



CENTRAL MARIN SANITATION AGENCY



ADOPTED OPERATING AND CAPITAL BUDGET

JULY 1, 2016 — JUNE 30, 2017



**CMSA ADOPTED BUDGET
FISCAL YEAR 2016-2017: JULY 1, 2016 – JUNE 30, 2017**

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Central Marin Sanitation Agency

Budget Acknowledgements

Board of Commissioners

Kathy Hartzell, Chair
Maribeth Bushey, Vice Chair
Albert Boro, Secretary
Frank Egger, Commissioner
Diane Furst, Commissioner
Mary Sylla, Commissioner

Executive Team

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

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Kate Brouillet, Administrative Assistant



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**Central Marin Sanitation Agency
California**

For the Fiscal Year Beginning

July 1, 2015

Jeffrey R. Enos

Executive Director



Message from the General Manager

On behalf of the Board of Commissioners and staff of the Central Marin Sanitation Agency (CMSA), I am pleased to present the Agency's Fiscal Year 2016-17 (FY 17) Budget. This budget serves as the financial plan for FY 17, and details the resource requirements and costs associated with providing safe, effective, and environmentally-sound wastewater services to approximately 105,000 residents, businesses, and institutions of central Marin County. All the financial documents referenced in this document are available online at www.cmsa.us/finance.

This is the Agency's sixth comprehensive budget presentation using guidelines established by the Governmental Finance Officers Association (GFOA). Our goal is to prepare high quality budgets and financial documents that are readily accessible and easily understandable to the Agency's ratepayers, customers, stakeholders, regulators, and other interested parties.

Achieving Outstanding Performance Past, Present, and into the Future

Since 1985, CMSA has operated a large, complex, wastewater treatment facility that treats and disposes of wastewater, and beneficially reuses biosolids that are collected from households and businesses in central Marin County, California. CMSA strives for, and will continue to maintain and exceed, high industry standards in all aspects of its business and operations. The Agency's high performance has been recognized by national, state, and regional industry groups in key areas:

- Achieved 100 percent compliance with the Environmental Protection Agency's National Pollutant Discharge Elimination System (NPDES) permit requirements for eleven consecutive years, through calendar year 2015.
- Received recognition from the GFOA for Excellence in Financial Reporting for the Agency's Comprehensive Annual Financial Report (fourteen consecutive years), Outstanding Achievement in Popular Annual Financial Reporting (six consecutive years) and the Distinguished Budget Presentation Award (five consecutive years).
- Garnered state-level recognition of first place from the California Water Environment Association (CWEA) for outstanding Public Education Program of the Year, Public Education Person of the Year, and Maintenance Repair Person of the Year.
- Recognized by the regional CWEA Redwood Empire Section for Treatment Plant, Safety Program, and Public Education Program of the Year, as well as recognizing three Agency employees for exceptional performance in their respective professions.

Major Agency Objectives for FY 2016-17

- Exceed all NPDES permit requirements for a twelfth consecutive year and achieve a National Association of Clean Water Agencies (NACWA) 12-year Platinum Peak Performance Award for calendar year 2016.
- Begin implementation of the Agency's recently completed 2016-2017 Strategic Business Plan.
- Develop the Agency's draft Five-Year Revenue Plan for FY 19 through FY 23.
- Prepare an Agency-wide facility master plan.
- Deliver recycled water to local users for sewer line flushing and potentially, other beneficial uses to the local utility.
- Investigate and implement steps to supply the Agency's extra power.
- Maintain a safe work environment and promote a culture of safety as measured by no incidents of employee lost time injuries.
- Operate the treatment facilities to minimize odors and public complaints.
- Maintain a high level of service to customers in our service area and other clients outside the service area who contract for Agency services.
- Begin modifications to the Agency's existing maintenance facility and construction of a new storage building.

FY 2016-17 Budget

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

The FY 17 Budget includes an expected operating surplus of nearly \$127,000. The budget includes an operating revenue increase of 5.0%, and an expenditure increase of 6.3% from FY 16. Debt service revenues total nearly \$5.0 million, of which \$992,000 comprise debt service coverage. The Agency plans to expend nearly \$4.2 million on 35 capital improvement activities using funds accumulated in the restricted and unrestricted capital reserve accounts. Detailed discussions of the FY 17 Budget, the Capital Improvement Program, and the 10-Year Financial Forecast can be found in Sections 7, 8, and 9, respectively.

The main features of the FY 17 Budget are:

- Total Operating Revenues of \$12.24 million, consisting of \$11.71 million available for FY 17 operating expenditures and \$530,000 reserved for future capital projects.
- Application of a 36-month wastewater flow and strength methodology for the allocation of the regional sewer service charges to the Joint Powers Authority (JPA) member agencies. The allocation is based on the JPA member's proportionate share of the 11,193 million gallons of wastewater treated by CMSA during the April 1, 2013 to March 31, 2016 period, along with 27.8 million pounds of Biological Oxygen Demand (BOD) and 44.5 million pounds of Total Suspended Solids (TSS) during the April 1, 2013 to March 31, 2016 period. The FY 17 regional sewer service and capital charges CMSA will receive from its JPA member agencies is almost \$500,000 more than FY 16, as scheduled in the Agency's current Five-Year Revenue Program.
- The Agency expects to receive approximately \$2.22 million in revenues from other sources; the largest single source is \$1.30 million from the state of California for providing wastewater services to San Quentin State Prison.
- Debt Service of \$4.96 million, or \$94.74 per Equivalent Dwelling Units (EDU), in the combined service area.
- Total Operating Expenditures of nearly \$11.6 million, an overall increase of 6.3% from FY 16. The main increases to the FY 17 budget are due to planned employee salary increases and associated benefits, the staffing of a previously vacant position, and increases in biosolids reuse fees, and permit testing and monitoring costs.

Making Significant Capital Investments in the Agency's Infrastructure

The treatment and disposal of wastewater and reuse of its by-products is a highly regulated enterprise that requires significant capital infrastructure. CMSA operates an around-the-clock wastewater facility, and the various fixed assets and equipment used in the treatment processes are subjected to heavy usage, sometimes under a challenging operating environment. Capital assets are used to move large volumes of wastewater through the treatment facilities and are subjected to constant contact with wastewater and various chemicals used in the treatment process. Agency staff monitors new technologies and operational approaches, and evaluates those that may improve the treatment process, save energy, reduce chemical usage, 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 Capital Improvement Program (CIP) and Budget.

In FY 16, the Agency completed two multi-year projects with the construction of the Sludge Thickening System Rehabilitation Project (\$2.3 million) and the Chemical Storage

Room Rehabilitation Project (\$1.3 million). Additionally, the Agency began a multi-year project to remodel and rehabilitate the existing maintenance building and construct a new storage building (\$1.1 million). Construction of these improvements will begin in FY 17 and be completed in FY 18. The Agency will also initiate a multiyear project to prepare a Facilities Master Plan that will be used in part to update the Agency's 10-year CIP. Overall, the Agency plans to expend nearly \$4.2 million on 35 capital improvement activities during FY 17.

The total cost of the planned CIP over the next ten years is slightly more than \$34.0 million. The 10-year CIP focuses on replacing and rehabilitating aging infrastructure and assets, implementing new projects to reduce energy and greenhouse gases, meeting regulatory objectives, and increasing energy self-sufficiency. Similar to last fiscal year, the current 10-Year CIP will be paid for from ongoing service charges and capital reserves. Through thoughtful planning, by the end of FY 17 the Agency will have accumulated sufficient capital reserves to finance just over 73% of the current 10-Year CIP. The Agency plans to address the remaining 10-Year CIP funding requirements and newly identified requirements from the Facilities Master Plan in the development of the Agency's Five-Year Revenue Plan for the FY 19 through FY 23 period this year.

Sustainable Budgeting for the Future

Over the past few fiscal years, the Agency has pursued a number of budget initiatives to achieve long-term budgetary sustainability. During FY 13, the Agency changed its methodology in the allocation of sewer service charges to its member agencies, and established a Five-Year Revenue Plan for the Agency in order to provide member agencies ample time to incorporate the Agency's revenues into their respective financial plans and rate increase processes.

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

In FY 15, the Agency took advantage of historically low interest rates to issue new debt in order to refinance outstanding debt from a 2006 issuance. This transaction resulted in a total savings of \$12 million to our customers beginning in FY 16 through FY 32.

In FY 17, the focus will be on developing the Agency's next Five-Year Revenue Plan for the FY 19 through FY 23 period, and continuing to explore opportunities and regulatory requirements for the export of surplus electricity generated from the Agency cogeneration system and supply recycled water to local users.

Our People Make Us a High-Performing Agency

CMSA is recognized as a high performance utility provider of wastewater services within Marin County and the San Francisco Bay Area. We are sought out by other entities to provide services and expertise, as well as to partner on local environmental initiatives such administration, source control programs, organic waste receiving, and expanding uses for reclaimed water. The Agency continues to be recognized by state and national organizations in the areas of permit compliance, facility operations, safety, and financial reporting. I am privileged to work alongside 43 talented, experienced, and dedicated professionals.

On behalf of all the employees, I would like to express our thanks and appreciation to the CMSA Board of Commissioners for supporting the Agency's mission, vision, 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 the FY 17 Budget will provide the reader with a thorough understanding of the sources and uses of Agency resources. We welcome your comments, feedback, and suggestions for improving future budget publications.

Respectfully,



Jason R. Dow, P.E.
General Manager

SECTION 1. ORGANIZATION

Formation History and Organization

Faced with wastewater collection and treatment challenges unique to central Marin County and the need to meet the 1972 Federal Clean Water Act and subsequent State Water Code requirements, Sanitary Districts No. 1 (SD #1) and No. 2 (SD #2) of Marin County, the City of Larkspur (LARK), and the San Rafael Sanitation District (SRSD) united in 1979 to form a joint powers of authority (JPA) and created the Central Marin Sanitation Agency (CMSA). San Quentin State Prison (SQSP), which represents the largest single customer of wastewater treatment services in the combined service area, opted not to join the JPA. The treatment facilities were constructed at a cost of \$84 million and were funded by federal (75%) and state (12.5%) clean water grants and local contributions (12.5%) from the four local wastewater agencies and SQSP. The CMSA wastewater treatment facility, the largest in Marin County, became operational in January 1985.

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

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

Agency Officials as of July 1, 2016

Board of Commissioners (year appointed):

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

Maribeth Bushey, Vice-Chair, San Rafael Sanitation District (January 2014)

Al Boro, Secretary, San Rafael Sanitation District (February 1990)

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

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

Mary Sylla, Commissioner, Sanitary District No. 1 of Marin County (July 2012)

Agency Managers (tenure):

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

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

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

Carlos Oblites, Treasurer/Controller/Administrative Services Manager (Manager since 2016)

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

Employees, Service Achievements, and Recognitions

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

- 43 authorized positions
- Average age 45.2 years old
- Average length of service is 9.15 years
- 12 employees with over 10 years of service
- 60% of the current employees meet the minimum requirements for retirement benefits from the California Public Employees Retirement System

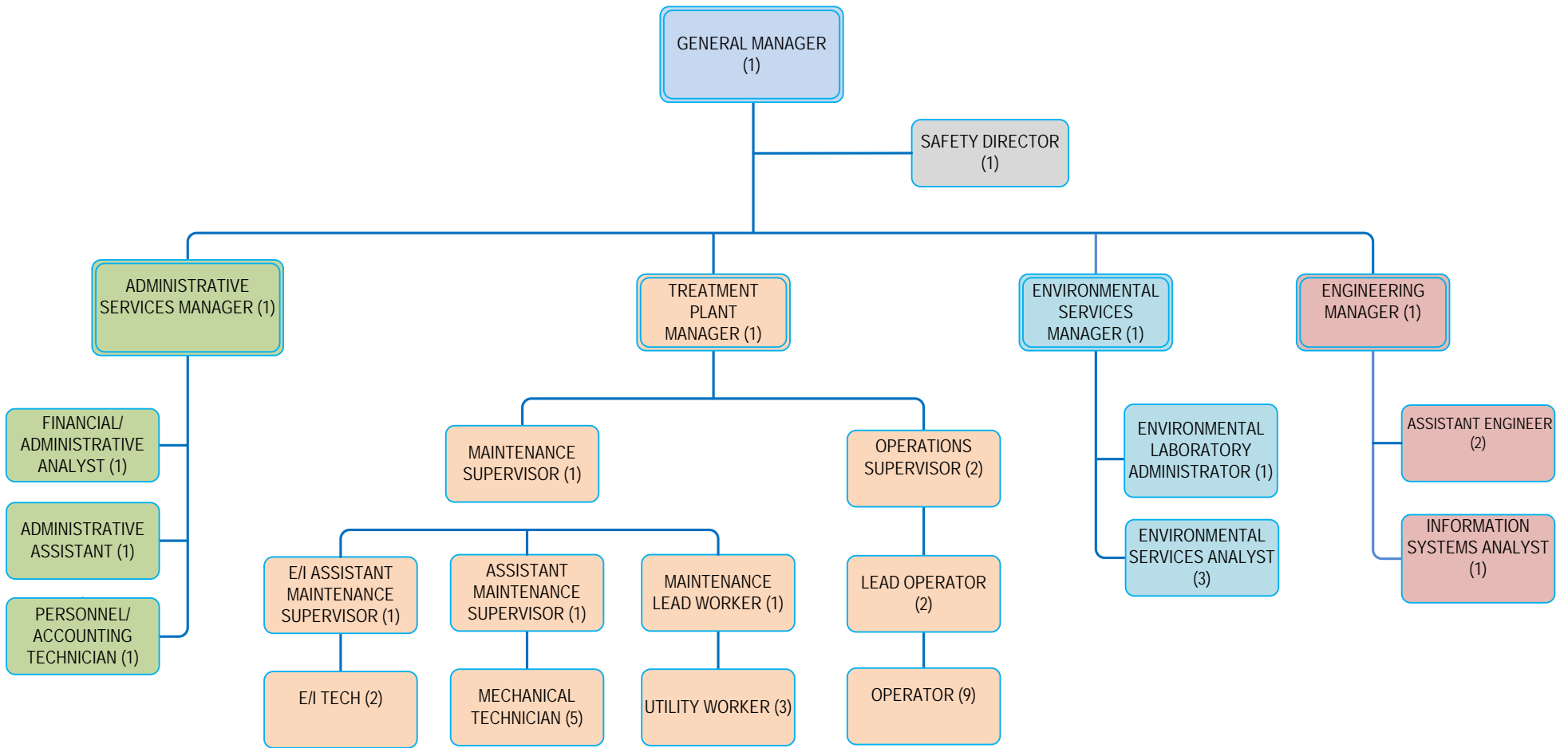
The exceptional dedication, experience and caliber of the workforce are reflected in the service achievements and recognitions that have been received by the Agency over the years. Below is a summary of the significant accomplishments and the most recent industry awards that have accompanied these accolades.

- **Record of Regulatory Compliance:** Recognition by the National Association of Clean Water Agencies (NACWA) with the 10-year Platinum Peak Performance Award (2005-2015). The award recognizes the achievement of obtaining 100% compliance with the National Pollutant Discharge Elimination System (NPDES) permit requirements for eleven consecutive calendar years. NACWA annually recognizes excellent performance at wastewater utilities through its Peak Performance Awards program. Less than two percent of all wastewater treatment facilities nationally have achieved NACWA Platinum Award status.
- **Certificate of Achievement for Excellence in Financial Reporting:** Recognition from the Government Finance Officers Association (GFOA) for the Agency's FY 2014-15 Comprehensive Annual Financial Report (CAFR). The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting and its attainment represents a significant accomplishment by a governmental entity. This marks the fourteenth consecutive year that the Agency's CAFR has met the high standards of the GFOA for governmental accounting and financial reporting. The Agency continually strives to comply with GFOA guidelines and recommendations. All its financial reports—from the Annual Budget, Annual Financial Statements, and CAFR reports to the monthly Treasurer's and Quarterly Budget Status Reports—are transparent representations of the Agency's financial operations. Each of aforementioned reports are presented to the Board for review and acceptance and are posted on the Agency's website www.cmsa.us/finance.

- **Award for Outstanding Achievement in Popular Annual Financial Reporting:** Recognition from the GFOA for the Agency's FY 2014-15 Popular Annual Financial Report (PAFR). The PAFR Award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. The PAFR is specifically designed to be readily accessible and easily understandable to the general public and other interested parties who do not have a background in public finance. This marks the sixth consecutive year that the Agency's PAFR has met the high standards of the GFOA for governmental accounting and financial reporting.
- **Distinguished Budget Presentation Award:** Recognition from GFOA for the Agency's FY 2015-16 Adopted Budget. The award is the highest form of recognition in governmental budgeting and its attainment represents a significant accomplishment by a governmental entity. The GFOA encourages public entities to prepare budget documents that fully explain the agency's business, are transparent, and are designed to be readily accessible to the general public and other interested parties. The Budget Award deems the Agency's Budget to be proficient as a policy document, financial plan, operational guide, and communication device for the Agency's business. This marked the fifth consecutive year that the Agency's budget has met the high standards of the GFOA for budget presentation.
- **State-level Awards from the California Water Environment Association (CWEA):** Recipients of Regional CWEA Awards (below) are eligible for consideration for state level CWEA recognition. In April 2016, the Agency was recognized by CWEA at the state level for the following achievements:
 - First Place – Pretreatment Pollution Prevention and Public Education Person of the Year, MaryJo Ramey
 - Runner Up – Community Engagement and Outreach Person of the Year, Robert Cole
 - Runner Up – Electrical Instrumentation Person of the Year, Kit Groves
 - Runner Up – Maintenance Technologist of the Year, James Clark
- **Redwood Empire Section CWEA Awards:** In November 2015, Redwood Empire Section of the California Water Environment Association (CWEA) recognized the Agency for outstanding work in the disciplines listed below.
 - Community Engagement and Outreach Program of the Year
 - Safety Program of the Year
 - Robert Cole for Community Engagement and Outreach Person of the Year
 - Kit Groves for Electrical Instrumentation Person of the Year
 - Noel Rafalo for Murray McKinney Award
 - James Clark for Mechanical Technologist of the Year
 - MaryJo Ramey for Pollution Prevention Pretreatment and Storm Water Person of the Year
 - Ray Tionson for Operator of the Year



CENTRAL MARIN SANITATION AGENCY



43 FULL TIME EQUIVALENT (FTE) EMPLOYEES
JULY 2016

CMSA Authorized Staff Positions**FY 14-15 FY 15-16 FY 16-17****ADMINISTRATION**

General Manager	1	1	1
Administrative Assistant	1	1	1
Treatment Plant Manager	1	1	1
Administrative Services Manager	1	1	1
Financial Analyst	1	1	1
Personnel and Accounting Technician	1	1	1
Total Administration	6	6	6

NON-AGENCY

Safety Director	1	1	1
Total Non-Agency	1	1	1

ENVIRONMENTAL SERVICES

Environmental Services Manager	1	1	1
Environmental Laboratory Administrator	1	1	1
Environmental Services Analyst (I-II)	3	3	3
Total Environmental Services	5	5	5

MAINTENANCE

Maintenance Supervisor	1	1	1
Electrical/Instrumentation Assistant Maintenance Supervisor	1	1	1
Electrical/Instrumentation Tech (I-III)	2	2	2
Assistant Maintenance Supervisor	1	1	1
Mechanical Technician (I-III)	4	4	4
Maintenance Lead	1	1	1
Utility Worker *	2	3	3
Maintenance Painter	1	1	1
Maintenance Repair (Trainee to III)	-	-	-
Total Maintenance	13	14	14

OPERATIONS

Operations Supervisor	2	2	2
Lead Operator	4	4	2
Operator (Trainee, I-III)	7	7	9
Total Operations	13	13	13

ENGINEERING

Engineering Manager	1	1	1
Associate Engineer	-	1	-
Assistant Engineer**	1	1	2
Information Systems Analyst	1	1	1
Total Engineering	3	4	4

TOTAL AUTHORIZED STAFFED POSITIONS**41 43 43**

* FY 15-16 – one additional Utility Worker

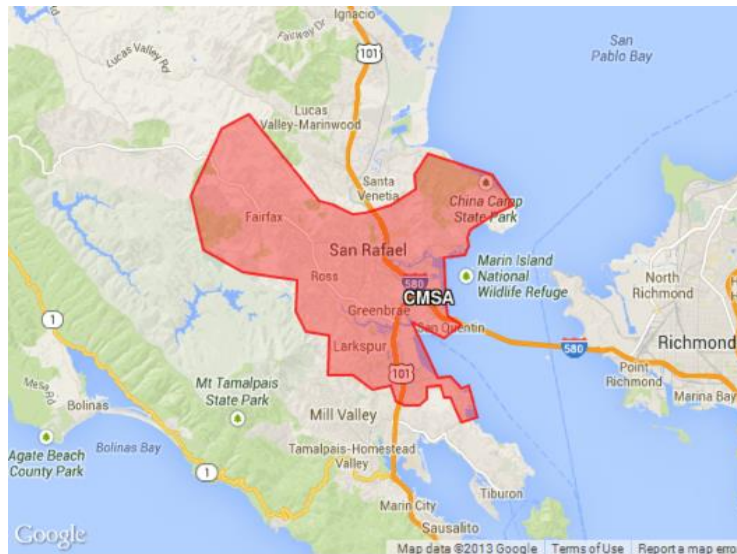
** FY 16-17 – eliminated Associate Engineer position and added one additional Assistant Engineer position

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

Location and Service Area

CMSA is located in San Rafael, California and is adjacent to the San Rafael side of the Richmond-San Rafael Bridge. The shaded area on the below map highlights the CMSA service area. It measures approximately 43.5 square miles, and encompasses the residents, businesses, and institutions within the City of Larkspur, the Towns of Corte Madera, Fairfax, Ross, and San Anselmo, portions of the City of San Rafael, the unincorporated areas of Ross Valley, San Quentin Village, and San Quentin State Prison (SQSP). The population served within this area is approximately 105,000.

The shaded area shows the location of CMSA service area.



Local Demographics and Economy

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

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

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

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

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

Marin’s unemployment rate of 3.6% remains among the lowest in California and remains below the national level of 4.9% as of July 2016. Seven of the top ten employers in the CMSA service area as measured by number of employees are governmental entities. The majority of the remaining businesses employ fewer than 20 employees, and approximately 90% of these business enterprises include goods and services occupations.

Ten Largest Employers and Number of Employees in CMSA Service Area

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

The local real estate and housing market continued to improve during FY 16. The annual mean/median home sale price for a home in Marin was \$1,272,067/\$935,000 as reported by the Marin County assessor’s office website for the calendar year ending December 2015, compared to \$1,137,381/\$868,005 reported at end of December 2014. The upward trend continued January through June 2016 where the county reported average mean/median \$1,377,369/\$1,030,000 sales data statistics.

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

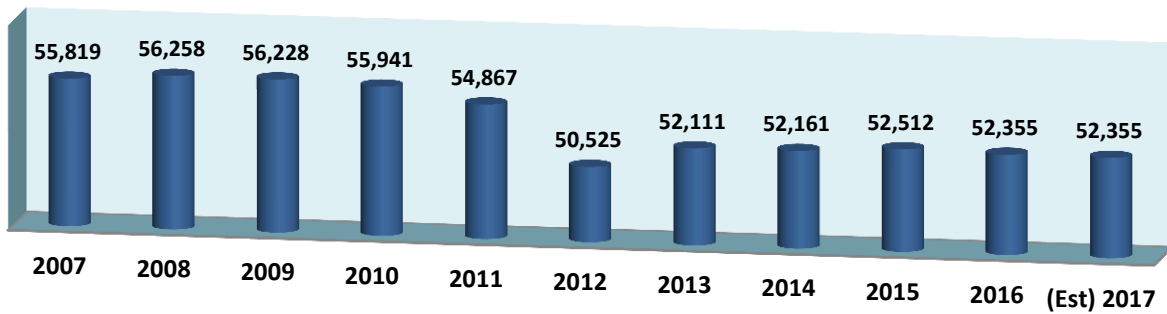
Equivalent Dwelling Units (EDU’s)

In past fiscal years, EDU’s have been used to determine the number of households served, as well as the sewer service charge (SSC) to set the Agency’s annual budget. An EDU refers to a unit of wastewater discharge, and is the estimated volume and strength generated by an average, single-family residence. Each JPA member agency is responsible for determining the number of EDU counts in its jurisdiction and works with the County Tax Collector to add the SSC to the property tax bill, which is the method used to collect SSC payments from its customers.

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

The chart and table below displays the total EDU count within the CMSA service area for the last ten years, and estimates FY 17 to be the same as FY16. The number of residential EDUs tends to be stable in the Central Marin service area because there is generally very little commercial and residential development in central Marin County. The fluctuations from year-to-year are generally due to new sewer connections for new construction, variable water usage for commercial properties, and the number of EDUs assigned to SQSP. There were three consecutive years (FY 10-FY 12) of decreases in the total number of reported EDUs, with the significant decrease in FY 12 attributable to changing how the number of EDUs was determined for SQSP. Effective FY 13, CMSA entered into a service contract with the State of California for wastewater service for SQSP, and is now responsible for determining the prison’s EDU count. The increased EDU count in FY 13 is the result of new construction for single family dwellings and a multi-unit residential development in the service area. Since FY 13 there has been little development. Additionally, increased drought-related water conservation efforts and reduced water consumption by commercial users have had a stabilizing effect on the EDU count.

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

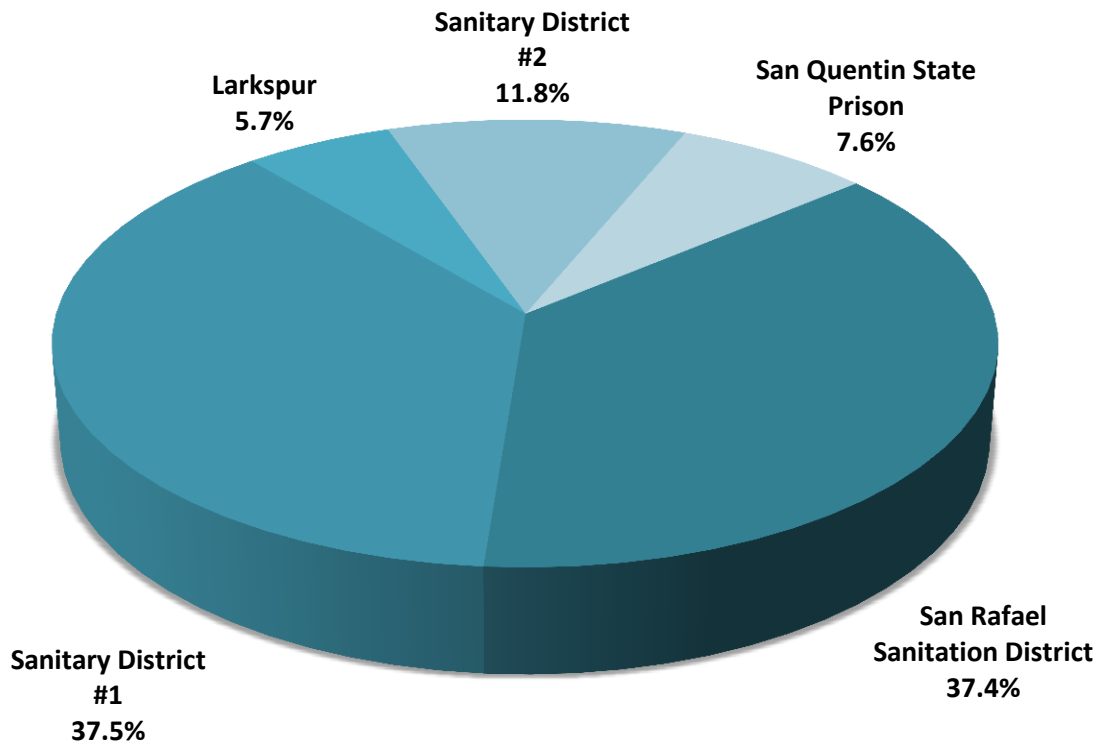


EDU Count by JPA Member Agency and San Quentin State Prison FY 07 to FY 17 (Est)

Fiscal Year	San					Total EDU Count
	San Rafael Sanitation District (SRSD)	Ross Valley Sanitary District (SD #1)	City of Larkspur (SD #1)	San Quentin State Prison (SQSP)	Sanitary District #2 (SD #2)	
(Est) 2017	19,555	19,700	3,019	4,005	6,076	52,355
2016	19,555	19,700	3,019	4,005	6,076	52,355
2015	19,643	19,666	2,982	4,005	6,216	52,512
2014	19,703	19,498	2,949	4,005	6,006	52,161
2013	19,482	19,511	2,997	4,005	6,116	52,111
2012	19,409	18,835	3,079	3,247	5,955	50,525
2011	19,401	19,261	3,021	7,209	5,975	54,867
2010	19,575	19,709	3,050	7,529	6,078	55,941
2009	19,685	19,295	3,116	7,936	6,196	56,228
2008	19,617	19,112	3,107	8,227	6,195	56,258
2007	19,382	19,074	3,057	8,215	6,091	55,819

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

EDU's by Member Agencies and San Quentin Prison as a Percentage of Total EDU's for FY 2016-17



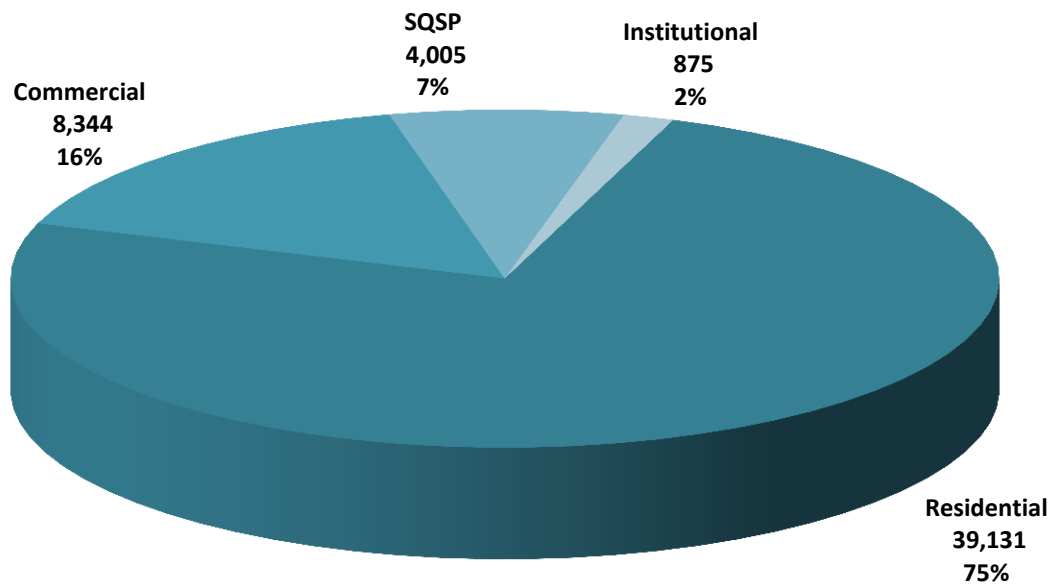
The table and chart below show the EDU count presented by connection type reported by participating JPA members. There are three types of connections: residential, commercial, and institutional. Institutional connections represent property tax exempt governmental entities (federal, state, county, city,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

FY 17 EDU Count by Connection Types

	San Rafael Sanitation District (SRSD)	Ross Valley Sanitary District (SD #1)	City of Larkspur (SD #1)	San Quentin State Prison (SQSP)	Sanitary District #2 (SD #2)
Residential	15,674	16,411	2,595	-	4,451
Commercial	3,693	2,815	375	-	1,461
Institutional	188	474	49	4,005	164

Source: Property Tax Reports, County of Marin

FY 17 EDU by Connection Type and San Quentin State Prison



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

Facilities

The CMSA wastewater treatment plant, pictured below, is a vital component of the central Marin wastewater management system. This extensive system includes over 70 pump stations, more than 450 miles of sewer pipelines located throughout the service area, as well as two major interceptors to transport the wastewater to the treatment plant, and a two-mile long outfall through which the treated wastewater is discharged into the San Francisco Bay. In full compliance with federal, state, and regional water pollution control laws and regulations, CMSA processes and disposes an average of 10 million gallons of wastewater per day, and has treated in excess of 116 million gallons per day during peak rainfall periods.



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

Wastewater Treatment Process

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



A Headworks

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



B Primary Clarifiers

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



C Biotowers

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



D Aeration Tanks

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



E Secondary Clarifiers

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



F Disinfectant Contact Tanks

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



G Effluent Pump Station

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



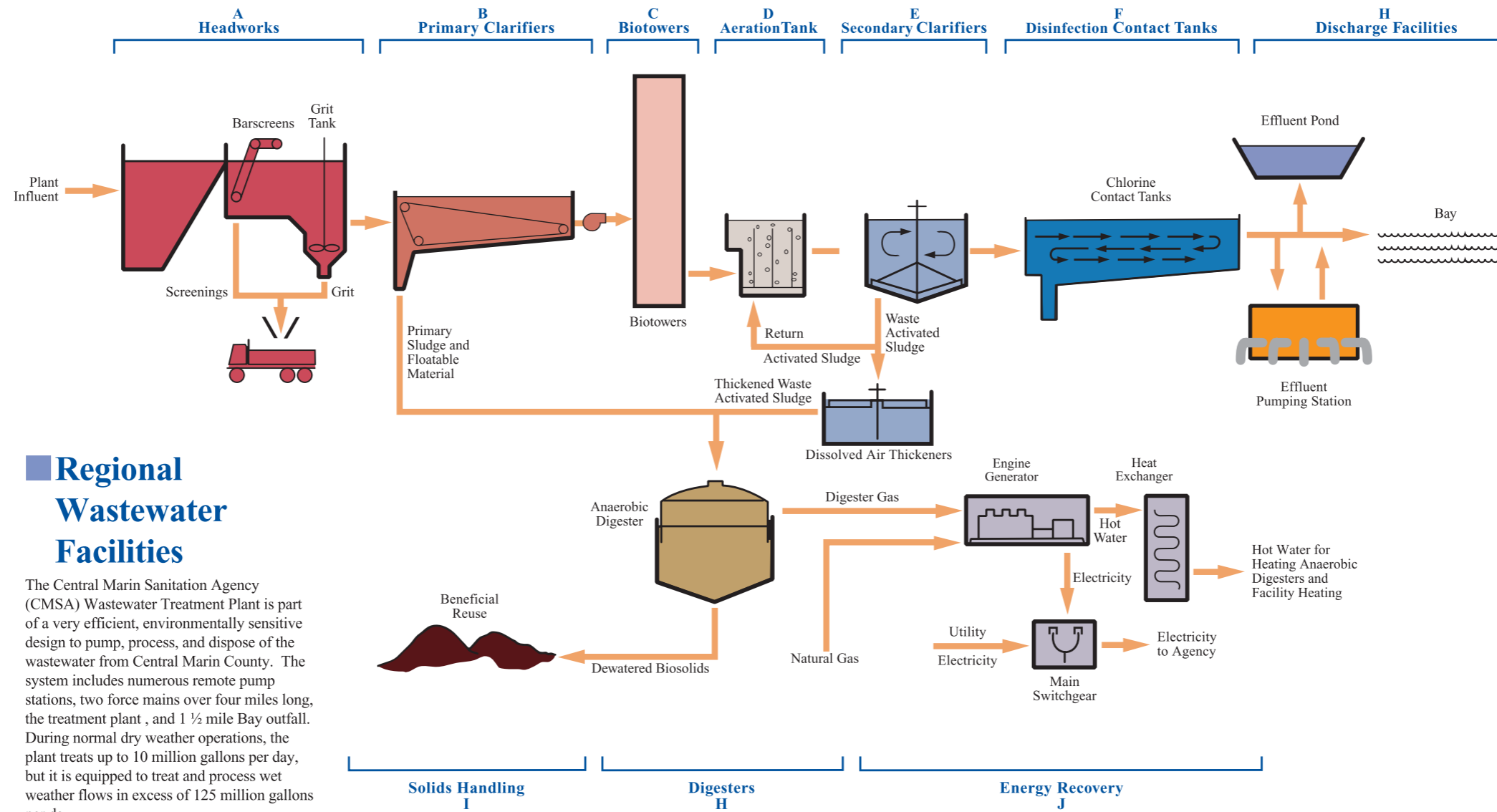
H Discharge Facilities

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



I Digesters

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



Regional Wastewater Facilities

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

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

Process Schematic



K Energy Recovery

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



J Solids Handling

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

Key Workload and Performance Indicators for FY 2015-16 and FY 2016-17 Projections

The following section summarizes the Agency's key workload and performance indicators for the July 1, 2015-June 30, 2016 fiscal period. The data presented is compiled from the *Performance Metric Report and NPDES, Process, and Maintenance Report* prepared for the monthly Board meeting agendas. The reports are publicly available in the consent calendar of the Board meeting agenda packets published on the CMSA website (<http://www.cmsa.us/board/agendas-and-minutes>). The greatest accomplishment among all performance indicators is that the Agency has not had any NPDES Permit exceedances during calendar year 2015 and FY 16, and the Agency has met all its NPDES permit requirements for eleven consecutive years.

A. Volume of Wastewater Treated (FY 17 Total Operating Expenditures \$11,580,480): The Agency received and treated approximately 3,923 million gallons of wastewater during FY 16. The table below shows the monthly wastewater volume, in million gallons, received as influent flow from each satellite collection entity: SRSD, SD #1, SQSP, SD #2*. Although wet weather patterns returned, alleviating drought conditions, total treated flow volumes remained relatively constant due to continued voluntary water conservation by the Agency's customers as a result of the Governor's drought declaration in January 2014, and the local water district's mandatory conservation requirements. Future weather patterns are difficult to predict, therefore this statistic is not projected for FY 17.

