



Central Marin Sanitation Agency

FINANCE COMMITTEE MEETING AGENDA Wednesday, April 22, 2026, 12:00 pm

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

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

Join Zoom Meeting

Online:

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+1 253 215 8782

Meeting ID:

<https://us06web.zoom.us/j/2934607425?pwd=RTVwL0g4MXhXRWd1cjhKZzNuVWVQUT09>

AGENDA

1. Call Meeting to Order
2. Pledge of Allegiance
3. Roll Call
4. Agenda Review & Approval
5. Open Period for Public Participation
Open time for public expression, up to two minutes per speaker, on items within CMSA's jurisdiction and not on the agenda.
6. 2026 Revenue Bond Issuance – Term Structure & Method of Sale
Recommendation: Discuss and provide direction to the General Manager on the proposed 2026 Revenue Bond term structure and method of sale
7. Proposed FY27 Operating and Capital Budget Adjustments
Recommendation: Approve the proposed FY27 budget adjustments, and provide comments or direction to the General Manager, as appropriate.
8. RVSD Request to Change the Treatment Service Payment Schedule
Recommendation: Consider the RVSD request and provide direction to staff.

CONTINUED ON NEXT PAGE

9. **Quarterly Budget Status Report**

Recommendation: Discuss the quarterly budget status report format and content, and provide direction to staff on possible changes to propose to the CMSA Board.

10. **Update Pension Funding Strategy**

Recommendation: Discuss and select a revised pension funding plan strategy to propose to the CMSA Board.

11. **Committee Oral Reports***

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

13. **Schedule Next Meeting**

*Information not furnished with Agenda

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



FINANCE COMMITTEE MEMORANDUM

April 20, 2026

To: CMSA Finance Committee

From: Jason Dow, General Manager
Corey Spray, Administrative Services Manager

Subject: **2026 Revenue Bond Issuance – Term Structure & Method of Sale**

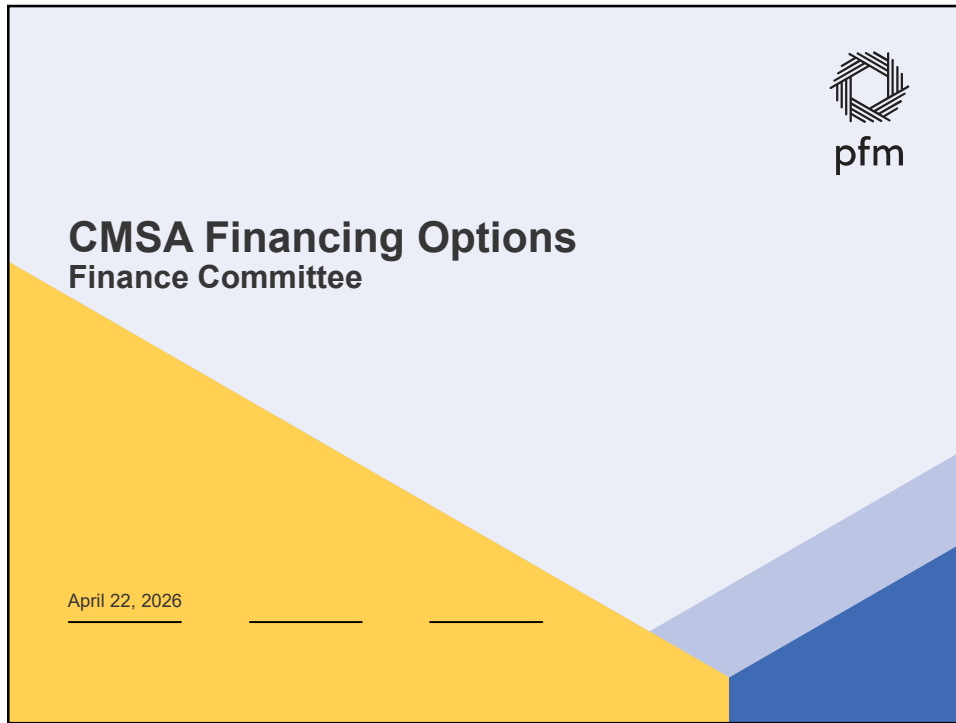
Recommendation: Discuss and provide direction to the General Manager on the proposed 2026 Revenue Bond term structure and method of sale.

Discussion: At the November 17, 2025 Finance Committee meeting, the Committee reviewed three CIP funding options, and decided on the option where the Agency would issue \$8.5 million in tax exempt revenue bonds. The debt proceeds will provide funding for FY27 capital projects and allows the Agency to meet its unassigned capital reserve policy target and maintain a \$2 million buffer over the next five fiscal years. With that decision made, the Committee directed staff to coordinate with the Agency’s financial advisor, PFM, to prepare a presentation on the possible debt term structures as well as the method of sale. The range of options available for a possible term structure include setting the maturity term to anywhere from 10 years to 30 years, and the method of sale can be completed using either a competitive bid, negotiated sale, or private placement. Each option on both the maturity term and method of sale entail a different set of benefits and costs depending on the associated financial market forces.

For historical reference, the Agency issued its 2020 Revenue Bonds in the amount of \$9 million with a bond term of 20 years and a method of sale using a competitive bid in October 2020. The average coupon is 2.097% and average yield at sale was 2.22%.

Staff have invited PFM to attend the April 22, 2026 Finance Committee meeting to present the different options covering the revenue bond’s term structure and available methods of sale. Each option has different benefits and costs associated with it. Once the Committee decides on the structure options, staff will coordinate with PFM and Bond/Disclosure Counsel, Hawkins Delafield Wood to develop the associated bond documents for Board approval and then issuance.

Attachment:
- PFM Debt Issuance Presentation

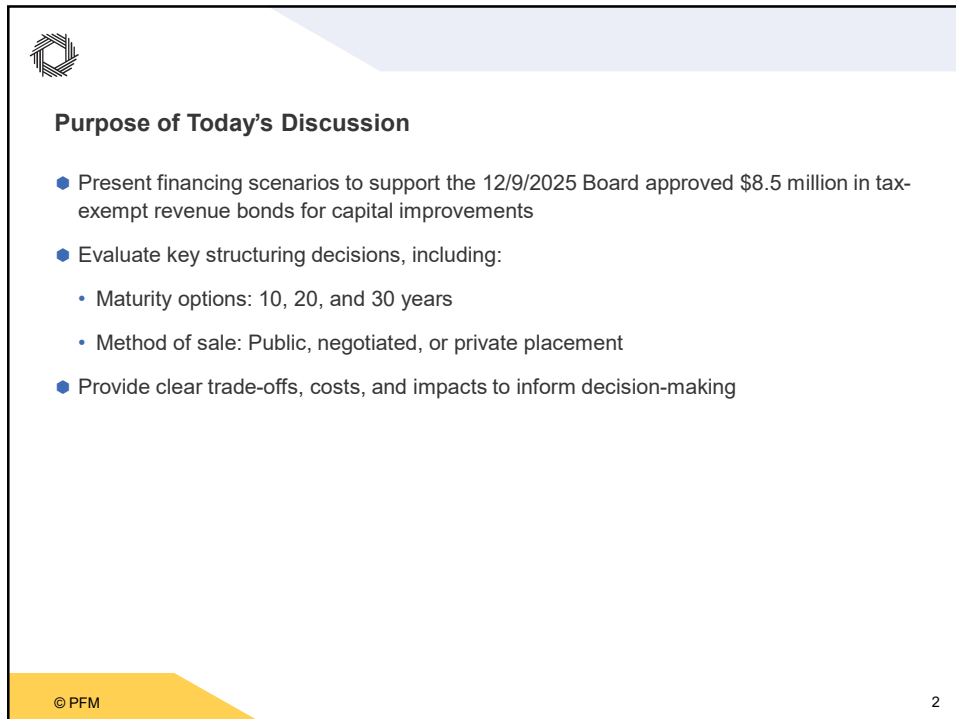


The slide features a light blue background with a white geometric logo in the top right corner consisting of a circle of lines, with the lowercase letters "pfm" below it. The main title "CMSA Financing Options" is in a large, bold, black font, with "Finance Committee" in a smaller, bold, black font below it. The date "April 22, 2026" is positioned in the lower-left area. The bottom of the slide is decorated with a yellow-to-blue gradient shape that tapers from left to right.


CMSA Financing Options
Finance Committee

April 22, 2026

1



The slide has a white background with a light blue header bar at the top. On the left side, there is a small version of the white geometric logo. The title "Purpose of Today's Discussion" is in bold black text. Below the title is a bulleted list of three main points, with the second point having two sub-bullets. The footer contains the copyright notice "© PFM" on the left and the number "2" on the right. A yellow-to-blue gradient shape is visible at the bottom left corner.

 **Purpose of Today's Discussion**

- Present financing scenarios to support the 12/9/2025 Board approved \$8.5 million in tax-exempt revenue bonds for capital improvements
- Evaluate key structuring decisions, including:
 - Maturity options: 10, 20, and 30 years
 - Method of sale: Public, negotiated, or private placement
- Provide clear trade-offs, costs, and impacts to inform decision-making

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2



Key Outcomes

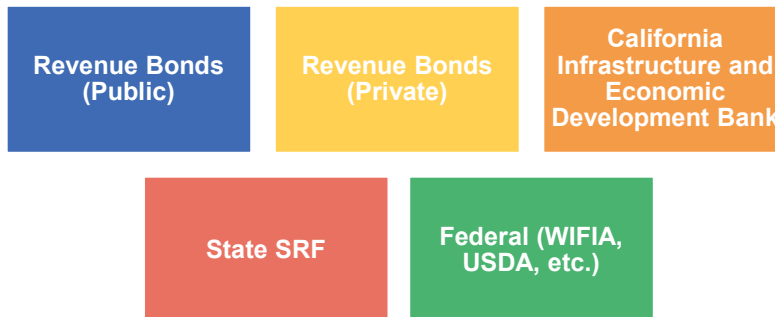
- Establish preferred finance structure for bond issuance (term and method of sale)
- Prepare for next steps in the financing timeline, including coordination with JPA members and POS development

3



Funding Avenues for Utility Projects

- Given the importance of utility projects in the Western US, funding opportunities for capital improvement projects have expanded:

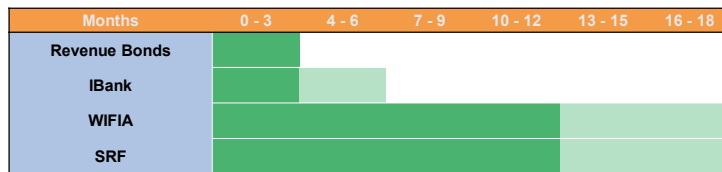


4



Funding Timeline Comparison

- The timelines to issue debt for the various financing options are listed below, assuming a financing team is already in place
 - The typical timeline to complete a transaction and have access to funds:
 - Revenue bonds: 3 - 4 months
 - IBank Loan: 4 - 6 months
 - WIFIA: 12 - 18 months
 - SRF: 12 - 18 months



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5

5



Comparison of Funding Sources

	Public Market Financing	Private Placement	IBANK
Benefits	<ul style="list-style-type: none"> • Highly customizable structure (maturity, amortization, call features) • Broad investor base supports competitive pricing 	<ul style="list-style-type: none"> • Lower upfront issuance costs • No rating required; reduced disclosure burden • Streamlined and faster execution 	<ul style="list-style-type: none"> • Potential to finance up to 100% of eligible project costs • Potential subsidy for qualifying agencies
Considerations	<ul style="list-style-type: none"> • Higher cost of issuance • Requires rating and ongoing disclosure • Subject to market timing and conditions 	<ul style="list-style-type: none"> • Potentially higher long-term borrowing cost • Less flexible terms (bank covenants, prepayment) • Limited investor base 	<ul style="list-style-type: none"> • All-in borrowing cost may approach public market levels • Limited to eligible projects and program requirements • Less flexibility in structuring and timing than public offering
Typical Use Case	<ul style="list-style-type: none"> • Larger financings • Long-term capital needs • Flexible structuring priorities 	<ul style="list-style-type: none"> • Smaller or mid-sized financings • Faster execution needs • Straightforward capital programs 	<ul style="list-style-type: none"> • Financing a high share of project cost • Borrowers that may qualify for enhanced subsidy

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6

6



Bond Issuance – Competitive vs. Negotiated Sale Considerations

	Negotiated Sale	Competitive Sale
Benefits	<ul style="list-style-type: none"> Banks provide underwriting capability in volatile markets Marketing process assists in generating investor demand Effective use of syndicate to reach a variety of buyers Ability to reprice to achieve lower spreads Ability to customize couponing and other structuring elements at pricing 	<ul style="list-style-type: none"> Competitive bidding process provides maximum pricing transparency Pricing is often lower than negotiated sale Doesn't require Underwriter RFP process Lower issuance costs
Considerations	<ul style="list-style-type: none"> Pricing levels often higher than competitive sales RFP process for underwriting team adds time to financing schedule Higher cost of issuance 	<ul style="list-style-type: none"> Lack of underwriting support in volatile markets Less structuring flexibility than negotiated sale No formal marketing period

7



General Assumptions

- Level Debt Service
- No Debt Service Reserve Fund Requirement
- Rating in the 'AA' Category
- Cost of issuance
- UW's discount of 0.50% for public offering
- IBank 1% of par origination fee
- Rates
 - Revenue Bonds Interest Rates as of: 4.13.2026
 - Coupons: 5.00%
 - Estimated IBank Interest Rate is the indicative interest rate provided by staff*
 - "IBank uses a proprietary interest rate method....."***

8



Summary Tables

• The table below summarizes the interest rates for a hypothetical borrowing to fund \$8.5 million in projects

30 Year	Revenue Bonds (Public)	Bank Loan	IBank Loan
True Interest Costs	4.31%	NA	4.59%
Average Annual Debt Service (mm)	525,117	NA	542,579
Total Debt Service (mm)	15,753,500	NA	16,277,375

20 Year	Revenue Bonds (Public)	Bank Loan	IBank Loan
True Interest Costs	3.67%	4.60%	4.03%
Average Annual Debt Service (mm)	624,825	678,597	645,860
Total Debt Service (mm)	12,496,500	13,571,950	12,917,192

10 Year	Revenue Bonds (Public)	Bank Loan	IBank Loan
True Interest Costs	2.63%	4.20%	3.15%
Average Annual Debt Service (mm)	1,006,175	1,089,599	1,033,698
Total Debt Service (mm)	10,061,750	10,895,990	10,336,978

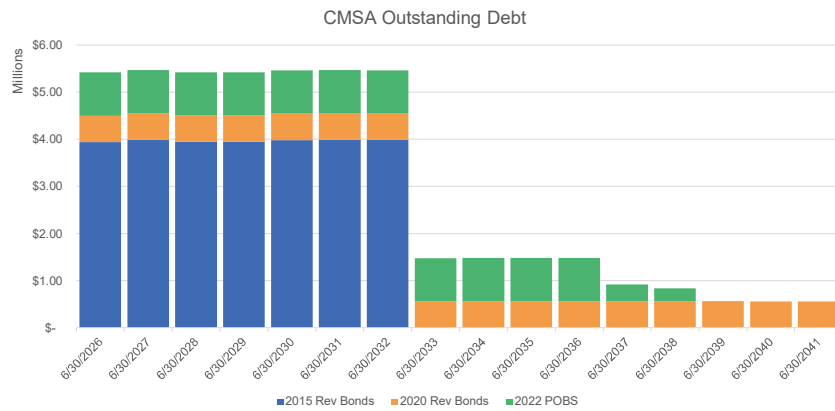
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9

9



Outstanding Debt



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10

10



Financing Schedule (Public Offering)

- The following schedule assumes a public offering

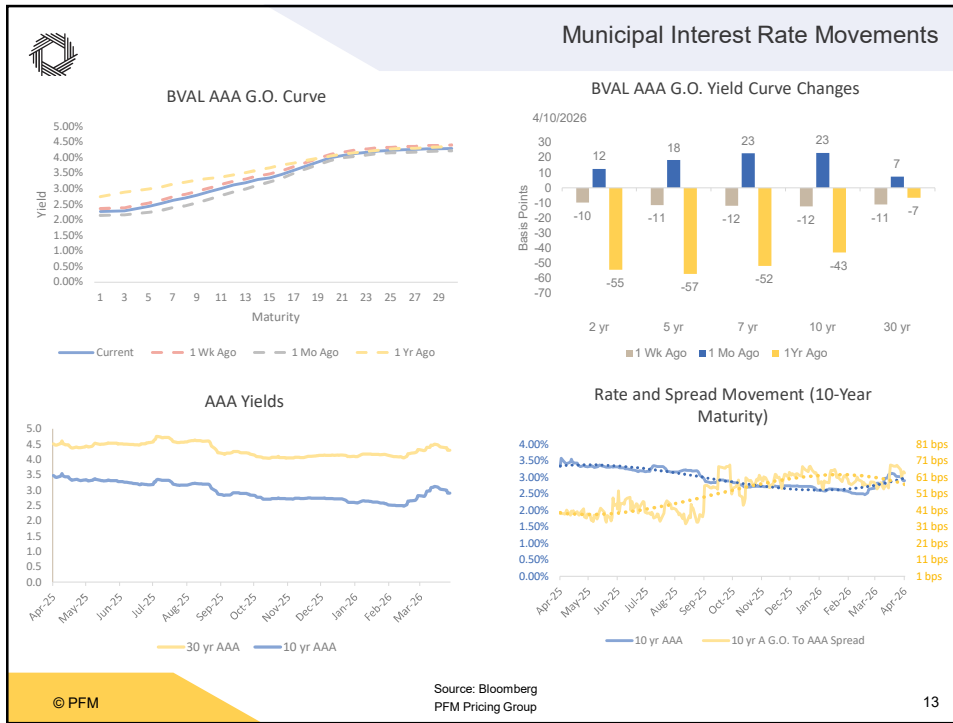
Week	Event
Week of April 20	Meet with Board of Commissioners Finance Committee for decision of term structure
Week of May 11	Meet with Board of Commissioners for update on final term structure of debt issuance and kick-off call
Week of May 25	Circulate 1st Draft of POS and Bond Documents
Week of July 13	Meet with Credit Rating Agency
Week of Aug 10	Tue, Aug 11: Board of Commissioners Meeting for Approval of Bond Documents
Week of Aug 31	Pricing
Week of Sep 14	Closing

