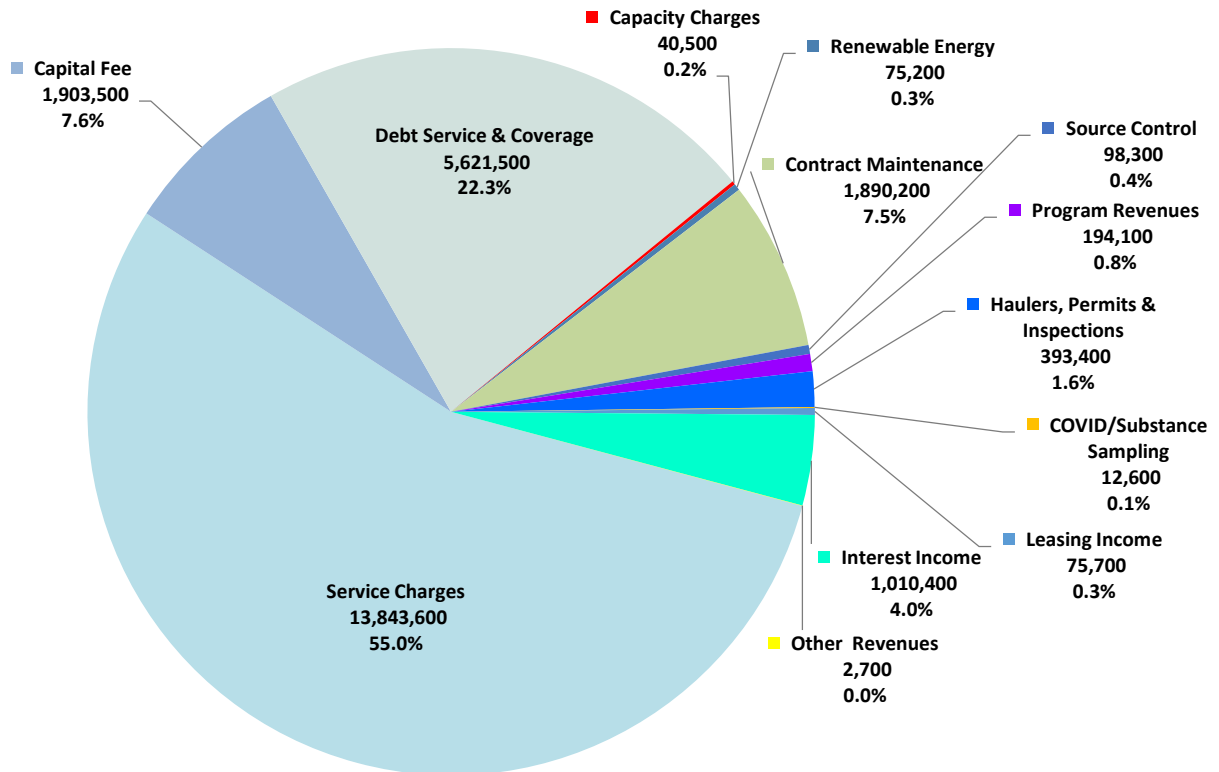
Revenues: Table 2 summarizes revenues by source for FY24 actual, adopted FY25, and adopted FY26 and FY27 budgets. A brief analysis that describes the difference between FY25 and FY26 and FY27 revenue categories follows the pie chart below.

Table 2: Revenues by Source for FY24 Actual, FY25 Adopted, and FY26 and FY27 Adopted Budgets

Revenue Sources by Category	FY24 Actuals (Cash) ¹	FY25 Budget	FY26 Adopted Budget	FY26 Change from FY25	% Total Revenue	FY27 Adopted Budget	FY27 Change from FY26	% Total Revenue
Service Charges	\$12,984,173	\$13,247,500	\$13,843,600	4.5%	36.6%	\$14,466,600	4.5%	55.5%
Contract Service Revenues	1,777,149	1,862,500	2,041,100	9.6%	5.4%	2,104,000	3.1%	8.1%
Program Revenues	121,845	133,900	194,100	45.0%	0.5%	191,300	-1.4%	0.7%
Haulers, Permits, & Inspections	460,480	438,600	504,300	15.0%	1.3%	519,100	2.9%	2.0%
Interest Income (Op)	855,351	323,200	880,200	172.3%	2.3%	863,100	-1.9%	3.3%
Other Operating Revenues	30,996	20,000	2,700	-86.5%	0.0%	2,700	0.0%	0.0%
Total Operating Revenues	\$16,229,995	\$16,025,700	\$17,466,000	9.0%	46.2%	\$18,146,800	3.9%	69.6%
Capital Fee	1,289,186	1,575,500	1,903,500	20.8%	5.0%	1,034,800	-45.6%	4.0%
Capacity Charges	986,988	39,500	40,500	2.5%	0.1%	41,700	3.0%	0.2%
Debt Service & Coverage	5,467,091	5,625,400	5,621,500	-0.1%	14.9%	6,828,800	21.5%	26.2%
Interest Income (Cap)	1,592	2,000	130,200	6,410.0%	0.3%	8,500	-93.5%	0.0%
Grants & Net Debt	1,556,349	250,000	12,675,000	4,970.0%	33.5%	0	-100.0%	0.0%
Total Non-Operating Revenues	\$ 9,301,206	\$ 7,492,400	\$20,370,700	171.9%	53.8%	\$ 7,913,800	-61.2%	30.4%
TOTAL REVENUES	\$25,531,201	\$23,518,100	\$37,836,700	60.9%	100.0%	\$26,060,600	-31.1%	100.0%

Note 1: Cash basis is presented above. Audited actuals are presented at the general ledger account level.

FY26 Budget Revenues by Source (Where the Money Comes From)



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

Service Charges: A fee collected for providing wastewater treatment service that is allocated to each JPA member based on delivered wastewater flow and strength to CMSA from April 1, 2022 to March 31, 2025. Flow is measured in millions of gallons and strength factors are measured in pounds of biological oxygen demand and pounds of total suspended solids. The SSCs are budgeted to increase by 4.5% to fund increased operating expenses with usages to draw from unassigned capital reserves used as a financing source to fund capital projects as planned in the 10-year financial forecast (Section 9).

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

Contract Services: Revenues received for services provided by the Agency under contract to local agencies are expected to increase by 5.4% in FY26 and 8.1% in FY27.

- \$852,000 and \$890,000 for FY26 and FY27, respectively, for SQRC wastewater services. The budget is based upon growth rates as established from the service charge revenue plan.
- \$491,000 and \$511,000 for FY26 and FY27, respectively, for SQRC pump station maintenance. This contract increases by the Bay Area Consumer Price Index (CPI). An additional \$30,000 was added for routine maintenance on a new lift station following approval of the latest 5-year service contract.
- \$35,200 and \$23,800 for FY26 and FY27, respectively, for San Quentin (SQ) Village. SQ Village is a county sewer maintenance district and is in the process of annexing into the RVSD.
- \$512,000 and \$526,000 for FY26 and FY27, respectively, for SD2 Pump Station Maintenance. Expenses vary by different amounts of approved maintenance work.
- \$75,700 and \$78,000 for FY26 and FY27, respectively, for the Marin Airporter lease. The contract fee annually increases by the Bay Area Consumer Price Index (CPI).
- \$75,200 for both FY26 and FY27 for renewable energy sales. The budget is expected to follow projected actual results from FY25.

Program Revenues: Revenues received in accordance with agreements with program participants for the Health and Safety, Marin County Cooperative Public Education, and North Bay Watershed Association Treasurer Services programs. Revenues are expected to increase 45% for FY26 and slightly decrease by 1.4% in FY27 for changes in specific program items.

Haulers, Permits, and Inspection: Revenues received from charges for septage disposal from private waste haulers, permit fees for industrial waste dischargers, administrative costs for source control program inspections with seven local agencies, tipping fees for organic waste disposal, and other services. Revenues are expected to increase 15% and 2% for FY26 and FY27, respectively, following specific permit renewal and inspection schedules as well as increased waste hauler activity.

Interest income: The Agency earns interest from various cash and investment accounts. The primary accounts that earn significant interest are the State of California Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), and cash flow changes within the debt trust accounts. All accounts generally track rates of return following interest rate policy guidance from the U.S. Federal Reserve, and their latest forecast estimates 3.9% and 3.6% for FY26 and FY27, respectively. The Agency anticipates to issue revenue bonds in FY26, of which the project proceeds will earn interest as project

requisitions occur throughout FY26 following required project payments per the 10-Year CIP.

Capacity Charges: Revenue received from new connections to the sanitary sewer system or expansion of an existing connection's fixture units. Capacity charges when received may be used for capital purposes only. Due to generally few new connections in the central Marin service area, the Agency budgets for two new connections each for SRSD and RVSD and for one new connection for SD2.

The capacity charge fee for a single-family dwelling unit will decrease 1.45% from \$7,862 to \$7,747 for FY26 and an increase an estimated at 3.0% for FY27. Capacity charges as annually adjusted by the Engineering News Record (ENR) Construction Cost Index for the San Francisco Bay Area for the 12-month period from April to April. The Agency's capacity charges are listed in the recently adopted Fee Ordinance No. 2025-1 which is available on the website at www.cmsa.us/documents/ordinances.

Grants & Net Debt: The Agency strives to participate in grant programs to assist with funding its 10-Year CIP. The latest program was the CalRecycle grant program that is expected to be completed in FY25, and no further programs are expected. The Agency further anticipates issuing \$13 million in revenue bonds in FY26 to assist funding its 10-Year CIP plan. Repayment is expected to start in FY27.

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

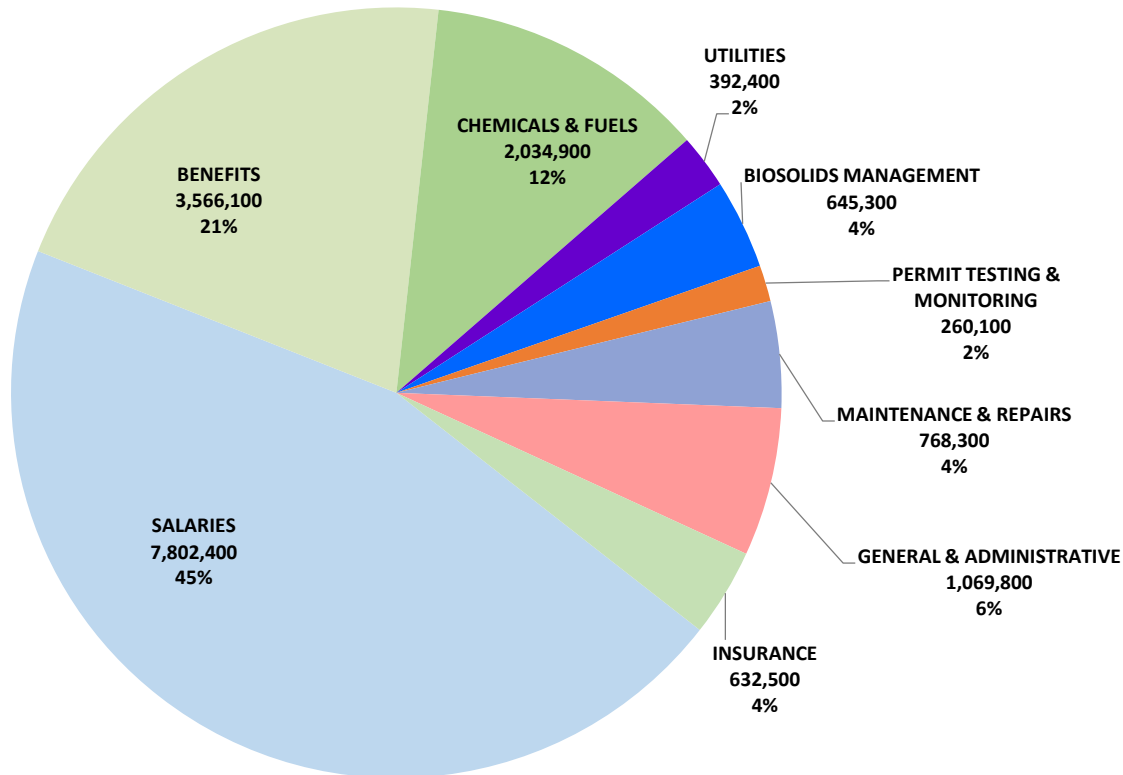
The Agency's FY26 and FY27 expense budgets are summarized in Table 3 below, Budget by Category of Expenses. A descriptive analysis for each expense category can be found following the pie chart.

Table 3: Budget by Category of Expenses for FY24 Actual, FY25 Adopted, FY26 and FY27 Adopted Budgets

Operating Expenses by Category	FY24 Actuals (Cash) ¹	FY25 Budget		FY26 Adopted Budget	FY26 Change from FY25	% Total Adopted Budget		FY27 Adopted Budget	FY27 Change from FY26	% Total Adopted Budget
Salaries & Benefits	\$ 9,850,334	\$11,274,300		\$11,368,500	0.8%	66.2%		\$11,764,500	3.5%	66.3%
Chemicals & Fuel	1,697,068	2,063,000		2,034,900	-1.4%	11.9%		2,095,500	3.0%	11.8%
Utilities	461,228	444,200		392,400	-11.7%	2.3%		405,400	3.3%	2.3%
Biosolids Management	396,318	632,000		645,300	2.1%	3.8%		666,800	3.3%	3.8%
Permit Testing & Monitoring	182,355	248,600		260,100	4.6%	1.5%		249,600	-4.0%	1.4%
Maintenance & Repairs	458,699	813,200		768,300	-5.5%	4.5%		786,500	2.4%	4.4%
General & Administrative	738,995	1,060,300		1,069,800	0.9%	6.2%		1,080,800	1.0%	6.1%
Insurance	576,992	674,400		632,500	-6.2%	3.7%		688,300	8.8%	3.9%
Total Expenses	\$14,361,990	\$17,210,000		\$17,171,800	-0.2%	100.0%		\$17,737,400	3.3%	100.0%

Note 1: Cash basis is presented above. Audited actuals are presented at the general ledger account level.

FY26 Budget by Category of Expenditure (Where the Money is Spent)



Salaries & Benefits: Salaries & Benefits comprise of base wages and benefits costs. The category is budgeted to increase by 0.8% and 3.5% for FY26 and FY27, respectively. The primary drivers are base pay increases and cost increases related to health insurance premiums. The annual COLA for base pay going into FY26 and FY27 respectively is 2.76% and 3%, of which follows the previous calendar year Bay Area CPI. Furthermore, approximately 25 employees are eligible for a 5% base pay step increase. Health insurance premiums are expected to rise between 6.8% and 8% going into FY26 and FY27 due to higher retiree medical costs. All other benefit costs are either tethered to base pay, i.e., pension and taxes, or are not experiencing significant fluctuations, i.e., dental and vision insurance. Total costs going into FY26, however, are offset budget-over-budget due to three retirees leaving the Agency in FY25 and were replaced with lower costing new hires. The FY27 costs assume a consistent workforce.

The Agency maintains two OPEB plans for retiree medical benefits. One is a legacy defined benefit plan that fully funds retiree health insurance premiums up to the Kaiser single dependent rate, and the other is a defined contribution MARA plan that is based on 1.5% of an active employee's base pay. Employees in the MARA plan can only withdraw up to the amount that the employer deposited for reimbursement purposes. The legacy plan is however closed to new entrants effective 2010. This limits the Agency's future retiree benefit costs given the population is expected to decrease going forward. The Agency set up a CalPERS Section 115 trust to pre-fund its legacy plan obligations, and the Agency is currently withdrawing from it to optimally manage its plan assets.

Chemicals and Fuel: This category is budgeted to decrease 1.4% in FY26 and increase 3% in FY27 due to easing inflation pressures. The Agency joined the Bay Area Chemical Consortium (BACC) in FY14, a regional chemical purchasing cooperative, to obtain cost savings on chemical contracts. Chemical costs were significantly rising in recent fiscal years as a result of global inflationary spike. However, the BACC was able to bid chemical purchases contracts for its members and achieve lower costing vendors.

Utilities: This category for electricity, natural gas, water, and internet is decreasing 11.7% in FY26 and estimated to increase 3.3% in FY27. The FY26 decrease is due to the Agency producing more renewable power and purchasing less from the local utility. The increase in FY27 is anticipated inflation in current usage.

Biosolids Management: This category is budgeted to increase 2.1% in FY26 and 3.8% in FY27 due to increased tipping fees at biosolids reuse sites.

Permit Testing and Monitoring: This category is budgeted to increase 4.6% in FY26 and decrease 4% in FY27. The increases and subsequent decrease are related to specific NPDES permit testing requirements.

General and Administrative: This category is budgeted to increase 0.9% for FY26 and 1% for FY27. The small increases are not due to a specific item but rather changes in several items including professional services, permit fees, and information technology software.

Insurance: Insurance is budgeted to decrease 6.2% in FY26 and increase 8.8% in FY27. The Agency's insurance administrator, California Sanitation Risk Management Authority (CSRMA), previously estimated higher projected losses on the property and workers' compensation insurance pools as a result of financial market fluctuations. Both programs performed better than expected resulting in lower actual premiums paid in FY25. Following CSRMA's premium estimates for FY26 and FY27, assumed premium rate increases of 5% to 10% were used from the actual premium paid.

Sections 7-10 Operating & Capital Budget for FY26 & F&27 Overview Schedules, Tables, and Line-Item Budgets

The budget overview provided below summarizes the Agency's primary sources and uses of funds, to give the reader an understanding of the budget and its organization. This overview also assists the reader in locating additional detail within the budget document. Actuals are presented at the audited general ledger account level. The preceding Discussion and Analysis actuals presented cash basis at the preference of Board Commissioners.

Revenues:

Where the Money Comes From

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

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

Expenditures:

Where the Money Is Spent

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

DOCUMENT TITLE	BUDGET PURPOSE	EXPLANATION
Summary of Expenditures by Departments and Category Section 7	A snapshot summary of expenditures by departments and by category.	The summary presents comparisons of actual FY24 expenditures to the FY25 adopted budget and the FY26 and FY27 adopted budgets.
Summary of Benefit Expenditures and Benefits as a Percent of Total Revenue Section 7	A snapshot of each type of benefit reflected as a percentage of operating revenue.	The summary presents comparisons of actual audited FY24 expenditures to the FY25 adopted budget and the FY26 and FY27 adopted budgets and shows the reader the cumulative effect of each benefit active and retired employees receive compared to total operating revenue.
Departmental Operating Budgets Section 7	The departmental budget documents show in greater detail how each department expects to spend their budgeted dollars during FY26 and FY27.	Descriptions of each department and its core functions, responsibilities, and initiatives, including a summary of expenditures by category, and an authorized position head count for four fiscal years.

Departmental Operating Budgets Section 7 (continued)	CMSA's departments are: *Administration *Health & Safety *Technical Services *Maintenance *Operations *Non-Agency Health & Safety *Non-Agency Technical Services *Non-Agency Maintenance	Operating Budget detailed by line-item account number for four fiscal years for each department. The budget account description explains what the budgeted dollars are spent on. Additional notes and information that affected the development of the budget are also included. Non-Agency is a cost center that tracks reimbursable expenses related to services provided to other local agencies.
Capital Improvement Program (Section 8)	Presents summary tables and charts for the FY26 and FY27 CIP Budget and 10-Year CIP Forecast, detailed information by account number, and detailed descriptions and elements involved for selected planned projects.	Capital Improvement Program FY26 and FY27 Budget and 10-Year Forecast. This schedule shows the FY25 Adopted Budget, projected final FY25 expenditures, the FY26 and FY27 Budgets, and presents a projected 10-year forecast for planned activities by budget line-item account. The Account/Project Descriptions and Full-Page Project Descriptions are explanations of how the budget will be spent and provides additional detail about each project and future planned activities.
10-Year Financial Forecast (Section 9)	Long-term strategic budgetary examination of future operations.	Projections for future planned operations provide decision-making guidance for the timing and needs for funding sources and requirements.
Debt Obligation (Section 10)	Debt Service payments to bondholders of Agency debt for Series 2015 and Series 2020 Revenue Bonds and 2022 Pension Obligation Bonds.	The Series 2015 and Series 2020 Revenue Bond schedule shows total principal and interest payment amounts due for debt service for each fiscal year through FY41. The Series 2022 Pension Obligation Bonds schedule shows total principal and interest payments due through FY38.

**CENTRAL MARIN SANITATION AGENCY
FUNDING REQUIREMENTS AND SOURCES SUMMARY
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2027**

	A		B	(B - A) / A	C	(C - B) / B
	ACTUAL	BUDGET	ADOPTED	YoY Chg %	ADOPTED	YoY Chg %
	6/30/2024	6/30/2025	6/30/2026	FY26 vs FY25	6/30/2027	FY27 vs FY26
Operating Activities						
Salaries & benefits (Note 1)	\$ 9,850,334	\$ 11,274,300	\$ 11,368,500	0.8%	\$ 11,764,500	3.5%
Chemicals & fuel	1,697,068	2,063,000	2,034,900	-1.4%	2,095,500	3.0%
Biosolids management	396,318	632,000	645,300	2.1%	666,800	3.3%
Permit testing & monitoring	182,355	248,600	260,100	4.6%	249,600	-4.0%
Maintenance & repairs	458,699	813,200	768,300	-5.5%	786,500	2.4%
Utilities	461,228	444,200	392,400	-11.7%	405,400	3.3%
Insurance	576,992	674,400	632,500	-6.2%	688,300	8.8%
General & administrative	738,995	1,060,300	1,069,800	0.9%	1,080,800	1.0%
Total operating uses	14,361,990	17,210,000	17,171,800	-0.2%	17,737,400	3.3%
Regional service charges	12,984,173	13,247,500	13,843,600	4.5%	14,466,600	4.5%
Contract service fees	1,777,149	1,862,500	2,041,100	9.6%	2,104,000	3.1%
Program revenues	121,845	133,900	194,100	45.0%	191,300	-1.4%
Other operating sources	1,346,827	781,800	1,387,200	77.4%	1,384,900	-0.2%
Total operating sources	16,229,995	16,025,700	17,466,000	9.0%	18,146,800	3.9%
Surplus/(deficit) - operating	1,868,005	(1,184,300)	294,200	n/a	409,400	n/a
Capital Activities						
Capital debt service	4,501,006	4,500,300	4,497,200	-0.1%	5,463,000	21.5%
Capital improvement program	5,362,279	10,108,700	16,711,900	65.3%	8,250,100	-50.6%
Total capital uses	9,863,285	14,609,000	21,209,100	45.2%	13,713,100	-35.3%
Debt service charges	4,373,673	4,500,300	4,497,200	-0.1%	5,463,000	21.5%
Debt service coverage fees	1,093,418	1,125,100	1,124,300	-0.1%	1,365,800	21.5%
Capital fees	1,289,186	1,575,500	1,903,500	20.8%	1,034,800	-45.6%
Capacity charges	986,988	39,500	40,500	2.5%	41,700	3.0%
Grant proceeds (Note 2)	1,556,349	250,000	-	-100.0%	-	0.0%
Capital debt proceeds, net	-	-	12,675,000	100.0%	-	-100.0%
Other capital sources	1,592	2,000	130,200	6410.0%	8,500	-93.5%
Total capital sources	9,301,206	7,492,400	20,370,700	171.9%	7,913,800	-61.2%
Surplus/(deficit) - capital	(562,079)	(7,116,600)	(838,400)	n/a	(5,799,300)	n/a
Total Agency uses	(24,225,275)	(31,819,000)	(38,380,900)	20.6%	(31,450,500)	-18.1%
Total Agency sources	25,531,201	23,518,100	37,836,700	60.9%	26,060,600	-31.1%
Total Agency reserve (inc)/dec	(1,305,926)	8,300,900	544,200	-93.4%	5,389,900	890.4%
Total Agency funding change	\$ -	\$ -	\$ -	n/a	\$ -	n/a

Note 1: Includes POB debt service and contribution to the pension trust.

Note 2: Does not include \$1.7M in IRA funds.

Note 3: FY24 actual balances above is on a cash basis; actual activity presented at general ledger account level uses audited actuals.

CENTRAL MARIN SANITATION AGENCY
AGENCY RESERVES SUMMARY
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2027

	A			B	(B - A) / A	C	(C - B) / B
	ACTUAL	BUDGET	PROJECTION	ADOPTED	YoY Chg %	ADOPTED	YoY Chg %
	6/30/2024	6/30/2025	6/30/2025	6/30/2026	FY26 vs FY25	6/30/2027	FY27 vs FY26
Operating Activity Reserves							
- Restricted Pension Trust -							
Beginning balance	\$ 207,792	\$ 904,043	\$ 904,043	\$ 1,540,343	<i>n/a</i>	\$ 1,811,043	<i>n/a</i>
Net investment activity	20,880	-	50,100	84,000	<i>n/a</i>	153,000	<i>n/a</i>
Net fund transfer - Op unassigned	675,370	586,200	586,200	186,700	<i>n/a</i>	153,800	<i>n/a</i>
Ending balance	904,043	1,490,243	1,540,343	1,811,043	21.5%	2,117,843	16.9%
- Restricted Pension Obligation Bond Trust -							
Beginning balance	168	53	53	1,353	<i>n/a</i>	1,500	<i>n/a</i>
Net investment activity	118	-	1,300	1,500	<i>n/a</i>	1,400	<i>n/a</i>
Debt service - POB	(439,154)	(550,800)	(550,800)	(920,000)	<i>n/a</i>	(919,400)	<i>n/a</i>
Net fund transfer - Op unassgn	438,921	550,747	550,800	918,647	<i>n/a</i>	917,900	<i>n/a</i>
Ending balance	53	-	1,353	1,500	100.0%	1,400	-6.7%
- Committed Operating Reserve -							
Beginning balance	3,674,596	4,003,034	4,003,034	4,302,500	<i>n/a</i>	4,302,500	<i>n/a</i>
Net fund transfer - Op unassgn	328,438	299,466	299,466	-	<i>n/a</i>	131,900	<i>n/a</i>
Ending balance	4,003,034	4,302,500	4,302,500	4,302,500	0.0%	4,434,400	3.1%
<i>Policy target (25% of op exp)</i>	<i>4,003,034</i>	<i>4,302,500</i>	<i>4,302,500</i>	<i>4,293,000</i>		<i>4,434,400</i>	
- Committed Emergency Reserve -							
Beginning balance	500,000	500,000	500,000	500,000	<i>n/a</i>	500,000	<i>n/a</i>
Net fund transfer - Op unassgn	-	-	-	-	<i>n/a</i>	-	<i>n/a</i>
Ending balance	500,000	500,000	500,000	500,000	0.0%	500,000	0.0%
<i>Policy target (\$500,000)</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>		<i>500,000</i>	
- Unassigned Operating Activities Reserve -							
Beginning balance	2,463,288	3,306,719	3,306,719	500,000	<i>n/a</i>	500,000	<i>n/a</i>
Surplus / (deficit) - Op (<i>less rest</i>)	2,286,161	(633,500)	1,694,097	1,128,700	<i>n/a</i>	1,174,400	<i>n/a</i>
Net fund transfer - pension	(675,370)	(586,200)	(586,200)	(186,700)	<i>n/a</i>	(153,800)	<i>n/a</i>
Net fund transfer - POB	(438,921)	(550,747)	(550,800)	(918,647)	<i>n/a</i>	(917,900)	<i>n/a</i>
Net fund transfer - Op res	(328,438)	(299,466)	(299,466)	-	<i>n/a</i>	(131,900)	<i>n/a</i>
Net fund transfer - emergency	-	-	-	-	<i>n/a</i>	-	<i>n/a</i>
Net fund transfer - Cap unassgn	-	-	(3,064,350)	(23,353)	<i>n/a</i>	-	<i>n/a</i>
Ending balance	3,306,719	1,236,806	500,000	500,000	-59.6%	470,800	-5.8%
Beginning balance - operating	6,845,844	8,713,849	8,713,849	6,844,196	<i>n/a</i>	7,115,043	<i>n/a</i>
Surplus / (deficit) - operating	1,868,005	(1,184,300)	1,194,697	294,200	<i>n/a</i>	409,400	<i>n/a</i>
Net fund transfer - Cap unassign	-	-	(3,064,350)	(23,353)	<i>n/a</i>	-	<i>n/a</i>
Ending balance - operating	\$ 8,713,849	\$ 7,529,549	\$ 6,844,196	\$ 7,115,043	-5.5%	\$ 7,524,443	5.8%

CENTRAL MARIN SANITATION AGENCY
AGENCY RESERVES SUMMARY
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2027

	A			B	(B - A) / A	C	(C - B) / B
	ACTUAL	BUDGET	PROJECTION	ADOPTED	YoY Chg %	ADOPTED	YoY Chg %
	6/30/2024	6/30/2025	6/30/2025	6/30/2026	FY26 vs FY25	6/30/2027	FY27 vs FY26
Capital Activity Reserves							
- Restricted Revenue Bond Trust -							
Beginning balance	\$ 1,291	\$ 1,300	\$ 1,300	\$ 10,900	n/a	\$ 8,200	n/a
Net investment activity	1,592	2,000	10,900	130,200	n/a	8,500	n/a
Debt issuance proceeds	-	-	-	13,000,000	n/a	-	n/a
Cost of issuance	-	-	-	(325,000)	n/a	-	n/a
Debt service - capital debt	(4,501,006)	(4,500,300)	(4,500,300)	(4,497,200)	n/a	(5,463,000)	n/a
Net fund transfer - Cap unassgn	4,499,423	4,499,000	4,499,000	(8,310,700)	n/a	5,454,800	n/a
Ending balance	1,300	2,000	10,900	8,200	310.0%	8,500	3.7%
- Committed Capital Reserve -							
Beginning balance	1,130,508	1,145,427	1,145,427	1,125,100	n/a	1,124,300	n/a
Capacity charge collections	986,988	39,500	305,200	40,500	n/a	41,700	n/a
Debt service coverage fees	1,093,418	1,125,100	1,125,100	1,124,300	n/a	1,365,800	n/a
Net fund transfer - Op unassgn	(2,065,488)	(1,184,927)	(1,450,627)	(1,165,600)	n/a	(1,166,000)	n/a
Ending balance	1,145,427	1,125,100	1,125,100	1,124,300	-0.1%	1,365,800	21.5%
<i>Policy target (25% of debt service)</i>	<i>1,125,252</i>	<i>1,125,100</i>	<i>1,125,100</i>	<i>1,124,300</i>		<i>1,365,800</i>	
- Unassigned Capital Activities Reserve -							
Beginning balance	14,407,989	13,830,983	13,830,983	15,174,059	n/a	14,362,513	n/a
Surplus / (deficit) - Cap (<i>less rest</i>)	1,856,929	(3,782,900)	1,327,100	(10,311,200)	n/a	(1,752,300)	n/a
Net fund transfer - rev bnd	(4,499,423)	(4,499,000)	(4,499,000)	8,310,700	n/a	(5,454,800)	n/a
Net fund transfer - Cap res	2,065,488	1,184,927	1,450,627	1,165,600	n/a	1,166,000	n/a
Net fund transfer - Op unassgn	-	-	3,064,350	23,353	n/a	-	n/a
Ending balance	13,830,983	6,734,010	15,174,059	14,362,513	113.3%	8,321,413	-42.1%
<i>Policy target (10YR ann avg CIP)</i>	<i>8,105,877</i>	<i>7,477,169</i>	<i>7,477,169</i>	<i>8,626,700</i>		<i>8,626,700</i>	
Beginning balance - capital	15,539,788	14,977,710	14,977,710	16,310,059	n/a	15,495,013	n/a
Surplus / (deficit) - Cap	(562,079)	(7,116,600)	(1,732,000)	(838,400)	n/a	(5,799,300)	n/a
Net fund transfer - Op unassgn	-	-	3,064,350	23,353	n/a	-	n/a
Ending balance - capital	14,977,710	7,861,110	16,310,059	15,495,013	97.1%	9,695,713	-37.4%
Beginning balance - total	22,385,633	23,691,559	23,691,559	23,154,256	n/a	22,610,056	n/a
Surplus / (deficit) - total	1,305,926	(8,300,900)	(537,303)	(544,200)	n/a	(5,389,900)	n/a
Ending balance - total	\$ 23,691,559	\$ 15,390,659	\$ 23,154,256	\$ 22,610,056	46.9%	\$ 17,220,156	-23.8%

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Schedule of Revenues and Other Financing Sources

[Return to TOC](#)

Account #	Account Name	*By	FY24	Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
SERVICE CHARGES TO MEMBERS <See flow-strength tables in appendix A>							
100-0000-330-6001	Regional service charges	SRSD	5,416,882		5,411,604	5,562,358	2.79%
100-0000-330-6001	Regional service charges	RVSD	6,172,431		6,511,146	6,733,527	3.42%
100-0000-330-6001	Regional service charges	SD#2	1,087,687		1,324,750	1,547,714	16.83%
Subtotal Service Charges to Members			12,677,000		13,247,500	13,843,600	4.50%
CAPITAL FEE TO MEMBERS <See flow-strength tables in appendix A>							
100-0000-330-6002	Capital fee	SRSD	540,347		643,592	764,826	18.84%
100-0000-330-6002	Capital fee	RVSD	615,710		774,358	925,862	19.57%
100-0000-330-6002	Capital fee	SD#2	108,494		157,550	212,811	35.08%
Subtotal Capital Fee to Members			1,264,551		1,575,500	1,903,500	20.82%
DEBT SERVICE CHARGES TO MEMBERS <See EDU allocation table in appendix A>							
100-0000-330-6010	Debt service charges	SRSD	1,517,599		1,706,654	1,688,808	-1.05%
100-0000-330-6010	Debt service charges	RVSD	2,105,482		1,956,278	1,935,793	-1.05%
100-0000-330-6010	Debt service charges	SD#2	572,326		531,768	526,200	-1.05%
100-0000-330-6010	Debt service charges	SQRC	305,600		305,600	346,400	13.35%
Subtotal Debt Service Charges to Members			4,501,006		4,500,300	4,497,200	-0.07%
COVERAGE FEE TO MEMBERS <See EDU allocation table in appendix A>							
100-0000-330-6011	Coverage fee	SRSD	616,064		426,689	422,202	-1.05%
100-0000-330-6011	Coverage fee	RVSD	340,288		489,070	483,948	-1.05%
100-0000-330-6011	Coverage fee	SD#2	92,499		132,942	131,550	-1.05%
100-0000-330-6011	Coverage fee	SQRC	76,400		76,400	86,600	13.35%
Subtotal Coverage Fee to Members			1,125,252		1,125,100	1,124,300	-0.07%
TOTAL CHARGES BILLED TO MEMBERS			19,567,809		20,448,401	21,368,600	4.50%
CAPACITY CHARGES ENR INDEX FOR Apr to Apr = %							
100-0000-332-6901	Capacity charges - SRSD		563,054		15,800	16,200	2.53%
100-0000-332-6902	Capacity charges - RVSD		461,924		15,800	16,200	2.53%
100-0000-332-6903	Capacity charges - SD #2		127,960		7,900	8,100	2.53%
Total Capacity Charges from Members			1,152,938		39,500	40,500	2.53%
LEASING INCOME							
100-0000-330-6130	Marin airporter property use		71,198		75,400	75,700	0.40%
Total Leasing Income			71,198		75,400	75,700	0.40%
RENEWABLE ENERGY SALES							
100-0000-330-6131	Marin Clean Energy		63,757		43,200	75,200	74.07%
Total Renewable Energy Sales			63,757		43,200	75,200	74.07%

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
5,812,680	4.50%	A fee charged to JPA members for wastewater treatment services that is allocated to JPA members by using rolling 3-year flow and strength data.
7,036,554	4.50%	
1,617,366	4.50%	
14,466,600	4.50%	
415,783	-45.64%	A fee charged to JPA memers to fund CMSA's capital improvement program.
503,327	-45.64%	
115,691	-45.64%	
1,034,800	-45.64%	
2,051,455	21.47%	Annual debt service for principal and interest collected from JPA members.
2,351,538	21.48%	
639,210	21.48%	
420,797	21.48%	
5,463,000	21.48%	
512,883	21.48%	A fee collected by JPA members and remitted to CMSA for new connections to the sewer system or the addition of fixture units on existing connections.
587,906	21.48%	
159,808	21.48%	
105,203	21.48%	
1,365,800	21.48%	
22,330,200	4.50%	
16,700	3.09%	A fee collected from JPA members to maintain the availability of cash necessary to pay the required principal and interest due on revenue bonds.
16,700	3.09%	
8,300	2.47%	
41,700	2.96%	
78,000	3.04%	Property use lease agreement income.
78,000	3.04%	
75,200	0.00%	Excess renewable energy produced that is sold to MCE.
75,200	0.00%	

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Schedule of Revenues and Other Financing Sources

[Return to TOC](#)

Account #	Account Name	*By	FY24	Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
CONTRACT MAINTENANCE REVENUES							
100-0351-330-6101	SQRC wastewater services			815,000	815,000	852,000	4.54%
100-0351-330-6102	SQRC pump station maintenance			437,065	458,900	491,000	6.99%
100-0351-330-6110	SQ Village wastewater services			18,289	20,000	35,200	76.00%
100-0351-330-6120	SD#2 Pump stations			424,358	450,000	512,000	13.78%
100-0351-330-6155	SQRC extra work			-	-	-	0.00%
Total Contract Maintenance Revenues				1,694,712	1,743,900	1,890,200	8.39%
SOURCE CONTROL FEES							
100-0000-330-6201	LGVSD - FOG			14,781	15,100	19,500	29.14%
100-0000-330-6202	RVSD - FOG			32,137	23,400	24,800	5.98%
100-0000-330-6203	SRSD - FOG			30,397	29,700	39,500	33.00%
100-0000-330-6204	TCSD - FOG			2,395	1,500	1,500	0.00%
100-0000-330-6205	SD #2 - FOG			9,971	7,700	6,800	-11.69%
100-0000-330-6206	Almonte SD - FOG			2,466	1,200	1,500	25.00%
100-0000-330-6207	NSD - dental amalgam			4,144	4,500	4,700	4.44%
Total Source Control Fees				96,291	83,100	98,300	18.29%
PROGRAM REVENUES							
100-0121-330-6220	Revenue - health & safety			107,740	98,900	122,500	23.86%
100-0231-330-6221	Countywide education program			27,005	35,000	57,500	64.29%
100-0000-330-6250	Other Program Revenue			-	-	4,100	0.00%
100-0000-330-6251	NBWA Contract Revenue			-	-	10,000	0.00%
Total Program Revenues				134,746	133,900	194,100	44.96%
WASTEWATER DISCHARGE PERMIT FEES							
100-0000-330-6301	Permit and inspection fees			42,207	33,400	34,300	2.69%
Total Wastewater Discharge Permit Fees				42,207	33,400	34,300	2.69%
WASTE HAULER SERVICE FEES							
100-0000-330-6401	Private waste haulers - septic			216,388	138,400	155,500	12.36%
100-0000-330-6402	Private waste haulers - RV			5,168	4,000	4,500	12.50%
100-0000-330-6403	Private waste haulers - FOG			104,630	84,300	99,100	17.56%
100-0000-330-6404	Food waste - SBWMA			185	500	-	-100.00%
100-0000-330-6405	Food waste - MSS			85,568	65,000	85,800	32.00%
100-0000-330-6406	Food waste - Sunnyvale			-	-	-	0.00%
100-0000-330-6407	Food waste - SOS			-	-	14,200	0.00%
100-0000-330-6408	Food waste - Republic			-	-	-	0.00%
Total Waste Hauler Service Fees				411,938	292,200	359,100	22.90%
COVID AND ILLEGAL SUBSTANCE SAMPLING FEES							
100-0000-330-6650	Other Op Rev - Laboratory Services			43,443	29,900	12,600	-57.86%
Total COVID and Illegal Substance Sampling Fees				43,443	29,900	12,600	-57.86%