	SRSD			SD #1			SQSP			SD #2			TOTAL		
	FY 14	FY 15	FY 16	FY 14	FY 15	FY 16	FY 14	FY 15	FY 16	FY 14	FY 15	FY 16	FY 14	FY 15	FY 16
Jul	99.1	96.2	88.6	123.0	120.2	107.7	13.6	11.6	10.2	30.8	28.8	27.9	266.5	256.8	234.4
Aug	98.6	97.0	92.3	121.3	133.5	107.2	13.0	11.6	9.7	29.9	28.5	27.9	262.8	270.6	237.1
Sep	94.3	95.1	89.9	119.1	113.1	103.8	12.1	10.5	8.9	29.1	28.5	27.5	254.6	247.2	230.1
Oct	101.2	99.1	88.3	121.2	118.6	109.2	12.6	11.2	9.5	29.8	29.0	28.5	264.8	257.9	235.5
Nov	97.1	107.2	90.7	121.0	131.3	107.7	12.0	11.2	8.5	29.6	34.8	26.7	259.7	284.5	233.6
Dec	122.4	309.8	117.7	145.1	405.8	170.2	12.9	19.8	10.4	31.2	83.5	45.4	311.6	818.9	343.7
Jan	114.4	122.3	229.3	129.2	158.4	331.4	12.3	11.9	13.8	28.6	32.9	68.5	284.5	325.5	643.0
Feb	195.0	143.8	111.5	234.1	180.3	168.0	16.6	10.8	9.4	55.8	35.0	32.4	501.5	369.9	321.3
Mar	159.7	124.7	225.5	215.2	146.5	337.6	13.8	10.9	14.0	43.3	29.6	54.1	432.0	311.7	631.2
Apr	139.6	122.2	112.6	190.7	135.9	152.4	12.3	10.8	10.4	36.9	29.3	31.3	379.5	298.2	306.7
May	106.6	97.8	100.8	135.3	125.0	129.1	11.0	10.0	10.9	28.9	27.8	28.4	281.8	260.6	269.2
Jun	80.6	83.4	86.5	119.6	108.8	115.4	10.9	9.6	10.8	28.3	26.1	24.6	239.4	227.9	237.3
Total	1,408.6	1,498.6	1,433.7	1,774.8	1,877.4	1,939.7	153.1	139.9	126.5	402.2	413.8	423.2	3,738.7	3,929.7	3,923.1
% Total Flow	37.7%	38.1%	36.5%	47.5%	47.8%	49.4%	4.1%	3.6%	3.2%	10.8%	10.5%	10.8%	100.0%	100.0%	100%

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

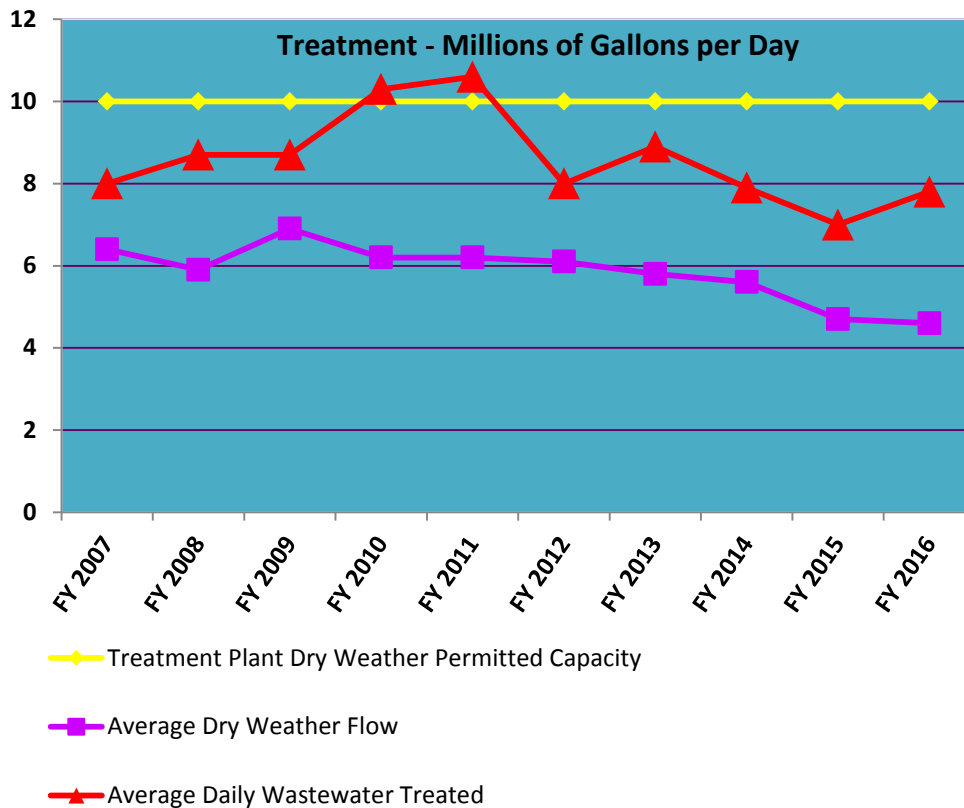
MILLIONS GALLONS PER DAY	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17**
Dry Weather Flow (July-Sept)	6.2	6.1	5.8	5.6	4.7	4.6	5.5
Wastewater Treated	10.6	8.0	8.9	7.9	7.0	7.8	8.8
TOTAL OPERATING BUDGET	\$9.05M	\$9.06M	\$9.5M	\$10.08M	\$10.1M	\$10.8M	\$11.6M

*Reference: Key Terms and Financial Glossary with Acronym Listing

**FY 17 has been projected to equal FY 16 annual flows

The graph below presents the average volume of wastewater treated and discharged into San Francisco Bay from FY 07 through FY 16.

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



The increases in the average daily flow are due to higher than normal seasonal rainfalls during the wet weather months, and the sharp declines during FY 12, FY 14, and FY 15 are indicative of dry winters. The decrease in average dry weather flow over the FY 13 to FY 15 is also associated with lower water usage by our customers due to their increased water conservation efforts during the drought and installation of high-efficiency water fixtures.

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

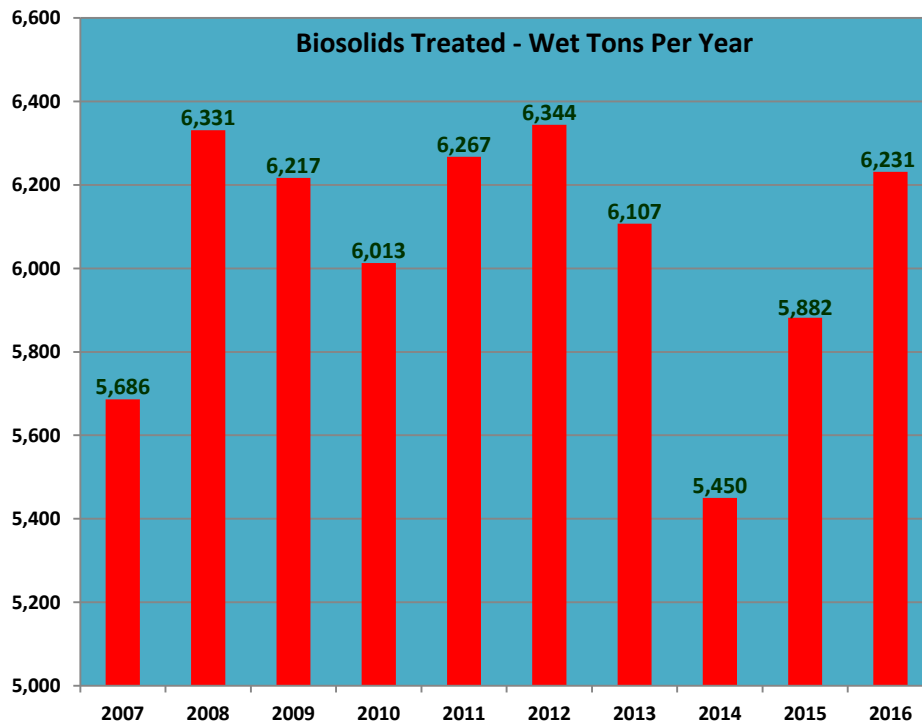
During FY 16, the Agency built a recycled water truck filling station, and in the near future, we anticipate filling local agency trucks with recycled water for specific off-site uses, such as sewer flushing, street cleaning, and construction site dust control.

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

REPORTED WET TONS:	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Total Biosolids Management Budget*	\$241K	\$258K	\$266K	\$273K	\$275K	\$374K
Total Biosolids Reuse	6,344	6,107	5,450	5,882	6,231	6,500
Used as Landfill cover in Marin County	4,057	4,073	3,582	3,740	4,131	3,925
Applied to Pasture Land in Sonoma & Solano Counties	2,287	2,034	1,868	2,142	2,100	2,575

*Reference: Environmental Services Department Biosolids Disposal Line Item Budget

The FY 17 Total Biosolids Management budget projected increase is attributed to cost index adjustments in the biosolids hauling and disposal contract agreements, and delivery of two loads per week to a new bio-fertilizer production facility.



The bar chart above shows the annual volume of biosolids produced. The amount of wet tons produced has generally decreased over time with the modifications and enhancements to the de-watering process that has optimized operational performance by removing more liquid from the biosolids. Increases to the total biosolids production, however, is still

dependent on wet weather conditions. For example, drought weather conditions during FY 14 resulted in more solid material settling in the sewer system pipes and therefore was not transported to the treatment plant. Another factor was one of two digesters being taken out of operation for the Digester Improvements Project.

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

	FY 12	FY 13	FY 14	FY15	FY16	FY 17
Total Odor Control Budget*	\$571K	\$610K	\$518K	\$474K	\$614K	\$610K
Number of Odor Alerts Issued	36	48	43	45	44	40+/-
Number of Odor Complaints Received	8	1	2	1	0	0

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

- D. Conventional Pollutants Removed:** The Agency’s NPDES permit contains specific requirements for the removal of wastewater solids and organic material before the treated water is discharged into the San Francisco Bay. The table below shows the annual amount of conventional pollutants removed.

UNIT OF MEASURE: TONS	FY 12	FY 13	FY14	FY15	FY 16	FY 17
Total Suspended Solids (TSS) Removed	6,037	6,290	9,009	7,353	6,872	7,110
Organics (Biological Oxygen Demand – BOD) Removed	3,869	4,294	5,294	4,949	4,638	4,900

(FY 17 has been projected to equal the five-year average of TSS removed)

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

- E. Priority Pollutants Removal:** The Agency’s NPDES permit requires the removal of mercury and copper, as priority pollutants. The percentage of these pollutants removed from discharge into San Francisco Bay is shown in the table below. The Agency’s optimal goal is 100%, but a more realistic and achievable goal is between 96% and 98%.

MONTHLY AVERAGE	FY 12	FY 13	FY 14	FY15	FY 16	FY 17
Mercury	97%	97%	97%	99%	99%	99%
Copper	92%	96%	96%	95%	96%	96%

F. Biogas and Energy Production: Biogas is produced in the treatment plant’s anaerobic digesters. This renewable resource is used as fuel in a cogeneration system that generates electricity to power Agency facilities. The volume of natural gas required to purchase from outside suppliers is reduced in proportion to the amount of biogas that is generated, which in turn reduces expenditures. Energy production decreased during FY 13 when the generator was removed from service for major repairs, and increased when the generator went back on line in the latter half of FY 14. The organic waste programs that were launched in January 2014 resulted in increased biogas production, and during the summer of 2016, the system ran nearly 24 hours per day over six weeks. This is reflected in the additional budgeted savings in natural gas purchases in FY 15 through FY 17. The biogas produced, the energy generated, and the estimated economic value of the biogas energy produced is shown in the table below.

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Total Natural Gas Budget*	\$193K	\$180K	\$187K	\$121K	\$109K	\$80K
Biogas – million cubic feet	54	62	73	79	92	101
Energy Produced - kilowatts	4,697	2,165	4,367	4,998	5,534	6,152
Value of Biogas Produced	\$127,493	\$54,196	\$256,464	\$255,791	\$242,271	\$287,990

*Reference: Operations Department line item budget.

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

BUDGET	FY 12	FY 13	FY14	FY 15	FY 16	FY 17
Maintenance Department	\$1.33M	\$1.38M	\$1.48M	\$1.66M	\$1.78M	\$1.88M
Operations Department	\$2.97M	\$2.92M	\$2.91M	\$2.87M	\$3.19M	\$3.17M
TOTAL	\$4.31M	\$4.34M	\$4.40M	\$4.53M	\$4.98M	\$5.05M

COMPLETED WORK ORDERS	FY 12	FY 13	FY14	FY 15	FY 16	FY 17
Preventative	865	1,566	4,397	4,831	5,407	6,055
Corrective	326	1,237	4,157	4,922	4,749	4,891
TOTAL	1191	2,803	8,554	9,753	10,156	10,946

The increasing number of work orders completed since FY 12 for various activities indicates the learning curve and time commitment associated with the build-up and successful implementation of the asset management database, and is a measure of the increased reliability of reporting standards. The Maintenance and Operations budget represents the

total cost, including salaries, equipment, tools, chemicals, and utilities expended to execute the work orders.

H. Employee Training: CMSA supports employee development. We strongly believe continued training is important to our employees' professional development and job satisfaction, as well as for the effective functioning of the organization. Training includes mandatory topics such as safety and employment law (diversity, discrimination, harassment and ethics) and job specific educational courses. Methods of training include attendance at seminars and conferences, as well as computer-based webinars. The increase in internal training hours in FY 16 was due to the addition of two new positions and six replacement new hires.

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Total Meetings/Training Budget	\$64K	\$65K	\$72K	\$82K	\$79K	\$70K
Internal Hours	770	914	807	575	1800	1600
External Hours	737	871	870	668	726	750

Reference: Department budget accounts for Meetings/Training (6700-010), Conferences (6700-020), Outside Safety Training (6830-017)

I. Water Sample Analyses: The Agency has a certified environmental laboratory where wastewater that enters (influent) and leaves (effluent) the plant is routinely sampled and analyzed for various compounds as required by the Agency's NPDES permit. Samples from numerous treatment processes are also analyzed to ensure that the treatment systems are operating properly. The chart below shows the number of water sample analyses the laboratory performed, and the projection for FY 17.

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Total Permit Testing & Monitoring Budget*	\$133K	\$138K	\$141K	\$153K	\$149K	\$199K
NPDES Compliance Analyses	5,150	5,485	5,482	5,661	6,187	6,200
Process Control Analyses	11,721	12,107	12,643	16,661	16,317	17,000
Quality Control Testing	5,183	5,609	5,697	5,650	5,771	5,700
Water Quality Sample Analyses for ammonia, coliform and sulfides performed for JPA member agencies	305	229	222	202	240	240

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

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

J. Number of Inspections Performed and Permits Issued: The U.S. Environmental Protection Agency and the State Regional Water Resources Control Board require wastewater agencies such as CMSA to regulate commercial and industrial businesses in their service areas to ensure specific pollutants and materials are not discharged into the sanitary sewer system that can detrimentally affect the environment or wastewater treatment processes. Regulated businesses include restaurants, dental offices, car washes, dry cleaners, metal

plating shops, auto repair facilities, manufacturing plants, and other business types that have the potential to produce environmentally harmful waste products. The Contract Service Revenues budget line items for Fats, Oils, and Grease (FOG), Pollution Prevention, and the Mercury Source Control Program recover costs to perform inspections and issue permits. The number of inspections completed and permits issued are shown in the table below. Fluctuations in the number of inspections are dependent upon customer compliance and by the number of new and existing restaurants in the service area. Permits are issued for 1-, 2- or 3-year periods and the cyclical pattern is reflected in the number of permits renewed from FY 12 through the FY 17 budget.

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Total FOG, Permit & Inspections, and Mercury Source Revenue	\$82	\$ 69	\$94K	\$95K	\$98K	\$99K
Pretreatment and Pollution Prevention Inspections*	340	332	332	333	374	375
FOG Program Food Service Establishment Inspections*	678	504	606	602	659	670
Permits Issued and Renewed*	54	47	77	198	50	50

**Reference: Revenues by Source budget accounts 4030/4031/4033/4034/4035/4036/4037/4038-000-00.*

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

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Total Public Education Program Budget*	\$32K	\$32K	\$36K	\$36K	\$38K	\$37K
Public Education Events Visitors	3,559	4,152	3,197	3,401	2,430	3,000
School Education Events Student Attendance	3,433	4,369	6,314	4,330	2,538	4,000

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

SECTION 4. STRATEGIC BUSINESS PLAN

The Agency's Strategic Business Plan (SBP) provides a guide to help the Agency chart a strategic path to effectively maintain and improve its operations and services. CMSA's SBP has been constructed to set priorities, focus energy and resources, and guide fundamental decisions and actions that will shape the Agency into the future.

In September 2015, the Board of Commissioners approved the development of the Agency's next SBP with a new conceptual format and schedule. Commissioners participated in strategic planning workshops and collaborated with Agency staff to review and revise the Agency's Mission, Vision, and Goals statements, and prepare new Value statements. These high-level strategic statements and the FY 17 SBP template were approved by the Board at its June 2016 meeting. With these Board actions and its guidance, the Agency Strategic Planning Committee (ASPC) has now completed the development of the Agency's FY 2017 SBP, comprising Objectives and Actions in order to achieve the Board adopted Goals, and align with the new Mission, Vision, and Values statements.

The Agency's budget is closely aligned with the SBP, as the majority of the SBP strategic actions were included in the budget development process. The SBP focus during FY 17 will be on activities listed below:

- Maintaining the high performance of the treatment facility operations.
- Investigating and implementing steps to deliver the Agency's extra power to the local utility grid.
- Producing recycled water for use by central Marin customers.
- Preparing an Agency-wide facilities master plan.
- Developing the Agency's next multi-year revenue plan.
- Completing an information technology master plan.

The CMSA Strategic Business Plan for FY 17 will be presented to the CMSA Board in July 2017 and will be available on the CMSA website at that time.

SECTION 5. FINANCIAL REPORTING AND FINANCIAL POLICIES SUMMARY

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

CMSA Financial Policies Table of Contents



CMSA’s values: “Sound financial practices to safeguard the Agency’s assets. Effective asset management through appropriate short and long-term planning and sustainable practices.”

Financial Policies Summary

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

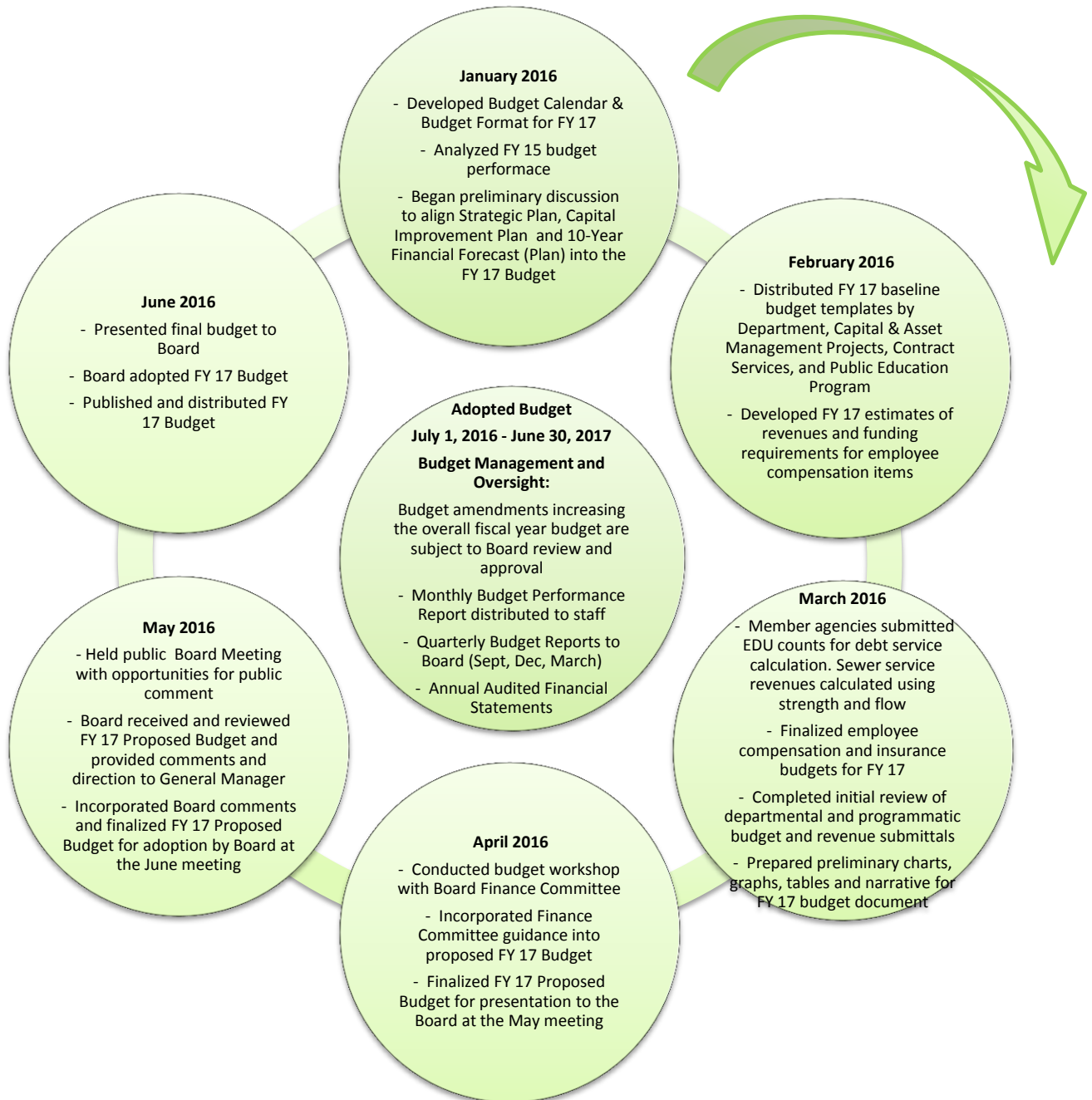
Major policy areas are displayed in the graphic on the previous page and each specific policy is listed and summarized below. The framework of the financial policies governs the overall financial management and fiscal health of the Agency and promotes accountability to effectively direct the financial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

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

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

The Board approves and adopts a balanced budget prior to the start of the fiscal year beginning July 1. The Board, General Manager, and Agency staff each have their respective Agency, departmental, and program responsibilities to develop a financially responsible budget each fiscal year. Budget development is guided by financial policies and procedures, the strategic business plan, long- and short-term organizational goals and objectives, the economic climate, and other external factors.

FY 2016-17 Budget Calendar – Development, Adoption, and Administration



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

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

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

Development, Adoption, and Administration

The annual budget development cycle begins with an analysis of the current year budget compared to projected annual expenditures and long-term capital improvement program funding, and serves as the baseline for the upcoming year's budget. During the course of budget development, the General Manager and Administrative Services Manager meet with the Board Finance Committee to review options to balance the budget 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 July 1 to June 30 fiscal period.

During the course of the fiscal year, finance staff prepares, and management staff reviews, detailed monthly budget performance reports and corresponding revenue and expenditure analyses. Finance staff also prepares a quarterly budget status 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.

SECTION 7. FY 2016-17 BUDGET - DISCUSSION AND ANALYSIS

Development of the FY 17 budget began in January 2016. During the course of its development, the General Manager and Administrative Services Manager reviewed the work in progress and sought guidance from the Board Finance Committee on the major components of the FY 17 Budget: (1) operating revenues, expenses, and debt service; (2) capital improvement project (CIP) expenditures and the 10-year CIP projections (Section 8); and (3) the 10-Year Financial Forecast assumptions (Section 9).

On June 14, 2016, the CMSA Board adopted a balanced FY 17 Budget (revenues less expenditures and any balance transferred to/from reserves). The Adopted FY 17 Budget incorporated employee compensation adjustments that resulted from the approved six-year labor agreements with the Agency’s two employee groups in August 2014. This section presents two components of the Adopted Budget, revenues and expenditures. Section 8 presents the third component of the Adopted Budget, capital expenditures.

CMSA’s primary source of revenue in the FY 17 Budget is the sewer service charges received from each JPA member agency. In FY 14 the Agency transitioned from determining per unit treatment costs using Equivalent Dwelling Unit (EDU) to a cost structure based on the volume and strength of wastewater treated. This method is a fairer determination for the assignment of treatment costs, as it uses the cost-of-service principal in recognizing that each EDU does not produce the same volume and strength of wastewater. The Agency has now completed four years of calculating the wastewater strength from each JPA member’s flow and has incorporated 36-months of wastewater strength along with 36-months of wastewater volume in determining each JPA member’s FY 17 sewer service charges.

Table 1 shows the FY 15, FY 16, and FY 17 operating revenues and expenses, with surplus funds being transferred to the operating and unrestricted capital reserves. Major changes to FY 17 revenues and expenditures from FY 16 are discussed in the narrative following Table 1.

Table 1: Overview of Operating Revenues and Expenditures for FY 15, 16 and 17

	FY 14-15 Adopted Budget	FY 15-16 Adopted Budget		FY 16-17 Adopted Budget	% Difference FY 17 to FY 16 Budget
Total Operating Revenues	\$11,173,949	\$11,770,086		\$12,237,236	4.0%
Total Operating Expenditures	\$10,129,676	\$10,896,500		11,580,480	6.3%
Surplus/(Deficit)	\$ 1,044,275	\$ 873,586		\$ 656,756	

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

Total Operating Revenues increase by 4% and Total Operating Expenditures increase by 6.3%, and the expected surplus of \$656.7K includes \$530,000 designated for future capital projects.

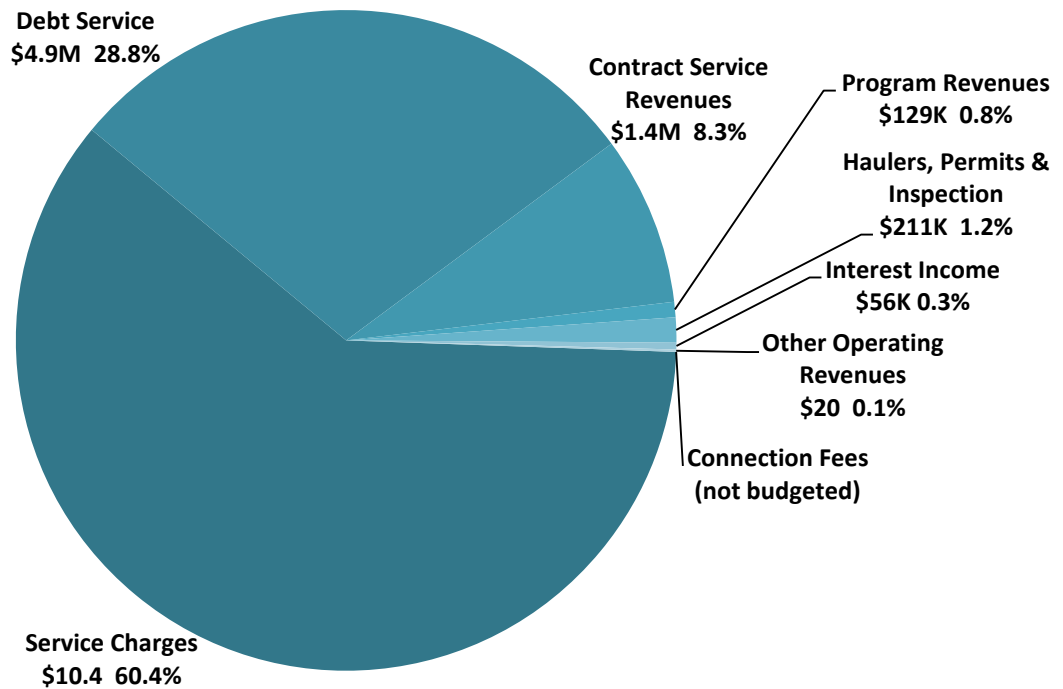
Adopted FY 16-17 Revenues: Revenues are summarized by source in Table 2 for FY 15, FY 16, and FY 17. A brief analysis that describes the difference between FY 16 and FY 17 revenue categories follows the pie chart below.

Table 2: Revenues by Source for FY 15, FY 16, and FY 17 Adopted Budgets

Revenue Sources by Category	FY 14-15 Adopted Budget	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Difference FY 17 to FY 16 Operating Budget	% Total Revenues
Operating Revenues					
Service Charges	\$ 9,399,740	\$ 9,897,549	\$ 10,395,358	5.0%	60.4%
Contract Service Revenues	1,420,302	*1,495,041	1,425,138	-4.7%	8.3%
Program Revenues	134,080	134,543	128,990	-4.1%	0.8%
Haulers, Permits & Inspection	169,127	194,252	211,250	8.8%	1.2%
Interest Income	30,700	30,700	56,500	84.0%	0.3%
Other Operating Revenues	20,000	20,000	20,000	0.0%	0.1%
Total Operating Revenues	\$11,173,949	\$11,772,085	\$ 12,237,236	4.0%	71.2%
Debt Service	\$ 5,815,627	\$ 4,574,030	4,960,117	8.4%	28.8%
TOTAL REVENUES	\$16,989,576	\$16,346,115	\$ 17,197,353		100.0%

*Corrected FY 16 addition error

**FY 17 Budget Revenues by Source
(Where the Money Comes From)**



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

Service Charges: A fee collected for providing wastewater treatment service that is allocated to each JPA member based on wastewater flows and strength into CMSA from April 1, 2013 to March 31, 2016. Flow is measured in millions of gallons and strength factors are measured in pounds for mass of biological oxygen demand and mass of total suspended solids. The sewer service charges are budgeted to increase by 5% to fund increased operating expenses and to fund future capital projects as planned for in the 10-year financial forecast (Section 9).

Contract Services: Revenues received for services provided by the Agency under contract to local agencies are expected to decrease by 4.7%.

- \$813,946 for SQSP wastewater services: 8.6% decrease in accordance with contract terms and a decrease of flow-strength.
- \$105,473 for SQSP pump station maintenance: 2.6% increase for Bay Area CPI.
- \$33,056 for SQ Village: 3.9% decrease in accordance with planned projects and contract terms.
- \$394,063 for SD 2 Pump Station Maintenance: 1.2% increase in accordance with contract terms and scheduled maintenance.
- \$20,000 for LGVSD FOG and Pollution Control Programs: No change from FY 16.
- \$19,000 for SD #1 FOG Program: 5.6% increase from FY 16 with the addition of new restaurants in the service area.
- \$23,000 for SRSD FOG Program: 4.5% increase from FY 16 with the addition of new restaurants in the service area.
- \$2,100 for TCSD FOG Program: 12.5% decrease due services that will not be performed during FY 17.
- \$9,500 for SD 2 FOG Program: No change from FY 16.
- \$3,500 for Novato SD Dental Amalgam Program: 12.5% decrease from FY 16 as program enters less time intensive implementation phase.
- \$1,500 for Almonte SD FOG Program: 25% decrease from FY 16 due to reduced program participation.

Program Revenues: Revenues received in accordance with agreements with program participants for the Safety Director and Countywide Public Education programs. Revenues are expected to decrease by a net 4.1%. The Safety Program increased by 1.9% for NSD's increased employee ratio, while the Public Education program was decreased by 14% due to fewer pharmaceutical take-back locations.

Haulers, Permits, and Inspection: Revenues received from charges for septage disposal at the CMSA facility from private waste haulers, permit fees for industrial waste dischargers, administrative costs for pollution prevention program inspections, and other services. Revenues are expected to increase by 8.8% due to increased participation and deliveries from

septic haulers, liquid organic waste haulers, and food waste disposers. The Organic Foodwaste Receiving Facility was placed into operation in January 2014 and revenues received for deliveries to the facility are the funding source for its operation and maintenance.

Interest income: Revenue received from LAIF and CAMP is expected to increase 84%. The Agency has recognized that interest rates are generally higher, and has assumed a .43% interest rate for FY 17, .13% higher than FY 16.

Capacity Charges: Revenue received from new customers to connect to the sanitary sewer system, and revenue received for new construction or converting former septic system properties. Capacity charges must be expended on capital improvement projects. Over the past ten years there has been very little new construction activity in the service area and therefore capacity charges have not been a major, nor a reliable, source of revenue for the Agency. The Agency does not budget for new connections. Though the actual receipts have been significant in the past three fiscal years, the Agency does not expect construction activity to continue in the long-term.

On July 1, 2016, there was a scheduled increase for the Agency’s capacity charges in accordance with the CMSA Fee Schedule Ordinance 2016-1 available on the Agency’s website www.cmsa.us/documents/ordinances. The fee increase is adjusted annually by an increment based on the April-to-April annual change in the Engineering News Record (ENR) Construction Cost Index for the San Francisco Bay Area. The FY 17 connection fee will increase 3.5% from \$5,665.47 to \$5,863.20.

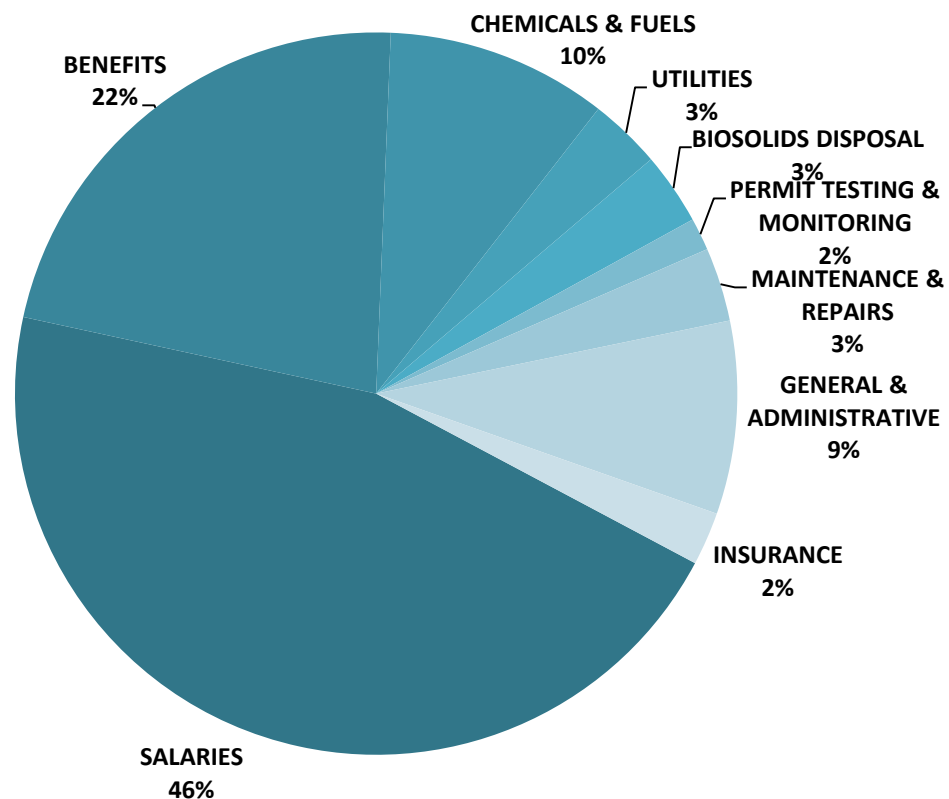
Adopted FY 2016-17 Operating Expenditures: A summary of the Agency’s FY 17 Adopted Budget by Category of Expenditures is shown in Table 3. On the next page, the pie chart shows this information in a graphical display. A descriptive analysis for each expenditure category can be found below the pie chart.

Table 3: Budget by Category of Expenditures for FY 15, FY 16, and FY 17 Adopted Budgets

Expenditures by Category	FY 14-15 Adopted Budget	FY 15-16 Adopted Budget		FY 16-17 Adopted Budget	% of FY 16-17 Budget	% Difference FY 17 to FY 16 Budget
Salaries	\$ 4,491,473	\$ 4,874,200		\$ 5,283,600	45.6%	8.4%
Benefits	2,445,749	2,571,600		2,575,700	22.2%	0.2%
Chemicals & Fuel	1,045,978	1,207,500		1,146,800	9.9%	-5.0%
Utilities	377,583	395,300		372,600	3.2%	-5.7%
Biosolids Disposal	273,002	275,900		373,920	3.2%	35.5%
Permit Testing & Monitoring	153,248	149,000		382,500	3.3%	-2.2%
Maintenance & Repairs	368,000	391,000		168,800	1.5%	13.3%
General & Administrative	735,599	757,100		1,000,660	8.6%	32.2%
Insurance	239,469	274,900		275,900	2.4%	0.4%
Total Expenditures	\$10,129,676	\$10,896,500		\$11,580,480	100.00%	7.8%

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

FY 16-17 Budget by Category of Expenditure (Where the Money Is Spent)



Salaries: Salaries are budgeted to increase by 8.4% due to a 4% to 4.5% salary adjustment for Agency employees effective July 1, 2016, other anticipated step adjustments for eligible staff, and one new position. The Agency has started to stabilize salary growth as senior employees retire or as employees leave and new employees are appointed to the vacant position at the entry level salary step.

Benefits: Total employee benefits are budgeted to increase by a net 0.2%. The budgetary changes are primarily due to: (1) a 6.2% increase (10.958% to 11.634%) for the employer's share of

retirement contributions to CalPERS; which is offset by decreased retirement costs associated with employees' reimbursing 100% of the EPMC (employer paid member contributions) towards retirement to the Agency; and (2) a 2.2% decrease for retiree medical health care premiums as enrollment in less costly Medicare plans increases. Increased budgets for social security, medicare, dental, vision, and MARA (medical after retirement account) benefits are offset by decreases in the annual OPEB employer contribution, life insurance, and long-term disability premiums.

The Agency's budgeted GASB 45 expenditures include the direct health care expenditures for current retired employees and the prefunding of future obligations for current employees. The FY 17 Budget includes expenditures for post-employment benefits totaling \$294K, of which \$178K is for direct expenditures for retiree health benefits, and \$116K is a contribution into the CalPERS trust account for future benefits. The Agency completed a biennial GASB 45 valuation report as of January 1, 2015 during FY 16. The Annual OPEB cost for FY 17 in this report, less the FY 17 budgeted direct expenditures to retirees, determines the Agency's Annual OPEB Contribution.

Chemicals & Fuel: This category is budgeted to decrease by 5%. Significant savings were achieved in FY 14 when the Agency joined the Bay Area Chemical Consortium (BACC), a regional chemical purchasing cooperative. Chemical suppliers agreed to supply chemicals to the members of the cooperative at lower unit costs than what the Agency would be able to obtain on its own. In FY 17, the Agency continues to benefit from reduced bid prices from the cooperative, having received per unit price reductions for four out of five BACC chemicals. While the Agency can develop projections for the quantity of chemicals used, the cooperative helps reduce the challenges and risks associated with estimating the future volatility of commodity unit prices.

Utilities: This category for electricity, natural gas, and other utilities is budgeted to decrease 5.7%. Although the budget includes a 1% rate increase for electricity in the event the cogeneration engine unexpectedly goes off-line, and an 8% increase for garbage solid waste disposal, there is a 27% decrease for natural gas. The Agency has achieved significant savings through the production of its own biogas. In January 2014, the Organic Waste Receiving Station was placed into service providing the Agency the biogas production capability to power the cogeneration engine for 20 to 22 hours a day, up from eight hours a day prior to the Receiving Facility becoming operational, thereby reducing the need to purchase as much natural gas. In FY 17 the cogeneration system is expected to operate at over 22 hours a day on biogas produced at the Agency, achieving greater savings.

Biosolids Management: This category is budgeted to increase by 35.5% as a result of implementing a new and more expensive reuse option, and increased costs associated with hauling biosolids to a site that is a greater distance from the Agency.

Permit Testing and Monitoring: This category is budgeted to increase by a net 13.3%. There is no budget for underground tank secondary containment, which was tested in FY 15 and is not required by state regulation to be tested again until FY 18, is offset by increases in lab supplies, NPDES permit testing requirements for PCBs, and a contractual CPI adjustment for outside laboratory analyses.