11



Market Conditions

12



13

Municipal Interest Rate Movements

AAA BVAL Rate Movement for the Past 3 Months

AAA Tenor	Date & Weekday																	Total Δ	4/10 Rate				
	1/9	1/16	1/23	1/30	2/6	2/13	2/20	2/27	3/6	3/13	3/20	3/27	3/30	3/31	4/1	4/2	4/6			4/7	4/8	4/9	4/10
	Fri	Fri	Fri	Fri	Fri	Fri	Fri	Fri	Fri	Fri	Fri	F	M	T	W	T	M			T	W	T	F
1	2.33	-8	0	-2	-10	-7	-1	-3	12	4	9	14	-2	-1	-2	0	-1	-1	-7	0	0	-6	2.27
2	2.28	-6	1	-3	-9	-6	-1	-3	13	6	9	14	-2	-2	-2	0	-1	-1	-8	0	0	-1	2.27
3	2.23	-5	2	-3	-7	-6	-1	-3	15	7	10	14	-2	-2	-3	0	-1	-1	-8	-1	0	5	2.28
4	2.24	-6	3	-3	-6	-5	-1	-2	15	9	11	16	-2	-2	-3	-1	-1	-1	-8	-1	0	11	2.35
5	2.25	-4	3	-2	-6	-6	-1	-2	16	11	11	17	-3	-2	-3	-1	-1	-1	-9	0	0	17	2.42
6	2.28	-3	5	-3	-5	-7	-1	-2	17	12	14	17	-3	-2	-3	-1	-1	-1	-9	-1	0	23	2.51
7	2.36	-4	6	-3	-4	-6	-1	-2	18	13	15	17	-2	-3	-3	-1	-1	-1	-9	0	-1	26	2.62
8	2.40	-3	6	-3	-5	-6	-1	-2	17	16	15	16	-2	-3	-3	-1	-1	-1	-9	-1	0	29	2.69
9	2.49	-2	6	-3	-4	-7	-1	-2	17	16	15	16	-2	-3	-3	-1	-2	-1	-9	0	-1	29	2.78
10	2.59	-2	7	-4	-3	-6	-2	-2	18	16	14	16	-2	-3	-3	-1	-2	-1	-9	-1	0	30	2.89
11	2.72	-3	7	-3	-3	-6	-3	-2	18	16	14	16	-2	-3	-3	-1	-2	-1	-9	-1	0	28	3.00
12	2.83	-2	7	-3	-3	-6	-3	-2	17	17	14	14	-2	-3	-3	-2	-1	-1	-9	-1	0	28	3.11
13	2.94	-2	5	-3	-4	-5	-3	-3	18	17	12	15	-3	-2	-4	-1	-2	-1	-9	-1	0	24	3.18
14	3.06	-3	6	-4	-2	-5	-4	-2	17	17	12	13	-2	-3	-3	-2	-2	0	-10	-1	0	22	3.28
15	3.15	-2	8	-4	-2	-5	-4	-2	16	15	9	13	-2	-3	-4	-1	-2	-1	-9	-1	0	19	3.34
16	3.29	-2	8	-3	-1	-6	-3	-3	13	14	9	12	-2	-3	-3	-2	-2	-1	-9	0	0	16	3.45
17	3.47	-1	6	-2	-2	-5	-3	-4	12	13	7	12	-2	-3	-3	-2	-1	-1	-9	-1	0	11	3.58
18	3.60	-1	7	-2	-2	-4	-3	-5	12	12	7	12	-2	-3	-3	-1	-2	-1	-9	0	0	12	3.72
19	3.73	0	6	-1	-1	-4	-3	-5	11	12	7	11	-2	-3	-3	-1	-2	-1	-8	0	0	13	3.86
20	3.85	-1	7	0	-1	-4	-3	-5	11	11	7	11	-2	-3	-3	-1	-2	0	-8	-1	0	13	3.98
21	3.90	0	6	0	-1	-3	-3	-4	11	12	7	11	-2	-3	-3	-1	-2	-1	-8	0	0	16	4.06
22	3.95	-1	7	-1	-1	-2	-3	-4	12	12	7	11	-2	-3	-3	-1	-2	-1	-8	0	0	17	4.12
23	3.99	-1	7	0	-2	-2	-3	-4	12	12	7	11	-2	-3	-3	-1	-2	-1	-8	0	0	17	4.16
24	4.02	0	7	-1	-1	-2	-3	-4	13	11	7	11	-2	-3	-3	-1	-2	0	-9	0	0	16	4.20
25	4.03	-1	9	-1	-1	-2	-4	-3	12	12	7	11	-2	-3	-3	-1	-2	-1	-8	0	0	19	4.22
26	4.04	0	8	-1	-1	-2	-4	-4	14	12	7	10	-1	-3	-4	0	-2	-1	-8	0	0	20	4.24
27	4.05	-1	9	-1	-1	-3	-3	-4	14	11	8	11	-2	-3	-3	-1	-2	-1	-8	0	0	20	4.25
28	4.06	0	8	-1	-1	-2	-4	-4	15	12	8	10	-2	-3	-3	-1	-2	-1	-8	0	0	21	4.27
29	4.07	-1	9	-1	-1	-3	-4	-3	14	12	8	10	-2	-3	-3	-1	-2	0	-8	-1	0	20	4.27
30	4.09	-1	9	-1	-2	-2	-4	-4	15	12	8	10	-2	-3	-3	-1	-2	-1	-8	0	0	20	4.29

Source: Bloomberg PFM Pricing Group

14



Next Steps for Finance Committee & Board of Commissioners

- Decide on the preferred financing term, i.e., 10-year, 20-year, 30-year
- Decide on the preferred financing method of sale, i.e., competitive, negotiated, private placement
- Once drafted for August 2026 meeting, approve the required bond documents, i.e., Preliminary Offering Statement, Resolution, Notice of Sale, etc.

15

Thank You



16



FINANCE COMMITTEE MEMORANDUM

April 20, 2026

To: CMSA Finance Committee

From: Jason Dow, General Manager
Corey Spray, Administrative Services Manager

Subject: **Proposed FY27 Operating and Capital Budget Adjustments**

Recommendation: Approve the proposed FY27 budget adjustments, and provide comments or direction to the General Manager, as appropriate.

Summary: At the June 2025 meeting, the Board approved the Agency’s two-year budget for FY26 and FY27. Staff informed the Board that if any budget account adjustments are needed for the second budget year, FY27, they would be presented at the June 2026 meeting. Department managers completed a thorough review of the approved and projected FY26 expenses and approved FY27 expenses, and identified several accounts that need adjustments.

The total operating budget adjustments by department are shown in the table below, and individual account adjustments are briefly summarized in the following Discussion section.

Department	Adopted FY27 Budget	Total FY27 Adjustment	Revised FY27 Budget
Operations	5,413,800	201,900	5,615,700
Maintenance	4,275,900	88,800	4,364,700
Technical Services	3,872,200	1,700	3,873,900
Administration	3,876,600	129,500	4,006,100
Health & Safety	298,900	400	299,300
Total Operating Expenses	17,737,400	422,300	18,159,700
Debt Service	5,463,100	(765,700)	4,697,400
Capital Program	8,129,000	5,830,500	13,959,500
Total Revenues	26,060,600	8,482,000	34,542,600

Fiscal Impact: For FY26, there is a projected operating surplus in the amount of \$465,600, and this amount will be finalized as part of preparation of the FY26 financial statements. The FY26 surplus will provide additional funds for the unassigned operating and capital reserves. For FY27, there is a budgeted operating surplus of \$138,500 that further assists the reserves.

Included in the FY27 budget adjustments are the three following items staff recommends the Committee discuss, consider, and approve including in the FY27 budget adjustment recommendation to the CMSA Board.

- 1) *Hire a Temporary Full-Time Accounting Technician in the Administration Department.* This new position will support the finance and customer service activities in the department, such as serving as a regular back-up FTE for payroll processing, greatly assisting other departments with timely preparing purchase orders and paying accounts payable invoices from procurement activities, lead timely follow-up of outstanding accounts receivable invoices from permit or other billable activities, and assist in various departmental projects. Some key projects that this position will assist with are calculation of the FLSA eligible overtime for income tax reporting, timely calculation of weighted labor rates by pay period, and assessing the collectability of outstanding receivables for fiscal year end reporting. Lastly, adding another FTE Accounting Technician supports the Agency's hiring efforts with finding potential candidates that do not have relevant payroll experience as candidates can now be hired and be trained alongside the current Accounting Technician for the hands-on payroll experience—as the expectation is for this position to also perform payroll throughout the fiscal year on a scheduled basis.
- 2) *Create a Lead Environmental Services Analyst in the Technical Services Department:* There are three analysts in the department and this new position will be a promotional opportunity for staff and be responsible for assigning and tracking the analysts' work to support the Regulatory Compliance Manager.
- 3) *Select and hire a Retirement Consultant:* The consultant will assist the Agency's new Deferred Compensation Committee with its responsibilities to review the deferred compensation investment options and fee structures and recommend changes if needed.

GFOA Award: Staff submitted the Agency's two-year budget to the Government Finance Officers Association last year, and we are proud to report that the GFOA awarded the Agency its Distinguished Budget Presentation Award.

Operating Expenses: Preparing the bi-annual Agency budget is a lengthy and detailed process that begins in February of every other odd year with a draft budget presented to the Finance Committee in April and the Board in May, and the final budget adopted by the Board in June. The two-year budget has proven to be an invaluable tool for simplifying the budget process to devote more time to other priority Agency business. The two-year budget saves time by not having to prepare a complete budget each year, but rather allows for adjustments if needed for the second year. Significant operating expense adjustments greater than \$5,000 for the second year are shown in the tables on the following pages for each department.

Operations

Account	Adopted FY27 Budget	Total FY27 Adjustment	Revised FY27 Budget	Reason
Salaries & Benefits	2,867,000	221,900	3,088,900	COLA decrease from 3% to 2.178% offset by various staff promotions.
Calcium Nitrate	325,700	(49,500)	276,200	FY27 bid price 22.8% more than FY26; 3-year average use of 93k gallons, down from 108k.
Hydrogen Peroxide	333,700	12,200	345,900	FY27 bid price remained the same as FY26; 3-year average use increased to 102k from 96k. [AWAITING FINAL BIDS 4/23]
Sodium Hypochlorite	822,700	21,100	843,800	FY27 BACC bid price 7.4% more than FY26; 3-year average use stayed same at 225k.
Sodium Bisulfite	205,500	10,200	215,700	FY27 BACC bid price 13.1% more than FY26; 3-year average use dropped from 137k to 113k.
Electricity	172,000	(15,000)	157,000	Decrease due to increased food waste and biogas production, reducing utility demand.
All other accounts	649,900	1,000	688,200	Below \$5,000 individual account changes.
TOTAL	5,413,800	201,900	5,615,700	

Maintenance

Account	Adopted FY25 Budget	Total FY25 Adjustment	Revised FY25 Budget	Reason
Salaries & Benefits	3,436,200	44,700	3,480,900	COLA decrease from 3% to 2.178% offset by various staff promotions.
Fleet Maintenance	20,000	5,000	25,000	Increase for additional consumable maintenance parts for vehicles.
Hazardous Waste Disposal	51,500	25,000	76,500	Increase from one to two annual H2S media replacements due to increased biogas production.
Groundskeeping	45,000	(15,000)	30,000	Decrease based on current operational needs and additions of AWOP participants.
Process Media Replacement	82,400	20,000	102,400	Additional H2S, siloxane, and OWRF media required from increased food waste deliveries & biogas production
Organic Waste Receiving Facility	48,200	18,000	66,200	Increase storage tank cleaning from semi-annual to quarterly; includes additional maintenance.
SQRC Supplies, Repairs and Other	10,100	7,900	18,000	Non-Agency maintenance - Transfer IUL labor savings to supplies & repairs to address increased cost usage.
SQ Village WW System Maint	22,800	(16,800)	6,000	Non-Agency maintenance - Reduce following prior fiscal year purchase of critical spare pump of \$14k.
All other accounts	559,700	-	559,700	Below \$5,000 individual account changes.
TOTAL	4,275,900	88,800	4,364,700	

Technical Services

Account	Adopted FY25 Budget	Total FY25 Adjustment	Revised FY25 Budget	Reason
Salaries & benefits	2,524,100	(98,600)	2,425,500	COLA decrease from 3% to 2.178% and savings from RCM and ESA I replacements. Cost savings offset by creation of Lead ESA position.
Biosolids Hauling	255,300	35,000	290,300	Increase due to additional organic waste processing and cost of diesel fuel.
Biosolids Reuse Fees	411,500	33,000	444,500	Increase from more organic waste received.
Lab Supplies	110,100	22,900	133,000	Increase from continued nutrient monitoring and replacement of consumable IC column.
Biosolids Monitoring	16,200	6,300	22,500	Increase from new monthly cyanide analysis requirement effective 2025.
All other accounts	555,000	3,100	558,100	Below \$5,000 individual account changes.
TOTAL	3,872,200	1,700	3,873,900	

Administration

Account	Adopted FY25 Budget	Total FY25 Adjustment	Revised FY25 Budget	Reason
Salaries & Benefits	2,674,200	98,400	2,772,600	New Temporary Accounting Technician position offset by COLA decrease from 3% to 2.178% and expected savings from retirement of Senior Accountant to newly formed Accountant position.
General Liability Ins	142,500	(11,300)	131,200	Lower overall pool losses offset by CSRMA projected 15% increase.
Worker's Comp Ins	217,100	(27,400)	189,700	Lower overall pool losses offset by CSRMA projected 10% increase.
Property Ins	320,900	(46,600)	274,300	Lower overall pool losses offset by CSRMA projected 5% increase.
Internet & Telephone	51,500	10,000	61,500	Price increase for Microsoft 365 license.
Office Supplies	40,200	(28,200)	12,000	Reclass of rental charges to separate account.
IT Software	100,700	7,000	107,700	Various software license price increases.
Rental Expense	-	25,500	25,500	Rent for copiers, stamp machine, fax service
Prof Services - General	40,500	5,900	46,400	Recruitment for two E/I Technicians
Prof Services – Regulatory	5,000	55,800	60,800	Increase from engaging consulting services to begin NPDES permit reissuance.
Prof Services - Finance	30,000	33,500	63,500	Estimated cost for retirement consultant to assist deferred compensation committee.
All other accounts	254,000	6,900	260,900	Below \$5,000 individual account changes.
TOTAL	3,876,600	129,500	4,006,100	

Health & Safety

Account	Adopted FY25 Budget	Total FY25 Adjustment	Revised FY25 Budget	Reason
All accounts	298,900	400	299,300	Below \$5,000 individual account changes.
TOTAL	298,900	400	299,300	

Debt Service: The Agency currently has two revenue bond obligations outstanding, the 2015 refunding revenue bonds and 2020 revenue bonds. Staff are currently working through the 2026 revenue bond issuance for \$8.5 million to assist funding the Agency’s CIP, of which is anticipated to close in September 2026. The table below shows the applicable updated estimates for FY27’s debt service to be paid following the revised timeline.

Debt Service

Account	Adopted FY27 Budget	Total FY27 Adjustment	Revised FY27 Budget	Reason
Debt Service – Interest	455,000	(306,000)	149,000	Deferral of 2026 Revenue Bond. Interest payments are to begin March 2027.
Debt Service – Principal	459,700	(459,700)	-	Deferral of 2026 Revenue Bond. Principal repayment is to begin September 2027.
All other debt	4,548,400	-	4,548,400	Below \$5,000 individual account changes.
TOTAL	5,463,100	(765,700)	4,697,400	

Revenues: The Board adopted a 5-Year Revenue Plan on March 14, 2023, increasing regional service charges by 4% going into FY25. At the November 13, 2023, Board Meeting, the regional service charges were further updated by increasing the rate by an additional 0.5%. Including this change, all other significant revenue adjustments greater than \$5,000 for the second year are shown below.

Revenue

Account	Adopted FY27 Budget	Total FY27 Adjustment	Revised FY27 Budget	Reason
Capital Fee	1,034,800	957,400	1,992,200	Deferral of 2026 Revenue Bond.
Debt Service Charges	5,463,000	(765,900)	4,697,100	Deferral of 2026 Revenue Bond.
Coverage Fee	1,365,800	(191,500)	1,174,300	Deferral of 2026 Revenue Bond.
SQ Village WW Services	23,800	8,700	32,500	Allowance for parts purchases and staff time for pump station repairs.
Permit & Inspection Fees	35,300	9,500	44,800	Carryover permit activity from FY26 to be completed in FY27.
Private Waste Haulers - FOG	102,100	(17,100)	85,000	Lower projected FOG receipts.

Account	Adopted FY27 Budget	Total FY27 Adjustment	Revised FY27 Budget	Reason
Food Waste - SOS	14,700	(14,700)	-	No longer receiving food waste from SOS.
Food Waste - Republic	-	75,000	75,000	New contract with Republic being estimated for FY27.
Food Waste - RioDog	-	5,000	5,000	New contract with RioDog being estimated for FY27.
Marin Clean Energy	75,200	21,500	96,700	Higher projected feedstock leading to higher energy being produced and exported.
Int Inc – Op Cash	12,500	(5,000)	7,500	Higher CIP anticipated in FY27 from deferral of revenue bond in FY26.
Int Inc – LAIF	679,700	74,700	754,400	Receipt of FY26 capacity charges offset end of year CIP costs leading to higher interest accrual for July 2026 payment on LAIF.
Int Inc – Debt Trust	9,900	45,700	55,600	Deferral of revenue bond to FY27 leading to interest earned on project proceeds in FY27.
Int Inc – Pension Trust	48,900	(7,200)	41,700	Lowered due to no contributions expected to pension trust.
Capital Debt Proceeds, net	-	8,287,500	8,287,500	Deferral of 2026 Revenue Bond into FY27 at lower amount following CIP plan.
All other accounts	17,194,900	(1,600)	17,193,300	Below \$5,000 individual account changes.
TOTAL	26,060,600	8,482,000	34,542,600	

Proposed FY 27 Capital Improvement Program – Summary of Changes

Category	FY 27 Adopted Budget*	FY27 Adjustments	FY 27 Proposed Budget
Facility Improvements	535,200	1,204,500	1,739,700
General Equipment	469,700	490,000	959,700
Liquid Treatment Equipment and Systems	4,900,200	1,887,300	6,787,500
Solids Treatment and Energy Generation	2,223,900	2,248,700	4,472,600
Total	8,129,000	5,830,500	13,959,500

* The Adopted FY26 Budget is based on direction from the October 2025 Finance Committee meeting, where contingent or low priority projects were removed.