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
890,000	4.46%	Wastewater treatment services provided to SQRC.
511,000	4.07%	Pump station maintenance services provided to SQRC.
23,800	-32.39%	Collection system operation and maintenance services provided to SQV.
526,000	2.73%	Pump station operations and maintenance services provided to SD2.
-	0.00%	Reimbursements received for special projects completed for SQRC.
1,950,800	3.21%	
20,100	3.08%	Fees for providing and administering FOG, pollution prevention, mercury reduction source control programs and other pollutants into the sanitary sewer system.
25,500	2.82%	
40,700	3.04%	
1,500	0.00%	
7,100	4.41%	
1,500	0.00%	
4,800	2.13%	
101,200	2.95%	
123,600	0.90%	Novato Sanitary District's share of the Healty and Safety Program.
57,400	-0.17%	Revenue from five agencies that participate in a county-wide public outreach program.
-	-100.00%	Other program revenues.
10,300	3.00%	Treasurer services provided to the North Bay Watershed Association.
191,300	-1.44%	
35,300	2.92%	Wastewater discharge permit fees and inspection fee reimbursements.
35,300	2.92%	
160,200	3.02%	Fees charged for collection of liquid and solid organic waste.
4,600	2.22%	
102,100	3.03%	
-	0.00%	
88,400	3.03%	
-	0.00%	
14,700	3.52%	
-	0.00%	
370,000	3.04%	
12,600	0.00%	Fee for providing wastewater samples for illegal drug substances and COVID-19.
12,600	0.00%	

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Schedule of Revenues and Other Financing Sources

Account #	Account Name	*By	FY24	Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
INTEREST INCOME							
100-0000-332-6501	Interest income - WAB			307	-	12,500	0.00%
100-0000-332-6510	Interest income - USB			1,710	2,000	131,700	6485.00%
100-0000-332-6520	Interest income - LAIF			882,015	304,000	765,000	151.64%
100-0000-332-6521	Interest income - CAMP			22,415	19,200	17,200	-10.42%
100-0000-332-6522	Interest income - Benefit Trust/Keenan			13,075		41,600	0.00%
100-0000-332-6525	Interest income - mkt chg			240,396		42,400	0.00%
Total Interest Income Revenues				1,159,918	325,200	1,010,400	210.70%
GRANT PROCEEDS							
100-0000-332-6708	Federal state funding programs			1,650,501	250,000	-	-100.00%
Total Grant Proceeds				1,650,501	250,000	-	-100.00%
OTHER NON-OPERATING REVENUES							
100-0000-332-6709	Other non-operating rev exp net			30,996	20,000	2,700	-86.50%
Total Other Non-Operating Revenues				(115,176)	20,000	2,700	-86.50%
GRAND TOTAL REVENUES				25,974,282	23,518,101	25,161,700	6.99%

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
12,500	0.00%	Collected interest from cash flow activities in the operating account.
9,900	-92.48%	Collected interest from cash flow activities in the debt trust accounts.
679,700	-11.15%	Collected interest from cash flow activities in the pooled investment account at LAIF.
16,500	-4.07%	Collected interest from cash flow activities in the pooled investment account at CAMP.
48,900	17.55%	Collected interest, dividends, and realized gains in the pension trust investment account.
104,100	145.52%	Unrealized gains in the pension trust investment account.
871,600	-13.74%	
-	0.00%	Grant proceeds received from federal and state programs.
-	0.00%	
2,700	0.00%	Miscellaneous income or expense.
2,700	0.00%	
26,060,600	3.57%	

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Summary of Expenditures by Departments and Category

Operating Expenditures by Department	FY24	Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget	Adopted as % of FY26 Total Budget	FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Adopted as % of FY27 Total Budget
ADMINISTRATION	3,530,120		4,060,100	3,801,700	-6.36%	22.14%	3,876,600	1.97%	21.86%
HEALTH & SAFETY	239,253		196,100	180,600	-7.90%	1.05%	181,200	0.33%	1.02%
TECHNICAL SERVICES	3,774,376		3,527,300	3,696,200	4.79%	21.52%	3,822,300	3.41%	21.55%
OPERATIONS	6,433,869		5,230,400	5,206,300	-0.46%	30.32%	5,413,800	3.99%	30.52%
MAINTENANCE	4,809,010		3,547,500	3,583,000	1.00%	20.87%	3,719,900	3.82%	20.97%
HEALTH & SAFETY (Non-Agency)	93,614		107,800	116,700	8.26%	0.68%	117,700	0.86%	0.66%
TECHNICAL SERVICES- Countywide Education (Non-Agency)	34,373		45,400	50,000	10.13%	0.29%	49,900	-0.20%	0.28%
MAINTENANCE (Non-Agency)	694,096		495,400	537,300	8.46%	3.13%	556,000	3.48%	3.13%
TOTAL	19,608,711		17,210,000	17,171,800	-0.22%	100.00%	17,737,400	3.29%	100.00%

Operating Expenditures by Category	FY24	Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget	Adopted as % of FY26 Total Budget	FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Adopted as % of FY27 Total Budget
SALARIES	7,247,721		7,613,700	7,802,400	2.48%	45.44%	8,096,200	3.77%	45.64%
BENEFITS	7,442,166		3,660,600	3,566,100	-2.58%	20.77%	3,668,300	2.87%	20.68%
SUB-TOTAL	14,689,887		11,274,300	11,368,500	0.84%	66.20%	11,764,500	3.48%	66.33%
CHEMICALS & FUELS	1,911,621		2,063,000	2,034,900	-1.36%	11.85%	2,095,500	2.98%	11.81%
UTILITIES	427,642		444,200	392,400	-11.66%	2.29%	405,400	3.31%	2.29%
BIOSOLIDS MANAGEMENT	412,515		632,000	645,300	2.10%	3.76%	666,800	3.33%	3.76%
PERMIT TESTING & MONITORING	206,743		248,600	260,100	4.63%	1.51%	249,600	-4.04%	1.41%
MAINTENANCE & REPAIRS	614,772		813,200	768,300	-5.52%	4.47%	786,500	2.37%	4.43%
GENERAL & ADMINISTRATIVE	775,441		1,060,300	1,069,800	0.90%	6.23%	1,080,800	1.03%	6.09%
INSURANCE	570,090		674,400	632,500	-6.21%	3.68%	688,300	8.82%	3.88%
SUB-TOTAL	4,918,824		5,935,700	5,803,300	-2.23%	33.80%	5,972,900	2.92%	33.67%
TOTAL	19,608,711		17,210,000	17,171,800	-0.22%	100.00%	17,737,400	3.29%	100.00%

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted

Summary of Benefit Expenditures and Benefits as a Percent of Total Revenue

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

Benefit Expenditures	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget	Benefits as a Percent of FY26 Total Operating Revenue	FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Benefits as a Percent of FY27 Total Operating Revenue
					\$ 25,161,700			\$ 26,060,600
RETIREMENT (CALPERS CLASSIC, PEPRA, UAL)	742,535	1,882,200	1,870,900	-0.6%	7.4%	1,868,700	-0.12%	7.2%
<i>CALPERS CLASSIC</i>	434,180	400,200	386,900	-3.3%	1.54%	402,300	4.0%	1.54%
<i>CALPERS PEPRA</i>	287,064	345,000	377,300	9.4%	1.50%	393,200	4.21%	1.51%
<i>CALPERS UNFUNDED ACCRUED LIABILITY - CLASSIC</i>	21,243	1,137,000	1,106,700	-2.7%	4.40%	1,073,200	-3.03%	4.12%
<i>CALPERS UNFUNDED ACCRUED LIABILITY - PEPRA</i>	48	-	-	100.0%	0.00%	-	0.00%	0.00%
RETIREMENT - CALPERS SURVIVORS	2,896	3,500	2,900	-17.1%	0.01%	2,900	0.00%	0.01%
RETIREMENT - PARS (Alternate Retirement Plan)	6,940	4,400	5,500	25.0%	0.02%	5,400	-1.82%	0.02%
RETIREMENT - SOCIAL SECURITY/MEDICARE	121,099	111,700	119,100	6.6%	0.47%	124,100	4.20%	0.48%
CALPERS MEDICAL	942,496	1,105,100	1,116,900	1.1%	4.44%	1,206,000	7.98%	4.63%
MEDICAL - FLEX \$	92,364	85,700	80,100	-6.5%	0.32%	80,400	0.37%	0.31%
DENTAL	119,655	90,000	100,000	11.1%	0.40%	100,000	0.00%	0.38%
LIFE INSURANCE, AD&D, LTD	35,530	37,600	38,200	1.6%	0.15%	38,900	1.83%	0.15%
VISION	18,432	19,500	21,800	11.8%	0.09%	21,800	0.00%	0.08%
EMPLOYEE ASSISTANCE PROGRAM	3,750	4,700	4,600	-2.1%	0.02%	4,600	0.00%	0.02%
PEHP/MARA	70,150	83,600	87,400	4.5%	0.35%	90,900	4.00%	0.35%
CALPERS MEDICAL - RETIRED EMPLOYEES	80,954	84,400	86,400	2.4%	0.34%	89,700	3.82%	0.34%
MEDICAL REIMBURSEMENTS - RETIRED EMPLOYEES	112,668	99,500	170,200	71.1%	0.68%	187,600	10.22%	0.72%
ANNUAL OPEB CONTRIBUTION	23,746	-	-	100.0%	0.00%	-	0.00%	0.00%
CERBT OPEB REIMBURSEMENT	(168,962)	-	(190,400)	100.0%	-0.76%	(205,300)	7.83%	-0.79%
BENEFIT ADMINISTRATION FEES	18,966	19,200	19,600	2.1%	0.08%	19,700	0.51%	0.08%
TOTAL *	2,223,220	3,631,100	3,533,200	-2.7%	14.04%	3,635,400	2.89%	13.95%

* Benefit line items for unemployment benefits and uniforms are excluded from the Benefit Expenditures FY26 and FY27 table.

Administration

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

The Department is responsible for the following functions:

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

Administration Expenditures by Category	FY24 Actual	FY25 Budget (Adjusted)	FY26 Adopted Budget	FY27 Adopted Budget
SALARIES	\$1,297,415	\$1,320,200	\$1,343,600	\$1,384,500
BENEFITS	1,195,771	1,540,400	1,318,100	1,289,700
SUBTOTAL	\$2,493,186	\$2,860,600	\$2,661,700	\$2,674,200
INSURANCE	570,090	674,400	\$632,500	688,300
INTERNET & TELEPHONE	77,228	65,100	51,000	51,500
ADMINISTRATION	389,616	460,000	456,500	462,600
SUBTOTAL	\$1,036,934	\$1,199,500	\$1,140,000	\$1,202,400
TOTAL	\$3,530,120	\$4,060,100	\$3,801,700	\$3,876,600

Authorized Positions	FY24	FY25	FY26	FY27
General Manager	1	1	1	1
Administrative Services Manager	1	1	1	1
Administrative Specialist (I-III)	1	1	1	1
Senior Accountant/Analyst	1	1	1	1
Accounting Technician	1	1	1	1
Information Systems Administrator	1	1	1	1
TOTAL	6	6	6	6

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Line Item Accounts

ADMINISTRATION

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
<u>SALARIES & BENEFITS</u>						
100-0110-440-7001	Salaries wages - regular	ASM	1,237,381	1,248,100	1,258,900	0.9%
100-0110-440-7003	Salaries wages - interns	ASM	18,701	50,000	50,000	0.0%
100-0110-440-7004	Salaries wages - board	GM	16,766	17,100	22,300	30.4%
100-0110-440-7005	Salaries wages - overtime	GM	1,585	5,000	12,400	148.0%
Subtotal Salaries & Wages			1,297,415	1,320,200	1,343,600	1.8%
100-0110-440-7021	Er ret - CalPERS Classic	ASM	157,424	130,100	133,800	2.8%
100-0110-440-7022	Er ret - CalPERS PEPRA	ASM	11,011	26,200	25,700	-1.9%
100-0110-440-7023	Er ret - CalPERS survivors	ASM	348	500	400	-20.0%
100-0110-440-7024	Er ret - CalPERS Classic UAL	ASM	6,638	1,137,000	1,106,700	-2.7%
100-0110-440-7025	Er ret - CalPERS PEPRA UAL	ASM	2	-	-	0.0%
100-0110-440-7027	Er ret - PARS benefit	ASM	2,260	2,500	2,700	8.0%
100-0110-440-7028	Er ret - medicare	ASM	24,231	19,200	21,800	13.5%
100-0110-440-7041	Benefits - medical active	ASM	120,569	157,200	140,300	-10.8%
100-0110-440-7042	Benefits - flex\$	ASM	25,386	3,200	6,000	87.5%
100-0110-440-7043	Benefits - dental	ASM	22,042	11,300	12,000	6.2%
100-0110-440-7044	Benefits - Life-AD&D-LTD Insurance	ASM	4,537	5,600	5,000	-10.7%
100-0110-440-7045	Benefits - vision	ASM	2,354	2,900	2,500	-13.8%
100-0110-440-7046	Benefits - Er paid MARA: PEPH/Z	ASM	8,297	9,800	10,400	6.1%
100-0110-440-7047	Benefits - retiree medical premium	ASM	11,402	13,700	13,500	-1.5%
100-0110-440-7048	Benefits - retiree reimburse medical	ASM	7,201	16,100	21,400	32.9%
100-0000-332-6707	CERBT disb - opeb	ASM	(168,962)	-	(190,400)	0.0%
100-0110-440-7051	Benefits - EAP	ASM	479	700	600	-14.3%
100-0110-440-7061	Unemployment benefits	ASM	-	1,500	-	-100.0%
100-0110-440-7062	Benefit adminstration fees	ASM	5,189	2,900	5,700	96.6%
Subtotal Benefits			1,195,771	1,540,400	1,318,100	-14.4%
Total Salaries & Benefits			2,493,186	2,860,600	2,661,700	-7.0%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
1,302,200	3.4%	Salaries for six full-time employees. FY26 2.763% COLA and FY27 3% COLA.
51,300	2.6%	The Agency internship program employs the equivalent of 1.75 full time employees.
18,200	-18.4%	Compensation for attending Board and committee meetings, and attendance at Board approved events.
12,800	3.2%	Authorized overtime to complete special activities or assignments.
1,384,500	3.0%	
137,900	3.1%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY26 employer contribution rate is 16.09% and the FY27 rate if 16.1%.
26,700	3.9%	Employer contributions for CalPERS 2% @ 62 PEPR employee retirement program. The FY26 employer contribution rate is 7.96% and the FY27 rate is 8%.
400	0.0%	Annual Survivors Benefit premium.
1,073,200	-3.0%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2020. The Agency issued POBS in FY22 to pay off the CalPERS UAL.
-	0.0%	The PEPR unfunded accrued liability is the total minimum required employer contribution. The Agency issued POBS in FY22 to pay off the CalPERS UAL.
2,600	-3.7%	PARS is retirement account for part-time and temporary employees. The employer rate is 3.75%.
22,600	3.7%	Employer's 1.45% share of Medicare for all employees.
151,500	8.0%	Medical coverage up to the Kaiser family rate.
6,000	0.0%	A medical "cash-back" benefit for an employee covered by another medical plan.
12,000	0.0%	Dental is self-insured.
5,000	0.0%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
2,500	0.0%	Employer paid vision benefits.
10,800	3.8%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
13,900	3.0%	Medical benefits for seven retired employees at the SF-Bay Area PERS Kaiser single rate.
23,600	10.3%	Medical benefits in excess of the CalPERS PEMCHA miniumum reimbursed directly to retirees.
(205,300)	7.8%	
600	0.0%	Employee assistance program that provides counseling, professional consultation, and work/life referral services.
-	0.0%	Eliminated an allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
5,700	0.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP, and NAVIA Flex 125 plans.
1,289,700	-2.2%	
2,674,200	0.5%	

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Line Item Accounts

ADMINISTRATION

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
INSURANCE						
100-0110-440-7401	Ins - general liability & auto	ASM	79,990	99,800	124,100	24.3%
100-0110-440-7402	Ins - pollution liability	ASM	1,686	1,700	2,200	29.4%
100-0110-440-7403	Ins - employees comm bond	ASM	875	-	1,800	0.0%
100-0110-440-7404	Ins - commercial crime	ASM	3,049	3,400	4,100	20.6%
100-0110-440-7406	Ins - property	ASM	243,560	304,500	291,700	-4.2%
100-0110-440-7405	Ins - workers compensation	ASM	240,930	265,000	208,600	-21.3%
Subtotal Insurance			570,090	674,400	632,500	-6.2%
Internet and Telephone						
100-0110-440-7501	Internet & telephone	ISA	77,228	65,100	51,000	-21.7%
Subtotal Internet and Telephone			77,228	65,100	51,000	-21.7%
GENERAL ADMINISTRATIVE						
100-0110-440-7601	Meetings/Training	GM	5,777	4,500	5,000	11.1%
100-0110-440-7602	Conferences	GM	16,811	25,000	35,500	42.0%
100-0110-440-7603	Commissioners - meetings/conferences	GM	2,099	4,000	4,300	7.5%
100-0110-440-7610	Prof affiliation memberships	ASM	4,048	6,900	4,000	-42.0%
100-0110-440-7611	Membership - BACWA	GM	8,876	9,200	9,600	4.3%
100-0110-440-7612	Membership - NBWA	GM	8,061	5,900	6,000	1.7%
100-0110-440-7613	Membership - CASA	GM	18,540	19,100	21,700	13.6%
100-0110-440-7614	Membership - NACWA	GM	12,960	13,300	14,000	5.3%
100-0110-440-7615	Membership - Bay Area Biosolids	GM	-	6,700	-	-100.0%
100-0110-440-7616	Membership - BACWWE	GM	6,500	8,200	-	-100.0%
100-0110-440-7617	Membership - CSDA	ASM	-	-	2,400	0.0%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
142,500	14.8%	CSRMA pooled insurance coverage for general, automobile, and error and omission liability premiums. Increase based upon CSRMA's recommendation.
2,600	18.2%	CSRMA pollution liability insurance for cleanup costs resulting from underground fuel storage tank system leaks and other pollution caused losses. Increase base upon CSRMA's recommendation.
900	-50.0%	CSRMA public official bonds for four Agency employees and one commissioner who are authorized to sign Agency checks, and includes employees who handle Agency funds such as petty cash.
4,300	4.9%	Coverage for dishonest public employees, loss of money orders, depositor's forgery, or counterfeit currency. It is intended to cover all employees not covered under the employee/public official bonds. Increase based upon CSRMA's recommendation.
320,900	10.0%	CSRMA property insurance coverage for all Agency buildings and structures. Property insurance experiencing hard market due to natural catastrophes and stability of carriers.
217,100	4.1%	CSRMA workers' compensation (WC) insurance for Agency employees.
688,300	8.8%	
51,500	1.0%	Expenses associated with telephone, internet and email services, cell phones, portable radios, and data plan expenses.
51,500	1.0%	
5,000	0.0%	Expenses associated with meetings, staff travel, training, and attendance at single-day professional meetings and seminars. Includes allowed expenses pursuant to the Agency's travel expense reimbursement policy.
35,500	0.0%	Expenses associated with staff attendance at multi-day professional conferences, seminars, and training events outlined in the Agency's travel expense reimbursement policy.
4,300	0.0%	An allowance for Board member attendance at conferences and meetings.
4,000	0.0%	Professional memberships, license, and registration requirements for department staff.
10,100	5.2%	Annual membership dues to the Bay Area Clean Water Agencies (BACWA).
6,000	0.0%	Annual membership dues to the North Bay Watershed Association (NBWA).
22,300	2.8%	Annual membership dues to the California Association of Sanitation Agencies (CASA) and contribution to the CASA Education Foundation.
14,600	4.3%	Annual membership dues to the National Association of Clean Water Agencies (NACWA).
-	0.0%	Agency membership for Bay Area Biosolids Coalition.
-	0.0%	Agency sponsorship for the Bay Area Consortium for Water & Wastewater Education Program.
2,600	8.3%	California Special District Association (CSDA) Agency membership fee.

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Line Item Accounts

ADMINISTRATION

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
100-0110-440-7650	Office expense and copier	AS	16,952	25,000	40,200	60.8%
100-0110-440-7651	Safety supplies	OS	29,518	24,300	24,000	-1.2%
100-0110-440-7652	Information technology software	ISA	40,832	66,100	97,200	47.0%
100-0110-440-7654	Safety equipment	OS/GM	2,185	-	-	0.0%
100-0110-440-7670	Printing & publications	AS	2,198	2,800	2,000	-28.6%
100-0110-440-7701	Prof svcs - general	GM	60,227	55,000	40,300	-26.7%
100-0110-440-7702	Prof svcs - regulatory	GM	-	5,000	5,000	0.0%
100-0110-440-7703	Prof svcs - finance/audit	ASM	58,777	68,300	30,000	-56.1%
100-0110-440-7704	Prof svcs - labor relations	GM	11,531	11,900	12,400	4.2%
100-0110-440-7705	Prof svcs - legal	GM	9,695	30,000	30,000	0.0%
100-0110-440-7731	Employee health maintenance	AS	3,563	3,500	3,500	0.0%
100-0110-440-7751	Bank fees - general	ASM	3,198	3,500	4,400	25.7%
100-0110-440-7752	Bank fees - CC	ASM	-	-	3,000	0.0%
100-0110-440-7761	Use tax for out-of-state-country		54,009	-	-	0.0%
100-0110-440-7762	Postage & shipping	AS	3,245	3,800	4,000	5.3%
100-0110-440-7769	Contingency	GM	2,000	50,000	50,000	0.0%
100-0000-442-7904	Bank fees - trustee	ASM	8,015	8,000	8,000	0.0%
Subtotal General & Administrative			389,616	460,000	456,500	-0.8%
Subtotal (excluding Salary and Benefits)			1,036,934	1,199,500	1,140,000	-5.0%
Total Administration			3,530,120	4,060,100	3,801,700	-6.4%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
40,200	0.0%	Costs associated with the Agency's administrative operations, including office supplies, copier leases, office furniture, office equipment service and repairs, and other related expenses.
24,000	0.0%	Annual expenses for safety training, first aid and emergency supplies, defibrillator and fire extinguisher testing, various one-time purchases, and safety assessment expenses to correct workplace hazards.
100,700	3.6%	Expenses related to information technology equipment and software licenses, upgrades and the purchase of new Sentry subscription.
-	0.0%	Expenses related to safety equipment.
2,000	0.0%	Expenses associated with newspaper subscriptions, publication of notices, and copy services at local print shops.
40,500	0.5%	Expenses for general governmental and human resource services such as recruitments, background reference checks, and employment law staff training and development.
5,000	0.0%	Consultation and advice on regulatory compliance and permit issues.
30,000	0.0%	Expenses for professional services related to the financial operations of the Agency: annual audit of financial statements; GFOA Award program fees; actuarial, financial and operational analyses.
12,800	3.2%	IDEA annual fee for labor relations and consulting services.
30,000	0.0%	Expenses for general, employment law, and construction/contract legal services.
3,500	0.0%	Expense for workplace safety related physicals, pre-employment exams, and urgent care at Kaiser Hospital and Medical Center of Marin.
4,400	0.0%	Bank fees and investment expenses for California Asset Management Program and Westamerica Bank accounts, and includes finance charges and late payment fees.
3,100	3.3%	New GL account to track credit card processing fees.
-	0.0%	No budget; perform funds transfer at point of payment. FY25 payment @ 10% of actual purchases from United Initiators
4,000	0.0%	Postage, delivery, and overnight shipping expenses.
50,000	0.0%	Funds available for transfer to other operating budget accounts for unplanned and unanticipated activities.
8,000	0.0%	Bank administration fees for 2022 POBs and 2015 and 2020 Revenue Bonds.
462,600	1.3%	
1,202,400	5.5%	
3,876,600	2.0%	

CMSA Health & Safety

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

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

Health & Safety Expenditures by Category	FY24 Actual	FY25 Budget (Adjusted)	FY26 Adopted Budget	FY27 Adopted Budget
SALARIES	\$ 96,560	\$107,600	\$116,000	\$119,400
BENEFITS	120,354	36,800	37,100	39,200
SUBTOTAL	\$216,914	\$144,400	\$153,100	\$158,600
ADMINISTRATION	22,338	51,700	27,500	22,600
SUBTOTAL	\$ 22,338	\$ 51,700	\$ 27,500	\$ 22,600
TOTAL	\$239,252	\$196,100	\$180,600	\$181,200

Authorized Positions	FY24	FY25	FY26	FY27
Safety Manager	1	1	1	1
TOTAL	1	1	1	1

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Line Item Accounts

CMSA Health & Safety Department

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
<u>SALARIES & BENEFITS</u>						
100-0120-440-7001	Salaries wages - regular	ASM	93,668	104,700	113,100	8.0%
100-0120-440-7015	Salaries wages - car allowance	ASM	2,892	2,900	2,900	0.0%
Subtotal Salaries Wages			96,560	107,600	116,000	7.8%
100-0120-440-7022	Er ret - CalPERS PEPRA	ASM	7,149	7,800	8,700	11.5%
100-0120-440-7025	Er ret - CalPERS PEPRA UAL	ASM	2	-	-	0.0%
100-0120-440-7028	Er ret - medicare	ASM	1,505	1,600	1,700	6.3%
100-0120-440-7041	Benefits - medical active	ASM	18,182	20,500	21,800	6.3%
100-0120-440-7043	Benefits - dental	ASM	3,190	1,100	1,000	-9.1%
100-0120-440-7044	Benefits - Life-AD&D-LTD Insurance	ASM	455	500	600	20.0%
100-0120-440-7045	Benefits - vision	ASM	236	300	200	-33.3%
100-0120-440-7046	Benefits - Er paid MARA: PEPH/Z	ASM	1,394	1,500	1,600	6.7%
100-0120-440-7047	Benefits - retiree medical premium	ASM	1,113	1,400	1,200	-14.3%
100-0120-440-7048	Benefits - retiree reimburse medical	ASM	-	1,600	-	-100.0%
100-0120-440-7051	Benefits - EAP	ASM	48	100	100	0.0%
100-0120-440-7061	Unemployment benefits	ASM	-	200	-	-100.0%
100-0120-440-7062	Benefit administration fees	ASM	209	200	200	0.0%
Subtotal Benefits			120,354	36,800	37,100	0.8%
Total Salaries & Benefits			216,915	144,400	153,100	6.0%
<u>GENERAL ADMINISTRATIVE</u>						
100-0120-440-7601	Meetings/Training	SM	608	600	500	-16.7%
100-0120-440-7602	Conferences	SM	1,803	1,800	1,800	0.0%
100-0120-440-7610	Prof affiliation memberships	SM	1,045	600	700	16.7%
100-0120-440-7650	Office expense	SM	57	300	300	0.0%
100-0120-440-7651	Safety supplies	SM	53	100	200	100.0%
100-0120-440-7652	Information technology software	SM	2,433	2,900	3,100	6.9%
100-0120-440-7670	Printing & publications	SM	544	1,000	1,000	0.0%
100-0120-440-7701	Prof svcs - general	SM	74	2,700	9,000	233.3%
100-0120-440-7731	Employee health maintenance	SSS	-	-	200	0.0%
100-0120-440-7738	H&S Program ARSSO CMSA Share	SM	4,481	32,800	-	-100.0%
100-0120-440-7739	Outside safety training	SM	11,240	8,900	10,700	20.2%
Subtotal Administrative			22,338	51,700	27,500	-46.8%
Subtotal (excluding Salary and Benefits)			22,338	51,700	27,500	-46.8%
Total Health & Safety			239,253	196,100	180,600	-7.9%

***Position Code**

ASM Administrative Services Manager
SM Safety Manager

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
116,500	3.0%	CMSA's 60.25% share of the Safety Manager (SM) position. FY26 step increase and 2.763% COLA and FY27 3% COLA.
2,900	0.0%	CMSA's 60.25% share of the SM car allowance.
119,400	2.9%	
9,000	3.4%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program.
-	0.0%	The PEPRA unfunded accrued liability is the total minimum required employer contribution. The Agency issued POBS in FY22 to pay off the CalPERS UAL.
1,700	0.0%	Employer's 1.45% share of Medicare for all employees.
23,500	7.8%	Medical coverage up to the Kaiser family rate.
1,000	0.0%	Dental is self-insured.
600	0.0%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
200	0.0%	Employer paid vision benefits.
1,700	6.3%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
1,200	0.0%	Medical benefits for a .60 share of one retired employee at the SF-Bay Area PERS Kaiser single rate.
-	0.0%	Medical benefits in excess of the CalPERS PEMCHA minimum reimbursed directly to retirees.
100	0.0%	Employee assistance program that provides counseling, professional consultation, and work/life referral services.
-	0.0%	Eliminated an allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
200	0.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP, and NAVIA Flex 125 plans.
39,200	5.7%	
158,600	3.6%	
500	0.0%	Visual aids for meetings, tools, IT equipment, training materials, and refreshments.
1,800	0.0%	Safety related conferences, professional development, and webinars.
700	0.0%	Institute of Hazardous Materials (CHMM), Board of Certified Safety Professionals, National Safety Council, and American Society of Safety Professionals.
300	0.0%	Supplies
100	-50.0%	
3,100	0.0%	MSDS Online, Keller Online
1,000	0.0%	Mancomm Regulations, CalOSHA Reporter, Safety Alert for Supervisors, NFPA/ANSI Standards
4,200	-53.3%	Contracted services to assist in completion/developing of programs.
200	0.0%	Expense for workplace safety related physicals, pre-employment exams, and urgent care at Kaiser Hospital and Medical Center of Marin.
-	0.0%	The budget was eliminated in FY26.
10,700	0.0%	Training expenses for required safety programs that include hearing tests, fire extinguisher, traffic control, industrial truck and many other Cal/OSHA programs that facilitate a safe work environment. Increase is for adding a new welding safety training and increases for recurring training costs.
22,600	-17.8%	
22,600	-17.8%	
181,200	0.3%	

Technical Services

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

- Design small maintenance and capital projects and oversee the design of larger projects outsourced to engineering consulting firms, such as the ongoing Nutrient Removal Alternatives Evaluation and Facilities Plan.
- Manage construction contracts and associated engineering construction records.
- Assist with operational studies and energy efficiency evaluations.
- Assist with functional oversight of the Agency's renewable power delivery program including assisting with the continuous optimization of cogeneration engine operations and maximizing the renewable power production and tipping fee revenues from the organic waste feedstocks.
- Negotiate and administer the Agency's service and commodity contracts for employee uniforms, biosolids hauling and reuse, natural gas supply, and procurement of chemicals used in the wastewater and biosolids treatment processes.
- Prepare and administer the grant funding applications and associated contracts.
- Chair the Agency's Capital Improvement Program (CIP) Committee which develops, implements, and manages the Agency's 10-year CIP and prepares the biennial CIP budget with the 10-year forecast.
- Chair the Agency Strategic Planning Committee which oversees the implementation of the Agency's 5-year Strategic Plan and annual business plans.
- Chair the Agency Process Control Team which discusses and implements process control changes that will improve effluent quality and efficiency in the operation of the treatment facilities.
- Assist with Underground Service Alert (U.S.A) utility locating services.
- Regulate commercial and industrial discharge of wastewater into the collection and treatment systems.
- Operate an accredited TNI-2 environmental laboratory that performs process control and most of the NPDES permit sample analyses and oversees specialized outside analytical testing services.
- Provide source control program administration services under contract with wastewater and other local agencies in Marin County.
- Lead the Wastewater Treatment Agencies of Marin County Cooperative Public Education Program.

Technical Services Expenditures by Category	FY24 Actual	FY25 Budget (Adjusted)	FY26 Adopted Budget	FY27 Adopted Budget
SALARIES	\$1,665,467	\$1,765,500	\$1,883,800	\$1,961,900
BENEFITS	1,245,125	520,100	536,100	562,200
SUBTOTAL	\$2,910,592	\$2,285,600	\$2,419,900	\$2,524,100
BIOSOLIDS DISPOSAL	412,515	632,000	645,300	666,800
PERMIT TESTING & MONITORING	206,743	248,600	260,100	249,600
ADMINISTRATION	244,526	361,100	370,900	381,800
SUBTOTAL	\$ 863,784	\$1,241,700	\$1,276,300	\$1,298,200
TOTAL	\$3,774,376	\$3,527,300	\$3,696,200	\$3,822,300

Authorized Positions	FY24	FY25	FY26	FY27
Technical Services Manager/Assistant				
General Manager	1	1	1	1
Senior Engineer	1	1	1	1
Associate Engineer	1	1	1	1
Regulatory Compliance Manager	1	1	1	1
Laboratory Analyst	3	3	3	3
Environmental Services Analyst (I-II)	3	3	3	3
TOTAL	10	10	10	10

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Line Item Accounts

TECHNICAL SERVICES

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
<u>SALARY & WAGES</u>						
100-0230-440-7001	Salaries wages - regular	ASM	1,623,743	1,752,600	1,876,800	7.1%
100-0230-440-7005	Salaries wages - overtime	TSM	4,991	9,700	5,000	-48.5%
100-0230-440-7009	Salaries wages - standby	TSM	2,035	3,200	2,000	-37.5%
Subtotal Salary & Wages			1,665,467	1,765,500	1,883,800	6.7%
100-0230-440-7021	Er ret - CalPERS Classic	ASM	87,452	90,200	94,100	4.3%
100-0230-440-7022	Er ret - CalPERS PEPRA	ASM	71,205	88,700	90,200	1.7%
100-0230-440-7023	Er ret - CalPERS survivors	ASM	560	700	600	-14.3%
100-0230-440-7024	Er ret - CalPERS Classic UAL	ASM	3,983	-	-	0.0%
100-0230-440-7025	Er ret - CalPERS PEPRA UAL	ASM	9	-	-	0.0%
100-0230-440-7028	Er ret - medicare	ASM	27,174	26,400	29,900	13.3%
100-0230-440-7041	Benefits - medical active	ASM	125,398	166,300	145,900	-12.3%
100-0230-440-7042	Benefits - flex\$	ASM	50,324	58,300	58,300	0.0%
100-0230-440-7043	Benefits - dental	ASM	20,394	18,800	23,200	23.4%
100-0230-440-7044	Benefits - Life-AD&D-LTD Insurance	ASM	6,804	7,200	8,900	23.6%
100-0230-440-7045	Benefits - vision	ASM	3,530	3,700	4,800	29.7%
100-0230-440-7046	Benefits - Er paid MARA: PEPH/Z	ASM	18,465	20,800	22,500	8.2%
100-0230-440-7047	Benefits - retiree medical premium	ASM	11,088	13,700	11,600	-15.3%
100-0230-440-7048	Benefits - retiree reimburse medical	ASM	27,574	16,100	39,400	144.7%
100-0230-440-7051	Benefits - EAP	ASM	718	900	900	0.0%
100-0230-440-7061	Unemployment benefits	ASM	-	1,900	-	-100.0%
100-0230-440-7062	Benefit adminstration fees	ASM	2,907	3,700	3,000	-18.9%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
1,954,600	4.1%	Salaries for ten full-time employees. FY26 step increases, leave balance cash-outs, 2.763% COLA and FY27 3% COLA.
5,200	4.0%	Authorized overtime to complete special activities or assignments including activities supporting the public education program.
2,100	5.0%	Stand-by duty is assigned to a laboratory analyst during the wet weather season November through April 30th when there is a reasonable potential that a blending event may occur during the weekend.
1,961,900	4.1%	
97,800	3.9%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY26 employer contribution rate is 16.09% and the FY27 rate is 16.1%.
94,200	4.4%	Employer contributions for CalPERS 2% @ 62 PEPRA employee retirement program. The FY26 employer contribution rate is 7.96% and the FY27 rate is 8%.
600	0.0%	Annual Survivors Benefit premium.
-	0.0%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2020. The Agency issued POBS in FY22 to pay off the CalPERS UAL.
-	0.0%	The PEPRA unfunded accrued liability is the total minimum required employer contribution. The Agency issued POBS in FY22 to pay off the CalPERS UAL.
31,300	4.7%	Employer's 1.45% share of Medicare for all employees.
157,500	8.0%	Medical coverage up to the Kaiser family rate.
58,300	0.0%	Medical benefit differential paid for family coverage to two eligible employees and two eligible employees that receive a "cash-back" benefit for coverage under the medical plan of a spouse.
23,200	0.0%	Dental is self-insured.
9,100	2.2%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
4,800	0.0%	Employer paid vision benefits.
23,400	4.0%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
11,900	2.6%	Medical benefits for six retired employees at the SF-Bay Area PERS Kaiser single rate.
43,400	10.2%	Medical benefits in excess of the CalPERS PEMCHA minimum reimbursed directly to retirees.
900	0.0%	Employee assistance program that provides counseling, professional consultation, and work/life referral services.
-	0.0%	Eliminated an allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
3,000	0.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP, and NAVIA Flex 125 plans.