Maintenance & Repairs: This category is budgeted to decrease 2.2% due to planned reductions for vehicle fleet maintenance and reduced expenditures on process tank equipment parts.

General & Administrative: This category is budgeted to increase 32.2%. The Administration Department budget includes increases for Professional Memberships and Regulatory Services for compliance and permit consultants; Environmental Services includes increases for regulatory permits and licenses; Operations includes increases for the BAAQMD permit and process control; Engineering includes increases for Ignition SCADA software, CMMS system gap analysis and basic training, and engineering support services for the Effluent Flow Monitoring study.

Insurance: This category is budgeted to increase 0.4% based upon recommendations received from CSRMA for potential premium increases for property, general liability, and Workers' Compensation insurance. The increase in insurance premiums is based upon a 5% recommended increase over actual premiums paid in FY 16 and Workers' Compensation is budgeted to increase 5.4% to reflect the 4%-4.5% salary adjustments, and includes an increased Experience Modification Rate (EMR) factor resulting from injury claims filed in previous years.

Adopted Operating & Capital Budget for Fiscal Year July 1, 2016 – June 30, 2017 and Overview

The following section is the FY 17 budget document in its entirety that was adopted by the Central Marin Sanitation Agency on June 14, 2016. The outline provided below summarizes the Agency's primary sources and uses of funds, to give the reader an understanding of the budget and its organization. This overview also assists the reader in locating additional detail within the budget document.

Revenues:

Where the Money Comes From

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

DOCUMENT TITLE	BUDGET PURPOSE	EXPLANATION
FY 2016-17 Budget Overview	A snapshot summary.	Displays total revenues and total expenditures and summarizes beginning reserves, anticipated additions and uses, to estimate ending reserves.
Summary of Funding Sources and Fund Requirements by Designations	High level summary of all revenues the Agency expects to receive during FY 17 (for General Operations and Debt Service) less all expenses (for General Operations, Debt Service, and Capital Improvement).	<p><u>Section I.</u> Total EDU counts multiplied by the EDU Rate for Debt Service is used to calculate debt service. San Quentin Prison is reported separately.</p> <p>Sewer Service Charge allocation based on flow and strength of wastewater treated.</p> <p><u>Section II.</u> General operations. The details for all other operational revenues and expenses are found in Section 7, Revenue by Source and Summary of Expenditures, and in each department's Budget Documents.</p> <p><u>Section III.</u> Debt Service and Capital Improvement Program. The details for this are found in Section 8, Capital Improvement Program, and Section 10, Debt Service Obligations.</p> <p><u>Section IV.</u> Net Cash Flow to/from Reserves.</p> <p><u>Section V.</u> Adjustments to Cash & Reserves and Reconciliation of cash flow by Reserve. This section shows how much money the Agency expects to have in reserves on June 30, 2017.</p>
Revenues by Source	Details all budget line item revenue sources the Agency will receive.	<p><u>Section I:</u> General Purpose Revenues.</p> <p><u>Section II:</u> Revenue for Debt Service and Capital Improvement Program.</p>

**Expenditures:
Where the Money Is Spent**

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

DOCUMENT TITLE	BUDGET PURPOSE	EXPLANATION
Summary of Expenditures by Departments and Category	Summarizes totals for Operating Budget by Departments and by Category of Expenditures.	The summary compares the Adopted Budgets for FY 15, FY 16, and FY 17. FY 15 audited actuals are presented next to the FY 15 Adopted Budget. FY 16 Projected Year End Expenditures are compared to the FY 16 Adopted Budget.
Departmental Operating Budget	<p>The departmental budget documents show in greater detail how each department expects to spend their budgeted dollars during FY 17.</p> <ul style="list-style-type: none"> *Administration *Environmental Services *Maintenance *Operations *Engineering *Non-Agency (a cost center that tracks reimbursable expenses related to services provided to other local agencies) 	<p>Descriptions of each department and its core function and responsibilities including a summary of Expenditures by Category, an Authorized Positions head count for three fiscal years, and FY 17 Department Initiatives.</p> <p>Adopted Operating Budget detailed by line item account for three fiscal years for each department.</p> <p>The Adopted Budget Explanation by line item account number includes an account description that explains what the budgeted dollars are spent on. Additional notes and information that affected the development of the budget are also included.</p>
Capital Improvement Program (Section 8)	The Capital Improvement Program is presented in greater detail so the reader may “drill down” from the Summary of Changes to the CIP Budget by line item account schedules, and to Account and Project Descriptions that provide explanations and information about how the budgeted dollars will be spent.	<p>Summary of Changes compares FY 17 Adopted Budget to FY 16 Adopted Budget and Projected Actual expenditures and provides a narrative about significant changes.</p> <p>Capital Improvement Program FY 17 Budget and 10-Year Forecast. This schedule shows the FY 16 Adopted Budget, FY 17 Adopted Budget and a projected 10-year forecast for planned activities by budget line item account.</p> <p>The Account/Project Descriptions and Full Page Project Descriptions are explanations of how the budget is spent and provides additional detail about each project and future planned activities.</p>
10-Year Financial Forecast (Section 9)	Long-term strategic budgetary examination of future operations.	Projections for future planned operations provide decision-making guidance for the timing and needs for funding sources and requirements.
Debt Obligation (Section 10)	Debt Service payment to owners of the Agency’s Refunding Revenue Bonds Series 2015.	This schedule shows total principal and interest due for debt service for each fiscal year through FY 32.

Adopted FY 2016-17 Budget Overview

	Operating	Capital Improvement Program (CIP)	Debt Service	Total
Adopted Revenues	11,707,236	1,522,023	3,968,094	17,197,353
Adopted Expenditures	11,580,480	4,193,000	3,968,094	19,741,574
Surplus (Deficit)	126,756	Not Applicable	-	

Comments

1. FY 16-17 Revenues for CIP Program are not available for FY 16-17 CIP use. (\$530K capital charge and \$992K from debt service coverage which cannot be used in the same fiscal year that it is received.)

2. The adopted FY 16-17 budget surplus is \$126K. All of this surplus will be designated for the Agency's Operating Reserves to maintain that reserve at 25% of the annual operating budget.

Sources of Funding for FY 16-17 CIP

Restricted Capital Reserves	914,806
Unrestricted Capital Reserves	3,278,194
Total Funding for CIP	4,193,000

Agency Reserves (estimated)

Total Beginning Reserves on July 1, 2016	12,779,112
A. Restricted: Capacity Charges	-
B. Restricted: Capital Improvement Program, Beginning Balance	914,806
Addition to Reserves - Debt Service Coverage	992,023
Use of Reserves - Capital Projects	(914,806)
Ending Balance	992,023
1. Unrestricted: CSRMA Insurance Deductible	100,000
2. Unrestricted: Operating Reserves, Beginning Balance	2,637,546
Addition to Reserves - Operational Surpluses	126,756
Use of Reserves - General Operations	-
Ending Balance	2,764,302
3. Unrestricted: Capital Improvement Program	8,876,760
Addition to Reserves - Operational Surpluses	-
Addition to Reserves - Capital Charge	530,000
Use of Reserves - Capital Projects	(3,278,194)
Ending Balance	6,128,566
4. Unrestricted: Emergency	250,000
Total Ending Reserves on June 30, 2017	10,234,891
Change in Beginning and Ending Reserves	(2,544,221)

CENTRAL MARIN SANITATION AGENCY

Adopted FY 2016-17 Budget

SUMMARY OF FUNDING SOURCES AND FUND REQUIREMENTS BY DESIGNATIONS

	Adopted Budget FY 14-15	Actuals FY 14-15	Adopted Budget FY 15-16	Projected FY 15-16	Adopted Budget FY 16-17
Section I. EDU Factors - Informational Only					
Effective FY 12-13, the Agency no longer uses EDU count to calculate sewer service charges. The EDU count is still used to allocate debt service to each member agency. The EDU count for SQSP is fixed at 4,005.					
Total Number of EDUs in Service Area (excludes SQSP)	48,156	48,507	48,507	48,350	48,350
Effective EDU Rate (Operating, excludes SQSP)	\$ 188.34	\$ 186.98	\$ 195.18	\$ 195.81	\$ 204.04
EDU Rate (Debt Service, includes SQSP)	\$ 111.49	\$ 110.75	\$ 87.10	\$ 87.37	\$ 94.74
Section II. General Operations					
Funding sources are considered to be general purpose and can be used to fund general operations. Surpluses can be used for capital improvement program funding, or held in Agency reserves in accordance with established policies.					
Funding Sources (general purpose)					
Service Charges	9,069,740	9,069,740	9,467,549	9,467,549	9,865,358
All other Operational Revenues	1,774,209	1,635,003	1,872,537	1,896,369	1,841,878
Total Funding Sources	10,843,949	10,704,743	11,340,086	11,363,918	11,707,236
Operational Expenses	10,129,676	9,332,422	10,896,500	10,550,184	11,580,480
Funding Surplus/(Deficit):	714,273	1,372,321	443,586	813,734	126,756
Transfer to/(from) Unrestricted Operating Reserve	21,160	-	191,706	126,287	126,756
Transfer to/(from) Unrestricted Capital Improvement Reserve	693,113	1,372,321	251,880	687,447	-
Section III. Debt Service and Capital Improvement Program					
All Funding Sources					
Surplus from General Operations Allocated to Capital Improvement Program:	693,113	1,372,321	251,880	687,447	-
Funding for Future CIP from Regional Service Changes (Capital Charge)	330,000	330,000	430,000	430,000	530,000
Capacity Charges	-	415,846	-	89,054	-
Debt Service (Principal & Interest)	4,652,501	4,652,501	3,659,224	3,659,224	3,968,094
Debt Service Coverage	1,163,125	1,163,125	914,806	914,806	992,023
Total Funding Sources	6,838,740	7,933,794	5,255,910	5,780,531	5,490,117
All Funding Requirements					
Debt Service Expenses (Principal & Interest)	4,652,501	4,652,501	3,659,224	3,659,224	3,968,094
CIP Projects (net of Capacity Charges)	4,902,700	2,414,327	4,544,800	3,526,868	4,193,000
Use of Capacity Charges for CIP Projects	-	415,846	-	89,054	-
Total Funding Requirements	9,555,201	7,482,674	8,204,024	7,275,146	8,161,094
Net Funding To/(From) Capital Reserves:	(2,716,462)	451,119	(2,948,114)	(1,494,615)	(2,670,977)
Section IV. Net Cash flow to/(from) Reserves					
Transfer to/(from) Unrestricted Operating Reserve	21,160	-	191,706	126,287	126,756
Transfer to Restricted Capital Reserve - Current Year Debt Service Coverage	1,163,125	1,163,125	914,806	914,806	992,023
Transfer (from) Restricted Capital Reserve - Capital Projects	(4,293,838)	(2,414,327)	(2,954,553)	(3,042,636)	(914,806)
Transfer (from) Unrestricted Capital Reserve - Capital Projects	414,251	1,702,321	(908,367)	633,214	(2,748,194)
Use of Emergency Reserves	-	-	-	-	-
Total Transfers	(2,695,301)	451,119	(2,756,408)	(1,368,328)	(2,544,221)

CENTRAL MARIN SANITATION AGENCY
Adopted FY 2016-17 Budget
SUMMARY OF FUNDING SOURCES AND FUND REQUIREMENTS BY DESIGNATIONS

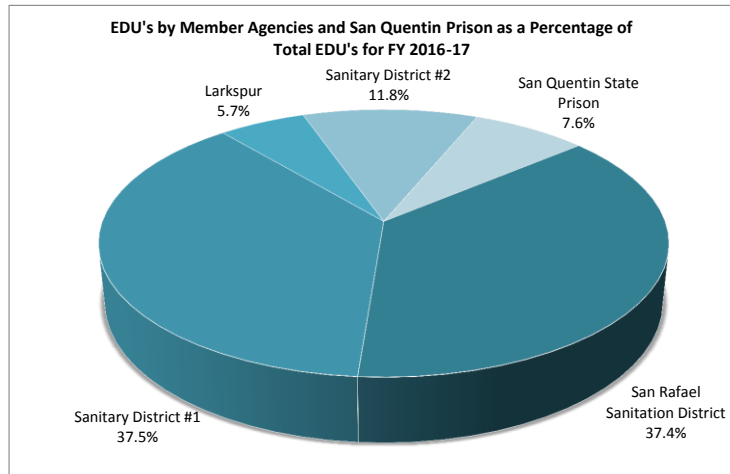
	Adopted Budget FY 14-15	Actuals FY 14-15	Adopted Budget FY 15-16	Projected FY 15-16	Adopted Budget FY 16-17
<u>Section V-A. Adjustments to Cash & Investments/Reserves</u>					
Total Beginning Reserves on July 1	13,696,321	13,696,321	13,695,097	14,147,440	12,779,112
<u>Reserve Designations, Ending Balance on June 30</u>					
A. Restricted: Capacity Charges	-	-	-	-	-
B. Restricted: Capital Improvement Program (Debt Coverage)	1,163,125	3,042,636	914,806	914,806	992,023
Subtotal Restricted Reserves	1,163,125	3,042,636	914,806	914,806	992,023
1. Unrestricted: CSRMA Insurance Deductible	100,000	100,000	100,000	100,000	100,000
2. Unrestricted: Operating Reserves	2,532,419	2,511,259	2,724,125	2,637,546	2,764,302
3. Unrestricted: Capital Improvement Program	6,955,475	8,243,545	6,949,758	8,876,760	6,128,566
4. Unrestricted: Emergency	250,000	250,000	250,000	250,000	250,000
Subtotal Unrestricted Reserves	9,837,894	11,104,804	10,023,883	11,864,306	9,242,868
Total Ending Reserves on June 30	11,001,020	14,147,440	10,938,689	12,779,112	10,234,891
Change in Beginning and Ending Reserves	(2,695,301)	451,119	(2,756,408)	(1,368,328)	(2,544,221)
<u>Section V-B. Reconciliation of cash flow by Reserve Designations</u>					
Total Beginning Reserves on July 1	13,696,321	13,696,321	13,695,097	14,147,440	12,779,112
A. Restricted: Capacity Charges	-	-	-	-	-
B. Restricted: Capital Improvement Program, Beginning Balance	4,293,838	4,293,838	2,954,553	3,042,636	914,806
Addition to Reserves - Debt Coverage	1,163,125	1,163,125	914,806	914,806	992,023
Use of Reserves - Capital Projects	(4,293,838)	(2,414,327)	(2,954,553)	(3,042,636)	(914,806)
Ending Balance	1,163,125	3,042,636	914,806	914,806	992,023
1. Unrestricted: CSRMA Insurance Deductible	100,000	100,000	100,000	100,000	100,000
2. Unrestricted: Operating Reserves, Beginning Balance	2,511,259	2,511,259	2,532,419	2,511,259	2,637,546
Addition to Reserves - Operational Surpluses	21,160	-	191,706	126,287	126,756
Use of Reserves - General Operations	-	-	-	-	-
Ending Balance	2,532,419	2,511,259	2,724,125	2,637,546	2,764,302
3. Unrestricted: Capital Improvement Program	6,541,224	6,541,224	7,858,125	8,243,545	8,876,760
Addition to Reserves - Operational Surpluses	693,113	1,372,321	251,880	687,447	-
Addition to Reserves - Capital Charge	330,000	330,000	430,000	430,000	530,000
Use of Reserves - Capital Projects	(608,862)	-	(1,590,247)	(484,232)	(3,278,194)
Ending Balance	6,955,475	8,243,545	6,949,758	8,876,760	6,128,566
4. Unrestricted: Emergency	250,000	250,000	250,000	250,000	250,000
Total Ending Reserves on June 30	11,001,020	14,147,440	10,938,689	12,779,112	10,234,891

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

Status	Fiscal Year	San Rafael	Sanitary	City of	San	Sanitary	Total EDU	% Change	
		District (SRSD)	District #1 (SD #1)		Larkspur	State Prison (SQSP)			
Actual	1985-86	17,089	17,913	2,774	3,569	4,757	46,102		
Actual	1986-87	17,704	18,059	2,774	3,489	4,842	46,868	766	1.7%
Actual	1987-88	18,040	18,447	2,773	3,489	5,267	48,016	1,148	2.4%
Actual	1988-89	18,200	18,335	2,768	2,892	5,267	47,462	(554)	-1.2%
Actual	1989-90	19,140	18,947	2,974	3,630	5,304	49,995	2,533	5.3%
Actual	1990-91	18,933	18,852	2,998	3,227	5,201	49,211	(784)	-1.6%
Actual	1991-92	18,437	19,620	3,042	3,785	5,709	50,593	1,382	2.8%
Actual	1992-93	18,455	19,480	3,078	3,960	5,695	50,668	75	0.1%
Actual	1993-94	18,362	18,958	3,015	4,148	5,358	49,841	(827)	-1.6%
Actual	1994-95	17,897	18,881	3,041	3,926	5,273	49,018	(823)	-1.7%
Actual	1995-96	18,201	18,892	3,081	4,371	5,290	49,835	817	1.7%
Actual	1996-97	18,290	18,820	3,132	5,513	5,412	51,167	1,332	2.7%
Actual	1997-98	18,431	18,827	3,042	5,800	5,454	51,554	387	0.8%
Actual	1998-99	18,518	19,538	3,157	3,500	5,524	50,237	(1,317)	-2.6%
Actual	1999-00	18,663	19,424	3,157	4,143	5,524	50,911	674	1.3%
Actual	2000-01	19,314	19,324	3,123	4,421	5,532	51,714	803	1.6%
Actual	2001-02	19,531	19,524	3,123	4,422	5,665	52,265	551	1.1%
Actual	2002-03	19,879	18,859	3,005	4,752	5,693	52,188	(77)	-0.1%
Actual	2003-04	19,515	19,022	3,116	4,609	5,883	52,145	(43)	-0.1%
Actual	2004-05	19,603	19,029	3,111	5,090	5,840	52,673	528	1.0%
Actual	2005-06	19,586	18,842	3,085	7,883	6,094	55,490	2,817	5.3%
Actual	2006-07	19,382	19,074	3,057	8,215	6,091	55,819	329	0.6%
Actual	2007-08	19,617	19,112	3,107	8,227	6,195	56,258	439	0.8%
Actual	2008-09	19,685	19,295	3,116	7,936	6,196	56,228	(30)	-0.1%
Actual	2009-10	19,575	19,709	3,050	7,529	6,078	55,941	(287)	-0.5%
Actual	2010-11	19,401	19,261	3,021	7,209	5,975	54,867	(1,074)	-1.9%
Actual	2011-12	19,409	18,835	3,079	3,247	5,955	50,525	(4,342)	-7.9%
Actual	2012-13	19,482	19,511	2,997	4,005	6,116	52,111	1,586	3.1%
Actual	2013-14	19,703	19,498	2,949	4,005	6,006	52,161	50	0.1%
Actual	2014-15	19,643	19,666	2,982	4,005	6,216	52,512	351	0.7%
Actual	2015-16	19,555	19,700	3,019	4,005	6,076	52,355	(157)	-0.3%

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

	SRSD	SD#1	Larkspur	SD#2	SQP	TOTAL
FY 2016-17	19,555	19,700	3,019	6,076	4,005	52,355
% of Total	37.4%	37.6%	5.8%	11.6%	7.7%	100.0%



Central Marin Sanitation Agency									
Adopted FY 2016-17 Operating Budget									
Revenues by Source									
Acct No.	Account Description			FY 14-15 Adopted Budget	FY 15-16 Adopted Budget	FY16-17 Adopted Budget Adjustments	FY16-17 Adopted Budget	% Change FY17 Adopted Budget from FY16 Adopted	Comments
Section I: General Purpose Revenues, Service Charges									
1	4010-000-00	SRSD	4,290,778	4,386,913	72,057	4,458,970	1.6%	36 month flow-strength	
2	4010-000-00	SD #1	4,184,371	4,610,127	408,142	5,018,269	8.9%	36 month flow-strength	
3	4010-000-00	SD #2	924,592	900,509	17,610	918,119	2.0%	36 month flow-strength	
Subtotal			9,399,740	9,897,549	497,809	10,395,358	5.0%	Increase \$530k for future capital	
			36 Month Flow/24 Month Strength	FY 16 Budgeted Flow/Strength Allocation			36 Month Flow/36 Month Strength		
			% Total	% Total			% Total		
SRSD			45.65%	44.32%			42.89%		
SD #1			44.52%	46.58%			48.27%		
SD #2			9.84%	9.10%			8.83%		
			100.00%	100.00%			100.00%		
Notes on FY 16-17 Revenue Budget:									
1. This is Year 4 of the Five-Year Revenue Plan. Scheduled operating revenue increase of \$397,809.									
2. Increase for future CIP funding by \$100,000 to \$530,000.									
3. Flow-Strength Allocation based on 36 months of measurement.									

Central Marin Sanitation Agency								
Adopted FY 2016-17 Operating Budget								
Revenues by Source								
Acct No.	Account Description	FY 14-15 Adopted Budget	FY 15-16 Adopted Budget	FY16-17 Adopted Budget Adjustments	FY16-17 Adopted Budget	% Change FY17 Adopted Budget from FY16 Adopted	Comments	
Contract Service Revenues								
4	4601-000-00 San Quentin State Prison Wastewater Services	848,189	890,716	(76,770)	813,946	-8.6%	FY 16 Year End Revenue includes \$18K (labor). SQSP is 5.16% of flow-strength of FY17 Prelim Oper and CIP budget. In FY16 SQSP was 5.77%.	
5	4601-001-00 San Quentin State Prison Pump Station Maintenance	100,000	102,800	2,673	105,473	2.6%	Bay Area Annual CPI is 2.6%	
6	4602-000-00 San Quentin Village Wastewater Services	27,627	34,383	(1,327)	33,056	-3.9%	Based on draft FY 17 Budget delivered to County of Marin.	
7	4600-000-00 SD#2 Pump Stations	369,286	389,242	4,821	394,063	1.2%	Based on draft SD #2 FY 17 pump station operation and maintenance budget.	
8	4031-000-00 LGVSD - FOG & pollution prevention	20,000	20,000	-	20,000	0.0%		
9	4033-000-00 SD #1 - FOG	18,000	18,000	1,000	19,000	5.6%	CMSA continues to add new restaurants, particularly when a change of ownership requires an addition to the program.	
10	4034-000-00 SRSD - FOG	24,000	22,000	1,000	23,000	4.5%	CMSA continues to add new restaurants, particularly when a change of ownership requires an addition to the program.	
11	4035-000-00 TCSD - FOG	1,200	2,400	(300)	2,100	-12.5%	Lower than FY 16 due to one-time services rendered in FY 16.	
12	4036-000-00 SD #2 - FOG	8,000	9,500	-	9,500	0.0%		
13	4037-000-00 Novato SD - Dental Amalgam	4,000	4,000	(500)	3,500	-12.5%	Program out of development phase and now in implementation phase, which requires less time.	
14	4038-000-00 Almonte SD - FOG	-	2,000	(500)	1,500	-25.0%	Per FY 16 Revenue.	
	Subtotal	1,420,302	1,495,041	(69,903)	1,425,138	-4.7%		
Program Revenues								
15	4070-000-00 Safety Director Program	87,040	83,387	1,613	85,000	1.9%	Marginally higher due to change in NSD to CMSA employee ratio.	
16	4080-001-00 County-wide Public Education Program	47,040	51,156	(7,166)	43,990	-14.0%	Budget decreased due to lower pharmaceutical take-back locations after Kaiser Hospital exited the program.	
17	4080-002-00 Outside Safety Training	-	-	-	-	-		
	Subtotal	134,080	134,543	(5,553)	128,990	-4.1%		

Central Marin Sanitation Agency								
Adopted FY 2016-17 Operating Budget								
Revenues by Source								
Acct No.	Account Description	FY 14-15 Adopted Budget	FY 15-16 Adopted Budget	FY16-17 Adopted Budget Adjustments	FY16-17 Adopted Budget	% Change FY17 Adopted Budget from FY16 Adopted	Comments	
	Haulers, Permits & Inspection							
18	4030-000-00 Permit and Inspection Fees	20,000	20,000	-	20,000	0.0%		
19	4050-010-00 Revenue from Haulers - Septic	50,377	60,377	4,623	65,000	7.7%	SASM station was closed for a period, which drove FY16 revenues higher, a one-time event.	
20	4050-020-00 Revenue from Haulers - RV	250	250	-	250	0.0%		
21	4050-030-00 Revenue from Haulers - FOG	78,000	90,000	(5,000)	85,000	-5.6%	New pricing schedule provided savings to haulers.	
22	4050-03500 Revenue from Haulers - Liquid Organic Waste		-	5,000	5,000	-	New revenue source for FY16.	
23	4050-040-00 Revenue from Foodwaste Disposal	20,500	23,625	12,375	36,000	52.4%	Increased program participation.	
	Subtotal	169,127	194,252	16,998	211,250	8.8%		
	Interest Income							
24	4910-002-00 Interest Income - L.A.I.F.	30,000	30,000	25,000	55,000	83.3%	LAIF yield rose from 0.27 to 0.43	
25	4910-011-00 Investment Interest - C.A.M.P.	700	700	800	1,500	114.3%	CAMP yield rose from .11 to 0.46	
	Subtotal	30,700	30,700	25,800	56,500	84.0%		
	Other Operating Revenues							
26	4990-000-00 Other non-operating revenue	20,000	20,000	-	20,000	0.0%		
27	4990-011-00 C.A.M.P. non-operating revenue	-	-	-	-	-		
	Subtotal	20,000	20,000	-	20,000	0.0%		
	Contract Services Revenue	1,774,209	1,874,537	(32,659)	1,841,878	-1.7%		
	Total General Purpose Revenues	11,173,949	11,772,086	465,150	12,237,236	4.0%		

		Central Marin Sanitation Agency						
		Adopted FY 2016-17 Operating Budget						
		Revenues by Source						
Acct No.	Account Description	FY 14-15 Adopted Budget	FY 15-16 Adopted Budget	FY16-17 Adopted Budget Adjustments	FY16-17 Adopted Budget	% Change FY17 Adopted Budget from FY16 Adopted	Comments	
	Section II: Revenue for Debt Service and Capital Improvement Program							
28	4011-000-00	Service charges-debt service principal	2,135,000	2,095,000	100,000	2,195,000	4.8%	Per debt service schedule
		Service charges-debt service interest	2,517,501	1,564,224	208,870	1,773,094	13.4%	Per debt service schedule
		Service charges-debt service coverage	1,163,125	914,806	77,218	992,023	8.4%	Per debt service schedule
		Subtotal	5,815,627	4,574,030	386,088	4,960,117	8.4%	
	Debt Service by Member Agencies & San Quentin State Prison (SQSP)							
		SRSD (19,555 EDU)	2,184,462	1,710,993	141,649	1,852,642.38	8.3%	Per updated EDU submitted
		SD #1 (22,719 EDU)	2,488,688	1,972,742	179,658	2,152,400.01	9.1%	
		SQSP (4,005 EDU)	476,595	348,853	30,581	379,434.04	8.8%	
		SD #2 (6,076 EDU)	665,882	541,441	34,199	575,640.76	6.3%	
		Total	5,815,627	4,574,030	386,088	4,960,117	8.4%	
		EDU Rate for Debt Service	\$ 111.49	\$ 87.10		\$ 94.74	8.8%	
	Notes on FY 16-17 Revenue for Debt Service:							
	1. Series 2015 Revenue Bonds debt service for FY 17							
	2. Debt Service allocation is based on EDUs with SQSP fixed at 4,005 units. EDU rate is \$94.74 per unit.							
	Capacity Charge Connection Fees							
29	4020-010-00	Connection fees - SRSD	-	-		-		
30	4020-020-00	Connection fees - SD #1	-	-		-		
31	4020-030-00	Connection fees - SD # 2	-	-		-		

FY 2016-17 Adopted Allocation of Service Charges using Flow and Strength

I. Allocation of treatment costs by Flow and Strength

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

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

	SRSD	SD #1	SD #2	Total CMSA Plant Influent Flow
April 1, 2013 to March 31, 2014	1,387.11	1,737.97	397.52	3,522.60
April 1, 2014 to March 31, 2015	1,521.91	1,953.05	424.90	3,899.86
April 1, 2015 to March 31, 2016	1,435.31	1,912.90	422.01	3,770.22
Total 36 month Flow	4,344.33	5,603.92	1,244.43	11,192.68
% of Flow	38.8%	50.1%	11.1%	100.0%

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

	SRSD	SD #1	SD #2	Total CMSA Plant Influent Flow
April 1, 2013 to March 31, 2014	4,716,353	3,522,352	694,504	8,933,209
April 1, 2014 to March 31, 2015	4,451,240	5,101,508	447,649	10,000,397
April 1, 2015 to March 31, 2016	3,892,566	4,358,760	592,658	8,843,984
Total 36 month BOD	13,060,159	12,982,620	1,734,811	27,777,590
% of Total BOD	47.0%	46.7%	6.2%	100.0%

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

	SRSD	SD #1	SD #2	Total CMSA Plant Influent Flow
April 1, 2013 to March 31, 2014	7,573,120	5,341,885	1,361,000	14,276,006
April 1, 2014 to March 31, 2015	7,812,006	8,343,902	699,225	16,855,133
April 1, 2015 to March 31, 2016	5,569,476	6,827,531	934,372	13,331,379
Total 36 month TSS	20,954,602	20,513,318	2,994,597	44,462,518
% of Total TSS	47.1%	46.1%	6.7%	100.0%

II. Allocation of Sewer Service Charges to JPA Members

This is determined by multiplying the allocation of treatment costs by volume and and strength (Section I) by each member's share of the flow (Section A), BOD (B) and TSS (C)

	SRSD	SD #1	SD #2	Total Allocation
FY 2016-17 Budget	42.89%	48.27%	8.83%	100.00%
FY 17 Initial Allocation	\$ 4,458,969.96	\$ 5,018,269.05	\$ 918,118.98	\$ 10,395,358.00
Includes \$530,000 Capital Charge				
FY 2016-17, First Quarter	1,114,742.49	1,254,567.26	229,529.75	2,598,839.50
FY 2016-17, Second Quarter	1,114,742.49	1,254,567.26	229,529.75	2,598,839.50
FY 2016-17, Third Quarter	1,114,742.49	1,254,567.26	229,529.75	2,598,839.50
FY 2016-17, Fourth Quarter*	1,114,742.49	1,254,567.26	229,529.75	2,598,839.50
Total	\$ 4,458,969.96	\$ 5,018,269.05	\$ 918,118.98	\$ 10,395,358.00

* An adjustment will be made during the FY 2016-17 Fourth Quarter to update the FY 2016-17 Regional/SSC allocation by using the wastewater flows and strength from April 1, 2014 through March 31, 2017.

**Central Marin Sanitation Agency
Adopted FY 2016-17 Operating Budget**

Summary of Expenditures by Departments and Category

Operating Expenditures by Department	FY 14-15	FY 14-15	FY 15-16			% Change
	Adopted Budget Amended 08/26/14		Audited Actuals	FY 15-16 Adopted Budget	Projected Year End Expenditures	FY 16-17 Adopted Budget
Administration	4,003,123	4,492,907	4,230,700	4,018,037	4,484,300	6.0%
Environmental Services	1,180,632	1,108,804	1,224,399	1,125,223	1,408,880	15.1%
Maintenance	1,669,617	1,541,476	1,789,800	1,789,180	1,881,100	5.1%
Operations	2,870,030	3,021,518	3,193,900	3,157,100	3,173,800	-0.6%
Engineering	406,271	359,128	457,700	460,644	632,400	38.2%
TOTAL	\$ 10,129,674	\$ 10,523,833	\$ 10,896,499	\$ 10,550,184	\$ 11,580,480	6.3%

Operating Expenditures by Category	FY 14-15	FY 14-15	FY 15-16			% Change	Adopted % of Budget
	Adopted Budget Amended 08/26/14		Audited Actuals	FY 15-16 Adopted Budget	Projected Year End Expenditures	FY 16-17 Adopted Budget	
SALARIES	4,491,437	4,551,845	4,874,200	4,824,665	5,283,600	8.4%	45.6%
BENEFITS *	2,445,359	2,359,585	2,571,600	2,419,111	2,575,700	0.2%	22.2%
SUB-TOTAL	6,936,796	6,911,429	7,445,800	7,243,776	7,859,300	5.6%	67.87%
CHEMICALS & FUELS	1,045,978	1,050,496	1,207,500	1,208,875	1,146,800	-5.0%	9.9%
UTILITIES	377,583	405,809	395,300	318,747	372,600	-5.7%	3.2%
BIO-SOLIDS DISPOSAL	273,002	253,239	275,900	274,647	373,920	35.5%	3.2%
MAINTENANCE & REPAIRS	368,000	314,054	391,000	428,419	382,500	-2.2%	3.3%
PERMIT TESTING & MONITORING	153,248	130,687	149,000	132,292	168,800	13.3%	1.5%
GENERAL & ADMINISTRATIVE	735,600	1,262,609	757,100	669,980	1,000,660	32.2%	8.6%
INSURANCE	239,469	195,511	274,899	273,448	275,900	0.4%	2.4%
SUB-TOTAL	3,192,879	3,612,403	3,450,699	3,306,408	3,721,180	7.8%	32.13%
TOTAL	10,129,674	10,523,833	10,896,499	10,550,184	11,580,480	6.3%	100.00%

Benefit Expenditures	FY 15-16	FY 16-17	Change	% Change
	Adopted Budget	Adopted Budget		from FY 16 Adopted Budget
RETIREMENT (CALPERS CLASSIC, PEPRA, UAL)	976,200	1,011,900	35,700	3.7%
<i>RETIREMENT - CALPERS CLASSIC</i>	593,096	526,503	(66,593)	
<i>RETIREMENT - CALPERS PEPRA</i>	30,521	81,700	51,179	
<i>RETIREMENT - CALPERS UNFUNDED ACCRUED LIABILITY</i>	352,583	403,697	51,114	
RETIREMENT - CALPERS SURVIVORS	2,535	2,600	65	2.6%
RETIREMENT - SOCIAL SECURITY/MEDICARE	72,500	78,200	5,700	7.9%
CALPERS MEDICAL - ACTIVE EMPLOYEES	974,300	967,500	(6,800)	-0.7%
DENTAL - ACTIVE EMPLOYEES	108,800	115,700	6,900	6.3%
LIFE INSURANCE, AD&D, LTD - ACTIVE EMPLOYEES	48,400	24,400	(24,000)	-49.6%
VISION - ACTIVE EMPLOYEES	11,100	11,300	200	1.8%
MARA - ACTIVE EMPLOYEES	22,700	31,000	8,300	36.6%
CALPERS MEDICAL - RETIRED EMPLOYEES	181,600	177,700	(3,900)	-2.1%
ANNUAL OPEB CONTRIBUTION	139,700	116,500	(23,200)	-16.6%
TOTAL *	2,537,835	2,536,800	(1,035)	0.0%

* Benefit line items for uniforms and unemployment benefits are excluded from the Benefit Expenditures FY 16-17 table.

Discussion: Comparison between FY 15-16 Adopted to 16-17 Adopted Budget

Salaries

- Salary increase of 4% for represented per MOU and 4.5% for unrepresented employees per comp/benefit agreement.
- 19 Employees eligible to receive step advancement.
- 1 new Assistant Engineer position.
- Compensatory time cash-outs included in budget for first time.

Benefits

- Retirement expenses: Created new accounts to track retirement expenses by employee category (Classic and PEPR).
- Budgeting zero for CalPERS EPMC—employees reimbursing Agency 100% of EPMC starting July 1, 2016.
- Decreased annual life insurance cost by 50%.
- Agency OPEB cost is lower as a result of increased OPEB assets resulting in lower annual required contributions.

Chemicals

- Decrease in chemical procurement costs (nitrate, sodium hypochlorite, sodium bisulfite) due to recent lower Bay Area Chemical Consortium bid opening results.
- Lower fuel costs due to lower energy prices (U.S. Energy Information Administration index for Bay Area gasoline/diesel fuel peak pricing at \$3.70, down from \$4.13).

Utilities

- Reduction in procurement cost of natural gas due to increased biogas production from FOG/F2E program.

Biosolids Disposal:

- 7% increase in PG&E rates and 5.7% increase in Marin Sanitary Service rates
- Higher biosolids hauling costs were partially offset by lower reuse tipping fees attributable to a portion of our biosolids being used as soil amendments in Solano County.
- Hauling costs will increase in January based on annual San Francisco Bay Area Consumer Price Index (2.6%) and Solano County land application.

Maintenance and Repairs

- Lower costs for fleet, process tank, and effluent pump station maintenance reflecting normal ongoing maintenance for FY 17, as major maintenance was completed in FY16.

- FOG/food waste station maintenance costs increased by 21% to reflect true annual cost of maintenance.

General & Administrative

- Increased costs include consultant fees related to this year's renewal of NPDES permit (\$125,000)

Insurance

- General Liability and Auto insurance 13.6% lower.
- Property and Workers' Compensation insurance both budgeted 5% higher per CSRMA recommendation.

Permit Testing and Monitoring:

- Increase in long-term contract pricing for NPDES permit sampling and testing due to changes in new regulations required by the regional water board.
- Increase in Bay Area Air Quality Management District permit costs due to higher permit rates and additional registration fees for new rotary drum thickeners.