FY 27 Major CIP Adjustments: Most of the FY27 Budget Category increases are the result of transfers of unspent FY26 funds. Significant CIP adjustments are discussed below.

Facility Improvements:

- 1) Industrial Coatings and Concrete Rehabilitation: Moved unspent funds (\$315K) from FY26 to FY27 for completion of Chlorine Contact Tanks No. 1 through 3 Coating Project and updated budget based on bid results and updated project schedule.
- 2) Facility Improvements: Added funds to FY27 for architect for Administration Building kitchen and bath remodel moved from FY26 (\$60K), various corroded facility door and window replacements (\$140K), install of Agency EV charging station (\$12K), facility hatch replacements (\$35K). Added funds to FY28 for additional corroded facility door and window replacements (\$80K), allowances for assessing the re-piping of the Sodium Bisulfite storage room (\$75K), assessing additional facility storage area by Chlorine Contact Tanks (\$75K), and allowance to construct Administration Building kitchen and bath remodel (\$120K). Added funds to FY29 for construction allowance for additional facility storage area (\$250K; pending FY28 assessment) and for replacing the Digester Basement air handling unit (\$50K).
- 3) Facility Roofs Rehabilitation: Reduced FY28 allowance (-\$58K) for metal roof repairs based on FY26 assessment results and Maintenance Building repairs completed in FY26.
- 4) SHB Elevator Control Replacement: Moved unspent funds from FY26 as construction completion of the elevator control system replacement project shifted from FY26 to FY27, and updated budget based on received bid results (\$465K). Added allowance

(\$100K) to FY30 for replacement of any remaining non-control related elevator components based on FY29 consultant assessment.

General Equipment:

- 5) Agency Vehicle Replacement: Added funds to FY30 for scheduled vehicle replacement (\$55K).
- 6) Laboratory Equipment: Moved funds from FY26 to FY27 for replacing the Laboratory's DI Water system (\$65K) and deleted funds for replacing the autoclave which was replaced in FY26 (-\$46K).
- 7) Electrical Equipment: Added funds to FY27 for replacing Effluent Pump Station Controllers (\$110K) and converting Headworks lights to explosion proof LEDs (\$85K).
- 8) Process Instrumentation: Moved funds from FY26 to FY27 for procurement of sludge blanket readers (\$40K).
- 9) Electrical Distribution System Rehabilitation: Added funds to FY27 for replacing the identified breakers in MCCs 4/5, 9 and 10 (\$200K). Moved funds for inspections of main switchgear and other facility MCCs and associated replacement placeholders out by two years based on the results of the FY26 condition assessment.
- 10) Electrical Conduit Rehabilitation: Moved \$100K of \$150K of unspent FY26 funds to FY27 to complete consultant report and implement high priority recommendations.

Liquid Treatment Equipment and Systems:

- 11) Plant Pumps: Moved the replacement of the centrifuge feed pumps from FY27 to FY28 (\$50K), and added refurbishment of two headworks sample pumps (\$25K) and refurbishment of the aeration tank drain pump (\$12K) to FY27. Added budget in FY28 to assess and design for upsizing the blend channel drain, pump, and piping (\$25K) and performing the work in FY29 (\$60K). Moved unspent funds from FY26 to FY30 for the replacement of three recycled water pumps (\$40K).
- 12) Gates Rehabilitation: Moved unspent funds from FY26 to FY27 for the headworks influent gate replacement project, and updated budget to design the bypass system and perform the project in FY27 (\$500K). Moved unspent funds from FY26 to FY27 to purchase a new isolation gate for Chlorine Contact Tank No. 5 and 6 (\$85K), and moved budget for the effluent pump station sump gates from FY34 to FY27 (\$130K). Added funds for contractor installation of the grit tank influent gates in FY27 (\$65K) and FY28 (\$65K).
- 13) Headworks Equipment: Moved unspent funds from FY26 to FY27 for the completion of the grit classifiers replacement project, including construction, construction management, special inspections, and engineering services during construction (\$814K).

Moved unspent funds from FY26 to FY27 for the replacement of trough on Grit Classifier No. 1 (\$20K) and the condition assessment of submerged concrete structures in the grit tanks (\$32K). Added budget to complete assessment of the blowers and diffusers for the aerated grit system (\$45K), conduct a grit performance evaluation (\$75K), and develop design for the blower replacement (\$105K) in FY27. Moved budget from FY26 to FY28 to replace the blowers and diffusers for the aerated grit system (\$1M) and added allowance to install baffle plates (\$500K) pending results of consultant recommendation.

- 14) Primary Clarifiers Rehabilitation: Moved unspent funds (\$524K) from FY26 to FY27 based on updated construction schedule and reduced budget based on favorable bid results (\$-439K). Consolidated multi-year budgets to procure and install a baffle system for Primary Clarifiers No. 2, 3 4, 5, 6 and 7 into a single year in FY29, pending completion of successful baffle performance testing prior to installation.
- 15) Process Piping Inspection & Repairs: Moved unspent funds from FY26 to FY27 to plug and abandon the corroded bend for the reclaimed water pipe (\$25K) and moved the inspection of the San Rafael Interceptor from FY27 to FY28 (\$107K).
- 16) Piping Valves & Operators: Moved unspent funds from FY26 to FY27 to refurbish check valve and seals at the Effluent Pump Station (\$47K). Added budget in FY29 to retain a consultant to develop an estimate and plan to replace the gates inside the South Francisco vault and the valve in the San Quentin Junction Box (\$75K). Added allowance in FY30 to replace the gates inside the South Francisco vault and the valve in San Quentin Junction Box, which includes construction flow bypass systems (\$500k).
- 17) Nutrient Removal: Moved unspent funds (\$850K) from FY26 to FY27 for completing the pre-design and starting the final design of the selected nutrient removal alternative (750K). Added allowance to FY27 for pre-purchase and design of a sidestream treatment system in FY27 (\$750K). Increased FY28 budget (\$500K) to allow for completion of final design of selected nutrient removal alternative (\$750K) and to complete the purchase, design and installation of a sidestream treatment system (\$1.75M).

Solids Treatment and Energy Generation:

- 18) Centrifuge Replacement: Moved unspent funds (\$2.1M) from FY26 to FY27 to complete the installation of the new centrifuges per the updated project schedule, including retaining consultant for special inspections, construction management assistance, engineering services during construction, and performing startup and testing for the pre-purchased equipment.
- 19) Jenbacher Cogeneration Maintenance: Added scheduled minor overhaul at 40,000 operating hours in FY36, including allowance for replacement of the Selective Catalytic Reducer and Oxidation Catalyst internal materials (\$456K).

20) Organic Waste Receiving Facility: Moved biogas utilization study (\$60K) from FY26 to FY27, added budget in FY27 for spare grinder and associated spare parts (\$55K), and added funds in FY27 and FY28 for spare stainless steel mix pump and replacement internal parts (\$82K).

Attachments:

- 1) Funding Requirements and Sources Summary
- 2) 10-Year Financial Forecast
- 3) Updated 10-Year Capital Improvement Program

CENTRAL MARIN SANITATION AGENCY
FUNDING REQUIREMENTS AND SOURCES SUMMARY
PROPOSED ADJUSTMENTS TO THE FY27 OPERATING AND CAPITAL BUDGETS

		A		B		(B - A) / A		
	ACTUAL 6/30/2025	ADOPTED 6/30/2026	PROJECTED 6/30/2026	ADOPTED 6/30/2027	Adjustments	ADJUSTED 6/30/2027	Chg %	
Operating Activities								
1	Salaries & benefits	\$ 10,444,319	\$ 11,368,500	\$ 11,598,400	\$ 11,764,500	\$ 266,300	\$ 12,030,800	2.3 %
2	Chemicals & fuel	2,107,780	2,034,900	1,917,800	2,095,500	(6,000)	2,089,500	(0.3) %
3	Biosolids management	507,075	645,300	699,000	666,800	68,000	734,800	10.2 %
4	Permit testing & monitoring	266,414	260,100	254,000	249,600	26,100	275,700	10.5 %
5	Maintenance & repairs	959,830	768,300	1,160,400	786,500	44,100	830,600	5.6 %
6	Utilities	394,275	392,400	335,700	405,400	(5,000)	400,400	(1.2) %
7	Insurance	551,893	632,500	572,800	688,300	(82,900)	605,400	(12.0) %
8	General & administrative	953,334	1,069,800	943,900	1,080,800	111,700	1,192,500	10.3 %
9	Total operating uses	16,184,920	17,171,800	17,482,000	17,737,400	422,300	18,159,700	2.4 %
10	Regional service charges	13,247,500	13,843,600	13,843,600	14,466,600	-	14,466,600	0.0 %
11	Contract service fees	2,282,232	2,055,200	2,298,500	2,114,300	31,200	2,145,500	1.5 %
12	Program revenues	177,209	180,000	177,800	181,000	100	181,100	0.1 %
13	Other operating sources	1,700,499	1,387,200	1,627,700	1,384,900	120,100	1,505,000	8.7 %
14	Total operating sources	17,407,440	17,466,000	17,947,600	18,146,800	151,400	18,298,200	0.8 %
15	Surplus / (deficit) - operating	1,222,520	294,200	465,600	409,400	(270,900)	138,500	n/a
Capital Activities								
16	Capital debt service	4,500,281	4,497,200	4,497,200	5,463,100	(765,700)	4,697,400	(14.0) %
17	Capital improvement program	6,056,973	16,630,850	6,981,000	8,129,000	5,830,500	13,959,500	71.7 %
18	Total capital uses	10,557,254	21,128,050	11,478,200	13,592,100	5,064,800	18,656,900	37.3 %
19	Debt service charges	4,525,748	4,497,200	4,497,200	5,463,000	(765,900)	4,697,100	(14.0) %
20	Debt service coverage fees	1,131,437	1,124,300	1,124,300	1,365,800	(191,500)	1,174,300	(14.0) %
21	Capital fees	1,575,500	1,903,500	1,903,500	1,034,800	957,400	1,992,200	92.5 %
22	Capacity charges	641,969	40,500	3,012,600	41,700	(1,700)	40,000	(4.1) %
23	Grant proceeds	2,962,224	-	-	-	-	-	0.0 %
24	Capital debt proceeds, net	-	12,675,000	-	-	8,287,500	8,287,500	100.0 %
25	Interest on debt trust	10,954	130,200	9,000	8,500	44,800	53,300	527.1 %
26	Total capital sources	10,847,832	20,370,700	10,546,600	7,913,800	8,330,600	16,244,400	105.3 %
27	Surplus / (deficit) - capital	290,578	(757,350)	(931,600)	(5,678,300)	3,265,800	(2,412,500)	n/a
28	Total Agency uses	(26,742,174)	(38,299,850)	(28,960,200)	(31,329,500)	(5,487,100)	(36,816,600)	17.5 %
29	Total Agency sources	28,255,272	37,836,700	28,494,200	26,060,600	8,482,000	34,542,600	32.5 %
30	Total Agency reserve (inc)/dec	(1,513,098)	463,150	466,000	5,268,900	(2,994,900)	2,274,000	(56.8) %
31	Total Agency funding change	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
Reserves - Ending Balance								
32	Rest Pension Trust	\$ 1,583,379	\$ 1,854,079	\$ 1,695,079	\$ 2,160,879	\$ (322,900)	\$ 1,837,979	(14.9) %
33	Rest POB Trust	1,405	1,500	2,190	1,400	(1,078)	322	(77.0) %
34	Rest Revenue Bond Trust	10,949	8,200	7,822	8,500	(7,092)	1,408	(83.4) %
35	Rest Dental Trust	20,357	25,000	25,000	25,000	-	25,000	0.0 %
36	Rest Capital Reserve	1,125,100	1,124,300	1,124,300	1,365,800	(191,500)	1,174,300	(14.0) %
37	Comm Operating Reserve	4,302,500	4,302,500	4,302,500	4,434,400	105,500	4,539,900	2.4 %
38	Comm Emergency Reserve	500,000	500,000	500,000	500,000	-	500,000	0.0 %
39	Unassigned Op Act Reserve	500,000	500,000	500,000	500,000	-	500,000	0.0 %
40	Unassigned Cap Act Reserve	17,144,680	16,409,642	16,565,480	10,457,492	3,411,970	13,869,462	32.6 %
41	Total reserves - ending bal	\$ 25,188,371	\$ 24,725,221	\$ 24,722,371	\$ 19,453,471	\$ 2,994,900	\$ 22,448,371	n/a
Board Approved Reserve Targets								
42	Rest Capital Reserve	1,125,100	1,124,300	1,124,300	1,365,800	(191,500)	1,174,300	(14.0) %
43	Comm Operating Reserve	4,302,500	4,293,000	4,293,000	4,434,400	105,500	4,539,900	2.4 %
44	Comm Emergency Reserve	500,000	500,000	500,000	500,000	-	500,000	0.0 %
45	Unassigned Cap Act Reserve	7,477,169	8,573,600	8,573,600	5,273,500	484,100	5,757,600	9.2 %

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

Assumption	Assumption	YEAR 1	YEAR 2	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	
		ACTUAL	BUDGET	PROJECTED	BUDGET	FORECAST							
		6/30/2025	6/30/2026	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034	
Operating Activities													
1	Salaries & benefits (Note 1)	3.5% (A)	\$ 10,444,319	\$ 11,368,500	\$ 11,598,400	\$ 12,030,800	\$ 12,451,900	\$ 12,887,700	\$ 13,338,800	\$ 13,805,700	\$ 14,288,900	\$ 14,789,000	\$ 15,306,600
2	Chemicals & fuel	0.5% (B)	2,107,780	2,034,900	1,917,800	2,089,500	2,099,900	2,110,400	2,121,000	2,131,600	2,142,300	2,153,000	2,163,800
3	Biosolids management	3.0% (C)	507,075	645,300	699,000	734,800	756,800	779,500	802,900	827,000	851,800	877,400	903,700
4	Permit testing & monitoring	1.5% (C)	266,414	260,100	254,000	275,700	279,800	284,000	288,300	292,600	297,000	301,500	306,000
5	Maintenance & repairs	2.0% (C)	959,830	768,300	1,160,400	830,600	847,200	864,100	881,400	899,000	917,000	935,300	954,000
6	Utilities	2.0% (P)	394,275	392,400	335,700	400,400	408,400	416,600	424,900	433,400	442,100	450,900	459,900
7	Insurance	3.0% (D)	551,893	632,500	572,800	605,400	623,600	642,300	661,600	681,400	701,800	722,900	744,600
8	General & administrative	0.5% (E)	953,334	1,069,800	943,900	1,192,500	1,198,500	1,204,500	1,210,500	1,216,600	1,222,700	1,228,800	1,234,900
9	Total operating uses		16,184,920	17,171,800	17,482,000	18,159,700	18,666,100	19,189,100	19,729,400	20,287,300	20,863,600	21,458,800	22,073,500
10	Regional service charges	(F)	13,247,500	13,843,600	13,843,600	14,466,600	15,117,600	15,646,700	16,194,300	16,761,100	17,347,700	17,954,900	18,583,300
11	Contract service fees	(C)/(G)/(H)/(I)	2,282,232	2,055,200	2,298,500	2,145,500	2,220,300	2,288,700	2,275,800	2,346,200	2,418,900	2,494,000	2,571,500
12	Program revenues	2.0% (C)	177,209	180,000	177,800	181,100	184,700	188,400	192,200	196,000	199,900	203,900	208,000
13	Other operating sources	(C)/(I)/(J)	1,700,499	1,387,200	1,627,700	1,505,000	1,243,600	1,279,000	1,315,600	1,353,500	1,393,200	1,434,300	1,477,000
14	Total operating sources		17,407,440	17,466,000	17,947,600	18,298,200	18,766,200	19,402,800	19,977,900	20,656,800	21,359,700	22,087,100	22,839,800
15	Surplus / (deficit) - operating		1,222,520	294,200	465,600	138,500	100,100	213,700	248,500	369,500	496,100	628,300	766,300
Capital Activities													
16	Capital debt service (Notes 2 & 3)	(K)	4,500,281	4,497,200	4,497,200	4,697,400	5,095,500	5,095,600	5,133,600	5,137,100	5,134,400	1,148,700	1,149,100
17	Capital improvement program (Note 4)	(L)	6,056,973	16,630,850	6,981,000	13,959,500	8,579,800	4,316,400	2,881,900	3,894,900	4,537,100	3,582,100	2,786,500
18	Total capital uses		10,557,254	21,128,050	11,478,200	18,656,900	13,675,300	9,412,000	8,015,500	9,032,000	9,671,500	4,730,800	3,935,600
19	Debt service charges	(K)	4,525,748	4,497,200	4,497,200	4,697,100	5,095,500	5,095,600	5,133,600	5,137,100	5,134,400	1,148,700	1,149,100
20	Debt service coverage fees	(M)	1,131,437	1,124,300	1,124,300	1,174,300	1,273,900	1,273,900	1,283,400	1,284,300	1,283,600	287,200	287,300
21	Capital fees	(F)	1,575,500	1,903,500	1,903,500	1,992,200	1,848,100	2,135,600	2,385,800	2,689,500	3,011,800	8,323,900	8,665,000
22	Capacity charges	2.5% (C)	641,969	40,500	3,012,600	40,000	41,000	42,000	43,000	44,100	45,200	46,300	47,500
23	Grant proceeds	(N)	2,962,224	-	-	-	-	-	-	-	-	-	-
24	Capital debt proceeds, net (Note 5)	(O)	-	12,675,000	-	8,287,500	-	-	-	-	-	-	-
25	Interest proceeds on debt trust	(J)	10,954	130,200	9,000	53,300	6,400	6,600	6,600	6,600	6,600	1,600	1,500
26	Total capital sources		10,847,832	20,370,700	10,546,600	16,244,400	8,264,900	8,553,700	8,852,400	9,161,600	9,481,600	9,807,700	10,150,400
27	Surplus / (deficit) - capital		290,578	(757,350)	(931,600)	(2,412,500)	(5,410,400)	(858,300)	836,900	129,600	(189,900)	5,076,900	6,214,800
28	Total Agency uses		26,742,174	38,299,850	28,960,200	36,816,600	32,341,400	28,601,100	27,744,900	29,319,300	30,535,100	26,189,600	26,009,100
29	Total Agency sources		28,255,272	37,836,700	28,494,200	34,542,600	27,031,100	27,956,500	28,830,300	29,818,400	30,841,300	31,894,800	32,990,200
30	Total Agency funding change		\$ 1,513,098	\$ (463,150)	\$ (466,000)	\$ (2,274,000)	\$ (5,310,300)	\$ (644,600)	\$ 1,085,400	\$ 499,100	\$ 306,200	\$ 5,705,200	\$ 6,981,100
	Aggregate Reserve Impact		Increase	Decrease	Decrease	Decrease	Decrease	Decrease	Increase	Increase	Increase	Increase	Increase