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Line Item Accounts

TECHNICAL SERVICES

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
100-0230-440-7063	Uniforms	AE	2,907	2,700	2,800	3.7%
100-0230-440-7070	Uniforms - Aramark	AE	-	-	-	0.0%
Subtotal Benefits			1,245,125	520,100	536,100	3.1%
Total Salaries & Benefits			2,910,592	2,285,600	2,419,900	5.9%
<u>BIOSOLIDS MANAGEMENT</u>						
100-0230-440-7101	Biosolids hauling	AE	116,922	287,900	245,800	-14.6%
100-0230-440-7102	Biosolids reuse fees	AE	295,593	344,100	399,500	16.1%
Subtotal Biosolids Management			412,515	632,000	645,300	2.1%
<u>PERMIT TESTING & MONITORING</u>						
100-0230-440-7301	Lab supplies	RCM	109,970	116,700	119,500	2.4%
100-0230-440-7302	Lab maintenance & rentals	RCM	17,871	19,000	28,600	50.5%
100-0230-440-7310	Biosolids monitoring	RCM	10,934	14,200	14,800	4.2%
100-0230-440-7311	NPDES monitoring	RCM	24,908	35,800	35,900	0.3%
100-0230-440-7312	Source control monitoring	TSM	15,471	29,300	26,300	-10.2%
100-0230-440-7313	Biogas monitoring	RCM	12,147	15,300	15,100	-1.3%
100-0230-440-7314	Special sampling	RCM	5,185	10,000	12,000	20.0%
100-0230-440-7320	UST monitoring	RCM	10,257	8,300	7,900	-4.8%
100-0230-440-7321	UST triennial monitoring	RCM	-	-	-	0.0%
Subtotal Permit Testing & Monitoring			206,743	248,600	260,100	4.6%
<u>GENERAL & ADMINISTRATIVE</u>						
100-0230-440-7601	Meetings/Training	RCM	2,113	3,000	3,000	0.0%
100-0230-440-7602	Conferences	RCM	22,037	39,900	26,300	-34.1%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
2,800	0.0%	Uniforms and protective lab coats for seven employees.
-	0.0%	One time payment in FY25; no budget going forward.
562,200	4.9%	
2,524,100	4.3%	
255,300	3.9%	One load per day of biosolids is hauled to reuse sites.
411,500	3.0%	Biosolids tipping fees for alternative daily cover at Redwood Landfill land application site in Sacramento county for soil augmentation, and at the Lystek facility for processing into a liquid fertilizer. Significant increase in reuse fees due to limited land application in nearby Solano County.
666,800	3.3%	
110,100	-7.9%	Laboratory and source control program supplies including all chemicals, glassware, reagents, consumables, disposable containers, filters, and other supplies. Additional lab supplies to support increased nutrient monitoring.
18,600	-35.0%	Expenses for service contracts to maintain laboratory equipment including the deionized water system and certification of analytical balance and pipette/titrator equipment. Increase in routine maintenance costs associated with composite sampler costs.
16,200	9.5%	Laboratory analysis cost associated with biosolids monthly and semiannual regulatory (NPDES & AB901) monitoring requirements.
41,100	14.5%	Contract laboratory analysis cost associated with NPDES permit compliance. Includes monthly, quarterly, semiannual, annual, and permit period monitoring requirement.
27,100	3.0%	Cost of contract laboratory analysis for source control samples and monitoring industrial waste. These funds are reimbursed through user monitoring fees.
15,500	2.6%	Monitoring cost for the organic waste receiving facility biogas filter systems, and cogeneration system.
12,300	2.5%	This contingency account is to address critical special study and unexpected sampling requirements, such as air quality compliance documentation.
8,100	2.5%	Annual testing and monitoring of underground gasoline and diesel tank over-fill and secondary containment.
600	0.0%	Testing of underground tank secondary containment every three years as required by state regulation occurred in FY24. Next UST Triannual Test to be conducted in FY27.
249,600	-4.0%	
3,000	0.0%	Expenses associated with single-day professional meetings and training seminars. Includes allowed expenses pursuant to the Agency's expense reimbursement policy.
27,000	2.7%	Expenses associated with multi-day professional conferences, seminars, and training events per the Agency's expense reimbursement policy.

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Line Item Accounts

TECHNICAL SERVICES

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
100-0230-440-7610	Prof affiliation memberships	RCM	3,091	5,200	6,300	21.2%
100-0230-440-7631	Permits & lic - NPDES	RCM	76,806	82,200	82,700	0.6%
100-0230-440-7632	Permits & lic - ELAP cert fees	RCM	15,078	27,900	26,400	-5.4%
100-0230-440-7633	Permits & lic - regional monitoring prgm	RCM	-	57,600	64,100	11.3%
100-0230-440-7634	Permits & lic - water quality	RCM	43,707	41,200	51,800	25.7%
100-0230-440-7635	Permits & lic - CUPA	RCM	5,199	5,200	5,200	0.0%
100-0230-440-7636	Permits & lic - stormwater	RCM	1,818	2,700	2,800	3.7%
100-0230-440-7650	Office expense and copier	RCM	6,695	5,000	800	-84.0%
100-0230-440-7670	Printing & publications	RCM	52	600	600	0.0%
100-0230-440-7706	Prof svcs - special studies & supp serv	TSM	38,313	40,000	40,000	0.0%
100-0230-440-7708	Prof svcs - cathodic protection surveys AE	AE	5,800	6,000	9,800	63.3%
100-0230-440-7712	CASA Emissions Pooled Study	GM	-	13,500	16,900	25.2%
100-0230-440-7737	Public Ed Program	GM	23,816	31,100	34,200	10.0%
Subtotal General & Administrative			244,526	361,100	370,900	2.7%
Subtotal (excluding Salary and Benefits)			863,784	1,241,700	1,276,300	2.8%
Total Technical Services			3,774,376	3,527,300	3,696,200	4.8%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
6,300	0.0%	Professional memberships and registration fees for the Water Environment Association, California Water Environment Association, CalPELRA, Professional Engineer Licenses, TNI and Standard Methods.
87,900	6.3%	Annual NPDES permit and pre-treatment program fees. Budget is based upon the average fees over the past 3-years.
27,200	3.0%	Fees for annual renewal of the laboratory certification, inspections and required testing.
66,000	3.0%	CMSA's NPDES permit requires participation in the Regional Monitoring Program for the San Francisco Bay, which is administered by the San Francisco Estuary Institute. Cost is based upon Cu, Ni, Cr, and Se facility loading to SF bay.
53,400	3.1%	On behalf of the dischargers, BACWA manages regional monitoring and studies related to nutrients, mercury, PCBs, and other contaminants to protect the bay.
5,200	0.0%	Certified Unified Program Agency fees are paid to the County of Marin for the Agency's underground storage tanks and hazardous materials storage permits.
2,800	0.0%	SWRCB permit for the Agency's industrial site stormwater permit.
800	0.0%	Office supplies: sample labels, ink cartridges, paper for large-format printer/plotter, new lab copier rental fee, and other miscellaneous office expenses.
600	0.0%	Allowance for printing/shipping/advertising expenses for documents not assigned to specific CIP project contracts and for mailing expenses related to maintaining CMSA's list of prequalified contractors.
40,000	0.0%	Allowance for special studies and engineering consultant services as needed.
10,100	3.1%	Cathodic protection monitoring of the land portion of the marine outfall, sections of the Ross Valley interceptor, the San Rafael interceptor, various buried pipelines on Agency property, San Rafael Sanitation District Simms Force Main, and the South Francisco casing.
17,400	3.0%	CMSA contribution to the CASA pooled air emissions study.
34,100	-0.3%	CMSA's 40.6% share of the Countywide Public Education Program expenses associated with participating in public outreach events, educational school presentations, a Comcast commercial presentation on local television, and educational materials for the program.
381,800	2.9%	
1,298,200	1.7%	
3,822,300	3.4%	

Operations

The Operations Department performs essential activities specific to the day-to-day operation and process control of the Agency's NACWA-recognized Class V regional wastewater treatment facility. The treatment, reuse, and disposal of wastewater, biosolids, and biogas are in full compliance with its National Pollutant Discharge Elimination System (NPDES) and Bay Area Air Quality District (BAAQMD) permit requirements. The department is responsible for the following functions:

- Monitor and adjust treatment processes to optimize performance and removal efficiencies.
- Ensure facilities are operated to achieve and exceed compliance with regulatory permits.
- Monitor local agency collection system pump stations to ensure continuous operation.
- Order treatment chemicals and maintain inventories.
- Conduct pilot testing and studies to improve and/or optimize treatment processes.
- Monitor and operate systems to control the generation of wastewater odors and minimize public odor complaints.
- Track and report on the performance of all treatment and renewable power generation systems.
- Operate a regional organic waste receiving facility that diverts organics from the landfill.
- Operate a power generation system to produce renewable power to achieve Agency energy self-sufficiency and sell power to the local utility.
- Oversee and operate the Agency's recycled water system and truck fill station to reduce potable water use in the service area.

Operations Expenditures by Category	FY24 Actual	FY25 Budget (Adjusted)	FY26 Adopted Budget	FY27 Adopted Budget
SALARIES	\$1,991,955	\$2,020,500	\$2,032,900	\$2,122,800
BENEFITS	2,123,893	678,700	700,400	744,200
SUBTOTAL	\$4,115,848	\$2,699,200	\$2,733,300	\$2,867,000
CHEMICALS & FUELS	1,911,621	2,063,000	2,034,900	2,095,500
UTILITIES	350,414	379,100	341,400	\$353,900
ADMINISTRATION	55,988	89,100	96,700	97,400
SUBTOTAL	\$2,318,023	2,531,200	\$2,473,000	\$2,546,800
TOTAL	\$6,433,871	5,230,400	\$5,206,300	\$5,413,800

Authorized Positions	FY24	FY25	FY26	FY27
Treatment Plant Manager*	0.5	0.5	0.5	0.5
Operations Supervisor	1	1	1	1
Assistant Operations Supervisor	1	1	1	1
Lead Operators	2	2	2	2
Operators (Trainee, I-III)	9	9	9	9
TOTAL	13.5	13.5	13.5	13.5

*.5 FTE split with Maintenance Department

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Line Item Accounts

OPERATIONS

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
<u>SALARIES & WAGES</u>						
100-0340-440-7001	Salaries wages - regular	ASM	1,915,254	1,919,600	1,930,700	0.6%
100-0340-440-7005	Salaries wages - overtime	OS	78,053	99,200	100,300	1.1%
100-0340-440-7009	Salaries wages - standby	TPM	(1,352)	1,700	1,900	11.8%
Subtotal Salaries & Wages			1,991,955	2,020,500	2,032,900	0.6%
100-0340-440-7021	Er ret - CalPERS Classic	ASM	142,879	131,600	107,500	-18.3%
100-0340-440-7022	Er ret - CalPERS PEPRA	ASM	70,216	79,700	98,200	23.2%
100-0340-440-7023	Er ret - CalPERS survivors	ASM	855	1,000	800	-20.0%
100-0340-440-7024	Er ret - CalPERS Classic UAL	ASM	8,629	-	-	0.0%
100-0340-440-7025	Er ret - CalPERS PEPRA UAL	ASM	11	-	-	0.0%
100-0340-440-7028	Er ret - medicare	ASM	33,629	29,500	29,900	1.4%
100-0340-440-7041	Benefits - medical active	ASM	258,473	292,500	293,800	0.4%
100-0340-440-7042	Benefits - flex\$	ASM	7,885	12,200	3,800	-68.9%
100-0340-440-7043	Benefits - dental	ASM	16,311	25,300	20,000	-20.9%
100-0340-440-7044	Benefits - Life-AD&D-LTD Insurance	ASM	10,204	10,400	10,400	0.0%
100-0340-440-7045	Benefits - vision	ASM	5,294	5,400	5,100	-5.6%
100-0340-440-7046	Benefits - Er paid MARA: PEPH/Z	ASM	16,881	19,600	22,000	12.2%
100-0340-440-7047	Benefits - retiree medical premium	ASM	31,046	25,100	33,300	32.7%
100-0340-440-7048	Benefits - retiree reimburse medical	ASM	30,327	29,600	53,600	81.1%
100-0340-440-7051	Benefits - EAP	ASM	1,077	1,300	1,300	0.0%
100-0340-440-7061	Unemployment benefits	ASM	-	2,800	-	-100.0%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
2,016,600	4.4%	Salaries for 13.5 full-time employees (Treatment Plant Manager allocated 50% to Operations & 50% Maintenance). FY26 step increases, leave balance cash-outs, and 2.763% COLA, and FY27 3% COLA.
104,200	3.9%	Authorized overtime to ensure facilities are properly staffed 24 hours/day and to complete specified activities or assignments.
2,000	5.3%	24/7 stand-by duty provided by qualified operations staff during the wet weather season (November-April). Employees are paid to remain fit for duty and must respond within one hour after being called in for emergency situations.
2,122,800	4.4%	
112,700	4.8%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY26 employer contribution rate is 16.09% and the FY27 rate is 16.1%.
102,900	4.8%	Employer contributions for CalPERS 2% @ 62 PEPR employee retirement program. The FY26 employer contribution rate is 7.96% and the FY27 rate is 8%.
800	0.0%	Annual Survivors Benefit premium.
-	0.0%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2020. The Agency issued POBS in FY22 to pay off the CalPERS UAL.
-	0.0%	The PEPR unfunded accrued liability is the total minimum required employer contribution. The Agency issued POBS in FY22 to pay off the CalPERS UAL.
31,300	4.7%	Employer's 1.45% share of Medicare for all employees.
317,300	8.0%	Medical coverage up to the Kaiser family rate.
4,100	7.9%	Medical benefit differential paid for family coverage to one eligible employee.
20,000	0.0%	Dental is self-insured.
10,700	2.9%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
5,100	0.0%	Employer paid vision benefits.
23,100	5.0%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
35,100	5.4%	Medical benefits for the equivalent of twelve and a half retired employees at the SF-Bay Area PERS Kaiser single rate.
59,000	10.1%	Medical benefits in excess of the CalPERS PEMCHA minimum reimbursed directly to retirees.
1,300	0.0%	Employee assistance program that provides counseling, professional consultation, and work/life referral services.
-	0.0%	Eliminated an allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Line Item Accounts

OPERATIONS

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
100-0340-440-7062	Benefit adminstration fees	ASM	4,539	5,300	4,300	-18.9%
100-0340-440-7063	Uniforms	AE	7,890	7,400	16,400	121.6%
Subtotal Benefits			2,123,893	678,700	700,400	3.2%
Total Salaries & Benefits			4,115,849	2,699,200	2,733,300	1.3%
<u>CHEMICALS & FUEL</u>						
100-0340-440-7120	Gasoline, diesel, oil	OS	18,819	30,000	30,000	0.0%
100-0340-440-7130	Chemicals - ferric chloride	OS	176,969	180,400	194,400	7.8%
100-0340-440-7131	Chemicals - polymer cationic	OS	176,528	234,000	160,000	-31.6%
100-0340-440-7132	Chemicals - odor control	OS	7,676	15,600	12,000	-23.1%
100-0340-440-7133	Chemicals - calcium nitrate	OS	331,427	316,200	316,200	0.0%
100-0340-440-7134	Chemicals - hydrogen peroxide	OS	277,895	324,000	324,000	0.0%
100-0340-440-7135	Chemicals - sodium hypochlorite	OS	651,404	712,000	798,800	12.2%
100-0340-440-7136	Chemicals - sodium bisulfite	OS	270,903	250,800	199,500	-20.5%
Subtotal Chemicals & Fuel			1,911,621	2,063,000	2,034,900	-1.4%
<u>UTILITIES</u>						
100-0340-440-7502	Utilities - natural gas	OS	75,794	90,000	65,000	-27.8%
100-0340-440-7503	Utilities - electricity	OS	167,117	184,900	167,000	-9.7%
100-0340-440-7504	Utilities - water	AOS	22,313	25,400	26,700	5.1%
100-0340-440-7505	Utilities - garbage	AOS	85,189	78,800	82,700	4.9%
Subtotal Utilities			350,414	379,100	341,400	-9.9%
<u>GENERAL & ADMINISTRATIVE</u>						
100-0340-440-7110	Operations - general	TPM	4,929	10,000	10,000	0.0%
100-0340-440-7111	Process control consumable supplies	AOS	3,426	6,000	6,000	0.0%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
4,400	2.3%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP, and NAVIA Flex 125 plans.
16,400	0.0%	Uniforms costs for thirteen employees.
744,200	6.3%	
2,867,000	4.9%	
30,900	3.0%	Gasoline for Agency fleet vehicles and assorted small gas powered equipment. Diesel fuel for fleet vehicles, effluent pump station, and on and offsite emergency stand-by generators.
200,200	3.0%	Ferric chloride is used to improve settling in the primary clarifiers during storm related flow events, inhibits hydrogen sulfide production in the digesters, reduces struvite formations in pipelines, and is used as a coagulant in the biosolids dewatering process.
164,800	3.0%	Polymer is added to centrifuge feed sludge to enhance the efficiency of solids removal, and to thicken waste activated sludge. CMSA typically uses approximately 2.5 loads of polymer per year.
12,000	0.0%	A chemical agent used to mask odorous compounds.
325,700	3.0%	Calcium nitrate solution is the first of a two-phase odor control program used in the collection system upstream of the wastewater treatment plant to inhibit hydrogen sulfide formation.
333,700	3.0%	Hydrogen peroxide is the second phase of the odor control program. It is injected into the Ross Valley and San Rafael interceptors upstream of the headworks.
822,700	3.0%	Sodium hypochlorite is the primary disinfectant used for pathogen reduction in secondary effluent and recycled water. It is also injected into three odor control scrubbers.
205,500	3.0%	Sodium bisulfite is used to neutralize the chlorine residual in the final effluent prior to its discharge into the San Francisco Bay.
2,095,500	3.0%	
67,000	3.1%	Supplemental fuel for both cogeneration systems.
172,000	3.0%	Electricity to supplement the cogeneration system output and to supply power when cogenerators are offline for maintenance.
28,000	4.9%	Potable and fire protection water.
86,900	5.1%	Solid waste disposal for garbage, green waste recycling, and debris box disposal of headworks screenings, grit, and non-recyclable wastes.
353,900	3.7%	
10,000	0.0%	Small tools, equipment, parts, and other miscellaneous supplies.
6,000	0.0%	Chemical reagents to verify and/or determine the concentration of chlorine in treated wastewater, assist in field instrument calibration, determine peroxide concentrations in wastewater, measure pH, and measure sulfide levels in biogas.

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Line Item Accounts

OPERATIONS

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
100-0340-440-7601	Meetings/Training	TPM	4,507	4,500	6,000	33.3%
100-0340-440-7602	Conferences	TPM	2,104	5,000	7,500	50.0%
100-0340-440-7610	Prof affiliation memberships	TPM	2,265	5,600	6,700	19.6%
100-0340-440-7638	Permits & lic - BAAQMD	TPM	28,672	33,000	35,500	7.6%
100-0340-440-7709	Process support	TPM	10,085	25,000	25,000	0.0%
Subtotal General & Administrative			55,988	89,100	96,700	8.5%
Subtotal (excluding Salary and Benefits)			2,318,023	2,531,200	2,473,000	-2.3%
Total Operations			6,433,872	5,230,400	5,206,300	-0.5%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
6,000	0.0%	Expenses associated with attendance at single-day professional meetings, seminars, and certification trainings.
7,500	0.0%	Expenses associated with multi-day professional conferences, seminars, and training events.
5,600	-16.4%	Professional memberships and certification renewal requirements for all licensed operators.
37,300	5.1%	The BAAQMD permit fee.
25,000	0.0%	Professional wastewater consulting services for evaluation and advice on process control issues, training staff on process analysis, and conducting special studies.
97,400	0.7%	
2,546,800	3.0%	
5,413,800	4.0%	

Maintenance

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

Under contractual service agreements with the California Department of Corrections, County of Marin, and Sanitary District No. 2 of Marin, the department maintains collection system assets such as pump stations, force mains, and gravity sewers.

Maintenance Expenditures by Category	FY24 Actual	FY25 Budget (Adjusted)	FY26 Adopted Budget	FY27 Adopted Budget
SALARIES	\$1,932,798	\$2,123,700	\$2,125,900	\$2,197,500
BENEFITS	2,364,553	742,200	825,400	874,500
SUBTOTAL	\$4,297,351	\$2,865,900	\$2,951,300	\$3,072,000
MAINTENANCE & REPAIRS	491,247	642,900	597,500	613,500
ADMINISTRATION	20,412	38,700	34,200	34,400
SUBTOTAL	\$ 511,659	\$ 681,600	\$ 631,700	\$ 647,900
TOTAL	\$4,809,010	\$3,547,500	\$3,583,000	\$3,719,900

Authorized Positions	FY24	FY25	FY26	FY27
Treatment Plant Manager*	0.5	0.5	0.5	0.5
Maintenance Supervisor	1	1	1	1
Assistant Maintenance Supervisor**	-	-	1	1
Lead Mechanical Technician	2	2	2	2
Mechanical Technician (I-III)	5	5	4	4
Utility Worker	3	3	3	3
Institutional Utility Laborer (IUL)	3	3	3	3
Electrical/Instrumentation Tech (I-III)	3	3	3	3
TOTAL	17.5	17.5	17.5	17.5

* 0.5 FTE split with Operations Department

** An internal promotion for the Assistant Maintenance Supervisor position will be filled during FY26

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Line Item Accounts

MAINTENANCE

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
<u>SALARIES & WAGES</u>						
100-0350-440-7001	Salaries wages - regular	ASM	1,742,697	1,962,200	1,976,800	0.7%
100-0350-440-7002	Salaries wages - retired annuitant	TSM	89,071	50,000	50,100	0.2%
100-0350-440-7005	Salaries wages - overtime	TPM	39,440	48,300	40,400	-16.4%
100-0350-440-7009	Salaries wages - standby	TPM	61,590	63,200	58,600	-7.3%
Subtotal Salaries & Wages			1,932,798	2,123,700	2,125,900	0.1%
100-0350-440-7021	Er ret - CalPERS Classic	ASM	46,425	48,300	51,500	6.6%
100-0350-440-7022	Er ret - CalPERS PEPRA	ASM	108,746	122,400	131,800	7.7%
100-0350-440-7023	Er ret - CalPERS survivors	ASM	886	1,100	900	-18.2%
100-0350-440-7024	Er ret - CalPERS Classic UAL	ASM	1,993	-	-	0.0%
100-0350-440-7025	Er ret - CalPERS PEPRA UAL	ASM	20	-	-	0.0%
100-0350-440-7027	Er ret - PARS benefit	ASM	3,363	1,900	2,800	47.4%
100-0350-440-7028	Er ret - medicare	ASM	30,644	31,000	31,500	1.6%
100-0350-440-7041	Benefits - medical active	ASM	332,353	370,800	410,400	10.7%
100-0350-440-7042	Benefits - flex\$	ASM	8,769	12,000	12,000	0.0%
100-0350-440-7043	Benefits - dental	ASM	48,272	27,200	36,800	35.3%
100-0350-440-7044	Benefits - Life-AD&D-LTD Insurance	ASM	10,961	11,200	11,300	0.9%
100-0350-440-7045	Benefits - vision	ASM	5,686	5,800	7,600	31.0%
100-0350-440-7046	Benefits - Er paid MARA: PEPH/Z	ASM	21,460	28,000	26,600	-5.0%
100-0350-440-7047	Benefits - retiree medical premium	ASM	25,570	29,600	26,000	-12.2%
100-0350-440-7048	Benefits - retiree reimburse medical	ASM	47,566	35,000	55,800	59.4%
100-0350-440-7051	Benefits - EAP	ASM	1,157	1,400	1,400	0.0%
100-0350-440-7061	Unemployment benefits	ASM	2,250	3,000	-	-100.0%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
2,045,400	3.5%	Salaries for 14.5 full-time employees (Treatment Plant Manager is 50% Maintenance & 50% Operations). FY26 step increases, leave balance cash-outs, 2.763% COLA and FY27 3% COLA.
50,100	0.0%	Annuitants are hired part-time for special projects.
41,700	3.2%	Authorized overtime to complete unexpected maintenance activities or assignments that require work after an employee's regularly scheduled shift.
60,300	2.9%	24/7 Stand-by duty for qualified maintenance staff to respond to emergency repair work and equipment failures. Employees are paid to remain fit for duty and to respond within one hour. Sanitary District #2 funds one half of this expense.
2,197,500	3.4%	
53,900	4.7%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY26 employer contribution rate is 16.09% and the FY27 rate is 16.1%.
136,800	3.8%	Employer contributions for CalPERS 2% @ 62 PEPRA employee retirement program. The FY26 employer contribution rate is 7.96% and the FY27 rate is 8%.
900	0.0%	Annual Survivors Benefit premium.
-	0.0%	The Classic unfunded accrued liability is the total minimum required employer contribution established in the CalPERS Actuarial Valuation Report dated June 30, 2020. The Agency issued POBS in FY22 to pay off the CalPERS UAL.
-	0.0%	The PEPRA unfunded accrued liability is the total minimum required employer contribution. The Agency issued POBS in FY22 to pay off the CalPERS UAL.
2,800	0.0%	PARS is retirement account for part-time and temporary employees. The employer rate is 3.75%. Decrease due to less reliance on hiring retired annuitants.
32,700	3.8%	Employer's 1.45% share of Medicare for all employees.
443,200	8.0%	Medical coverage up to the Kaiser family rate.
12,000	0.0%	A medical "cash-back" benefit for one additional employee who is covered by a spouse's the medical plan.
36,800	0.0%	Dental is self-insured.
11,500	1.8%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
7,600	0.0%	Employer paid vision benefits.
27,500	3.4%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
26,800	3.1%	Medical benefits for the equivalent of fourteen and a half retired employees at the SF-Bay Area PERS Kaiser single rate.
61,600	10.4%	Medical benefits in excess of the CalPERS PEMCHA minimum reimbursed directly to retirees.
1,400	0.0%	Employee assistance program that provides counseling, professional consultation, and work/life referral services.
-	0.0%	Eliminated an allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Line Item Accounts

MAINTENANCE

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
100-0350-440-7062	Benefit administration fees	ASM	5,015	5,700	5,300	-7.0%
100-0350-440-7063	Uniforms	AE	12,213	7,800	13,700	75.6%
100-0350-440-7070	Uniforms - Aramark	AE	-	-	-	0.0%
Subtotal Benefits			2,364,553	742,200	825,400	11.2%
Total Salaries & Benefits			4,297,351	2,865,900	2,951,300	3.0%
<u>MAINTENANCE & REPAIRS (M&R)</u>						
100-0350-440-7201	Outside services & parts	TPM	38,390	86,000	45,000	-47.7%
100-0350-440-7202	Facilities maintenance	MS	26,920	35,500	36,800	3.7%
100-0350-440-7203	Fleet maintenance	MS	15,417	15,000	20,000	33.3%
100-0350-440-7210	Hazardous waste disposal	MS	33,522	70,000	50,000	-28.6%
100-0350-440-7211	Groundskeeping	MS	41,182	45,000	45,000	0.0%
100-0350-440-7212	Utility supplies	MS	9,270	10,200	10,200	0.0%
100-0350-440-7213	Electrical equipment	EIT	32,127	32,000	35,000	9.4%
100-0350-440-7214	Small tools & equipment	MS	21,138	21,000	21,600	2.9%
100-0350-440-7215	Lubricants-propane-other	MS	9,044	9,000	9,000	0.0%
100-0350-440-7230	Plant pumps	MS	31,163	32,000	38,000	18.8%
100-0350-440-7231	Process tank maintenance	MS	24,048	24,700	19,000	-23.1%
100-0350-440-7232	Centrifuge maintenance	MS	6,503	10,000	10,000	0.0%
100-0350-440-7233	Process media replacement	MS	76,892	112,000	80,000	-28.6%
100-0350-440-7234	Organic waste receiving facility	MS	36,371	45,500	46,800	2.9%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
5,300	0.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP, and NAVIA Flex 125 plans.
13,700	0.0%	Uniforms costs for fourteen employees.
-	0.0%	Uniforms costs old vendor.
874,500	5.9%	
3,072,000	4.1%	
46,400	3.1%	Services performed by outside providers for machining, fabrication, vacuum services, specialty repair work, and procuring related parts, equipment, and supplies.
37,900	3.0%	Preventative and corrective repairs to maintain non-process specific facility structures such as roof and gutter systems, doors and door hardware, flooring, and painted surfaces. This account also includes funds for facility pest control services.
20,000	0.0%	Preventative, predictive, and corrective maintenance on the Agency's fleet vehicles, and includes purchases of batteries, oil, tires, and other consumables. The Agency's fleet consists of 12 vehicles, 2 forklifts, 1 skid steer loader, 17 electric carts, and 6 bicycles.
51,500	3.0%	Safe disposal of oils, greases, oil and air filters, coolants, paints, solvents, light bulbs, batteries, air purification medias (siloxane, hydrogen sulfide, and activated carbon), and for the disposal of laboratory generated hazardous wastes.
45,000	0.0%	Landscaping services and supplies to maintain the Agency grounds and property. Services include defensible space maintenance, weed abatement, and homeless camp clean-up.
10,500	2.9%	Custodial and general facility maintenance cleaning supplies.
36,100	3.1%	Allowance for procurement of routine electrical equipment such as conduit, wiring, electrical connectors, fittings, consumable electrical supplies, and facility lighting (light bulbs, tubes, LED lights).
22,200	2.8%	Purchase and repair of hand, power, and pneumatic tools utilized in the day-to-day maintenance of assets and equipment.
9,300	3.3%	Lubricants used for facility assets and equipment (cogeneration and stand-by power systems excluded), propane for the forklift, welding and calibration gases, and lab bioassay oxygen.
39,100	2.9%	Allowance for routine consumable parts and equipment such as impellers, volutes, packing material, and gasket material.
19,600	3.2%	Allowance for routine consumable parts and equipment for facility process tanks and the primary heat exchanger (excludes heat exchangers utilized by cogeneration systems).
10,300	3.0%	Consumable parts and equipment for annual preventative and corrective maintenance for three centrifuges and their system components.
82,400	3.0%	Biogas and air purification media for facility equipment. Budget includes purchase of media for sulfatreat vessels, siloxane filters, and activated carbon odor scrubbers.
48,200	3.0%	Allowance for consumable items required for maintaining the OWRF. This budget assumes performing four tank cleanings, eight pump hose and glycerin changeouts, paddle finisher screens and shaft, as well as rock trap replacement parts and other critical spare inventory items.

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Line Item Accounts

MAINTENANCE

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
100-0350-440-7235	Boilers hot water systems	MS	6,524	9,000	9,000	0.0%
100-0350-440-7236	Effluent pump station & diesel tank	MS	5,497	4,000	4,000	0.0%
100-0350-440-7237	Cogen system maintenance	MS	77,236	82,000	118,100	44.0%
Subtotal Maintenance & Repairs			491,247	642,900	597,500	-7.1%
GENERAL & ADMINISTRATIVE						
100-0350-440-7601	Meetings/Training	TPM	6,708	15,000	15,000	0.0%
100-0350-440-7602	Conferences	TPM	3,040	13,000	13,000	0.0%
100-0350-440-7610	Prof affiliation memberships	TPM	5,522	5,500	5,500	0.0%
100-0350-440-7650	Office expense and copier	TPM	5,112	4,500	-	-100.0%
100-0350-440-7670	Printing & publications	TPM	-	500	500	0.0%
100-0350-440-7710	Prof svcs - Underground service alert	TPM	30	200	200	0.0%
Subtotal General & Administrative			20,412	38,700	34,200	-11.6%
Subtotal (excluding Salary and Benefits)			511,659	681,600	631,700	-7.3%
Total Maintenance			4,809,010	3,547,500	3,583,000	1.0%

***Position Code**

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

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
9,300	3.3%	Consumable items required for maintaining two dual fueled hot water boilers and hot water recirculation systems. Budget includes annual specialized boiler system inspection work to examine the brick and burner assemblies, the fuel regulating systems, and associated pumps and piping.
4,000	0.0%	Allowance for parts and consumable items within the effluent pump station and its above ground diesel tank.
121,700	3.0%	Routine parts and equipment for scheduled systems maintenance.
613,500	2.7%	
15,000	0.0%	Expenses associated with attendance at single-day meetings, seminars, technical certification courses, and professional development.
13,000	0.0%	Expenses associated with multi-day professional conferences, seminars, and training events outlined in the Agency's travel and expense reimbursement policy.
5,700	3.6%	Professional memberships and annual certification renewal fees for all department employees.
-	0.0%	Copier expenses moved to administration department budget.
500	0.0%	Subscriptions.
200	0.0%	Annual Underground Service Alert fee to identify utility locations prior to any type of excavation work.
34,400	0.6%	
647,900	2.6%	
3,719,900	3.8%	

Non-Agency Expenses - CMSA Services Provided Under Contract to Other Local Agencies
(Non-Agency Health & Safety, Non-Agency Countywide Public Education Program, Non-Agency Maintenance)

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

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

The tables below illustrate the relationship between the amount of projected revenues from each contracting agency in FY26 and FY27 and estimated expenses incurred by CMSA for its services.

	FY24 Actual	FY25 Budget (Adjusted)	FY26 Adopted Budget	FY27 Adopted Budget
Non-Agency Summary Contract Agreement Services				
AUTHORIZED POSITIONS: Institutional Utility Laborer	3	3	3	3
CONTRACT SERVICE REVENUES				
SQRC Wastewater Services	\$ 815,000	\$ 815,000	\$ 852,000	\$ 890,000
SQRC Pump Station Maintenance	437,065	458,900	491,000	511,000
San Quentin Village Wastewater Services	18,289	20,000	35,200	23,800
SD#2 Pump Stations	424,358	450,000	512,000	526,000
LGVSD - FOG & Pollution Prevention	14,781	15,100	19,500	20,100
RVSD – FOG Source Control	32,137	23,400	24,800	25,500
SRSD – FOG Source Control	30,397	29,700	39,500	40,700
TCSD – FOG Source Control	2,395	1,500	1,500	1,500
SD2 – FOG Source Control	9,971	7,700	6,800	7,100
Almonte SD – FOG Source Control	2,466	1,200	1,500	1,500
Novato SD - Dental Amalgam Source Control	4,144	4,500	4,700	4,800
SUBTOTAL CONTRACT SERVICE REVENUES	\$1,791,003	\$1,827,000	\$1,988,500	\$2,052,000
Health & Safety Program	107,740	98,900	122,500	123,600
County-wide Education Program	27,005	35,000	57,500	57,400
SUBTOTAL PROGRAM REVENUES	\$ 134,746	\$ 133,900	\$ 180,000	\$ 181,000
TOTAL CONTRACT SERVICE REVENUES	\$1,925,749	\$1,960,900	\$2,168,500	\$2,233,000
CONTRACT AGREEMENT SERVICES EXPENDITURES (EXCLUDING ADMINISTRATIVE OVERHEAD CHARGES)				
SQRC Wastewater Services	\$ 815,000	\$ 815,000	\$ 852,000	\$ 890,000
SQRC Pump Station Maintenance	437,065	458,900	478,359	497,790
San Quentin Village Wastewater Services	16,301	16,514	32,834	21,434
SD#2 Pump Stations	360,779	393,649	453,677	465,636
LGVSD - FOG & Pollution Prevention	12,116	12,377	15,984	16,475
RVSD – FOG Source Control	29,216	21,273	22,545	23,182
SRSD – FOG Source Control	27,633	27,000	35,909	37,000
TCSD – FOG Source Control	1,963	1,230	1,230	1,230
SD2 – FOG Source Control	9,065	7,000	6,182	6,455
Almonte SD – FOG Source Control	2,241	1,091	1,364	1,364
Novato SD - Dental Amalgam Source Control	3,397	3,689	3,852	3,934
SUBTOTAL COOPERATIVE AGREEMENT EXPENDITURES	\$1,714,776	\$1,757,723	\$1,903,936	\$1,964,500
Health & Safety Program	105,061	95,684	116,700	117,700
County-wide Education Program	23,483	30,435	50,000	49,900
SUBTOTAL PROGRAM EXPENDITURES	\$ 128,543	\$ 126,119	\$ 166,700	\$ 167,600
TOTAL COOPERATIVE AGREEMENT EXPENDITURES	\$1,843,319	\$1,883,842	\$2,070,636	\$2,132,100
NET COOPERATIVE AGREEMENT SERVICES	\$ 82,430	\$ 77,058	\$ 97,864	\$ 100,900

Central Marin Sanitation Agency

FY26 and FY27 Operating Budget - Adopted

Line Item Accounts

Non-Agency Health & Safety (Novato Sanitary District 39.75% Share)

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
<u>SALARIES & BENEFITS</u>						
100-0121-440-7001	Salaries wages - regular	ASM	61,468	69,100	74,600	8.0%
100-0121-440-7015	Salaries wages - car allowance	ASM	1,908	1,900	1,900	0.0%
Subtotal Salaries Wages			63,376	71,000	76,500	7.7%
100-0121-440-7022	Er ret - CalPERS PEPRA	ASM	4,717	5,200	5,700	9.6%
100-0121-440-7028	Er ret - medicare	ASM	993	1,000	1,100	10.0%
100-0121-440-7041	Benefits - medical active	ASM	11,996	13,500	14,400	6.7%
100-0121-440-7043	Benefits - dental	ASM	2,105	800	600	-25.0%
100-0121-440-7044	Benefits - Life-AD&D-LTD Insurance	ASM	302	300	400	33.3%
100-0121-440-7045	Benefits - vision	ASM	157	200	100	-50.0%
100-0121-440-7046	Benefits - Er paid MARA: PEPH/Z	ASM	920	1,000	1,100	10.0%
100-0121-440-7047	Benefits - retiree medical premium	ASM	735	900	800	-11.1%
100-0121-440-7048	Benefits - retiree reimburse medical	ASM	-	1,100	-	-100.0%
100-0121-440-7051	Benefits - EAP	ASM	32	-	-	0.0%
100-0121-440-7062	Benefit adminstration fees	ASM	139	200	100	-50.0%
Subtotal Benefits			22,319	24,200	24,300	0.4%
Total Salaries & Benefits			85,696	95,200	100,800	5.9%
<u>GENERAL ADMINISTRATIVE</u>						
100-0121-440-7601	Meetings/Training	SM	310	400	300	-25.0%
100-0121-440-7602	Conferences	SM	903	1,200	1,200	0.0%
100-0121-440-7610	Prof affiliation memberships	SM	688	400	400	0.0%
100-0121-440-7650	Office expense	SM	-	200	200	0.0%
100-0121-440-7651	Safety supplies	SM	21	100	100	0.0%
100-0121-440-7652	Information technology software	SM	1,606	1,900	2,000	5.3%
100-0121-440-7670	Printing & publications	SM	375	700	700	0.0%
100-0121-440-7701	Prof svcs - general	SM	-	1,800	6,000	233.3%
100-0121-440-7731	Employee health maintenance	SM	-	-	200	0.0%
100-0121-440-7739	Outside safety training	SM	4,015	5,900	4,800	-18.6%
Subtotal Administrative			7,918	12,600	15,900	26.2%
Total Non-Agency Health & Safety			93,614	107,800	116,700	8.3%

***Position Code**

ASM Administrative Services Manager
 GM General Manager
 SM Safety Manager

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
76,900	3.1%	Novato Sanitary District's (NSD) share of the Safety Manager (SM) position salary is 39.75% and leave cash-outs is 39.75%. The Agency's share is 60.25% and is allocated to the Health & Safety Budget. FY26 step increase and 2.763% COLA and FY27 3% COLA.
1,900	0.0%	NSD's 39.75% share of the SM car allowance.
78,800	3.0%	
5,900	3.5%	Employer contributions for CalPERS 2% @ 62 PEPPRA employee retirement program. The FY26 employer contribution rate is 7.96% and the FY27 rate is 8%.
1,100	0.0%	Employer's 1.45% share of Medicare for all employees.
15,500	7.6%	Medical coverage up to the Kaiser family rate.
600	0.0%	Dental is self-insured.
400	0.0%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
100	0.0%	Employer paid vision benefits.
1,100	0.0%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
800	0.0%	Medical benefits for a .40 share of one retired employee at the SF-Bay Area PERS Kaiser single rate.
-	0.0%	Medical benefits in excess of the CalPERS PEMCHA minimum reimbursed directly to retirees.
-	0.0%	Employee assistance program that provides counseling, professional consultation, and work/life referral services.
100	0.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP, and NAVIA Flex 125 plans.
25,600	5.3%	
104,400	3.6%	
300	0.0%	Visual aids for meetings, tools, IT equipment, training materials, and refreshments.
1,200	0.0%	Safety related conferences, professional development, and webinars.
500	25.0%	Institute of Hazardous Materials (CHMM), Board of Certified Safety Professionals, National Safety Council, and American Society of Safety Professionals.
200	0.0%	Supplies
100	0.0%	
2,000	0.0%	MSDS Online, Keller Online
700	0.0%	Mancomm Regulations, CalOSHA Reporter, Safety Alert for Supervisors, NFPA/ANSI Standards
2,800	-53.3%	Contracted services to assist in completion/developing of programs.
200	0.0%	Expense for workplace safety related physicals, pre-employment exams, and urgent care at Kaiser Hospital and Medical Center of Marin.
5,300	10.4%	Training expenses for required safety programs that include NPFA high voltage electrical safety training, hearing tests, traffic control, industrial truck and other Cal/OSHA programs that facilitate a safe work environment.
13,300	-16.4%	
117,700	0.9%	