Administration

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

The Department is responsible for the following functions:

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

Administration Expenditures by Category	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget
SALARIES	\$ 949,475	\$ 996,400	\$1,081,100
BENEFITS	2,445,359	2,571,600	2,575,700
 SUBTOTAL	3,394,834	3,568,000	3,656,800
INSURANCE	239,469	274,900	275,900
GENERAL & ADMINISTRATIVE	368,820	387,800	551,600
 SUBTOTAL	608,289	662,700	827,500
TOTAL	\$4,003,123	\$4,230,700	\$4,484,300

Authorized Positions	FY 14-15	FY 15-16	FY 16-17
General Manager	1	1	1
Administrative Assistant	1	1	1
Treatment Plant Manager	1	1	1
Administrative Services Manager	1	1	1
Financial Analyst	1	1	1
Personnel and Accounting Technician	1	1	1
Safety Director	1	1	1
TOTAL	7	7	7

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts						GM General Manager	
						ASM Administrative Services Manager	
						OS Operations Supervisor	
						ISA Information Systems Analyst	
						AE Assistant Engineer	
						AA Administrative Assistant	
Administration							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
SALARIES & BENEFITS							
5010-010-01	Salaries, Wages & Compensation	ASM	945,525	992,400	1,071,000	7.92%	Salaries for 7 full-time employees and CMSA's share of the safety director salary. FY 17 increases are for a 4.5% salary increase for unrepresented employees, 2 step adjustments, and leave balance cash-outs not previously budgeted.
5010-020-01	Overtime	GM	3,950	4,000	10,100	152.50%	Authorized overtime to complete special and extraordinary activities or assignments under strict deadlines, and cash-out of employee compensatory time not previously budgeted.
Subtotal Salaries & Wages			949,475	996,400	1,081,100	8.50%	
5020-020-01	Retirement CalPERS - Classic	ASM	951,108	976,200	930,200	-4.71%	Employer contributions for CalPERS 2.7% @ 55 for Classic employee retirement program. The FY 17 employer contribution rate is 11.634% for Classic employees and FY 17 includes a \$403K UAL (unfunded accrued liability) payment. Beginning FY 17 employees fully reimburse the Agency for the EPMC (employer-paid member contributions). PEPRAs employees now tracked separately.
5020-021-01	Retirement CalPERS-PEPRA	ASM			81,700	0.00%	Employer contributions for CalPERS 2% @ 62 retirement program for PEPRA employees hired after January 1, 2013. The FY 17 employer PEPRA contribution rate is 6.555%. There are two PEPRA employees replacing two Classic employees in FY 17.
5020-022-01	Retirement CalPERS-Survivors	ASM			2,600	0.00%	Annual Survivors Benefit premium.
5020-030-01	Retirement - SS / Medicare	ASM	63,775	72,500	78,200	7.86%	Employer's 1.45% share of Medicare for all employees. Increase is function of salary increases in all departments and one new position.
5030-010-01	Benefits-CalPERS Medical	ASM	900,265	974,300	967,500	-0.70%	Budget based upon current CalPERS Kaiser family rate effective January through December 2016, adds an estimated 4.5% premium increase for January through June 2017, plus a .5% administrative fee.
5030-001-01	Benefits-Dental	ASM	95,918	108,800	115,700	6.34%	Employer paid dental benefits. Budget includes 2.5% increase for dental insurance premiums, additional enrollment in family coverage, and increased participation in the Agency dental reimbursement program.
5030-003-01	Benefits-Life Insurance, AD&D, LTD	ASM	46,404	48,400	24,400	-49.59%	Employer paid life, accidental death & dismemberment, and long-term disability insurances. Decrease is a result of contracting with a new life insurance provider.
5030-004-01	Benefits-Vision	ASM	9,713	11,100	11,300	1.80%	Employer paid vision benefits. Budget includes a 6% premium increase and changes in employee & dependent enrollment.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts						GM General Manager	
						ASM Administrative Services Manager	
						OS Operations Supervisor	
						ISA Information Systems Analyst	
						AE Assistant Engineer	
						AA Administrative Assistant	
Administration							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
5030-015-01	Benefits-MARA	ASM	15,712	22,700	31,000	36.56%	MARA: Medical-After-Retirement-Account. Employer contribution and administrative fee totaling 1.6% of base salary for 19 employees (FY 16 was 16 employees). Budget increase is a function of salary increases, 16 step adjustments, and one new employee.
5030-020-01	Retired Employees Medical Benefits	ASM	203,023	181,600	177,700	-2.15%	Medical benefits for retired employees at the SF-Bay Area PERS Kaiser single rate. The spouses of four former SRSD employees who transferred to CMSA also receive medical benefits. There is one new retiree and the increase is offset by two additional retirees turning age 65 with a consequent enrollment in less costly Medicare supplement plans.
5030-025-01	Annual OPEB Contribution	ASM	114,518	139,700	116,500	-16.61%	Prefunding of the Agency's post-employment health benefit obligations for current retirees and employees. The prefunding amount is the annual FY 17 estimated OPEB expense of \$304,661 (Agency GASB 45 actuarial report as of January 01, 2015) less the FY17 budgeted premiums for current retirees (5030-020-01).
5050-000-01	Unemployment Benefits Claimed	ASM	10,000	10,000	10,000	0.00%	An allowance for unemployment benefits paid to State Employment Development Department (EDD) for claims filed by separated employees.
5060-000-01	Uniforms	AE	26,250	26,300	28,900	9.89%	Contracted service to provide uniforms, jackets, fire resistant clothing and miscellaneous related work clothing for staff, and towel and floor mat cleaning services. Increase per contract.
5065-000-01	Shoes	ASM	8,675	-	-	0.00%	Safety shoes provided for employees per CMSA safety policies was moved in FY 16 to the Safety Supplies account 6818-001-01.
Subtotal Benefits			2,445,359	2,571,600	2,575,700	0.16%	
Total Salaries & Benefits			3,394,835	3,568,000	3,656,800	2.49%	
INSURANCE							
6800-010-01	Property Insurance	ASM	40,280	56,300	55,600	-1.24%	Annual property insurance coverage from the California Sanitation Risk Management Authority (CSRMA) for all Agency buildings and structures. The increase is based on actual premiums paid in FY 16 plus 5% per CSRMA's recommendation.
6800-020-01	General Liability & Auto Insurance	ASM	67,600	53,600	46,300	-13.62%	CSRMA pooled insurance coverage for general, automobile, and error and omission liability premiums. FY 17 decrease is based on FY 16 actual premiums paid plus a 5% increase recommended by CRSMA.
6800-030-01	Pollution Liability Insurance	ASM	900	900	1,000	11.12%	CSRMA pollution liability insurance for cleanup costs resulting from underground fuel storage tank system leaks and releases and other pollution caused losses.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts						GM General Manager	
						ASM Administrative Services Manager	
						OS Operations Supervisor	
						ISA Information Systems Analyst	
						AE Assistant Engineer	
						AA Administrative Assistant	
Administration							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6800-040-01	Employee/ Commissioner's Bonds	ASM	1,970	2,000	2,200	10.00%	Public official bonds for four Agency employees who are authorized to sign Agency checks, and includes employees who handle agency funds such as petty cash. Bonding, a JPA requirement, is through CSRMA, and coverage is under separate policies with different durations and premiums.
6800-050-01	Commercial Crime Insurance	ASM	790	800	800	0.00%	This insurance covers instances of public employee dishonesty. It is intended to cover all employees not covered under the employee/public official bonds.
5040-000-01	Workers' Compensation Insurance	ASM	127,930	161,300	170,000	5.39%	CSRMA workers' compensation (WC) insurance for Agency employees. The FY 17 increase is a function of payroll increases and is offset by a 19% decrease in the Agency's Experience Modification Factor (EMF) which is 0.88 for FY 17 down from 1.07 as a result of fewer workers' comp claims.
Subtotal Insurance			239,469	274,900	275,900	0.36%	
GENERAL ADMINISTRATIVE							
6700-010-01	Meetings/Training	GM	5,200	5,200	5,200	0.00%	Expenses associated with staff travel, training, and attendance at single-day professional meetings and seminars. Expenses include registration, mileage, meal allowance, bridge tolls, and other allowed expenses pursuant to the Agency's travel expense reimbursement policy.
6700-020-01	Conferences	GM	14,000	22,000	23,600	7.27%	Expenses associated with staff attendance at multi-day professional conferences, seminars, and training events outlined in the Agency's travel expense reimbursement policy. Budget increase is due to staff attending additional conferences and associated travel expenses.
6710-010-01	Commissioners Meeting Fees & Conferences	GM	11,600	11,600	11,600	0.00%	Pursuant to Commission compensation policy, CMSA Commissioners receive \$100 per day of service. There is an allowance for Commissioners conference attendance.
6805-000-01	Professional Affiliation Memberships	ASM	1,750	1,800	3,550	97.22%	Professional memberships and registration requirements for the Agency's General Manager, Treatment Plant Manager, and finance and administrative staff.
6805-001-01	BACWA Membership	GM	7,500	7,700	8,000	3.90%	Annual membership dues to the Bay Area Clean Water Agencies (BACWA). BACWA is comprised of 5 members and over 25 associate members, such as CMSA.
6805-011-01	BACWWE Education Program	GM			8,000	0.00%	New account for the Bay Area Consortium for Water & Wastewater Education Program for Wastewater Operator Training. The consortium is comprised of 20 partnering agencies.
6805-002-01	NBWA Membership	GM	9,000	9,000	6,000	-33.33%	Annual membership dues to the North Bay Watershed Association (NBWA), which is comprised of 16 governmental agencies from the North San Pablo Bay watershed.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts						GM General Manager	
						ASM Administrative Services Manager	
						OS Operations Supervisor	
						ISA Information Systems Analyst	
						AE Assistant Engineer	
						AA Administrative Assistant	
Administration							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6805-003-01	CASA Membership	GM	9,000	16,000	16,000	0.00%	Annual membership dues to the California Association of Sanitation Agencies (CASA). FY 17 dues are not expected to increase over FY 16 adopted budget.
6805-004-01	NACWA Membership	GM	8,500	9,200	9,400	2.17%	Annual membership dues to the National Association of Clean Water Agencies (NACWA). NACWA represents the wastewater industry nationwide on regulatory and legislative issues.
6805-005-01	Biosolids-to-Energy Membership	GM			25,000	0.00%	Agency membership for SF Bay Area Biosolids-to-Energy coalition, which is comprised of 19 regional wastewater agencies.
6815-000-01	Office Expenses	AA	29,500	29,500	29,500	0.00%	Costs associated with the Agency's administrative operations, including office supplies, copier lease, office furniture, office equipment service and repairs, and other related expenses.
6815-001-01	Safety Supplies	OS	14,850	35,100	47,350	34.90%	Annual expenses for safety training, first aid and emergency supplies, defibrillator and fire extinguisher testing, various one time purchases and safety assessment expenses to correct workplace hazards. FY 17 Budget increase is due to providing standardized rain gear to employees and competent person training.
6815-002-01	Information Technology Software	ISA	1,500	1,100	1,800	63.61%	Expenses related to software licenses and upgrades.
6820-000-01	Printing & Publications	AA	5,500	5,500	4,500	-18.18%	Printing expenses associated with brochures, newspaper subscriptions, monthly periodicals, publication of notices, and copy services at local print shops.
6830-001-01	General Professional Services	GM	51,000	51,000	51,000	0.00%	Expenses for general governmental and human resource services such as recruitment, background reference checks, and employment law staff training and development.
6830-002-01	Regulatory Services	GM	5,000	5,000	125,000	2400.00%	Consultation and advice on regulatory compliance and permit issues.
6830-005-01	Finance & Audit Services	ASM	23,500	23,500	25,250	7.45%	Expenses for professional services related to the financial operations of the Agency: annual audit of financial statements; annual maintenance fee for financial software license renewal and financial software support; GFOA Award program fees; actuarial, financial and operational analyses.
6830-010-01	Labor Relations Consulting	GM	9,675	10,000	9,200	-8.00%	IDEA annual fee for labor relations and negotiations services and a subscription to the IEDA online compensation & benefit document warehouse. Budget adjusted to align with actual anticipated expense.
6830-015-01	Legal Services	GM	61,300	40,000	30,000	-25.00%	Expenses for general, employment law, and construction/contract legal services.
6830-016-01	Safety Director Program, CMSA Share	ASM	9,365	9,700	10,100	4.12%	This account represents the Agency's share (60%) of the Safety Director program non-salary costs. The remaining 40% of the Safety Director program budget is included in Non-Agency Expenses.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts						GM General Manager	
						ASM Administrative Services Manager	
						OS Operations Supervisor	
						ISA Information Systems Analyst	
						AE Assistant Engineer	
						AA Administrative Assistant	
Administration							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6830-017-01	Outside Safety Training Services	ASM	12,240	8,800	15,600	77.27%	Training expenses for required safety programs that include hearing tests, first-aid/CPR, incident command training, traffic control, defensive driving, and many other Cal/OSHA programs that facilitate a safe work environment. Budget increase is for ARC Flash and Qualified Employee Electrical trainings.
6830-025-01	Employee Assistance Services	AA	1,800	1,900	1,850	-2.60%	Confidential professional counseling benefit provided to employees. The fee is increased annually. The budget was adjusted to align with FY 16 actual expense plus annual increase.
6830-060-01	Employee Health Maintenance Services	AA	2,500	2,500	2,500	0.00%	Expense for safety related physicals, pre-employment exams, and urgent care at Kentfield Medical Clinic.
6840-010-01	Internet & Telephone Service	ISA	13,890	21,000	23,400	11.43%	Telephone, internet and Google Gmail services. Cell phones, portable radios, internet, and data plan expenses for Agency staff. The FY 17 Budget is based upon current rates which includes an anticipated 11% increase for Comcast services, and consolidating all internet and telephone accounts into one department.
6855-000-01	Postage/Shipping	AA	8,400	8,400	5,900	-29.76%	Postage, postage meter rental, and overnight shipping expense.
6859-000-01	Bank Fees & Analysis Charges	ASM	2,250	2,300	2,300	0.00%	Bank fees and investment expenses for California Asset Management Program and Westamerica Bank accounts. Finance charges and late payment fees.
6860-000-01	Trade Discounts	ASM	-	-	-	0.00%	Account used to record vendor payment discounts received and taken for paying bills within payment terms.
6890-010-01	Contingency	GM	50,000	50,000	50,000	0.00%	Funds available for transfer to other operating budget accounts for unplanned and unanticipated activities. Transfers from this account require GM approval.
6990-000-01	Other Non-Operating Expenses	ASM	-	-	-	0.00%	No budget. Account used for accounting adjustments such as general ledger account reconciliations, prior year audit adjustments, and expenditures associated with prior year activities such as unexpected bills received for prior fiscal year goods and services as well as service charge refunds.
Subtotal General & Administrative			368,820	387,800	551,600	42.24%	
Subtotal (excluding Salary and Benefits)			608,289	662,700	827,500	24.87%	
Total Administration			4,003,123	4,230,700	4,484,300	5.99%	

Environmental Services

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

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

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

Environmental Services Expenditures by Category	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget
SALARIES	\$ 586,717	\$ 624,800	\$ 676,900
SUBTOTAL	586,717	624,800	676,000
BIOSOLIDS DISPOSAL	273,002	275,900	373,920
PERMIT TESTING & MONITORING	153,248	149,000	168,800
GENERAL & ADMINISTRATIVE	167,666	174,700	189,260
SUBTOTAL	593,916	599,600	731,980
TOTAL	\$1,180,633	\$1,224,400	\$1,408,880

Authorized Positions	FY 14-15	FY 15-16	FY 16-17
Environmental Services Manager	1	1	1
Environmental Laboratory Administrator	1	1	1
Environmental Services Analyst (I-II)	3	3	3
TOTAL	5	5	5

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						ESM Environmental Services Manager	
Environmental Services							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
SALARIES & WAGES							
5010-010-02	Salaries, Wages & Compensation	ASM	566,130	602,100	653,700	8.57%	Salaries for 5 full-time employees. FY 17 includes increases of 4% for represented and 4.5% for unrepresented employees, 2 step increases, 1 increase to next certification level, and leave balance cash-outs not previously budgeted.
5010-020-02	Overtime	ESM	9,085	9,100	9,000	-1.09%	Authorized overtime for evening and weekend public outreach events, assignments under strict deadlines, overtime worked when called in for wet weather stand-by duty, and cash-out of employee compensatory time not previously budgeted.
5010-022-02	ES Wet Weather Stand-by Duty	ESM	11,502	13,600	14,200	4.41%	Pursuant to MOU and personnel policies, qualified environmental analyst staff are paid to remain fit for duty and to respond within 1 hour when called in to collect samples and conduct analysis during wet weather blending events November 1-April 30. Increase is function of salary increases.
Subtotal Salaries & Wages			586,717	624,800	676,900	8.34%	
BIOSOLIDS MANAGEMENT							
6200-010-02	Biosolid Reuse Fees	ESM	205,922	208,600	265,600	27.32%	Biosolids are currently beneficially reused at Redwood Landfill and two land application sites. In FY 17 the Agency will begin using a new reuse option which is more expensive but will help offset limited land application and landfill alternate daily cover rescue options.
6200-050-02	Biosolids Hauling	ESM	67,080	67,300	108,320	60.95%	Hauling of biosolids to landfills and land application sites increase due to limited availability of Sonoma County land application site and use of new reuse option that is a greater distance from the Agency.
Subtotal Biosolids Management			273,002	275,900	373,920	35.53%	
PERMIT TESTING & MONITORING							
6300-000-02	Lab Supplies	ESM	43,835	45,100	46,750	3.66%	Laboratory and source control program supplies including all chemicals, glassware, reagents, containers, filters, bioassay, and de-ionized water system, sampling, and inspection equipment. Budget includes a 2.6 % CPI price increase, and additional 1% for additional materials needed for increased samples analyzed for the FOG/F2E station, rotary drum thickeners and digesters.
6310-030-02	Biosolids Monitoring: Contract Lab Services	ESM	9,259	9,400	20,100	113.84%	Increase in costs due to increase in sampling to meet the regulatory requirements for land application in Solano County and small increase (1.5%) for contract laboratory costs.

Central Marin Sanitation Agency							*Position Code
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
							ASM Administrative Services Manager
							ESM Environmental Services Manager
Environmental Services							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6320-010-02	NPDES Permit Sampling & Testing	ESM	71,481	73,000	80,200	9.86%	Increase due to new regulations from the Regional Water Board and contract for laboratory testing and analysis of effluent and influent for NPDES permit compliance. Budget includes 1.5% contract increase for Caltest, and a 1.5% CPI increase for Pacific Ecorisk.
6320-020-02	Pretreatment Sampling	ESM	15,858	16,100	16,350	1.55%	Contract for lab analysis of pretreatment samples and monitoring industrial waste. There is a scheduled 1.5% contract price increase.
6330-010-02	Underground Tank Testing: Overfill Containment	ESM	5,315	5,400	5,400	0.00%	Annual testing and monitoring of underground gasoline and diesel tank overfill and secondary.
6330-020-02	Underground Tank Testing: Secondary Containment	ESM	7,500	-	-	100.00%	Testing of underground tank secondary containment every three years as required by state regulation. The last test was in FY 15 and the next test is to be scheduled during FY 18. No expenses are expected this fiscal year.
Subtotal Permit Testing & Monitoring			153,248	149,000	168,800	13.29%	
GENERAL & ADMINISTRATIVE							
6700-010-02	Meetings/Training	ESM	2,000	2,000	2,000	0.00%	Expenses associated with professional development, training and seminars. Includes registration, mileage, meal allowance, bridge tolls, and other allowed.
6700-020-02	Conferences	ESM	7,500	7,500	7,500	0.00%	Expenses associated with staff attendance at multi-day professional conferences, seminars, and training events such as CWEA regional and annual events.
6805-000-02	Professional Affiliation Memberships	ESM	2,000	2,000	2,500	25.00%	Expenses for employee professional memberships and certification requirements, including reimbursement of examination fees upon employees passing certification tests. Increased due to the number and higher levels of certification.
6810-000-02	Annual NPDES Permit	ESM	55,000	55,000	55,000	0.00%	Annual renewal fee for SWRCB administration of the NPDES permit and pretreatment program fee. The State Water Board has not reported its FY 17 NPDES permit fee structure.
6810-040-02	ELAP Certification	ESM	3,000	3,000	3,560	18.67%	Fees for annual renewal of the laboratory certification, inspections, certificates, and ELAP operating costs. Increased due to recent changes in management with the State Water Board taking over program administration from the CA Department of Public Health.
6810-050-02	Regional Monitoring Program SFEI	ESM	26,082	26,600	33,000	24.06%	CMSA's NPDES permit requires participation in the Regional Monitoring Program (RMP) for the San Francisco Bay, which is administered by the San Francisco Estuary Institute. Increase due to planned increase in final effluent flows as a result of improved flow measurement based on results of flow study. Fees are based on a loading calculation using final effluent flows and metals concentrations from the previous fiscal year.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						ESM Environmental Services Manager	
Environmental Services							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6810-051-02	Clean Bay Collaborative Participation Fees: TMDL development, Nutrient, Mercury, PCB permit work	ESM	14,284	16,900	25,500	50.89%	SF Bay NPDES dischargers are required to perform regional monitoring tests and perform studies to determine impacts to the bay. The increase is to fund nutrient monitoring and treatment plant nutrient studies required in the Nutrient Watershed Permit.
6810-060-02	CUPA Fees	ESM	5,500	6,200	6,400	3.23%	Certified Unified Program Agency fees increased by 3.0% CPI and are paid to the County of Marin for the Agency's underground storage tanks and hazardous materials storage.
6810-070-02	Stormwater Annual	ESM	1,800	1,800	1,800	0.00%	SWRCB permit for the Agency's industrial site stormwater permit.
6810-080-02	BAPPG Membership	ESM	1,500	1,500	1,500	0.00%	Bay Area Pollution Prevention Group Sponsorship. The Agency's NPDES Permit requires the Agency support a portion of BACWA's pollution prevention and public education programs.
6810-090-02	eNPDES Software	ESM	1,000	1,300	1,300	0.00%	Annual electronic reporting software maintenance fee that includes support and filing updates required by the State Water Board and EPA.
6815-002-02	IW (Industrial Waste) Database	ESM	12,000	12,000	12,000	0.00%	Development, hosting, and software upgrades for new Industrial Waste database for all dischargers and permits in the Agency's pretreatment, pollution prevention programs, and FOG source control programs. Maintenance, hosting, and upgrades are covered for 36 months at \$12K per year.
6821-000-02	Public Education Program: CMSA portion	ESM	36,000	38,900	37,200	-4.37%	CMSA's share of the Countywide Public Education Program for expenses associated with all public outreach events, including hosting school programs, and exhibiting at the Marin County Fair, BAEER Fair, Pollution Prevention Week, and Earth Day.
Subtotal General & Administrative			167,666	174,700	189,260	8.33%	
Subtotal (excluding Salary and Benefits)			593,915	599,599	731,980	22.08%	
Total Environmental Services			1,180,632	1,224,399	1,408,880	15.07%	

Maintenance

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

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

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

Maintenance Expenditures by Category	FY 14-15	FY 15-16	FY 16-17
	Adopted Budget Amended 08/26/14	Adopted Budget	Adopted Budget
SALARIES	\$1,276,217	\$1,382,100	\$1,482,900
SUBTOTAL	1,276,217	1,382,100	1,482,900
LUBRICANTS, PROPANE, OTHER	5,000	5,000	6,000
MAINTENANCE & REPAIRS	363,000	386,000	376,500
GENERAL & ADMINISTRATIVE	25,400	16,700	15,700
SUBTOTAL	393,400	407,700	398,200
TOTAL	\$1,669,617	\$1,789,800	\$1,881,100

Authorized Positions	FY 14-15	FY 15-16	FY 16-17
Maintenance Supervisor	1	1	1
Assistant Maintenance Supervisor	1	1	1
Maintenance Lead	1	1	1
Maintenance Repair	1	1	1
Mechanical Technician	4	4	4
Utility Worker	2	3*	3
Assistant Maintenance Supervisor-(E/I)	1	1	1
Electrical/Instrumentation Tech	2	2	2
TOTAL	13	14	14

*One new Utility Worker

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						TPM Treatment Plant Manager	
						MS Maintenance Supervisor	
						EIAMS Electrical Instrumentation Assistant Maintenance Supervisor	
						ISA Information Systems Analyst	
Maintenance							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
SALARIES & WAGES							
5010-010-03	Salaries, Wages & Compensation	ASM	1,222,348	1,332,000	1,426,000	7.06%	Salaries for 14 full-time employees. FY 17 includes increases of 4% for represented and 4.5% for unrepresented employees, 7 step adjustments, and leave balance cash-outs not previously budgeted.
5010-103-10	Transfer to CIP	ASM	(20,524)	(20,600)	(20,600)	0.00%	Transfer of salary expenses for staff assigned to CIP funded projects (.2 FTE for department staff capitalizations).
5010-020-03	Overtime	TPM	25,125	25,200	28,000	11.11%	Authorized overtime to complete unexpected maintenance activities or assignments that require work after an employee's regularly scheduled shift. Includes maintenance of assets and process equipment scheduled for evenings and weekends. Budget based on average overtime paid in the past years.
5010-021-03	Stand-by Duty	TPM	49,268	45,500	49,500	8.79%	24/7 Stand-by duty for qualified maintenance staff to respond to emergency repair work and equipment failures. Pursuant to MOU and personnel policies, employees are paid to remain fit for duty and to respond within 1 hour when called in for duty. Sanitary District #2 of Marin funds one half of this expense. FY 17 increase is function of salary and step increases.
Subtotal Salaries & Wages			1,276,217	1,382,100	1,482,900	7.29%	
MAINTENANCE & REPAIRS (M&R)							
6400-030-03	Lubricants, Propane, Other	MS	5,000	5,000	6,000	20.00%	Lubricants used for facility assets and equipment (cogeneration and stand-by power systems excluded), propane for the forklift, and welding and calibration gases. Increases due to addition of new rotary drum thickeners, additional welding supplies, and forklift fuel.
6500-000-03	Utility Supplies	MS	7,000	8,000	8,000	0.00%	Janitorial and general facility maintenance supplies such as cleaning and paper products, waxes, and vacuum and floor buffing supplies.
6510-001-03	Outside Services & Parts	TPM	30,000	30,000	30,000	0.00%	Service repair costs performed by outside providers for machining, fabrication, vacuum services, specialty repair work, and related parts, equipment, and supplies.
6510-004-03	Fleet Maintenance	MS	11,000	31,000	20,000	-35.48%	This account is for preventative, predictive, and corrective maintenance on the Agency's fleet vehicles and includes purchases of batteries, oil, tires, and other consummables. The Agency's fleet consists of 10 vehicles, two forklifts, a skid steer loader, 15 electric carts, and 10 bicycles. Budget is lower due to a planned reduction of vehicle maintenance.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						TPM Treatment Plant Manager	
						MS Maintenance Supervisor	
						EIAMS Electrical Instrumentation Assistant Maintenance Supervisor	
						ISA Information Systems Analyst	
Maintenance							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6510-007-03	Hazardous Waste Disposal Service	MS	18,000	20,000	20,000	0.00%	Safe disposal of wastes such as oils, greases, oil and air filters, coolants, paints, solvents, light bulbs, batteries, and air purification medias (siloxane, hydrogen sulfide, and activated carbon). Media disposal is necessary to insure equipment is operating at optimum performance levels and air quality standards are consistently being met.
6510-008-03	Facilities Maintenance	MS	20,000	20,000	20,000	0.00%	Planned preventive and corrective repairs to maintain non-process specific facility structures such as roof and gutter systems, doors and door hardware, flooring, non-process specific coating work, and outside contractors if specialty work is required. This budget also includes funds for facility pest control services.
6510-009-03	Electrical Equipment	EIAMS	15,000	23,000	23,000	0.00%	Routine preventive and corrective electrical equipment maintenance, minor electrical repairs, and the purchase of consumable items such as conduit, wiring, electrical connectors, fittings, and lighting.
6510-010-03	Plant Pumps	MS	20,000	20,000	20,000	0.00%	Routine, preventative, and corrective maintenance of facility pumps, and purchases of consumable pump parts, such as impellers, gaskets, and volutes, that require periodic replacement due to wear and tear.
6510-011-03	Process Tank Maintenance	MS	29,000	29,000	25,000	-13.79%	Preventive and corrective maintenance costs for process tank and heat exchangers (non-cogeneration system heat exchangers). This account funds all process tank repairs such as the refurbishment or replacement of clarifier chain and flights, shoes, piping, clarifier drives, and all repairs and replacements not associated with a capital improvement project. Expense is lower due to a reduction in the procurement of primary clarifier spare equipment inventory.
6510-012-03	Centrifuge Maintenance	MS	25,000	20,000	20,000	0.00%	Annual preventive and corrective maintenance for the Agency's dewatering system, three centrifuges and their system components.
6510-013-03	Process (Filter) Media Replacement	MS	25,000	25,000	25,000	0.00%	Purchase biogas and air purification media for facility equipment. Budget is for the purchase of one media sulfreat tank, one siloxane tank, and one odor scrubbing filter replacement per year.
6510-014-03	FOG/FW Receiving Station Maintenance	MS	20,000	33,000	40,000	21.21%	Annual routine preventive, and corrective maintenance for the FOG/food waste receiving station. The FY 17 budget assumes performing two complete mixing pump impellor/cutter bar changeouts, purchasing one set of paddle finisher screens, spare hoses, glycerin, rock trap grinder parts, and other critical spare inventory items. Increase is to capture the true cost of maintaining the station.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						TPM Treatment Plant Manager	
						MS Maintenance Supervisor	
						EIAMS Electrical Instrumentation Assistant Maintenance Supervisor	
						ISA Information Systems Analyst	
Maintenance							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6510-015-03	Boilers and Hot-water Systems	MS	11,500	10,000	10,000	0.00%	Annual routine preventive and corrective maintenance for two dual fueled (biogas and/or natural gas) hot water boilers and the hot water recirculation systems. Purchases include pressure regulators, descaling agents, and critical spare inventory items. Budget includes annual specialized boiler system inspection work to examine the brick and burner assemblies, the fuel regulating systems, and associated pumps and piping.
6510-016-03	Effluent PS & Above Ground Diesel Storage Tank	MS	9,500	9,500	8,000	-15.79%	Annual preventive and corrective maintenance performed on the Effluent Pump Station's pumps, engines, driveshafts, wet well, fuel conveyance, diesel storage tanks, motor controls, and fire protection systems. Decreased expense is due to less planned maintenance, as last year's budget contained non-routine expenses.
6510-020-03	Cogen/Emergency Generator Maintenance	MS	67,000	50,000	50,000	0.00%	Routine, predictive, and minor corrective maintenance procedures scheduled for the cogeneration system and the emergency standby diesel generator, and the purchase of system components. The budget assumes three 2,000 hour maintenance procedures per year where the oil and oil filters, sparkplugs, fuel filters, and air filters are replaced, and borescoping and valve lash is regularly completed. One annual maintenance procedure on the emergency standby diesel generator is also scheduled.
6520-000-03	Groundskeeping	MS	45,000	45,000	45,000	0.00%	Facility landscaping services and supplies to maintain the Agency's property. Services include fire-defensible space maintenance, weed abatement, and clean-up project work.
6530-000-03	Small Tools & Equipment	MS	10,000	12,500	12,500	0.00%	Purchase and repair of hand, power, and pneumatic tools utilized by staff in the day-to-day maintenance of assets and equipment. Tools and equipment meeting the Agency's capitalization threshold are funded through the Capital Improvement Program.
Subtotal Maintenance & Repairs			368,000	391,000	382,500	-2.17%	
GENERAL & ADMINISTRATIVE							
6700-010-03	Meetings/Training	TPM	5,000	5,000	4,000	-20.00%	Expenses associated with attendance at single-day meetings, seminars, webinars, technical certification review courses, professional development and facilitated learning opportunities. Includes registration, mileage, meal allowance, bridge tolls, and other allowed expenses pursuant to the Agency's expense reimbursement policy.
6700-020-03	Conferences	TPM	7,000	7,000	7,000	0.00%	Expenses associated with multi-day professional conferences, seminars, and training events outlined in the Agency's travel and expense reimbursement policy.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						TPM Treatment Plant Manager	
						MS Maintenance Supervisor	
						EIAMS Electrical Instrumentation Assistant Maintenance Supervisor	
						ISA Information Systems Analyst	
Maintenance							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6805-000-03	Professional Affiliation Memberships	TPM	3,200	4,400	4,400	0.00%	Professional memberships and annual certification renewal fees for 14 maintenance and electrical / instrumentation technicians.
6830-030-03	Professional Services: USA	MS	200	300	300	0.00%	Annual service fee for Underground Service Alerts required by California government code prior to any type of digging or excavation work.
6840-020-03	Telephone: Pump Station Telemetry Data	ISA	4,000	-	-	0.00%	SRSD, the sole user of this dedicated phone land-line, will accept the transfer of this service effective July 1, 2015.
6840-030-03	Telephone: Cell Phones & Portable Radios	ISA	6,000	-	-	0.00%	This line item has been transferred to Administration account 6840-010-01, Internet & Telephone Service.
Subtotal General & Administrative			25,400	16,700	15,700	-5.99%	
Subtotal (excluding Salary and Benefits)			393,400	407,700	398,200	-2.33%	
Total Maintenance			1,669,617	1,789,800	1,881,100	5.10%	

Operations

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

The department is responsible for the following functions:

- Monitor and adjust treatment processes
- Ensure facilities are operated to achieve and exceed permit compliance
- Monitor local agency pump stations and related assets
- Order treatment chemicals and maintain inventories
- Conduct pilot testing and studies to improve and/or optimize treatment
- Monitor and operate systems to control the generation of wastewater odors
- Track the performance of all treatment and energy generation systems
- Operate a FOG/Foodwaste Receiving Station
- Operate a power generation facility

Operations Expenditures by Category	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget
SALARIES	\$1,386,997	\$1,520,600	\$1,577,400
 SUBTOTAL	1,386,997	1,520,600	1,577,400
CHEMICALS & FUELS	1,045,978	1,207,500	1,146,800
UTILITIES	377,583	395,300	372,600
GENERAL & ADMINISTRATIVE	59,474	70,500	77,000
 SUBTOTAL	1,483,035	1,673,300	1,596,400
TOTAL	\$2,870,032	\$3,193,900	\$3,173,800

Authorized Positions	FY 14-15	FY 15-16	FY 16-17
Operations Supervisor(s)	2	2	2
Lead Operators	4	4	4
Operators (Trainee, I-III)	7	7	7
TOTAL	13	13	13

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						OS Operations Supervisor	
						TPM Treatment Plant Manager	
<u>Operations</u>							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
SALARIES & WAGES							
5010-010-04	Salaries, Wages & Compensation	ASM	1,311,227	1,432,300	1,461,200	2.02%	Salaries for 13 full-time employees include an increase of 4% for represented and 4.5% for unrepresented employees, 6 step adjustments, and leave balance cash-outs not previously budgeted.
5010-104-10	Transfer to CIP	ASM	(10,111)	(10,200)	(10,200)	0.00%	Transfer of salary expenses for staff assigned to selected CIP funded projects (.1 FTE).
5010-020-04	Overtime	OS	70,000	80,000	107,900	34.87%	Authorized overtime to ensure plant is staffed 24 hours/day and to complete extraordinary activities or assignments under strict deadlines. Budget increase takes into consideration the average actual overtime worked and paid in the past years as well as comp-time cashed-out which was not previously budgeted.
5010-022-04	OPS Wet Weather Stand-by Duty	TPM	15,880	18,500	18,500	0.00%	24/7 Stand-by duty provided by qualified operations staff during wet weather season. Pursuant to MOU and personnel policies, employees are paid to remain fit for duty and must respond within 1 hour when called in for duty for emergency repair situations.
Subtotal Salaries & Wages			1,386,996	1,520,600	1,577,400	3.74%	
CHEMICALS & FUEL							
6100-010-04	Ferric Chloride	OS	72,389	66,400	60,100	-9.49%	Ferric chloride is mixed with plant influent flow to improve settling of suspended solid material in the primary clarifiers during storm related flow events. Ferric chloride also inhibits hydrogen sulfide production in anaerobic digesters, and reduces struvite (magnesium ammonium phosphate) formations that damage pipes and process equipment. Ferric chloride is also used in the biosolids dewatering process as a coagulant. This budget is based upon annual usage over the past three years, which averaged 126 dry tons or between 11 and 14 loads per year. Reduced expense due to lower bid openings for ferric chloride.
6100-020-04	Polymer-Cationic	OS	156,854	177,300	174,700	-1.47%	Polymer is added to centrifuge feed sludge to enhance the efficiency of solids removal, and is also injected into the flow stream for sludge thickening units to increase solids capture which reduces hydraulic loading in the digesters. This budget is based on receiving 3.5 bulk polymer deliveries per year. Reduced expense due to lower bid openings for polymer.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						OS Operations Supervisor	
						TPM Treatment Plant Manager	
<u>Operations</u>							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6100-030-04	Odor Control	OS	18,500	18,500	21,500	16.22%	Used to mask malodorous compounds produced by some wastewater processes, and to minimize, odor complaints received from the public. Odorants are delivered in 55 gallon barrels. The FY17 budget is based on a 3-year average use of 14 barrels. Increase is due to purchase of two additional barrels.
6100-040-04	Nitrate	OS	260,765	378,500	362,500	-4.23%	Nitrate salts are the first of a two-phase odor control system used in the collection system upstream of the wastewater treatment plant. Nitrate injection in strategic locations inhibits hydrogen sulfide formation and increases the life of collection system infrastructure by reducing the formation of corrosive sulfuric acid. The budget is based upon the increased amount of nitrate solution used in recent drought related low flow years to reduce hydrogen sulfide generation in the collection system. Use is projected at 158K gallons for FY 17. Reduced expense due to lower bid openings for nitrate.
6100-050-04	Hydrogen Peroxide	OS	195,210	216,900	226,100	4.24%	Hydrogen peroxide is the second phase of CMSA's odor control system. It is injected into the 54" and 45" collection system interceptors. Peroxide reacts with the influent flow by oxidizing sulfur compounds which reduces odors and decreases the potential for corrosion in the Headworks building. The budget is based on the amount of hydrogen peroxide solution used in recent drought years and is projected at 100K gallons or for FY 17. Increase is due to increased usage.
6100-060-04	Sodium Hypochlorite	OS	166,320	166,400	129,200	-22.36%	Sodium hypochlorite is used for 1) effluent and recycled water disinfection; 2) the control of filamentous biological organisms; and 3) for three plant odor control scrubbers. The budget is based on the 3-year average hypochlorite solution use. Reduced expense due to lower bid openings for sodium hypochlorite.
6100-070-04	Sodium Bisulfite	OS	153,440	163,100	156,700	-3.92%	Sodium bisulfite is used in the effluent to neutralize the chlorine residual after the disinfection process prior to discharge into the San Francisco Bay. The budget is based upon continued increased usage over recent years to ensure the Agency's NPDES permit limits are met. The budget estimate is for 170K gallons or 34 deliveries during FY 17. Reduced expense due to lower bid openings for sodium bisulfite.
6400-020-04	Gasoline, Oil, & Fuel	OS	22,500	20,400	16,000	-21.57%	Gasoline for vehicles, landscaping machinery, and portable equipment, and diesel for standby engine generators and the effluent pump station pumps. The budget is for 2,000 gallons of gasoline and 3,500 gallons of diesel. Reduction in price is based on projected 2016 fuel price average.
Subtotal Chemicals & Fuel			1,045,978	1,207,500	1,146,800	-5.03%	