Assumptions:

- (A) - Growth is assumed to be 3.5% year-over-year to match the average COLA % plus incorporate step increases or promotions. Health insurance furthermore is expected to increase due to retiree costing pressures.
- (B) - Growth is assumed to be 0.5% year-over-year to correlate with recent easing of chemical cost pressures.
- (C) - Growth is assumed to be between 1% to 3% year-over-year to follow inflation for each category. The growth rate varies depending on the cost nature.
- (D) - Growth is assumed to be 3% given market volatility and losses experienced in the insurance pool.
- (E) - Growth is assumed to be 0.5% year-over-year given very little movement in general & administrative costs experienced.
- (F) - Growth is assumed to follow the Board of Commissioner Revenue Plan of 4.5% from FY26 through FY28. All outer years are assumed to grow at 3.5%.
- (G) - Growth for San Quentin State Prison Wastewater flow charge is assumed to follow Board of Commissioner Revenue Plan of 4.5% from FY26 through FY28. All outer years are assumed to grow at 3.5%.
- (H) - Marin Airporter lease is anticipated to terminate by FY30 following Nutrient Removal project progress.
- (I) - Growth for Marin Clean Energy sales, source control fees, permit fees, and lab sample fees is expected to be the same year-over-year considering similar operations over the same period.
- (J) - Interest income is expected to follow cash flow with rates of return determined primarily by the US Federal Reserve's interest rate policy. The pension trust is expected to compound further from its investment portfolio returns.
- (K) - Capital debt service follows the agreed upon amortization schedules with an increase anticipated in FY27 following the FY26 bond issuance expected to close in September 2026.
- (L) - Follows the current CIP plan.
- (M) - Assessed to be 25% of current debt service.
- (N) - Assumption of no other grant programs being applied for after completion of the CalRecycle program and receipt of the \$1.7M IRA direct payment from IRS.
- (O) - Agency anticipated to issue \$8.5M of revenue bonds at 3.5% for 20 years. Cost of issuance expected to be 2.5% of principal.
- (P) - Growth is assumed to be 2% given anticipated savings from energy and natural gas costs.

Notes:

- Note 1 - Salaries and benefits cost includes pension obligation bond debt service and actual unfunded liability contribution made to CalPERS.
- Note 2 - FY26 includes estimated debt service for a \$8.5M revenue bond issuance issued at 3.5% for 20 years.
- Note 3 - 2015 Revenue Bond fully matures on 9/1/2031 thereby significantly decreasing expected debt service in FY33 and FY34.
- Note 4 - Construction cost for the Nutrient Removal project is removed due to continued internal deliberation over the appropriate funding sources for the project.
- Note 5 - Cost of issuance is assumed to be 2.5% of the gross issuance proceeds.

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

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	
	ACTUAL	BUDGET	PROJECTED	BUDGET	FORECAST						
	6/30/2025	6/30/2026	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034
Operating Activity Reserves											
- Restricted Pension Trust -											
31	\$ 904,043	1,583,379	\$ 1,583,379	\$ 1,695,079	\$ 1,837,979	\$ 1,970,279	\$ 2,112,179	\$ 2,264,279	\$ 2,427,279	\$ 2,602,079	\$ 2,789,479
32	93,102	84,000	111,700	142,900	132,300	141,900	152,100	163,000	174,800	187,400	200,800
33	586,235	186,700	-	-	-	-	-	-	-	-	-
34	1,583,379	1,854,079	1,695,079	1,837,979	1,970,279	2,112,179	2,264,279	2,427,279	2,602,079	2,789,479	2,990,279
- Restricted POB Trust -											
35	53	1,405	1,405	2,190	322	1,200	1,200	1,200	1,200	1,200	1,200
36	1,352	1,500	1,847	2,337	1,200	1,200	1,200	1,200	1,200	1,200	1,200
37	(550,803)	(920,000)	(920,019)	(919,431)	(920,104)	(920,004)	(920,114)	(919,418)	(919,882)	(919,473)	(920,156)
38	550,803	918,595	918,957	915,226	919,782	918,804	918,914	918,218	918,682	918,273	918,956
39	1,405	1,500	2,190	322	1,200	1,200	1,200	1,200	1,200	1,200	1,200
- Restricted Dental Trust -											
40	15,868	20,357	20,357	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
41	(102,283)	(100,000)	(93,200)	(100,100)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
42	106,771	104,643	97,843	100,100	100,000	100,000	100,000	100,000	100,000	100,000	100,000
43	20,357	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
- Committed Operating Reserve -											
44	4,003,034	4,302,500	4,302,500	4,302,500	4,539,900	4,666,500	4,797,300	4,932,400	5,071,800	5,215,900	5,364,700
45	299,466	-	-	237,400	126,600	130,800	135,100	139,400	144,100	148,800	153,700
46	4,302,500	4,302,500	4,302,500	4,539,900	4,666,500	4,797,300	4,932,400	5,071,800	5,215,900	5,364,700	5,518,400
47	4,302,500	4,293,000	4,293,000	4,539,900	4,666,500	4,797,300	4,932,400	5,071,800	5,215,900	5,364,700	5,518,400
- Committed Emergency Reserve -											
48	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
49	-	-	-	-	-	-	-	-	-	-	-
50	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
51	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
- Unassigned Operating Activities Reserve -											
52	3,274,565	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
53	1,781,152	1,228,700	1,365,272	1,012,794	986,704	1,090,604	1,115,314	1,224,718	1,339,982	1,459,173	1,584,456
54	(586,235)	(186,700)	-	-	-	-	-	-	-	-	-
55	(550,803)	(918,595)	(918,957)	(915,226)	(919,782)	(918,804)	(918,914)	(918,218)	(918,682)	(918,273)	(918,956)
56	(106,771)	(104,643)	(97,843)	(100,100)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
57	(299,466)	-	-	(237,400)	(126,600)	(130,800)	(135,100)	(139,400)	(144,100)	(148,800)	(153,700)
58	-	-	-	-	-	-	-	-	-	-	-
59	(3,012,442)	(18,762)	(348,472)	239,932	159,678	59,000	38,700	(67,100)	(177,200)	(292,100)	(411,800)
60	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000

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

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10		
	ACTUAL	BUDGET	PROJECTED	BUDGET	FORECAST							
	6/30/2025	6/30/2026	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033	6/30/2034	
Capital Activity Reserves												
- Restricted Revenue Bond Trust -												
61	Beginning balance	1,300	10,949	10,949	7,822	1,408	6,400	6,600	6,600	6,600	6,600	1,600
62	Debt issuance proceeds, net	-	12,675,000	-	8,287,500	-	-	-	-	-	-	-
63	Net investment activity	10,954	130,200	9,000	53,300	6,400	6,600	6,600	6,600	6,600	1,600	1,500
64	Debt service paid	(4,500,281)	(4,497,200)	(4,497,200)	(4,697,400)	(5,095,500)	(5,095,600)	(5,133,600)	(5,137,000)	(5,134,400)	(1,148,700)	(1,149,100)
65	Net funds transfer in/(out) - unass cap	4,498,977	(8,310,749)	4,485,073	(3,649,814)	5,094,092	5,089,200	5,127,000	5,130,400	5,127,800	1,142,100	1,147,500
66	Ending balance	10,949	8,200	7,822	1,408	6,400	6,600	6,600	6,600	6,600	1,600	1,500
- Restricted Capital Reserve -												
67	Beginning balance	1,145,427	1,125,100	1,125,100	1,124,300	1,174,300	1,273,900	1,273,900	1,283,400	1,284,300	1,283,600	287,200
68	Capacity charge collections	641,969	40,500	3,012,600	40,000	41,000	42,000	43,000	44,100	45,200	46,300	47,500
69	Debt service coverage fees	1,131,437	1,124,300	1,124,300	1,174,300	1,273,900	1,273,900	1,283,400	1,284,300	1,283,600	287,200	287,300
70	Net funds transfer in/(out) - unass op	(1,793,733)	(1,165,600)	(4,137,700)	(1,164,300)	(1,215,300)	(1,315,900)	(1,316,900)	(1,327,500)	(1,329,500)	(1,329,900)	(334,700)
71	Ending balance	1,125,100	1,124,300	1,124,300	1,174,300	1,273,900	1,273,900	1,283,400	1,284,300	1,283,600	287,200	287,300
72	<i>Policy target (25% of debt service)</i>	<i>1,125,100</i>	<i>1,124,300</i>	<i>1,124,300</i>	<i>1,174,300</i>	<i>1,273,900</i>	<i>1,273,900</i>	<i>1,283,400</i>	<i>1,284,300</i>	<i>1,283,600</i>	<i>287,200</i>	<i>287,300</i>
- Unassigned Capital Activities Reserve -												
73	Beginning balance	13,830,983	17,144,680	17,144,680	16,565,480	13,869,462	8,194,792	7,277,292	8,065,992	8,261,792	8,249,792	14,620,192
74	Surplus / (deficit) - unass capital activities	3,006,499	(10,230,150)	(580,300)	(7,270,200)	(1,636,200)	2,914,800	4,637,500	3,931,600	3,609,100	5,890,500	7,027,600
75	Net funds transfer in/(out) - rest rev bnd	(4,498,977)	8,310,749	(4,485,073)	3,649,814	(5,094,092)	(5,089,200)	(5,127,000)	(5,130,400)	(5,127,800)	(1,142,100)	(1,147,500)
76	Net funds transfer in/(out) - rest cap	1,793,733	1,165,600	4,137,700	1,164,300	1,215,300	1,315,900	1,316,900	1,327,500	1,329,500	1,329,900	334,700
77	Net funds transfer in/(out) - unass op	3,012,442	18,762	348,472	(239,932)	(159,678)	(59,000)	(38,700)	67,100	177,200	292,100	411,800
78	Ending balance	17,144,680	16,409,642	16,565,480	13,869,462	8,194,792	7,277,292	8,065,992	8,261,792	8,249,792	14,620,192	21,246,792
79	<i>Policy target (10YR Annual Average CIP)</i>	<i>7,477,169</i>	<i>8,573,600</i>	<i>8,573,600</i>	<i>5,757,600</i>	<i>5,757,600</i>	<i>5,757,600</i>	<i>5,757,600</i>	<i>5,757,600</i>	<i>5,757,600</i>	<i>5,757,600</i>	<i>5,757,600</i>
80	Total Agency reserve beginning balance	23,675,273	25,188,371	25,188,371	24,722,371	22,448,371	17,138,071	16,493,471	17,578,871	18,077,971	18,384,171	24,089,371
81	Total Agency surplus / (deficit)	1,513,098	(463,150)	(466,000)	(2,274,000)	(5,310,300)	(644,600)	1,085,400	499,100	306,200	5,705,200	6,981,100
82	Total Agency reserve ending balance	\$ 25,188,371	\$ 24,725,221	\$ 24,722,371	\$ 22,448,371	\$ 17,138,071	\$ 16,493,471	\$ 17,578,871	\$ 18,077,971	\$ 18,384,171	\$ 24,089,371	\$ 31,070,471

**Central Marin Sanitation Agency
Capital Improvement Program
Proposed FY27 Budget and 10-Year Projection (Essential and Contingent)**

GL Account Number	PM*	Delivery Method	Essential 10-year CIP														
			Adopted	Projected	Adopted	Proposed	2	3	4	5	6	7	8	9	10	Total	
			FY26 **	Final FY26	FY27**	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY27 - FY36	
Facility Improvements																	
0230-550-8201	TSM	Effluent Storage Pond Rehabilitation	FB	-	-	-	-	-	-	-	-	-	-	-	-	-	
0230-550-8202	TSM	Agency Facilities Master Plan	PSA	-	-	-	-	-	-	-	-	-	-	-	-	-	
0230-550-8203	TSM	Industrial Coatings & Concrete Rehabilitation	IB/MC/FB	894,500	611,000	214,100	529,100	187,900	41,400	130,800	111,100	30,800	30,300	32,400	32,400	33,500	1,159,700
0230-550-8204	TSM	Outfall Inspection & Repairs	IB/MC/FB	41,200	1,300	42,800	42,800	131,500	47,300	48,900	50,600	52,300	54,000	55,900	57,700	59,700	600,700
0230-550-8205	TSM	Facility Improvements	IB	379,500	60,000	186,200	668,700	457,800	355,400	133,000	72,600	58,900	43,900	64,500	1,638,500	10,200	3,503,500
0230-550-8206	TSM	Facility Paving/Site Work	IB/MC	204,700	90,000	14,100	14,100	14,600	15,100	15,600	16,200	16,700	17,300	17,800	18,400	19,100	164,900
0230-550-8207	TSM	Hillside Repairs	PSA/IB	-	-	-	-	103,400	-	-	-	-	-	126,200	-	-	229,600
0230-550-8208	TSM	Facility Roofs Rehabilitation	MC/IB/FB	20,000	40,000	78,000	20,000	66,300	81,500	47,600	33,700	34,800	36,000	37,200	63,500	39,800	460,400
0230-550-8209	TSM	SHB Elevator Control Replacement	FB	397,500	70,000	-	465,000	-	34,300	100,000	-	-	-	-	-	-	599,300
0230-550-8210	TSM	Facility Structures Seismic Study	PSA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal - Facility Improvements				1,937,400	872,300	535,200	1,739,700	961,500	575,000	475,900	284,200	193,500	181,500	334,000	1,810,500	162,300	6,718,100
General Equipment																	
0110-550-8301	ISA	Process Control	M/MC	54,600	45,000	50,000	50,000	42,400	43,800	45,300	46,800	48,400	50,000	51,700	53,400	55,200	487,000
0110-550-8302	MS	Security / Fire Systems	MC	21,300	21,300	24,800	24,800	99,400	28,600	24,700	22,500	16,600	23,300	17,800	25,800	20,400	303,900
0350-550-8303	MS/TSM	Fuel Storage Tanks	IB/MC	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0110-550-8304	ISA	IT Hardware and Communication Equipment	M	37,400	36,000	68,800	68,800	92,100	58,100	83,000	44,200	39,900	90,600	42,700	44,100	103,500	667,000
0350-550-8305	MS	Agency Vehicle Replacement	IB/PO	89,100	89,100	87,000	95,000	108,800	85,700	145,700	67,200	94,700	100,900	87,700	167,300	55,800	1,008,800
0230-550-8306	RCM	Laboratory Equipment	PO	65,000	35,430	46,200	65,000	217,600	23,700	37,900	69,400	15,700	222,500	34,900	16,200	16,200	719,100
0350-550-8307	MS	Electrical Equipment	M/IB	122,500	122,500	96,100	256,100	63,400	141,100	140,100	108,600	112,300	116,100	120,000	124,100	128,200	1,310,000
0350-550-8309	MS	Process Instrumentation	M	117,200	100,000	61,800	100,000	60,600	76,600	32,600	33,700	34,900	36,100	38,500	38,500	39,800	491,300
0350-550-8310	TSM	Electrical Distribution System Rehabilitation	PSA/FB	161,100	71,000	-	200,000	479,500	-	-	-	-	-	-	-	-	679,500
0350-550-8311	MS	Electrical Conduit Rehabilitation	M/MC/IB	225,000	75,000	35,000	100,000	36,200	37,500	38,700	40,000	41,400	42,800	44,200	45,700	47,200	473,700
Subtotal - General Equipment				893,200	595,330	469,700	959,700	1,200,000	495,100	548,000	432,400	403,900	682,300	437,500	515,100	466,300	6,140,300
Liquids Treatment Equipment and Systems																	
0230-550-8401	TSM	Biotower Rotary Distributor Replacement	FB	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0350-550-8402	MS	Plant Pumps	MC/M	90,000	90,000	129,900	116,900	161,300	149,300	132,300	95,400	98,600	101,900	105,400	108,900	112,600	1,182,600
0350-550-8403	MS	Chemical Pumps	M	85,800	45,000	65,600	45,000	66,900	69,100	71,400	73,800	76,300	78,900	81,600	84,300	87,200	734,500
0350-550-8404	MS	Gates Rehabilitation	M/IB/FB	302,100	215,000	372,000	886,400	168,200	106,700	110,300	114,000	117,900	121,800	125,900	130,200	134,600	2,016,000
0350-550-8405	MS/TSM	Headworks Equipment	M/FB/PSA	2,855,900	1,625,935	1,562,400	2,528,400	1,762,400	133,500	138,000	142,700	45,700	47,300	48,900	50,500	52,200	4,949,600
0230-550-8406	TSM	Odor Scrubber Replacement	PSA/FB	40,000	-	-	-	30,000	-	-	-	-	-	-	-	-	30,000
0350-550-8407	MS	Process Tank Maintenance	M/IB	-	-	-	-	57,100	-	-	110,600	114,400	118,300	122,300	126,500	130,800	780,000
0350-550-8408	TSM	Primary Clarifiers Rehabilitation	M/FB/PSA	1,510,000	986,000	1,030,900	966,900	331,400	2,256,800	100,000	-	-	-	-	-	-	3,655,100
0350-550-8409	TSM	Secondary Clarifiers Rehabilitation	PSA/FB	-	-	-	-	-	-	85,800	1,090,300	1,887,100	955,900	-	-	-	4,019,100
0350-550-8411	TPM	Aeration System Rehabilitation	M/IB	10,800	10,800	-	-	63,800	-	126,200	-	86,100	-	92,000	-	98,300	466,400
0230-550-8412	TSM	Process Piping Inspection/Repairs/Replacement	PSA/IB	25,000	-	103,500	25,000	107,000	-	-	202,900	-	-	-	-	118,500	453,400
0350-550-8413	MS	Chemical Tanks	M/IB	69,100	3,000	59,700	59,700	86,800	88,800	78,000	68,200	85,500	72,900	90,400	92,900	80,500	803,700
0350-550-8414	MS	Piping, Valves & Operators	M	180,000	180,000	116,200	163,200	189,900	157,200	585,000	87,900	90,900	93,900	97,100	100,400	103,700	1,669,200
0230-550-8415	TSM	CCT Valve and Screen Replacement	FB	-	-	360,000	396,000	35,000	-	-	-	-	-	-	-	-	431,000
0230-550-8416	TSM	Influent Flow Meter Improvement	PSA/IB	203,000	198,400	-	-	-	-	-	-	-	-	-	-	-	-
0230-550-8417	TSM	Nutrient Removal	PSA	1,500,000	650,000	1,000,000	1,500,000	2,500,000	31,734,300	33,348,000	-	-	-	-	-	-	69,082,300
0230-550-8418	TSM	Recycled Water	PSA	-	-	100,000	100,000	100,000	-	-	-	-	-	-	-	-	200,000
Subtotal - Liquids Treatment Equipment and Systems				6,871,700	4,004,135	4,900,200	6,787,500	5,659,800	34,695,700	34,689,200	981,300	1,805,700	2,522,100	1,719,500	812,200	799,900	90,472,900