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Line Item Accounts

Non-Agency Technical Services - Countywide Public Education Program

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
<u>GENERAL ADMINISTRATIVE</u>						
100-0231-440-7737	Public Ed Program	RCM	34,373	45,400	50,000	10.1%
Total Non-Agency Technical Services			34,373	45,400	50,000	-25.3%

***Position Code**

RCM Regulatory Compliance Manager

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
49,900	-0.2%	Participating agency's share of the Countywide Public Education Program expenses associated with participating in public outreach events, hosting school programs, a Comcast video presentation, and educational materials for the program.
49,900	-2.2%	

Central Marin Sanitation Agency
FY26 and FY27 Operating Budget - Adopted
Line Item Accounts

Non-Agency Maintenance (SQRC, SD2, SQV)

Account #	Account Name	*By	FY24 Actual	FY25 Adopted Adjusted Budget	FY26 Adopted Budget	% Change FY26 Adopted from FY25 Budget
<u>SALARIES & BENEFITS</u>						
100-0351-440-7001	Salaries wages - regular	ASM	188,084	194,800	216,200	10.99%
100-0351-440-7005	Salaries wages - overtime	ASM	12,066	10,400	7,500	-27.88%
Subtotal Salaries Wages			200,150	205,200	223,700	1.27%
100-0351-440-7022	Er ret - CalPERS PEPRA	ASM	14,020	15,000	17,000	13.3%
100-0351-440-7023	Er ret - CalPERS survivors	ASM	186	200	200	0.0%
100-0351-440-7028	Er ret - medicare	ASM	2,923	3,000	3,200	6.7%
100-0351-440-7041	Benefits - medical active	ASM	75,527	84,300	90,300	7.1%
100-0351-440-7043	Benefits - dental	ASM	7,341	5,500	6,400	16.4%
100-0351-440-7044	Benefits - Life-AD&D-LTD Insurance	ASM	2,267	2,400	1,600	-33.3%
100-0351-440-7045	Benefits - vision	ASM	1,176	1,200	1,500	25.0%
100-0351-440-7046	Benefits - Er paid MARA: PEPH/Z	ASM	2,734	2,900	3,200	10.3%
100-0351-440-7051	Benefits - EAP	ASM	239	300	300	0.0%
100-0351-440-7061	Unemployment benefits	ASM	-	600	-	-100.0%
100-0351-440-7062	Benefit adminstration fees	ASM	968	1,200	1,000	-16.7%
100-0351-440-7063	Uniforms	AE	1,661	1,600	-	-100.0%
Subtotal Benefits			370,151	118,200	124,700	5.50%
Total Salaries & Benefits			570,301	323,400	348,400	7.73%
<u>MAINTENANCE & REPAIRS (M&R)</u>						
100-0351-440-7290	SD#2 pump stations - Repair services	MS	-	12,100	12,500	3.31%
100-0351-440-7201	SD#2 General parts, supplies, equipment	MS	20,275	25,400	26,300	3.54%
100-0351-440-7297	SD#2 Recommended asset mgmt projects	MS	42,347	103,000	100,000	-2.91%
100-0351-440-7291	SQRC pump station maint - extra work	TPM	39,027	-	-	0.00%
100-0351-440-7217	SQRC Supplies, Repairs and Other	TPM	14,569	9,800	9,800	0.00%
100-0351-440-7292	SQ Village WW system maint	TPM	7,307	20,000	22,200	11.00%
Subtotal Maintenance & Repairs			123,525	170,300	170,800	0.3%
<u>GENERAL ADMINISTRATIVE</u>						
100-0351-440-7710	SD#2 USA North 811 services	MS	270	1,700	1,700	0.00%
100-0351-440-7769	SD#2 Contingency	TPM	-	-	16,400	0.00%
Subtotal Administrative			270	1,700	18,100	964.71%
Total Non-Agency Maintenance			694,096	495,400	537,300	8.46%

***Position Code**

ASM Administrative Services Manager
 GM General Manager
 MS Maintenance Supervisor
 TSM Technical Services Manager/AGM
 AE Associate Engineer

FY27 Adopted Budget	% Change FY27 Adopted from FY26 Budget	Budget Account Description
223,500	3.38%	Salaries for 3 full-time IUL maintenance positions are allocated to the Non-Agency Maintenance budget. FY26 step increases and 2.763% COLA and FY27 3% COLA.
7,800	4.00%	
231,300	41.08%	
17,700	4.1%	Employer contributions for CalPERS 2% @ 62 PEPRAs employee retirement program. The FY26 employer contribution rate is 7.96% and the FY27 rate is 8%.
200	0.0%	Annual Survivors Benefit premium.
3,400	6.3%	Employer's 1.45% share of Medicare for all employees.
97,500	8.0%	Medical coverage up to the Kaiser family rate.
6,400	0.0%	Dental is self-insured.
1,600	0.0%	Employer paid life, accidental death & dismemberment, and long-term disability insurances.
1,500	0.0%	Employer paid vision benefits.
3,300	3.1%	PEHP: Post Employment Health Plan (also known as MARA: medical after retirement account). Employer contribution of 1.5% of base salary.
300	0.0%	Employee assistance program that provides counseling, professional consultation, and work/life referral services.
-	0.0%	Eliminated an allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
1,000	0.0%	Administrative fees charged for EDIS dental, CalPERS medical, PEHP, and NAVIA Flex 125 plans.
-	0.0%	Uniforms costs for three employees.
132,900	6.58%	
364,200	4.54%	
12,900	3.20%	Allowance for specialty repairs, contractor services, metal fabrication work, and vacuum trucks for annual pump station cleaning and debris removal.
27,200	3.42%	Allowance for consumable material purchases such as pump parts, lubricants, and electrical supplies. Includes general utility tools, painting supplies, hoses and hose bibs, and ladders.
100,000	0.00%	Staff performed AM improvements work which includes procuring and replacing pumps, impellers, and small VFD's.
-	0.00%	Recommended capital improvements performed by CMSA on an as needed basis. Removed double-counted expenses already tracked within department budget.
10,100	3.06%	Purchases such as pump parts, electrical components, supplies and other expenditures required to maintain station and collection system equipment.
22,800	2.70%	SQV wastewater maintenance costs include labor, mileage, repair services, parts, supplies, equipment, and recommended maintenance and capital expenditures.
173,000	1.3%	
1,800	5.88%	Annual subscription fee based on 1,100 average/tickets/annual x \$0.575 per/ticket.
17,000	3.66%	Funds available for transfer to other operating budget accounts for unplanned and unanticipated activities.
18,800	3.87%	
556,000	3.48%	

SECTION 8. CAPITAL IMPROVEMENT PROGRAM

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

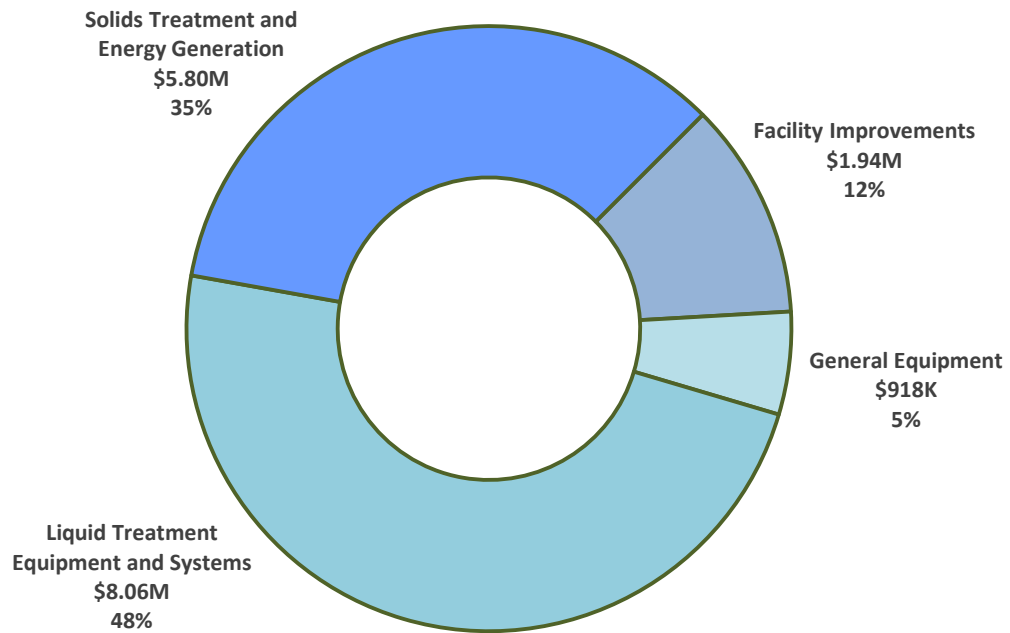
The CIP identifies capital expenditures over the next ten years for the Agency to develop appropriate funding plans. The 10-year CIP includes the replacement and rehabilitation of existing capital assets, as well as the acquisition or construction of new capital assets. Included within the 10-year CIP are the FY26 and FY27 budgets for capital projects and asset repair and replacement activities shown in the table below. These initiatives are organized into four categories: (1) Facility Improvements, (2) General Equipment, (3) Liquid Treatment Equipment and Systems, and (4) Solids Treatment and Energy Generation Equipment and Systems.

Capital expenditures are cash transactions made by the Agency that result in the acquisition or construction of a capital asset. For financial auditing purposes, a capital asset is any asset valued over \$5,000 with a useful life of over five years. Examples include land, buildings, machinery, vehicles, and equipment. All capital assets that the Agency plans to acquire, or construct are included in the FY26 and FY27 CIP.

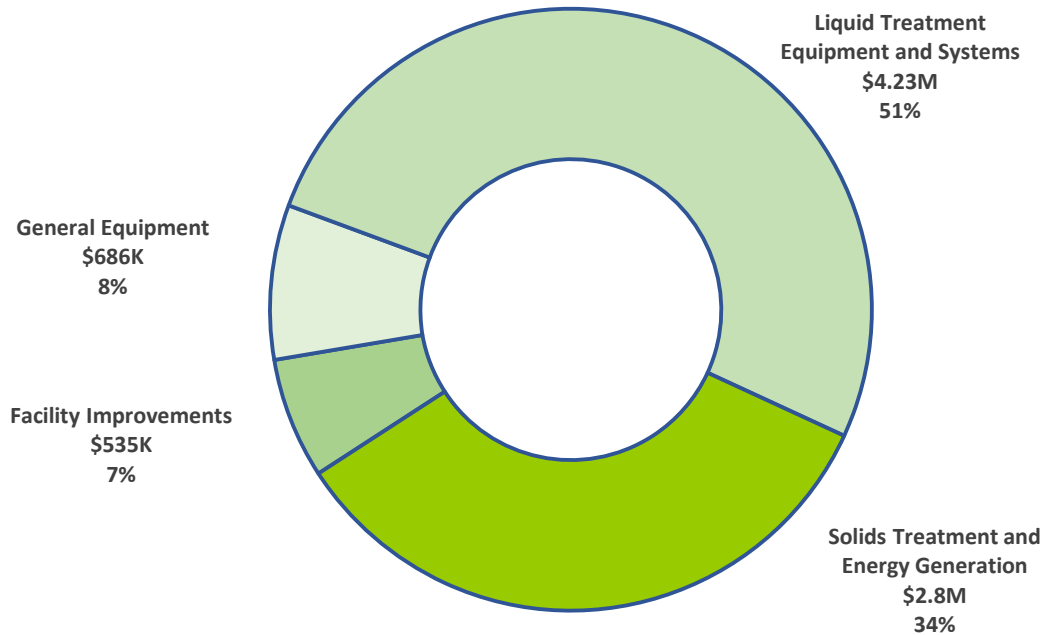
The 10-year CIP includes many important projects to maintain or improve the operation of the Agency's facilities. Following the 10-Year CIP FY26 and FY27 Budget is The Account/Project Description table which describes the purpose of each account and provides a schedule of planned CIP activities spanning future fiscal years. The Detailed Project Descriptions section further explains in-depth the scope, schedule, and multi-year budget plans for each major project.

CIP Category	FY24 Actual	FY25 Budget (Adjusted)	FY26 Adopted Budget	FY27 Adopted Budget
Facility Improvements	896,005	1,913,650	1,937,400	535,200
General Equipment	503,254	720,100	918,200	685,600
Liquid Treatment Equipment and Systems	2,027,061	4,671,710	8,061,000	4,228,000
Solids Treatment and Energy Generation	2,629,744	2,803,160	5,795,300	2,801,300
TOTAL CIP PROJECTS	\$6,056,064	\$10,108,620	\$16,711,900	\$8,250,100

FY26 CIP Budget



FY27 CIP Budget



Central Marin Sanitation Agency
Capital Improvement Program
Adopted FY26 and FY27 Budget and 10-Year Projection

[Return to TOC](#)

GL Account Number	PM*		Delivery Method	10-year CIP												Total FY26 - FY35
				Current Budget FY25	Projected Final FY25	1 Adopted FY26	2 Adopted FY27	3 FY28	4 FY29	5 FY30	6 FY31	7 FY32	8 FY33	9 FY34	10 FY35	
Facility Improvements																
0230-550-8201	TSM	Effluent Storage Pond Rehabilitation	FB	-	-	-	-	20,600	36,400	1,640,900	-	-	-	-	-	1,697,900
0230-550-8202	TSM	Agency Facilities Master Plan	PSA	-	-	-	-	-	-	-	-	-	800,000	-	-	800,000
0230-550-8203	TSM	Industrial Coatings & Concrete Rehabilitation	IB/MC/FB	401,700	364,500	894,500	214,100	190,600	42,700	132,400	112,800	30,800	32,000	33,200	34,500	1,717,600
0230-550-8204	TSM	Outfall Inspection & Repairs	IB/MC/FB	640,700	548,840	41,200	42,800	131,900	46,200	48,000	49,900	51,800	53,800	55,900	58,100	579,600
0230-550-8205	TSM	Facility Improvements	IB	201,819	176,819	379,500	186,200	129,700	48,400	134,700	75,100	50,000	45,800	55,000	1,697,900	2,802,300
0230-550-8206	TSM	Facility Paving/Site Work	IB/MC	416,600	409,669	204,700	14,100	14,700	15,300	15,900	16,500	17,100	17,800	18,500	19,200	353,800
0230-550-8207	TSM	Hillside Repairs	PSA/IB	-	-	-	-	103,900	-	-	-	-	-	130,600	-	234,500
0230-550-8208	TSM	Facility Roofs Rehabilitation	MC/IB/FB	-	-	20,000	78,000	981,800	31,500	480,500	34,000	35,400	36,700	38,200	39,600	1,775,700
0230-550-8209	TSM	SHB Elevator Control Replacement	FB	193,000	33,285	397,500	-	-	67,600	-	-	-	-	-	-	465,100
0230-550-8210	TSM	Facility Structures Seismic Study	PSA	83,536	60,000	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Facility Improvements				1,937,356	1,593,113	1,937,400	535,200	1,573,200	288,100	2,452,400	288,300	185,100	986,100	331,400	1,849,300	10,426,500
General Equipment																
0110-550-8301	ISA	Process Control	M/MC	82,400	23,755	54,600	50,000	42,800	44,400	46,200	48,000	49,800	51,700	53,800	55,800	497,100
0110-550-8302	MS	Security / Fire Systems	MC	29,300	31,000	21,300	24,800	101,700	29,700	25,400	22,500	16,600	23,400	18,000	26,300	309,700
0350-550-8303	MS/TSM	Fuel Storage Tanks	IB/MC	13,000	897	-	-	176,600	-	190,600	-	-	-	-	-	367,200
0110-550-8304	ISA	IT Hardware and Communication Equipment	M	70,300	60,000	37,400	68,800	94,400	59,600	85,100	45,300	40,900	90,000	44,200	45,900	611,600
0350-550-8305	MS	Agency Vehicle Replacement	IB/PO	343,000	343,000	89,100	87,000	110,500	87,400	90,800	69,200	98,000	91,600	106,500	175,700	1,005,800
0230-550-8306	RCM	Laboratory Equipment	PO	65,302	65,302	65,000	46,200	221,900	24,200	39,000	71,900	16,300	232,500	36,600	16,600	770,200
0350-550-8307	MS	Electrical Equipment	M/IB	90,000	55,000	122,500	96,100	99,800	108,200	107,700	111,900	116,200	120,800	125,400	130,300	1,138,900
0350-550-8309	MS	Process Instrumentation	M	53,600	53,600	117,200	61,800	61,500	47,700	34,000	35,300	36,600	38,100	39,500	41,100	512,800
0350-550-8310	TSM	Electrical Distribution System Rehabilitation	PSA/FB	14,507	3,330	161,100	215,900	2,323,700	6,503,100	1,853,700	323,800	2,000,500	349,500	2,158,900	407,100	16,297,300
0350-550-8311	MS	Electrical Conduit Rehabilitation	M/MC/IB	-	-	250,000	35,000	36,400	37,800	39,300	40,800	42,400	44,000	45,700	47,500	618,900
Subtotal - General Equipment				761,409	635,884	918,200	685,600	3,269,300	6,942,100	2,511,800	768,700	2,417,300	1,041,600	2,628,600	946,300	22,129,500
Liquids Treatment Equipment and Systems																
0230-550-8401	TSM	Biotower Rotary Distributor Replacement	FB	-	-	-	-	58,300	1,195,300	-	-	-	1,560,500	-	-	2,814,100
0350-550-8402	MS	Plant Pumps	MC/M	109,300	109,300	90,000	129,900	86,300	89,700	93,200	96,800	100,600	104,500	108,500	112,700	1,012,200
0350-550-8403	MS	Chemical Pumps	M	73,200	73,200	85,800	65,600	68,200	70,800	73,600	76,400	79,400	82,500	85,700	89,000	777,000
0350-550-8404	MS	Gates Rehabilitation	M/IB/FB	272,000	272,000	302,100	372,000	103,700	107,700	111,900	116,300	120,800	125,500	130,300	135,400	1,625,700
0350-550-8405	MS/TSM	Headworks Equipment	M/FB/PSA	1,963,737	322,590	3,932,150	890,150	212,400	137,600	142,900	148,500	45,700	47,500	49,400	51,300	5,657,600
0230-550-8406	TSM	Odor Scrubber Replacement	PSA/FB	-	-	40,000	-	30,000	2,500,400	-	2,930,900	-	2,090,100	-	-	7,591,400
0350-550-8407	MS	Process Tank Maintenance	M/IB	-	-	-	-	58,300	-	-	111,100	115,500	120,000	124,700	129,600	659,200
0350-550-8408	TSM	Primary Clarifiers Rehabilitation	M/FB/PSA	1,127,981	294,250	1,490,000	1,030,900	953,100	495,900	100,000	-	-	-	-	-	4,069,900
0350-550-8409	TSM	Secondary Clarifiers Rehabilitation	PSA/FB	-	-	-	-	-	-	-	88,800	1,134,000	1,972,400	1,004,000	-	4,199,200
0350-550-8411	TPM	Aeration System Rehabilitation	M/IB	-	-	10,800	-	65,400	-	130,600	-	89,600	-	96,600	-	393,000
0230-550-8412	TSM	Process Piping Inspection/Repairs/Replacement	PSA/IB	41,100	17,678	25,000	103,500	-	-	-	205,400	-	-	-	124,500	458,400
0350-550-8413	MS	Chemical Tanks	M/IB	53,700	53,700	69,100	59,700	112,100	64,500	79,000	69,600	87,300	75,100	93,000	96,000	805,400
0350-550-8414	MS	Piping, Valves & Operators	M	30,000	30,000	180,000	116,200	193,400	82,200	85,400	88,800	92,200	95,800	99,500	103,400	1,136,900
0230-550-8415	TSM	CCT Valve and Screen Replacement	FB	-	-	-	360,000	35,000	-	-	-	-	-	-	-	395,000
0230-550-8416	TSM	Influent Flow Meter Improvement	PSA/IB	147,534	11,036	158,000	-	-	-	-	-	-	-	-	-	158,000
0230-550-8417	TSM	Nutrient Removal	PSA	1,000,000	500,000	1,500,000	1,000,000	2,000,000	31,734,300	33,348,000	-	-	-	-	-	69,582,300
0230-550-8418	TSM	Recycled Water	PSA	-	-	100,000	100,000	100,000	-	-	-	-	-	-	-	300,000
Subtotal - Liquids Treatment Equipment and Systems				4,818,553	1,683,754	7,982,950	4,227,950	4,076,200	36,478,400	34,164,600	3,932,600	1,865,100	6,273,900	1,791,700	841,900	101,635,300

Central Marin Sanitation Agency
Capital Improvement Program
Adopted FY26 and FY27 Budget and 10-Year Projection

[Return to TOC](#)

GL Account Number	PM*		Delivery Method	10-year CIP												Total FY26 - FY35
				Current Budget FY25	Projected Final FY25	1 Adopted FY26	2 Adopted FY27	3 FY28	4 FY29	5 FY30	6 FY31	7 FY32	8 FY33	9 FY34	10 FY35	
Solids Treatment and Energy Generation Equipment and Systems																
0230-550-8501	TSM	Emergency Generator Assessment & Improvement	PSA/FB	28,129	-	520,000	1,576,200	-	-	94,300	-	-	-	-	-	2,190,500
0230-550-8502	TSM	Digester Inspection, Cleaning & Cover Replacement	FB	-	-	-	-	76,600	84,100	94,300	1,481,300	1,536,800	-	-	-	3,273,100
0350-550-8503	TSM	Centrifuge Replacement	PSA/FB	2,025,000	388,576	4,772,500	1,057,500	-	-	75,000	350,000	-	-	-	-	6,255,000
0350-550-8504	MS	Waukesha Cogeneration Maintenance	M/IB/FB	-	-	-	-	-	-	-	251,400	-	-	-	-	251,400
0350-550-8513	MS	Jenbacher Cogeneration Maintenance	M/IB/FB	105,500	105,500	80,800	284,600	87,200	169,200	94,000	97,700	589,100	184,100	109,500	113,800	1,810,000
0230-550-8505	MS	Cogeneration System	M	475,000	475,000	25,000	-	-	-	-	-	-	-	-	-	25,000
0350-550-8506	MS	Hot Water Systems	M/PSA	20,300	15,000	41,500	6,600	6,900	7,200	7,400	7,700	8,000	8,300	8,700	9,000	111,300
0350-550-8508	MS	Boilers	IB/FB	-	-	-	-	-	121,000	704,500	-	-	-	-	-	825,500
0350-550-8510	MS	Biosolids Hoppers Maintenance	M	80,000	-	111,700	-	12,700	31,200	13,700	-	14,800	-	16,000	-	200,100
0350-550-8511	MS	Organic Waste Receiving Facility	PO	103,100	103,100	240,800	77,100	263,400	76,800	79,800	82,900	86,100	89,500	93,000	96,600	1,186,000
0230-550-8514	TSM	Liquid Organic Waste Storage and Biogas Treatment Upgrades	FB	6,415	6,415	-	-	-	-	-	-	-	-	-	-	-
		Subtotal - Solids Treatment and Energy Generation Equipment and Systems		2,843,444	1,093,591	5,792,300	3,002,000	446,800	489,500	1,163,000	2,271,000	2,234,800	281,900	227,200	219,400	16,127,900
		Annual CIP Totals		10,360,761	5,006,342	16,630,850	8,450,750	9,365,500	44,198,100	40,291,800	7,260,600	6,702,300	8,583,500	4,978,900	3,856,900	150,319,200

* PM indicates the project manager for the account.
(1) BOLD items are individual Capital Improvement Projects, or larger, nonrecurring maintenance projects.

			Projected Annual Escalation Rate: 3.88%													
			Escalation Factors: 1.0388 1.0791 1.1210 1.1646 1.2098 1.2567 1.3055 1.3562 1.4088 1.4635 1.5203 1.5794													
Delivery Methods																
M		Maintenance project, self performed														
MC		Maintenance Contract														
			FY25 to FY26 Escalation Change: -1.20%													
PO		Purchase Order, equipment only	Escalation Change Factors: 0.9880 0.9761 0.9643 0.9527 0.9413 0.9300 0.9188 0.9077 0.8968 0.8860 0.8753 0.8648													
PSA		Professional Services Agreement														
IB		Informally Bid														
FB		Formally Bid														

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION**

Facility Improvements		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0230-550-8201	Effluent Storage Pond Rehabilitation	See Full Page Description.
0230-550-8202	Agency Facilities Master Plan	Scheduled Master Plan to guide the Agency in planning future projects. FY33 – Allowance to retain a consultant to develop Master Plan.
0230-550-8203	Industrial Coatings & Concrete Rehabilitation	<p>Industrial coating rehabilitation program for process structures, metal equipment, and treatment plant deck traffic coatings. Coating rehabilitation will be included as part of a larger project when appropriate. The condition of concrete structures will be periodically assessed, and projects will be added as needed.</p> <p>FY26 – Complete remaining portions of CCT No. 4 coating project. Install the wear coating on remaining uncoated sections of CCT No. 1-3 deck and apply coating above water lines in CCT No. 1-3, including repair of exposed rebar below water line in CCT No. 1-3, and recoating submerged metal piping.</p> <p>FY27 – Coat the headworks influent channel (combined San Rafael and Ross Valley upstream of the barscreens), timed with the headworks influent gates replacement.</p> <p>FY27 – Coat the floors of the digester basements due to high ferric exposure. Coat the hypochlorite vault and address corrosion on the hatches and ladders.</p> <p>FY28 – Repaint the Administration Building and Maintenance Building stucco and trim. Coat walls and ceilings of Headworks Building.</p> <p>FY29 – Specialty consultant to inspect floor coatings in the bulk hypochlorite and sodium bisulfite rooms of the Chemical Building. Allowance for spot repairs.</p> <p>FY30 – Crack repairs for the Headworks Building storage room and coat the headworks channel on San Rafael side (downstream of barscreen).</p> <p>FY31 – Coat the headworks channel on Ross Valley side (downstream of barscreen).</p> <p>FY32 – Perform concrete repairs and coat the aeration tank channels above Gallery L and Gallery M.</p> <p>FY26-35 – Allowance for industrial coating as needed, including deck coatings for primaries, secondaries, and CCTs.</p>
0230-550-8204	Outfall Inspection & Repairs	<p>On-going underwater inspection and maintenance of the marine outfall diffuser section. Activities include diver inspections of diffusers and risers, survey of diffuser check valve levels above shifting bay floor sediments, extending or replacing risers and diffuser check valves as needed, and periodic monitoring and removal of solids deposition inside outfall pipe.</p> <p>FY26-35 – Routine inspection and riser extension or replacement (assumed 5 per year), as needed.</p> <p>FY28 – Diver inspection of the outfall pipe interior including land to ocean transition and submerged outfall sections, and the twenty-one internal joints with Weko seals.</p>

CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION

0230-550-8205	Facility Improvements	<p>Various building improvements that are not incorporated into other capital projects.</p> <p>FY26-35 – Purchase 3 rag/vactor bins each year.</p> <p>FY26 – Allowance for the following:</p> <ul style="list-style-type: none"> • Hire architect for kitchen remodel. • Replace the air handling system in the Chemical Building control room. • Assess the air handling systems in the sodium bisulfite and hypochlorite rooms of the Chemical Building by outside contractor. • Replace Gallery C air handling system. Contractor to replace the windows/frames in Secondary Clarifier MCC room. • Replace Ross Valley and San Rafael seismic shear hoses outside of Headworks sampler room. • In-house assessment of roof and floor drain systems by area and replace as needed. • Assess access hatch door conditions in-house and plan for rehabilitation (north end of biotower, secondary clarifier deck, San Rafael flowmeter vault, polishing vault, vault between polishing and final effluent, 66" final effluent vault, digester room). • Purchase and replace hatches for 66" final effluent vault, Headworks odor scrubber room, biotower south end, and final vault. <p>FY27 – Allowance for the following:</p> <ul style="list-style-type: none"> • Replace the air handling systems in the sodium bisulfite and hypochlorite rooms of the Chemical Building if assessment indicates need. • Replace door and window at the biotower MCC room. • Replace seismic shear hoses from Chemical Building to outbuildings. • Engineering assessment of Administration Building HVAC system. • Contractor to replace both Engine Bay Doors at Solids Handling Building, including frames and hardware. • Complete facility EV Charging Study including grant funding options. <p>FY28 – Replace doors and windows in Aeration MCC room. Install isolation gate at headwall of Storm Water Drainage No. 3 near the Organic Waste Receiving Station. Replace the biotower exhaust flashing.</p> <p>FY29 – Replace Gallery A air handling system.</p> <p>FY30 – Replace Control Room air handling system in biotower. Replace window and door in Digester Pump Mix Room. Coat Digester Mix Pump and MCC13 rooms.</p> <p>FY31 – Replace polishing vault steel shed panels with FRP panels.</p> <p>FY32 – Allowance for building improvements.</p> <p>FY33 – Assess Effluent Pump Station Exhaust System.</p> <p>FY34-35 – Allowance for building improvements. Assess access hatch door conditions and plan for rehabilitation, performed in-house (Ross Valley flowmeter vault, Chemical Building upper level).</p> <p>FY35 – Construct New Annex Building for Storage, similar to existing Maintenance Annex.</p>
---------------	-----------------------	---

CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION

Facility Improvements		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0230-550-8206	Facility Paving/ Site Work	<p>Minor paving repairs and associated site work on facility roads, walkways, parking lots, and other pavement, and for re-grading, cleaning, and replacing gravel in drainage ditches.</p> <p>FY26 – Regrade plant side v-ditches and slope to storm drains and place gravel. Complete a plant paving project for plant road from the primary clarifiers to the Solids Handling Building.</p> <p>FY27-35 – Allowance for miscellaneous paving improvements.</p>
0230-550-8207	Hillside Repairs	<p>Periodic removal of larger debris and repairs in upper v-ditches to minimize landslides and storm drain damage on the hillside adjacent to Andersen Drive.</p> <p>FY28 – Placeholder for periodic removal of larger debris/sediment buildup in upper v-ditches and concrete repair of newly damaged v-ditches and newly under washed drainage pipes.</p> <p>FY34 – Placeholder for periodic removal of larger debris/sediment buildup in upper v-ditches and concrete repair of newly damaged v-ditches and newly under washed drainage pipes.</p>
0230-550-8208	Facility Roofs Rehabilitation	See Full Page Description.
0230-550-8209	Solids Handling Building Elevator Control Replacement	See Full Page Description.
0110-550-8301	Process Control	<p>Allowance for on-going replacement, upgrades, and improvements to the Agency's process control system including new instruments, servers, and computers; and Programmable Logic Controllers (PLCs) and Human Machine Interface (HMI) hardware and software. Actual cost estimates are used for specifically identified equipment.</p> <p>FY26 – Allowance for retired annuitant labor, including labor to replace facility card access controllers.</p> <p>FY27 – Allowance for retired annuitant labor.</p> <p>FY26-35 – Routine PLC and HMI hardware replacement.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION**

General Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0110-550-8302	Security/ Fire Systems	<p>Allowance for projects related to the Agency's physical security and fire protection systems, including a biannual allowance to purchase replacement equipment as needed.</p> <p>FY26 – Replace three existing CCTV cameras (Main Gate/Parking Lot/Peroxide).</p> <p>FY27 – Add two CCTV cameras (Back Lab Entrance Area/Primary Clarifiers).</p> <p>FY28 – Consultant to inspect the fire protection system control cabinet at the Effluent Pump Station, Chemical Building, and Solids Handling Building. Upgrade existing Administration Building fire protection system control panel.</p> <p>FY29 – Consultant to inspect facility perimeter fencing and automated gates and provide recommendations for replacement.</p> <p>FY30 – Replace the cameras at the Organic Waste Receiving Station Gate, Main Entrance Gate, Marin Bus Gate, and Corp Yard Gate.</p> <p>FY26-35 – Allowance for annual and quarterly inspections of alarms and sprinklers and FY24 fire line relocation at Maintenance Annex.</p> <p>Note: An allowance for alarm and sprinkler-related spare parts is included every other year.</p>
0350-550-8303	Fuel Storage Tanks	<p>Allowance for projects related to the underground diesel fuel tank near the Solids Handling Building and the unleaded fuel tank outside the Maintenance Building.</p> <p>FY28 & 30 – Allowance to replace the existing underground gasoline fuel storage tank (FY28) and existing underground diesel storage tank (FY30) with above ground storage tanks. This replacement would be triggered by one of the underground tanks failing or by a change in regulatory requirements or if the cost/future liabilities associated with maintaining the existing tanks become excessive.</p>
0110-550-8304	IT Hardware and Communication Equipment	<p>Routine repair and regular replacement of IT hardware and software, such as office computers, printers, scanners, digital telephone equipment and its supporting servers, and voice radio equipment.</p> <p>FY26 – Allowance for equipment listed above. Replace card access system.</p> <p>FY27 – Allowance for equipment listed above and replacement of eight area switches and two perimeter firewalls.</p> <p>FY28 – Allowance for equipment listed above and replacement of the data servers on which all Agency business and SCADA virtual servers run.</p> <p>FY29 – Allowance for equipment listed above and replacement of backup repository.</p> <p>FY30 – Allowance for equipment listed above and upgrade of fifty-two business computers and four laptops.</p> <p>FY31 – Allowance for equipment listed above and replacement of twenty SCADA workstations.</p> <p>FY32 – Allowance for equipment listed above.</p> <p>FY33 – Allowance for equipment listed above and replacement of the data servers on which all Agency business and SCADA virtual servers run.</p> <p>FY34 & 35 – Allowance for equipment listed above.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION**

General Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0350-550-8305	Agency Vehicle Replacement	<p>Purchase new vehicles or equipment for passenger vehicles, trucks, forklift, bicycles, and electric carts as they reach or exceed their expected useful lives.</p> <p>FY26 – Replace F150 truck (Lab/TS) and replace one utility cart.</p> <p>FY27 – Replace E350 van with electric van and replace one utility cart.</p> <p>FY28 – Replace skid steer loader and replace one utility cart.</p> <p>FY29 – Replace F150 pump station truck.</p> <p>FY30 – Replace F150 utility truck.</p> <p>FY31 – Replace Technical Services transit van.</p> <p>FY32 – Replace SQRC PS F150 truck.</p> <p>FY33 – Replace one Honda CRV and two utility carts.</p> <p>FY34 – Replace forklift.</p> <p>FY35 – Replace telehandler.</p>
0230-550-8306	Laboratory Equipment	<p>Scheduled replacement of laboratory equipment such as autoclaves, spectrophotometers, collection/sampler systems, washers, incubators, etc. and purchasing new laboratory equipment.</p> <p>FY26 – Purchase and Install a deionized water system.</p> <p>FY27 – Replace laboratory autoclave.</p> <p>FY28 – Replace the muffle furnace and Enterococcus Incubator. Purchase and install an inductively coupled plasma optical emissions spectrometry system for metals analysis.</p> <p>FY29 – Replace the analytical balance, and top loading balance.</p> <p>FY30 – Replace the UV spectrometer and purchase sampler.</p> <p>FY31 – Replace the automated BOD system and sample refrigerator.</p> <p>FY32 – Replace microbiological water bath, and centrifuge.</p> <p>FY33 – Replace coliform incubator and ion chromatography system.</p> <p>FY34 – Replace BOD incubator.</p> <p>FY35 – Purchase sampler.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION**

General Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0350-550-8307	Electrical Equipment	<p>Planned maintenance, upgrades, and replacement of electrical components: individual motor controls and equipment panels, electric sluice gate operators, variable frequency drives, power monitoring equipment, and electrical equipment to support process equipment.</p> <p>FY26 – Purchase four WAS pump VFDs and three plant water pump VFDs. Replace Process Control System UPS and SCADA Main. Assess Effluent Pump Station HMI controllers for engines and main control panel and replace them if needed. Replace Process Control System UPS.</p> <p>FY27 – Convert existing lighting to LED at the Effluent Pump Station and Primary Clarifier No. 6 and 7, performed in-house. Replace six Rotary Drum Thickener VFDs. Replace two aeration influent gate actuators.</p> <p>FY28 – Replace three centrifuge feed pump VFDs. Replace two aeration influent gate actuators.</p> <p>FY29 – Replace four aeration influent gate actuators. Replace two VFDs for the influent barscreens. Replace two RDT polymer pump VFDs.</p> <p>FY30 – Replace two aeration influent gate actuators.</p> <p>FY31 – Replace two aeration influent gate actuators.</p> <p>FY27-35 – Annual Allowance for replacement of equipment as determined by condition assessment as needed, including actuators, MCC buckets, conduit replacement, etc.</p>
0350-550-8309	Process Instrumentation	<p>On-going repair, replacement, or upgrading of obsolete meters, sensors, and transmitters to provide local process status information and transmit it to the treatment plant's SCADA system.</p> <p>FY26 – Procure Rosemount digester PSI/liquid level transmitter. Perform E/I inventory of quantity and age of instrument controllers and prepare a schedule to replace two channel controllers with six channel controllers throughout the facility. Procure seven ATI Sludge Blanket Readers for primary sludge. Procure one primary sludge TSS Hach meter. Procure two secondary scum level controllers.</p> <p>FY27 – Replace RAS/WAS flow meters and two six-channel analyzer controllers.</p> <p>FY28 – Replace eight ATI chlorine analyzers. Allowance for above equipment, plus replace the Digester H2S atmospheric monitoring equipment.</p> <p>FY29 – Install one TWAS TSS Meters.</p> <p>FY26-35 – Allowance for above equipment.</p>
0350-550-8310	Electrical Distribution System Rehabilitation	See Full Page Description.