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						OS Operations Supervisor	
						TPM Treatment Plant Manager	
<u>Operations</u>							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
UTILITIES							
6835-010-04	Utilities: Natural Gas	OS	121,458	109,900	80,100	-27.12%	Supplemental fuel for the cogeneration system that produces electricity for the Agency, and fuel for the boilers when this system is offline. CMSA purchases natural gas (NG) from the not-for-profit SPURR (School Project for Utility Rate Reduction) which purchases gas in bulk for public agency facilities at wholesale costs. This budget is based on purchasing 16,000 therms per month at an estimated cost of \$0.39/therm delivered. The reduction in procuring NG this fiscal year is due to the Agency's cogeneration system operating at approximately 19 hours a day on biogas produced by the Agency.
6835-020-04	Utilities: Electricity	OS	199,500	219,500	221,500	0.91%	Electricity to supplement the cogeneration engine and to supply power when the cogenerator is offline for maintenance is purchased from MCE (Marin Clean Energy), and transportation demand charges are paid to PG&E. Rates are budgeted to increase 7.0% for PG&E. The Agency's cogeneration system will be off-line for major maintenance this fiscal year. Power for facility operations will be purchased exclusively through our local utility. The FY 17 CIP budget accounts for the power costs during this time period.
6835-030-04	Utilities: Water	OS	4,000	8,200	8,500	3.66%	Potable water for CMSA and the San Quentin junction box odor control facility. The Marin Municipal Water District doubled its service charge and implemented a new watershed management fee in January 2017. The district has also announced a 4% rate increase in FY 17.
6835-040-04	Utilities: Garbage	OS	52,625	57,700	62,500	8.32%	Solid waste disposal for commercial garbage, green waste, recycling, and debris box disposal of headworks screenings, grit removal, and non-recyclable wastes. The increase is for projected additional waste bins and debris boxes, and a 2.7% garbage rate increase.
Subtotal Utilities			377,583	395,300	372,600	-5.74%	
GENERAL & ADMINISTRATIVE							
6210-000-04	Operations - General	TPM	6,000	6,000	6,000	0.00%	Small tools, equipment, parts, and other miscellaneous supplies.
6700-010-04	Meetings/Training	TPM	6,000	5,000	5,000	0.00%	Expenses associated with attendance at single-day professional meetings, seminars, and certification trainings. Includes registration, mileage, meal allowance, bridge tolls, and other allowed expenses pursuant to the Agency's expense reimbursement policy.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						OS Operations Supervisor	
						TPM Treatment Plant Manager	
<u>Operations</u>							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6700-020-04	Conferences	TPM	3,500	4,500	4,500	0.00%	Expenses associated with multi-day professional conferences, seminars, and training events outlined in the Agency's travel and expense reimbursement policy.
6805-000-04	Professional Affiliation Memberships	TPM	6,000	6,000	6,500	8.33%	Professional memberships and certification renewal requirements for operators. The budget includes 13 annual membership renewals and 14 treatment plant operator certification renewal fees.
6810-010-04	Permit & Licenses: BAAQMD Permit	TPM	13,974	19,000	25,000	31.58%	Bay Area Air Quality Management District (BAAQMD) permit fees for the cogeneration engine, emergency power generator, five effluent pump station engines, and fuel dispensers. Increase accounts for new stationary equipment (rotary drum thickeners) registration fees and an expected 9% increase in the BAAQMD permit fees.
6830-001-04	Professional Services: Process Control	TPM	24,000	30,000	30,000	0.00%	Professional wastewater consulting services for evaluation of process control options for reliability, efficiency and other improvements, and assessment advice on process control issues, training of staff on process analysis, and conducting special studies.
Subtotal General & Administrative			59,474	70,500	77,000	9.22%	
Subtotal (excluding Salary and Benefits)			1,483,035	1,673,300	1,596,400	-4.60%	
Total Operations			2,870,031	3,193,900	3,173,800	-0.63%	

Engineering

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

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

Engineering Expenditures by Category	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget
SALARIES	\$ 292,031	\$ 350,300	\$ 465,300
SUB-TOTAL	292,031	350,300	465,300
GENERAL & ADMINISTRATIVE	114,240	107,400	167,100
SUB-TOTAL	114,240	107,400	167,100
TOTAL	\$ 406,271	\$ 457,700	\$ 632,400

Authorized Positions	FY 14-15	FY 15-16	FY 16-17
Engineering Manager	1	1	1
Associate Engineer*	-	1	-
Assistant Engineer**	1	1	2
Information Systems Analyst	1	1	1
TOTAL	3	3	4

*The FY 15-16 included a partially funded Associate Engineer which has been removed for FY 16-17

**The Assistant Engineer is a new position.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						GM General Manager	
						ASM Administrative Services Manager	
						EM Engineering Manager	
Engineering							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
SALARY & WAGES							
5010-010-05	Salaries, Wages & Compensation	GM	376,036	434,300	548,200	26.23%	Salaries for 4 full-time employees (including 1 new hire) and includes an increase of 4% for represented and 4.5% for unrepresented employees, and 2 step adjustments.
5010-105-10	Transfer to CIP	GM	(85,900)	(85,900)	(85,900)	0.00%	Transfer of salary expenses for staff assigned to Digester-FOG Facility and other CIP funded projects (.7 FTE for department staff capitalizations).
5010-020-05	Overtime	ASM	1,895	1,900	3,000	57.91%	Budget based on past compensatory time cashed-out which was not previously budgeted.
Subtotal Salary & Wages			292,031	350,300	465,300	32.83%	
GENERAL & ADMINISTRATIVE							
6700-010-05	Meetings/Training	ASM	3,000	5,000	5,000	0.00%	Expenses associated with single-day professional meetings and training seminars. The budget also includes training for advanced reporting from Ignition SCADA software.
6700-020-05	Conferences	ASM	16,775	7,800	5,700	-26.92%	Expenses associated with multi-day professional conferences, seminars, and training events per the Agency's expense reimbursement policy. Reduction is due to FY 17 conference attendance schedule.
6805-000-05	Professional Affiliation Memberships	ASM	1,215	1,300	1,600	23.08%	Professional society memberships and registration fees for Engineering Department staff. Increase due to addition of WEF and CWEA memberships for the new engineer.
6815-000-05	Office Expenses	ASM	1,000	500	500	0.00%	Engineering office supplies: ink cartridges, paper for large-format printer/plotter, and other miscellaneous office expense.
6815-002-05	Information Systems	ASM	1,250	1,300	700	-46.15%	Allowance for engineering productivity and project management software. Reduction in cost due to shift of Autocad license support to account 6815-003-05.
6815-003-05	Software License & Support	EM	6,500	11,000	18,100	64.55%	Annual licensing and software maintenance fees for Nexgen (CMMS), Ignition(SCADA), AutoCAD (drafting), and virtual server maintenance software. Increase due to addition of Autocad and virtual server licenses and support and increase in the Nexgen annual renewal.
6820-000-05	Printing & Publications	ASM	1,000	1,000	1,000	0.00%	Allowance for printing/shipping/advertising expenses for documents not assigned to specific CIP project contracts, and for local print shop services for copying, scanning, and converting 300 large-format records of U.S.A. marking drawings into electronic formats.
6830-001-05	Professional Svcs - Special Studies	GM	40,000	20,000	45,000	125.00%	A consultant will prepare a gap analysis of the current CMMS system and provide basic asset management training engineering and maintenance staff. An allowance is included for unplanned studies. Increase due to addition of asset management training and review.

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						GM General Manager	
						ASM Administrative Services Manager	
						EM Engineering Manager	
Engineering							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
6830-002-05	Cathodic Protection	EM	3,500	9,500	9,500	0.00%	Periodic cathodic protection monitoring of the land portion of the Marine Outfall, sections of the Ross Valley Interceptor, the San Rafael interceptor, various buried pipelines on Agency property, San Rafael Sanitation District Simms Force Main, and the South Francisco casing. Annual costs will vary from year to year due to monitoring frequencies for different facilities. The budget increase includes a \$5K allowance to replace up to 2 magnesium anodes.
6830-019-05	Professional Svcs - Engineering Support	GM	40,000	50,000	80,000	60.00%	The Effluent Flow Monitoring study was initiated in FY 16 for a total cost of \$169,515. The FY 17 budget is the estimated amount remaining to complete the study.
Subtotal General & Administrative			114,240	107,400	167,100	55.59%	
Subtotal (excluding Salary and Benefits)			114,240	107,400	167,100	55.59%	
Total Engineering			406,271	457,700	632,400	38.17%	

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

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

With the exception of the Safety Director Program, the budget in this cost center is to track the non-employee compensation portion of the contract expenses incurred on behalf of the contracting agencies. Each contracting agency has agreed to reimburse CMSA the costs of services rendered by CMSA in accordance with the terms of their respective contracts.

The tables below illustrate the relationship between the amount of projected revenues from each contracting agency in FY 16-17 and estimated expenses incurred by CMSA for its services.

Non-Agency Services	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget
CONTRACT SERVICE REVENUES			
San Quentin State Prison Wastewater Services	\$ 848,189	\$ 890,716	\$ 816,946
San Quentin State Prison Pump Station Maintenance	100,000	102,800	105,473
San Quentin Village Wastewater Services	27,627	34,383	33,056
SD#2 Pump Stations	369,286	389,242	394,063
LGVSD - FOG & Pollution Prevention	20,000	20,000	20,000
SD #1 – FOG	18,000	18,000	19,000
SRSD – FOG	24,000	22,000	23,000
TCSD – FOG	1,200	2,400	2,100
SD #2 – FOG	8,000	9,500	9,500
Almonte SD – FOG*		2,000	3,500
Novato SD - Dental Amalgam (new)	4,000	4,000	1,500
SUBTOTAL CONTRACT SERVICE REVENUES	1,420,302	1,495,041	1,425,138
Safety Director Program	87,040	83,387	85,000
County-wide Education Program	47,040	51,156	43,990
SUBTOTAL Program Revenues	134,080	134,543	128,990
TOTAL CONTRACT SERVICE REVENUES	\$ 1,554,382	\$ 1,629,584	\$ 1,554,128
*FY 16 Budget was adjusted to include \$2000 for Almonte SD which had been excluded from last year's FY 16 presentation			
CONTRACT SERVICE EXPENDITURES (EXCLUDING ADMINISTRATIVE OVERHEAD CHARGES)			
San Quentin State Prison Wastewater Services	\$ 848,189	\$ 890,716	\$ 816,946
San Quentin State Prison Pump Station Maintenance	100,000	91,000	104,076
San Quentin Village Wastewater Services	23,578	30,334	28,792
SD#2 Pump Stations	322,471	342,427	348,520
LGVSD - FOG & Pollution Prevention	16,393	16,393	16,393
SD #1 - FOG	16,364	16,364	17,273
SRSD - FOG	21,818	20,000	20,909
TCSD - FOG	984	1,967	1,721
SD #2 - FOG	7,273	8,636	8,636
Almonte SD – FOG	-	1,818	3,182
Novato SD - Dental Amalgam	3,279	3,279	1,230
SUB-TOTAL CONTRACT SERVICE EXPENDITURES	1,360,348	1,422,935	1,364,678
Safety Director Program	84,520	80,750	82,372
County-wide Education Program	40,904	44,483	38,252
SUB-TOTAL PROGRAM EXPENDITURES	125,424	125,234	120,624
TOTAL CONTRACT SERVICE & PROGRAM EXPENDITURES	\$ 1,485,773	\$ 1,548,168	\$ 1,485,302

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts						ASM Administrative Services Manager	
						SD Safety Director	
						EM Engineering Manager	
						MS Maintenance Supervisor	
						TPM Treatment Plant Manager	
Non-Agency Expenses: CMSA Services Provided Under Contract to Other Local Agencies							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
ADMINISTRATION							
5010-010-06	Salaries, Wages & Compensation - Safety Director	ASM	52,424	54,800	56,800	3.65%	Novato Sanitary District's (NSD) share of the Safety Director salary is 40% and includes a 4.5% salary increase, car allowance and leave cash-outs. The Agency's share is 60% and is allocated to the Administration Budget.
5020-020-06	CalPERS Retirement - Safety Director	ASM	11,747	12,000	11,600	-3.34%	Employer and employer-paid employee contributions for CalPERS 2.7% @ 55 retirement program. The Safety Director pays 100% of the employer paid member contribution (EPMC) in FY 17 which accounts for the decrease.
5020-030-06	SS / Medicare - Safety	ASM	762	800	800	0.00%	Employer's 1.45% share of Medicare.
5030-010-06	Employee Health Benefits - Safety Director	ASM	11,585	11,800	11,400	-3.39%	Employer paid contributions for employee benefits includes insurance coverage for health, dental, vision, life, accident and disability. Budget decrease is due to decreased life insurance premiums.
5030-015-06	Employee Benefits- MARA	ASM	775	900	850	-5.60%	MARA: Is a medical after retirement employer paid contribution and has an administrative fee totaling 1.6% of base salary. The decrease is due to NSD's reduced share in the Safety Director Program.
5030-020-06	Retiree Health Benefits - Safety Director	ASM	2,373	2,300	2,650	15.18%	Medical benefits for one retired employee and one surviving spouse. The increase is due to the assumption there will be a premium increase effective January 2017.
5065-000-06	Shoes - Safety Director	ASM	84	100	100	0.00%	Safety shoes are part of the safety clothing provided for employees per CMSA safety policies.
6830-016-06	Safety Director Program Expenses	SD	6,754	7,000	6,700	-4.28%	Professional services, materials, supplies and memberships, to administer the Safety Program for two participating agencies. NSD's program share decreased to 40% decreasing its share of program costs. CMSA's 60% share is budgeted to 6830-016-01.
Subtotal Administration			86,503	89,700	90,900	1.34%	
ENVIRONMENTAL SERVICES							
6821-000-06	Countywide Public Education Program	ESM	47,040	47,000	42,500	-9.57%	Program expenditures to administer the County Wide Education Program for 5 participating agencies such as promotional materials, booth registration fees, public outreach program costs, sponsorships, supplies and memberships. CMSA's 40.6% share of the program cost is budgeted to Environmental Services account 6821-000-02. Decrease due to lower pharmaceutical take-back locations after Kaiser exited program.
Subtotal Environmental Services			47,040	47,000	42,500	-9.57%	

Central Marin Sanitation Agency						*Position Code	
Adopted FY 2016-17 Operating Budget							
Line Item Accounts							
						ASM Administrative Services Manager	
						SD Safety Director	
						EM Engineering Manager	
						MS Maintenance Supervisor	
						TPM Treatment Plant Manager	
Non-Agency Expenses: CMSA Services Provided Under Contract to Other Local Agencies							
Account #	Account Name	*By	FY 14-15 Adopted Budget Amended 08/26/14	FY 15-16 Adopted Budget	FY 16-17 Adopted Budget	% Change FY 17 Adopted Budget from FY 16 Adopted Budget	Budget Account Description
MAINTENANCE			(excludes labor)	(excludes labor)	(includes labor)		
6600-000-06	SD-2 Pump Stations	MS	110,640	389,242	120,050	-69.16%	SD#2 pump station maintenance costs include labor, mileage, repair services, parts, supplies, equipment and recommended maintenance and capital expenditures. The decrease is attributable to fewer planned maintenance projects.
6600-001-06	SQP Pump Station Maintenance	TPM	20,000	102,800	44,300	-56.91%	SQP pump station maintenance costs include labor, mileage, repair services, parts, supplies, equipment and recommended maintenance and capital expenditures. The increase is due to a contractual CPI price adjustment.
6600-002-06	SQ Village WW System Maintenance	TPM	53,091	34,383	33,050	66.86%	SQV wastewater maintenance costs include labor, mileage, repair services, parts, supplies, equipment and recommended maintenance and capital expenditures. The increase is due to a contractual increase and anticipated higher maintenance costs.
Subtotal Maintenance			183,731	526,425	197,400	-57.88%	
TOTAL Non-Agency Expenses			317,274	663,125	330,800	-46.45%	

SECTION 8. CAPITAL IMPROVEMENT PROGRAM

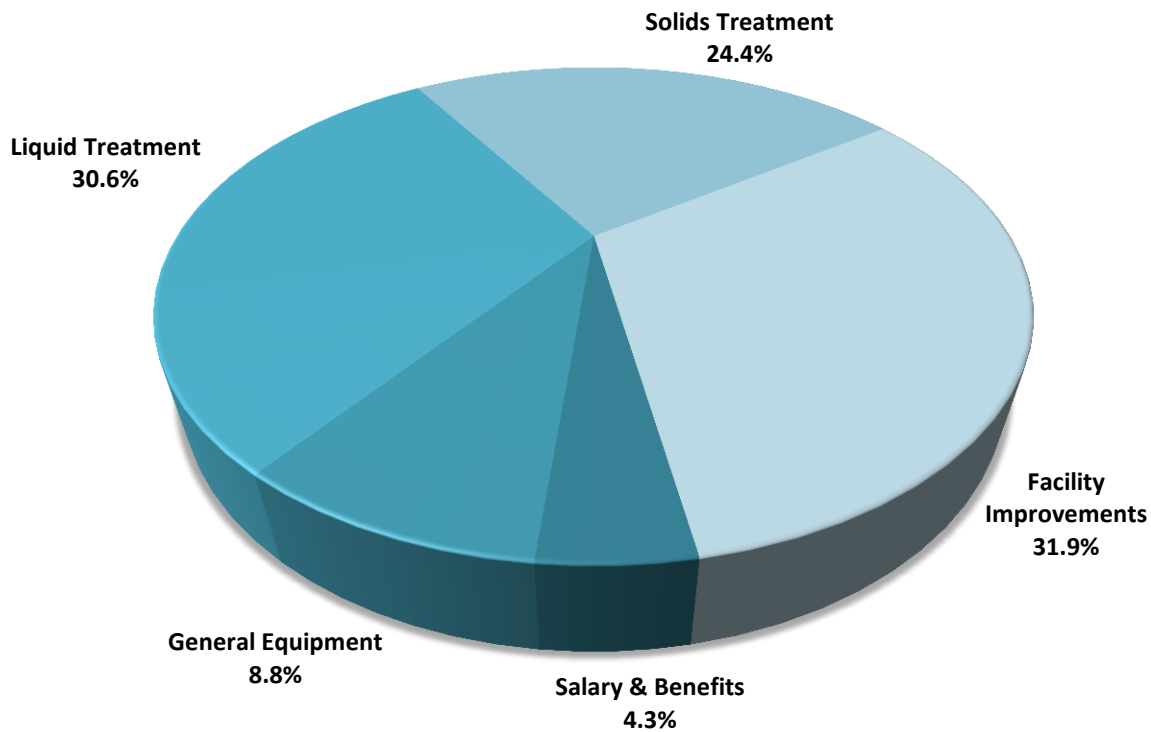
The treatment and disposal of wastewater and its beneficial reuse of by-products is a highly regulated enterprise that requires significant capital infrastructure. CMSA operates an around-the-clock wastewater facility, and the various assets and equipment necessary for the treatment processes are subjected to heavy use in a sometimes harsh operating environment. These assets are subjected to constant contact with wastewater and chemicals used in the treatment process. Agency staff monitors the development of new technologies and considers processes that may improve treatment methods, save energy, reduce chemical usage, and assist with meeting changing regulatory requirements. The maintenance, replacement, and addition of capital assets are an essential part of the Agency’s Capital Improvement Program (CIP) budget.

The CIP identifies capital expenditures over the next ten years so that the Agency may develop appropriate funding plans to implement future capital activities. The 10-Year CIP includes the replacement and rehabilitation of existing capital assets, as well as the acquisition or construction of new capital assets. Included within the 10-Year CIP is the FY 17 budget for capital projects and asset repair and replacement activities shown in the table below. These initiatives are organized into five categories: 1) Salary and Benefits for CIP Management, 2) Facility Improvements, 3) General Equipment, 4) Liquid Treatment Equipment and Systems, and 5) Solids Treatment and Energy Generation Equipment and Systems.

Capital expenditures are cash transactions made by the Agency that result in the acquisition or construction of a capital asset. A capital asset is any asset valued over \$5,000 with a useful life of over one year. Examples include land, buildings, machinery, vehicles, and equipment. All capital assets that the Agency plans to acquire or construct are included in the FY 17 CIP.

	FY 15 Adopted Amended Budget	FY 16 Adopted Budget	FY 17 Adopted Budget	FY 17 Projects
<u>CIP Categories:</u>				
1. Salary & Benefits for CIP Management	\$ 170,300	\$ 178,200	\$ 181,800	
2. Facility Improvements	764,500	1,767,900	1,335,500	5
3. General Equipment	411,500	381,700	368,400	9
4. Liquid Treatment Equipment and Systems	739,500	828,000	1,283,800	14
5. Solids Treatment and Energy Generation Equipment and Systems	2,816,900	1,389,000	1,023,500	7
TOTAL CIP PROJECTS	\$ 4,902,700	\$ 4,544,800	\$ 4,193,000	35
<u>CIP Funding Sources:</u>				
Restricted Capital Reserves	4,624,196	2,954,553	914,806	
Unrestricted Capital Reserves	278,504	1,590,247	3,278,194	
TOTAL CIP FUNDING	\$ 4,902,700	\$ 4,544,800	\$ 4,193,000	

CIP Expenditures as % of Total Capital Improvement Program for FY 17



Major Capital Projects

The 10-Year CIP includes many important projects to maintain or improve the operation of the Agency's facilities. Within the CIP, several projects have additional Detailed Project Descriptions that further explain the scope, schedule, and budget for the project. Two major projects in FY 17 are:

- **Maintenance Facility Modifications:** Since the Maintenance Building and Maintenance Annex were constructed (1985 and 1995, respectively), the Agency's inventory and work space needs have changed. In FY 14, Agency staff conducted an internal needs assessment to identify the scope of modifications to the Maintenance Building and Annex. In FY 15, the Agency selected FME Architecture to prepare a formal needs assessment and to initiate the design phase of the project. In FY 16, FME prepared design documents that included modifications to the Maintenance Building to create office spaces, enclose the open side of the building for storage, and construct a new storage building adjacent to the Maintenance Annex. Grading improvements between the Administration Building and the Maintenance Building for better access were also included in the project. The design documents were submitted to the San Rafael Planning, Building, and Fire Departments for review and comment. FME addressed their comments and the plans were approved by the Building Department in August 2016. The project will be publically bid and constructed in FY 17 and 18. This project will not have a significant impact on future operational budgets other than to provide storage space for equipment that is currently exposed to the elements.
- **Odor Control System Improvements:** The Agency is working to implement improvements to ventilation in the solids handling building truck loading area in order to improve working

conditions while operators load biosolids trucks. The current working environment is odorous and subject to truck exhaust during biosolids loading. The designed improvements include supplemental ventilation of the sludge loading room by mounting a new supply air system on the roof with ducting, and a new exhaust air system on the opposite side of the building which also includes ducting and a new exhaust fan. The consultant's scope of work was amended in June 2016 to incorporate fire safety protection improvements that minimize the potential of an explosive atmosphere being present in the building. This will be accomplished by increasing the air flow through the building, modifying ducting to eliminate "dead spaces," and installing monitoring equipment and alarms to notify staff if there is an equipment failure. The design will be completed in the fall of 2016. With Board authorization, the project will be bid and constructed immediately after the design is complete.

10-Year Capital Improvement Program Planning and Funding

The Agency annually updates its 10-Year CIP as part of the budget development process. The FY 17 CIP Budget and 10-year CIP schedule were prepared by an interdisciplinary CIP team comprising managers and supervisors from the Engineering, Operations, and Maintenance departments. The CIP team is responsible for developing and managing the annual CIP Budget, determining the appropriate delivery method for each project and activity, and monitoring and reporting of CIP activities. The General and Administrative Services Managers are responsible for working with the Board Finance Committee to develop long-term funding options for the 10-Year CIP.

The plan undergoes several levels of review. Each project or activity included in the CIP is individually evaluated to 1) determine its operational necessity, 2) ascertain if there is a less expensive alternative, 3) identify opportunities to reduce energy consumption and/or greenhouse gas emissions, and 4) create a project development schedule. Depending on the scale of the project, large, multi-year construction projects will typically have evaluation, study, and/or pre-design elements incorporated into the CIP. Costs for large projects greater than \$500,000 are estimated by engaging consulting engineers to prepare cost estimates, while cost estimates for smaller scale projects are determined by either surveying other public agencies or by utilizing costs from similar projects conducted by CMSA. Once the budget has been adopted, the Agency is required to comply with the Uniform Public Construction Cost Accounting Act to acquire the assets and deliver the project. All construction and professional service contracts and purchases that are over the dollar threshold set by the aforementioned Act and CMSA policies require Board approval at an open public meeting.

The total cost of the CIP over the next ten years is approximately \$34 million. This 10-year CIP scope focuses primarily on replacing aging infrastructure and assets, and is funded by capacity charges and capital reserves (which include capital charges and debt service coverage revenues). Through thoughtful planning, the Agency will have accumulated sufficient capital reserves by the end of FY 17 to finance just over 73 percent of the current 10-Year CIP. The Agency plans to address the remaining 10-Year CIP funding requirements as it begins to develop the Agency's Five-Year Revenue Plan for the period FY 19 through FY 23.

Other Sources of Capital Funding

When there is a new connection to the sanitary sewer system from a home or business in the CMSA service area, the Agency receives a capacity charge. The intent of the charge is to ensure that all new users pay their fair share of the wastewater treatment and disposal systems costs. The charge is based on the idea that wastewater services and capacity are available on a first-come-first-serve basis. Each JPA Member agency charges a separate collection system connection fee. For a new connection, the JPA member agency collects the combined connection fee and capacity charge from the property owner/developer, and the capacity charge portion of the fee is remitted to CMSA. Central Marin County is a well-developed region with very little large scale residential or commercial expansions generally occurring in the combined CMSA service area. As a result, the Agency does not budget for capacity charges as a funding source for the CIP. Should the Agency receive capacity charges during the fiscal year, California Government Code requires CMSA to disclose the amount of capacity charges collected within 180 days after the fiscal year and identify the public improvements or projects that were funded by the capacity charges. The amount of capacity charges that the Agency has received each fiscal year and the capital improvements funded by these charges can be found in the Agency's Comprehensive Annual Financial Report which is available on the Agency's website: <http://www.cmsa.us/finance/budget>.

Refining Capital Infrastructure Planning and Budgetary Impacts

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

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

Fiscal Year 17 and 10-Year CIP Budget Documents

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

- 10 Year Capital Improvement Program Schedule. The schedule shows the Agency's planned capital activities for the next ten fiscal years. Included in this display are the Projected Expenditures for FY 16 projects and the Adopted FY 17 CIP project budgets.
- Capital Improvement Program – Account/Project Descriptions. Each project, initiative, and activity in the 10-Year CIP expenditure plan is described by budget account number and serves to guide Agency staff in the execution of budgeted activities. The document

identifies replacement schedules for equipment and assets and is a reference when assigning account numbers for purchase orders and payment of goods and services.

- Detailed Project Descriptions. Each large or multi-year initiative has a dedicated planning level document which describes the major capital project by its scope, justification, costs by fiscal year and activity, and includes photograph(s) of the project being described. Capital investments made in these projects during FY 17 may have a direct impact on the FY 17 operating budget.

Adopted FY 16-17 Capital Improvement Program – Summary of Changes

Category	FY 15-16 Adopted Budget	FY 15-16 Projected Actuals	FY 16-17 Adopted Budget	# of Activities
Facility Improvements	\$ 1,767,900	\$ 1,303,699	\$ 1,335,500	5
General Equipment	381,700	298,421	368,400	9
Liquid Treatment Equipment and Systems	828,000	639,889	1,283,800	14
Solids Treatment and Energy Generation	1,389,000	1,195,713	1,023,500	7
Staff Costs	178,200	178,200	181,800	1.0 FTE
Total	\$4,544,800	\$3,615,922	\$4,193,000	35

FY 16-17 Priority Projects

- 1) Maintenance Facility Modifications (\$900K): Construct improvements to add office and storage space in the maintenance building, and to build a second building by the maintenance annex.
- 2) Odor Control System Improvements (\$370K): Complete design and construction of ventilation system and improvements in solids handling building biosolids truck loading bay, and other improvements to comply with NFPA 820.
- 3) Agency Facilities Master Plan (\$361k): Conduct a study to provide planning guidance for infrastructure management, regulatory changes, renewable resource recovery, sea level rise, biosolids management alternatives and treatment process optimization.
- 4) Cogeneration Maintenance (\$340k): Conduct an upper and lower end rebuild of the engine and replacement of turbo charges. Includes an allowance for power costs while the engine is out of service.
- 5) Centrifuge Maintenance (\$235K): Preliminary design study to research potential replacement technologies and recommend rehabilitation or replacement as the appropriate course of action. Budget includes an allowance for rehabilitation work if recommended in the preliminary design study.
- 6) Bio-Tower Rotary Distributer Replacement (\$127K): Replacement of the rotary distributor mechanism, including bearings and the upper level of plastic media.
- 7) FOG/F2E Vault Relining (\$125K): Remove existing coating in the FOG/F2E vault and install a new epoxy coating. Temporary facilities will be installed to allow the station to continue to receive FOG and other liquid waste streams when the vault is out of service.
- 8) PG&E Interconnection Agreement Modification (\$100K): Complete the PG&E interconnection agreement modification process, and install electrical equipment to allow for power export.
- 9) Critical Buried Pipe Inspection (\$105K): Condition assessment of SRSD and RVSD Interceptors.

**Central Marin Sanitation Agency
Capital Improvement Program
FY 17 Adopted Budget and 10-Year Forecast**

GL Account Number	PM*	Proposed Delivery Method	Prior FYs' Costs	Adopted Budget For FY 16	Projected FY 16 Actuals	10-year CIP											Project Totals	
						1 Adopted FY 17	2 FY 18	3 FY 19	4 FY 20	5 FY 21	6 FY 22	7 FY 23	8 FY 24	9 FY 25	10 FY 26	Total FY 17 - FY 26		
Facility Improvements																		
7300-103-10	EM	Effluent Storage Pond Rehabilitation	FB	90,054	-	-	-	-	-	-	-	35,900	1,138,000	-	-	-	1,173,900	1,263,954
7300-700-10	EM	Agency Facilities Master Plan (3)	PSA	-	-	-	360,800	120,300	-	-	-	-	-	-	-	-	481,100	481,100
7300-956-00	EM	Industrial Coatings & Concrete Rehabilitation	IB	-	25,000	52,516	16,900	17,700	18,400	180,300	92,100	19,500	19,900	20,300	20,700	21,100	426,900	-
7300-979-10	EM	Chemical Storage Room Rehabilitation	FB	299,048	984,500	969,635	-	-	-	-	-	-	-	-	-	-	-	1,268,683
7300-987-00	EM	Outfall Inspection & Repairs	IB	-	16,100	30,250	30,900	31,500	32,100	392,900	33,400	34,100	34,800	35,400	36,200	36,900	698,200	-
7400-103-10	EM	Maintenance Facility Modifications (3)	FB	58,785	571,300	135,000	786,300	138,800	-	-	-	-	-	-	-	-	925,100	1,118,885
7400-956-00	EM	Facility Paving/Site Work	IB	-	16,000	3,545	130,600	10,200	10,400	126,200	10,800	11,000	134,700	11,500	11,700	155,800	612,900	-
7400-600-00	EM	Hillside Slope Stabilization	IB	-	100,000	492	-	-	-	-	-	-	-	-	-	-	-	-
7400-800-00	EM	Recycled Water Truck Fill Station	IB	-	30,000	87,261	-	-	-	-	-	-	-	-	-	-	-	-
7400-960-00	EM	Facility Roofs Rehabilitation	-	294	25,000	25,000	10,000	-	-	72,500	885,300	-	-	-	-	-	967,800	993,094
Subtotal - Facility Improvements					1,767,900	1,303,699	1,335,500	318,500	60,900	771,900	1,021,600	100,500	1,327,400	67,200	68,600	213,800	5,285,900	
General Equipment																		
7300-672-00	ISA	Process Control	M	-	75,000	55,000	35,500	26,800	27,900	28,400	29,000	44,600	30,100	30,700	31,400	32,000	316,400	-
7300-672-10	EM/ISA	Security / Fire Systems	PO	-	3,500	1,648	-	3,700	-	3,800	-	4,000	-	4,200	-	4,500	20,200	-
7300-683-00	MS/EM	Above Ground Fuel Storage Tanks	IB	-	-	-	10,000	106,700	-	-	-	-	-	-	-	-	116,700	-
7410-851-00	ISA	IT Hardware and Communication Equip	M	-	24,000	30,000	54,400	12,900	13,200	13,500	13,800	61,100	14,400	14,800	15,100	15,400	228,600	-
7420-701-00	MS	Agency Vehicle Replacement	IB	-	54,000	53,965	59,000	13,900	54,800	69,600	36,800	64,700	168,500	67,800	50,500	60,300	645,900	-
7430-958-00	ESM	Laboratory Equipment	PO	-	14,200	14,200	14,300	14,100	11,500	16,000	12,800	55,300	36,600	16,500	38,600	16,800	232,500	-
7450-002-00	MS	Electrical Equipment	M/IB	-	100,000	80,000	83,700	69,600	71,200	61,700	63,200	76,400	78,200	55,400	56,700	66,100	682,200	-
7450-002-10	MS	Plant Lighting	IB	-	26,000	26,108	26,000	17,700	18,100	18,500	18,900	19,400	19,800	20,300	20,800	21,100	200,600	-
7450-102-00	MS	Process Instrumentation	M	-	30,000	30,000	60,000	40,300	49,200	42,100	43,000	43,900	45,000	45,900	46,500	48,100	464,000	-
7450-105-00	MS	Electrical Distribution System Rehabilitation	PSA/FB	-	55,000	7,500	25,500	-	-	-	1,118,600	-	180,500	-	189,200	-	1,513,800	-
Subtotal - General Equipment					381,700	298,421	368,400	305,700	245,900	253,600	1,336,100	369,400	573,100	255,600	448,800	264,300	4,420,900	
Liquids Treatment Equipment and Systems																		
7300-685-00	EM	Bio-Tower Rotary Distributor Replacement	IB	-	-	-	126,700	-	-	-	-	-	-	-	-	-	126,700	126,700
7300-700-00	MS	Plant Pumps	M	-	53,900	48,354	160,000	57,500	58,800	60,100	61,400	62,700	64,200	65,600	66,400	68,600	725,300	-
7300-719-00	MS	Chemical Pumps	M	-	43,100	34,383	40,000	46,100	47,000	48,100	49,200	50,300	51,300	52,400	53,100	55,000	492,500	-
7300-720-00	MS	Gates Rehabilitation	M/IB	-	110,000	104,972	87,900	69,000	70,500	72,000	73,700	75,300	77,000	78,700	79,700	82,300	766,100	-
7300-727-00	MS	Headworks Equipment	M	-	64,000	45,800	70,000	68,600	70,100	71,800	73,500	75,200	72,200	73,900	75,600	81,800	732,700	-
7300-981-00	EM	Odor Control System Improvements (3)	PSA/FB	72,674	163,000	131,000	370,000	-	1,137,000	-	-	1,254,200	-	-	-	1,356,600	4,117,800	4,321,474
7300-983-00	MS	Process Tank Maintenance	M/IB	-	70,000	69,500	35,000	74,900	76,700	78,600	57,400	58,800	60,200	61,600	63,100	68,500	634,800	-
7400-965-00	EM/MS	Primary Clarifiers Rehabilitation	PO/M	-	95,000	82,747	10,000	32,100	20,000	-	-	125,500	128,400	131,100	133,000	149,700	729,800	-
7300-990-00	MS	Secondary Clarifiers Rehabilitation	PSA/IB	-	15,000	-	75,000	242,300	247,600	313,000	151,400	-	-	-	-	-	1,029,300	-
7300-995-00	TPM	Aeration System Rehabilitation	M/IB	-	30,000	29,000	51,000	19,300	-	-	-	-	-	25,000	-	-	95,300	-
7400-966-00	EM	Critical Buried Pipe Inspection/Repairs	PSA	-	105,500	20,000	100,000	-	176,400	-	-	-	-	-	-	-	276,400	296,400
7430-855-00	MS	Chemical Tanks	M/IB	-	30,000	25,933	40,000	85,600	27,400	56,100	57,400	35,300	42,100	43,100	44,100	50,200	481,300	-
7430-857-00	MS	Piping, Valves & Operators	M	-	48,500	48,200	95,700	101,800	52,900	54,100	55,300	56,500	57,700	59,100	59,800	66,000	658,900	-
7450-104-10	EM	Influent Flow Meter Improvement	PSA	-	-	-	22,500	-	-	-	-	-	-	-	-	-	22,500	-
Subtotal - Liquids Treatment Equipment and Systems					828,000	639,889	1,283,800	797,200	1,984,400	753,800	579,300	1,793,800	553,100	590,500	574,800	1,978,700	10,889,400	
Solids Treatment and Energy Generation Equipment and Systems																		
7300-678-00	EM	Emergency Generator Assessment & Improvement	PSA/FB	-	-	-	-	-	-	-	74,600	1,855,900	-	-	-	-	1,930,500	-
7300-691-00	EM	Digester Inspection, Cleaning & Cover Replacement	FB	-	-	-	-	-	-	841,100	859,700	-	-	-	-	-	1,700,800	-
7300-715-00	EM/MS	Centrifuge Maintenance	PSA/FB	-	35,000	10,000	235,300	1,606,100	-	-	-	117,500	-	-	-	-	1,958,900	1,968,900
7300-722-00	MS	Cogeneration Maintenance (3)	M/IB/FB	-	40,000	40,000	359,600	58,900	82,200	347,800	1,867,100	1,573,400	60,200	61,600	63,100	71,800	4,545,700	-
7300-724-00	MS	Hot Water Systems	M/PSA	-	15,000	9,689	110,200	13,500	13,800	14,100	14,400	14,700	15,000	15,300	16,100	16,100	243,200	-
7300-725-00	MS	Boilers Rehabilitation or Replacement	IB	-	42,000	-	-	-	69,200	-	-	-	-	-	500,000	-	569,200	-
7300-977-00	MS	Sludge Recirculating Pump Grinders	M	-	16,100	9,619	16,900	17,300	17,600	18,000	18,400	18,800	19,200	19,600	19,900	20,600	186,300	-
7300-978-00	MS	Biosolids Hoppers Maintenance	M	-	35,900	2,500	-	8,200	-	8,600	-	8,900	-	9,300	-	10,100	45,100	-
7300-660-00	EM	PG&E Interconnection Agreement Modification	-	-	-	85,000	130,000	-	-	-	-	-	-	-	-	-	130,000	-
7300-714-00	MS	Spiral Heat Exchanger Replacement	-	-	-	46,500	46,500	-	-	-	-	-	-	-	-	-	46,500	-
7300-661-00	EM	FOG/F2E Vault Relining	-	-	-	-	125,000	-	-	-	-	-	-	-	-	-	125,000	-
7300-964-10	GM/EM	Sludge Thickening System Replacement	FB	250,136	1,205,000	992,405	-	-	-	-	-	-	-	-	-	-	-	1,242,541
Subtotal - Solids Treatment and Energy Generation Equipment and Systems					1,389,000	1,195,713	1,023,500	1,704,000	182,800	1,229,600	2,834,200	3,589,200	94,400	105,800	599,100	118,600	11,481,200	
CMSA Staff Costs for CIP (2)					178,200	178,200	181,800	185,400	189,100	192,800	196,600	200,500	204,500	208,600	212,700	216,900	1,988,900	
Annual CIP Totals					4,544,800	3,615,922	4,193,000	3,310,800	2,663,100	3,201,700	5,967,800	6,053,400	2,752,500	1,227,700	1,904,000	2,792,300	34,066,300	

(Continued on next page)

**Central Marin Sanitation Agency
Capital Improvement Program
FY 17 Proposed Budget and 10-Year Forecast**

GL Account Number	PM*	Proposed Delivery Method	Prior FYs' Costs	Adopted Budget For FY 16	Projected FY 16 Actuals	10-year CIP											Project Totals
						1 Adopted FY 17	2 FY 18	3 FY 19	4 FY 20	5 FY 21	6 FY 22	7 FY 23	8 FY 24	9 FY 25	10 FY 26	Total FY 17 - FY 26	

* PM indicates the project manager for the account.