**Central Marin Sanitation Agency
Capital Improvement Program
Proposed FY27 Budget and 10-Year Projection (Essential and Contingent)**

GL Account Number	PM*	Delivery Method	Essential 10-year CIP													Total FY27 - FY36	
			Adopted	Projected	Adopted	Proposed	2	3	4	5	6	7	8	9	10		
			FY26 **	Final FY26	FY27**	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36		
Solids Treatment and Energy Generation Equipment and Systems																	
0230-550-8501	TSM	Emergency Generator Assessment & Improvement	PSA/FB	-	-	350,000	350,000	-	-	91,600	-	-	-	-	-	441,600	
0230-550-8502	TSM	Digester Inspection, Cleaning & Cover Replacement	FB	-	-	-	-	74,900	82,000	91,600	1,419,300	1,465,500	-	-	-	3,133,300	
0350-550-8503	TSM	Centrifuge Replacement	PSA/FB	2,580,520	1,000,000	1,706,280	3,815,000	32,100	-	75,000	350,000	-	-	-	4,272,100		
0350-550-8504	MS	Waukesha Cogeneration Maintenance	M/IB/FB	-	-	-	-	-	-	-	244,100	-	-	-	244,100		
0350-550-8513	MS	Jenbacher Cogeneration Maintenance	M/IB/FB	80,800	80,800	83,900	35,000	350,500	87,900	158,200	93,900	561,100	100,400	180,700	107,300	456,400	2,131,400
0230-550-8505	MS	Cogeneration System	M	28,000	15,000	-	20,000	-	-	-	-	-	-	-	-	20,000	
0350-550-8506	MS	Hot Water Systems	M/PSA	41,500	41,500	6,600	6,600	6,900	7,100	7,300	7,600	7,800	8,100	8,400	8,700	8,900	77,400
0350-550-8508	MS	Boilers	IB/FB	-	-	-	-	-	-	-	-	-	-	-	-	-	
0350-550-8510	MS	Biosolids Hoppers Maintenance	M	111,700	124,000	-	-	12,200	31,100	13,700	-	14,700	-	15,700	-	16,800	104,200
0350-550-8511	MS	Organic Waste Receiving Facility	PO	240,800	248,000	77,100	246,000	281,900	76,800	79,400	82,100	84,900	87,700	90,700	93,800	96,900	1,220,200
0230-550-8514	TSM	Liquid Organic Waste Storage and Biogas Treatment Upgrades	FB	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subtotal - Solids Treatment and Energy Generation Equipment and Systems				3,083,320	1,509,300	2,223,880	4,472,600	758,500	284,900	516,800	2,197,000	2,134,000	196,200	295,500	209,800	579,000	11,644,300
Annual CIP Totals				12,785,620	6,981,065	8,128,980	13,959,500	8,579,800	36,050,700	36,229,900	3,894,900	4,537,100	3,582,100	2,786,500	3,347,600	2,007,500	114,975,600

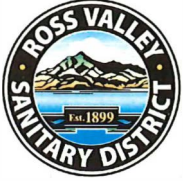
* PM indicates the project manager for the account.

** The Adopted FY26 Budget is based on direction from the October 2025 Finance Committee meeting, where contingent or low priority projects were removed.

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

Delivery Methods			Projected Annual Escalation Rate:	3.37%	Escalation Factors:												
M	Maintenance project, self performed				1.0337	1.0686	1.1046	1.1419	1.1804	1.2202	1.2614	1.3039	1.3479	1.3933	1.4403	1.4889	1.5391
MC	Maintenance Contract		FY25 to FY26 Escalation Change:	-0.51%	Escalation Change Factors:												
PO	Purchase Order, equipment only				0.9949	0.9898	0.9848	0.9798	0.9748	0.9698	0.9649	0.9600	0.9551	0.9502	0.9454	0.9406	0.9358
PSA	Professional Services Agreement																
IB	Informally Bid																
FB	Formally Bid																

PM*	Delivery Method	Contingent Projects													Total FY26 - FY35		
		Adopted	Projected	Adopted	Proposed	3	4	5	6	7	8	9	10				
		FY26	Final FY26	FY27	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35				
TSM	Effluent Storage Pond Rehabilitation	FB	-	-	-	-	20,600	36,400	1,640,900	-	-	-	-	-	-	-	1,697,900
TSM	Agency Facilities Master Plan	PSA	-	-	-	-	-	-	-	-	-	800,000	-	-	-	-	800,000
TSM	Facility Roofs Rehabilitation	MC/IB/FB	-	-	-	-	-	-	480,500	-	1,121,200	-	-	-	-	744,500	2,346,200
MS/TSM	Fuel Storage Tanks	IB/MC	-	-	-	-	-	-	188,800	-	203,700	-	-	-	-	-	392,500
TSM	Electrical Distribution System Rehabilitation	PSA/FB	-	-	-	-	-	215,900	2,449,700	8,391,600	334,800	2,068,000	357,700	2,209,900	382,300	16,409,900	
TSM	Biotower Rotary Distributor Replacement	FB	-	-	-	-	58,300	1,195,300	-	-	-	1,560,500	-	-	-	-	2,814,100
TSM	Odor Scrubber Replacement	PSA/FB	-	-	-	-	-	-	-	2,500,400	-	2,930,900	-	2,090,100	-	-	7,521,400
MS	Boilers	IB/FB	-	-	-	-	-	121,000	704,500	-	-	-	-	-	-	-	825,500
Subtotal			-	-	-	-	78,900	1,568,600	5,464,400	10,892,000	1,659,700	7,359,400	357,700	4,300,000	1,126,800	32,807,500	



ROSS VALLEY SANITARY DISTRICT 8

MEMORANDUM

DATE: March 18, 2026
TO: Director Gaffney
FROM: Victor Damiani, Finance Officer
SUBJECT: Treatment Service Payment Schedule

District staff request that CMSA revise the billing schedule for treatment service for all member agencies of the JPA. RVSD requests that CMSA shift their quarterly treatment service bills from July-October-January-April to August-December-February-May with a 30-day payment period which would better align with the revenues intended for this purpose. This payment schedule would reduce the cash flow constraints that occur when treatment charge bills are competing for the same revenue dollars as capital projects at the end of the summer construction season.

As you know, sewer districts receive their revenue from the County of Marin in accordance with the Teeter Plan. The Teeter Plan specifies a remittance schedule of three installments: 55% in December, 40% in April, and the remainder in June. While the Teeter plan provides a level of financial certainty, it also creates a strain on cash flow in the later months of the calendar year, on the heels of capital improvement payments and before the December revenues.

While the JPA Members collect most of their revenue for treatment costs in April and December, they make quarterly payments to CMSA in the first week of July, October, January, and April. Also, CMSA invoices are due "Upon Receipt" rather than the common payment term of 30 calendar days.

With the CMSA billing cycle as it stands now, over 80% of the annual treatment plant costs are paid by the first week of January which is only just past the mid-point of the fiscal year.

Sample Existing Payment Schedule

Q1/July	Q2/October	Q3/January	Q4/April	FY 26 Total
\$1,914,847		\$1,914,847		
<u>\$2,167,866*</u>		<u>\$ 251,874*</u>		
\$4,082,713	\$1,914,847	\$2,166,721	\$1,914,847	\$10,079,128

**Paid \$8,164,281
(81%)**

*CMSA debt service payments due to bond trustee on September 1 and March 1.

All CMSA member agencies would benefit from a modified quarterly treatment plant payment schedule (example below) which would (1) maintain CMSA’s regular quarterly revenue, (2) more closely align with the member agencies’ bi-annual sewer service charge revenues, and (3) result in a balanced distribution of payments over the fiscal year.

Sample Proposed Payment Schedule

Q1 due Aug 15	Q2 due Dec 15	Q3 due Feb 15	Q4 due May 15	FY 26 Total
\$1,914,847		\$1,914,847		
<u>\$2,167,866*</u>		<u>\$ 251,874*</u>		
\$4,082,713	\$1,914,847	\$2,166,721	\$1,914,847	\$10,079,128

**Paid \$8,164,281
 (81%)**

*CMSA debt service payments due to bond trustee on September 1 and March 1.



FINANCE COMMITTEE MEMORANDUM

April 20, 2026

To: CMSA Finance Committee

From: Jason Dow, General Manager
Corey Spray, Administrative Services Manager

Subject: Quarterly Budget Status Report

Recommendation: Discuss the quarterly budget status report format and content, and provide direction to staff on possible changes to propose to the CMSA Board.

Discussion: In June 2025, the Board approved a new monthly Treasurer’s Report presentation format that included additional financial information, such as summary operating and capital budget information in a fiscal year-to-date budget-to-actual schedule. The Quarterly Budget Status Report includes similar information in an expanded format, and presents significant activities by grouping explanations into revenues, contracted services revenues, operating expenditures, capital debt service, and capital improvement program expenditures. Given there is some redundant information in the Quarterly Budget Status Report, staff is seeking Finance Committee discussion and direction on the following options.

- 1) Do not change the Quarterly Budget Status Report format or content.
- 2) Discontinue preparing a Quarterly Budget Status Report.
- 3) Change the Quarterly Budget Status Report to a Quarterly Capital Program Status Report.

Attachments:

- 1) December 2025 Treasurer’s Report
- 2) FY26 2nd Quarter Budget Report



BOARD MEMORANDUM

February 6, 2026

To: CMSA Board of Commissioners

From: Corey Spray, Administrative Services Manager
Jason Dow, General Manager

Subject: December 2025 Treasurer’s Report

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

Cash and Investments:

		Financial				Funds	
Cash/Investment	Institution	11/30/2025	Receipt	Disbursement	FMV Change	Transfer	12/31/2025
1 Operating account	Westamerica	\$ 1,367,382	\$ 730,151	\$(1,834,505)	\$ -	\$ 1,493,616	\$ 1,756,644
2 Petty cash	In-house	253	-	-	-	-	253
3 RV petty cash	In-house	28	332	-	-	(332)	28
4 Pension bond trust	US Bank	2,967	8	-	-	-	2,975
5 Revenue bond trust	US Bank	7,988	23	-	-	-	8,011
6 Pooled investment	LAIF	20,667,116	-	-	-	(1,500,000)	19,167,116
7 Pooled investment	CAMP	448,480	1,503	-	-	-	449,983
8 Dental trust	EDIS	35,015	-	(11,776)	-	6,716	29,955
9 Pension trust	Keenan	1,667,322	33,376	-	(29,796)	-	1,670,902
10 Total Agency		<u>\$24,196,549</u>	<u>\$ 765,393</u>	<u>\$(1,846,281)</u>	<u>\$ (29,796)</u>	<u>\$ 0</u>	<u>\$ 23,085,865</u>
11 Total net change in cash and investments			<u>\$(1,110,684)</u>	<i>[Includes FMV change in pension trust]</i>			

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

	Financial	12/31/2025	CM Interest	Average
Cash/Investment	Institution	Institution	/FMV Change	RoR%
1 Operating account	Westamerica	\$ 1,756,644	\$ 1,060	1.00%
2 Petty cash	In-house	253	-	0.00%
3 RV petty cash	In-house	28	-	0.00%
4 Pension bond trust	US Bank	2,975	8	3.23%
5 Revenue bond trust	US Bank	8,011	23	3.23%
6 Pooled investment	LAIF	19,167,116	-	3.97%
7 Pooled investment	CAMP	449,983	1,503	3.95%
8 Dental trust	EDIS	29,955	-	0.00%
9 Pension trust	Keenan	1,670,902	3,579	4.56%
10 Total Agency		<u>\$23,085,865</u>	<u>\$ 6,174</u>	<u>2.22%</u>

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

Operating and Capital Reserves:

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

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

	Reserve	Status	Note 2		Funds	12/31/2025	Board
			11/30/2025	Net Result	Transfer		Target
1	Pension trust (Note 1)	Restricted	\$ 1,667,322	\$ 3,579	\$ -	\$ 1,670,902	\$ -
2	Pension bond trust	Restricted	2,967	8	-	2,975	-
3	Revenue bond trust	Restricted	7,988	23	-	8,011	-
4	Dental trust	Restricted	35,015	(11,776)	6,716	29,955	-
5	Capital reserve	Restricted	1,352,380	44,063	-	1,396,443	1,124,300
6	Operating reserve	Committed	4,302,500	-	-	4,302,500	4,293,000
7	Emergency reserve	Committed	500,000	-	-	500,000	500,000
8	Unassigned operating	Unassigned	500,000	(536,828)	536,828	500,000	-
9	Unassigned capital	Unassigned	15,828,377	(609,755)	(543,543)	14,675,079	8,626,700
10	Total Agency		\$24,196,549	\$(1,110,684)	\$ -	\$23,085,865	\$ 14,544,000

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

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

Statement of Compliance:

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

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

Cash Receipt & Disbursement Detail

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

	Cash Receipt Transaction	Amount
1	Permit and inspection fee collections	\$ 1,683
2	Laboratory services (Verily November 2025 & SD5 Volatile Acid Monitoring)	2,022
3	Waste Haulers & RV	22,888
4	Organic Waste Programs	76,434
5	FOG Source Control Program (Almonte Q1 FY26)	1,300
6	Regional Service JPA charges (SD2 Q2 FY26)	440,131
7	Health & Safety Program Collection (Q2 FY26)	28,887
8	SRSD Service Agreement Development collection	7,325
9	SQ Village Operations & Maintenance contract (October & November 2025)	17,591
10	Sanitary District #2 Pump Station Maintenance Contract (Oct 2025 & Add Work)	65,445
11	Marin Clean Energy power purchase (October 2025)	10,213
12	Marin Airporter lease payment (December 2025)	6,219
13	Capacity Charges (see below)	44,063
14	Misc collections (CWIC travel reimb/WC Audit reimb/Cal-Card rebate)	5,221
15	Interest received & FMV change in pension trust (<i>all accounts</i>)	6,174
16	Total Agency cash receipts	\$ 735,596

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

	JPA Member	Amount	Notes
1	Ross Valley Sanitary District	\$ -	N/A
2	San Rafael Sanitation District	44,063	1 new connection & 75 fixture units
3	Sanitary District #2	-	N/A
4	Total capacity charges	\$ 44,063	

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

Fiscal Year-to-Date Budget-to-Actual (Cash Basis) – As of December 2025 (P6 – 50.0%)

	FY2026 Budget	FY2026 YTD Actual	Budget Remain \$	Budget Used %
OPERATING ACTIVITIES				
SOURCES				
1	Regional service charges	\$ 13,843,600	\$ 6,921,800	\$ 6,921,800 50.0%
2	Contract service collection fees	2,041,100	976,347	1,064,753 47.8%
3	Program collection fees	194,100	119,950	74,150 61.8%
4	Permits, source control, inspection & other fees	507,000	440,942	66,058 87.0%
5	Bank interest (<i>all except USB Rev Bonds</i>)	880,300	561,373	318,927 63.8%
6	Total funding sources	17,466,100	9,020,412	8,445,688 51.6%
USES				
7	Salaries and benefits	11,398,500	6,484,004	4,914,496 56.9%
8	Chemicals and fuel	2,014,900	933,993	1,080,907 46.4%
9	Biosolids management	645,300	353,461	291,839 54.8%
10	Permit testing and monitoring	256,450	160,727	95,723 62.7%
11	Repairs and maintenance	768,300	451,538	316,762 58.8%
12	Utilities and telephone	392,400	146,279	246,121 37.3%
13	Insurance	600,500	431,890	168,610 71.9%
14	General and administrative	1,103,700	602,945	500,755 54.6%
15	Total funding uses	17,180,050	9,564,838	7,615,212 55.7%
16	Net funding position change	\$ 286,050	\$ (544,426)	n/a n/a
CAPITAL ACTIVITIES				
SOURCES				
17	Debt service charges	\$ 4,497,200	\$ 3,852,831	\$ 644,369 85.7%
18	Debt service coverage fees	1,124,300	963,208	161,092 85.7%
19	Capital fees	1,903,500	951,750	951,750 50.0%
20	Capacity charges	40,500	466,199	(425,699) 1151.1%
21	Grant proceeds	-	-	- 0.0%
22	Capital debt proceeds, net	12,675,000	-	12,675,000 0.0%
23	Bank interest (<i>USB Rev Bonds only</i>)	130,100	8,045	122,055 6.2%
24	Total funding sources	20,370,600	6,242,033	14,128,567 30.6%
USES				
25	Capital debt service	4,497,200	4,029,041	468,159 89.6%
26	Capital improvement program	16,787,890	3,802,200	12,985,690 22.6%
27	Total funding uses	21,285,090	7,831,241	13,453,849 36.8%
28	Net funding position change	\$ (914,490)	\$ (1,589,208)	n/a n/a
TOTAL AGENCY				
29	Total funding sources	\$ 37,836,700	\$ 15,262,445	22,574,255 40.3%
30	Total funding uses	38,465,140	17,396,079	21,069,061 45.2%
31	Net funding position change	\$ (628,440)	\$ (2,133,634)	n/a n/a