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION**

General Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0230-550-8311	Electrical Conduit Rehabilitation	<p>Electrical conduit rehabilitation program for aging facility conduits that have been found to be leaking, corroded, or collapsed when embedded in concrete. The condition of conduits will be periodically assessed, and projects will be added as needed.</p> <p>FY26 – Complete Area 9 leaking distribution panel feeder replacement and conduit seal installation. Repair corroded floor conduits in the polymer activation room and along Gallery C. Complete headworks MCC comprehensive conduit evaluation and repair/replace leaking conduits and seals as necessary, timed with Headworks MCC condition assessment. Hire a specialized electrical consultant to advise Agency staff on conduit inspection phasing and replacement/inspection options.</p> <p>FY27-35 – Allowance for as needed specialty conduit inspection services and conduit rehabilitation, including repair or replacement of leaking conduits and fittings, as well as proactive installation of new conduits in critical areas.</p>
0230-550-8401	Biotower Rotary Distributor Replacement	See Full Page Description.
0350-550-8402	Plant Pumps	<p>Scheduled replacement of centrifugal, positive displacement, chopper pumps, and in-line grinders. These pumps transport sludge, scum, and other liquids throughout the facility.</p> <p>FY26 – Replace three recycled water pumps. Replace site sump pumps. Replace two sludge pumps, one scum pump, and two sump pumps. In-house assessment of the Effluent Pump Station wet weather pumps.</p> <p>FY27 – Replace centrifuge feed pumps. Refurbish TWAS pumps at the Rotary Drum Thickeners. Replace two sludge pumps, one scum pump, and two sump pumps. Replace sludge grinder.</p> <p>FY28 – Upsize blend channel drain pump and piping. Replace two sludge pumps, one scum pump, and two sump pumps.</p> <p>FY28-29 – Refurbish Effluent Pump Station wet weather pumps, as needed.</p> <p>FY29 – Replacement of both sludge recirculation grinders. Replace two sludge pumps, one scum pump, and two sump pumps.</p> <p>FY29-30 – Refurbish biotower pumps, as needed.</p> <p>FY30 – Placeholder to refurbish two TWAS pumps at the Rotary Drum Thickeners.</p> <p>FY30-35 – Allowance to replace pumps identified by condition assessments.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION**

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0350-550-8403	Chemical Pumps	<p>Regular refurbishment or replacement, based on a condition assessment, of pumps and related equipment for the delivery of specific chemicals at various treatment unit processes. Chemical pumps include those for ferric chloride, hydrogen peroxide, calcium nitrate, sodium hypochlorite, emulsion polymer, and sodium bisulfite.</p> <p>FY26 – Replace one chemical induction mixer. Replace one sodium bisulfite metering pump to align with new chlorine control plan. Replace one headworks ferric pump.</p> <p>FY27 – Refurbish all eight nitrate solution metering pumps.</p> <p>FY28 – Assess ferric transfer pump from headworks to dewatering system to eliminate tank near the Solids Handling Building. Replace one chemical induction mixer.</p> <p>FY30 – Explore replacement options for the existing Milton Roy chemical pumps.</p> <p>FY29-35 – Above allowances to replace chemical pumps based on condition assessment.</p>
0350-550-8404	Gates Rehabilitation	See Full Page Description.
0350-550-8405	Headworks Equipment	See Full Page Description.
0230-550-8406	Odor Control System Improvements	See Full Page Description.
0350-550-8407	Process Tank Maintenance	<p>Refurbishment and replacement of mechanical equipment such as drive mechanisms, media vessels, and blowers in all process tanks and systems throughout the treatment facility.</p> <p>FY28 – Inspect and recoat interior and exterior of H2S scrubber vessels.</p> <p>FY31-35 – General tank related replacement of equipment as determined by condition assessment.</p>
0350-550-8408	Primary Clarifiers Rehabilitation	See Full Page Description.
0350-550-8409	Secondary Clarifiers Rehabilitation	See Full Page Description.
0350-550-8411	Aeration System Rehabilitation	<p>Replacement and rehabilitation of aeration system equipment.</p> <p>FY26 & 30 – Increase inventory of diffuser membranes as needed to replace damaged units during washing.</p> <p>FY28, 32 & 34 – Replace aeration diffuser membranes in all four tanks every 4 years.</p> <p>FY30 – Blower core refurbishment every 10 years.</p>
0230-550-8412	Process Piping Inspection/Repairs/Replacement	See Full Page Description.

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION**

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0350-550-8413	Chemical Tanks	<p>Replacement of chemical storage tanks used throughout the treatment plant and in the collection system as they approach the end of their service lives. There are five sodium hypochlorite, two sodium bisulfite, two hydrogen peroxide, two polymer, four calcium nitrate, and three ferric chloride tanks. The replacement schedule is subject to change based on annual condition assessment inspection results.</p> <p>FY26 – Replace the North Francisco nitrate solution tank and roof.</p> <p>FY27 – In-house assessment of the polymer day tanks in the Solids Handling Building. Perform a condition assessment on the headworks ferric chloride tank interiors every 5 years.</p> <p>FY28 – Assess cost to run dual wall containment piping for ferric chloride and pump ferric chloride from Headworks Building to the Solids Handling Building versus replacing the Solids Handling Building Ferric Chloride storage tank. Replace the onsite Peroxide Tank and the San Quentin Peroxide Tank.</p> <p>FY29 – Replace the West Railroad nitrate solution storage tank.</p> <p>FY30 – Replace the Paradise pump station nitrate solution storage tank. Assess Effluent Pump Station diesel storage tank and coat every 5 years per manufacturer's recommendations.</p> <p>FY31 – Replace Hypochlorite Storage Tank No. 5.</p> <p>FY32 – Replace Hypochlorite Storage Tank No. 3. Condition assessment of interior lining and exterior of the bulk ferric tanks every 5 years.</p> <p>FY33 – Replace Hypochlorite Storage Tank No. 2.</p> <p>FY34 – In-house assessment of Liquid Organic Waste Storage Tank. Condition assessment of the bulk polymer storage tank every 10 years.</p> <p>FY35 – Assess Effluent Pump Station diesel storage tank and coat every 5 years per manufacturer's recommendations.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION**

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0350-550-8414	Piping, Valves & Operators	<p>There are over 750 plug valves in the treatment facilities, ranging in size up to 12” in diameter. This account includes annual allowances for routine maintenance and periodic replacement of these valves, their operators, and associated piping. This allowance may change as on-going condition assessments are completed.</p> <p>FY26 – Inspect exterior process tank drain piping and replace or coat as necessary. In-house replacement of channel air isolation valves and couplings. Replace Secondary 3 & 4 inlet valves.</p> <p>FY26 – Annual allowance for repairs as needed of above noted equipment. Consultant assessment of corroded valve and piping inside South Francisco vault and the valve in San Quentin Junction Box and allowance for repairs. Refurbish one failing check valve and seals at the Effluent Pump Station. Replace the 10-inch knife gate from South Francisco Pump Station to South Francisco Junction Vault with stainless steel knife gate.</p> <p>FY27 – Install MOV’s on centrifuge sludge feed lines to automate switching of feed between digesters. Replace Secondary 1 & 2 Inlet butterfly valves.</p> <p>FY27 – Coat the Effluent Pump Station exterior piping.</p> <p>FY28 – Comprehensive pipe inspection of all piping inside galleries by consultant.</p> <p>FY28 – Replace biogas piping, valves, and operators in the boiler room.</p> <p>FY29-35 – Allowance for repairs as determined by future condition assessments.</p>
0230-550-8415	CCT Valve and Screen Replacement	<p>The telescoping valves in the CCTs 1 through 4 are used to remove debris floating on the water surface.</p> <p>FY27 – Replace the telescoping valves in CCTs 1 through 4. An option that will be explored is to replace the telescoping valves with rotating pipe skimmers and motorized actuators. This project also includes replacing the recycled water screen.</p> <p>FY28 – Refurbish and upgrade Hellan Strainers on carrier water and 3W.</p>
0230-550-8416	Influent Flow Meter Improvement	<p>Both the 45” San Rafael Interceptor and the 54” Ross Valley Interceptor were originally fitted with ultrasonic meters manufactured by Manning. A multi-path ultrasonic transit time meter technology was installed on the San Rafael Interceptor in 2023 to provide reliability and redundancy, and the same flowmeter system will be installed on the Ross Valley Interceptor.</p> <p>FY26 – Installation of Ross Valley flow meter in dry season of 2025.</p>
0230-550-8417	Nutrient Removal	See Full Page Description.
0230-550-8418	Recycled Water	<p>Due to the 2020-2022 drought, annual placeholder funds are included for recycled water planning related activities in conjunction with continuous recycled water related feedback from the Board and/or the Marin Municipal Water District.</p> <p>FY26 – Placeholder for recycled water planning and/or studies.</p> <p>FY27 – Placeholder for recycled water planning and/or studies.</p> <p>FY28 – Placeholder for recycled water planning and/or studies.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION**

Solids Treatment and Energy Generation Equipment and Systems		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0230-550-8501	Emergency Generator Assessment & Improvement	<p>The emergency generator provides power to Agency facilities when utility power is not available, and the cogeneration systems are offline. The emergency generator system was installed in 1985 and consists of an electrical generator connected to a diesel-fueled reciprocating engine. While the equipment is relatively old, it has had minimal usage and is maintained per manufacturer's recommendations. In 2023 the generator was replaced, and an inspection found the engine to be in good condition.</p> <p>FY26-27 – Design and installation of updated emergency generator controls.</p> <p>FY30 – Placeholder for periodic condition assessment of emergency generator system.</p>
0230-550-8502	Digester Inspection, Cleaning & Cover Replacement	<p>Periodic cleaning and inspection of each anaerobic digester about every ten years based on CMSA's membrane covers' service lives. Agency staff will drain the tanks to allow a contractor to remove material that has accumulated inside the tanks. A specialty contractor will replace the membrane covers after the cleaning is complete and then staff will return each digester to service. Project timing may also be adjusted based on actual digester process and membrane cover performance.</p> <p>FY28 – Replace or rebuild one digester mix pump and VFD.</p> <p>FY29 – Replace or rebuild one digester mix pump and VFD.</p> <p>FY30 – Hire condition assessment firm to complete digester exterior structural concrete integrity assessment and plan for possible interior assessments in the FY31-32 digester cleaning cycle. Depending on assessment results, waterproof coating of interior digester walls/floor in FY31-32 will be considered to avoid moisture damage to concrete/rebar.</p> <p>FY31 – Allowance to clean and inspect the interior of Digester No. 1 and replace its dual membrane cover and associated valves.</p> <p>FY32 – Allowance to clean and inspect the interior of Digester No. 2 and replace its dual membrane cover and associated valves.</p>
0350-550-8503	Centrifuge Replacement	See Full Page Description.
0350-550-8504	Waukesha Cogeneration Maintenance	<p>Ongoing maintenance of backup Waukesha engine that only experiences limited runtime for air permit compliance and backup to the Jenbacher engine.</p> <p>FY31 – Allowance for top-end overhaul based on staff estimated annual runtime hours.</p>
0350-550-8513	Jenbacher Cogeneration Maintenance	See Full Page Description.
0350-550-8505	Cogeneration System	See Full Page Description.

CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY26 & FY27 BUDGET AND 10-YEAR PROJECTION

Solids Treatment and Energy Generation Equipment and Systems		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
0350-550-8506	Hot Water Systems	<p>Repair and replacement of hot water system pumps, valves, flex fittings, insulation, and piping as needed to maintain the system that supplies hot water to the digesters, buildings and facilities.</p> <p>FY26 – Allowance for repair and replacement of cogeneration system water system insulation.</p> <p>FY27-35 Annual allowance for system repairs as needed, failing valves, piping leaks, booster pumps, and seals.</p>
0350-550-8508	Boilers	<p>FY29 – Complete design and air permitting for replacement of existing boilers.</p> <p>FY30 – Remove two smaller existing boilers and replace with one larger new boiler, upgraded to meet future Bay Area Air Quality Management District requirements.</p>
0350-550-8510	Biosolids Hoppers Maintenance	<p>An allowance for monitoring and minor repairs to biosolids hoppers, gates, and hydraulic actuators.</p> <p>FY26-35 – Allowance for minor maintenance of mechanical equipment every other year.</p> <p>FY26 – Complete the biosolids hoppers coating project.</p> <p>FY29 – Condition assessment of biosolids hoppers, including evaluating need for additional seismic strengthening or hopper replacement.</p>
0350-550-8511	Organic Waste Receiving Facility	<p>Repairs and replacement of pumps, valves, monitors, and other equipment in the Organic Waste Receiving Facility, including the Liquid Organic Waste Storage Tank.</p> <p>FY26-35 – Annual allowance for equipment replacement, including annual purchase of two mix pumps.</p> <p>FY26 – Placeholder to conduct study for utilization options for future excess biogas production beyond Jenbacher capacity, including biogas upgrading and transportation fuel options and complete economic analysis. Study to be completed after nutrient removal alternative is selected. Purchase Huber screen replacement wear parts as needed. Purchase four VFD spares.</p> <p>FY27 – Replace underground storage tank exhaust fan.</p> <p>FY28 – Complete condition assessment of two Watson Marlow peristaltic pumps. Recoat the Organic Waste Receiving Station slurry pit. Assess paddle finisher and replace as needed.</p> <p>FY29 – Replace Watson Marlow pumps/major components per assessment.</p> <p>FY30 – Conduct crane assessment.</p> <p>FY31 – Assess MCC AC unit, upgrade PLC, and install new crane system if needed.</p>

Effluent Storage Pond Rehabilitation (GL 0230-550-8201)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Formally Bid		
Description and Justification	The effluent storage pond was constructed over a deep layer of Young Bay Mud that settles unevenly under the pond. This causes loss of capacity due to berm settling, and small areas of shallow standing water after the pond is emptied due to bottom settling. The berm was reconstructed and raised in 2007, with a new geotextile liner and new sections of intake and outlet piping. There is an allowance for surveying and project scoping in FY28, design in FY29, and potential renovation of the pond berms and bottom in FY30, depending on the survey results.		
Risk Assessment	This is a low-risk project because berm settlement does not occur rapidly. Berm condition will be regularly monitored, and the survey timing can be adjusted if necessary.		
Schedule	Activity Description	Cost	
FY28	Survey entire berm, top road, and pond bottom for excessive or uneven settlement, assess potential pond bottom for repair or replacement, and determine scope of improvements needed.	\$20,600	
FY29	Develop design improvements for the pond.	\$36,400	
FY30	Construction allowance (including 12 percent allowance for construction management and engineering services during construction) for re-grading the pond bottom and/or raising the berm, including extending and re-anchoring the buried extra liner material and rebuilding the service road on top of the berm.	\$1,640,900	
Project Total			\$1,697,900

Project Photo:



Effluent Storage Pond

Facility Roofs Rehabilitation (GL 0230-550-8208)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Maintenance Contract/Informally Bid/Formally Bid		
Description and Justification	Rehabilitate portions of the standing seam metal and built-up roofs as needed, and perform minor repairs on their supporting structures, if required. The various agency built-up roofs were mostly replaced around 2007 and are not expected to require full replacement until after 2030. Allowances are included below for minor repairs on the built-up and standing seam roofs until their complete replacement.		
Risk Assessment	This is a medium risk project as the fall 2018 roof inspection indicated that the roof systems are generally in good condition, except for the items described above and below.		
Schedule	Activity Description	Cost	
FY26	Retain consultant to provide assessment and budgetary costs of repairs needed for all built-up and standing seam roofs.	\$20,000	
FY27	Annual allowance to patch or repair facility standing seam and built-up roof areas as needed.	\$78,000	
FY28	Cost for replacement of the Maintenance Building metal roof, including 20 percent allowance for design, construction management and engineering services during construction. Check and replace sealants on the Admin Roof.	\$981,800	
FY30	Allowance to replace standing seam roofs on the Maintenance Annex, Aeration Building, and Secondary Clarifier, including replacement of metal roof, gutter, skylights, downspouts, ridge vents and flashing.	\$447,700	
FY29-35	Annual allowance to patch or repair facility built-up roof areas as needed.	\$248,200	
Project Total			\$1,775,700

Project Photo:



Maintenance Building with standing seam metal roof

Solids Handling Building Elevator Control Replacement (GL 0230-550-8209)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Formally Bid		
Description and Justification	The elevator control system will need to be replaced due to age and issues that have required increased maintenance in recent years. Additionally, frequent use of the elevator is anticipated for the upcoming centrifuge replacement project.		
Risk Assessment	This is a medium risk project.		
Schedule	Activity Description	Cost	
FY26	Construction of elevator control system replacement project, including 20 percent allowance for design, construction management and engineering services during construction.	\$397,500	
FY29	Retain specialized elevator consultant to complete comprehensive assessment of elevator system, including elevator cabin, cable system, sump pump equipment and elevator motors.	\$67,600	
Project Total			\$465,100

Project Photos:*Solids Handling Building Elevator**Elevator Control Panel*

Electrical Distribution System Rehabilitation (GL 0350-550-8310)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Professional Services Agreement/Formally Bid		
Description and Justification	<p>The existing switchgear electrical components are mostly comprised of equipment from 1985. While most of the equipment is operational, it is increasingly difficult to locate replacements because the manufacturers no longer provide full technical support. The switchgear and Headworks MCC were inspected in 2023 and found to be in good overall condition given their age, and relatively minor shortcomings were addressed in 2023. It was recommended to, and approved by, the Board to re-test the switchgear and Headworks MCC in two years, and to postpone the design and construction of a new switchgear and Headworks MCC by the same number of years. This project also includes allowances to investigate and replace motor control centers located in several treatment process areas when condition assessment findings warrant replacement, as described in the activity schedule below.</p> <p>Depending on the outcomes of the nutrient removal master plan, this entire account may need to be rearranged in terms of timing and scope if the recommended nutrient removal alternative will necessitate significant changes to the facility's electrical system, such as upsizing and/or relocating the main switchgear.</p> <p>All construction allowances below include a standard 8 percent allowance for construction management and a 4 percent allowance for engineering services during construction.</p>		
Risk Assessment	This is a high-risk project because a failure of the switchgear and/or MCCs would result in a significant process disruption, potentially resulting in shutdowns or significant downtime that could result in discharge of untreated effluent.		
Schedule	Activity Description	Cost	
FY26	Reinspect main switchgear and headworks MCC.	\$124,700	
FY26	Allowance for consultant assistance for inspection scope and final report.	\$36,400	
FY27	Allowance for retaining a consultant to design headworks MCC replacement.	\$215,900	
FY28	Allowance for the construction of headworks MCC replacement.	\$1,591,800	
FY28	Design of main switchgear replacement.	\$458,600	
FY28	Plantwide MCC condition assessment and major conductor condition assessment. Perform short circuit study update.	\$273,300	
FY29	Construction of main switchgear replacement.	\$6,261,100	

FY29	Placeholder for design of one MCC replacement.	\$242,000
FY30	Placeholder for construction of one MCC replacement.	\$1,853,700
FY31	Placeholder for design of one MCC replacement.	\$323,800
FY32	Placeholder for construction of one MCC replacement.	\$2,000,500
FY33	Placeholder for design of one MCC replacement.	\$349,500
FY34	Placeholder for construction of one MCC replacement.	\$2,158,900
FY35	Placeholder for design of one MCC replacement.	\$407,100
Project Total		\$16,297,300

Electrical Distribution Project Photos:

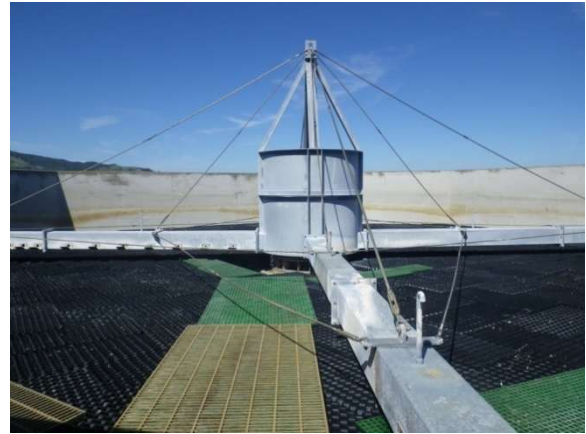
Switchgear building and transformer



Switchgear equipment

Biotower Rotary Distributor Replacement (GL 0230-550-8401)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Formally Bid		
Description and Justification	<p>The biotowers are the first of two secondary treatment processes and remove some of the biochemical oxygen demand from the primary effluent before treatment in the aeration tanks. The rotary distributor is the critical moving part, spreading wastewater evenly on the filter media. The rotary distributor and top level of filter media in Biotower No. 2 were replaced in 2010. This project is a placeholder – the biotowers may be demolished or repurposed depending on the nutrient removal project. If the nutrient removal project confirms that the biotowers will remain, the media will require full replacement due to its age.</p> <p>All construction allowances below include a standard 8 percent allowance for design, an 8 percent allowance for construction management, and a 4 percent allowance for engineering services during construction.</p>		
Risk Assessment	<p>This is a medium risk project. The rotary distributor for Biotower No. 2 is operating but has significant corrosion. The upper media bed needs to be replaced due to weather damage.</p>		
Schedule	Activity Description	Cost	
FY28	Expert assessment and design assistance to prepare for replacement of the biotower rotary distributor for Biotower No. 1.	\$58,300	
FY29	Replace galvanized-steel distributor mechanism and plastic spreader nozzles with a motor-operated mechanism for Biotower No. 1. Replace distributor bearing. Replace or re-galvanize the cast iron turntable on which the mechanism turns for Biotower No. 1. Replace the top tier of media that is subject to weather damage.	\$1,195,300	
FY33	Replace galvanized-steel distributor mechanism and plastic spreader nozzles with a motor-operated mechanism for Biotower No. 2. Replace distributor bearing. Replace or re-galvanize the cast iron turntable on which the mechanism turns for Biotower No. 2. Replace the top tier of media that is subject to weather damage.	\$1,560,500	
Project Total			\$2,814,100

Biotower Project Photos:

Original base and turntable, Biotower No. 1

New rotary distributor, Biotower No. 1

Gates Rehabilitation (GL 0350-550-8404)			
Type of Project	Design and Capital Construction	Lead Department	Maintenance
Project Delivery	Maintenance Project/Informally Bid/ Formally Bid		
Description and Justification	There are several large gates that control flow into, through, and between processes. The gates are also used to isolate process tanks for repair or maintenance. When condition assessments warrant, these gates will be replaced with stainless steel gates, which have a longer service life because they have better corrosion resistance and sealing surfaces that can be refurbished.		
Risk Assessment	This is a low-risk project, provided the gates are replaced according to condition assessment findings.		
Schedule	Activity Description	Cost	
FY26	Purchase two stainless steel headworks influent gates. Purchase a new isolation gate for CCT No. 5 and 6.	\$302,100	
FY27	Install headworks influent gates.	\$272,200	
FY27-35	Allowance to replace gates as needed based on condition assessment, including the following: FY27 – Replace Grit Tank No. 1 and 2 influent gates. FY28 – Replace Grit Tank No. 4 and 5 influent gates. FY29 – Replace the effluent isolation gates on Secondary Clarifier No. 2 and 3 and add MOV and conduit to automate gates. FY30 – Replace the effluent isolation gates on Secondary Clarifier No. 1 and 4 and add MOV and conduit to automate gates.	\$1,051,400	

	<p>FY31 – Replace two isolation gates between Aeration Tank No. 1 and 2, if not installed in Nutrient Project.</p> <p>FY32 – Replace two isolation gates between Aeration Tank No. 3 and 4, if not installed in Nutrient Project.</p> <p>FY33 – Gate assessment for the 72-inch effluent pump station gate, 84-inch outfall isolation gate, the South Francisco junction box, and Ross Valley junction box isolation gate.</p> <p>FY34 – Replace three small gates at the Effluent Pump Station sump for CCT No. 5 & 6.</p> <p>FY35 – Allowance for gate rehabilitation or replacement.</p>	
Project Total		\$1,625,700

Gates Rehabilitation Project Photo:



San Rafael and Ross Valley influent gates

Headworks Equipment (GL 0350-550-8405)			
Type of Project	Design and Capital Construction	Lead Department	Maintenance/TSM
Project Delivery	Maintenance Project/ Formally Bid/ Professional Services Agreement		
Description and Justification	Equipment in the headworks building is used to collect, transport, dewater, and store screenings and grit from plant influent. Headworks equipment includes screens, hydraulic systems, grit hoppers, grit classifiers, and grit pumps that operate in a very corrosive and erosive environment requiring ongoing maintenance and refurbishment or replacement.		
Risk Assessment	This is a medium risk project as most of the headworks has redundant equipment.		
Schedule	Activity Description	Cost	
FY26	Begin construction for replacing three grit classifiers with two high efficiency grit washers, and replacing all 5 grit pumps, pipe fittings, and controls. In-house replacement of the trough on Grit Classifier No. 1.	\$2,765,000	
FY26	Provide engineering services during construction, construction management assistance, allowance for extended warranties for the grit washers and grit pumps, and allowance for change orders due to field conditions.	\$205,750	
FY26	Replacement of blowers and diffusers for aerated grit system. Condition assessment of submerged concrete structures in grit tanks. Purchase replacement parts for both barscreens.	\$974,400	
FY27	Complete construction phase of the Grit Classifiers Replacement Project.	\$549,250	
FY27	Hire crane for major refurbishment of both headworks screen. In-house replacement of glass-lined DIP from Grit Pump No. 5.	\$199,200	
FY28	Allowance to hire specialized contractor to custom fabricate and install platform around the new grit washers.	\$80,000	
FY28	Replace glass-lined DIP from Grit Pump No. 4.	\$93,200	
FY29	Replace glass-lined DIP from Grit Pump No. 3.	\$96,800	
FY30	Replace glass-lined DIP from Grit Pump No. 2.	\$100,600	
FY31	Replace glass-lined DIP from Grit Pump No. 1.	\$104,500	
FY27-35	Allowance to replace equipment and complete concrete repairs in grit basin as needed based on condition assessment.	\$501,900	
Project Total			\$5,670,600

Headworks Project Photos:



Grit classifier



Grit pump

Odor Scrubber Replacement (GL 0230-550-8406)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Professional Services Agreement/Formally Bid		
Description and Justification	<p>Some wastewater treatment processes produce odorous gases. The existing odor control scrubbers serve as one component of the Agency's overall odor control management program. Odor control scrubbers located in the headworks, biotower basement, and Solids Handling Building are approaching the end of their service lives. A consulting firm prepared a conceptual design report with limited sampling to evaluate the overall scrubber performance and cost estimates to replace each unit with activated carbon media systems. While sampling showed existing scrubbers were not overly efficient, they are capable of removing odors to a level that does not impact the Agency's surrounding neighbors. The 2018 Facilities Master Plan considered the conceptual design report findings and recommends eventually replacing the headworks and biotower odor scrubbers. An allowance for this replacement as well as the Solids Handling Building odor scrubber replacement has been included in the CIP and will be evaluated in future years depending on actual system performance.</p> <p>All construction allowances below include a standard 8 percent allowance for design, an 8 percent allowance for construction management, and a 4 percent allowance for engineering services during construction.</p>		
Risk Assessment	This is a low risk project because the odor scrubbers are operating with minor issues.		

Schedule	Activity Description	Cost
FY26	Repair concrete floor in the Headworks scrubber room. In-house assessment of the Headworks odor scrubber interior/exterior.	\$40,000
FY28	Replace stainless steel fan in Solids Handling scrubber with a fiberglass fan.	\$30,000
FY29	Placeholder for removing the Headworks odor scrubber and replacement with an activated carbon scrubber.	\$2,500,400
FY31	Placeholder for removing the Biotower odor scrubbers and replacement with a single activated carbon scrubber.	\$2,930,900
FY33	Placeholder to design and construct odor scrubber replacement in the Solids Handling Building.	\$2,090,100
Project Total		\$7,591,400

Odor Scrubber Project Photos:



Headworks odor control scrubber



Solids Handling Building odor control scrubber

Primary Clarifiers Rehabilitation (GL 0350-550-8408)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Maintenance Project/Formally Bid/Professional Services Agreement		
Description and Justification	<p>There are seven primary clarifiers in the treatment plant. Five of the clarifiers began operating in 1985 and two began operating in 2010. The mechanical equipment in the five original clarifiers was upgraded to non-corroding, non-metallic components. However, other metal surfaces in the tanks require periodic industrial coating. Additionally, the mechanical equipment also requires periodic replacement. As each primary clarifier is taken down, the north walls, which have been found to be leaking into Gallery A at times, will be repaired and coated with a waterproofing product. An allowance for replacement of flights, chains, sprockets, and wear strips is included. In FY24 a new primary baffle technology was installed into Primary Clarifier No. 1 to determine the potential performance enhancements. If the baffle technology proves successful in Primary Clarifier No. 1 and if there are no conflicts with the chosen nutrient project strategy, it will be subsequently installed in the remaining six clarifiers according to the below schedule.</p>		
Risk Assessment	This is a low-risk project because the planned work will be conducted in the summer when primary clarifiers can be out of service for extended periods of time.		
Schedule	Activity Description	Cost	
FY26	Complete rehabilitation of Primary Clarifier No. 2 and 3, including allowance for construction management. Replacement of flights/chain/sprockets/wear strips for Clarifier No. 2 and 3.	\$320,000	
FY26	Allowance to procure flow optimization baffle systems for Clarifier No. 2 and 3.	\$450,000	
FY26	Begin rehabilitation of Clarifier No. 4 and 5. Purchase and replacement of flights/chain/sprockets/wear strips for Clarifier No. 4. Purchase flights/chain/sprockets/wear strips for Clarifiers No. 6 and 7. Replace flights/chain/sprockets/wear strips for Clarifier No. 6.	\$740,000	
FY27	Install flow optimization baffle system for Clarifier No. 2 and 3. Allowance to procure flow optimization baffle systems for Clarifier No. 4 and 5.	\$593,600	
FY27	Complete rehabilitation of Clarifier No. 4 and 5. Purchase and replacement of flights/chain/sprockets/wear	\$437,300	

	strips for Clarifier No. 5. Replace flights/chain/sprockets/wear strips for Clarifier No. 7.	
FY28	Install flow optimization baffle systems for Clarifier No. 4 and 5.	\$112,200
FY28	Allowance for industrial coatings in Clarifier No. 6, including recoating of the effluent launders.	\$336,400
FY28	Allowance to procure flow optimization baffle system for Clarifier No. 6 and 7.	\$504,500
FY29	Allowance for industrial coatings in Clarifier No. 7, including recoating of the effluent launders.	\$349,400
FY29	Complete Primary Clarifier No. 1-5 lighting assessment.	\$30,000
FY29	Allowance to install flow optimization baffle system for Clarifier No. 6 and 7.	\$116,500
FY30	Replace fiberglass skimmers for Primary Clarifier No. 1-5.	\$100,000
Project Total		\$4,089,900

Primary Clarifiers Project Photos:



Primary Clarifiers



Primary Drive Unit

Secondary Clarifiers Rehabilitation (GL 0350-550-8409)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Professional Services Agreement/Formally Bid		
Description and Justification	Four secondary clarifiers in the treatment plant were last rehabilitated in 2021-2023. Staff recommends assessing the steel mechanisms, concrete, and coatings every 10 years to determine extent of metal loss and corrosion and then developing a rehabilitation project for each clarifier to repair the corrosion on mechanical equipment, metal structural components, internal pipes, effluent trough concrete, and FRP grating.		
Risk Assessment	This is a high-risk project because failure of a secondary clarifier could lead to treatment plant process disruptions and possible discharge of effluent that does not meet NPDES treatment limits.		
Schedule	Activity Description	Cost	
FY31	Condition assessment of steel mechanisms, PVC pipes, drive units, FRP walkway and concrete, including metal loss and coating system on steel members and concrete effluent trough for Secondary Clarifiers No. 3 and 4 by corrosion consultant and develop design plans and specifications with consultant using design assist approach. CCTV inspection of Secondary Clarifier No. 3 and 4 center column and internal RAS pipes by corrosion consultant.	\$88,800	
FY32	Secondary Clarifier No. 3 Rehabilitation, including 20 percent allowance for design, construction management and engineering services during construction.	\$944,000	
FY32	CCTV inspection of Secondary Clarifier No. 1 and 2 center column and internal RAS pipes.	\$40,700	
FY32	Allowance to pre-purchase replacement center column/RAS pipe assembly for Secondary Clarifier No. 1.	\$135,700	
FY32	Condition assessment of steel mechanisms, PVC pipes, drive units, FRP walkway and concrete, including metal loss and coating system on steel members and concrete effluent trough for Secondary Clarifier No. 1 and 2 by corrosion consultant.	\$13,600	
FY33	Secondary Clarifier No. 1 and 4 Rehabilitation, including 20 percent allowance for design, construction management and engineering services during construction.	\$1,972,400	
FY34	Secondary Clarifier No. 2 Rehabilitation, including 20 percent allowance for design, construction management and engineering services during construction.	\$1,004,000	
Project Total			\$4,199,200

Secondary Clarifiers Project Photos:



Secondary clarifier internal equipment



Secondary clarifier in operation

Process Piping Inspection/Repairs/Replacement (GL 0230-550-8412)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Professional Services Agreement/ Informally Bid		
Description and Justification	The San Rafael and Ross Valley Interceptors are large diameter buried force mains and are the only pipelines that convey wastewater from the satellite collection agency service areas to CMSA. There are also several large diameter pipelines within the facility that transfer water between treatment processes.		
Risk Assessment	This is a medium risk project. The condition of the pipelines and flexible joints were assessed between 2021 and 2024 and were found to be in good condition. However, due to the age of the pipelines and the consequence of failure which can result in a major disruption to the treatment process, routine inspections will be performed to identify any corrosion issues or pipeline leaks, and repairs will be made to address the issues.		
Schedule	Activity Description		Cost
FY26	Replace the corroded 90-degree bend for the carrier/3W reclaimed water pipe in Gallery C that is embedded in the concrete floor.		\$25,000
FY27	Allowance to inspect the San Rafael Interceptor.		\$103,500
FY31	10-year inspection of process pipelines, including CCTV and exterior assessment of the expansion joint from Aeration Tank No. 3 to Secondary Clarifier No. 3.		\$205,400
FY34	10-year inspection of two buried expansion joints, at the 48” primary effluent pipe near the biotower and at the 30” secondary influent pipe near Secondary Clarifier No. 1, and replace associated shroud covers.		\$124,500
Project Total			\$458,400

Process Piping Project Photos:


48" Primary Effluent Pipe – Interior



48" Primary Effluent Pipe – Exterior

Nutrient Removal (0230-550-8417)			
Type of Project	Planning and Design	Lead Department	Technical Services
Project Delivery	PSA		
Description and Justification	<p>Due to significant algae blooms in the San Francisco Bay, the Tentative Order from the Regional Water Quality Control Board was issued in April 2024 and includes interim nitrogen effluent limitations for CMSA starting October 1, 2024 and final effluent limitations starting October 1, 2034. The Tentative Order also prescribes a timeline for completing planning, predesign, final design, construction, commissioning, and reporting activities between 2024 and 2034. Funding is included below for the initial planning, pre-design, and final design phases of CMSA's nutrient removal program as well as a construction allowance based on the inflation adjusted nutrient removal cost from the 2017 Facilities Master Plan.</p> <p>Construction will also include ancillary projects in the existing facilities that would be repurposed for nutrient removal, such as repairing and coating corroding concrete and rebar in the aeration basin channels.</p>		
Risk Assessment	This is a medium low risk project because there is still adequate time to prepare for the future compliance targets.		
Schedule	Activity Description	Cost	
FY26	Allowance for clarifier stress testing and completion of the Alternatives Evaluation and Facilities Plan. Allowance for starting the pre-design of the selected nutrient removal alternative.	\$1,500,000	

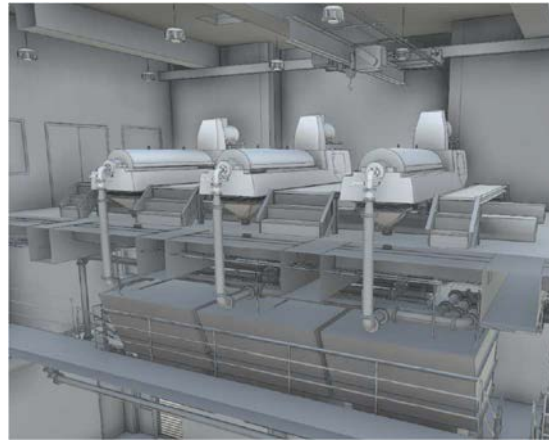
FY27	Allowance for completing the pre-design and starting the final design of the selected nutrient removal alternative.	\$1,000,000
FY28	Allowance for completing the final design of the selected nutrient removal alternative.	\$2,000,000
FY29-30	Allowance for construction of selected nutrient removal alternative. Cost is based on the nutrient removal cost from the 2017 Facilities Master Plan, adjusted for inflation. Cost includes standard allowances for engineering services during construction and construction management.	\$65,082,300
Project Total		\$69,582,300

Centrifuge Replacement (GL 0350-550-8503)			
Type of Project	Design and Capital Construction	Lead Department	Technical Services
Project Delivery	Professional Services Agreement/Formally Bid		
Description and Justification	The Agency dewateres digested sludge with three centrifuges that rotate at high speeds to remove water and produce biosolids. The high-speed rotation and corrosive operating environment necessitate a significant amount of routine maintenance for optimum performance. CMSA's centrifuges were installed in 2000 and are scheduled for replacement. A consultant was retained in 2023 to assist with evaluating and selecting the replacement centrifuges, and the design for the replacement of the three centrifuges is near completion. Installation of the new centrifuges will be completed according to the below schedule.		
Risk Assessment	This is a medium risk project because the centrifuges will be over 20 years old before being fully replaced, however with proper maintenance the existing centrifuges are expected to operate and meet the Agency's needs until replacement is completed.		
Schedule	Activity Description		Cost
FY26	Receive the pre-purchased centrifuge equipment and begin construction of the Centrifuge Replacement Project.		\$4,600,000
FY26	Construction management and engineering services during construction for Centrifuge Replacement Project.		\$172,500
FY27	Complete construction of the Centrifuge Replacement Project, including replacement of air compressor.		\$1,000,000
FY27	Construction management and engineering services during construction for Centrifuge Replacement Project.		\$57,500

FY30	Begin centrifuge feed pumps replacement project, including evaluation to replace in-kind or upsize to match capacity of new centrifuges.	\$75,000
FY31	Construction to replace three new centrifuge feed pumps.	\$300,000
FY31	Construction management and engineering services during construction for the centrifuge feed pumps replacement project.	\$50,000
Project Total		\$6,255,000

Centrifuge Project Photos:


Existing Centrifuges



3D model of new centrifuges and piping

Jenbacher Cogeneration Maintenance (GL 0350-550-8513)			
Type of Project	Larger Maintenance Activities	Lead Department	Maintenance
Project Delivery	Maintenance Project/Informally Bid/Formally Bid		
Description and Justification	The cogeneration system runs continuously, utilizing mostly biogas and occasionally natural gas to generate most of the Agency's electrical power and to supply the Agency's hot water needs. In FY22, CMSA executed a Long-Term-Service-Agreement (LTSA) with Western Energy Systems to complete most of the required services for the Jenbacher engine and generator for a 10-year period, including minor and major overhauls and replacement of Selective Catalytic Reducer and Oxidation Catalyst internal materials per the timetable below. Select cogeneration engine system maintenance services, such as the 3,333-hour Jenbacher engine service interval will be completed by CMSA staff.		
Risk Assessment	This is a minor risk project because CMSA has the Waukesha cogeneration engine, the Cummins emergency generator, as well as utility power as backup power supply.		
Schedule	Activity Description		Cost
FY26-35	Annual allowance for contracted 10-yr LTSA including third-party parts and labor.		\$964,300

FY28	Minor overhaul at 40,000 operating hours per the terms of the LTSA, including allowance for replacement of Selective Catalytic Reducer and Oxidation Catalyst internal materials.	\$272,400
FY30	Allowance for routine replacement of Selective Catalytic Reducer and Oxidation Catalyst internal materials.	\$69,000
FY32	Major overhaul at 80,000 operating hours per the terms of the LTSA, including allowance for replacement of Selective Catalytic Reducer and Oxidation Catalyst internal materials.	\$486,400
FY34	Allowance for routine replacement of Selective Catalytic Reducer and Oxidation Catalyst internal materials.	\$80,400
Project Total		\$1,872,500

Cogeneration System (GL 0230-550-8505)			
Type of Project	Maintenance	Lead Department	Technical Services
Project Delivery	Maintenance Project		
Description and Justification	The construction of the new cogeneration system began in FY21 and was substantially completed in FY23. Due to unforeseen delays in the PG&E interconnection process, some remaining work, including payment of the remaining project retention for the equipment supplier, occurred in FY24. The precooler installation was completed in FY25 as well as outstanding tasks related to the black-start functionality testing. An IRS tax credit application was also submitted in FY25. The existing Waukesha cogeneration engine will remain available as a backup unit.		
Risk Assessment	This is a low risk project because the existing engine can remain in service for an extended period of time if properly maintained.		
Schedule	Activity Description		Cost
FY26	Air permit modification support from Mizutani Environmental, including permit application fee		\$13,000
FY26	Placeholder for Inflation Reduction Act funding support from Mike Brown Engineers		\$15,000
Project Total			\$28,000

Project Photo:



Cogeneration system

SECTION 9. FY26 and FY27 Adopted Budget — 10-Year Financial Forecast

With each budget, the Agency adopts a 10-year financial forecast to accompany it. The forecast is a model of revenues, expenses, and reserves, and sets forth a strategic plan to guide funding sources and uses decisions for the operating and capital budgets. The financial forecast consists of these sections for Operating and Capital Activities, CIP Funding Summary, and Reserves.