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

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

(3) CIP Projects in FY 17 that will have staff time charged to the CIP.

Projected Annual Escalation Rate:	1.98%	(rolling 5-year average of ENR San Francisco Construction Cost Index (CCI) annual changes 12/2011-07/2015).							
Escalation Factors	1.0198	1.0400	1.0606	1.0816	1.1031	1.1249	1.1472	1.1699	1.1931

2014 to 2015 CCI % Change	2.19%
	1.0219

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

CENTRAL MARIN SANITATION AGENCY
Capital Improvement Program
10-Year Forecast Summary, June 2016
Summary of Capital Projects Financing

10 Year CIP: Expenditures & Funding	Year-end FY 15-16	Year 1 Forecast FY 16-17	Year 2 Forecast FY 17-18	Year 3 Forecast FY 18-19	Year 4 Forecast FY 19-20	Year 5 Forecast FY 20-21	Year 6 Forecast FY 21-22	Year 7 Forecast FY 22-23	Year 8 Forecast FY 23-24	Year 9 Forecast FY 24-25	Year 10 Forecast FY 25-26	FY 17 to FY 26 Total
10-Year CIP Program & Staff	3,615,922	4,193,000	3,310,800	2,663,100	3,201,700	5,967,800	6,053,400	2,752,500	1,227,700	1,904,000	2,792,300	34,066,300
<i>Refer to Capital Improvement Program, 10-Year Forecast for budget estimates by projects.</i>												
<i>Main CIP Project</i>	sludge, chemical storage	maint. fac, master plan, odor control	seond clarifiers, centrifuge maint	second clarifiers, odor control	second clarifiers, digester, cogen maint.	electrical system, digester, co-gen	emergency gen, co-gen, odor control	pond, centrifuge maint				
Source and Use of Funds for CIP, in order of use												
1. Capacity Charges-Connection Fees												
Expenditures: CIP Projects	89,054											
Revenues: Connection Fees	(89,054)											
2. Restricted Capital Reserves - Beginning Balance												
Expenditures: CIP Projects	(3,042,636)	(914,806)	(992,023)	(990,477)	(993,302)	(991,833)	(989,252)	(991,502)	(991,427)	(985,595)	(986,127)	
Revenues: Debt Service coverage	914,806	992,023	990,477	993,302	991,833	989,252	991,502	991,427	985,595	986,127	984,845	9,896,381
Restricted Capital Reserves - Ending Balance	914,806	992,023	990,477	993,302	991,833	989,252	991,502	991,427	985,595	986,127	984,845	
<i>Minimum Balance Requirement</i>	914,806	992,023	990,477	993,302	991,833	989,252	991,502	991,427	985,595	986,127	984,845	
3. Unrestricted Capital Reserves - Beginning Balance												
Expenditures: CIP Projects	(484,232)	(3,278,194)	(2,318,777)	(1,672,623)	(2,208,398)	(4,975,967)	(5,064,148)	(1,760,998)	(236,273)	(918,405)	(1,806,173)	
Revenues: Operating Surplus	687,447	-	-	-	-	-	-	-	-	-	-	
Revenues: Capital Charges	430,000	530,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000	<i>Board decision, Feb 2013</i>
Unrestricted Capital Reserves - Ending Balance	8,876,760	6,128,566	4,439,790	3,397,166	1,818,768	(2,527,199)	(6,961,348)	(8,092,346)	(7,698,620)	(7,987,024)	(9,163,198)	
CIP Funding Sources												
						FY 17-26 CIP			34,066,300			
						FY 17 Restricted, beginning			914,806			
						FY 18-26 Restricted			8,911,536		10-YR Coverage	
						FY 17 Unrestricted, beginning			8,876,760			
						FY 16 Unrestricted, surplus			-			
						FY 17-26 Capital Charge			6,200,000			
									24,903,102			
						% CIP Funded			73.1%			

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Facility Improvements		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7300-103-10	Effluent Storage Pond Rehabilitation	See Full Page Description
7300-700-10	Agency Facilities Master Plan	See Full Page Description
7300-956-00	Industrial Coatings & Concrete Rehabilitation	<p>Scheduled industrial coating rehabilitation program for process structures and metal equipment, and treatment plant deck traffic coatings. Coating rehabilitation will be included as part of a larger project when appropriate. The condition of concrete structures will be periodically assessed and projects will be added as needed.</p> <p>FY 17 There are no specific coating activities planned and work will only be conducted if necessary FY 18 – 19 Allowance for industrial coatings as needed. FY 20 Headworks structural metal (skylights, pipe supports, etc.). FY 21 Repair wear coats on Headworks and Secondary Clarifier decks. FY 22 – 26 Allowance for industrial coatings as needed.</p>
7300-987-00	Outfall Inspection & Repairs	<p>Ongoing underwater inspection and maintenance of the marine outfall diffuser section. Activities include diver inspections of diffusers and risers, survey of diffuser 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>FY 17 Inspect the entire diffuser of the outfall and an allowance to replace up to 5 broken diffusers if found during the inspection. FY 18– FY 19 Routine inspection and riser extension or replacement (assumed 5 per year), as needed. FY 20 Allowance for outfall diffuser section interior cleaning. If the previous year’s interior solids monitoring indicates the solids accumulation is minor, it will be deferred until a future year based on the solids accumulation rate from FY 14 to FY 19. Cost estimate based on escalating the \$300,000 costs from FY 09. FY 21 – FY 26 Routine inspection and riser extension or replacement (assumed 5 per year), as needed.</p>
7400-103-10	Maintenance Facility Modifications	See Full Page Description

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Facility Improvements		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7400-956-00	Facility Paving/Site Work	<p>This account is for paving repairs and associated site work on internal plant roads, walkways, parking lots, and other pavement, and for re-grading, cleaning, and replacing gravel in drainage ditches.</p> <p>FY 17 Allowance for a major plant paving project around the solids handling building. The paving project will include drainage improvements to minimize standing water during rain events.</p> <p>FY 20 Allowance for a major plant paving project (plant road from gate to FOG/F2E station).</p> <p>FY 23 Allowance for a major plant paving project (employee parking area).</p> <p>FY 26 Allowance for a major plant paving project (plant road from primary clarifiers to solids handling building).</p>
7400-600-00	Hillside Slope Stabilization	<p>This project was based on a geotechnical report recommendation that was prepared after a localized slope failure in 2015. Because there was not enough time to design the recommended repair project before the 2015/16 wet weather period, geofabric and seeding were installed in the area of the slope failure. These measures, along with maintenance of the hillside drainage channels, appears to have stabilized the area and no additional failure occurred during the winter storms. Therefore, the construction intensive slope stabilization project is no longer recommended.</p>
7400-960-00	Facility Roofs Rehabilitation	See Full Page Description

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

General Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7300-672-00	Process Control	<p>Allowances for purchasing spare PLCs (Programmable Logic Controllers), and ongoing replacement, upgrades, and improvements to the plant's process control system (new instruments, plant-wide servers and computers, and PLC and HMI hardware and software). Annual allowance is based on equipment costs from previous years. Actual cost estimates are used for specifically identified equipment.</p> <p>FY 17 Routine PLC and HMI hardware replacement. Tower improvements to the hilltop repeater. FY 18– 21 Routine PLC and HMI hardware replacement. Identify and purchase critical spares. Battery replacement at hilltop repeater FY 22 Routine PLC and HMI hardware replacement and replace SCADA servers. Identify and purchase critical spares. FY 23 - 24 Routine PLC and HMI hardware replacement. Identify and purchase critical spares. FY 25 SCADA system software review and potential upgrades. FY 26 Routine PLC and HMI hardware replacement.</p>
7300-672-10	Security / Fire Systems	<p>This is for projects related to the Agency's physical security and fire protections systems, and includes a biannual allowance to purchase replacement equipment as needed.</p> <p>FY 17 No improvements are recommended.</p>
7300-683-00	Above Ground Fuel Storage Tanks	<p>Allowance to replace one of the existing underground fuel storage tanks with an above ground storage tank. This replacement would be triggered by one of the underground tanks failing or by a change in regulatory requirements. It is expected that any regulatory change would provide sufficient time for the replacement to occur in the fiscal year following the change.</p> <p>FY 17 Allowance to repair a minor leak and coating on the above ground diesel storage tank.</p>
7410-851-00	IT Hardware and Communication Equip	<p>Routine maintenance repairs, and regular replacement of Information Technology hardware and software (office computers, printers, scanners, and digital telephone equipment and its supporting servers) and voice radio equipment used by Agency staff. Annual allowance for equipment is based on the estimated cost in FY 15.</p> <p>FY 17 Allowance for equipment listed above and replacement of the physical servers on which all Agency business and SCADA virtual servers run. FY 18 - 21 Allowance for equipment listed above. FY 22 Allowance for equipment listed above and replacement of the physical servers on which all Agency business and SCADA virtual servers run. FY 23 - 26 Allowance for equipment listed above.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

General Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7420-701-00	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>FY 17 Replace one pump station truck, one electric cart, and procure an SSO response trailer (8x8 enclosed) and backup alert siren and lightbars for the electrician's service van.</p> <p>FY 18 Replace one carpool vehicle, one electric cart, and environmental services tri-cycle.</p> <p>FY 19 Replace the Ford Explorer, one electric cart, and five bicycles.</p> <p>FY 20 Replace one carpool vehicle and one electric cart.</p> <p>FY 21 Replace pump station truck and one electric cart.</p> <p>FY 22 Replace Toyota Highlander, replace tires on all-terrain forklift.</p> <p>FY 23 Replace F150 environmental services truck</p> <p>FY 24 Replace skid steer loader, replace batteries for administration Prius.</p> <p>FY 25 Replace Ford E250 van.</p> <p>FY 26 Replace F450 flatbed with a mechanic's truck, and one electric cart,</p>
7430-958-00	Laboratory Equipment	<p>This account includes allowances for scheduled replacement of laboratory equipment (autoclaves, pumps, collection/sampler systems, washers, incubators, bioassay system, etc.).</p> <p>FY 17 Replace bacti and BOD incubators and a chlorine titrator.</p> <p>FY 18 Replace suspended solids oven, BOD meter, and a chlorine titrator.</p> <p>FY 19 Replace sterilization oven and a chlorine titrator.</p> <p>FY 20 Replace two balances and a chlorine titrator.</p> <p>FY 21 Replace a fecal coliform water bath, desiccator, and a chlorine titrator.</p> <p>FY 22 Replace bioassay system and a chlorine titrator.</p> <p>FY 23 Replace primary effluent sampler, final effluent sampler, and a chlorine titrator.</p> <p>FY 24 Replace enterococcus incubator, enterococcus sealer and a chlorine titrator.</p> <p>FY 25 Replace the three influent composite samplers, pH meter and a chlorine titrator.</p> <p>FY 26 Replace biotower composite sampler and a chlorine titrator.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

General Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7450-002-00	Electrical Equipment	<p>This account includes allowances for planned maintenance, upgrading, and replacement of Agency electrical components: individual motor controls and equipment panels, dry transformers, variable frequency drives, and electrical equipment to support process equipment.</p> <p>FY17 Replace two plant sump pump panels, three dry transformers, and three electric sluice gate (Secondary Eff/Tri-angle pit) actuators. Replace Control Room UPS batteries. Purchase and install Fluke power monitors.</p> <p>FY 18 Replace two sump pump panels, replace three dry transformers, and replace three electronic sluice gate actuators.</p> <p>FY 19 Rebuild / replace two sump pump panels, replace three dry transformers, and replace three electric sluice gate actuators.</p> <p>FY 20 Replace three dry transformers and three electric sluice gate actuators.</p> <p>FY 21 Replace three dry transformers and three electric sluice gate actuators.</p> <p>FY 22 Replace Control Room uninterruptible power source, replacement of one reclaimed water or carrier water pump motor and motor controls; replace three dry transformers and three electric sluice gate actuators.</p> <p>FY 23 Condition assessment of Effluent Pump Station electric motors and controls; replace three dry transformers and three electric sluice gate actuators.</p> <p>FY 24 - 26 Allowance for replacement of equipment as determined by condition assessment.</p>
7450-002-10	Plant Lighting	<p>This account includes allowances to replace low efficiency lights with LED lighting that consumes less power and reduces light pollution. Each project is grouped by lighting fixture type and will be completed by staff or an electrical contractor.</p> <p>FY 17 Replace 10 fixtures on fourth floor of the solids handling building that are rusted. Replace 40 high pressure sodium pendants in solids handling building with LED pendants.</p> <p>FY 18 Replace high pressure sodium lighting in Gallery E.</p> <p>FY 19 Replace high pressure sodium pendant lights in Galleries B and C with LED pendants.</p> <p>FY 20 – 26 Allowance for plant lighting upgrade projects as determined by condition assessment and lighting technology advancements.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

General Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7450-102-00	Process Instrumentation	<p>This account includes an allowance for ongoing repair, replacement or upgrading of 4 to 6 obsolete meters, sensors, and transmitters per year, and to provide local process status information and transmit it to the treatment plant's SCADA system. Annual allowance is based on equipment costs from previous years and has been escalated to current and future dollars.</p> <p>FY17 Partial funding for allowances, plus replace two chlorine analyzers, and conduct condition assessment of headworks and solids Handling Building permanent gas detection equipment. Two pressure transmitters to replace gauges on digester gas scrubbers . Replace one 30" magnetic meter of the secondary flow meters. Upgrade dissolved oxygen control units on aeration system because they are no longer supported . Install six magnetic meters in the return activated sludge (RAS) pump system to measure RAS flow for process control.</p> <p>FY18 Above allowances, plus refurbish/replace Headworks fixed gas detection equipment. Replace Butterfly flow control valve in biotower basement</p> <p>FY 19 Above allowances, plus refurbish/replace Solids Handling Building fixed gas detection equipment, two pressure transmitters on chlorine contact tanks 5 and 6, and replace the final RAS return flow meter below Secondary's 1 and 4.</p> <p>FY 20-26 Above allowances.</p>
7450-105-00	Electrical Distribution System Rehabilitation	<p>This account includes an allowance to perform condition assessment and testing of the treatment plant wiring, breakers, and motor control centers (MCCs). The MCCs are still functioning properly. However, the equipment and wiring in the MCCs are approaching the end of their useful life.</p> <p>FY 17 Upgrade the air handling systems in the remaining identified plant areas to allow the area to be unclassified per NFPA 820 standards. Some of the identified process areas will be upgraded as part of another CIP projects.</p> <p>FY 21 Upgrade the Main Switchgear to coincide with the planned improvements to the cogeneration system and backup power generator.</p> <p>FY 23 Allowance for refurbishment or replacement of MCCs or components based on condition assessment findings.</p> <p>FY 25 Allowance for refurbishment or replacement of MCCs or components based on condition assessment findings.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7300-685-00	Bio-Tower Rotary Distributor Replacement	See Full Page Description
7300-700-00	Plant Pumps	<p>Scheduled replacement of centrifugal, positive displacement, and chopper pumps. These pumps transport primary sludge, waste activated sludge, contact tank scum, and other liquids throughout the Agency facilities. This account includes the digester mixing pumps and FOG/F2E Station pumps.</p> <p>FY 17 Replace six RAS pumps, three primary sludge pumps, two aeration basement sump pumps, and one FOG/F2E mixing pump.</p> <p>FY 18 Replace four WAS pumps, one headworks sample pump, two final effluent sample pumps, and three primary sludge pumps.</p> <p>FY 19 Replace two digester basement chopper pumps, four primary grit pumps, three primary sludge pumps, and one FOG/F2E mixing pump.</p> <p>FY 20 Refurbish one biotower pump, one centrifuge feed pump, and one digester mix pump, one secondary system scum pump, three primary sludge pumps, and two hot water pumps. Procure one digester mix pump as a critical spare and replacement while one is being refurbished.</p> <p>FY 21 Refurbish one biotower pump, one centrifuge feed pump, and one digester mix pump. Replace three sludge feed pumps, three hot water pumps, and two plant sump pumps.</p> <p>FY 22 Refurbish two tank drain pumps in secondary system basement, two recycled water pumps, one scum pump, and two carrier water pumps. Replace three sludge pumps, one headworks sample pump, and two sump pumps. Perform a condition assessment on five effluent pump station pumps.</p> <p>FY 23 Refurbish one carrier water pump and one recycled water pump. Allowance to replace additional pumps as dictated by condition assessments.</p> <p>FY 24 -26 Allowance to replace pumps as dictated by condition assessments.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7300-719-00	Chemical Pumps	<p>This account includes an allowance for regular refurbishment or replacement, based on condition assessment, of pumps and related equipment for the delivery of specific chemicals (e.g. Ferric Chloride, Hydrogen Peroxide, Calcium Nitrate, Sodium Hypochlorite, Emulsion Polymer, and Sodium Bisulfite) at various treatment unit processes.</p> <p>FY 17 Refurbish five Milton-Roy sodium bisulfite metering pumps. Replace one chemical induction mixer, one polymer activation unit, and one polymer feed pump.</p> <p>FY 18 Refurbish three Milton-Roy polymer metering pumps. Replace one chemical induction mixer, two peroxide metering pumps, one polymer activation unit, and one sodium hypochlorite metering pump.</p> <p>FY 19 Above allowances plus, refurbish two solids handling polymer activation units.</p> <p>FY 20 Replace eight nitrate solution metering pumps, and replace one chemical induction mixer.</p> <p>FY 21 Replace five disinfection (chlorine solution) metering pumps and one chemical induction mixer.</p> <p>FY 22 Refurbish one polymer feed pump and one chemical induction mixer. Replace two headworks ferric chloride metering pumps.</p> <p>FY 23 Replace five sodium bisulfite metering pumps, two chemical transfer pumps, and one chemical induction mixer. FY 24 -26 Above allowances to replace chemical pumps based on condition assessment.</p>
7300-720-00	Gates Rehabilitation	<p>Maintenance and replacement, as needed, of large gates and operators, including procurement and outside specialized contractors to install them. These gates control flow into, through, and between processes, and isolate process tanks for repair or maintenance. Many of them will be replaced with stainless steel gates, which are expected to have a longer service life due to being more corrosion resistant and having sealing surfaces that can be refurbished. Scheduled work may change in future years based on condition assessment and ongoing inspection results.</p> <p>FY 17 Complete installation of large Primary Clarifier main influent gates. Install final secondary clarifier influent gate as part of this project.</p> <p>FY 18 Replace up to two medium Aeration Basin gates (influent or effluent).</p> <p>FY 19 Transition ten hydraulically operated primary clarifier influent gates over to electric actuated gates.</p> <p>FY 20 Replace Ross Valley and San Rafael influent gates entering the treatment works inside the headworks. The hydraulic actuators will be converted to electric actuators.</p> <p>FY 21 -22 Allowance to replace gates as needed based on condition assessment.</p> <p>FY 23 Condition assessment on large 84" and 72" outfall and 54" pond isolation gates.</p> <p>FY 24 Replace or refurbish medium triangle pit / pond isolation gates, refurbish three large inlet gates for CCTs 1 – 4.</p> <p>FY 25-26 Allowance to replace gates as needed based on condition assessment.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7300-727-00	Headworks Equipment	<p>Ongoing repair and replacement of Headworks and grit handling equipment such as valves, pipes, hydraulic systems, grit hoppers, classifier components, grit pumps and augers. This equipment operates in a very corrosive and erosive environment, and it collects, transports, dewateres, and stores screenings and grit from plant influent.</p> <p>FY 17 Annual allowance, plus refurbish one grit classifier and replace one grit classifier auger. FY 18 Annual allowances, plus replace two grit classifier augers. FY 19 Replace grit piping from pumps in Gallery A to grit classifiers. Replace ten 4" grit separation valves on grit valve tree in Gallery A. FY 20 Annual allowance, plus refurbish one grit classifier. Replace one grit classifier auger. FY 21 Annual allowance, plus refurbish one grit classifier. Perform condition assessment on both influent screens and complete a five-year preventive maintenance procedure. Replace one grit classifier auger. FY 22 Annual allowance plus a complete condition assessment of headworks hydraulic system and implementation of the recommended assessment improvements. FY 23 Annual allowance, plus allowance to begin implementing work arising from hydraulic system condition assessment. FY 24 - 26 Annual allowance.</p>
7300-981-00	Odor Control System Improvements	See Full Page Description
7300-983-00	Process Tank Maintenance	<p>Refurbishment and replacement of mechanical equipment in all process tanks and systems throughout the treatment Plant.</p> <p>FY 17 Refurbish two aertion system channel air blowers. Install safe access gates onto four secondary clarifiers. Replace sample sinks at the headworks peroxide sampling station and end chlorine analyzer. FY 18 Refurbish headworks channel air blowers and the FOG/F2E paddle finisher. Install safe access gates onto four Aeration basins. FY 19 Refurbish grit air blowers. Install safe access gates onto five chlorine contact tanks. Perform a condition assessment of both siloxane media vessels and appurtenances. FY 20 Refurbish or repair reclaimed water piping which supports tank wash down equipment. Assess condition of FOG/F2E Receiving tank coating. FY 21 - 22 General tank related replacement of equipment as determined by condition assessment. FY 23 Assess condition of hydrogen sulfide media filters vessels and general tank related replacement of equipment as determined by condition assessment. FY 24 - 26 General tank related replacement of equipment as determined by condition assessment.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7400-965-00	Primary Clarifiers Rehabilitation	<p>There are a total of seven primary clarifiers in the treatment plant. Five of the clarifiers were installed during the original plant construction and two were installed during the Wet Weather Improvement Project. The mechanical equipment in the five original clarifiers has been upgraded to non-corroding, non-metallic components. However, there are other metal surfaces that require periodic industrial coating. Additionally, the mechanical equipment will require replacement in the future.</p> <p>FY 17 Install new FRP weir material on clarifier #1 launders. Replace rotten/broken toe kick boards under handrails on all clarifiers.</p> <p>FY 18 Replace reclaimed water piping and hose bibs in five clarifiers</p> <p>FY 19 Replace primary drive units on all five original primary clarifiers.</p> <p>FY 22 Industrial coatings in clarifier #1. Purchase and install FRP weir material for primary clarifier #2.</p> <p>FY 23 Industrial coatings in clarifier #2. Purchase and install FRP weir material for primary clarifier #3.</p> <p>FY 24 Industrial coatings in clarifier #3. Purchase and install FRP weir material for primary clarifier #4.</p> <p>FY 25 Industrial coatings in clarifier #4. Purchase and install FRP weir material for primary clarifier #5.</p> <p>FY 26 Industrial coating and piping repairs in clarifier #5</p>
7300-990-00	Secondary Clarifiers Rehabilitation	<p>Replacement of three secondary clarifiers' sludge collector mechanisms, large drive turntables that are nearing the end of their expected life. Condition assessments indicate the three turntables needing replacement can be expected to last until the scheduled metal coating projects for their clarifiers.</p> <p>FY 17 Replace walkway grating, other structural metal, and the turntable drive gear box.</p> <p>FY 18 Replace main drive assembly, the turntable drive gear box, and apply industrial coatings in Secondary Clarifier No. 4. Replace walkway deck plates and kickboards.</p> <p>FY 19 Replace main drive assembly and apply industrial coatings in Secondary Clarifier No. 1. Replace walkway deck plates and kickboards.</p> <p>FY 20 Replace main drive assembly, the turntable drive gear box, and apply industrial coatings in Secondary Clarifier No. 3. Replace walkway deck plates and kickboards.</p> <p>FY 21 Apply industrial coating in Secondary Clarifier No. 2. Replace walkway deck plates and kickboards.</p>
7300-995-00	Aeration System Rehabilitation	<p>This new account includes replacement and rehabilitation of aeration system equipment.</p> <p>FY 17 Replace the aeration blower discharge piping valves and actuators that supply air to all four tanks. Assess condition of diffuser membranes in all tanks. Procure one tanks worth of membranes for annual maintenance purposes.</p> <p>FY 18 Replace aeration diffuser membranes in all four tanks.</p> <p>FY 24 Replace aeration diffuser membranes in all four tanks.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Liquid Treatment Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7400-966-00	Critical Buried Pipe Inspection / Repairs	See Full Page Description
7430-855-00	Chemical Tanks	<p>Replacement of chemical storage tanks used throughout the treatment plant and in the collection system as they exceed their service life. Tanks include five sodium hypochlorite, two sodium bisulfite, two hydrogen peroxide, two polymer, four calcium nitrate, and three ferric chloride tanks. The replacement schedule is subject to change based on annual condition assessment inspection results.</p> <p>FY 17 Assess condition of headworks ferric chloride storage tanks and all four nitrate chemical storage tanks. Replace San Quentin hydrogen peroxide tank.</p> <p>FY 18 Assess solid handling building bulk polymer storage tank. Replace the Greenbrae nitrate tank, and replace/refurbish headworks bulk ferric chloride storage tank based on FY17 assessment.</p> <p>FY 19 Replace the North Francisco nitrate tank.</p> <p>FY 20 Replace one sodium hypochlorite tank, the West Railroad nitrate tank. Assess chemically enhanced primary treatment bulk polymer tank.</p> <p>FY 21 Replace one sodium hypochlorite tank and the Paradise nitrate tank.</p> <p>FY 22 Replace one sodium hypochlorite tank and assess headworks bulk ferric chloride storage tanks.</p> <p>FY 23 Replace sodium bisulfite tank .</p> <p>FY 24 Replace sodium bisulfite tank .</p> <p>FY 25 Perform an assessment on the effluent pump station's convault diesel storage tank.</p> <p>FY 26 Allowance for an unspecified tank replacement.</p>
7430-857-00	Piping, Valves & Operators	<p>There are over 750 plug valves in the treatment plant's process systems, ranging from less than 6" up to 12" in diameter. This account includes annual allowances for routine maintenance and periodic replacement of these valves, their operators, and associated piping. This allowance may change as ongoing condition assessments are completed.</p> <p>FY 17 Replace valves and motorized operators on aeration tank inlets.</p> <p>FY 18 Replace expansion joints; four in the biotower basement and two at flow control valves in Gallery H.</p> <p>FY 19 Replace 10 expansion joints in Agency gallery system.</p> <p>FY 20 Replace valves associated with Digester #1.</p> <p>FY 21 Replace valves associated with Digester #2.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Liquid Treatment Processes and Equipment

ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7450-104-10	Influent Flow Meter Improvement	<p>Both the 45" San Rafael Interceptor and the 54" Ross Valley Interceptor were fitted with insertion magnetic-type meters in FY 11. Having both the original ultrasonic meters plus the magnetic meters is expected to improve their accuracy in measuring large flow variations.</p> <p>FY 17 Study to survey available technologies for possible improvement of meter accuracy in light of the collection system's large seasonal flow variations.</p>

Solids Treatment And Energy Generation Processes and Equipment

ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7300-678-00	Emergency Generator Assessment & Improvement	<p>The emergency generator provides power to Agency Facilities when utility power is not available and the cogeneration system is offline. The emergency generator system was installed in 1985 and consists of an electrical generator connected to a diesel fueled reciprocating engine. While the equipment is relative old, it has had minimal usage and is maintained per manufacturer's recommendations.</p> <p>FY 21 A consultant will conduct an assessment of the generator for condition, air emissions and reliability. The budget includes an allowance for a preliminary design report that will include an estimate to rehabilitate or replace the equipment.</p> <p>FY 22 Allowance to fund design and installation of a replacement emergency generator based on findings of the assessment and preliminary design report.</p>
7300-691-00	Digester Inspection, Cleaning and Cover Replacement	<p>This account includes allowance for periodic cleaning and inspection each anaerobic digester every 7 years based on conservative estimates of their membrane covers' service life. Agency staff will drain the tanks to allow a contractor to remove material that has accumulated inside of the tanks. A specialty contractor will replace the membrane covers after the cleaning is complete and then staff will return each digester to service.</p> <p>FY20 Allowance to clean and inspect the interior of Digester No. 1 and replace its dual membrane cover.</p> <p>FY21 Allowance to clean and inspect the interior of Digester No. 2 and replace its dual membrane cover.</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Solids Treatment And Energy Generation Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7300-715-00	Centrifuge Maintenance	See Full Page Description
7300-722-00	Cogeneration Maintenance	<p>The cogeneration engine runs continuously, utilizing plant biogas and natural gas to generate most of the Agency’s electrical power, and to supply the Agency’s hot water needs. This account includes allowances for purchase critical spare parts and larger maintenance activities for the engine. Larger maintenance activities include onsite, upper and lower end rebuilds involving the cylinder heads and liners, valves and pistons, or off-site overhaul work that includes a complete disassembly and reassembly with machining to restore the engine and generator to original factory specifications. Although the engine life can be extended with proper periodic major overhauls, cogeneration technologies are continuing to improve. The accounts include the design and replacement of the cogeneration technology beginning in FY 19 and ending in FY 22.</p> <p>FY 17 Onsite engine upper and lower end rebuild, and replacement turbo chargers and engine coolant heat exchanger. FY 18 Replace thermocouples. Perform major preventative maintenance on system heat exchangers. FY 19 Onsite engine upper end rebuild and replace turbo chargers, plus allowance for technology survey. FY 20 Budget assumes design of replacement cogeneration technology and replacement of thermocouples and turbo chargers. If current engine is to be kept in service, major offsite overhaul for engine, five year generator preventive maintenance, and replace turbo chargers. FY 21 Budget assumes procurement and beginning installation of a replacement cogeneration technology. FY 22 Budget assumes completion of the installation of a replacement cogeneration technology. FY 23 – 26 Allowance for major maintenance of the cogeneration facility.</p>
7300-724-00	Hot Water Systems	<p>Repairs and replacement of hot water system pumps, valves, flex fittings and piping as needed to maintain the hot water system that supplies hot water to the digesters, other Agency facilities, and the administration building.</p> <p>FY 17 Allowance for large scale replacement of hot water piping system if indicated by extensive condition assessment. Replace the make-up water softening system in the hot water loop. FY 18 - FY 26 Allowance for system repairs.</p>
7300-725-00	Boilers Rehabilitation or Replacement	<p>Scheduled inspection, repair and/or replacement of boiler tubes that are used to heat water for the Agency’s hot water systems when the cogeneration engine is offline.</p> <p>FY 19 Allowance for major maintenance including inspection, repair, and/or replacement of boiler tubes as needed. If necessary, plan for an upgrade or replacement to meet anticipated new, more stringent emissions regulations. FY 25 Replacement of two existing boilers, upgraded to meet future Bay Area Air Quality Management District requirements</p>

**CENTRAL MARIN SANITATION AGENCY
CAPITAL IMPROVEMENT PROGRAM - ACCOUNT / PROJECT DESCRIPTIONS
ADOPTED FY 17 BUDGET AND 10-YEAR PROJECTION**

Solids Treatment And Energy Generation Processes and Equipment		
ACCOUNT NUMBER	ACCOUNT / PROJECT TITLE	ACCOUNT / PROJECT DESCRIPTION
7300-977-00	Sludge Recirculating Pump Grinders	An annual allowance for replacement of two sludge grinders' high-wear cutter cassettes.
7300-978-00	Biosolids Hoppers - Maintenance	An allowance for monitoring and minor repairs to biosolids hoppers, gates, and hydraulic actuators. When centrifuges are scheduled for replacement, improvements to the hoppers will be coordinated with that project. FY 18 -24 Allowance for minor maintenance of mechanical equipment every other year.
7300-660-00	PG&E Interconnection Agreement Modification	CMSA's current interconnection agreement with PG&E prohibits exporting power to the distribution grid and islanding. Because organic material deliveries have increased, CMSA is close to producing more biogas than necessary to power the facility. In order to export power made by biogas, the interconnection agreement must be modified. A consultant will define operational limits for biogas and power generation, identify potential electrical equipment modifications to export power, and act as the Agency's representative during the interconnection agreement modification process with PG&E. An allowance is included for design and installation of switchgear equipment upgrades and PG&E fees.
7300-714-00	Spiral Heat Exchanger Replacement	CMSA utilizes two counter flow spiral heat exchangers, one per digester, to continuously heat the digester sludge to an optimal temperature of 99°F. Hot water heats the digester sludge as the two fluids are circulated through independent spiral vanes within the heat exchanger. Recently, both exchangers developed holes that allow the two fluids to comeingle. New heat exchangers have been ordered to replace the existing units and will be installed by CMSA staff when they arrive.
7300-661-00	FOG/F2E Vault Relining	The FOG/F2E vault is a concrete structure with a polyurethane coating applied on the inside to prevent corrosion and erosion of the concrete. The original coating did not adhere to the floor properly and has failed. Over time, the coating has also failed in other locations along the wall. A condition assessment report from a corrosion engineering firm recommended the original coating be removed and replaced with an epoxy coating. This project includes construction of temporary facilities to allow CMSA to accept FOG and other liquid wastes during the month when the vault will be out of service for relining.
No Account Number	CMSA Staff Costs for CIP Projects	Capitalization of compensation and benefits for CMSA staff time to manage design of, contracting for, and construction of CIP projects, as listed below. Costs for FY 17 are based on actual estimated staff time, totaling 2 Full Time Equivalencies (FTE's). Costs for future years are based on a one FTE allowance, and will be modified for each current fiscal year in that year's CIP budget. The projects identified for staff cost capitalization in FY 17 are: 7300-700-10 Agency Facilities Master Plan 7400-103-10 Maintenance Facility Modifications 7300-981-00 Odor Control System Improvements 7300-715-00 Centrifuge Maintenance

Effluent Storage Pond Rehabilitation (GL 7300-103-10)			
Type of Project	Design and Capital Construction	Lead Department	Engineering
Project Delivery	Formally bid construction		
Description and Justification	The effluent storage pond was constructed over a deep layer of Young Bay Mud that settles unevenly under the Pond. This causes loss of capacity due to berm settling, and small areas of shallow standing water after the Pond is emptied due to bottom settling. The berm was reconstructed and raised in 2007, including a new geotextile liner and new sections of intake and outlet piping. There is an allowance for surveying in FY 22 and potential renovation of berms and bottom in FY 23; these activities were originally scheduled for FY 18 and have been deferred based on very little observed new subsidence in the reconstructed berm.		
Elements	FY 22 - Survey entire berm, top road, and pond bottom for excessive or uneven settlement; FY 23 - Based on survey results, allowance for re-grading the pond bottom and / or raising the berm, including extending and re-anchoring the buried extra liner material and rebuilding the service road on top of the berm.		
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.		
Projected Expenditures FY 17 - 26			
		FY 22	\$35,900
		FY 23	1,138,000
		FY 17 – 26 Total	\$1,173,900
Implementation Schedule			
Schedule	Activity Description		Cost
Prior FYs	Maintenance work to regrade the pond bottom for improved drainage and vegetation control.		\$90,054
FY 22	Allowance to survey and design improvements to berm, road, and/or pond bottom.		35,900
FY 23	Allowance to raise pond berm and extend and re-anchor cover.		1,138,000
	Project Total		\$1,263,954

Project Photo



Effluent Storage Pond

Agency Facilities Master Plan (GL 7300-700-10)			
Type of Project	Planning Study	Lead Department	Engineering
Project Delivery	Request for Proposals		
Description and Justification	This Master Plan will include several elements to guide the Agency in planning future projects. A traditional master plan primarily considers the impacts related to growth. Because there is limited potential for growth in the Agency's service area, this study will focus on the condition of the Agency's aging facilities, impacts associated with potential regulatory changes, reduction in energy usage and GHG emissions, operational improvements, and climate change. The Master Plan recommendations will be incorporated into the FY 19 10-Year CIP.		
Elements	<ul style="list-style-type: none"> - Recommendations for if and when aging infrastructure should be replaced in-kind or retrofitted with a newer technology that reduces electrical consumption or GHG emissions. - Agency specific options for additional biogas use including energy generation, natural gas pipeline injection, and a vehicle fueling station - Evaluation of potential regulatory changes including nutrient limits - Evaluation of biosolids management practices and identification of future alternatives - Potential improvements to address sea level rise. - Identify feasible locations and sizes for solar power facilities - A calibrated treatment plant model that can be used to simulate changes in operational strategy and for training of new operations staff. 		
Risk Assessment	The Agency should regularly conduct master planning activities to assess potential risks associated with infrastructure management, regulatory changes, and capacity restrictions. Because there are no immediate drivers to alter the facility, this project is considered low risk.		
Projected Expenditures FY 17 - 26			
		FY 17	\$360,800
		FY 18	120,300
		FY 17 – 26 Total	\$481,100
Implementation Schedule			
Schedule	Activity Description	Cost	
FY 17	Develop and issue an RFP to select a consultant and begin preparation of the Master Plan.	\$360,800	
FY 18	Complete the Master Plan.	120,300	
	Project Total	\$481,100	

Project Photos:



Agency Facilities



FOG/F2E Facility

Maintenance Facility Modifications (GL 7400-103-10)			
Type of Project	Design and Capital Construction	Lead Department	Engineering
Project Delivery	Formally bid		
Description and Justification	Since the Maintenance Building and Maintenance Annex were constructed (1985 and 1995, respectively), the Agency's inventory and work space needs have changed. This multi-year project includes expansion and remodeling of the 1985 Maintenance Building and construction of a new storage structure to better meet current Agency needs.		
Elements	<p>FY 12 - (Completed) Structural assessment of the grade beams surrounding the slabs;</p> <p>FY 14 - (Completed) Conduct an internal needs assessment to identify the scope of needed modifications to the maintenance building and annex;</p> <p>FY 15 - (Completed) Select a designer for the needed modifications, prepare a needs assessment, initiate the design phase, and modify final effluent sample vault drain system to eliminate flow restrictions.</p> <p>FY 16 - (Completed) Complete the maintenance building improvement design including permitting by the San Rafael Planning and Building Departments.</p> <p>FY 17 - Construction of maintenance building modifications to create an office space, enclose open side of the maintenance building for storage and construct a new structure adjacent to the maintenance annex.</p>		
Risk Assessment	This low risk project will increase the operational efficiency by improving work spaces and materials storage areas. However, the Agency could function with the facilities as they currently exist if necessary.		
Projected Expenditures FY 17 - 26			
			FY 17
			900,000
			FY 17 – 26 Total
			\$900,000
Implementation Schedule			
Schedule	Activity Description	Cost	
FY 12 (Completed)	Structural assessment	\$6,885	
FY 14 (Completed)	Internal focus groups to identify needs, develop scope of design work	0	
FY 15 (Completed)	Needs assessment by design architect	51,900	
FY 16 (Projected Actual)	Allowance for design of maintenance building modifications and new structure	135,000	
FY 17	Allowance to complete construction including a 10% contingency	900,000	
Project Total			\$1,093,785

Project Photos



Maintenance Building and Covered Portico



Area to be enclosed for additional storage

Facility Roofs Rehabilitation (GL 7400-960-00)			
Type of Project	Design and Capital Construction	Lead Department	Engineering
Project Delivery	Formally bid		
Description and Justification	In FY 2015, the Agency had a roofing expert survey all its building roofs. The assessment indicated that the original standing seam metal roofs are in good condition. Therefore, planned replacement of the roofs has been postponed. This item contains allowances to rehabilitate the standing seam metal roofs on the Administration, Maintenance, Aeration and Secondary Clarifier control buildings and the Maintenance Annex, and to perform minor repairs on their supporting structures, if required.		
Elements	FY 15 - (Completed) Develop hire a specialty inspector to inspect the standing seam metal roofs, gutters, and their supporting wooden structures and including seismic retrofit implications; FY 16 - Replace gutters on the aeration system and secondary clarifier control buildings; FY 17 - Repair the administration building roofing system in the entry way; FY 20 - Prepare construction documents to bid and perform a contract for roof system replacement, structural repairs, and/or seismic upgrades; FY 21 - Construct upgrades to the structures.		
Risk Assessment	This is a medium risk project. A recent roof inspection indicated that the roof system for the Administration building is in good condition but that it will require rehabilitation in the future.		
Projected Expenditures FY 17 – 26			
		FY 17	10,000
		FY 20	72,500
		FY 21	885,300
		FY 17 – 26 Total	\$967,800
Implementation Schedule			
Schedule	Activity Description	Cost	
FY 15 (Completed)	Develop RFP and perform roof system inspection, including structural / seismic assessment	\$294	
FY 16 (Projected Actual)	Gutter replacement for the aeration system and secondary clarifier control buildings	25,000	
FY 17	Repair leak in administration building entry way.	10,000	
FY 20	Prepare construction documents for necessary upgrades	72,500	
FY 21	Planned construction for roof replacement and structural / seismic upgrades or repairs, may be deferred, depending on inspection results	885,300	
		Project Total	\$993,094

Project Photo



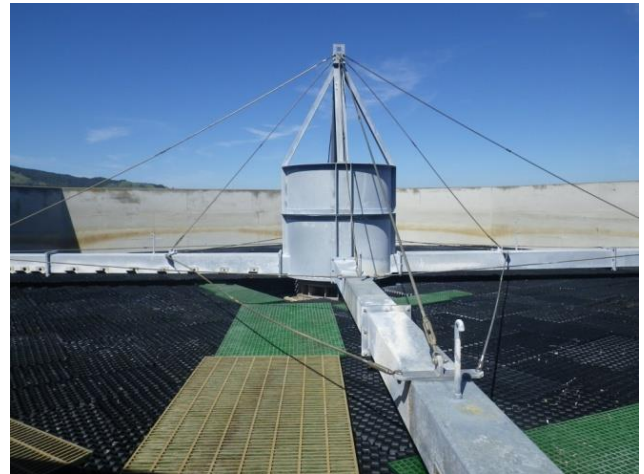
Maintenance Building with standing seam metal roofs.