Attachment:

- December 2025 Disbursement Register

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

Number	Date	Vendor/Payee	Amount	Description
2027761				Last check from prior month's register
2027762	12/01/2025	B. Jones	185.08	Reimbursement for monthly retiree health benefits
2027763	12/01/2025	P. Frye	185.08	Reimbursement for monthly retiree health benefits
2027764	12/04/2025	A. Sacerdote	206.72	Employee Reimbursement: Safety boots
2027765	12/04/2025	Black & Veatch	4,245.50	Prof Svcs: ESDC for Centrifuge Dewatering Improvement Project (invoice #2)
2027766	12/04/2025	BWS Distributors, Inc.	252.94	LCD display, sensor and hardware for portable gas meter (2 invoices)
2027767	12/04/2025	Flottweg Separation Technology, Inc.	249,314.18	Centrifuge Dewatering System Procurement (Payment #4B)
2027768	12/04/2025	Frank A. Olsen Co	7,203.62	6-inch check valve, and 10-inch check valve (2 invoices)
2027769	12/04/2025	Grainger	284.38	Electrical enclosure cover and paint rollers (2 invoices)
2027770	12/04/2025	Graybar	54.11	Conduit clamps
2027771	12/04/2025	Home Depot Credit Services	1,083.54	Grill and grill cover (2 invoices)
2027772	12/04/2025	Konecranes, Inc.	2,249.00	Crane & hoist annual preventative maintenance
2027773	12/04/2025	Manco	497.57	Odor scrubber fan
2027774	12/04/2025	Marin County Tax Collector	5,184.00	CUPA aboveground storage tank permit
2027775	12/04/2025	Marin Resource Recovery Center	220.00	Trash disposal
2027776	12/04/2025	Motion Industries, Inc.	232.13	V-belts for cogen radiator fan
2027777	12/04/2025	Occupational Health Centers of California, A Medical Corporation	88.00	Hearing test for 1 CMSA employee
2027778	12/04/2025	Reinholdt Engineering Construction	250.00	Monthly underground storage tank inspection, November 2025
2027779	12/04/2025	Roy's Sewer Service, Inc.	43,200.00	RV Interceptor Flowmeter installation (2 invoices)
2027780	12/04/2025	Town of San Anselmo	2,672.00	Marin-Sonoma Leadership Academy (1 employee)
2027781	12/04/2025	Univar USA Inc	25,671.61	Sodium bisulfite and sodium hypochlorite (2 deliveries)
2027782	12/04/2025	USP Technologies	14,616.62	Hydrogen peroxide (2 invoices)
2027783	12/04/2025	EDIS	1,045.00	Dental monthly fee, December 2025
2027784	12/10/2025	Anchor Scientific Inc	191.29	SD2: Float (2 invoices, Note B)
2027785	12/10/2025	Aquatic Informatics Inc	5,418.13	Annual WIMS support and maintenance
2027786	12/10/2025	AT&T Corp	175.00	Monthly internet fee, December 2025
2027787	12/10/2025	Don & Wolf Associates Inc	141.36	Emission cogeneration Testo analyzer adapter
2027788	12/10/2025	DXP Enterprises	5,441.85	Chemical feed pump head
2027789	12/10/2025	Everfi Inc	2,835.00	1 year subscription: Virtual HR courses
2027790	12/10/2025	Evoqua Water Tech LLC	395.67	Deionized water
2027791	12/10/2025	Fastenal Company	785.58	Maintenance vending machine replenishment, November 2025
2027792	12/10/2025	Hagel Supply Co.	1,113.50	Janitorial supplies (2 invoices)
2027793	12/10/2025	Jackson's Hardware	651.92	Misc. hardware supplies, November 2025
2027794	12/10/2025	Kone Inc	1,809.37	Elevator service call, and mothly maintenance, December 2025 (2 invoices)
2027795	12/10/2025	Manco	4,209.06	Four waste activated sludge pump variable frequency drives
2027796	12/10/2025	Marin Color Service	403.84	Wall paints, November 2025
2027797	12/10/2025	Marin Resource Recovery Center	170.00	Trash disposal
2027798	12/10/2025	McMaster-Carr Supply Co.	78.89	Compact DPDT spade-terminal relay
2027799	12/10/2025	Misco Water	11,365.69	OWRF hoses and lubricants (2 invoices)
2027800	12/10/2025	Nickell Fire Protection Inc	855.00	Fire sprinkler system inspection
2027801	12/10/2025	Norman S. Wright Mechanical	29,153.36	Air handling system replacement for Gallery C
2027802	12/10/2025	Pace Supply Corp.	100.47	Pipe fittings
2027803	12/10/2025	PG&E	14,312.24	Electricity service at CMSA, 10/14/2025-11/12/2025, electricity service at Sir Francis Drake 10/17/2025-11/17/2025, and natural gas supply, November 2025 at 1301 Andersen Drive
2027804	12/10/2025	Progent Corporation	99.95	IT support, December 2025
2027805	12/10/2025	Prudential Overall Supply	2,753.51	Uniforms, December 2025
2027806	12/10/2025	R. Emter	246.36	Employee Reimbursement: Safety boots
2027807	12/10/2025	Rock Steady Juggling	750.00	Public Ed Program: Three school presentations (Note B)
2027808	12/10/2025	Shamrock Building Materials	128.50	Propane
2027809	12/10/2025	State Water Resources Control Board	77,810.00	NPDES annual permit fee
2027810	12/10/2025	Univar USA Inc	17,557.99	Sodium hypochlorite (1 delivery)
2027811	12/10/2025	USP Technologies	13,288.44	Hydrogen peroxide (2 invoices)
2027812	12/10/2025	Western Exterminator Co., Inc.	324.10	Pest control, November 2025
2027813	12/12/2025	California State Disbursement	194.42	Garnishment for pay period ending 12/12/2025
2027814	12/12/2025	California State Disbursement	348.92	Garnishment for pay period ending 12/12/2025
2027815-2027839	12/17/2025	CMSA staff	3,000.00	CWEA RES-2025 Awards
2027840	12/17/2025	Las Gallinas Valley Sanitation Agency	1,126.03	Vendor refund for duplicate payment of invoice
2027841-2027861	12/17/2025	CMSA staff	2,700.00	CWEA RES-2025 Awards
2027862	12/18/2025	Aleshire & Wynder LLP	37.50	Legal Svcs: Employment law, November 2025
2027863	12/18/2025	Associated Power Solutions	44,650.00	Visual and mechanical inspection and testing for MCC main switchgear assemblies
2027864	12/18/2025	Comcast	232.39	Internet service back-up, 12/04/2025-01/03/2026
2027865	12/18/2025	Harrington Industrial Plastics	419.78	PVC ball valves
2027866	12/18/2025	Marin Independent Journal	140.20	Board compensation ordinance posting
2027867	12/18/2025	Marin Sanitary Service - 0004321	1,278.41	Recycling and compost disposal, November 2025
2027868	12/18/2025	Marin Sanitary Service - 0027511	5,899.28	Grit box disposal, November 2025
2027869	12/18/2025	Marin Sanitary Service - 0033224	750.00	Rag bins disposal, November 2025
2027870	12/18/2025	McInerney & Dillon, P.C.	988.00	Legal Svcs: Contract law, November 2025
2027871	12/18/2025	New Pig Corporation	2,976.29	Storm drain spill blocker mat
2027872	12/18/2025	PG&E Non-Energy Collection Unit	160.15	Renewable energy expansion, November 2025
2027873	12/18/2025	Sentry	3,960.00	Sentry subscription for aeration basin #2 (invoice #1), and subscription for digester support (final)
2027874	12/18/2025	State Water Resources Control Board	1,227.00	Annual fees for WQC dredging discharges
2027875	12/18/2025	Waste Management	10,472.61	Biosolids disposal, November 2025

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

Number	Date	Vendor/Payee	Amount	Description
2027876	12/22/2025	Allied Fluid Products Corp	666.72	Pipe gaskets
2027877	12/22/2025	Golden State Lumber	177.01	SQRC: 10-inch gasket for west pump station (Note B)
2027878	12/22/2025	Grainger	485.60	Welding supplies, painting supplies, flap wheels, and wrench (4 invoices)
2027879	12/22/2025	Harrington Industrial Plastics	224.49	PVC pipe flange
2027880	12/22/2025	Home Depot Credit Services	349.34	Herbicides
2027881	12/22/2025	McMaster-Carr Supply Co.	310.94	Disconnect switch
2027882	12/22/2025	Motion Industries, Inc.	569.19	OWRF air regulator and air fittings (2 invoices)
2027883	12/22/2025	Pace Supply Corp.	260.44	Toilet repair kit
2027884	12/26/2025	California State Disbursement	348.92	Garnishment for pay period ending 12/26/2025
2027885	12/26/2025	California State Disbursement	194.42	Garnishment for pay period ending 12/26/2025
2027886	12/24/2025	Bay City Boiler & Engineering	204.19	Gasket
2027887	12/24/2025	BWS Distributors, Inc.	245.69	Callibrator gas
2027888	12/24/2025	Charles P Crowley Company Inc	214.70	Back pressure valve rebuild kit
2027889	12/24/2025	Downey Brand LLP	162.00	Legal Svcs: Real Estate law, November 2025
2027890	12/24/2025	DXP Enterprises	1,481.19	Mechanical seal for OWRF rock trap grinder
2027891	12/24/2025	Environmental Express Inc.	367.66	TSS filters
2027892	12/24/2025	Environmental.com	814.68	Sample bottles (2 invoices)
2027893	12/24/2025	Fastenal Company	5,059.79	Hardware for secondary valve replacement
2027894	12/24/2025	Galco Industrial Electronics	451.45	Flow switch
2027895	12/24/2025	Grainger	3,950.83	SD2: Exhaust rain cap (1 invoice, Note B), SQRC: flow switch (1 invoice, Note B), water fountain filter, hot water loop fittings, fuses, O-ring, pipe fittings, pipe flange, pipe insulator, rain gear overalls, saw blades, welding lens (12 invoices)
2027896	12/24/2025	Home Depot Credit Services	130.99	Dishwasher pods
2027897	12/24/2025	Jackson's Hardware	163.86	Safety boots for 1 employee, M. Cariglio
2027898	12/24/2025	C. Leveque	250.00	Employee Reimbursement: Safety boots
2027899	12/24/2025	Marin Resource Recovery Center	170.00	Trash disposal
2027900	12/24/2025	Metal Service Center	484.53	Steel pipe for potable water line
2027901	12/24/2025	Pace Supply Corp.	1,327.44	6-inch gate valve for potable water line
2027902	12/24/2025	PlanetBids, LLC	6,444.97	Subscription fees (invoice #3)
2027903	12/24/2025	Prudential Overall Supply	242.49	Uniform jacket for 1 employee
2027904	12/24/2025	Reinholdt Engineering Construction	250.00	Monthly underground storage tank inspection, December 2025
2027905	12/24/2025	Super Bright Leds, Inc	120.61	LED lights
2027906	12/24/2025	Univar USA Inc	17,588.91	Sodium hypochlorite (1 delivery)
2027907	12/24/2025	USP Technologies	15,032.52	Hydrogen peroxide (2 invoices)
2027908	12/24/2025	Western Exterminator Co.,Inc.	324.10	Pest control, December 2025
		Total Checks	691,137.80	

Payments by ACH:

Date	Vendor/Payee	Amount	Description
12/02/2025	Retiree Benefits	13,171.97	Monthly reimbursement for retiree health benefits
12/05/2025	Amazon	1,364.37	IT supplies
12/31/2025	Bank Fees	414.14	Bank fees
12/31/2025	Credit Card Processing Fees	593.26	Bank fees for credit card processing
12/05/2025	Benjamin Morris Schuman	1,225.00	Steam sterilizer diagnosis
12/05/2025	Caltest Analytical Laboratory	861.72	Analytical services: Storm water and EF sampling
12/05/2025	Carollo Engineers, Inc.	1,361.75	Prof Svcs: ESDC-Grit Classifier Replacement Project, October 2025 (invoice #2),
12/05/2025	Constellation Energy Corporation	1,493.03	Natural gas supply, November 2025
12/05/2025	Fisher Scientific	435.91	TKNS and IC reagent, ammonia, and TSS equipment (4 invoices)
12/05/2025	Navia Benefit Solutions	200.00	Monthly fee, November 2025
12/11/2025	North Bay Watershed Assoc.	3,000.00	Sponsorship fee for FY2026
12/05/2025	Northeast-Western	164.41	Gasket, and sealing kit (2 invoices)
12/05/2025	VWR International	494.89	Deionized water, phosphorus, TSS filter paper (3 invoices)
12/12/2025	IEDA, Inc.	1,044.25	Labor Relations consulting fees, December 2025
12/12/2025	Northeast-Western	9,184.94	LTSA Jenbacher cogen, November 2025, and Jenbacher training for 1 employee
12/12/2025	VWR International	597.73	Dispenser for TKN and LOS chlorine analysis
12/18/2025	1 employee	100.00	CWEA RES-2025 Award
12/19/2025	Caltest Analytical Laboratory	3,849.38	Analytical services: Effluent & influent monitoring, biosolids testing, and cyanide analysis (5 invoices)
12/19/2025	Carollo Engineers, Inc.	76,115.15	Prof Svcs: Hydrogen Peroxide Facility Relocation Study, amendment #3 (payment #1), Nutrient Removal Alternatives Evaluation Project, October 2025 (payment #14), and ESDC-Grit Classifier Replacement Project (payment #1)
12/19/2025	Fisher Scientific	317.25	Chemistry glassware
12/19/2025	Gallagher Benefit Services, Inc.	6,000.00	Prof Svcs: Recruitment fee for Regulatory Compliance Manager (payment #1)
12/19/2025	Hach Company	768.24	Probe for conductivity
12/19/2025	Pencoco, Inc	15,946.87	Ferric chloride (1 delivery)
12/19/2025	Synagro West, Inc.	20,490.00	Biosolids hauling, November 2025
12/19/2025	VWR International	1,424.71	PPE for staff, incubator thermometer, syringe filter, and universal wastewater standard solution for analytical testing (4 invoices)
12/22/2025	GWF USA, INC	133,198.45	Prof Svcs: Ross Valley flowmeter equipment (final), and RV interceptor flowmeter installation (invoice #2)
12/24/2025	Northeast-Western	1,284.38	Gasket and engine oil for Jenbacher
12/26/2025	Constellation Energy Corporation	1,068.84	Natural gas supply, November 2025
12/26/2025	Hach Company	16,730.78	Conductivity solution, sulfide reagents, replacement wipers, autosampler tubing, and Hach meter protection screen (7 invoices)

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

Number	Date	Vendor/Payee	Amount	Description
	12/26/2025	R&C Valve Repair Inc	15,891.14	Rotodiff rebuild and pressure gauges for centrifuge hydraulic pack
	12/26/2025	VWR International	1,557.00	Pipet tips, acid solution, filtering samples, tubes for instruments, conductivity standard solutions, and autoclave monthly quality control (7 invoices)
	12/02/2025	Cal Public Employee Retirement	102,226.43	Medical insurance for December 2025
	12/05/2025	CalPERS	2,228.69	Retirement pension contribution: Agency and employees, PPE 12/05/2025 (Note C)
	12/12/2025	CalPERS	46,370.00	Retirement pension contribution: Agency and employees, PPE 12/06/2025 (Note C)
	12/26/2025	CalPERS	46,370.01	Retirement pension contribution: Agency and employees, PPE 12/20/2025 (Note C)
	12/30/2025	CalPERS	200.00	Retiree annuitant processing fee
	12/05/2025	Employment Development Department	1,610.70	State and SDI Taxes, PPE 12/05/2025
	12/12/2025	Employment Development Department	20,789.43	State and SDI Taxes, PPE 12/06/2025
	12/26/2025	Employment Development Department	18,597.43	State and SDI Taxes, PPE 12/20/2025
	12/31/2025	Employment Development Department	36.43	State and SDI Taxes, PPE 12/31/2026
	12/05/2025	IRS	4,875.19	Federal income and Medicare Taxes, PPE 12/05/2024
	12/12/2025	IRS	52,435.62	Federal income and Medicare Taxes, PPE 12/06/2025
	12/26/2025	IRS	47,090.38	Federal income and Medicare Taxes, PPE 12/20/2025
	12/31/2025	IRS	152.54	Federal income and Medicare Taxes, PPE 12/31/2025
	12/04/2025	Lincoln Financial Group	3,314.95	Life insurance, December 2025
	12/12/2025	MissionSquare Retirement Trust-457	1,600.00	Deferred compensation contributions, PPE 12/06/2025 (Note A)
	12/26/2025	MissionSquare Retirement Trust-457	1,600.00	Deferred compensation contributions, PPE 12/20/2025 (Note A)
	12/05/2025	Nationwide Retirement	638.12	Deferred compensation contributions, PPE 12/05/2025 (Note A)
	12/12/2025	Nationwide Retirement	26,308.08	Deferred compensation contributions, PPE 12/06/2025 (Note A)
	12/26/2025	Nationwide Retirement	24,594.82	Deferred compensation contributions, PPE 12/20/2025 (Note A)
	12/12/2025	Navia Benefit Solutions	782.76	Flexible spending account, PPE 12/06/2025
	12/26/2025	Navia Benefit Solutions	782.76	Flexible spending account, PPE 12/20/2025
	12/12/2025	Public Agency Retirement Services	334.26	Retirement pension contribution: Part-time employees, PPE 12/06/2025
	12/26/2025	Public Agency Retirement Services	554.08	Retirement pension contribution: Part-time employees, PPE 12/20/2025
	12/12/2025	SEIU Local 1021	1,223.68	Union dues, PPE 12/06/2025
	12/26/2025	SEIU Local 1021	1,223.68	Union dues, PPE 12/20/2025
	12/04/2025	Vision Service Plan -(CA)	1,839.52	Vision insurance, December 2025
	12/18/2025	EDIS Dental Claims	11,775.56	Dental insurance claims, December 2025
		Total ACH	749,904.68	

CMSA Employee Compensation:

Date	Vendor/Payee	Amount	Description
12/05/2022	CMSA employee payroll	14,741.21	Pay period ended 12/05/2025
12/12/2025	CMSA employee payroll	203,880.83	Pay period ended 12/06/2026
12/26/2025	CMSA employee payroll	184,161.90	Pay period ended 12/20/2025
12/31/2025	CMSA employee payroll	1,104.18	Pay period ended 12/31/2025
	Total ACH	403,888.12	

Board Member Compensation:

Date	Vendor/Payee	Amount	Description
12/26/2025	Eli Beckman	225.00	Stipend for 12/09/2025 CMSA Regular Commission meeting
12/26/2025	Michael Boorstein	450.00	Stipend for 12/09/2025 CMSA Regular Commission meeting, and 12/05/2025 NBWA board meeting
12/26/2025	Maribeth Bushey	225.00	Stipend for 12/09/2025 CMSA Regular Commission meeting
12/26/2025	Dean DiGiovanni	225.00	Stipend for 12/09/2025 CMSA Regular Commission meeting
12/26/2025	Thomas Gaffney	225.00	Stipend for 12/09/2025 CMSA Regular Commission meeting
	Total ACH	1,350.00	

GRAND TOTAL	1,846,280.60
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Notes:

- A: Not an Agency Expense. Funded through Payroll deduction.
- B: Not an Agency Expense. CMSA will be reimbursed for this expense.
- C: CMSA is partially reimbursed for this expense per Employee Labor Agreements.