The first section for the Operating and Capital Activities section charts out the Agency's revenues and expenditures up to ten years into the future following an assigned assumption. The base year of the forecast is the projected final values for the current fiscal year. All future projection values derive from the base year. Amounts for debt service and debt service coverage are specific amounts from the debt service amortization tables. Amounts for the capital improvement program are per the 10-year CIP schedule. Revenue from capacity charges increases annually by the ENR Construction Cost Index per the Agency's Fee Ordinance. The forecast is constructed to *project* future expenses and capital based upon assumptions selected to provide a reasonable financial picture of future periods. In November 2023, the Board approved of a revised 5-Year Revenue Plan increasing the annual service charge to 4.5% to provide for funding consistency and stability. The forecast further assumes a flat 3.5% every year after FY2028.

Further included in the first section are the Operating and Capital Activities surplus / (deficit). This is important for delineating the Agency's specific current Operating and Capital budget funding picture. The Operating budget includes all costs, except for debt service and capital expenditures, that are funded by collected regional service charges, contract service fees, program revenues and other operating revenues, such as hauler and permit fees. The Capital budget, without considering reserves, consists of debt service and capital expenditures that are funded by all other current period sources. The intention is to show the available surplus funds received from the Operating budget that are to be transferred to assist Capital activities, as shown in the reserve schedules.

The next section is CIP Funding Summary, with projects and amounts per the 10-year CIP schedule. Funding for the CIP comes from the capital fee collected from JPA members, the debt service coverage amounts also collected from JPA members, capacity charges received from new sewer connections and expansion of existing connections, and from capital reserves. Funding capital projects is important to the Agency considering the significant costs involved.

The last section consists of the Operating and Capital Reserve schedules that tracks how the Agency's cash and investments are used to fund its Operating and Capital activities. The classifications follow Financial Policy where the Agency maintains restricted, committed, and unassigned reserves. The restricted reserves track legally or contractually obligated funds that can only be used for specific purposes, i.e., payment or prefunding of pension obligation or debt service. The committed reserves track specific funding targets to maintain internal liquidity, which are set by Board policy. The unassigned reserves track the primary funding accounts where the Agency uses its resources to pay for its current period obligations. Transfers between each of these categories occur following the specific need. The Agency prioritizes usage of collected current period sources and only uses funds from its committed reserves without falling below its policy target. Excess Operating reserves are transferred to Capital to assist with current period capital expenditures.

CENTRAL MARIN SANITATION AGENCY
FINANCIAL FORECAST - CASH BASIS
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2034

		YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
		ACTUAL	PROJECTED	BUDGET	BUDGET	FORECAST						
[RED = NEGATIVE BALANCE]	Assumption	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034
Operating Activities												
Salaries & benefits (Note 1)	3.5% (A)	\$ 9,850,334	10,559,903	11,368,500	11,764,500	12,176,300	12,602,500	13,043,600	13,500,100	13,972,600	14,461,600	14,967,800
Chemicals & fuel	1.0% (B)	1,697,068	1,932,200	2,034,900	2,095,500	2,116,500	2,137,700	2,159,100	2,180,700	2,202,500	2,224,500	2,246,700
Biosolids management	3.0% (B)	396,318	550,300	645,300	666,800	686,800	707,400	728,600	750,500	773,000	796,200	820,100
Permit testing & monitoring	1.5% (B)	182,355	239,300	260,100	249,600	253,300	257,100	261,000	264,900	268,900	272,900	277,000
Maintenance & repairs	2.0% (B)	458,699	905,800	768,300	786,500	802,200	818,200	834,600	851,300	868,300	885,700	903,400
Utilities	2.0% (N)	461,228	378,700	392,400	405,400	413,500	421,800	430,200	438,800	447,600	456,600	465,700
Insurance	3.0% (C)	576,992	551,800	632,500	688,300	708,900	730,200	752,100	774,700	797,900	821,800	846,500
General & administrative	1.0% (B)	738,995	843,000	1,069,800	1,080,800	1,091,600	1,102,500	1,113,500	1,124,600	1,135,800	1,147,200	1,158,700
Total operating uses		14,361,990	15,961,003	17,171,800	17,737,400	18,249,100	18,777,400	19,322,700	19,885,600	20,466,600	21,066,500	21,685,900
Regional service charges	(D)	12,984,173	13,247,500	13,843,600	14,466,600	15,117,600	15,646,700	16,194,300	16,761,100	17,347,700	17,954,900	18,583,300
Contract service fees	(B)/(E)/(F)/(G)	1,777,149	2,098,000	2,041,100	2,104,000	2,022,600	2,087,900	2,155,400	2,225,100	2,297,100	2,371,400	2,448,100
Program revenues	3.0% (B)	121,845	245,000	194,100	191,300	197,000	202,900	209,000	215,300	221,800	228,500	235,400
Other operating sources	(B)/(G)/(H)	1,346,827	1,565,200	1,387,200	1,384,900	1,213,900	1,018,000	899,600	945,900	998,800	1,058,800	1,122,200
Total operating sources		16,229,995	17,155,700	17,466,000	18,146,800	18,551,100	18,955,500	19,458,300	20,147,400	20,865,400	21,613,600	22,389,000
Surplus / (deficit) - operating		1,868,005	1,194,697	294,200	409,400	302,000	178,100	135,600	261,800	398,800	547,100	703,100
Capital Activities												
Capital debt service (Note 2 & 3)	(I)	4,501,006	4,500,300	4,497,200	5,463,000	5,417,400	5,417,700	5,455,900	5,459,600	5,457,100	1,471,600	1,472,200
Capital improvement program (Note 4)	(J)	5,362,279	5,006,400	16,711,900	8,250,100	9,365,500	12,463,800	6,943,800	7,260,600	6,702,300	8,583,500	4,978,900
Total capital uses		9,863,285	9,506,700	21,209,100	13,713,100	14,782,900	17,881,500	12,399,700	12,720,200	12,159,400	10,055,100	6,451,100
Debt service charges	(I)	4,373,673	4,500,300	4,497,200	5,463,000	5,417,400	5,417,700	5,455,900	5,459,600	5,457,100	1,471,600	1,472,200
Debt service coverage fees	(K)	1,093,418	1,125,100	1,124,300	1,365,800	1,354,400	1,354,400	1,364,000	1,364,900	1,364,300	367,900	368,100
Capital fees	(D)	1,289,186	1,575,500	1,903,500	1,034,800	1,445,700	1,733,000	1,982,900	2,286,400	2,608,400	7,920,300	8,261,100
Capacity charges	3.0% (B)	986,988	305,200	40,500	41,700	43,000	44,300	45,600	47,000	48,400	49,900	51,400
Grant proceeds (Note 5)	(L)	1,556,349	257,700	-	-	-	-	-	-	-	-	-
Capital debt proceeds, net (Note 6)	(M)	-	-	12,675,000	-	-	-	-	-	-	-	-
Other capital sources	(H)	1,592	10,900	130,200	8,500	8,400	8,400	8,500	8,500	8,500	2,500	2,300
Total capital sources		9,301,206	7,774,700	20,370,700	7,913,800	8,268,900	8,557,800	8,856,900	9,166,400	9,486,700	9,812,200	10,155,100
Surplus / (deficit) - capital		(562,079)	(1,732,000)	(838,400)	(5,799,300)	(6,514,000)	(9,323,700)	(3,542,800)	(3,553,800)	(2,672,700)	(242,900)	3,704,000
Total Agency uses		24,225,275	25,467,703	38,380,900	31,450,500	33,032,000	36,658,900	31,722,400	32,605,800	32,626,000	31,121,600	28,137,000
Total Agency sources		25,531,201	24,930,400	37,836,700	26,060,600	26,820,000	27,513,300	28,315,200	29,313,800	30,352,100	31,425,800	32,544,100
Total Agency funding change		\$ 1,305,926	\$ (537,303)	\$ (544,200)	\$ (5,389,900)	\$ (6,212,000)	\$ (9,145,600)	\$ (3,407,200)	\$ (3,292,000)	\$ (2,273,900)	\$ 304,200	\$ 4,407,100
Aggregate Reserve impact		Increase	Usage	Usage	Usage	Usage	Usage	Usage	Usage	Usage	Increase	Increase

[See assumptions on following page.]

CENTRAL MARIN SANITATION AGENCY
FINANCIAL FORECAST - CASH BASIS
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2034

[RED = NEGATIVE BALANCE]

	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	ACTUAL	PROJECTED	BUDGET	BUDGET	FORECAST						
Assumption	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034
Capital Improvement Program Funding Summary											
Total annual CIP to fund		\$ 5,006,400	\$ 16,711,900	\$ 8,250,100	\$ 9,365,500	\$ 12,463,800	\$ 6,943,800	\$ 7,260,600	\$ 6,702,300	\$ 8,583,500	\$ 4,978,900
Other financing sources - bonds/loans/grants		257,700	12,797,000	-	-	-	-	-	-	-	-
Capacity charges		305,200	40,500	41,700	43,000	44,300	45,600	47,000	48,400	49,900	51,400
Debt service coverage fees (PY source)		1,093,418	1,125,100	1,124,300	1,365,800	1,354,400	1,354,400	1,364,000	1,364,900	1,364,300	367,900
Capital fees		1,575,500	1,903,500	1,034,800	1,445,700	1,733,000	1,982,900	2,286,400	2,608,400	7,169,300	4,559,600
Reserve usage (unassigned capital/operating)		1,774,582	845,800	6,049,300	6,511,000	8,448,013	-	-	-	-	-
Total available funding		\$ 5,006,400	\$ 16,711,900	\$ 8,250,100	\$ 9,365,500	\$ 11,579,713	\$ 3,382,900	\$ 3,697,400	\$ 4,021,700	\$ 8,583,500	\$ 4,978,900
Control total / (unfunded capital)	\$ (10,688,787)	\$ -	\$ -	\$ -	\$ -	\$ (884,087)	\$ (3,560,900)	\$ (3,563,200)	\$ (2,680,600)	\$ -	\$ -

- Assumptions:**
- (A) - Growth is assumed to be 3.5% year-over-year to match the average COLA % plus incorporate step increases or promotions. Health insurance furthermore is expected to increase due to retiree costing pressures.
 - (B) - Growth is assumed to be between 1% to 3% year-over-year to follow inflation for each category. The growth rate varies depending on the cost nature.
 - (C) - Growth is assumed to be 3% given market volatility and losses experienced in the insurance pool.
 - (D) - Growth is assumed to follow the Board of Commissioner Revenue Plan of 4.5% from FY26 through FY28. All outer years are assumed to grow at 3.5%.
 - (E) - Growth for San Quentin State Prison Wastewater flow charge is assumed to follow Board of Commissioner Revenue Plan of 4.5% from FY26 through FY28. All outer years are assumed to grow at 3.5%.
 - (F) - Marin Airporter lease is anticipated to terminate by FY30 following Nutrient Removal project progress.
 - (G) - Growth for Marin Clean Energy sales, source control fees, permit fees, and lab sample fees is expected to be the same year-over-year considering similar operations over the same period.
 - (H) - Interest income is expected to follow cash flow with rates of return determined primarily by the US Federal Reserve's interest rate policy. The pension trust is expected to compound further from its investment portfolio returns.
 - (I) - Capital debt service follows the agreed upon amortization schedules with an increase anticipated in FY27 following the FY26 bond issuance.
 - (J) - Follows the current CIP plan.
 - (K) - Assessed to be 25% of current debt service.
 - (L) - Assumption of no other grant programs being applied for after completion of the CalRecycle program. \$1.7M IRA direct payment from IRS not included.
 - (M) - Agency anticipated to issue \$13M of revenue bonds at 3.5% for 20 years. Cost of issuance expected to be 2.5% of principal.
 - (N) - Growth is assumed to be 2% given anticipated savings from energy and natural gas costs.

- Notes:**
- Note 1 - Salaries and benefits cost includes pension obligation bond debt service. Contribution to Section 115 pension trust is removed due to being a contribution versus a payment to a third-party vendor, i.e., CalPERS.
 - Note 2 - FY26 includes estimated debt service for a \$13M revenue bond issuance issued at 3.5% for 20 years.
 - Note 3 - 2015 Revenue Bond fully matures on 9/1/2031 thereby significantly decreasing expected debt service in FY33 and FY34.
 - Note 4 - Construction cost for the Nutrient Removal project is removed due to continued internal deliberation over the appropriate funding sources for the project.
 - Note 5 - The Agency is expected to receive the remaining CalRecycle grant proceeds in FY25.
 - Note 6 - Cost of issuance is assumed to be 2.5% of the gross issuance proceeds.

CENTRAL MARIN SANITATION AGENCY
FINANCIAL FORECAST - CASH BASIS
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2034

Assumption	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	ACTUAL	PROJECTED	BUDGET	BUDGET	FORECAST						
	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034
Operating Activity Reserves											
- Restricted Pension Trust -											
Beginning balance	\$ 207,792	\$ 904,043	\$ 1,540,343	\$ 1,811,043	\$ 2,117,843	\$ 2,397,443	\$ 2,736,843	\$ 3,142,043	\$ 3,620,243	\$ 4,177,643	\$ 4,769,843
Net investment activity	20,880	50,100	84,000	153,000	179,000	202,600	231,300	265,500	305,900	353,000	403,100
Net fund transfers - unassigned operating	675,370	586,200	186,700	153,800	100,600	136,800	173,900	212,700	251,500	239,200	223,900
Ending balance	904,043	1,540,343	1,811,043	2,117,843	2,397,443	2,736,843	3,142,043	3,620,243	4,177,643	4,769,843	5,396,843
- Restricted POB Trust -											
Beginning balance	168	53	1,353	1,500	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Net investment activity	118	1,300	1,500	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Debt service - POB	(439,154)	(550,800)	(920,000)	(919,400)	(920,100)	(920,000)	(920,100)	(919,400)	(919,900)	(919,500)	(920,200)
Net fund transfers - unassigned operating	438,921	550,800	918,647	917,900	918,700	918,600	918,700	918,000	918,500	918,100	918,800
Ending balance	53	1,353	1,500	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
- Committed Operating Reserve -											
Beginning balance	3,674,596	4,003,034	4,302,500	4,302,500	4,434,400	4,562,300	-	-	-	-	-
Net fund transfers - unassigned operating	328,438	299,466	-	131,900	127,900	(4,562,300)	-	-	-	-	-
Ending balance	4,003,034	4,302,500	4,302,500	4,434,400	4,562,300	-	-	-	-	-	-
<i>Policy target (25% of operating expenditure)</i>	<i>4,003,034</i>	<i>4,302,500</i>	<i>4,293,000</i>	<i>4,434,400</i>	<i>4,562,300</i>	<i>4,694,400</i>	<i>4,830,700</i>	<i>4,971,400</i>	<i>5,116,700</i>	<i>5,266,600</i>	<i>5,421,500</i>
- Committed Emergency Reserve -											
Beginning balance	500,000	500,000	500,000	500,000	500,000	500,000	-	-	-	-	-
Net fund transfers - unassigned operating	-	-	-	-	-	(500,000)	-	-	-	-	-
Ending balance	500,000	500,000	500,000	500,000	500,000	-	-	-	-	-	-
<i>Policy target (\$500,000)</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>	<i>500,000</i>
- Unassigned Operating Activities Reserve -											
Beginning balance	2,463,288	3,306,719	500,000	500,000	470,800	365,300	-	(269,600)	(486,000)	(644,600)	(689,700)
Surplus / (deficit) - operating (<i>less restricted</i>)	<i>Note 7</i> 2,286,161	1,694,097	1,128,700	1,174,400	1,041,700	894,100	823,000	914,300	1,011,400	1,112,200	1,218,800
Net fund transfers - pension trust	(675,370)	(586,200)	(186,700)	(153,800)	(100,600)	(136,800)	(173,900)	(212,700)	(251,500)	(239,200)	(223,900)
Net fund transfers - POB trust	(438,921)	(550,800)	(918,647)	(917,900)	(918,700)	(918,600)	(918,700)	(918,000)	(918,500)	(918,100)	(918,800)
Net fund transfers - operating reserve	(328,438)	(299,466)	-	(131,900)	(127,900)	4,562,300	-	-	-	-	-
Net fund transfers - emergency reserve	-	-	-	-	-	500,000	-	-	-	-	-
Net fund transfers - unassigned capital	-	(3,064,350)	(23,353)	-	-	(5,266,300)	-	-	-	-	-
Ending balance	3,306,719	500,000	500,000	470,800	365,300	-	(269,600)	(486,000)	(644,600)	(689,700)	(613,600)
Operating Activities Reserves Summary											
Beginning balance - operating	6,845,844	8,713,849	6,844,196	7,115,043	7,524,443	7,826,443	2,738,243	2,873,843	3,135,643	3,534,443	4,081,543
Surplus / (deficit) - operating	1,868,005	1,194,697	294,200	409,400	302,000	178,100	135,600	261,800	398,800	547,100	703,100
Net fund transfer (to)/from unassigned capital	-	(3,064,350)	(23,353)	-	-	(5,266,300)	-	-	-	-	-
Ending balance - operating	\$ 8,713,849	\$ 6,844,196	\$ 7,115,043	\$ 7,524,443	\$ 7,826,443	\$ 2,738,243	\$ 2,873,843	\$ 3,135,643	\$ 3,534,443	\$ 4,081,543	\$ 4,784,643

Note 7: Unassigned Operating Activities Reserve surplus / (deficit) is total operating suplus / (deficit), i.e., line 15, less restricted reserve activity, i.e., lines 40-41 and 45-46. This is to show the unrestricted operating surplus / (deficit) portion.

CENTRAL MARIN SANITATION AGENCY
FINANCIAL FORECAST - CASH BASIS
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2034

Assumption	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	ACTUAL	PROJECTED	BUDGET	BUDGET	FORECAST						
	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034
Capital Activity Reserves											
- Restricted Revenue Bond Trust -											
Beginning balance	\$ 1,291	\$ 1,300	\$ 10,900	\$ 8,200	\$ 8,500	\$ 8,400	\$ 8,400	\$ 8,500	\$ 8,500	\$ 8,500	\$ 2,500
Net investment activity	1,592	10,900	130,200	8,500	8,400	8,400	8,500	8,500	8,500	2,500	2,300
Debt issuance proceeds	-	-	13,000,000	-	-	-	-	-	-	-	-
Cost of issuance	-	-	(325,000)	-	-	-	-	-	-	-	-
Debt service - capital debt	(4,501,006)	(4,500,300)	(4,497,200)	(5,463,000)	(5,417,400)	(5,417,700)	(5,455,900)	(5,459,600)	(5,457,100)	(1,471,600)	(1,472,200)
Net fund transfers - unassigned capital	4,499,423	4,499,000	(8,310,700)	5,454,800	5,408,900	5,409,300	5,447,500	5,451,100	5,448,600	1,463,100	1,469,700
Ending balance	1,300	10,900	8,200	8,500	8,400	8,400	8,500	8,500	8,500	2,500	2,300
- Committed Capital Reserve -											
Beginning balance	1,130,508	1,145,427	1,125,100	1,124,300	1,365,800	1,354,400	-	-	-	-	-
Capacity charge collections	986,988	305,200	40,500	41,700	43,000	44,300	45,600	47,000	48,400	49,900	51,400
Debt service coverage fees	1,093,418	1,125,100	1,124,300	1,365,800	1,354,400	1,354,400	1,364,000	1,364,900	1,364,300	367,900	368,100
Net fund transfers - unassigned capital	(2,065,488)	(1,450,627)	(1,165,600)	(1,166,000)	(1,408,800)	(2,753,100)	(1,409,600)	(1,411,900)	(1,412,700)	(417,800)	(419,500)
Ending balance	1,145,427	1,125,100	1,124,300	1,365,800	1,354,400	-	-	-	-	-	-
<i>Policy target (25% of debt service)</i>	<i>1,125,252</i>	<i>1,125,100</i>	<i>1,124,300</i>	<i>1,365,800</i>	<i>1,354,400</i>	<i>1,354,400</i>	<i>1,364,000</i>	<i>1,364,900</i>	<i>1,364,300</i>	<i>367,900</i>	<i>368,100</i>
- Unassigned Capital Activities Reserve -											
Beginning balance	14,407,989	13,830,983	15,174,059	14,362,513	8,321,413	1,818,913	(884,087)	(4,426,987)	(7,980,787)	(10,653,487)	(10,890,387)
Surplus / (deficit) - capital <i>(less rest & comm)</i>	<i>Note 8</i> 1,856,929	1,327,100	(10,311,200)	(1,752,300)	(2,502,400)	(5,313,100)	495,000	485,400	1,363,200	808,400	4,754,400
Net fund transfers - revenue bond trust	(4,499,423)	(4,499,000)	8,310,700	(5,454,800)	(5,408,900)	(5,409,300)	(5,447,500)	(5,451,100)	(5,448,600)	(1,463,100)	(1,469,700)
Net fund transfers - capital reserve	2,065,488	1,450,627	1,165,600	1,166,000	1,408,800	2,753,100	1,409,600	1,411,900	1,412,700	417,800	419,500
Net fund transfers - unassigned operating	-	3,064,350	23,353	-	-	5,266,300	-	-	-	-	-
Ending balance	13,830,983	15,174,059	14,362,513	8,321,413	1,818,913	(884,087)	(4,426,987)	(7,980,787)	(10,653,487)	(10,890,387)	(7,186,187)
<i>Policy target (10YR annual average CIP)</i>	<i>8,105,877</i>	<i>7,477,169</i>	<i>8,626,700</i>	<i>8,626,700</i>	<i>8,626,700</i>	<i>8,626,700</i>	<i>8,626,700</i>	<i>8,626,700</i>	<i>8,626,700</i>	<i>8,626,700</i>	<i>8,626,700</i>
Capital Activities Reserves Summary											
Beginning balance - capital	15,539,788	14,977,710	16,310,059	15,495,013	9,695,713	3,181,713	(875,687)	(4,418,487)	(7,972,287)	(10,644,987)	(10,887,887)
Surplus / (deficit) - capital	(562,079)	(1,732,000)	(838,400)	(5,799,300)	(6,514,000)	(9,323,700)	(3,542,800)	(3,553,800)	(2,672,700)	(242,900)	3,704,000
Net fund transfer (to)/from unassigned operating	-	3,064,350	23,353	-	-	5,266,300	-	-	-	-	-
Ending balance - capital	14,977,710	16,310,059	15,495,013	9,695,713	3,181,713	(875,687)	(4,418,487)	(7,972,287)	(10,644,987)	(10,887,887)	(7,183,887)
Total Agency (Operating & Capital) Reserves Summary											
Beginning balance - total Agency	22,385,633	23,691,559	23,154,256	22,610,056	17,220,156	11,008,156	1,862,555	(1,544,645)	(4,836,645)	(7,110,545)	(6,806,345)
Surplus / (deficit) - total Agency	1,305,926	(537,303)	(544,200)	(5,389,900)	(6,212,000)	(9,145,600)	(3,407,200)	(3,292,000)	(2,273,900)	304,200	4,407,100
Ending balance - total Agency	\$ 23,691,559	\$ 23,154,256	\$ 22,610,056	\$ 17,220,156	\$ 11,008,156	\$ 1,862,555	\$ (1,544,645)	\$ (4,836,645)	\$ (7,110,545)	\$ (6,806,345)	\$ (2,399,245)

Note 8: Unassigned Capital Activities Reserve surplus / (deficit) is total capital suplus / (deficit), i.e., line 27, less restricted reserve activity, i.e., lines 68-71 and 75-76. This is to show the unrestricted capital surplus / (deficit) portion.

SECTION 10. DEBT OBLIGATIONS

The Agency carries two types of debt issues. The first is for revenue bonds that are used to finance CIP activities, and the second is for pension obligation bonds that were used to substantially refinance the UAL pension obligation with CalPERS retirement program. Details of the two types of debt issues are as follows.

Series 2015 Revenue Bonds

The Agency publicly refunded its Series 2006 Revenue Bonds in April 2015 to become the Series 2015 Refunding Revenue Bonds (rated Moody's "Aa2") with an average interest rate of 2.78%. The bonds are fully registered, with principal due annually on September 1, and interest payable semi-annually on September 1 and March 1. The refinancing transaction resulted in a cost savings of over \$15 million for the remaining life of the bonds to maturity in FY32.

Series 2020 Revenue Bonds

The Agency publicly issued Series 2020 Revenue Bonds (rated Moody's "Aa2") in November 2020 in the principal amount of \$9,115,000 to further finance portions of its CIP. The bonds were issued at both premium and discount, in the amounts of approximately \$216,000 and \$71,000, respectively, providing an effective interest rate of approximately 2%. The bonds are fully registered, with principal due annually on September 1, and interest payable semi-annually on September 1 and March 1. The bonds are callable any time after November 2030 with no call premium.

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

Fiscal Year End	Series 2015 Revenue Bonds			Series 2020 Revenue Bonds			Totals
	Principal	Interest	Total	Principal	Interest	Total	
2026	\$3,075,000	\$864,381	\$3,939,381	\$405,000	\$152,775	\$557,775	\$4,497,156
2027	3,250,000	738,756	3,988,756	415,000	144,575	559,575	4,548,331
2028	3,340,000	606,506	3,946,506	420,000	136,225	556,225	4,502,731
2029	3,510,000	435,256	3,945,256	430,000	127,725	557,725	4,502,981
2030	3,690,000	292,156	3,982,156	440,000	119,025	559,025	4,541,181
2031-35	7,730,000	241,059	7,971,059	2,330,000	458,425	2,788,425	10,759,484
2036-41	-	-	-	3,135,000	212,881	3,347,881	3,347,881
	<u>\$24,595,000</u>	<u>\$3,178,116</u>	<u>\$27,773,116</u>	<u>\$7,575,000</u>	<u>\$1,351,631</u>	<u>\$8,926,631</u>	<u>\$36,699,747</u>

Future Revenue Bond Debt Issues

The Agency is planning one additional revenue bond issue currently scheduled for FY26 in the amount of approximately \$13 million. Proceeds of this issue will be used to further finance the Agency's current \$150 million CIP. Estimated annual debt service is \$914,694, which is derived using 3.5% market interest and a 20-year term. The actual debt service will be disclosed once issued.

Debt Service Payment Agreement

Under the terms of a Debt Service Payment Agreement between CMSA and the JPA members, as well as the Master Indenture between CMSA and the Bond Trustee, each JPA member is obligated to pay its proportionate share of the semi-annual debt service payments, and a payment for debt service coverage equivalent to 25% of the annual debt service. The proportionate allocation of the debt service payment and coverage to each member is based upon average EDU counts over a 10-year period, from FY07 to FY16, reported for the JPA service area. This allocation method smooths out dwelling unit count fluctuations and promotes stable/predictable debt service costs.

Debt Limits

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

Reserves

In accordance with the Agency's Financial Policy on Reserves, debt service coverage funds are committed for capital project use with the limitation that the amount collected during each fiscal period cannot be expended in the same period. The budget appropriates funds from Restricted/Committed Capital Reserves to fund current year CIP activities. The FY26 budget appropriates approximately \$1,165,600 to be spent from the Committed Capital Reserves for CIP activities. Since debt service obligations are collected from JPA members, the existing debt level has little impact on the Agency's current operations. Details for the Agency's FY26 CIP can be found in Section 8 – Capital Improvement Program.

The 10-year table below displays revenue bonds debt service payment and coverage collection since FY14:

Revenue Bonds Debt Service Charges per EDU

Fiscal Year	Debt Service Charges/EDU	Principal	Interest	25% Coverage Collected	Total Debt Service Charge
2024-25	\$109.15	\$3,325,000	\$1,175,281	\$1,125,070	\$5,625,351
2023-24	109.17	3,175,000	1,326,006	1,125,252	5,626,258
2022-23	109.71	3,065,000	1,457,031	1,130,508	5,652,539
2021-22	109.79	2,955,000	1,569,881	1,131,220	5,656,101
2020-21	95.04	2,470,000	1,487,006	989,252	4,946,258
2019-20	95.29	2,395,000	1,572,331	991,833	4,959,164
2018-19	95.43	2,330,000	1,643,206	993,301	4,966,507
2017-18	95.16	2,250,000	1,711,906	990,477	4,952,383
2016-17	94.74	2,195,000	1,773,094	992,023	4,960,117
2015-16	87.10	2,095,000	1,564,224	914,806	4,574,030

Note: Total debt service charge is the sum of the principal balance, interest, and coverage fee.

Pension Obligation Bonds

In April 2022, the Agency privately issued pension obligation bonds (POBs) in the amount of \$9,432,000 (unrated) at an interest rate of 3.36% to substantially fund its UAL pension obligation with CalPERS. The transaction funded the then UAL obligation with annual debt service payments lower than the UAL payments required by CalPERS. The design of the POB transaction is to continue to budget for the scheduled CalPERS UAL annual payment to use as the source of repayment for the POBs. The POBs will be reflected in the financial statements in accordance with Generally Accepted Accounting Principles for long-term debt. The difference between the budgeted UAL amount and the annual POB debt service will be contributed to a Section 115 pension trust to accumulate and be used exclusively for future pension related payments to CalPERS for funding normal costs or required UAL payments. The POBs are not charged to JPA members and are not subject to coverage requirements as with the revenue bonds. Annual debt service requirements for the POBs are as follows:

Fiscal Year End	Series 2022 Pension Obligation Bonds		
	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
2031-35	4,001,000	597,828	4,598,828
2036-38	1,504,000	55,339	1,559,339
	<u>\$8,888,000</u>	<u>\$1,869,840</u>	<u>\$10,757,840</u>

SECTION 11. KEY TERMS AND FINANCIAL GLOSSARY WITH ACRONYM LISTING

- **ACCRUAL ACCOUNTING:** An accounting method that records revenues and expenses when they are incurred, regardless of when cash is exchanged.
- **ASSETS:** Anything of material and economic value or usefulness that is owned by the entity.
- **AUDIT:** The official inspection or examination of an organization's financial records, typically by an independent third party.
- **BALANCED BUDGET:** CMSA's Board of Commissioners shall adopt a comprehensive balanced budget for the Agency prior to the start of the fiscal year beginning July 1st. A balanced budget is when revenues and other financing sources (uses) equal expenditures. When revenues exceed expenditures, surplus funds are transferred into designated reserve accounts in accordance with the Agency's Financial Reserves Policy.
- **BAY AREA CLEAN WATER AGENCIES (BACWA):** A joint powers agency formed under the California Government Code by the five largest wastewater treatment agencies that provide sanitary sewer services to the more than seven million people living in the nine county San Francisco Bay Area. CMSA is one of BACWA's 65 principal and associate members.
- **BAY AREA CHEMICAL CONSORTIUM (BACC):** A cooperative group of over 50 public water and wastewater agencies in northern California whose primary purpose is to seek competitive bids from vendors to supply and deliver chemicals for water and/or wastewater treatment.
- **BAY AREA AIR QUALITY MANAGEMENT DISTRICT (BAAQMD):** A government agency that regulates sources of air pollution within the nine San Francisco Bay Area Counties.
- **BOND DISCOUNT:** A bond that is priced lower than its stated face (par) value.
- **BOND PREMIUM:** A bond that is priced higher than its stated face (par) value.
- **BONDS:** Borrowed monies allocated to pay for specific capital programs. Debt service payments are made to repay the bond holders.
- **CAPITAL ASSETS:** Includes Agency land, treatment plant, outfall, facilities, buildings, and equipment net of depreciation.
- **CAPITAL EXPENDITURE:** An expenditure of \$5,000 or more that is used to purchase a capital asset with a useful life of one year or more, or an investment that improves the useful life of an existing asset.
- **CAPITAL IMPROVEMENT PROGRAM (CIP):** A plan that describes and explains the Agency's capital and asset management projects, delineated by type of project and funding source, over ten fiscal years. The CIP is a planning document that provides the Agency with an opportunity to evaluate and assess its capital needs from financial, engineering, operational and planning perspectives.
- **CAPACITY CHARGE:** A one-time fee charged to all new users connecting to, and creating additional demand on, the sewer collection and wastewater treatment systems and is a funding mechanism for system capital improvements. Government code requires capacity charges to fund capital projects.
- **COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM (CMMS):** A software program that is used for inventory control, procurement management, asset condition assessment, maintenance repair management, and asset reporting. The Agency uses a CMMS product called NEXGEN.
- **CONTRACT SERVICE REVENUES:** Services provided by the Agency under contract to other local agencies for pump station and collection system maintenance, and various source control programs.
- **CURRENT AND OTHER ASSETS:** Assets that can easily be converted to cash or consumed within one year. Includes cash, investments, receivables, prepaid expenses, deposits with others (example: OPEB asset).
- **CURRENT LIABILITIES:** Payment obligations owed by the Agency within the next 12 months.
- **DEBT SERVICE CHARGE:** A fee charged to JPA members for re-payment of the revenue bond debt service.
- **EQUIVALENT DWELLING UNIT (EDU):** An EDU is one single-family residence.
- **ENTERPRISE FUND:** A government accounting fund that provides goods or services to the public for a fee that makes the entity self-supporting.

- **FLOW(S):** The total incoming wastewater flow(s) to CMSA from JPA member agencies and SQRC measured in millions of gallons and collected for the previous April 1 to March 31. It is used to calculate the regional service charge and allocate to each JPA member agency its respective portion of the charge.
- **FOG:** Fats, Oils and Grease
- **FULL TIME EQUIVALENT (FTE):** A position converted to a decimal equivalent of a full-time employee position.
- **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP):** Uniform standards for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity.
- **GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB):** An independent, private-sector organization based in Norwalk, Connecticut, that establishes accounting and financial reporting standards for U.S. state and local governments that follow GAAP.
- **GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA):** A nonprofit professional association, serving approximately 20,000 government finance professionals in the United States and Canada. The purpose of the GFOA is to advance excellence in public finance and promote the professional management of governments for the public's benefit by identifying and developing financial policies and practices and promoting them through education, training, and leadership.
- **HAULERS, PERMITS and INSPECTION REVENUE:** Fees and charges for use of Agency septage and organic waste receiving facilities, permit fees for commercial and industrial waste regulated commercial and industrial dischargers, reimbursement of Agency labor, and administrative costs for performing inspections and other services.
- **INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT:** Represents amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire the assets.
- **JOINT POWERS AGREEMENT (JPA):** An agreement between two or more local government agencies to form a separate governmental entity distinct from the member governments. It authorizes the powers the JPA is allowed to exercise.
- **LIABILITIES:** What the Agency owes others.
- **MCSTOPP:** Marin County Stormwater Pollution Prevention Program
- **MEDICAL AFTER RETIREMENT ACCOUNT (MARA):** An employer paid contribution to participating employee's MARA account. The accumulated funds, owned by the individual, can be spent on qualified medical expenses during retirement.
- **NET POSITION:** The difference between total assets and total liabilities.
- **NON-CURRENT LIABILITIES:** Payment obligations owed by the Agency more than 12 months in the future.
- **NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES):** A federal clean water act permit that establishes the quality requirements of the Agency's treatment wastewater, and requires the Agency to manage and maintain pretreatment, pollution prevention, mercury reduction and public education programs.
- **NORTH BAY WATERSHED ASSOCIATION:** An organization comprised of local agencies in Marin, Sonoma, Napa, and Solano counties that promotes stewardship of the North San Pablo Bay watershed resources. CMSA provides treasury services to the NBWA.
- **OTHER NON-OPERATING REVENUE:** Includes CSRMA dividends, CalCARD prompt payment incentive rebates, settlement claims, the occasional sale of assets, SDI disability reimbursements, and other miscellaneous revenue sources.
- **OPEB:** Other post-employment benefits which are specifically medical benefits for retired employees.
- **PENSION OBLIGATION BONDS:** Taxable bonds issued as part of an overall strategy to fund the unfunded accrued liability of the Agency's pension obligations.
- **POST-EMPLOYMENT HEALTH PLAN (PEHP):** An employer paid contribution to participating employee's PEHP account has replaced the MARA. The accumulated funds, owned by the individual, can be spent on qualified medical expenses during retirement.

- **PUBLIC EMPLOYEES' PENSION REFORM ACT (PEPRA):** PEPRA established a cap on the amount of compensation that can be used to calculate a retirement benefit for new public employees hired on or after January 1, 2013.
- **PROGRAM REVENUES:** The Agency is the lead coordinator for the Safety Director, Countywide Education, and Outside Safety Training programs. Costs incurred by CMSA are allocated to the districts that participate in the programs. The Agency invoices participating districts quarterly for Safety Director and Countywide Education expenditures in accordance with agreements with program participants.
- **REGIONAL SERVICE CHARGE:** A fee for wastewater treatment service.
- **RESTRICTED CASH:** Cash and investments not available for immediate use and set aside for specific, contractual purposes.
- **REVENUE BOND:** Debt obligation for which interest and principal payments are secured by the debt service portion of service charge revenues.
- **SOURCE CONTROL:** An essential component of wastewater management to ensure wastewater discharged to the collection system meets local, state, and federal discharge requirements. It involves strategies and programs to stop pollutants at their source before they can contaminate the environment.
- **SINGLE ENTERPRISE FUND:** A type of fund used in governmental accounting to account for activities that provide goods or services to the public for a fee. A Single Enterprise Fund is self-supporting and operates in a manner similar to private business enterprises. The fund finances the costs of providing goods or services to the general public on a continuing basis primarily through user charges.
- **UNRESTRICTED CASH:** Cash and investments available to use for operations and not tied to a specific expenditure or reserve.