Biotower Rotary Distributor Replacement (GL 7300-685-00)			
Type of Project	Design and Capital Construction	Lead Department	Engineering
Project Delivery	Informally bid		
Description and Justification	The biotowers are the first of two secondary treatment processes, and remove some of the biochemical oxygen demand (BOD) from the primary effluent before treatment in the aeration tanks. The rotary distributor is the critical moving part, spreading wastewater evenly on the filter media. These critical components operate in a harsh environment and they have about a 25 to 30-year life expectancy. The rotary distributor and top level of filter media in Biotower No. 1 were replaced in 2010.		
Elements	<ul style="list-style-type: none"> - Replace galvanized-steel distributor mechanism and plastic spreader nozzles; - Replace distributor bearing; - Replace or recoat the cast iron turntable on which the mechanism turns; and - Replace the top tier of media that is subject to weather damage. 		
Risk Assessment	This is a medium risk project. The rotary distributor is operating but has significant corrosion. The upper media bed needs to be replaced due to weather damage.		
Projected Expenditures FY 17 – 26			
FY 17			\$126,700
FY 17 – 26 Total			\$126,700
Implementation Schedule			
Schedule	Activity Description	Cost	
FY17	Develop and execute contract for rotary distributor and bearing replacement and replacement of Agency-supplied media	\$102,000	
	Allowance for procurement of media replacement	24,700	
Project Total			\$126,700

Project Photos:



Original base & turntable, Biotower No. 2



New rotary distributor, Biotower No. 2

Odor Control System Improvements (GL 7300-981-00)		
Type of Project	Design and Capital Construction	Lead Department Engineering
Project Delivery	Formally bid	
Description and Justification	Some wastewater treatment processes produce odorous and/or corrosive gasses, and odor control systems protect plant equipment and serve as one component of the Agency's overall odor control management program. The existing odor control scrubbers in the Headworks, Biotower basement, and Solids Handling Building are approaching 30 years of service. A consulting firm was hired in FY 15 to prepare a conceptual design report to replace the scrubbers. They conducted limited sampling to evaluate the overall performance of the units and prepared cost estimates to replace each unit with activated carbon media system. Sampling showed that while the existing scrubbers were not overly efficient, they were capable of removing odors to a level that did not impact our surrounding neighbors. The cost to replace the units is estimated to be \$4.3 million. The consultant conducted additional testing in FY 16 and determined that while the scrubbers do not operate at an optimum level, they are effectively removing odors.	
Elements	<p>FY 15 – (Completed) Consultant performed a condition assessment, analyzed alternative technologies, and prepared a preliminary design recommendation.</p> <p>FY 16 – Design ventilation improvements in the solids handling building to improve atmospheric conditions during biosolids truck loading and meet NFPA 820 requirements.</p> <p>FY 17 – Complete the design and construct the ventilation improvements in the solids handling building.</p> <p>FY 19, 22, & 26 – Allowances to design and construct replacement and/or upgrades for one or more of the existing scrubbers.</p>	
Risk Assessment	This is a low risk project because the odor scrubbers are operating with minor mechanical issues. Scrubbers will be monitored and funding will be adjusted if performance significantly degrades.	
Projected Expenditures FY 17 - 26		
	FY 17	370,000
	FY 19	1,137,000
	FY 17 – 26 Total	\$1,507,000
Implementation Schedule		
Schedule	Activity Description	Cost
FY 15 (Completed)	Consultant performs high-level odor control and equipment analysis and prepares report with recommendations.	72,674
FY 16 (Projected Actual)	Design ventilation and NFPA 820 improvements in the solids handling building.	117,372
FY 17	Bid and construct ventilation and NFPA 820 improvements in the solids handling building.	370,000
FY 19	Design and construct replacement or upgrades for one scrubber	1,137,000
FY 22	Design and construct replacement or upgrades for one scrubber	1,254,200
FY 26	Design and construct replacement or upgrades for one scrubber	1,356,600
	Project Total	\$4,307,846

Project Photos:



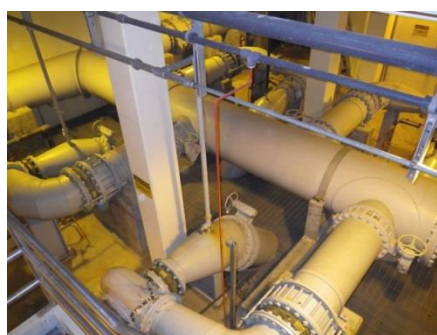
Odor control scrubbers, with air handlers, two views.

Critical Buried Pipe Inspection and Repairs (GL 7400-966-00)		
Type of Project	Inspection and Capital Construction	Lead Department Engineering
Project Delivery	Inspection – Request for Proposals; Repairs - Formally 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 the treatment plant. This project will evaluate options to inspect the interceptors and conduct the inspections where feasible. Within the treatment plant there are several large diameter pipelines that transfer water between treatment process including the Primary Effluent pipeline and the Return Activated Sludge pipelines. The treatment plant pipelines contain elastomeric joints that are nearing the end of their service lives. Inspecting these critical buried pipe flex joints may require diver inspection or robotic inspection technology because the pipelines are difficult to keep dewatered. Inspections of the treatment plant pipelines have been differed until after the Agency Facilities Master Plan.	
Elements	FY 17 - Begin a project to inspect the portions of the San Rafael Interceptor and the Ross Valley Interceptor which CMSA is responsible for maintaining. The scope of work has been expanded to include inspection of the entire length of each pipeline; FY 17 - Complete the San Rafael and Ross Valley Interceptors inspection project. FY 19 - Allowance for interior inspection of the pipelines, elastomeric joints, and selected sumps, with possible uncovering of the exterior of some buried joints throughout the Agency Facility. Includes possible internal sealing of some or all of the elastomeric joints and external pipe repairs, based on inspection results.	
Risk Assessment	This is a medium risk project because the condition of the pipelines and flexible joints is unknown. However, the pipelines have not leaked or shown signs of corrosion.	
Projected Expenditures FY 17 - 26		
	FY 17	\$100,000
	FY 19	176,400
	FY 17 – 26 Total	\$276,400
Implementation Schedule		
Schedule	Activity Description	Cost
FY 16 (Projected Actual)	Begin the inspection of the San Rafael and Ross Valley Interceptors	\$20,000
FY 17	Complete the inspection of the San Rafael and Ross Valley Interceptors	100,000
FY 19	Allowance for internal inspection and possible repair of pipeline joints throughout the Agency Facilities.	176,400
	Project Total	\$296,400

Project Photos:



Biotower effluent pipe



Primary Effluent pipe manifold

Centrifuge Maintenance (GL 7300-964-10)			
Type of Project	Design and Capital Construction	Lead Department	Engineering
Project Delivery	Informally and formally bid		
Description and Justification	The Agency dewateres digested sludge with three high speed centrifuges. The centrifuges 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. The centrifuges are scheduled for major 5-year preventive maintenance procedures beginning in FY 17. Prior to the 5-year maintenance cycle, a consultant will perform a condition assessment to estimate the remaining useful life of the centrifuges and conduct a preliminary design study to research potential replacement technologies with lower life cycle costs. A replacement technology must be capable of meeting current Agency performance standards while requiring less energy, and lower annual maintenance costs.		
Elements	FY 16 – Perform major condition assessment of the centrifuges; FY 17 – Conduct a preliminary design study to research potential replacement technologies. Allowance to refurbish two centrifuge hydraulic systems and replace the master PLC on the third floor if deemed necessary by the condition assessment; FY 18 – Construct the centrifuge replacement; FY 22 - Rehabilitate dewatering equipment after completion of the digester cleaning.		
Risk Assessment	This is a low risk project because the existing centrifuges with proper maintenance are expected to operate and meet the Agency’s needs.		

Projected Expenditures FY 17 – 26	
	FY 17
	235,300
	FY 18
	1,606,100
	FY 22
	117,500
	FY 16 – 25 Total
	\$1,958,900

Implementation Schedule		
Schedule	Activity Description	Cost
FY 16 (Projected Actual)	Perform condition assessment	\$5,000
FY 17	Allowance to refurbish hydraulic systems and/or design replacement dewatering systems.	235,300
FY 18	Complete the centrifuge replacement	1,606,100
FY 22	Rehabilitate dewatering equipment	117,500
	Project Total	\$1,963,900

Project Photos:



Existing Centrifuges



Biosolids Hoppers

SECTION 9. FY 2016-17 Adopted Budget—10-Year Financial Forecast

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

The 10-Year financial forecast is presented following this narrative. The starting point of the forecast is the FY 2015-16 Projected Budget Performance (FY 16) and the FY 2016-17 Adopted Budget (FY 17). At this time, FY 16 preliminary estimates for year-end reflect the following unbudgeted event which occurred during the fiscal year:

- Capacity charges for residential and commercial sewer connections were received during FY 16 YTD and generated over \$89K in capacity charges.

The 10-year forecast for FY 17 indicates that, consistent with the Board's five-year funding decision in February 2013, the Agency will have sufficient revenues to support operations over the remaining two fiscal years (FY 17 and FY 18) of the Agency's five-year revenue plan. The Agency will begin to have an operating funding deficit (operating expenses in excess of operating revenues) beginning in FY 19. Without an increase in operating revenues, the Agency is projected to deplete its operating reserves during FY 21 or early FY 22 .

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

EXPENDITURES

Line #1: Operational Expenses

- Salaries
 1. Addition of one Assistant Engineer position in the fourth quarter of FY 16.
 2. Adjustments for anticipated step increases for eligible positions.
 3. Negotiated salary increases of 4% (represented employees) and 4.5% (unrepresented employees) in FY 16 and FY 17, 2% in FY 2017-18 and Bay Area annual CPI in FY 19 and FY 20, and 3% thereafter.
- Benefits
 1. Retirement:
 - a. A continuation of CalPERS funding policy for employer contributions to pay down unfunded liabilities over 30 years.
 - b. Employee reimbursement of employer pension contribution as follows:
 - Unrepresented employees: 8% in FY 17.
 - Represented employees: 8% in FY 17.
 - c. Elimination of reporting the employer paid member contribution by June 30, 2018.
 2. Health Benefits:
 - a. Annual health benefit increases per the FY 15 GASB 45 actuary report guidance of

4.5% increases per year.

b. Reduction in annual OPEB expenses associated with an updated GASB 45 valuation which was accepted by the Board in FY 16.

- Chemicals: Budget for CPI increase of 3.0% per year starting in FY 17 for the cost of chemicals combined with changes in the volume of chemicals used in 2016. Lower budgeted fuel costs to reflect current energy prices.
- Maintenance and Repairs: Budget for CPI increase of 3.0% per year starting in FY 17.
- Utilities: Budget for a decrease of \$0.02/therm of natural gas and CPI increase of 3.0% per year starting in FY 17. Electrical also lower due to lower-cost purchases in the spot market.
- NPDES Permit Renewal: Planned regulatory consulting costs for the NPDES renewal in 2017 and 2022.
- All other categories of expenditures: Budget for CPI increase of 3.0% per year starting in FY 17.

REVENUES

Line #2: Revenues—Regional Service Charge

- FY 16 to FY 18. Remaining two years of revenues based on February 2013 Board approved five-year funding plan (Line 6B).
- FY 19 to FY 25. FY 18 Regional Service Charges was used as the baseline revenue, as the Board has not made any decision to adjust this item beyond FY 18.

Line #3: Revenues—All other Operational Revenues

- Assumes a new 5-year contract for SQSP in FY 20. SQSP revenues for treatment services based on SQSP share of the flow and strength allocation (5.16% in FY 17) applied to the Agency's operating and CIP expenses, not to exceed \$1 million per year. In addition, there is \$100K associated with SQSP pump station maintenance with annual CPI adjustment for the labor component. The CIP adjustment for FY 17 will be 2.6%.
- SD #2 and SQVSMD contract revenues are based on fixed costs for pump station maintenance. These revenues do not include CIP projects which are developed annually with the contracting entities.
- Revenues for FOG and food-waste disposal based on daily loads of 12,000 gallons of FOG and 6 tons of food-waste respectively. Includes new revenues for soy whey disposal.

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

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

Lines #7-10: Revenues—Debt Service

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

the bondholders.

CAPITAL IMPROVEMENT PROGRAM:

Line #12: 10-Year Capital Improvement Program Total FY 17 to FY 26 cost is \$34.1 million.

Line #13: Funding Sources for 10-Year CIP

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

Line #14: CIP Funding Shortfall

The Agency will not have sufficient funds in its two capital reserves to fully fund the CIP starting in FY 21. The total shortfall in FY 21 to FY 23 is expected to be \$8.1 million.

FUNDING FOR AGENCY RESERVES

- Line #15 - Funding to/from Operating Reserves: When surpluses are anticipated, a portion of the surplus will be used to maintain the Operating Reserves at 25% of the annual Operating Expense Budget. The Agency will begin to use its Operating Reserves to supplement its operating revenues beginning in FY 19. The Operating Reserves will be depleted in early FY 22.
- Line #16 - Funding for Unrestricted Capital Reserves: The source of this reserve is the operating surplus (Line 5) less the amount needed to maintain Operating Reserves at 25% of operating budget.
- Line #17 – Capital Charge: Represents the February 2013 Board action to collect revenues to fund future years in the 10-Year CIP. FY 17 amount is \$530K. This increases each year by \$100K until it reaches \$630K annually in FY 18.

AGENCY RESERVES

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

CENTRAL MARIN SANITATION AGENCY
Annual Update to the 10-Year Forecast Summary
FY 2016-17 Adopted Budget

	Adopted FY 15-16	Projected FY 15-16	Year 1 Forecast FY 16-17	Year 2 Forecast FY 17-18	Year 3 Forecast FY 18-19	Year 4 Forecast FY 19-20	Year 5 Forecast FY 20-21	Year 6 Forecast FY 21-22	Year 7 Forecast FY 22-23	Year 8 Forecast FY 23-24	Year 9 Forecast FY 24-25	Year 10 Forecast FY 25-26	Comments	
Section I - General Operations:														
1	Operational Expenses	\$ 10,896,500	\$ 10,550,184	\$ 11,580,480	\$ 12,088,633	\$ 12,512,659	\$ 13,050,127	\$ 13,548,420	\$ 14,145,659	\$ 14,523,100	\$ 15,006,160	\$ 15,533,747	\$ 16,020,967	10-YR expenditure growth forecast at an annualized rate of 4.4%. FY 19-26 \$114.3MM
2	Regional/Sewer Service Charges for Operations	9,467,549	9,467,549	9,865,358	10,263,166	10,263,166	10,263,166	10,263,166	10,263,166	10,263,166	10,263,166	10,263,166	10,263,166	Board Approved 5-YR Funding Feb 2013. FY 19-26 \$82.1MM
3	All other Operational Revenues	1,872,537	1,896,369	1,841,878	1,888,286	1,881,721	1,875,487	1,884,598	1,894,069	1,903,914	1,914,150	1,924,791	1,935,956	SQSP contract ends June 30, 2019
4	Total Funding Sources	11,340,086	11,363,918	11,707,236	12,151,453	12,144,887	12,138,653	12,147,764	12,157,235	12,167,080	12,177,316	12,187,958	12,199,123	10-YR revenue growth forecast at an annualized rate of 0.6%. FY 19-26 to 26 = \$97.3MM
5	Funding Surplus/(Deficit):	443,586	813,734	126,756	62,820	(367,772)	(911,474)	(1,400,656)	(1,988,424)	(2,356,019)	(2,828,845)	(3,345,790)	(3,821,845)	FY 19 to 26 = \$17.0 m deficit
6A	Board Approved (Feb 2013) Five-Year Regional/SSC Funding Model for Operations	9,467,549	9,467,549	9,865,358	10,263,166									
6B	Change in Regional Service Charges from prior year (does not include Operating Reserve Funding)	397,809		397,809	397,809									
	% Change	4.4%		4.2%	4.0%									
Section II - Debt Service on 2015 Revenue Bonds														
7	Funding Requirements													
7	Debt Service (Principal & Interest)	\$ 3,659,224	\$ 3,659,224	\$ 3,968,094	\$ 3,961,906	\$ 3,973,206	\$ 3,967,331	\$ 3,957,006	\$ 3,966,006	\$ 3,965,706	\$ 3,942,381	\$ 3,944,506	\$ 3,939,381	Debt Service Schedule
8	Debt Service Coverage	914,806	914,806	992,023	990,477	993,302	991,833	989,252	991,502	991,427	985,595	986,127	984,845	25% of Debt Service Schedule
9	Total Funding Sources	4,574,030	4,574,030	4,960,117	4,952,383	4,966,508	4,959,164	4,946,258	4,957,508	4,957,133	4,927,977	4,930,633	4,924,227	
11	EDU Rate for Debt Service (same rate per EDU w SQSP)	\$ 87.10	\$ 87.37	\$ 94.74	\$ 94.59	\$ 94.86	\$ 94.72	\$ 94.48	\$ 94.69	\$ 94.68	\$ 94.13	\$ 94.18	\$ 94.05	
Section III - Capital Improvement Program														
12	Ten-Year CIP Projects	\$ 4,544,800	3,615,922	\$ 4,193,000	\$ 3,310,800	\$ 2,663,100	\$ 3,201,700	\$ 5,967,800	\$ 6,053,400	\$ 2,752,500	\$ 1,227,700	\$ 1,904,000	\$ 2,792,300	FY 19-26= \$26.5MM
13	CIP Funding Sources													
1	Capacity Charges - Connection Fees		89,054											
2	Restricted Capital Reserves	2,954,553	3,042,636	914,806	992,023	990,477	993,302	991,833	989,252	991,502	991,427	985,595	986,127	
3	Unrestricted Capital Reserves	1,590,247	484,232	3,278,194	2,318,777	1,672,623	2,208,398	2,448,767	630,000	630,000	630,000	630,000	630,000	
	Total Available Funding	4,544,800	3,615,922	4,193,000	3,310,800	2,663,100	3,201,700	3,440,600	1,619,252	1,621,502	1,621,427	1,615,595	1,616,127	FY 19-26=\$17.4MM
14	CIP Funding Shortfall	-	-	-	-	-	-	(2,527,200)	(4,434,148)	(1,130,998)				FY 20-22 shortfall = \$8.1MM
Section IV - Funding for Agency Reserves														
15	Funding to/(from) Operating Reserves	\$ 191,706	\$ 126,287	\$ 126,756	\$ 62,820	\$ (367,772)	\$ (911,474)	\$ (1,400,656)	\$ (1,988,424)	\$ (2,356,019)	\$ (2,828,845)	\$ (3,345,790)	\$ (3,821,845)	not funded to maintain @ 25% of budget
16	Funding for Unrestricted Capital Reserves	251,880	687,447	-	-	-	-	-	-	-	-	-	-	
A.	Board Approved (Feb 2013) Capital Charge	430,000	430,000	530,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000	630,000	FY 17-26= \$6.2MM
17	Total	873,586	1,243,734	656,756	692,820	262,228	(281,474)	(770,656)	(1,358,424)	(1,726,019)	(2,198,845)	(2,715,790)	(3,191,845)	
Section V: Adjustments to Cash & Investments/Reserves														
18	Total Beginning Reserves on July 1	13,695,097	14,147,440	12,779,111	10,234,891	8,607,387	7,199,817	4,708,475	(1,290,729)	(7,711,052)	(11,198,145)	(13,639,094)	(17,272,757)	
	Reserve Designations, Ending Balance on June 30													
19	A. Restricted: Capacity Charges	-	-	-	-	-	-	-	-	-	-	-	-	
20	B. Restricted: Capital Improvement Program (Debt Coverage)	914,806	914,806	992,023	990,477	993,302	991,833	989,252	991,502	991,427	985,595	986,127	984,845	
21	Subtotal Restricted Reserves	914,806	914,806	992,023	990,477	993,302	991,833	989,252	991,502	991,427	985,595	986,127	984,845	
22	1. Unrestricted: CSRMA Insurance Deductible	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
23	2. Unrestricted: Operating Reserves	2,724,125	2,637,546	2,764,302	2,827,122	2,459,350	1,547,876	147,219	(1,841,205)	(4,197,224)	(7,026,068)	(10,371,858)	(14,193,703)	Depleted early FY22
	% of Reserve to Operating Expenses (Line 1)	25.0%	23.9%	23.9%	23.4%	19.7%	11.9%	1.1%	-13.0%	-28.9%	-46.8%	-66.8%	-88.6%	
24	3. Unrestricted: Capital Improvement Program	6,949,758	8,876,759	6,128,565	4,439,789	3,397,165	1,818,767	(2,527,200)	(6,961,349)	(8,092,347)	(7,698,621)	(7,987,025)	(9,163,199)	Depleted FY 21
25	4. Unrestricted: Emergency	250,000	250,000	250,000	250,000	250,000	250,000	-	-	-	-	-	-	Depleted FY 21
26	Subtotal Unrestricted Reserves	10,023,883	11,864,305	9,242,867	7,616,911	6,206,515	3,716,642	(2,279,981)	(8,702,554)	(12,189,571)	(14,624,689)	(18,258,883)	(23,256,901)	
27	Total Ending Reserves on June 30	10,938,689	12,779,111	10,234,891	8,607,387	7,199,817	4,708,475	(1,290,729)	(7,711,052)	(11,198,145)	(13,639,094)	(17,272,757)	(22,272,056)	
28	Change in Beginning and Ending Reserves	(2,756,408)	(1,368,329)	(2,544,220)	(1,627,504)	(1,407,570)	(2,491,342)	(5,999,205)	(6,420,323)	(3,487,093)	(2,440,949)	(3,633,663)	(4,999,299)	

SECTION 10. DEBT OBLIGATIONS

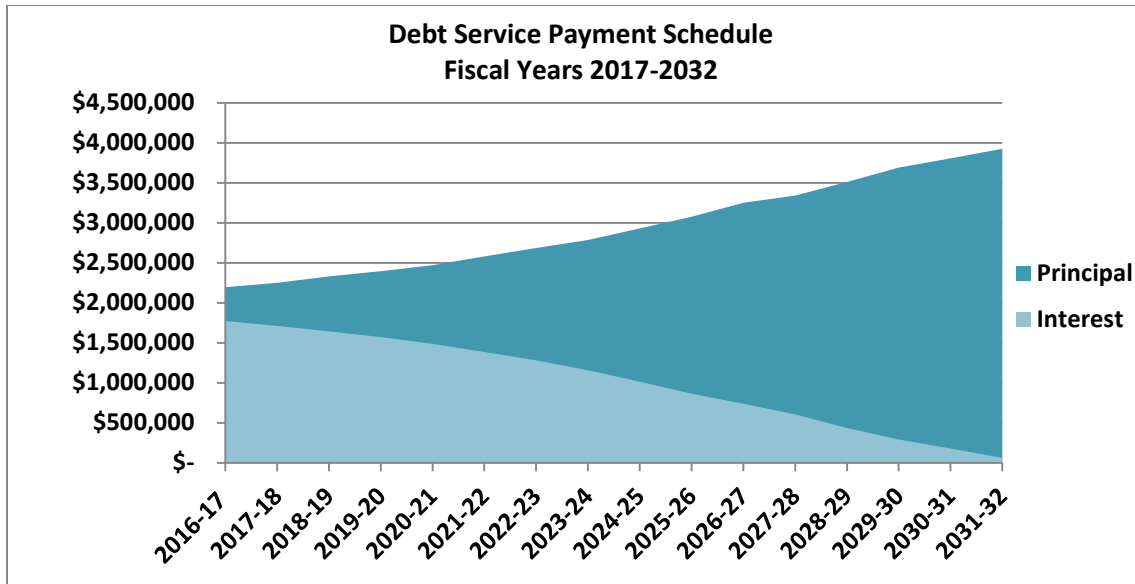
During FY 15, the Agency took advantage of historically low interest rates by refunding its Series 2006 Revenue Bonds to realize savings through lower interest rates. On April 22, 2015, the Agency issued \$49,310,000 of Series 2015 Revenue Bonds at a premium of \$5,344,174, with an interest rate average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

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

Refunding Revenue Bonds Series 2015 Debt Service Schedule Remaining to 2032

Fiscal Year	Principal	Interest	Total
2016-17 (Budgeted)	\$2,195,000	\$1,773,094	\$3,968,094
2017-18	2,250,000	1,711,906	3,961,906
2018-19	2,330,000	1,643,206	3,973,206
2019-20	2,395,000	1,572,331	3,967,331
2020-21	2,470,000	1,487,006	3,957,006
2021-22	2,580,000	1,386,006	3,966,006
2022-23	2,685,000	1,280,706	3,965,706
2023-24	2,785,000	1,157,381	3,942,381
2024-25	2,930,000	1,014,506	3,944,506
2025-26	3,075,000	864,381	3,939,381
2026-27	3,250,000	738,756	3,988,756
2027-28	3,340,000	606,506	3,946,506
2028-29	3,510,000	435,256	3,945,256
2029-30	3,690,000	292,156	3,982,156
2030-31	3,805,000	179,731	3,984,731
2031-32	3,925,000	61,328	3,986,328
Total Refunding Revenue			
Bond Series 2015 Debt			
Outstanding as of July 1, 2017	\$47,215,000	\$16,204,260	\$63,419,260

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



In accordance with the Agency’s Financial Policy on Reserves, debt service coverage funds are restricted for capital project use with the limitation that the amount collected during each fiscal period cannot be expended in the same period. The annual budget appropriates funds from Restricted Reserves for Capital Projects to fund current year Capital Improvement Program (CIP) activities. The FY 17 Budget appropriates nearly \$915,000 to be spent from the Restricted Reserves for CIP activities. Because debt service obligations are collected from JPA Member Agencies, the existing debt level has little impact on the Agency’s current operations. Details for the Agency’s FY 17 CIP can be found in Section 8 – Capital Improvement Program.

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

Debt Service Charges per Equivalent Dwelling Unit

Fiscal Year	Debt Service Charges/EDU	Principal Retired	Interest Paid	25% Coverage Collected
Series 2015 Revenue Bonds				
2016-17	\$94.74	\$2,195,000	\$1,773,094	\$992,023
2015-16	87.10	2,095,000	1,564,224	914,806
Series 2006 Revenue Bonds				
2014-15	\$110.75	\$2,135,000	\$2,517,501	\$1,163,125
2013-14	111.69	2,040,000	2,616,539	1,164,135
2012-13	113.51	1,955,000	2,701,751	1,164,188
2011-12	106.08	1,880,000	2,775,914	1,163,979
2010-11	103.95	1,805,000	2,849,708	1,163,677
2009-10	103.44	1,735,000	2,918,251	1,163,313
2008-09	104.19	1,670,000	2,986,351	1,164,088
2007-08	71.63	-	3,019,751	754,938
2006-07	33.15	-	1,107,242	276,811

The Agency is not subject to legal debt limitations because general obligation debt has not been issued.

SECTION 11. KEY TERMS AND FINANCIAL GLOSSARY WITH ACRONYM LISTING

- **ASSETS:** Anything of material and economic value or usefulness that is owned by the entity.
- **BAY AREA CLEAN WATER AGENCIES (BACWA):** A joint powers agency formed under the California Government Code by the five largest wastewater treatment agencies that provide sanitary sewer services to the more than seven million people living in the nine county San Francisco Bay Area. CMSA is one of BACWA's 65 principal and associate members.
- **BAY AREA CHEMICAL CONSORTIUM (BACC):** A cooperative group of over 50 public water and wastewater agencies in northern California whose primary purpose is to seek competitive bids from vendors to supply and deliver chemicals for water and/or wastewater treatment.
- **BAY AREA AIR QUALITY MANAGEMENT DISTRICT (BAAQMD):** A government agency that regulates sources of air pollution within the nine San Francisco Bay Area Counties.
- **BOND PREMIUM:** A bond that is priced higher than its stated face (par) value.
- **CAPITAL ASSETS:** Includes Agency land, treatment plant, outfall, facilities, buildings, and equipment net of depreciation.
- **CAPITAL EXPENDITURE:** An expenditure of \$2,500 or more that is used to purchase a capital asset with a useful life of one year or more, or an investment that improves the useful life of an existing asset.
- **CAPITAL IMPROVEMENT PROGRAM (CIP):** A plan that describes and explains the Agency's capital and asset management projects, delineated by type of project and funding source, over ten fiscal years. The CIP is a planning document that provides the Agency with an opportunity to evaluate and assess its capital needs from financial, engineering, operational and planning perspectives.
- **CAPACITY CHARGE:** A one-time fee charged to all new users connecting to, and creating additional demand on, the sanitary and sewer treatment systems and is a funding mechanism by which the cost of the facilities to serve them are paid for. Government code requires capacity charges to fund capital projects.
- **COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM (CMMS):** A software program that is used for inventory control, procurement management, fixed asset condition assessment, maintenance repair management, and asset reporting. The Agency uses a CMMS product called NEXGEN.
- **CONTRACT SERVICE REVENUES:** Services provided by the Agency under contract to other local agencies for pump station and collection system maintenance, the various source control programs, a new service to assure safe disposal of amalgam and mercury contaminants.
- **CURRENT AND OTHER ASSETS:** Assets that can easily be converted to cash or consumed within one year. Includes cash, investments, receivables, prepaid expenses, deposits with others (example: OPEB asset).
- **CURRENT LIABILITIES:** Payment obligations owed by the Agency within the next 12 months.
- **EQUIVALENT DWELLING UNIT (EDU):** An EDU is one single-family residence.
- **ENTERPRISE FUND:** A government accounting fund that provides goods or services to the public for a fee that makes the entity self-supporting.
- **FLOW(S):** The total incoming sewage flow(s) to CMSA from JPA member agencies measured in millions of gallons and collected for the previous April 1 to March 31. It is used to calculate the sewer service charge and allocate to each JPA member agency its respective portion of the sewer charge.

- **FULL TIME EQUIVALENT (FTE):** a position converted to a decimal equivalent of a full-time employee position.
- **HAULERS, PERMITS and INSPECTION REVENUE:** Fees and charges for use of Agency septage receiving facility, permit fees for commercial and industrial waste regulated commercial and industrial dischargers, reimbursement of Agency labor, and administrative costs for performing inspections and other services.
- **INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT:** Represents amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire the assets.
- **JOINT POWERS AGREEMENT (JPA):** An agreement between two or more local government agencies to form a separate governmental entity distinct from the member governments. It authorizes the powers the JPA is allowed to exercise.
- **LIABILITIES:** What the Agency owes others.
- **MCSTOPP:** Marin County Stormwater Pollution Prevention Program
- **MEDICAL AFTER RETIREMENT ACCOUNT (MARA):** An employer paid contribution to participating employee's MARA account. The accumulated funds, owned by the individual, can be spent on qualified medical expenses during retirement.
- **NET ASSETS:** The difference between total assets and total liabilities.
- **NON-CURRENT LIABILITIES:** Payment obligations owed by the Agency more than 12 months in the future.
- **NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES):** A federal permit that establishes the quality requirements of the Agency's treatment waters, and requires the Agency to manage and maintain pretreatment, pollution prevention, mercury reduction and public education programs.
- **OTHER NON-OPERATING REVENUE:** Includes CSRMA dividends, CalCARD prompt payment incentive rebates, settlement claims, the occasional sale of assets, SDI disability reimbursements, and other miscellaneous revenue sources.
- **PROGRAM REVENUES:** The Agency is the lead coordinator for the Safety Director, Countywide Education, and Outside Safety Training programs. Costs incurred by CMSA are allocated to the districts that participate in the programs. The Agency invoices participating districts quarterly for Safety Director and Countywide Education expenditures in accordance with agreements with program participants.
- **RESTRICTED CASH:** Cash and investments not available for immediate use and set aside for specific, contractual purposes.
- **REVENUE BOND:** Debt obligation for which interest and principal payments are secured by the debt service portion of service charge revenues.
- **SANITARY DISTRICT No. 2 (SD#2):** SD#2 is a CMSA JPA member, and comprises the Town of Corte Madera and unincorporated properties on the Tiburon peninsula.
- **SERVICE CHARGE:** A fee for wastewater treatment service and payment of the revenue bond debt service.
- **UNRESTRICTED CASH:** Cash and investments available to use for operations and not tied to a specific expenditure or reserve.
- **WATER ENVIRONMENT FEDERATION (WEF):** A not-for-profit technical and educational organization of 36,000 individual members and 75 affiliated Member Associations representing water quality professionals around the world.

ACRONYM LISTING

AM	Asset Management
BACC	Bay Area Chemical Consortium
BACWA	Bay Area Clean Water Agencies
BAPPG	Bay Area Pollution Prevention Group
BAAQMD	Bay Area Air Quality Management District
BOD	Biological Oxygen Demand
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees' Retirement System
CAMP	California Asset Management Program
CASA	California Association of Sanitation Agencies
CIP	Capital Improvement Program
CMMS	Computerized Maintenance Management System
CMSA	Central Marin Sanitation Agency
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CSRMA	California Sanitation Risk Management Authority
CUPA	Certified Unified Program Agencies
CWEA	California Water Environment Association
DAFs	Dissolved Air Flotation Thickeners
EDU	Equivalent Dwelling Unit
ELAP	Environmental Laboratory Approval Program
F2E	Food-to-Energy
FOG	Fats, Oils, and Grease program (see Contract Service Revenues)
FTE	Full Time Equivalent
FW	Food Waste
FY	Fiscal Year
GASB	Government Accounting Standards Board
GFOA	Government Finance Officers Association
G&A	General & Administrative
IW	Industrial Waste

JPA	Joint Powers of Authority
LAIF	Local Agency Investment Fund (see Interest Income)
LARK	City of Larkspur
LGVSD	Las Gallinas Sanitary District (see Contract Service Revenues)
MARA	Medical After Retirement Account
NACWA	National Association of Clean Water Agencies
NBWA	North Bay Watershed Association
NPDES	National Pollutant Discharge Elimination System
OPEB	Other Post-Employment Benefits (retiree medical benefits)
PAFR	Popular Annual Financial Report
SBP	Strategic Business Plan
SD #1	Sanitary District #1, JPA Member (aka RVSD, Ross Valley Sanitary District)
SD #2	Sanitary District #2, JPA Member
SDI	State Disability Insurance
SQSP	San Quentin State Prison
SQ Village	San Quentin Village
SQVSMO	San Quentin Village Sewage Maintenance District
SRSD	San Rafael Sanitation District, JPA Member
SSC	Sewer Service Charge
SWRCB	State Water Resources Control Board
TCSD	Tamalpais Community Services District (see Contract Service Revenues)
TSS	Total Suspended Solids
USA	Underground Service Alert
WAS	Waste Activated Sludge

Appendix A

Central Marin Sanitation Agency

Financial Policies Manual



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

PURPOSE

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

The CMSA Financial Policy Manual guides the Board of Commissioners, General Manager, and Agency staff (i.e., all stakeholders) in shaping financial decisions and actions. These policies give directions for making informed choices regarding important aspects of quality public services, and on effectively handling and safeguarding financial and physical assets. They define, promote, control, and ensure participation by each stakeholder on his/her roles, responsibilities, and relationships with respect to financial matters and administration. It is accepted as standard business practice to have financial policies in place. They are also used as good training tools for new employees and for refreshing ongoing financial skills and operations.

POLICIES VS. PROCEDURES

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

POLICY FRAMEWORK

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

Financial policies shall be actionable and shall set controls to be used for prudent financial decision-making, and shall standardize financial operations by defining roles and responsibilities. They shall define and outline appropriate financial management and behavior. All Agency employees may be subject to disciplinary actions under Personnel Policy #405, *Progressive Discipline* for violation of any financial policies. In their intent, they shall promote and incorporate long-term perspectives and strategic thinking by framing overall operational policies, goals, and objectives. They shall establish links to these broad organizational goals and objectives, while focusing on fiscal results and outcomes for the Agency.

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

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

PURPOSE

The purpose of the Internal Controls and Fraud Prevention Policy is to provide direction on managing the Agency’s internal accounting methods and practices and to prevent fraudulent activities and misuse of Agency funds in accordance with California Government Code Section 6500, et seq.