BOARD MEMORANDUM

February 5, 2026

To: CMSA Commissioners and Alternates

From: Corey Spray, Administrative Services Manager

Approved: Jason Dow, General Manager

Subject: FY26 Second Quarter Budget Status Report

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

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

Highlights for the second quarter ended December 30, 2025, are as follows:

- Second quarter total revenue collections are at 40.3% of budget.
- Sewer service charges are at 50% as billed.
- Debt service contributions are at approximately 85.7% collected for the second quarter. JPA members are billed semi-annually and monthly for San Quentin Rehabilitation Center.
- Debt service contributions include 25% coverage required by revenue bond indenture provisions, used as a financing source for the capital program.
- Capacity charges are collected at approximately 1,151.1% of budget for the second quarter through December 30, 2025.
- Total operating expenses incurred are at approximately 54.4% of budget.
- The CIP consists of 35 different projects classified within four categories with a total FY26 budget of approximately \$16.8M, and actual spent or encumbered of \$9.7M.

Description	FY26 Budget	YTD Act+Encum ⁽¹⁾	Amount (Over) Under	% Coll Spent
Total Collected Revenues	\$ 38,027,100	\$ 15,312,394	\$ 22,714,706	40.3%
Total Operating Expenses	17,370,450	9,441,841	7,928,609	54.4
Total Debt Service Payments	4,497,200	4,029,041	468,159	89.6
Total Capital Expenditures	\$ 16,787,890	\$ 9,709,789	\$ 7,078,101	57.8

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

Collected Revenues by Source

Description	FY26 Budget	YTD Actual	Amount (Over) Under	% Coll
Sewer Service Charges	\$ 15,747,100	\$ 7,873,550	\$ 7,873,550	50.0%
Contributions for Debt Service	5,621,500	4,816,039	805,461	85.7
Contract Services	2,139,400	1,049,429	1,089,971	49.1
Program Revenues	194,100	120,292	73,808	62.0
Haulers, Permits, & Inspection Fees	406,000	350,171	55,829	86.2
Other Non-Operating Revenues	193,100	67,297	125,803	34.9
Interest Income	1,010,400	569,417	440,983	56.4
Capacity Charges	40,500	466,199	(425,699)	1,115.1
Capital debt proceeds, net	12,675,000	-	12,675,000	0.0
Total Revenues & Financing Sources	\$ 38,027,100	\$ 15,312,394	\$ 22,714,706	40.3%

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

Contributions for Debt Service: Debt service contributions, including coverage, are billed to the JPA member agencies in July and January, prior to each debt service payment. San Quentin Rehabilitation Centers’s (SQRC) contributions are billed monthly and have been received through December.

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

Haulers, Permits, and Inspection Fees: Revenue from haulers is approximately 86.2%. This revenue type represents septic receiving-facility-use-charges, organic waste disposal tipping fees, industrial waste discharge permit fees, reimbursement of costs for source control program discharger permits, and other related services.

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

Interest Income: California Asset Management Program (CAMP) posts interest monthly and is currently at 3.95% and the Local Agency Investment Fund (LAIF) posts interest quarterly and is currently at 3.97% of applicable account balances. Investments in LAIF have become subject to market value adjustment that is reflected as an increase or decrease to interest income.

Capacity Charges: Budgeted capacity charges are a placeholder for five residential new connections from the JPA members. Actual capacity charges received represent new connections and increased fixture units for existing connections. The Agency received proceeds for 884 new fixtures (143 SRSD, 589 RVSD, 152 SD2) and 6 new connections (5 SRSD, 1 SD2). Of the collections, there were 8 high strength users.

Contract Service Revenue Collections

Description	FY26 Budget	YTD Actual Collections	YTD Actual Expenses	Invoice Frequency
Marin Airporter Property Use	\$ 75,700	\$ 43,442	NA	Monthly
Marin Clean Energy	75,200	68,796	NA	Monthly
SQRC Wastewater Services	852,000	345,750	345,750	Monthly
SQRC Pump Station Maintenance	491,000	196,558	160,981	Monthly
SQ Village Wastewater Services	35,200	32,563	26,669	Monthly
SD2 Pump Stations	512,000	279,811	229,165	Monthly
LGVSD – FOG & Pollution Prevention	19,500	20,315	16,652	Quarterly
RVSD – FOG	24,800	23,090	20,991	Quarterly
SRSD – FOG	39,500	26,674	24,249	Quarterly
TCSD – FOG	1,500	1,318	1,080	Quarterly
SD2 – FOG	6,800	9,813	8,920	Quarterly
Almonte SD – FOG	1,500	1,300	1,065	Quarterly
NSD – Dental Amalgam	4,700	-	-	Annual
Total Contract Service Revenues	\$ 2,139,400	\$ 1,049,429	\$ 835,524	

Contract Services: The Agency provides services to sanitary districts and other government entities for wastewater treatment, collection system operations and maintenance, pump station maintenance, and source control program administration. Contract service revenues in total are at approximately 49.1% of budget for the second quarter. The Agency contracts with SQRC for wastewater treatment services and pump station operation and maintenance, San Quentin Village (SQV) for collection system operation and maintenance, and SD2 for pump station and force main operation and maintenance. FOG and pollution prevention source control activities completed through the second quarter have been billed to the respective contract agencies, and we anticipate payments in January and February.

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

Program Revenues Collections

Description	FY26 Budget	YTD Actual Collections	YTD Actual Expenses	Invoice Frequency
Revenue for Health & Safety Program	\$ 122,500	\$ 56,161	\$ 53,486	Quarterly
Countywide Education Program	57,500	23,387	20,337	Quarterly
Other program revenues	4,100	29,982	29,982	Monthly
NBWA treasurer services	10,000	10,762	4,207	Annual
Total Program Revenues	\$ 194,100	\$ 120,292	\$ 108,013	

Program Revenues: The Agency administers joint venture programs for Health and Safety (H&S) with the Novato Sanitary District (NSD) and a Countywide Education Program (CWP) with five participating wastewater agencies in Marin County. Costs of the H&S program are allocated between the Agency and NSD for salary and benefits, incidental program expenses, and outside safety training costs. The Agency manages the H&S program and charges an administrative fee to NSD, accordingly. Revenue collections for the H&S program are at approximately 45.8%.

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

The Agency has been engaged for two additional services. One is for development of a service contract with San Rafael Sanitation District (SRSD), and it is reimbursed for applicable costs incurred in working on this contract. Through the current quarter \$29,982 has been received. Second, the Agency also provides treasurer services to the North Bay Watershed Association (NBWA). Applicable costs incurred for staff time, supplies, and bank fees are reimbursed by NBWA.

Expenses by Function

Description	FY26 Budget	YTD Act+Encum	Amount (Over) Under	% Spent + Encum
Salaries and Benefits	\$ 11,558,900	\$ 6,266,954	\$ 5,321,946	54.1%
Biosolids Management	645,300	257,792	387,508	39.9
Chemicals and Fuel	2,014,900	829,730	1,185,170	41.2
Permit Testing and Monitoring	256,450	149,181	107,269	58.2
Repairs and Maintenance	768,300	632,758	135,542	82.4
Insurance	600,500	493,874	106,626	82.2
Utilities	392,400	125,848	266,552	32.1
General and Administrative	1,103,700	685,704	417,996	62.1
Total Expenses by Function	\$ 17,370,450	\$ 9,441,841	\$ 7,928,609	54.4%

Expenses by Department

Description	FY26 Budget	YTD Act+Encum	Amount (Over) Under	% Spent + Encum
Administration	\$ 3,986,094	\$ 2,574,611	\$ 1,411,483	64.6%
Health and Safety	297,300	138,935	158,365	46.7
Technical Services	3,760,456	2,000,241	1,760,215	53.2
Operations	5,196,300	2,454,208	2,742,092	47.2
Maintenance	4,130,300	2,273,063	1,857,237	55.0
Total Expenses by Department	\$ 17,370,450	\$ 9,441,057	\$ 7,929,393	54.4%

Salary and Benefits: Salary and benefit expenses include 13 of 26 payrolls (or 50%) that, in total, are at about 64.6% for the second quarter. Benefit costs include pension obligation bond debt service plus a provision to the employee benefits trust to assist the Agency with managing its pension related obligations with CalPERS. The YTD expenses include the semi-annual December 2025 debt service and annual July 2025 CalPERS unfunded pension UAL payments.

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

General and Administrative (G&A): Expenditures are tracking at 62.1% of budget reflecting strong purchasing across all account classifications within general and administrative. The G&A expense category includes professional services (legal, financial, regulatory, etc.), operating permits, memberships in local, state, and national wastewater organizations, employee certifications, conferences, safety supplies, training, software renewals, and office expenses.

Insurance: Insurance is at 82.2% spent for the annual premiums that are paid at the beginning of the fiscal year. The schedule below provides the payment status for insurance coverage. Insurance premiums are paid following when policies are renewed. Workers’ Compensation insurance remained flat due to claims costs remaining consistent with the prior year. Property insurance exhibited a similar trend where the premium remained flat as a result of actual claims costs remaining consistent year-over-year. The Agency budgeted increases in its insurance costs due to recent insurance market volatility described by CSRMA. In aggregate, the Agency is experiencing savings in its insurance budget.

Description	FY26 Premium	Status
General Liability and Auto	57,432	FY26 paid in full (1/2 prepaid expense)
Pollution Liability	1,616	FY26 paid in full
Officers Fidelity Bonds	788	FY26 (3-yr staggered terms – one billed Q2)
Commercial Crime Insurance	3,938	FY26 paid in full
Workers Compensation	168,705	FY26 paid in full
Property Insurance	261,248	FY26 paid in full
Insurance Deductible	147	One claim paid

Repairs and Maintenance: Repair and maintenance expenditures currently represent approximately 82.4% of the annual budget. These expenditures include purchases of plant pumps, process tank equipment, fleet maintenance parts, centrifuge repairs, and emissions testing on the cogeneration systems. Expenditure levels alone do not directly indicate the quality or volume of repair and maintenance activities. For instance, higher expenditures may reflect the purchase of materials and supplies in preparation for upcoming maintenance, while lower expenditures may indicate staff performing planned maintenance utilizing existing parts inventory. As of the end of the second quarter, the parts inventory is valued at approximately \$2.1 million, ensuring readiness for essential maintenance needs.

Chemicals and Fuel: The current fiscal year budget utilization is at 41.2%, lower than projected expenditures. Chemical usage fluctuates throughout the year based on weather conditions. For example, in the first quarter and early second quarter, during warmer weather, there tends to be higher usage of calcium nitrate and hydrogen peroxide for odor control. Higher usage of sodium hypochlorite and bisulfite is expected in the second and third quarters during the wet weather season when plant influent flows increase. Fuel consumption for vehicles remains steady year-round.

Table of Chemical Purchases:

Description	% Budget	Number of Deliveries
Ferric Chloride	56.5%	7 delivery(s) through December 2025
Polymer	0.0%	0 delivery(s) through December 2025
Calcium Nitrate (odor control)	35.6%	8 delivery(s) through December 2025
Hydrogen Peroxide (odor control)	71.7%	17 delivery(s) through December 2025
Sodium Hypochlorite (disinfection)	38.9%	18 delivery(s) through December 2025
Sodium Bisulfite (dechlorination)	31.0%	9 delivery(s) through December 2025

Biosolids Management: Expenditures were at 40% of budget for the second quarter. Management expenses vary and are primarily dependent upon seasonal weather-related circumstances: (1) using biosolids as alternate daily cover at the Redwood Landfill results in lower hauling and reuse tipping fee costs than land application in Sacramento County or biofertilizer production at the Lystek facility, and (2) the volume for beneficial reuse is lower during the dry weather seasons. Costs for this area are still on track for this fiscal year.

Permit Testing and Monitoring: Permit testing and monitoring actual expenditures are at approximately 54% for costs associated with purchases of lab supplies and equipment rentals, NPDES and source control monitoring, and other types of monitoring/testing. Costs for this area are on track for this fiscal year.

Utilities: Utilities costs are approximately 32.1% of budget for the second quarter. The FY26 budget usage is currently at 37.2% for electricity, 18.2% for natural gas, 33.8% for water, and 43.3% for solid waste, all of which align closely with projected consumption.

Debt Service Payments

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

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

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

Capital Improvement Program

Description	FY26 Budget	YTD Actual	Encum	Amount (Over) Under	% Spent + Encum
Facility Improvements	1,937,400	507,517	19,800	1,410,083	27.2
General Equipment	945,876	202,330	57,692	685,854	27.5
Liquids Treatment Equipment and Systems	8,112,314	1,635,127	2,917,155	3,560,033	56.1
Solids Treatment and Energy Generation Equip and Systems	5,792,300	597,885	3,772,283	1,422,132	75.4
Total Cap Improv Program	\$ 16,787,890	\$ 2,942,859	\$ 6,766,930	\$ 7,078,101	57.8%

Total capital program expenditures amount to approximately \$9.7M through the second quarter, with encumbrances for outstanding contracts in the amount of approximately \$6.8M. There are payments made for numerous projects with each of the capital improvement program categories (1) Facility Improvements, (2) General Equipment, (3) Liquids, Treatment Equipment, and Systems, and (4) Solids Treatment and Energy Generation Equipment and Systems. Salaries and benefits for in-house staff are charged through time-entry to projects, where applicable, for cost reimbursement purposes such as those financed through grants or other programs.