ACRONYM LISTING

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

PEPRA	Public Employees' Pension Reform Act
POBs	Pension Obligation Bonds
RSC	Regional Service Charge
RVSD	Ross Valley Sanitary District, JPA Member
SD2	Sanitary District No. 2, JPA Member
SDI	State Disability Insurance
SP	Strategic Plan
SQRC	San Quentin Rehabilitation Center (formerly San Quentin State Prison)
SQV	San Quentin Village
SQVSMD	San Quentin Village Sewage Maintenance District
SRSD	San Rafael Sanitation District, JPA Member
SWRCB	State Water Resources Control Board
TCSD	Tamalpais Community Services District (see Contract Service Revenues)
TOC	Table of Contents
TSS	Total Suspended Solids
USA	Underground Service Alert
WAS	Waste Activated Sludge

Appendix

Schedule of Revenue Allocation Tables.....	156
Initial Allocation of Service Charges using Flow and Strength (without and with SQRC).....	157
Schedule of Equivalent Dwelling Units (EDU) and Combined Rate Cost per EDU.....	159
Countywide Public Education Operating Budget Schedule.....	160
Central Marin Sanitation Agency Financial Policies Manual (Published only in the website adopted version of the FY26 & FY27 GFOA Budget located at www.cmsa.us/finance	161

**CENTRAL MARIN SANITATION AGENCY
SCHEDULE OF JPA REVENUE ALLOCATIONS
FOR THE FISCAL YEARS ENDED 2025 THROUGH 2027**

	Description	Adopted FY25	Adopted FY26	Adopted FY27
	Flow-Strength Allocation Table (for service charges and capital fee)	36M Flow 36M Strength	36M Flow 36M Strength	36M Flow 36M Strength
1	San Rafael Sanitation District (SRSD)	40.85%	40.18%	40.18%
2	Ross Valley Sanitary District (RVSD)	49.15%	48.64%	48.64%
3	Sanitary District #2 (SD#2)	10.00%	11.18%	11.18%
4	Total flow-strength rate	100.00%	100.00%	100.00%
	Allocation of Regional Service Charges to Members	Amount	Amount	Amount
5	San Rafael Sanitation District (SRSD)	\$ 5,322,846	\$ 5,562,358	\$ 5,812,680
6	Ross Valley Sanitary District (RVSD)	6,443,584	6,733,527	7,036,554
7	Sanitary District #2 (SD#2)	1,481,071	1,547,715	1,617,366
8	Total regional service charges	\$ 13,247,500	\$ 13,843,600	\$ 14,466,600
	Allocation of Capital Fees to Members	Amount	Amount	Amount
9	San Rafael Sanitation District (SRSD)	\$ 643,592	\$ 764,826	\$ 415,783
10	Ross Valley Sanitary District (RVSD)	774,358	925,862	503,327
11	Sanitary District #2 (SD#2)	157,550	212,811	115,691
12	Total capital fees	\$ 1,575,500	\$ 1,903,500	\$ 1,034,800
	Equivalent Dwelling Unit (EDU) Allocation Table (for debt service and debt service coverage fees)	EDU Count	EDU Count	EDU Count
13	San Rafael Sanitation District (SRSD) - effective FY18 fixed at 19,545	19,545	19,545	19,545
14	Ross Valley Sanitary District (RVSD) - effective FY18 fixed at 22,404	22,404	22,404	22,404
15	Sanitary District #2 (SD#2) - effective FY18 fixed at 6,090	6,090	6,090	6,090
16	San Quentin Rehabilitation Center (SQRC) - effective FY18 fixed at 4,005	4,005	4,005	4,005
17	Total EDU count	52,044	52,044	52,044
	Debt Service Cost Total	Amount	Amount	Amount
18	2015 Revenue Bond - principal & interest	\$ 3,944,506	\$ 3,939,381	\$ 3,988,756
19	2020 Revenue Bond - principal & interest	555,775	557,775	559,575
20	2026 Revenue Bond - principal & interest	-	-	914,694
21	Total debt service cost	4,500,281	4,497,156	5,463,025
22	Debt service coverage cost	1,125,070	1,124,289	1,365,756
23	Total debt service cost & coverage fee	\$ 5,625,352	\$ 5,621,445	\$ 6,828,782
	Allocation of Debt Service Charges and Coverage Fees to Members	Amount	Amount	Amount
24	San Rafael Sanitation District (SRSD)	\$ 2,133,294	\$ 2,110,955	\$ 2,564,330
25	Ross Valley Sanitary District (RVSD)	2,445,348	2,419,741	2,939,435
26	Sanitary District #2 (SD#2)	664,710	657,750	799,016
27	San Quentin Rehabilitation Center (SQRC)	382,000	433,000	526,000
28	Total debt service cost & coverage fee	\$ 5,625,352	\$ 5,621,445	\$ 6,828,782
29	Total debt service charge per EDU (SRSD/RVSD/SD#2)	109.15	108.00	131.20
30	Total debt service charge per EDU (SQRC)	95.38	108.11	131.34
31	Total billed charges to JPA members	\$ 20,448,352	\$ 21,368,545	\$ 22,330,182

CENTRAL MARIN SANITATION AGENCY
FY26 and FY27 Adopted Budget
Initial Allocation of Service Charges and Capital Fee using Flow and Strength (without SQRC)
(to be updated when actual FY26 & FY27 data becomes available)

I. Allocation of treatment costs by Flow and Strength

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

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

	SRSD	RVSD	SD #2	Total CMSA Plant Influent Flow
April 1, 2022 to March 31, 2023	1,790.60	2,162.60	489.60	4,442.80
April 1, 2023 to March 31, 2024	1,710.39	2,077.06	483.39	4,270.84
April 1, 2024 to March 31, 2025 (Initial allocation FY26)	1,679.53	2,006.08	476.95	4,162.56
Total 36 month Flow	5,180.52	6,245.74	1,449.94	12,876.20
% of Flow	40.23%	48.51%	11.26%	100.0%

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

	SRSD	RVSD	SD #2	Total CMSA Plant Influent BOD
April 1, 2022 to March 31, 2023	4,129,275	5,481,327	864,776	10,475,378
April 1, 2023 to March 31, 2024	2,875,288	3,032,390	837,188	6,744,866
April 1, 2024 to March 31, 2025 (Initial allocation FY26)	2,440,177	2,434,337	773,922	5,648,436
Total 36 month BOD	9,444,740	10,948,054	2,475,886	22,868,680
% of Total BOD	41.30%	47.87%	10.83%	100.0%

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

	SRSD	RVSD	SD #2	Total CMSA Plant Influent TSS
April 1, 2022 to March 31, 2023	4,798,016	7,166,745	858,085	12,822,846
April 1, 2023 to March 31, 2024	2,458,975	2,666,112	1,020,479	6,145,566
April 1, 2024 to March 31, 2025 (Initial allocation FY26)	1,857,698	1,794,675	777,937	4,430,310
Total 36 month TSS	9,114,689	11,627,532	2,656,501	23,398,722
% of Total TSS	38.96%	49.69%	11.35%	100.0%

II. Allocation of Sewer Service Charges to JPA Members

This is determined by multiplying the allocation of treatment costs by volume and strength (Section I) by each member's share of the flow (Section A), BOD (Section B) and TSS (Section C). The final allocation will change fourth quarter FY26 using strength and flow reported for April 1, 2025 to March 31, 2026 and the difference will be reallocated on the final invoices.

	SRSD	RVSD	SD #2	Total Allocation
FY26 & FY27 Initial allocation = FY25 Final allocation %	40.18%	48.64%	11.18%	100.00%

CENTRAL MARIN SANITATION AGENCY
FY26 and FY27 Adopted Budget
Initial Allocation of Service Charges using Flow and Strength (with SQRC)
(to be updated when actual FY26 & FY27 data becomes available)

I. Allocation of treatment costs by Flow and Strength

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

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

	SRSD	RVSD	SD #2	SQRC	Total CMSA Plant Influent Flow
April 1, 2022 to March 31, 2023	1,790.60	2,162.60	489.60	234.63	4,677.43
April 1, 2023 to March 31, 2024	1,710.39	2,077.06	483.39	274.12	4,544.96
April 1, 2024 to March 31, 2025 (Initial for FY26 & FY27)	1,679.53	2,006.08	476.95	245.71	4,408.27
Total 36 month Flow	5,180.52	6,245.74	1,449.94	754.46	13,630.66
% of Flow	38.00%	45.82%	10.64%	5.54%	100.0%

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

	SRSD	RVSD	SD #2	SQRC	Total CMSA Plant Influent BOD
April 1, 2022 to March 31, 2023	4,129,275	5,481,327	864,776	371,692	10,847,070
April 1, 2023 to March 31, 2024	2,875,288	3,032,390	837,188	427,445	7,172,311
April 1, 2024 to March 31, 2025 (Initial for FY26 & FY27)	2,440,177	2,434,337	773,922	333,914	5,982,350
Total 36 month BOD	9,444,740	10,948,054	2,475,886	1,133,051	24,001,731
% of Total BOD	39.35%	45.61%	10.32%	4.72%	100.0%

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

	SRSD	RVSD	SD #2	SQRC	Total CMSA Plant Influent TSS
April 1, 2022 to March 31, 2023	4,798,016	7,166,745	858,085	377,075	13,199,921
April 1, 2023 to March 31, 2024	2,458,975	2,666,112	1,020,479	557,173	6,702,739
April 1, 2024 to March 31, 2025 (Initial for FY26 & FY27)	1,857,698	1,794,675	777,937	453,087	4,883,397
Total 36 month TSS	9,114,689	11,627,532	2,656,501	1,387,335	24,786,057
% of Total TSS	36.77%	46.91%	10.72%	5.60%	100.0%

II. Allocation of Flow and Strength to JPA Members and SQRC

This is determined by multiplying the allocation of treatment costs by volume and strength (Section I) by each member's share of the flow (Section A), BOD (B) and TSS (C). *Differences, if any, due to rounding.*

	SRSD	RVSD	SD #3	SQRC	Total Allocation
FY26 and FY27 Adopted Budget	38.03%	46.04%	10.59%	5.34%	100.00%

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

[Return to TOC](#)

Status	Fiscal Year	SRSD	RVSD	Larkspur	SD #2	JPA Members	SQRC	Total EDU Count	Change
Actual	FY16	19,555	19,700	3,019	6,076	48,350	4,005	52,355	(157)
Actual	FY17	19,332	19,298	3,039	6,055	47,724	4,005	51,729	(626)
Actual	FY18	19,565	19,448	3,060	6,008	48,081	4,005	52,086	357
Actual	FY19	19,716	19,345	3,066	6,152	48,279	4,005	52,284	198
Actual	FY20	19,609	22,248	See note	6,245	48,102	4,005	52,107	(178)
Actual	FY21	19,674	22,422		6,152	48,248	4,005	52,253	147
Actual	FY22	19,122	22,098		5,680	46,900	4,005	50,905	(1,348)
Actual	FY23	19,334	22,114		5,815	47,263	4,005	51,268	363
Actual	FY24	19,342	22,308		6,157	47,807	4,005	51,812	544
Actual	FY25	19,777	22,699		6,155	48,631	4,005	52,636	824
Estimate	FY26 & FY27	19,777	22,699		6,155	48,631	4,005	52,636	0

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

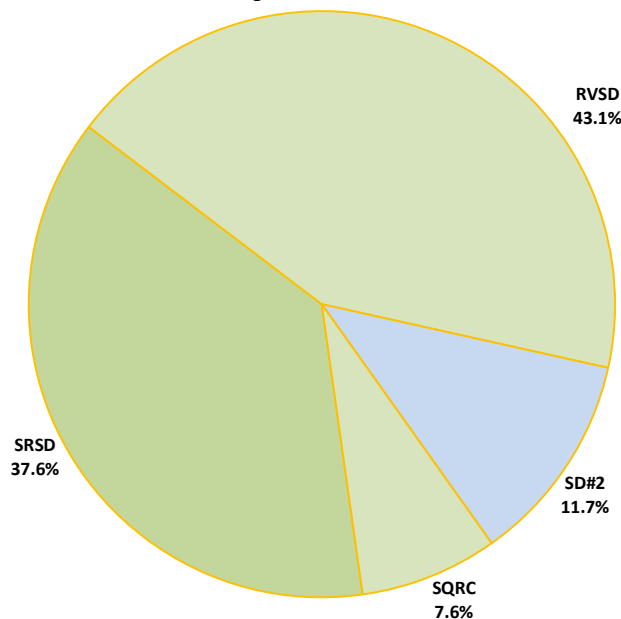
Note: In January 2020, the city of Larkspur withdrew from the JPA.

	FY26 Adopted Budget	FY27 Adopted Budget
Service Charges & Capital Fee	\$ 15,747,100	\$ 15,501,400
EDU Count	48,631	48,631
Operating EDU Rate	\$ 323.81	\$ 318.75
Debt Service	\$ 5,621,500	\$ 6,828,800
Fixed EDU Count	52,044	52,044
Debt Service EDU Rate	\$ 108.01	\$ 131.21
TOTAL COMBINED EDU RATE*	\$ 431.82	\$ 449.96

* The combined EDU rate for FY27 will be revised when final FY26 EDU counts are reported to the Agency in 2026

FY26 & FY27					
Budget	SRSD	RVSD	SD#2	SQRC	TOTAL
Total EDU	19,777	22,699	6,155	4,005	52,636
% of Total	37.6%	43.1%	11.7%	7.6%	100.0%

**EDU's by JPA Members and SQRC
as a Percentage of Total EDU's for FY26 and FY27**



**CENTRAL MARIN SANITATION AGENCY
COUNTYWIDE PUBLIC EDUCATION
OPERATING BUDGET
FOR THE TWO-YEAR BUDGET FY26 AND FY27**

Program Costs	Adopted FY26	Adopted FY27
Event Enrollment (Booth costs and event support)	\$ 8,500	\$ 8,000
Juggler Show (22 shows per year annual cost)	15,000	15,000
Fast Forward/Kidspeak Publication (110,000 copies)	5,200	5,500
Logo Development (new logo every other year)	-	-
SAV-R-BAY website redesign and maintenance	1,000	1,000
Booth Set Up Supplies (numerous events throughout year)	2,000	2,000
Booth Technology equipment	3,000	3,000
Brochures (printing/updates/ development)	-	-
Promotional Items	25,000	25,000
Public Education Video Outreach (Comcast)	22,000	22,000
Marin Science & Environmental Leadership Program	2,500	2,500
Totals	\$ 84,200	\$ 84,000

Program Cost Allocation to Participating Members

Agency	Percent Share	Participant's Share Program Expenses		Participant's Budget (Includes 5% Management Fee)	
		FY26	FY27	FY26	FY27
CMSA	40.6%	\$ 34,185	\$ 34,104	n/a	n/a
LGVSD	13.2%	11,114	11,088	12,782	12,751
NSD	24.8%	20,882	20,832	24,014	23,957
SASM	11.6%	9,767	9,744	11,232	11,206
SMCSD	6.8%	5,726	5,712	6,584	6,569
SD5	3.0%	2,526	2,520	2,905	2,898
Members	59.4%	50,015	49,896	57,517	57,380
Totals	100.0%	\$ 84,200	\$ 84,000	\$ 57,517	\$ 57,380



Central Marin Sanitation Agency

Financial Policies Manual

Adopted by the CMSA Board of Commissioners on October 10, 2023



Central Marin Sanitation Agency

FINANCIAL POLICIES MANUAL

TABLE OF CONTENTS

No.	Subject	Approval Date
Financial Policies		
501	Policy Framework	10/10/2023
Internal Controls		
502	Internal Controls and Fraud Prevention	10/10/2023
503	Ethics	10/10/2023
Financial Reporting		
510	General	10/10/2023
511	Continuing Disclosure Procedures for Agency Issued Debt	10/10/2023
Revenue Management		
520	General	10/10/2023
521	Agency Service Contracts with Public Agencies	10/10/2023
Treasury		
530	General	06/10/2025
531	Investments	05/13/2025
532	Reserve	07/22/2025
Expenditure Management		
540	General	10/10/2023
541	Travel, Training and Other Business Expense Reimbursements	10/10/2023
Financial Planning		
550	Agency Budget	10/10/2023
551	Capital Improvement Program	10/10/2023
552	Financial Forecast	10/10/2023
553	Debt Financing and Management	10/10/2023
554	Risk Management and Insurance	10/10/2023
555	Multi-Year Revenue Plan	10/10/2023
556	Pension Funding Policy	10/10/2023
557	Other Post Employment Benefit (OPEB) Funding Plan	10/10/2023
Procurement Management		
560	Signature Authority	01/14/2025
561	Contracting	01/14/2025
562	Purchasing	06/10/2025
Asset Management		
570	General	10/10/2023
571	Assets Accounting	10/10/2023

POLICY #:	501
SECTION:	FINANCIAL – FINANCIAL POLICIES
SUBJECT:	Policy Framework
DATE:	10/10/2023

PURPOSE

Financial policies are key components of sound fiscal management and direct proactive steps toward effectively managing and conducting financial operations. This policy’s framework provides guidance and direction for developing and maintaining financial policies.

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

POLICIES VS. PROCEDURES

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

POLICY FRAMEWORK

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

Financial policies shall be actionable and shall set controls to be used for prudent financial decision-making, and shall standardize financial operations by defining roles and responsibilities. They shall define and outline appropriate financial management and behavior. In their intent, they shall promote and incorporate long-term perspectives and strategic thinking by framing overall operational policies, goals, and objectives.

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

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

POLICY #:	502
SECTION:	FINANCIAL – INTERNAL CONTROLS
SUBJECT:	Internal Controls and Fraud Prevention
DATE:	10/10/2023

POLICY

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

PROCEDURES

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

I. Internal Controls

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

II. Internal Accounting Practices

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

Agency staff shall ensure that:

- A. Each employee understands their role, responsibility, and accountability when conducting financial transactions for the Agency;
- B. All transactions are properly authorized;
- C. All accounting records and documentation are properly maintained;
- D. Access to both assets and records are effectively controlled; and
- E. General ledger accounts are periodically reviewed for their reasonableness, and updated annually for the validity and accuracy of the underlying items they represent.

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

III. Internal Review and Recommendations

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

IV. Public Fiduciary Liability

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

V. Audits

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

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

VI. Segregation of Duties

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

VII. Operating Fund Account

The Board shall approve the selection of a federally insured banking institution that would be entrusted to securely handle and transact, at Agency staff direction, any funds deposited in the Agency's Operating Fund Account. The General Manager shall periodically recommend to the Board the selection through an evaluative process of a

new banking institution due to changes in current banking institution performance, banking market conditions, or for other benefits or advantages to the Agency. The evaluation shall include, but is not limited to, qualifications associated with banking services provided, fees charged, and financial and administrative benefits for the Agency. The Administrative Services Manager shall maintain a set of procedures to manage the daily and routine operations of the account and its cash balances.

VIII. Authorized Check Signers

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

IX. Wire Transfers and ACH Payments

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

X. Vault Security

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

XI. Payments to Agency and Bank Deposits

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

XII. Petty Cash

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

XIII. RV Disposal Receipts

Agency staff shall securely maintain funds to conduct payment transactions for Recreational Vehicle (RV) customers utilizing the Agency facilities to discharge wastewater. Payments for use of the RV disposal site are received in the Agency's Administrative Office by cash, check, or credit card and recorded into the financial software cashiering system. Payments by check become part of the daily deposit while payments by cash are stored in a cash box within the Agency vault, and are deposited in the bank once per month. At no time is the cash in the box to be used for any purpose.

POLICY #:	503
SECTION:	FINANCIAL – INTERNAL CONTROLS
SUBJECT:	Ethics
DATE:	10/10/2023

POLICY

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

PROCEDURES

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

I. General

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

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

II. Violation of this Policy and Related Financial Policies

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

III. Reporting Unethical and Fraudulent Behavior

Agency staff shall report any observation in practice or appearance of a violation of the Agency's financial policies and procedures, including this policy, to their supervisor or the General Manager, who will investigate the matter. A verbal or written report will be considered a personnel matter and will be handled with strict confidentiality under the

Agency's Personnel Policies. If the suspect employee is the General Manager, Agency staff have a responsibility to contact the Chairperson of the Board of Commissioners.

IV. Whistleblower Provision

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

V. Use of Public Funds

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

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

Each Board member shall comply with the Reimbursement Policy for Travel/Expenses for Commissioners.

VI. Conflict of Interest

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

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

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

VII. Bribery and Extortion

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

VIII. Extra Compensation

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

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

IX. Gifts to Employees and Officials

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

X. Honoraria Ban

Commissioners and Agency staff shall explicitly follow California Government Code 89502, which prohibits public officials from accepting honoraria. Honoraria is defined as any payment made in consideration for any speech given, article published, or

attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

XI. Gifts of Public Funds

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

“... shall have no power... to make any gift or authorize the making of any gift of any public money or thing of value to any individual, municipal or other corporation whatever the purpose...”

XII. Receiving Private Donated Funds

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

POLICY #:	510
SECTION:	FINANCIAL – FINANCIAL REPORTING
SUBJECT:	General
DATE:	10/10/2023

POLICY

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

PROCEDURES

I. Comprehensive and Popular Annual Financial Reports

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

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

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

II. External Filings and Reporting

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

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

Report Category/Report	Frequency
Payroll Reporting:	
Federal and State Tax Withholding Deposits	Bi-weekly
Forms 941 (Federal) / DE 6 (State)	Quarterly
Debt Reporting: (Financial Policy #511: <i>Continuing Disclosure Procedures for Agency-Issued Debt</i>)	
Audited Financial Statements from CMSA and each JPA member agency required by the Municipal Rulemaking Securities Board (MSRB) to file electronically through the Electronic Municipal Market Access (EMMA)	Annual
Disclosures to bondholders and other interested parties required by the MSRB and filed through EMMA	Annual or Event Driven
Other Reporting:	
Diesel fuel taxes (State)	Annual
Forms 1099 (Federal) / 1096 (Federal)	Annual

III. Board Member Compensation Report

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

POLICY#:	511
SECTION:	FINANCIAL – FINANCIAL REPORTING
SUBJECT:	Continuing Disclosure Procedures for Agency Issued Debt
DATE:	10/10/2023

POLICY

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

PROCEDURES

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

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

I. Definitions

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

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

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

II. Disclosure Coordinator

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

B. The Disclosure Coordinator is responsible for:

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

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

- 2) Soliciting audited financial statements from CMSA's JPA member agencies and other "material" information (as defined in Securities and Exchange Rule 10b-5) from Agency departments.
- 3) Following up with others, including management of outside consultants assisting the Agency (if any), in the preparation and dissemination of Continuing Disclosure Documents to make sure that assigned tasks have been completed, made on a timely basis, and are accurate.
- 4) Ensures the timely filing of the Agency's Continuing Disclosure Undertakings with the MSRB by the Disclosure Coordinator, Consultant, or other party.
- 5) Serves as a point person for personnel to communicate issues or information that should be or may need to be included in any Continuing Disclosure Document.
- 6) Monitors compliance by the Agency with these Continuing Disclosure Procedures, including timely dissemination of the annual report and event filings as described in the Agency's Continuing Disclosure Undertakings.
- 7) Recommends changes to these Continuing Disclosure Procedures to the General Manager as necessary or appropriate.
- 8) Maintains records documenting the Agency's compliance with these Continuing Disclosure Procedures.
- 9) Reviews compliance with and providing appropriate certifications in connection with the various covenants in bond documents, such as maintenance of revenues and coverage tests. The Disclosure Coordinator shall review the bond documents to determine which covenants require an annual or regular certification and maintain a list.

III. Continuing Disclosure Filings

A. Overview of Continuing Disclosure Filings

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

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

B. Annual Reports

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

C. Event Filings

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

D. Uncertainty

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

IV. Document Retention

The Disclosure Coordinator shall be responsible for retaining records demonstrating compliance with these Continuing Disclosure Procedures. They shall also retain an electronic or paper file (Disclosure File) for each continuing disclosure annual report that the Agency completes. Each Disclosure File shall include final versions of Continuing Disclosure Documents; written confirmations, certifications, letters, and legal opinions described herein; and copies of these Continuing Disclosure Procedures and a list of individuals to whom they have been distributed and the dates of such distributions. The Disclosure File shall be maintained by the Agency for a period of five (5) years from the later of the date of delivery of the securities referenced in the Continuing Disclosure Document, or the date the Continuing Disclosure Document is published, posted, or otherwise made publicly available, as applicable.

V. Education

The General Manager and the Administrative Services Manager shall ensure that the Disclosure Coordinator is properly trained to understand and perform their responsibilities. Such training may include sessions conducted by consultants with

expertise in municipal securities disclosure, attendance at conferences, or other appropriate methods identified by the General Manager or the Administrative Services Manager such as review of past practice.

VI. Amendments

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

POLICY #:	520
SECTION:	FINANCIAL – REVENUE MANAGEMENT
SUBJECT:	General
DATE:	10/10/2023

POLICY

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

PURPOSE

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

REVENUE SOURCES

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

I. Service Charges (Regional Charge)

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

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

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

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

II. All Other Revenues

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

PROCEDURES

I. Service Charges

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

The Board and its Finance Committee will review the Regional Charge allocations during the development of the Agency's budget. The budgeted service charge amount will be set to equal the net revenue needed to fund the Agency's annual operations and maintenance expenses, and a capital fee to fund the Capital Improvement Program. Budgeted service charge revenues do not include revenues for debt service and capacity charges.

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

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

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

- 1) Reports from the Marin County Auditor-Controller that summarize the number of EDU (sanitary units) that each district has placed on the property tax roll.
- 2) Listing of EDUs for governmental or other entities that each district bills directly for sewer services charges. Typically, these are entities that are not on the County's property tax rolls.

- 3) Any variances between the reported actual EDU and the sum of EDU count from items 1 and 2. These could be EDU adjustments that the district granted to its ratepayers after the EDUs were placed on the property tax rolls.

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

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

B. Service Charge Allocation using Flow Volumes

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

1) Allocation of Regional Charges by Flow Volume

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

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

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

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

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

2) Collection of Regional Charge

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

Prior to the issuance of the fourth quarterly invoice, the Administration staff will recalculate the current fiscal year's regional charge allocation

based on the flow volumes for the most current April 1 to March 31 measurement period. The adjustment between the budgeted and current regional charge allocation will be reflected on the invoice for the fourth quarter.

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

1) Calculation of annual volume and quality of the wastewater generated from each satellite collection entity

Each April, Technical Services (TS) will provide Administration staff with the annual volume and quality of wastewater generated from each Member Agency for the previous April 1 to March 31 periods.

Quality is defined as the amount (lbs.) of Total Suspended Solids (TSS) and Biological Oxygen Demand (BOD) in a collection agency's wastewater transported to CMSA. Quality samples will be periodically collected and analyzed in the CMSA laboratory.

2) Allocation of regional charges by flow volume and strength

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

Using these percentage allocations and influent flow and quality data, unit costs (i.e., \$/1,000 gallons of flow, \$/lb of BOD and \$/lb of TSS) are then used to allocate the service charge to each Member Agency based on its respective flow, BOD, and TSS costs, using the following equations:

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

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

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

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

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

3) Collection of regional charge

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

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

II. Debt Service Charge

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

III. Capacity Charge

A one-time capacity charge shall be collected by the appropriate Member Agency for an initial connection to the wastewater collection system or additional fixture units on existing connections in the CMSA service area. This charge shall be set by the Board by ordinance. Each member agency shall collect both the CMSA capacity charge and the member agency's connection fee. After collection, the member agency shall remit the capacity charge portion to CMSA within 45 days.

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

IV. Permit and Inspection Fees

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

V. Fees for Service

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

VI. Accounts Receivable

According to *Generally Accepted Accounting Principles* (GAAP), Agency staff shall record a receivable for sewer service charges, capacity charges, permit and inspection fees, and other fees for service when the revenue is due to the Agency. Sewer service charges and debt services charges are billed at the beginning of the quarter when due.

Administration staff will conduct a monthly reconciliation of accounts receivable and identify outstanding payments due to CMSA. Accounts receivable shall be accrued to the proper accounting period based upon the date the services were performed.

POLICY #:	521
SECTION:	FINANCIAL – REVENUE MANAGEMENT
SUBJECT:	Agency Service Contracts with Public Agencies
DATE:	10/10/2023

POLICY

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

PROCEDURES

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

The General Manager will present the negotiated agreement to the CMSA Board for consideration. Once approved by the Board, the agreement will be provided to each party for signing.

POLICY #:	530
SECTION:	FINANCIAL – TREASURY
SUBJECT:	General
DATE:	06/10/2025

POLICY

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

PROCEDURES

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

I. Treasurer Appointment

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

II. Treasurers’ Report

Agency staff shall prepare a monthly Treasurer’s Report that contains summary financial information in the following five areas:

- a) Cash and Investments: These schedules list all cash and investment account balances by book value and market value with interest rates where applicable.
- b) Operating and Capital Reserves: This schedule lists the month-to-month activity for all operating and capital reserves. The Board Committed reserve targets are to be shown for comparison following applicable Financial Policy.
- c) Cash Receipt and Disbursement Detail: This report contains information with respect to cash receipts and disbursements and month-end account balance for all of the Agency’s cash and investment accounts.
- d) Fiscal Year-to-Date Budget-to-Actual (Cash Basis): This schedule lists the consolidated cash flow activity on a fiscal year-to-date basis and comparison to the annual budget.
- e) Disbursement Register: The report lists and describes all cash disbursements during the reporting month for payments paid by check or electronic payment.

The Board shall review and approve the Treasurer's Report each month.

III. Bank Reconciliation

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

POLICY #:	531
SECTION:	FINANCIAL – TREASURY
SUBJECT:	Investments
DATE:	05/13/2025

POLICY

The Agency shall invest public funds in a prudent manner that achieves its three objectives of Safety, Liquidity, and Yield while meeting its daily cash flow requirements and complying with federal, state and local statutes. Every spring, the General Manager and Treasurer shall submit to the Board of Commissioners this *Investments* policy, where the Board shall review any changes in the policy and approve it at a public meeting.

SCOPE

This policy provides guidelines for prudent investment of the Agency's cash. This policy covers all funds and investment activities under the direction of the Agency in accordance with California Government Code Sections 53600, et seq. This policy does not cover funds held in trust for the following activities:

I. Debt Proceeds

Proceeds from debt issuance shall be invested in accordance with the permitted provisions of the specific bond indenture agreements.

II. Proceeds Held in Trust for Retirement Purposes

Funds held and invested in either the Agency's pension, OPEB, or employee deferred compensation funds shall be invested following the permitted investments pursuant to California Government Code Section 53609.

PRUDENCE

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

OBJECTIVES

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

I. Safety

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

II. Liquidity

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

III. Yield

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

DELEGATION OF AUTHORITY

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

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

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

ETHICS AND CONFLICTS OF INTEREST

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

INTERNAL CONTROLS

The Treasurer shall establish a system of internal controls to ensure that the assets of the Agency are safeguarded from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that the policy objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of the costs and benefits requires estimates and judgments by management.

Periodically, as deemed appropriate by the Agency, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures.

AUTHORIZED INSTITUTIONS, DEPOSITORIES AND SECURITIES BROKERS/DEALERS

To the extent practicable, the Treasurer, in consultation with the General Manager, shall endeavor to complete investment transactions using a competitive bid process whenever possible. The Treasurer, in consultation with the General Manager, will determine which financial institutions are authorized to provide investment services to the Agency. It shall be the Agency's policy to purchase securities only from authorized institutions and firms.

The Treasurer, in consultation with the General Manager, shall maintain procedures for establishing a list of authorized broker/dealers and financial institutions, which are approved for investment purposes that are selected through a process of due diligence as determined by the Agency. Due inquiry shall determine whether such authorized broker/dealers, and the individuals covering the Agency are reputable and trustworthy, knowledgeable and experienced in Public Agency investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under the Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

In accordance with Section 53601.5, institutions eligible to transact investment business with the Agency include:

- I. Institutions licensed by the state as a broker-dealer as defined in Section 25004 of the Corporations Code, with proof of FINRA certification.
- II. Institutions that are members of a federally regulated securities exchange.
- III. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- IV. Nationally or state-chartered banks.
- V. Savings or federal association (as defined in Section 5102 of the Financial Code).

VI. The Federal Reserve Bank.

VII. Direct issuers of securities eligible for purchase.

Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the discretion of the Agency, except where the Agency utilizes an external investment advisor in which case the Agency may rely on the advisor for selection.

All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment advisor) must supply the Agency with audited financial statements and a certification that the institution has reviewed the California Government Code, Section 53600 *et seq.* and the Agency's investment policy. The Treasurer, in consultation with the General Manager, will conduct an annual review of the financial condition and registrations of such qualified bidders.

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation (FDIC), or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

For investments made by an investment advisor, the Board authorizes the investment advisor to use broker/dealers and financial institutions that the investment advisor has reviewed and approved for investment purposes. The investment advisor's approved list shall be made available to the Agency upon request.

TYPES OF AGENCY INVESTMENTS

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

The Agency's portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase.

I. United States Treasury Issues

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

II. Federal Agency Obligations

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

III. Medium-Term Notes

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

IV. Municipal Securities

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

V. Negotiable Certificates of Deposit

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

VI. Banker's Acceptances

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

VII. Commercial Paper

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

- A. The entity meets the following criteria:
 - 1) Is organized and operating in the United States as a general corporation.
 - 2) Has total assets in excess of five hundred million dollars (\$500,000,000).
 - 3) Has debt other than commercial paper, if any, that is rated AA or higher by a nationally recognized statistical-rating organization.
- B. The entity meets the following criteria:
 - 1) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - 3) Has commercial paper that is rated AA-1 or higher, or the equivalent, by a nationally recognized statistical-rating organization.

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

VIII. Repurchase Agreements

- A. Repurchase agreements are to be used solely as short-term investments not to exceed 30 days. The Agency may enter into repurchase agreements with primary government securities dealers rated AA or better by two nationally recognized rating services. Counterparties should also have:
 - 1) A short-term credit rating of at least A-1/P-1;
 - 2) Minimum assets and capital size of \$25 billion in assets and \$350 million in capital;
 - 3) Five years of acceptable audited financial results; and
 - 4) A strong reputation among market participants.
- B. The following collateral restrictions shall be observed:
 - 1) Only U.S. Treasury securities or Federal Agency securities are acceptable collateral. All securities underlying repurchase agreements shall be delivered to the Agency's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement.
 - 2) The total market value of all collateral for each repurchase agreement shall equal or exceed 102 percent of the total dollar value of the money invested by the Agency for the term of the investment.
 - 3) For any repurchase agreement with a term of more than one day, the value of the underlying securities shall be reviewed on an on-going basis according to market conditions. Market value shall be calculated each time there is a substitution of collateral.
 - 4) The Agency or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The Agency shall have properly executed a Public Securities Association agreement with each counterparty with which it enters into repurchase agreements. A maximum of 25 percent of the portfolio may be invested in this category.

IX. Time Certificates of Deposit

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

The Agency, at its discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. The Agency shall have a signed agreement

with the depository per Government Code Section 53649. TCDs may not exceed one year in maturity. A maximum of 20 percent of the portfolio may be invested in this category. Furthermore, the amount invested in TCDs with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

X. Passbook Savings Accounts

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

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

XI. Money Market Funds

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

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

- 1) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.
- 2) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

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

XII. California Asset Management Program (CAMP)

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

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

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

XIV. Authorized Investments

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

Investment Type	Authorized for Investment Advisor	Authorized for Agency Treasurer	Authorized Investment Allocation
United States Treasury Issues	X	X	100%
Federal Agency Obligations	X	X	30% ⁽³⁾
Medium-Term Notes	X		30%
Municipal Securities	X	X ⁽¹⁾	30%
Negotiable Certificates of Deposit ⁽⁵⁾	X	X ⁽²⁾	20%
Banker's Acceptances	X		20%
Commercial Paper	X		25% ⁽⁴⁾
Repurchase Agreements	X		25%
Time Certificates of Deposit ⁽⁵⁾	X	X	20%
Passbook Savings Accounts ⁽⁵⁾	X	X	20%
Money Market Funds	X	X	10%
CAMP	X	X	100%
LAIF	X	X	100%

(1) Municipal Securities must have an AAA rating.

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

(3) The maximum is 20% if the portfolio is comprised of callable Federal Agency Obligations.

(4) The maximum is 20% if invested with any one single issuer.

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

PROHIBITED INVESTMENTS

Any investment in a security not specifically listed above, but otherwise permitted by the California Government Code, is prohibited. Section 53601.6 of the Government Code specifically disallows investments in invoice floaters, range notes, or interest-only strips that are derived from a pool of mortgages. In addition to the limitations in Government Code Section 53601.6, this policy further restricts investments as follows:

- I. No investment shall be made that has either (a) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (b) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero accrual periods.
- II. No investment shall be made that could cause the portfolio to be leveraged.
- III. Any security that could result in zero interest accrual if held to maturity shall not be made.

INVESTMENT POOLS/MONEY MARKET MUTUAL FUNDS

The Agency must conduct a thorough investigation of any pool or mutual fund before making an investment, and on a continual basis thereafter. The Treasurer, in consultation with the General Manager, shall develop a questionnaire which will answer the following questions:

- I. A description of eligible investment securities, and a written statement of investment policy and objectives.
- II. A description of interest calculations and how it is distributed, and how gains and losses are treated.
- III. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- IV. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- V. A schedule for receiving statements and portfolio listings.
- VI. Are reserves, retained earnings, etc. utilized by the pool/fund?
- VII. A fee schedule, and when and how is it assessed.
- VIII. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

COLLATERALIZATION

I. Certificates of Deposit (CD)

The Agency shall require any commercial bank or savings and loan association to deposit eligible securities with any agency of a depository approved by the State Banking

Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 52651, pledged against a Certificate of Deposit shall be equal to 110% of the face value of the CD for all other classes of security.

II. Collateralization of Bank Deposits

This is the process by which a bank or financial institution pledges securities, other deposits for the purpose of securing repayment of deposited funds. The Agency shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

III. Repurchase Agreements

The Agency requires that Repurchase Agreements be collateralized with only securities authorized in accordance with California Government Code:

- A. The securities with collateralize the repurchase agreement shall be priced at market value, including any accrued interest plus a margin. The market value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- B. Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- C. The Agency shall receive monthly statements of collateral.

SAFEKEEPING AND CUSTODY

All security transactions entered into by or on behalf of the Agency shall conducted on a delivery vs. payment basis. All securities shall be held in the Agency's name by a third-party custodian designated by the Treasurer. The custodian shall act as the Agency's agent under the terms of a custody agreement, of which includes generation of safekeeping receipts or acknowledgments for each security trade and monthly account statements sent to the Agency.

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

- I. Local government investment pools;
- II. Time certificates of deposit, and,
- III. Money market mutual funds since the purchased securities are not deliverable.

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

TERM OF INVESTMENTS

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

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

DIVERSIFICATION AND RISK MANAGEMENT

I. Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived change in the ability of the issuer to repay its debt. The Agency will mitigate credit risk by adopting the following strategies:

- A. The diversification requirements included in the “Types of Agency Investments” section of this policy are designated to mitigate credit risk in the portfolio.
- B. No more than 5% of the total portfolio may be deposited with or invested in securities issued by a single issuer unless otherwise specified in this policy.
- C. The Agency may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity, or yield of the portfolio in response to market conditions of the Agency’s risk preferences.
- D. The investment advisor shall monitor the ratings of all investments in their portfolio on a continuous basis and report all credit downgrades of portfolio securities to the Treasurer in writing within 24 hours of the event. If an existing investment’s rating drops below the minimum allowed for new investments made pursuant to this investment policy, the investment advisor shall also make a written recommendation to the Treasurer as to whether this security should be held or sold.

- E. If a security owned by the Agency is downgraded to a level below the requirements of this policy, making the security ineligible for additional purchases, the following steps are to be performed:
 - 1) Any actions taken related to the downgrade by the investment advisor will be communicated to the Treasurer, in consultation with the General Manager, in a timely manner.
 - 2) If a decision is made to retain the security, the credit situation will be monitored and reported to the Agency's Board of Commissioners.

II. Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The Agency recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The Agency will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The Agency further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The Agency, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- A. The Agency will maintain a target of at least the amount of its operating reserve plus its emergency reserve in short-term investments to provide sufficient liquidity for expected disbursements.
- B. The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- C. The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a market benchmark, and index selected by the Agency based on the Agency's investment objectives, constraints and risk tolerances.