POLICY

I. Internal Controls

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

II. Internal Accounting Practices

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

Agency staff shall ensure that:

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

If any of these practices are found to be improperly implemented or maintained, Agency staff shall take immediate remedial action to improve and/or change the practice. (See Policy #503, *Ethics*).

III. Internal Review and Recommendations

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

IV. Public Fiduciary Liability

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

V. Audits

Internal control and financial audits shall be performed annually by an independent firm of certified public accountants and coordinated by the Administrative Services Manager in accordance with *Generally Accepted Auditing Standards*, the Agency's Joint Powers Agreement (Section 11), and applicable State laws. The Administrative Services Manager shall incorporate the financial audit results into the financial section of the Comprehensive Annual Finance Report (CAFR). Agency staff shall implement auditor recommendations for improved internal controls. The Board shall annually review and approve the audits and accept the CAFR (see Policy #510, *Financial Reporting*). In addition, based on the recommendation of the General Manager from an evaluative process, the Board shall periodically review and approve the selection of the independent auditor to perform the annual financial audit.

VI. Segregation of Duties

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

VII. Operating Fund Account

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

banking market conditions, or for other benefits or advantages to the Agency. The evaluation shall include, but is not limited to, qualifications associated with banking services provided, fees charged, and financial and administrative benefits for the Agency. The Administrative Services Manager shall develop procedures to manage the daily and routine operations of the Account and its cash balances

VIII. Authorized Check Signers

Agency staff shall require that all checks disbursed from the Agency's operating account have two signatures and be for valid, documented, and approved expenses of the Agency. At no time or occasion shall blank checks be signed. The Board shall designate authorized check signers who may include the General Manager, Board members, and Agency staff. The General Manager shall seek Board authorization to update authorized check signers whenever a previously designated check signer is no longer affiliated with the Agency.

IX. Wire Transfers

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

X. Vault Security

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

XI. Payments to Agency and Bank Deposits

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

XII. Petty Cash

Agency staff shall securely maintain petty cash funds for small cash transaction purposes. Disbursements from petty cash shall be pursuant to Policy #562, *Purchasing Policy*, and associated procedures. At no time or occasion shall checks be cashed out of

petty cash currency, or petty cash funds borrowed for any purpose. Agency staff shall keep petty cash in a locked box in the Agency vault.

XIII. RV Disposal Receipts

Agency staff shall securely maintain funds to conduct payment transactions for Recreational Vehicle (RV) customers utilizing the Agency facilities to offload wastewater. RV cash receipts will be reconciled semi-annually to the sales/money receipts book. At no time or occasion shall checks be cashed out or funds borrowed from held currency. Agency staff shall keep these RV funds in the Agency vault.

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

PURPOSE

The Agency’s Mission Statement promotes achievement of the Agency’s purpose and vision by protecting its assets and investments through sound financial policies and practices. The Board of Commissioners, General Manager, and Agency staff shall serve as stewards of the public’s resources, trust, and confidence, and thus shall be held to the high standards of ethical fiscal conduct in the public’s interest as opposed to personal interests. The purpose of the Ethics Policy is to affirm required standards of conduct and practices with respect to financial roles and responsibilities.

POLICY

I. General

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

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

II. Violation of this Policy and Related Financial Policies

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

III. Reporting Unethical and Fraudulent Behavior

Agency staff shall report any observation in practice or appearance of a violation of the Agency’s financial policies, procedures, and resolutions including this Policy to their

supervisor or the General Manager, who will investigate the matter. A verbal or written report will be considered a personnel matter and will be handled with strict confidentiality under the Agency's Personnel Policies. If the suspect employee is the General Manager, Agency staff have a responsibility to contact the Chairperson of the Board of Commissioners.

IV. Whistleblower Provision

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

V. Use of Public Funds

Agency staff shall make expenditures of Agency funds only after the transaction has been properly reviewed, approved and authorized as established by *Internal Controls, Expenditure Management, Financial Planning, Procurement Management, and Asset Management* policies (501, 540, 550, 560, and 570, et seq.), and related procedures. Agency staff shall only receive funds for authorized and approved Agency activities as established by *Internal Controls, Revenue Management, and Financial Planning* policies (501, 520, and 550, et seq.), and related procedures. Agency staff shall not spend or receive public funds for any "public purposes" they choose; all funds of the Agency shall be utilized solely for Board adopted purposes (California Government Code section 8314).

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

Each Board member shall comply with Agency Board of Commissioners' Policy No. 4, *Reimbursement Policy for Travel/Expenses for Agency Officials*.

VI. Conflict of Interest

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

Commissioners and Agency staff shall not make, participate in making, or in any way attempt to use their official positions to influence an Agency decision in which they know or have reason to know that they have a financial interest (California Government

Code section 87100, et seq.). In addition, Commissioners and Agency staff shall not be financially interested in contracts they enter on behalf of the Agency. Commissioners and Agency staff shall avoid contractual improprieties that could occur both in practice and appearance (California Government Code section 1090, et seq.).

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

VII. Bribery and Extortion

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

VIII. Extra Compensation

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

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

IX. Gifts to Employees and Officials

Commissioners and Agency staff shall explicitly follow the California Political Reform Act (Government Code sections 86203, 89503, and 89506) and relevant U.S. Internal Revenue Service codes and pronouncements that set forth the rules and provisions that must be followed by public employees and officials related to the receipt of gifts and applicable taxes. These state laws limit the value of gifts that may be accepted by the Board and Agency employees. These government codes cover a broad subject area regarding gifts including, but not limited to, the maximum amount of gifts that public employees and officials may receive (amounts are set by the California Fair Political Practices Commission), lobbyist limitations, special rules for gifts of travel, exceptions to

the gift limitations, and other regulations regarding gifts. See website www.fppc.ca.gov for more information.

X. Honoraria Ban

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

XI. Gifts of Public Funds

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

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

XII. Receiving Private Donated Funds

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

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

PURPOSE

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

POLICY

I. Comprehensive and Popular Annual Financial Reports

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

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

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

II. External Filings and Reporting

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

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

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

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

I. PURPOSE

Each debt issued by the Central Marin Sanitation Agency (the “Agency”) will have its own specific set of Continuing Disclosure Undertakings. The purpose of this policy is to ensure that the Agency satisfies all debt-related disclosure requirements and identifies the responsible Agency staff.

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

II. DEFINITIONS

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

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

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

III. DISCLOSURE COORDINATOR

- A. *Appointment.* The Administrative Services Manager shall serve as the Disclosure Coordinator for the Agency. The Administrative Services Manager, with the approval of the General Manager, may designate another member of the Agency staff to serve as the Disclosure Coordinator.
- B. *Responsibilities.* The Disclosure Coordinator is responsible for:
 - 1) Preparing and filing the Continuing Disclosure Documents, to the extent such filings are not prepared and filed by the Disclosure Consultant. The

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

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

IV. CONTINUING DISCLOSURE FILINGS

A. Overview of Continuing Disclosure Filings

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

document), which varies among the different obligations issued by the Agency, and the Agency's audited financial statements.

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

B. Annual Reports

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

C. Event Filings

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

D. Uncertainty

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

V. **DOCUMENTS TO BE RETAINED**

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

VI. EDUCATION

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

VII. AMENDMENTS

Any provision of these Continuing Disclosure Procedures may be waived or amended at any time by written confirmation of the General Manager upon consultation with the Administrative Services Manager.

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

PURPOSE

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

BACKGROUND

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

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

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

REVENUE SOURCES

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

I. Service Charges (Regional Charge)

The Majority of the Agency revenues are from Regional Service Charges collected from its JPA Member Agencies and contract revenues for CMSA wastewater services provided to San Quentin State Prison. In accordance with Section 14 of the JPA, the Board can base these charges on the number of equivalent dwelling units (EDUs), measured flow volume, or measured flow volume and wastewater quality (strength).

EDUs are calculated by each Member Agency for each property in its service area. An EDU is an estimation of an average wastewater flow discharged from one single-family household.

Businesses may contain multiple EDUs depending upon the volume of wastewater discharge, while industrial dischargers' EDU is based on flow and strength. Each Member Agency provides the total EDU count for its service area to CMSA.

Collection agency flows are continuously measured by flow meters and recorded by the CMSA process control system, and can be totalized for any period of time. Flow measurements from existing flow meters on influent forcemains are used to quantify each collection agency's influent volumes. Flows are continuously measured for San Rafael Sanitation District, Ross Valley interceptor, Sanitary District No. 2 of Marin County, and San Quentin State Prison, and calculated for Sanitary District No. 1 (Ross Valley Sanitary District).

II. All Other Revenues

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

PROCEDURES

I. Service Charges

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

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

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

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

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

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

Staff will analyze the EDU count and supporting information received from each Member Agency and consult with each Member Agency as appropriate. The EDU data reported by the Member Agencies will be used to prepare the revenue presentation for the Third Quarter Budget Report that is provided to the Board in April. In the event complete EDU information is not available, staff will seek Board direction on how to calculate the fourth quarter invoices.

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

B. Service Charge Allocation using Flow Volumes

The Board will establish the measurement period for using flow volumes to determine the service charge allocation. The minimum measurement period will be 12 months and the maximum period will be 36 months. The measurement period will be in 12-month increments.

1) Allocation of Regional Charges by Flow Volume

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

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

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

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

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

2) Collection of Regional Charge

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

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

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

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

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

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

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

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

Once the upcoming revenue budget has been developed, the Finance staff will prepare an allocation of the regional charges based on the

selected April 1 to March 31 time period. Each satellite collection agency's allocation for the upcoming fiscal year will be included in the draft and adopted Agency budgets.

The Agency's Annual Net Revenues will be assigned to flow, BOD and TSS based on the allocations developed in 2013 (Bartle Wells) and accepted by the Board in April 2013: Flow – 50.6%, BOD – 24.7%, and TSS – 24.7%

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

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

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

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

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

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

4) Collection of regional charge.

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

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

II. Debt Service Charge

Per the Payment Agreement for Treatment Services (debt service agreement) between CMSA and the Member Agencies, each Member Agency's proportional EDU share of the bond debt service shall be billed and collected semi-annually during each fiscal year. The payment shall be based on the budgeted EDU count. Each Member Agency's semi-annual payment share shall be calculated to include the actual debt service amount and bond coverage requirements. An adjustment will be made in the subsequent fiscal year's debt service payment for the recalculation of the prior year's debt service payment based on the actual EDU count information.

III. Capacity Charge

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

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

IV. Permit and Inspection Fees

The Board shall set by ordinance specific fees that Agency staff will collect for services related to environmental, public health, and regulatory responsibilities under the Agency's jurisdiction (see Ordinances: 2013-1, Sewer Use Ordinance, and 2013-2, Fee Ordinance). When setting a fee, the timeframe in which the fee is valid shall be set and the fee will be calculated to recover the full cost of the services as described below under "Fees for Service."

V. Fees for Service

Fees charged to outside agencies for Agency provided services under contract shall be based on mutually agreed-to terms, under which the Agency recovers the full cost of providing such services. The principles of cost accounting shall apply for recovery of direct materials, direct labor, and administrative overhead. Labor charges shall be recovered using the weighted labor rate that includes the cost of salaries and benefits and other considerations. Contract revenues shall be billed monthly, while program revenues are billed quarterly. Receivables for environmental compliance, on-site disposal, and similar items shall be recorded as they occur.

VI. Accounts Receivable

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

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

PURPOSE

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

POLICY

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

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

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

PURPOSE

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

I. Treasurer/Controller Appointment

Based on the General Manager’s recommendation, the Board of Commissioners shall appoint a Treasurer/Controller to manage, secure, control, account, audit, report, and develop effective procedures for controlling and handling financial assets and investments to the benefit of the Agency in accordance with the 1979 Joint Exercise of Powers Agreement (amended) and Government Code 6505.5, et seq.

II. Treasurer/Controller’s Report

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

III. Schedule of Investments

Agency staff shall prepare a monthly Schedule of Investments report containing a summary of the Agency’s investment accounts activity including each individual investment: description of investment instrument, issuer name, maturity date, credit rating, yield to maturity, purchase price, par value, current market value, and the source of the valuation. The Board shall review and approve the Schedule of Investments.

IV. Bank Reconciliation

Agency staff shall perform a monthly reconciliation of the Agency’s operating bank account, investment accounts, and bond fund accounts. The Agency staff who prepares the accounts payable shall not perform the bank reconciliation.

POLICY #:	531
SECTION:	FINANCIAL – TREASURY
SUBJECT:	Investments
DATE:	03/08/2016

PURPOSE

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

STATEMENT OF INVESTMENT POLICY

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

OBJECTIVES

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

I. Safety

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

II. Liquidity

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

III. Yield

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

PRUDENCE

The Agency shall follow Section 53600.3 of the California Government Code that identifies as trustees those entities, i.e. California Asset Management Program (CAMP) and Local Agency Investment Fund (LAIF), authorized to make investment decisions on behalf of a local agency. As a trustee, the standard of prudence shall be the prudent investor standard. Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of 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 Agency.

DELEGATION OF AUTHORITY

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

The Treasurer/Controller may delegate day-to-day investment decision-making and execution authority to an investment advisor. The advisor shall follow this Policy and such other written instructions as are provided.

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

INTERNAL CONTROLS

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

ETHICS AND CONFLICTS OF INTEREST

All participants in the investment process shall seek to act responsibly as custodians of the public trust according to this Policy and Policy # 503, *Ethics*. Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment recommendations and decisions.

AUTHORIZED INVESTMENTS

The Agency shall be governed by California Government Code Sections 53600, et seq. Within the investments permitted by the Government Code, the Agency seeks to further restrict eligible investments to those listed below. In the event an apparent discrepancy is found

between this Policy and the Government Code, the more restrictive parameters shall take precedence.

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

I. United States Treasury Issues

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

II. Federal Agency Obligations

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

III. Medium-Term Notes

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

IV. Municipal Securities

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

V. Negotiable Certificates of Deposit

Negotiable certificates of deposit (NCD) issued by a nationally or state chartered bank, a savings association or a federal association, a state or federal credit union, or a state-licensed branch of a foreign bank. No investments shall be made in a bank or credit union if a member of the Board, or any person with investment decision making authority also serves on the board of directors, or any committee appointed by the board of directors of the bank or credit union issuing the NCD. Purchases are limited to institutions which have long-term debt rated AA or higher with a nationally recognized rating service; and/or have short-term debt rated at least AA-1 with a nationally recognized rating service. NCD may not exceed two years in maturity. A maximum of 30 percent of the portfolio may be invested in this category. The amount invested in NCD with any one financial institution in combination with any other investments from that financial institution or issuer shall not exceed 20 percent of the portfolio.

VI. Banker's Acceptances

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

VII. Commercial Paper

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

- A. The entity meets the following criteria:
 - 1) Is organized and operating in the United States as a general corporation.
 - 2) Has total assets in excess of five hundred million dollars (\$500,000,000).
 - 3) Has debt other than commercial paper, if any, that is rated AA or higher by a nationally recognized statistical-rating organization.

- B. The entity meets the following criteria:
 - 1) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.

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

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

VIII. Repurchase Agreements

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

IX. Time Certificates of Deposit

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

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

X. Passbook Savings Accounts

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

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

XI. Money Market Funds

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

- A. The company shall have met either of the following criteria:
 - 1) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.
 - 2) Retained an investment adviser registered or exempt from registration

with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

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

XII. California Asset Management Program

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

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

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

TERM OF INVESTMENTS

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

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

PROHIBITED INVESTMENTS

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

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

- II. No investment shall be made that could cause the portfolio to be leveraged.
- III. Any security that could result in zero interest accrual if held to maturity shall not be made.

BANKS AND SECURITIES DEALERS

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

PURCHASE, PAYMENT, DELIVERY, AND SAFEKEEPING

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

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

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

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

PERFORMANCE

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

REPORTING

The Treasurer/Controller shall submit a monthly investment report to the Board. The report shall include the following information for each individual investment: description of investment instrument, issuer name, maturity date, credit rating, yield to maturity, purchase price, par value, current market value and the source of the valuation.

The report also shall:

- I. State compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance,
- II. Include a description of any of the Agency's funds, investments or programs that are under the management of contracted parties, including lending programs, and
- III. Include a statement denoting the ability of the Agency to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money may or may not be available.

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

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

PURPOSE

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

POLICY

I. General

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

II. Reserve Fund Designations

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

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

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

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

Consistent with established policy on the budget (Policy #550), the General Manager, with approval from the Chair of the Board, is authorized to expend up to \$100,000 directly from any of the unrestricted reserve accounts in the event of an emergency situation that would directly and critically affect the Agency's operations. The General Manager shall report to the Board the circumstances requiring the expenditures at its next meeting. Otherwise, Board approval is required prior to any transfer or expenditures of reserve funds that were not previously budgeted.

Board authorization is required to establish any new reserve designations.

IV. Reserve Types

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

A. Restricted Reserves

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

B. Unrestricted Reserves

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

Deductions (i.e., payments) from either reserve type shall follow documented Agency administrative and procurement policies and procedures. Any new or removal of reserve types will require an update to this policy and subsequent Board approval.

V. Designations for Reserves

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

A. Designations for Restricted Reserves

- 1) Capacity Charges – (Sewer) Connection Fee: The CA Government Code requires separate accounting of capacity charges and the application of interest to outstanding balances. The Agency shall use capacity charges on a first-in-first-out basis to finance current year capital projects. In the event that the amount collected in any given year exceeds capital project expenses, the Agency would have to hold the excess funds for future use. Should this situation occur, the excess funds will be placed in this

Capacity Charge Reserve. Staff would then recommend these funds as a proposed funding source for the following fiscal year's Capital Improvement Program.

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

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

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

B. Designations for Unrestricted Reserves

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

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

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

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

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

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

PURPOSE

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

BACKGROUND

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

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

POLICY

I. Employee Compensation and Benefits

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

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

Agency staff shall perform payroll processing on a bi-weekly basis covering a two-week period beginning on Sunday, ending on Saturday, with payment on the following Friday. Other types of payroll transactions such as merit award pay and leave cash-out will also be processed in conjunction with the bi-weekly payroll schedule. All payroll changes

shall require a completed personnel action form with authorization by the appropriate managers prior to any changes being made in the payroll system.

II. Accounts Payable

Agency staff shall adhere to the following policies when conducting Agency procurement and expenditure activities:

#501—Policy Framework

#560—Signature Authority

#561—Contracting

#562—Purchasing

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

III. Petty Cash

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

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

PURPOSE

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

POLICY

I. General

The General Manager shall establish procedures for authorizing, paying, restricting, and reimbursing employees for travel, training, and other business-related expenses incurred by Agency staff. Travel per diem rates shall be adjusted at the beginning of each calendar year based on the change in the Consumer Price Index-Urban/San Francisco-Oakland-San Jose for the prior February-to-February period, rounded up to the nearest \$0.50. The Board shall review and approve the per diem rates when they exceed 120% of the February 2015 rates.

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

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

An employee who has been issued a State of California Purchase Card (Agency credit card) shall also comply with Policy #562, *Purchasing*, when using the purchase card for travel and training related expenses. Each employee is responsible for the expenses that he/she incurs while traveling on Agency business. The employee is encouraged to consult with his/her supervisor should he/she have any questions about his/her travel related expenses.

II. Required Authorization

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

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

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

III. Federal Income Tax Withholding (FITW)

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

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

PURPOSE

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

POLICY

The Board of Commissioners shall adopt a comprehensive balanced annual budget for the Agency prior to the start of each fiscal year (July 1 to June 30). A budget is considered to be balanced, 1) when all sources of operating revenue, including the use of reserves, is at least equal to the operating expenses and capital funding requirements, and 2) the Agency has satisfied any bonding and debt service obligations. The annual budget that is presented to the Board for adoption shall include the following components:

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

I. **Budget Development**

The annual budget represents the Agency's financial blueprint to maintain effective wastewater operations that comply with the Agency's various operating permit requirements. The budget describes the funding requirements and operating costs associated with providing wastewater treatment services and the maintenance, replacement, and improvement of the facility infrastructure and assets. It shall include, but is not limited to, the following sections:

A. Revenue Budget

The Revenue Budget shall detail and describe each salient revenue category, including, but not limited to, sewer service charges, capacity charge connection fees, permit fees, revenues from contract and program services, fees for wastewater disposal at Agency facilities, and revenues for debt service payments and coverage. (See Policy #520, *Revenue Management*).

B. Expenditure Budget

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

C. 10-Year Capital Improvement Program (CIP)

The CIP shall include the proposed capital expenditure budget for the upcoming fiscal year as well as the planned projects and initiatives for the following nine fiscal years. Each project shall be clearly described. The Board shall approve the following fiscal year proposed projects as part of the annual budget approval, and conceptually approve the projects shown in the following nine fiscal years. (See Policy #551, *Capital Improvement Plan*).

D. 10-Year Financial Forecast

The Forecast shall present a multi-year comparison of the previous fiscal year's actual performance, current fiscal year's projected performance, and a ten-year projection of future revenues by all sources, expenditures, and the accumulation and use of reserves. The forecast shall guide the Board in determining current and future operating and CIP funding to meet the Agency's financial and operational needs and objectives. (See Policy #552, *10-Year Financial Forecast*).

At the discretion of the Board, the annual budget may also include policy statements, directives, and funding plans (e.g., grant, long-term and/or debt financing strategies) that explain and describe operational, capital, and/or organizational approaches for managing and handling the Agency's business and assets. Statements regarding

performance accomplishments, objectives, and measurements may be included.

The General Manager shall present a draft annual budget to the Board for review no later than the May Board meeting, prior to the start of each fiscal year. The Board shall approve the annual budget no later than the June Board meeting, prior to the start of each fiscal year.

II. Budget Reporting

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

III. Budget Amendments

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

The Board shall approve budget amendments (except those authorized by the General Manager as noted below) that would increase the total aggregate fiscal year budget, based on the evaluation and recommendation of the General Manager that the proposed amendment meets the intent and purpose of this Policy.

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

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

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

PURPOSE

The Capital Improvement Program (CIP) describes and explains the Agency’s capital projects, delineated by type of capital project and funding source, over ten fiscal years (including the upcoming fiscal year). The CIP is a planning document that provides the Agency with an opportunity to evaluate and assess its capital needs from financial, engineering, operational, and planning perspectives. The CIP that is adopted by the Board of Commissioners reflects the capital project priorities for the Agency. It is a generally accepted accounting and budgeting practice for governmental agencies, particularly for capital-intensive enterprises such as wastewater treatment operations, to develop a long-term capital plan.

POLICY

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

I. CIP Schedules, Project Descriptions, and Reporting

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

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

- A. Facilities Improvements: roofing, paving, coating/sealing, etc.
- B. General Equipment: vehicles, lab and communications equipment, etc.

- C. Treatment of Liquids: flow meters, turntable drives, pumps, etc.
- D. Treatment of Solids: digesters, sludge pumps, heat exchangers, cogeneration engine, etc.

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

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

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

PURPOSE

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

POLICY

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

I. Guidance

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

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

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

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

PURPOSE

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

POLICY

I. General

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

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

II. Conditions for Debt Financing

Based on the recommendation of the General Manager, the Board shall approve borrowing or debt issuance to finance major capitalized expenditures (see Policy #571, *Assets Accounting*). The Board shall consider long-term and short-term debt financing mechanisms as appropriate to meet the objectives of the Agency’s capital needs. The Board shall limit debt to financing the costs of planning, design, engineering, regulatory permit requirements, land acquisition, infrastructure, equipment, debt issuance, and any other costs permitted by the Agency’s Joint Powers Agreement and state or local laws for wastewater facilities and special districts.

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

benchmarks of other similar public agencies, and any existing and overlapping Agency debt. The Board shall consider the least costly financing mechanisms available (such as federal and state loan programs) when planning debt issuances and financing opportunities to take advantage of financial market conditions when possible.

The Board shall approve the issuance of revenue bonds as the debt instrument per the Agency's Joint Powers Agreement. The Board will approve debt financing for capitalized expenditures based on the economic value and useful life of an asset. The term or the maturity of the debt financing should be consistent with the useful life of the asset to be financed. The Board shall not approve debt financing for routine or ongoing operating and maintenance costs, and non-capital furnishings and supplies with useful lives of less than one year.

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

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

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

III. Investment of Debt Proceeds

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

IV. Commingling of Debt Proceeds with Operating Funds

Debt proceeds shall not be commingled with operating funds.

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

PURPOSE

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

POLICY

The General Manager shall be responsible for managing all aspects of risks encountered by the Agency. As such, Agency staff shall coordinate and obtain appropriate levels of insurance coverage and implement other risk management and mitigating strategies and safety management approaches, as recommended by the California Sanitation Risk Management Authority (CSRMA). Acceptable risk management strategies need to be in compliance with applicable Federal and State laws and California Occupational Safety and Health Administration (CalOSHA) regulations. Insurance coverage and risk management strategies shall include, but are not limited to, liability, property, vehicles, Workers’ Compensation, hazards, general safety, and loss control, and may consist of self-insurance programs when economical and cost-effective.

POLICY #:	560
SECTION:	FINANCIAL – PROCUREMENT MANAGEMENT
SUBJECT:	Signature Authority
DATE:	07/22/2015

PURPOSE

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

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

POLICY

I. Procurement Transactions

The General Manager shall approve procurement transactions equal to the amount specified by the California Uniform Construction Cost Accounting Commission (CUCCAC) for utilizing alternative bidding procedures for public project work. Approval and authority limits for Change Orders are shown separately.

The table below shows each procurement transaction type with its governing CUCCAC Tier and the General Manager’s signature authority for each transaction type. Agency Ordinance No. 2013-03 allows the Agency to establish bid cost thresholds and procedures in accordance with CUCCAC. Dollar amounts indicated are the CUCCAC limits as of the effective date of this policy, and will be adjusted over time as the CUCCAC limits are updated.

Transaction Type	CUCCAC Tier	General Manager Authority
Purchase Orders	Tier I	Less than \$45,000
Professional Services Agreements	Tier I	Less than \$45,000
Maintenance Service Contracts	Tier I	Less than \$45,000
Equipment Procurement	Tier I	Less than \$45,000
Material & Supply Contracts	Tier I	Less than \$45,000
Construction Contracts – Administrative	Tier I	Less than \$45,000
Construction Contracts – Informally Bid	Tier II	Between \$45,001 and \$175,000
Construction Contracts – Formally Bid	Tier III	Must be approved by CMSA Board

The Board of Commissioners shall approve procurement transactions greater than the current CUCCAC Tier amounts and shall approve all formally bid construction contracts. The General Manager shall establish the signature authority amount limits for Agency staff. See Administrative Policy and Procedure #31, *Management Signature Authority*.

II. Construction Change Order Limits

The construction change order (CCO) approval and signatory authority limits shall be as indicated in the table below:

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

A. Reporting to the Board

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

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

III. Payment Transactions

The General Manager or designee shall approve payments up to the signature authority limits under Procurement Transactions, above. The General Manager shall approve all professional services and contractual progress payments regardless of amount after the contract(s) is approved and awarded by the Board.

Agency staff designated as responsible for specific line-items and/or categories in the adopted Agency's annual budget shall be responsible for reviewing single payments, which are related to the transactions covered by this Policy, other Procurement Management policies (#561 and 562), and related procedures. These Agency staff shall

approve single payments up to the signature authority established by the General Manager. Approval shall be based on justifying and verifying that the related work, services, and/or materials and supplies are completed per the scope of the procurement document.

POLICY #:	561
SECTION:	FINANCIAL – PROCUREMENT MANAGEMENT
SUBJECT:	Contracting
DATE:	10/12/2016

PURPOSE

The purpose of the Contracting policy is to provide direction regarding how contracts and purchase orders should be awarded, processed, and approved to ensure integrity and consistency with established Agency policies and legal requirements. It also ensures that the most efficient, cost-effective, transparent, and accountable processes are used to select the most qualified service provider, and the most cost-effective materials and supplies vendor.

POLICY

I. Approval

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

II. General Procedures and Processes

The General Manager shall establish the contracting procedures for the Agency. The Agency will standardize the contract development and engagement process to ensure selection of a responsive and responsible contractor and/or supplier to meet the purpose of this Policy and that comply with relevant state laws.

These procedures will ensure competitive and evaluative contract awards, and negotiated and sole source procurements, which include, but are not limited to, scope of work, quotations, proposals, bids, determining contractor and vendor qualifications, selecting proprietary sources, and emergency procurement.

The General Manager shall ensure that the contracting and purchase order processes are conducted in an efficient and cost-effective manner. In doing so, effective and appropriate planning, timing, specifications, terms and conditions, pricing strategies, risk management, consolidating, and multiple quoting of contracts and purchases shall be considered. At the General Manager's discretion, the contract terms and conditions and form may be reviewed by legal counsel before the contract is executed.

III. Contracting and Procurement Processes

A. Public Construction Projects

Agency staff shall follow contracting processes, according to the Uniform Public Construction Cost Accounting Act (UPCCAA) and California Public Contract Code

20800, et seq. for Sanitary Districts. Construction projects performed under contract shall be evaluated under the following bidding parameters.

- 1) If the estimated cost of a project is less than the Tier I amount (refer to Policy #560, *Signature Authority*) the General Manager will execute a Maintenance Contractor Service Agreement for the defined services.
- 2) 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.
- 3) If the estimated cost of a project exceeds the Tier III amount, the project will be formally bid and the construction contract is subject to Board approval.

IV. Professional Services Agreements

Agency staff shall follow the following parameters for evaluating professional services contracts. The processes shall consider and evaluate the consultant's suggested approach, scope of work, proposed fees, relevant experience, and other qualifications that are in the best interests of the Agency.

- A. For those services within the General Manager's signature authority, the General Manager has the discretion to negotiate an agreement directly with a consultant unless he/she determines that it is in the best interests of the Agency to conduct a formal request for proposal (RFP) process.
- B. For those services that exceed the General Manager's signature authority, the consultant shall be selected by an RFP process. The contract shall be awarded to the most qualified service provider by the CMSA board.

V. Maintenance Services Contracts

Agency staff shall follow the following parameters for evaluating maintenance services contracts. Maintenance services are those activities defined by UPCCAA as, 1) routine, recurring and usual work for the preservation or protection of a publicly owned or operated facility for its intended purposes, 2) minor repainting, 3) landscape maintenance, or 4) work performed to keep, operate, and maintain publicly owned waste disposal systems.

- A. For those California Uniform Construction Cost Accounting Commission (CUCCAC) Tier I maintenance services within the General Manager's signatory authority, the General Manager has the discretion to negotiate an agreement directly with a service provider unless he/she determines that it is in the best interests of the Agency to conduct a formal request for quotes from multiple service providers.

- B. For those maintenance services that exceed the General Manager's signature authority, the service provider shall be selected by a request for quotes or bidding process. The maintenance contract shall be awarded by the CMSA Board to the service provider with the lowest cost that can provide the defined scope of services.

VI. Equipment, Materials, and Supplies Procurement

Agency staff shall conduct the following processes for procuring equipment, materials and supplies.

- A. For the purchase of equipment, materials, and/or supplies whose costs are within the General Manager's signatory authority, such procurements shall be performed under Policy #562, *Purchasing*.
- B. For the purchase of equipment, materials, and/or supplies that require the Board's approval, contracts or purchase orders shall be awarded to a vendor/supplier using the Agency's procurement procedures (see Administrative Policy and Procedure #75, *Equipment Procurement* and #76, *Material Procurement*), unless sole source procurement is justified and approved by the Board.

VII. Cooperative Agreements

The General Manager shall determine when the Agency may enter into intergovernmental cooperative agreements to achieve economies of scale, promote Agency goals and objectives, or where it is financially advantageous.

Cooperative agreements may be used when the Agency can join contractually with other governmental agencies to meet mutual contractual needs. Such agreements may be bid or negotiated together with the cooperating agencies, or utilize new or existing contracts that allow for cooperative arrangements. Approval of these agreements shall be consistent with Policy #560, *Signature Authority*.

POLICY #:	562
SECTION:	Financial – Procurement Management
SUBJECT:	Purchasing
DATE:	10/12/2016

PURPOSE

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

PROCUREMENT METHODS

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

I. Blanket Purchase Order

At the beginning of each fiscal year, finance staff shall establish and distribute a list of blanket purchase order (open account) numbers, based on requests by department managers, to be used for purchases less than \$500. Agency staff shall communicate to the vendor the specific assigned purchase order (PO) number when making purchases to ensure the number is on all vendor invoices and related documents.

In lieu of creating an open account, vendors may provide business credit cards to the Agency. With discretion, the General Manager shall approve applications for these types of cards after review by the Administrative Services Manager. The cards shall be used for purchases of less than \$500, and may only be used at the business where the card was issued. Department managers shall designate the employees who are allowed to use these types of cards when purchases need to be made. Until an invoice is received, the designated employees or the Personnel and Accounting Technician shall keep a record of the purchase (i.e., receipt, packing slip) to provide supporting documentation for invoice or statement payment processing. These cards shall 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, multi-Agency meetings, etc. 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 Administrative Assistant, Administrative Services Manager, or other employees designated by the General Manager.

IV. State of California Purchase Card Program

The Board of Commissioners shall approve the number and type of management, supervisory, and administrative positions that are authorized to use purchase cards (credit cards). The General Manager shall issue the cards to the specific employees (cardholders) and establish procedures for the appropriate use for making Agency-specific purchases when the above purchasing methods are impractical, inefficient, or not applicable. Monthly credit limits shall be set at \$3,000 for supervisors/designated staff and \$5,000 for department managers.

The Administrative Services Manager will serve as the administrator of the Agency's purchase cards. He/she will manage the Agency's account in accordance with the requirements of the Purchase Card Program 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 (i.e., receipt, packing slip) to document purchases on the purchase card's account statement. An approved purchase order is required before using the purchase card for any

transactions over \$500, 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 he/she can notify the Purchase Card Program.

C. Misuse of the Card

Any misuse of the purchase card or violations of the Purchase Card Program guidelines or this Policy, including, but not limited to, personal use of the purchase card, shall result in the loss of purchase card privileges. All cardholders are subject to disciplinary actions for misuse and misappropriations of Agency funds. Cardholders who use or allow use of the card for personal purposes shall reimburse the Agency for all incurred charges.

ATTACHMENT A

Positions Authorized to Have Purchase Card
(Board Approved as of 10/12/2016)

<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
Engineering	Engineering Manager	\$5,000
Maintenance	Maintenance Supervisor	\$3,000
Maintenance	Assistant Maintenance Supervisor	\$3,000
Maintenance	Assistant Maintenance Supervisor-Electrical	\$3,000
Maintenance	E/I Technician (1)	\$3,000
Operations	Operations Supervisors (2)	\$3,000

POLICY #:	570
SECTION:	FINANCIAL - ASSET MANAGEMENT
SUBJECT:	General
DATE:	07/22/2015

PURPOSE

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

POLICY

I. General

The General Manager or designee shall ensure that Agency staff are utilizing the established asset management systems and asset management procedures in an effective and efficient manner.

II. Asset Plans

Agency staff shall develop asset plans for Agency's infrastructure assets and equipment for the cost-effective operation, maintenance, and management of these assets. Asset plans shall be developed and maintained for all assets with an original cost equal to or greater than the capitalization threshold (See Policy #571, *Assets Accounting*). An asset plan shall include asset age, service history, optimum preventive maintenance and rehabilitation/renewal during its lifecycle, standard maintenance/operations procedures, cost of operating, and other salient asset attributes. The asset plans shall be used as the basis to develop and implement specific operations and maintenance, and capital improvement plans, and to analyze long-term funding and prepare condition assessments.

For new assets that are procured or constructed, Agency staff shall retain all relevant asset plan data (i.e., cost, manufacturer, type, size, operations and maintenance manuals, and standard operating/maintenance procedures). Agency staff shall ensure that contractors provide necessary asset management information prior to the filing of Notice of Completion and approving final payment to the contractor.

III. Capital Asset Condition

Agency staff shall periodically assess the condition of capital assets. The assessment shall provide physical and financial information concerning the condition of assets, estimated remaining useful life, estimated operations and maintenance costs, and projected replacement costs (if applicable). The data shall be used when developing the

Agency's Capital Improvement Plan (see Policy #551, Capital Improvement Plan), and other financial models for analyzing and determining future funding of capital assets.

IV. Asset Inventory Control

The Administrative Services Manager, along with department managers, shall develop and implement effective procedures and systems to inventory and track the Agency's capitalized assets (refer to Financial Policy #571, *Assets Accounting*).

V. Facilities Maintenance

Agency staff shall perform effective planning and maintenance of capital assets, which shall include preventive and corrective maintenance and repair of facilities and infrastructure to protect the Agency's capital investments and minimize future maintenance and replacement costs.

VI. Materials Management

Agency staff shall maintain inventories of parts, materials, and supplies to effectively meet its maintenance and repair needs. The Agency will develop and implement inventory management procedures. Procurement of parts and supplies that are placed into inventory shall conform to Policy #562, *Purchasing*, Policy #540, *Expenditure Management*, and related procedures.

VII. Disposal of Surplus Assets

Agency staff shall recommend to the General Manager the disposal of assets when they have exceeded their service life, are obsolete, where the value of replacement is less than rehabilitation costs, and/or they no longer serve the Agency's operational needs (e.g., surplus assets). The General Manager shall approve disposal of a surplus asset valued at \$5,000 or less. The Board shall approve disposal for a surplus asset valued at greater than \$5,000.

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

PURPOSE

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

POLICY

I. General

The General Manager and Administrative Services Manager shall ensure that capital assets are appropriately accounted for by funding source and asset category and that appropriate procedures are developed and implemented to meet the requirements of this policy. Department Managers and Agency staff shall ensure proper budgeting and purchasing guidelines are followed for capital assets, and that these assets are adequately controlled, secured, and used for appropriate Agency purposes.

II. Capitalization Threshold

For financial accounting and reporting purposes, the capitalization threshold shall be \$5,000 for each asset with an expected life of at least two years following the date of acquisition.

III. Assets

Agency staff shall account and report all assets with an original cost equal to or greater than the capitalization threshold. Such assets include those newly constructed, installed, or acquired items or significant additions, improvements, or replacements to existing assets which would significantly prolong the asset’s useful life (e.g., plant infrastructure, land, buildings, furniture and fixtures, machinery, and equipment). All costs associated with purchase, construction, installation, and acquisition shall be considered including, but not limited to, direct labor, materials and supplies, design, engineering, other professional fees, contractor charges, legal fees, site preparation, installation, associated overhead and administrative costs, taxes, freight and transportation, and other expenditures and charges directly attributable to asset acquisition. For assets acquired through debt financing methods, expenses associated with costs of issuance and capitalized interest shall be considered. Capital assets donated to the Agency shall be capitalized at their estimated fair market value plus any associated costs (as described above) at the date of receipt.

Expenditures related to routine repairs that maintain the existing condition of the asset or restores it to normal operating efficiency should not be capitalized, regardless of the amount, and shall be recorded as repair and maintenance expenses in that fiscal year.