PERFORMANCE

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

REPORTING

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

The report also shall:

- I. State compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance,
- II. Include a description of any of the Agency's funds, investments or programs that are under the management of contracted parties, including lending programs, and
- III. Include a statement denoting the ability of the Agency to meet its expenditure requirements for the next six months or provide an explanation as to why sufficient money may not be available.
- IV. The report shall include a list of monthly investment transactions. The requirement for disclosure of monthly investment transactions does not apply to investment pools. This monthly report shall be submitted with the Board's monthly meeting agenda for public review.

GLOSSARY

Agencies: Federal agency securities and/or Government Sponsored Enterprises (GSE) which include Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB), and Federal Agricultural Mortgage Association (Farmer Mac).

Asset Backed Securities: Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

Banker's Acceptance (BA): A draft or bill of or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Benchmark: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Broker: A broker brings buyers and sellers together for a commission.

Callable: A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue at a lower interest rate.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a Certificate. Large denominated CD's are typically negotiable.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper: Short-term and unsecured debt issued by very large corporations.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for their own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment: There are two methods of delivery securities: (1) delivery versus payment and (2) delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt of securities with an exchange of a signed receipt for the securities.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Duration: A measure of sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between the bid and asked prices is narrow and reasonable size can be done at those quotes.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Master Purchase Agreement: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Medium Term Notes: Corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers’ acceptances, etc.) are issued and traded.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

Prudent Person Rule: A standard of responsibility which applies to fiduciaries. In California, the rule is “Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes.”

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (Repo): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate their for this.

Reverse Repurchase Agreement (Reverse Repo): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a form of borrowing.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and

valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission (SEC): An agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC Rule 15c3-1: An SEC rule setting capital requirements for brokers and dealers. Under the Rule, a broker or dealer must have sufficient liquidity in order to cover the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer's total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with the current client.

Treasurer: Per Agency *Financial Policy #530 – Treasury General*, the Board of Commissioners appoints and delegates a Treasurer to manage the Agency's cash and investments following applicable internal policies and laws. The Board appoints the Administrative Services Manager to serve this position and perform the duties therein.

Treasury Bills: A noninterest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Notes: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to ten years.

Treasury Bonds: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than ten years.

Yield: The rate of annual income return on an investment, expressed as a percentage. (a) Income yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net yield or Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

POLICY #:	532
SECTION:	FINANCIAL – TREASURY
SUBJECT:	Reserves
DATE:	7/22/2025

POLICY

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

PROCEDURES

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

I. General

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

II. Reserve Fund Designations

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

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

The development, management, and oversight of Agency reserves is intended to be aligned with the development, management, and oversight of the Agency budget. During the budget development process, the Treasurer prepares an initial projection of the Agency expenditures and revenues for the upcoming year. The General Manager and Treasurer will propose allocations to and from the reserves based on this reserve policy, Agency priorities, and/or direction from the Board. The accumulation and uses of

the reserves are a component of the budget and are subject to Board review and approval.

Consistent with the established *Budget* policy, the General Manager, with approval from the Board Chair, is authorized to expend up to \$500,000 directly from the emergency reserve account in the event of an unforeseen situation that would directly and critically affect the Agency's operations. The General Manager shall report to the Board the circumstances requiring the expenditures at its next meeting. Otherwise, Board approval is required prior to any transfer or expenditures of reserve funds that were not previously budgeted.

Board authorization is required to establish any new reserve designations.

IV. Reserve Types

Three major categories of reserve funds have been established to best capture the operating and capital activities: Restricted Reserves, Committed Reserves and Unassigned Reserves.

A. Restricted Reserves

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

B. Committed Reserves

These reserves represent assets to maintain internal liquidity purposes as designated by Board policy. Funds can be transferred from these accounts to cover for expenditures in the unassigned category; however, it is the priority of the Agency to maintain its Board policy targets for each classification.

C. Unassigned Reserves

These reserves represent the primary funding accounts used to cover the Agency's operating and capital activity spending plans. Each spending plan is given an independent unassigned reserve balance to track its specific sources and uses.

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

V. Designations for Reserves

The Agency has established the following designations for the restricted, committed and unassigned reserves.

A. Designations for Restricted Reserves

- 1) Debt Trusts: This reserve tracks funds related to newly issued project fund debt proceeds and monies transferred to it for payment of debt service.

Any interest earned on project proceeds can be transferred to the unassigned capital reserve for funding use; otherwise, it is to remain in the account for payment of debt service. The pension obligation bond debt trust relates to an operating activity reserve, and the capital debt trust relates to a capital activity reserve.

- 2) Section 115 Pension Trust: This operating reserve tracks the Agency's pre-funded pension plan savings to use for future pension obligation payments. Funding into the account follows the *Pension Funding* policy.
- 3) Capital Reserve: This capital activity reserve tracks specific funding sources that relate to capital improvement program funding needs. The two sources are capacity charges and debt service coverage fees.
 - i. Capacity Charges: The CA Government Code requires separate accounting of capacity charges and the application of interest to outstanding balances. The Agency shall use capacity charges on a first-in-first-out basis to finance current year CIP. In the event that the amount collected in any given year exceeds CIP expenses, the Agency would have to hold the excess funds for future use. Should this situation occur, the excess funds will be kept in this reserve. Staff would then recommend these funds as a proposed funding source for the following fiscal year's CIP.
 - ii. Debt Service Coverage Fees: This is a contractually obligated requirement from revenue bond rate covenants and represents 25% of the debt service payment that is collected from the JPA members. The expenditure of these funds is solely for CIP.

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

B. Designations for Committed Reserves

The Agency maintains specific funding targets to track specific sources of funds, or meet internal liquidity needs. Reserves that meet these needs are the following:

- 1) Operating Reserve: This operating activity reserve represents three months funding for general Agency operations. Funding will be adjusted annually to maintain three months operational funding.
- 2) Emergency Reserve: This operating activity reserve serves as a contingency for unforeseen or unanticipated emergencies and other to-be-determined items. The funding level is \$500,000.

C. Designations for Unassigned Reserves

These reserves shall track all sources and uses unless otherwise specified in the other reserve categories. The Agency shall expend available resources from these accounts to cover its operating and capital funding plans and/or transfer funds to another reserve to meet specific policy or legal requirements.

- 1) Unassigned Operating Reserve: This reserve represents the accumulated excess funds available from the operating funding plan. Monies in this account shall be used for paying all operating activity expenditures, transfer between the operating activity restricted reserves for debt service or pension prefunding, or transfer excess funds to the unassigned capital reserve for CIP.
- 2) Unassigned Capital Reserve: This reserve represents the accumulated excess funds available from the capital funding plan. Monies in this account shall be used for paying all capital activity expenditures or transfer between the capital activity restricted reserves for debt service and collected bond proceeds. The Agency shall target a funding level for this account ~~is~~ at the annual average of the 10-year CIP in accordance with the *Multi-Year Revenue Plan* policy.

POLICY #:	540
SECTION:	FINANCIAL – EXPENDITURE MANAGEMENT
SUBJECT:	General
DATE:	10/10/2023

POLICY

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

PROCEDURES

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

I. Employee Compensation and Benefits

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

- A. Personnel Policies and Procedures manual;
- B. Memorandums of Understanding and other agreements with employee groups;
- C. Agreements with CalPERS for health and retirement benefits; and
- D. Agreements with other benefits providers.

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

II. Accounts Payable

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

All expenditures will include the appropriate support documentation (e.g., purchase order, invoice, account statement, receipt, and packing slip) and shall be approved by the appropriate Agency representative. According to *Generally Accepted Accounting Principles* (GAAP), Finance staff shall review and record in a timely manner all accounts payable and accrued items, to ensure the proper recognition of expenses and liabilities. Finance staff shall charge payables to the proper accounting period based upon the date

the goods were received or the services were provided and perform a monthly reconciliation of accounts payable.

III. Petty Cash

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

POLICY #:	541
SECTION:	FINANCIAL – EXPENDITURE MANAGEMENT
SUBJECT:	Travel, Training, and Other Business Expense Reimbursements
DATE:	10/10/2023

POLICY

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

PROCEDURES

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

I. General

The General Manager shall establish procedures for authorizing, paying, restricting, and reimbursing employees for travel, training, and other business-related expenses. Travel per diem rates shall be adjusted at the beginning of each calendar year based on the change in the Consumer Price Index-Urban/San Francisco-Oakland-San Jose for the prior February-to-February period, rounded up to the nearest \$0.50. The Board shall review and approve the per diem rates when they exceed 120% of the February 2023 rates.

The per diem rates for meals, gratuities, and incidentals as of February 1, 2023 are as follows:

TRAVEL PERIOD	FEBRUARY 1, 2023 PER DIEM	MAXIMUM PER DIEM RATE (120% of FEB. 2023)
Overnight Travel per 24-hour period	\$115.00	\$138.00
Travel between 12 and 24 hours	\$86.00 or 75% of Overnight Travel Rate	\$103.00
Daily travel less than 12 hours	Breakfast \$17.50 Lunch \$22.00 Dinner \$33.00	Breakfast \$21.00 Lunch \$26.00 Dinner \$40.00

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

II. Required Authorization

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

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

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

III. Federal Income Tax Withholding (FITW)

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

POLICY #:	550
SECTION:	FINANCIAL – FINANCIAL PLANNING
SUBJECT:	Agency Budget
DATE:	10/10/2023

POLICY

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

PROCEDURE

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

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

- Departmental budgets with three-year budget comparisons: prior fiscal year, current fiscal year approved budget and projected expenditures, and proposed budgets for the upcoming fiscal year(s);
- Descriptions and explanations of specific revenues and expenditure accounts;
- Identification of Agency staff responsible for routinely monitoring, tracking, and making transaction decisions with respect to specific budget accounts within each department budget;
- Allocation of Regional Sewer Service Charges to JPA Members;
- Allocation of Debt Service Charges to JPA Members;
- 10-Year Capital Improvement Program with budget allocations for capital and maintenance projects and initiatives;
- 10-Year Financial Forecast with proposed accumulations and uses for Agency reserves;
- San Quentin wastewater and debt service fees

I. Budget Development

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

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

A. Revenue Budget

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

B. Expenditure Budget

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

C. 10-Year Capital Improvement Program (CIP)

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

D. 10-Year Financial Forecast

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

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

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

II. Budget Reporting

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

III. Budget Transfers

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

IV. Budget Amendments

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

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

In the event of an emergency, the General Manager can approve budget amendments that would increase the Agency annual budget, with the conditions that (1) these amendments are necessary to maintain the Agency's ongoing and routine operations, and (2) the aggregate amounts of the amendments cannot exceed \$500,000. The General Manager shall notify the Chair of the Board about the situation and the reason for the budget amendment, obtain authorization for the amendments, and report the actions to the Board at its next scheduled meeting.

POLICY #:	551
SECTION:	FINANCIAL – FINANCIAL PLANNING
SUBJECT:	Capital Improvement Program
DATE:	10/10/2023

POLICY

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

PROCEDURE

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

I. General

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

II. CIP Schedules, Project Descriptions, and Reporting

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

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

- A. Facilities Improvements: roofing, paving, coating/sealing, etc.
- B. General Equipment: vehicles, lab and communications equipment, etc.
- C. Treatment of Liquids: flow meters, tanks, pumps, etc.

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

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

- A. Procurement of equipment, vehicles, or fixed assets
- B. Replacement of existing equipment/infrastructure with similar items
- C. Engineering study, pre-design work, and design of new processes, assets, or facilities
- D. New modifications to existing facilities

POLICY #:	552
SECTION:	FINANCIAL - FINANCIAL PLANNING
SUBJECT:	Financial Forecast
DATE:	10/10/2023

POLICY

The Agency shall update the 10-year Financial Forecast (Forecast) annually.

PROCEDURE

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

Agency staff shall update the Forecast with a status and projection of revenues by source, expenditures, capital requirements, and accumulation and use of reserves. The Forecast is a comparison of actual revenues and expenditures from the prior fiscal year, a projection of the current fiscal year revenues and expenditures, and a 9-year projection of future resources and expenditures. Agency staff shall present the Forecast for Board review as part of the budget development process and the Forecast shall also be included in the Agency's budget.

Guidance

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

The Forecast will assist the Board in determining the required current and future regional service charge revenues to meet the Agency's financial needs. The forecast shall be updated annually before meeting with the Board's Finance Committee to review either the new draft budget or mid-term budget adjustments.

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

POLICY #:	553
SECTION:	FINANCIAL – FINANCIAL PLANNING
SUBJECT:	Debt Financing and Management
DATE:	6/11/2024

POLICY

The Agency may use debt to fund the capital improvement program or to refund existing debt.

PROCEDURE

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

I. General

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

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

II. Conditions for Debt Financing

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

Based on the recommendation of the General Manager, the Board may approve borrowing or debt issuances to refinance existing debt.

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

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

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

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

III. Investment of Debt Proceeds

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

IV. No Commingling of Debt Proceeds with Operating Funds

Debt proceeds shall not be commingled with operating funds.

V. Types of Debt

A. The following types of debt are allowable under this Policy:

- Installment sale agreements, loans, and similar debt-financing contracts
- Loans and contracts with State or Federal agencies
- Lines of credit
- Bond or grant anticipation notes (BANs)
- Revenue bonds
- Pension obligation bonds
- Refunding bonds, notes, loans, and other obligations
- Commercial paper

The Agency's Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

B. Long-Term Debt Parameters

- 1) New Money Issuances: The Agency will also consider credit issues, market factors (e.g. bank qualification) and tax law when sizing the Agency's debt issuance.
- 2) Refunding Bond Issuances: The sizing of refunding securities will be determined by the amount of money that will be required to cover the principal of, accrued interest (if any) on, and redemption premium for the bonds to be defease on the call date and to cover appropriate financing costs.
- 3) Debt Coverage: The Agency shall set minimum debt coverage at 125% to provide funding for pay-as-you-go recurring capital replacement.
- 4) Maximum Maturity: All debt issued by the Agency shall mature within 30 years of the issuance date. The Agency may consider a separate series of bonds to fund projects with an average useful life of less than 10 years.
- 5) Callability: All new publicly issued long-term debt should be callable
- 6) The Agency shall not issue variable rate debt. The Agency will not utilize derivative products.
- 7) Maximum Repayment Ratio: The maximum repayment ratio, where total future debt service payments are divided by the principal of the bonds issued, shall be within three to one each series of bonds and for each issuance.
- 8) Capital Appreciation Debt: The Agency shall issue all debt as current interest securities. Specifically, the Agency will not issue any capital appreciation securities or any hybrid structures such as convertible capital appreciation securities.

C. Refunding Parameters

Whenever deemed to be in the best interest of the Agency, the Agency shall consider refunding or restructuring outstanding debt (including pension and other post-employment benefits) when financially advantageous or beneficial for debt repayment and structuring flexibility. The General Manager or Administrative Services Manager shall review a net present value analysis of any proposed refunding in order to make a determination regarding the cost-effectiveness of the proposed refunding.

- 1) The minimum net present value savings as a percentage of the refunded aggregate principal amount to be considered for refunding shall be no less than 3% in aggregate unless, at the discretion of the General

Manager or Administrative Services Manager, a lower percentage is more applicable, for situations including, but not limited to, maturities with only a few years until maturity or COPs being defeased or redeemed from proceeds of Bonds or other structuring considerations.

- 2) The final maturity of the refunding debt shall be no longer than the final maturity of the refunded debt.
- 3) The refunding of unfunded pension liabilities via pension obligation bonds or some other debt instrument will comport with the Agency's Pension Funding Policy.

VI. Terms of Debt Issuance

- A. The Agency shall comply with all covenants, coverage tests and arbitrage requirements.
- B. Debt Structure: Preference for level debt service payments (principal and interest).
- C. Minimum Amount: Minimum debt to be issued is \$2,000,000.
- D. Debt Issuance Process: The Agency shall select a financing team for its debt issuance needs.
- E. Sale Type: Debt may be sold via negotiated or competitive sale, depending on the nature and use of the debt. The Agency has a preference for competitive sales.
- F. Prohibited Uses: The Agency shall not use long-term debt to fund current operating costs. The Agency shall not refinance long-term debt with short term debt due to exposure risk.

VII. Annual Review

The General Manager or Administrative Services Manager will be involved in the annual review of the Agency's debt portfolio and this Policy. The annual review will occur in conjunction with the filing of the Agency's annual continuing disclosure report.

VIII. Tax Certificate Compliance

The Agency understands that issuing tax-exempt bond obligations for eligible projects usually reduces the cost of borrowing. However, the Agency must then comply with the Tax Certificate relating to such tax-exempt obligations. Further, the Agency has established Procedures for Post-Issuance Compliance with Federal Tax Law. The Agency is to confer with its Bond Counsel when questions arise concerning tax matters and obtain advice to maintain its tax law compliance.

POLICY #:	554
SECTION:	FINANCIAL – FINANCIAL PLANNING
SUBJECT:	Risk Management and Insurance
DATE:	10/10/2023

POLICY

The Agency shall maintain appropriate insurance coverage for all its insurance needs.

PROCEDURE

The General Manager shall be responsible for managing all aspects of risks encountered by the Agency. As such, Agency staff shall coordinate and obtain appropriate levels of insurance coverage and implement other risk management and mitigating strategies and safety management approaches, as recommended by the California Sanitation Risk Management Authority (CSRMA). Acceptable risk management strategies need to comply with applicable federal and state laws and California Occupational Safety and Health Administration (CalOSHA) regulations. Insurance coverage and risk management strategies shall include, but are not limited to, liability, property, vehicles, Workers' Compensation, hazards, general safety, and loss control, and may consist of self-insurance programs when economical and cost-effective.

POLICY #:	555
SECTION:	FINANCIAL - FINANCIAL PLANNING
SUBJECT:	Multi-Year Revenue Plan
DATE:	10/10/2023

POLICY

CMSA shall develop and adopt a multi-year revenue plan to provide adequate funding for Agency operations, capital activities, and debt service, as well as maintaining Board designated reserve levels.

PROCEDURE

- I. Beginning in the last year of the current Board adopted revenue plan, staff and the Board's Finance Committee will prepare a revenue plan development schedule that is designed so that a new revenue plan will be adopted prior to each JPA agency Board's consideration of their next draft budget.
- II. The Committee will consider using the following revenue plan guiding principles when developing the Agency's revenue plan alternatives.
 - Use a 5-year revenue planning period based on a 10-year rolling financial forecast for adoption purposes
 - Balance the operating budget over the planning period
 - Maintain the operating reserve at 25% of the annual operating expenses
 - Ensure adequate funding for the capital improvement program during the planning period
 - Maintain a CIP reserve at an amount equal to the annual average value of the 10-year CIP
 - When feasible, use current revenues to fund CIP projects
 - Obtain grant funding, secure low-interest State Revolving Fund loans, or issue debt to fund the balance of CIP projects
 - Target a CMSA average EDU rate increase of 4% or less per year, if feasible
 - Keep the CMSA Board and JPA managers briefed on the Finance Committee's work
- III. Revenue plan alternatives, considering the above guiding principles or Board amended principles, will be developed by the Committee, and presented to the Board for review and discussion, and ultimately, selection of a preferred alternative.
- IV. The Board adopted revenue plan will be communicated to the JPA member agencies, and incorporated into the Agency's budget and revised 10-year financial forecast.

POLICY #:	556
SECTION:	FINANCIAL – FINANCIAL PLANNING
SUBJECT:	Pension Funding Policy
DATE:	10/11/2023

POLICY

The Agency's policy is to make its required annual contributions to CalPERS, to pay its annual pension obligation bond's debt service, and to contribute as available to the pension reserve fund.

I. Pension Obligations Bonds

The Agency issued pension obligation bonds with the following characteristics:

- Such bonds have expected savings using borrowing costs and CalPERS' discount rate.
- Such bonds will not extend the final payment of the Agency's current amortization schedule based on the most recent CalPERS Annual Valuation Report.

II. Pension Reserve Fund

This policy formalizes a funding mechanism for the establishment of a Pension Reserve Fund (PRF) to be used at the Agency's discretion to help offset future pension cost increases or to defease callable outstanding pension obligation bonds with or without applicable call premium.

- Annual savings generated through the issuance of a pension obligation bond may be deposited into the fund. Savings are defined as the difference between the debt service on the Agency's pension obligation bonds and the scheduled annual payments of any under-funded amount had pension obligation bonds not been issued.
- This Fund is in the form of a Section 115 Trust.

A. The Fund may be used to:

- Defease callable outstanding pension obligation bond maturities at any time, in whole or part for maturities with or without call premium.
- Pay annual debt service on pension obligation bonds.
- Make additional discretionary payments to CalPERS.
- Reduce annual UAL costs.
- Make Normal Costs payments.

- #### **B.**
- In the event of an economic hardship, or other unanticipated fiscal emergency, the Agency's Board of Commissioner's may make an emergency declaration to reduce the annual transfer to the PRF.

III. Contributions as a Manageable Budget Expense

The Agency will always make its required annual contributions to CalPERS. Contributions should be stable and a manageable portion of revenue.

The Agency may:

- Make additional discretionary contributions directly to CalPERS.
- Make discretionary contributions to a pension reserve fund.
- Make discretionary withdrawals from a pension reserve fund to make payments to CalPERS.
- Call, or refund the pension obligation bonds.

VI. Transparency and Reporting

Funding of the Agency's pension plans should be transparent to vested parties including plan participants, annuitants, the Agency Board, and residents. In order to achieve this transparency, the following information shall be available:

- Copies of the annual actuarial valuations for the Agency's CalPERS plans shall be made available to the Agency Board.
- The Agency's financial audit shall be published on its website. This report includes information on the Agency's annual contributions to the pension systems and their funded status.
- The Agency's annual operating budget shall include the Agency's contributions to CalPERS.

VII. Review of Funding Policy

The Agency will review this policy every three years in accordance with its standard review of its financial policies to determine if changes to this policy are needed.

POLICY #:	557
SECTION:	FINANCIAL – FINANCIAL PLANNING
SUBJECT:	Other Post Employment Benefit (OPEB) Funding Plan
DATE:	10/10/2023

POLICY

The Agency will maintain an OPEB Trust Fund to pay future retiree medical benefits.

PROCEDURE

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

The OPEB Funding Plan includes funding, investment earnings, and medical expense transactional activity by year for a 20-year period. The Plan will require annual monitoring to ensure it is meeting the objectives of CERBT earnings paying future medical benefits, while not becoming overfunded. Overfunding is anticipated when the CERBT has greater than \$2.2 million in 20 years.

CERBT Funding: The CERBT may be funded annually with the Net ADC amount from the current GASB 75 Actuarial Valuation Report. Agency funding may continue until the CERBT has adequate projected funds to pay future retiree medical expenses, without becoming overfunded.

CERBT Use: At the discretion of the Board, the CERBT may be used to fund retiree medical benefits which include CalPERS medical premiums and retiree medical expense reimbursements.

Plan Adjustments: Based on the annual monitoring, staff in consultation with the Board's Finance Committee may adjust the investment earnings interest rate, retiree medical cost, projected medical expense rate increase, and medical reimbursement amounts, and make necessary Plan funding and/or investment strategy changes to meet the Board approved objectives.

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.

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.

POLICY #:	561
SECTION:	FINANCIAL – PROCUREMENT MANAGEMENT
SUBJECT:	Contracting
DATE:	1/14/2025

POLICY

The Agency shall award contracts using appropriate and transparent procedures that comply with state laws and other Agency policies and procedures.

PROCEDURE

This policy provides direction regarding how contracts and purchase orders shall be awarded, processed, amended, and approved to ensure integrity and consistency with established Agency policies and legal requirements. It also ensures that efficient, cost-effective, transparent, and accountable processes are used to select the most qualified service provider, and the most cost-effective materials and supplies vendor.

I. Approval

This *Contracting* policy is used in conjunction with the *Signature Authority* policy.

II. General Procedures

The General Manager shall establish the contracting procedures for the Agency. The Agency standardized the contract development and engagement process to ensure that the selection of a contractor and/or supplier meets the purpose of this policy and complies with relevant laws.

These procedures will ensure proper contract awarding, and negotiated and sole source procurements, which include, but are not limited to, scope of work, quotations, proposals, bids, determining contractor and vendor qualifications, selecting proprietary sources, and emergency procurement.

The General Manager shall ensure that the contracting and purchase order processes are conducted in an efficient, transparent, and cost-effective manner. In doing so, effective and appropriate planning, timing, specifications, terms and conditions, pricing strategies, risk management, consolidating, and multiple quoting of contracts and purchases shall be considered. At the General Manager's discretion, the contract terms, conditions, and forms may be reviewed by legal counsel before the contract is executed.

III. Construction Projects

Agency staff shall follow contracting processes according to the Uniform Public Construction Cost Accounting Act (UPCCAA and California Public Contract Code 20800), et seq. for Sanitary Districts. Construction projects performed under contract shall be evaluated under the following bidding parameters:

- A. If the estimated cost of a project is less than the Tier I amount (refer to the *Signature Authority* policy) the General Manager will execute a Maintenance Contractor Service Agreement for the defined services.
- B. If the estimated cost of a project is within the Tier II amount, the project will be informally bid and the General Manager has the authority to execute a construction contract agreement.
- C. If the estimated cost of a project exceeds the Tier II amount, the project will be formally bid and the construction contract is subject to Board approval.

IV. Professional Services Agreements

Agency staff shall follow the following parameters for evaluating professional services agreements. Selection of consultants shall be based upon demonstrated experience and competence, and shall consider and evaluate the consultant's suggested approach, scope of work, proposed team members and availability, proposed fees, relevant experience, and other qualifications that are in the best interest of the Agency.

- A. For those services within the General Manager's signature authority, the General Manager has the discretion to negotiate an agreement directly with a consultant unless they determine that it is in the best interest of the Agency to conduct a formal request for qualification (RFQ) or proposal (RFP) process.
- B. For those services that exceed the General Manager's signature authority, the consultant shall be selected by an RFQ and/or RFP process. The contract shall be awarded to the most qualified service provider by the CMSA Board.

The table below links the professional services agreement fee, selection process, and contract approval authority with the UPCCAA's financial tiers.

UPCCAA Tier	Professional Services Agreement Fee*	Approval	Service Provider Selection Process
Tier I	Less than \$75,000	General Manager	GM discretion – task order, single proposal, or multiple proposals
Tier II	Between \$75,001 and \$220,000	Board	Letter RFQ and/or RFP issued to at least two firms with selection based on evaluative process
Tier III	Greater than \$220,000	Board	Formal RFQ and/or RFP package issued to at least three firms with selection based on evaluative process

* Fee ranges will automatically adjust as the UPCCAA tiers are changed by the state legislature.

V. Maintenance Service Contracts

Agency staff shall comply with the following parameters for evaluating maintenance service contracts. Maintenance services are those activities defined by UPCCAA as, (1) routine, recurring and usual work for the preservation or protection of a publicly owned or operated facility for its intended purposes, (2) minor repainting, (3) landscape maintenance, or (4) work performed to keep, operate, and maintain publicly owned waste disposal systems.

- A. For those UPCCAA Tier I maintenance services within the General Manager's signatory authority, the General Manager has the discretion to negotiate an agreement directly with a service provider for a specific scope of work unless they determine that it is in the best interest of the Agency to conduct a request for quotes from multiple service providers.
- B. For those maintenance services that exceed the General Manager's signature authority, the service provider shall be selected by a request for quotes or bidding process. The maintenance contract shall be awarded by the CMSA Board to the service provider with a reasonable cost that can provide the defined scope of services and meet CMSA's qualification requirements.

VI. Equipment, Materials, and Supplies Procurement

Agency staff shall conduct the following processes for procuring equipment, materials, and supplies.

- A. For the purchase of equipment, materials, and/or supplies whose costs are within the General Manager's signatory authority, such procurements shall be performed under the *Purchasing* policy.
- B. For the purchase of equipment, materials, and/or supplies that require the Board's approval, contracts or purchase orders shall be awarded to a vendor/supplier using the Agency's *Equipment Procurement* and *Material Procurement* policies, unless sole source procurement is justified and approved by the Board.

VII. Cooperative Agreements

The General Manager shall determine when the Agency may enter into intergovernmental cooperative agreements to achieve economies of scale, promote Agency goals and objectives, or where it is financially advantageous.

Cooperative agreements may be used when the Agency can join contractually with other public agencies to meet mutual contractual needs. Such agreements may be bid or negotiated together with the cooperating agencies, or utilize new or existing contracts that allow for cooperative arrangements.

VIII. Organic Waste Disposal Agreements

Agency staff have the authority to negotiate and approve disposal agreements with public agencies or private haulers of organic waste materials, for digestion and the production of biogas for use in the Agency's Organic Waste and Power Delivery Programs. The terms and conditions of each new agreement shall be comparable to those in the Agency's most current Central Marin Food-to-Energy Program Agreement with Marin Sanitary Service, and the fee structure will align with the provisions in current Fee Ordinance.

When a new agreement is executed, staff will inform the Board at its subsequent meeting and provide information on the delivery frequency and the projected monthly revenue.

IX. Contract Amendment Authority

Agency staff shall have the following authority to amend or modify terms, conditions, and provisions in approved contracts and agreements, if the change benefits the Agency.

- A. Staff approved contracts: Administrative and technical changes are authorized if they do not impact the total contract cost. If there is a cost impact, the sum of the contract amount and the additional cost does not exceed the limits in the Signature Authority Policy.
- B. Board approved contracts: In construction contracts, any change is authorized if it doesn't result in a cost impact that exceeds the contract's construction change order authority limit in the Signature Authority Policy. For all other contracts, any change is authorized if it doesn't result in the contract's total cost being greater than the contracting authority in the Signature Authority Policy.

Amendments that exceed the staff delegated signature authority shall be brought to the CMSA Board for consideration.

POLICY #:	562
SECTION:	Financial – Procurement Management
SUBJECT:	Purchasing
DATE:	6/10/2025

POLICY

Procurement shall use appropriate non-contracted selection methods for purchasing activity as described below.

PROCUREMENT METHODS

This policy is associated with the *Signature Authority* policy. The process for complying with each method of procurement is explained below.

I. Blanket Purchase Order

At the beginning of each fiscal year, finance staff shall establish and distribute a list of blanket purchase order (open account) numbers, based on requests by department managers, to be used for purchases less than \$2,500. Agency staff shall communicate to the vendor the specific assigned purchase order (PO) number when making purchases to ensure the number is on all vendor invoices and related documents.

In lieu of creating an open account, vendors may provide business credit cards to the Agency. With discretion, the General Manager shall approve applications for these types of cards after review by the Administrative Services Manager. The cards shall be used for purchases of less than \$2,500, and may only be used at the business where the card was issued. Department managers shall designate the employees who are allowed to use these types of cards when purchases need to be made. Until an invoice is received, the designated employees or finance staff shall keep a record of the purchase to provide supporting documentation for payment processing. These cards shall be governed by the Use of Card policies stated under the Purchase Card section below.

II. Purchase Order

Agency staff shall use a purchase order for purchases for, (1) vendors with open accounts in amounts greater than or equal to \$500, or (2) vendors without open accounts. All purchase orders shall be in writing using the appropriate form and documentation, have the appropriate approvals, and be submitted to the vendor for processing.

III. Petty Cash

Agency staff may use petty cash for purchases of \$50 or less with vendors unable to establish an open account with the Agency and for necessary small infrequent expenses. These expenses may include supplies, parts, bridge tolls, attendance at offsite meetings

and trainings, and multi-Agency meetings. All requests for petty cash disbursements shall be in writing using the appropriate form and approved by the department manager. The General Manager may authorize a petty cash disbursement greater than \$50 if it is determined to be a prudent and appropriate payment or reimbursement method, and in the best interest of the Agency. Petty cash disbursements are made by the designated Administrative/Finance staff.

IV. State of California Purchase Card Program

The Board of Commissioners shall approve the number and type of positions that are authorized to use purchase cards as shown in Attachment “A”. The General Manager shall issue the cards to the specific employees and establish procedures for the appropriate use for making Agency-specific purchases when the above purchasing methods are impractical, inefficient, or not applicable. Monthly credit limits shall be set at \$3,000 for supervisors/designated staff and \$5,000 for department managers.

The Administrative Services Manager will serve as the administrator of the Agency’s purchase cards, and will manage the Agency’s account in accordance with the requirements of the Purchase Card Program and the Agency’s policies, including, but not limited to, assigning purchase cards and purchase limits to authorized employee card holders, collecting and cancelling cards as needed, and reviewing purchase card transactions.

A. Use of Card

The cardholder shall be the only person authorized to sign for purchased items and shall be the only person to authorize telephone and online transactions using the purchase card. Cardholders shall not give or authorize use of their card to another employee without the General Manager’s approval. The employee who is assigned a purchase card is responsible for safeguarding the card as well as ensuring proper use of the card.

Department managers ensure that purchase card use in their respective departments is consistent with this policy and other related procedures. Each cardholder is responsible for keeping a record of the purchase on the purchase card’s account statement. An approved purchase order is required before using the purchase card for any transactions over \$500, except for employee-related travel where a *Pre-Authorization for Employee Travel* form is required. An approved travel preauthorization is required when using the purchase card for transactions related to training or travel on Agency business. Department managers are ultimately responsible for monitoring and approving all purchase card transactions within their department.

The Purchase Card shall not be used for the following purchases:

- 1) Professional services (labor costs)
- 2) Contract services

- 3) Capital/construction costs
- 4) Cash advances/personal use
- 5) Purchase of firearms, liquor, or cigarettes
- 6) Per diem meal allowance
- 7) Items for personal, non-Agency use

B. Lost or Stolen Card

If an Agency purchase card is lost or stolen, the cardholder shall immediately report this to the Administrative Services Manager so that they can notify the Purchase Card Program.

C. Misuse of the Card

Any misuse of the purchase card or violations of the Purchase Card Program guidelines or this policy, including, but not limited to, personal use of the purchase card, may result in the loss of purchase card privileges. All cardholders are subject to disciplinary actions for misuse and misappropriations of Agency funds. Cardholders who use or allow use of the card for personal purposes shall reimburse the Agency for all incurred charges.

ATTACHMENT A**Positions Authorized to Have Purchase Card**

<u>Department</u>	<u>Position</u>	<u>Limit</u>
Administration	General Manager	\$10,000
Administration	Administrative Services Manager	\$5,000
Administration	Treatment Plant Manager	\$5,000
Administration	Health and Safety Manager	\$3,000
Administration	Information System Administrator	\$3,000
Technical Services	Technical Services Manager	\$5,000
Technical Services	Regulatory Compliance Manager	\$3,000
Technical Services	Laboratory Analyst II (1)	\$3,000
Technical Services	Environmental Services Analyst (3)	\$3,000
Maintenance	Maintenance Supervisor	\$3,000
Maintenance	Assistant Maintenance Supervisor	\$3,000
Maintenance	Lead Mechanical Technician (2)	\$3,000
Maintenance	E/I Technician (1)	\$3,000
Operations	Operations Supervisors (2)	\$3,000

POLICY #:	570
SECTION:	FINANCIAL - ASSET MANAGEMENT
SUBJECT:	General
DATE:	10/10/2023

POLICY

The Agency shall utilize asset management systems to properly manage its capital assets.

PROCEDURES

I. General

The General Manager or designee shall ensure that Agency staff utilizes the established asset management systems and asset management procedures in an effective and efficient manner.

II. Asset Plans

Agency staff shall develop asset plans for the Agency's infrastructure assets and equipment for the cost-effective operation, maintenance, and management of these assets. Asset plans shall be developed and maintained within the asset management system for all assets with an original cost equal to or greater than the capitalization threshold. An asset plan shall include asset age, service history, optimum preventive maintenance and rehabilitation/renewal during its lifecycle, standard maintenance/operations procedures, cost of operating, and other salient asset attributes. The asset plans shall be used as the basis to develop and implement specific operations and maintenance, and capital improvement plans, and to analyze long-term funding and prepare condition assessments.

For new assets that are procured or constructed, Agency staff shall retain all relevant asset plan data (i.e., cost, manufacturer, type, size, operations and maintenance manuals, and standard operating/maintenance procedures). Agency staff shall ensure that contractors and/or consulting engineers provide necessary asset management information prior to the filing of Notice of Completion and approving final payment to the contractor.

III. Capital Asset Condition

Agency staff shall periodically assess the condition of capital assets. The assessment shall provide physical and financial information concerning the condition of assets, estimated remaining useful life, estimated operations and maintenance costs, and projected replacement costs (if applicable). The data shall be used when developing the Agency's annual Capital Improvement Program update, and other financial models for analyzing and determining future funding of capital assets.

IV. Asset Inventory Control

The Administrative Services Manager, along with department managers, shall maintain effective procedures and systems to inventory and track the Agency's capitalized assets.

V. Facilities Maintenance

Agency staff shall perform effective planning and maintenance of capital assets, which shall include preventive and corrective maintenance and repair of equipment, facilities, and infrastructure to protect the Agency's capital investments and minimize future maintenance and replacement costs.

VI. Materials Management

Agency staff shall maintain inventories of parts, materials, and supplies to effectively meet its maintenance and repair needs. The Agency has developed and implemented inventory management procedures. Procurement of parts and supplies that are placed into inventory shall conform to the *Purchasing Management and Expenditure Management* policies.

VII. Disposal of Surplus Assets

Agency staff shall recommend to the General Manager the disposal of assets when they have exceeded their service life, are obsolete, where the value of replacement is less than rehabilitation costs, and/or they no longer serve the Agency's operational needs. The Board shall establish the General Manager's asset disposal authority.

POLICY #:	571
SECTION:	FINANCIAL – ASSET MANAGEMENT
SUBJECT:	Assets Accounting
DATE:	10/10/2023

POLICY

All Agency capital assets shall be accounted for following *Generally Accepted Accounting Principles* (GAAP).

PROCEDURE

I. General

The General Manager and Administrative Services Manager shall ensure that capital assets are appropriately accounted for by funding source and asset category and that appropriate procedures are developed and implemented to meet the requirements of this policy. Department managers and Agency staff shall ensure proper budgeting and purchasing guidelines are followed for capital assets, and that these assets are adequately controlled, secured, and used for appropriate Agency purposes.

II. Capitalization Threshold

For financial accounting and reporting purposes, the capitalization threshold shall be \$5,000 or higher for each asset with an expected life of at least five years following the date of acquisition, construction, or rehabilitation.

III. Assets

Agency staff shall account and report all assets with an original cost equal to or greater than the capitalization threshold. Such assets include those newly constructed, installed, or acquired items or significant additions, improvements, or replacements to existing assets which would significantly prolong the asset's useful life. All costs associated with purchase, design, planning, permitting, construction, installation, and acquisition shall be considered including, but not limited to, direct labor, materials and supplies, design, engineering, other professional fees, contractor charges, legal fees, site preparation, installation, associated overhead and administrative costs, taxes, freight and transportation, applicable CMSA staff time, and other expenditures and charges directly attributable to asset acquisition.

For assets acquired through debt financing methods, expenses associated with costs of issuance shall be considered. Capital assets donated to the Agency shall be capitalized at their estimated fair market value plus any associated costs, as described above, at the date of receipt.

Expenditures related to routine repairs that maintain the existing condition of the asset or restores it to normal operating efficiency shall not be capitalized, regardless of the amount, and shall be recorded as repair and maintenance expenses in that fiscal year.