Attachment:

- Second Quarter Capital Program Budget Report



Capital Program Budget Report FY26 Q2 (As of December 31, 2025)

Status

	Original Total Budget	Current Total Budget	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Used	
Facility Improvements							
100-0230-550-8203	894,500.00	894,500.00	474,484.54	(0.00)	420,015.46	53.04	The Sodium Bisulfite spill vault and Chlorine Contact Tank No. 4 wall coating and concrete repair work was completed in the fall of 2025.
100-0230-550-8204	41,200.00	41,200.00	1,227.00	-	39,973.00	2.98	Final payment was issued for the State Water Board permit for the outfall dredging project completed in November 2024.
100-0230-550-8205	379,500.00	379,500.00	31,573.25	-	347,926.75	8.32	New air handling systems for the chemical building control room and Gallery C were purchased.
100-0230-550-8206	204,700.00	204,700.00	(4,382.56)	-	209,082.56	(2.14)	A Marin Sanitary Service credit was applied during this period related to recycled asphalt disposal from the parking lot paving project.
100-0230-550-8208	20,000.00	20,000.00	-	-	20,000.00	0.00	No account activity during this period.
100-0230-550-8209	397,500.00	397,500.00	4,615.00	19,800.00	373,085.00	6.14	The elevator consultant conducted a condition assessment. The remaining encumbrance is to develop bid documents and provide construction management oversight for the Solids Handling Building Elevator Repair project.
Facility Improvements Total:	1,937,400.00	1,937,400.00	507,517.23	19,800.00	1,410,082.77	27.2%	
General Equipment							
100-0110-550-8301	54,600.00	54,600.00	7,518.40	-	47,081.60	13.77	Retired annuitant labor for process control work was funded from this account. Security gate remote openers were purchased.
100-0110-550-8302	21,300.00	21,300.00	1,821.39	2,850.00	16,628.61	21.93	Quarterly inspections of the Agency's security and fire systems were completed. The encumbrance is for the remaining two quarterly inspections.
100-0110-550-8304	37,400.00	37,400.00	21,244.26	-	16,155.74	56.80	Portable radios and parts were purchased. Workstation equipment (monitors, scanner, etc.) were purchased and installed for various staff. A physical access control system was purchased and installed. Network switch was purchased and installed.
100-0230-550-8306	65,000.00	73,184.89	13,299.80	0.00	59,885.09	18.17	A replacement laboratory dishwasher was purchased and a credit was processed for the return of the damaged dishwasher.
100-0350-550-8305	89,100.00	89,100.00	32,620.29	16,068.12	40,411.59	54.64	A new 2025 Honda CRV Hybrid was purchased to replace the Technical Services Ford F-150. The encumbrance is for a new replacement electric maintenance cart.
100-0350-550-8307	122,500.00	122,500.00	11,724.63	16,796.17	93,979.20	23.28	Several VFDs were ordered and installed, along with a new electrical valve for emergency Sodium Bisulfite dosing. The encumbrance is for replacement of batteries and components that supply back up power to the Administration building servers and equipment.
100-0350-550-8309	117,200.00	136,690.75	65,755.25	1,423.69	69,511.81	49.15	A new Total Solids probe for the primary sludge was installed and a primary sludge blanket level probe was purchased. The encumbrance is for replacement parts for Hach DO, pH, and TSS controllers.
100-0350-550-8310	161,100.00	161,100.00	48,346.00	20,554.00	92,200.00	42.77	Contractor performed visual, mechanical, and electrical testing on various Motor Control Centers and the facility's main switchgear. The encumbrance is for consultant to provide engineering support and summarize the findings in a report.
100-0350-550-8311	250,000.00	250,000.00	-	-	250,000.00	0.00	No account activity during this period.
General Equipment Total:	918,200.00	945,875.64	202,330.02	57,691.98	685,853.64	27.5%	



Capital Program Budget Report FY26 Q2 (As of December 31, 2025)

Status

		Original Total Budget	Current Total Budget	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Used	
Liquids Treatment Equipment and Systems								
100-0230-550-8406	Odor Control System Improvement	40,000.00	40,000.00	-	-	40,000.00	0.00	No account activity during this period.
100-0230-550-8412	Process piping inspection/repairs/rehabilitation	25,000.00	25,000.00	-	-	25,000.00	0.00	No account activity during this period.
100-0230-550-8416	Influent Flow Meter Improvement	158,000.00	158,000.00	195,098.45	24,900.00	(61,998.45)	139.24	The new influent flowmeter for the Ross Valley Interceptor was installed. Additional budget was needed to retain a Vactor truck contractor to manage pump station flows during nighttime shutdowns. The variance will be reconciled with a Budget Transfer in Q3. An encumbrance of \$3.3k is for manufacturer review and calibration of the new flowmeter system, and the remaining \$21.6k encumbrance for Roy's Sewer will be removed because the project was completed ahead of schedule.
100-0230-550-8417	Nutrient Removal	1,500,000.00	1,500,000.00	328,509.98	130,562.51	1,040,927.51	30.60	Carollo Engineers and Hazen & Sawyer developed a process model based on the secondary clarifiers stress testing, and coordination meetings were held to discuss and refine preliminary alternatives. The encumbrance is for ongoing nutrient removal evaluation efforts including finalizing a facilities plan in Q3.
100-0230-550-8418	Recycled Water	100,000.00	100,000.00	-	-	100,000.00	0.00	No account activity during this period.
100-0350-550-8402	Plant Pumps	90,000.00	90,000.00	4,329.29	24,953.06	60,717.65	32.54	A replacement gallery sump pump was ordered and received. The encumbrance is for a new submersible pump to be installed at the site sump.
100-0350-550-8403	Chemical Pumps	85,800.00	85,800.00	6,466.17	3,296.80	76,037.03	11.38	A critical spare chemical pump head was ordered and received. The encumbrance is for a new flowmeter to be installed for the Sodium Bisulfite pump line.
100-0350-550-8404	Gates Rehabilitation	302,100.00	431,464.38	85,030.00	128,271.88	218,162.50	49.44	The inlet pond gate located in the triangle sump was ordered and received. The encumbrance is for the new Headworks influent gates.
100-0350-550-8405	Headworks Equipment	3,932,150.00	3,932,150.00	461,334.97	2,491,022.60	979,792.43	75.08	Five pre-purchased grit pumps were delivered. The encumbrance includes the ESDC contract for Carollo, parts for the headworks plate screen refurbishment, and startup/commissioning services for the grit washers and grit pumps, and the D.W. Nicholson construction contract.
100-0350-550-8408	Primary Clarifier Rehabilitation	1,490,000.00	1,490,000.00	497,312.75	17,455.00	975,232.25	34.55	The rehabilitation of Primary Clarifiers No. 2 and 3 was completed in Q2. The encumbrance is for the unused on-call coating inspection services.
100-0350-550-8411	Aeration System Rehabilitation	10,800.00	10,800.00	-	-	10,800.00	0.00	No account activity during this period.
100-0350-550-8413	Chemical Tanks	69,100.00	69,100.00	859.34	-	68,240.66	1.24	No account activity during this period.
100-0350-550-8414	Piping-Valves-Operators	180,000.00	180,000.00	56,185.68	96,693.30	27,121.02	84.93	Backflow preventer, piping, and valves were purchased for repairs to the Agency property potable water line. The encumbrance is for the replacement of a 30-inch secondary clarifier inlet valve and for contractor-performed repair on the Agency's potable water line.
Solids Treatment Equipment and Systems Total:		7,982,950.00	8,112,314.38	1,635,126.63	2,917,155.15	3,560,032.60	56.1%	
Solids Treatment and Energy Generation Equipment and Systems								
100-0230-550-8501	Emergency Generator Improvement	520,000.00	520,000.00	-	-	520,000.00	0.00	No account activity during this period.
100-0230-550-8505	New Cogeneration System	25,000.00	25,000.00	-	24,440.00	560.00	97.76	The encumbrance is for BAAQMD Air Permit regulatory support.
100-0350-550-8503	Centrifuge Replacement	4,772,500.00	4,760,000.00	434,645.91	3,673,742.39	651,611.70	86.31	Three pre-purchased centrifuges were delivered. The encumbrance is for the construction contract, ESDC, and the remaining scheduled payments for the pre-purchased centrifuges and bridge crane.
100-0350-550-8506	Hot Water Systems	41,500.00	41,500.00	-	-	41,500.00	0.00	No account activity during this period.
100-0350-550-8510	Biosolids Hoppers-Maintenance	111,700.00	124,200.00	113,313.92	11,506.34	(620.26)	100.50	The contractor completed the coating of the biosolids hoppers and gates. The encumbrance is for repairing the centrifuge rotodiff, and a Budget Transfer will be completed in Q3 to offset the negative variance in the account.
100-0350-550-8511	Organic Waste Receiving Facility	240,800.00	240,800.00	21,777.24	9,532.97	209,489.79	13.00	Hose pumps and coolant were ordered and received. The encumbrance is for critical spare parts for the rock trap grinder and a replacement safety gate which was damaged by a waste hauler and which CMSA will be reimbursed for.
100-0350-550-8513	Jenbacher Cogeneration Maintenance	80,800.00	80,800.00	28,148.32	53,061.33	(409.65)	100.51	Routine long term service agreement operating hour payments were processed.
Solids Treatment and Energy Generation Equipment and Systems Total:		5,792,300.00	5,792,300.00	597,885.39	3,772,283.03	1,422,131.58	75.4%	
Report Total:		16,630,850.00	16,787,890.02	2,942,859.27	6,766,930.16	7,078,100.59	57.8%	



FINANCE COMMITTEE MEMORANDUM

April 20, 2026

To: CMSA Finance Committee

From: Jason Dow, General Manager
Corey Spray, Administrative Services Manager

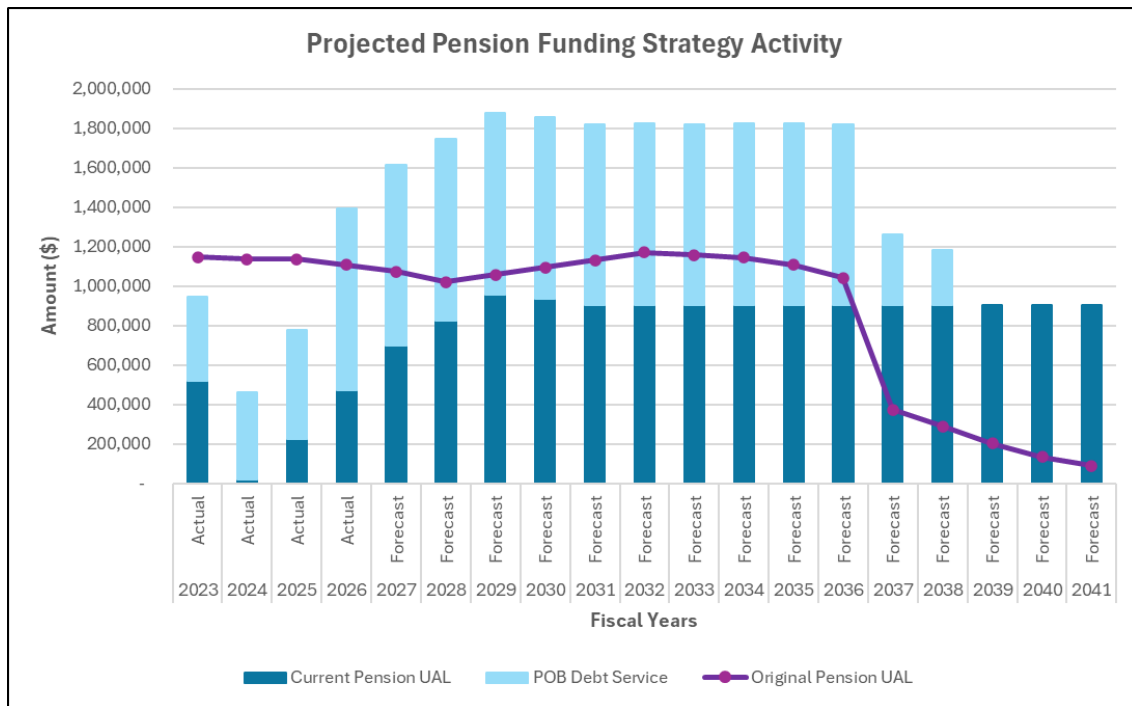
Subject: **Update Pension Funding Strategy**

Recommendation: Discuss and select a revised pension funding plan strategy to present to the CMSA Board.

Summary: The Agency sponsors a defined benefit pension plan for its employees. The pension plan is managed by the California Public Employees' Retirement System (CalPERS). CalPERS requires contributions from both the participating public agencies and associated employees to help fund the pension plan. CalPERS requires more contributions from the participating public agency employers versus the employees. Required contributions are actuarially determined by CalPERS largely depending on their investment portfolio's performance, i.e., PERF C, relative to their stated discount rate on the pension plan liabilities. If the pension plan performs below the discount rate, then an unfunded actuarial liability (UAL) is formed and allocated to all public agencies. The Agency accumulated approximately a UAL of \$13 million with CalPERS in FY2021 due to CalPERS' challenging investment performance. As such, the Agency issued a Pension Obligation Bond (POB) in April 2022 to refund its UAL and replace it with a fixed term debt obligation. It would then transfer any budgeted UAL savings to its Internal Revenue Code (IRC) Section 115 trust following its Board approved pension funding strategy. The strategy has worked for several years, but now needs to be revised following current financial market conditions.

Discussion: The Board approved of a pension funding strategy at the January 6, 2022 meeting to deposit the expected long-term budgeted savings of approximately \$5.4 million between the debt service paid on its newly issued POBs and the original CalPERS UAL amortization schedule prior to POB issuance into a pension reserve trust. The intent of using the trust is to both invest the budgetary savings into a portfolio of investments to earn a rate of return and then use the proceeds in the future to pay CalPERS pension plan Normal Costs, reduce new annual UAL amounts, or POB debt service. The Board approved of a pension reserve trust to be structured as an IRC Section 115 trust with Keenan Financial Services, of whom invests the savings into a portfolio of investment funds following the Agency's selected investment strategy. Currently, the Agency selected a portfolio mix of approximately equal weighting in equities and fixed income as of August 2025 and transferred approximately \$1.5 million earning a rate of return of 10%.

The strategy has proven beneficial through FY2025, however, the strategy is running against CalPERS' recent and very significant 7.6% investment loss reported in FY2023. As a result of the investment loss, CalPERS assessed a new UAL balance on the Agency with increasing the required UAL contributions to help fund the pension plan. On the chart below, the Agency achieved UAL savings of approximately \$1.2 million from FY2023 through FY2025—and that considers the new UAL levied by CalPERS in each of those years. Starting in FY2026, however, the projected savings turns into a deficit under the current pension funding plan due to the current fiscal year's required UAL payment to CalPERS being \$472,658. This trend can be further projected out in the later years through the end of the POB term, i.e., FY2038, where the current pension funding strategy results in \$9.1 million in deficit spending.



Note: See Attachment A Table 1 for the table list of values presented on the above chart.

CalPERS experienced the 7.6% investment loss because of financial market instability in FY2022. In that year, the global economy was facing severe inflation pressures due to supply chain shocks, people getting sick from the COVID-19 Pandemic, and rapid increases in the money supply. The inflation rate skyrocketed to a high of 9.1% in June 2022 as a result of those economic forces. When the Agency prepared its pension funding plan strategy in April 2022, it did not foresee CalPERS experiencing an investment loss that severe.

Given the current status of the pension funding plan, staff recommend that the Committee revise both the budget presentation for how the UAL is budgeted and the pension funding plan.

- 1) **Budget Presentation** – Staff includes an aggregate UAL pension amortization balance that covers for both the current CalPERS required UAL and POB debt service. For a clearer presentation of the UAL activity, staff propose that the Agency going forward budgets for the

current year UAL amortization to be paid using the latest CalPERS actuarial valuation report and then budgets for the POB debt service separately. This presentation is like the Agency's capital budget where it clearly shows the capital improvement program separate from the revenue bond debt service.

- 2) ***Pension Funding Plan Strategy*** – Staff propose three options for the Committee to consider. The Committee can decide which one to choose or commingle for a go-forward pension funding plan strategy. The three options staff propose are the following:

- A) *Develop a funding ratio target and contribute funds to the IRC Section 115 trust to meet the required policy target. Meeting this target can be within one year or over many years.*

A pension plan's financial health is typically assessed by how much plan assets it carries relative to its plan liabilities. The ratio of the two balances, i.e., plan assets divided by plan liabilities, generates a plan funded status ratio. A policy funding target ratio sets a benchmark for the Agency to meet. What the applicable benchmark should be based on what the Committee deems to be appropriate. A balanced funding ratio target could be around 90% to account for potential overfunding at each new valuation; however, the target can be higher or lower depending on the Agency's financial well-being. Once the policy target is established, the Agency will then transfer funds annually to its IRC Section 115 trust to meet its benchmark. If there ever were excess funds saved into the trust from either the investments significantly appreciating or the next CalPERS valuation swings in a positive direction, proceeds from the IRC Section 115 trust can be withdrawn to cover current UAL or normal pension costs.

The goal with this option is to maintain a stable funding ratio to signify stable pension plan management, and closely monitor investment and plan activity annually.

- B) *Contribute a fixed amount, either in dollars or a percentage of a metric, annually to the IRC Section 115 trust on a "pay-as-you-go" framework.*

The Agency has been transferring any UAL savings it has from its annual budget to its IRC Section 115 trust. The transferred proceeds are neither tied to a benchmark nor is an exact calculation tied to meeting a preset pension funding target. The goal is to contribute savings when it is economically feasible to do so and monitor the pension plan performance each valuation period. CalPERS' Board of Administration has been steadily repositioning the portfolio into higher yielding securities over the last several years, and has only recorded one significant loss from the FY2022 inflation event. Other years were below their intended investment target and so contributed more to the UAL; however, those years may get balanced out with positive return years. So, the Agency is contributing enough to its IRC Section 115 trust to build up a reserve for the years when CalPERS experiences portfolio income below its target.

An example “pay-as-you-go” strategy could be to budget for the full annual CalPERS UAL amount it would pay if were to pay its UAL monthly, but then actually pay the annual lump sum balance with the 3% discount. This budgetary savings amount is then contributed to the IRC Section 115 trust.

- C) *Contribute additional funds, i.e., Additional Discretionary Payments (ADPs), to CalPERS to match the latest accelerated UAL amortization schedule, i.e., 15-year, 10-year, or other.*

Similar to option B, the Agency is contributing any savings it has from its annual budget by paying additional proceeds, i.e., ADPs, to CalPERS. The additional contributions pay down the accumulating UAL bases from each valuation year to increase the pension funding ratio. CalPERS performs a new pension valuation each year to incorporate an additional year of current data, i.e., public employee salaries, retirement payouts, investment returns, employee and employer contributions, etc., to its pension costing models when determining both the normal cost rate and UAL cost for each participating public agency. Furthermore, a new UAL base is added to each public agency depending on actual contributions, investment returns, and retirement payouts. The magnitude of each base is heavily dependent on CalPERS meeting their investment target.

The goal with this option is to directly influence CalPERS’ annual UAL amortization payment calculation by paying down the accumulating UAL amortization bases faster than their default 20-year amortization payment schedule. Transferring proceeds to the Agency’s IRC Section 115 trust, as noted in options A and B, does not change the Agency’s allocated annual CalPERS UAL cost due to CalPERS not considering the trust’s assets in their pension modeling calculations.

See Attachment B for CalPERS’ 15-Year and 10-Year Amortization schedules to accelerate UAL paydowns.

Once a strategy is selected, staff can provide a pension plan forecast to demonstrate the strategy’s future performance, revise the *Financial Policy #556 – Pension Plan Funding* to codify the strategy, and update the FY2027 Budget Adjustments figures to match the revised strategy. All of which can be presented to the Board at a future meeting.

Attachments:

- A) Current Pension Economic Environment Report
- B) June 30, 2024 CalPERS Actuarial Valuation Report – Amortization Schedule



**CENTRAL MARIN SANITATION AGENCY
CURRENT PENSION ECONOMIC ENVIRONMENT
FOR THE FISCAL YEARS PRESENTED**

Purpose: To present the historical pension plan and strategy activity.

TABLE 1: CURRENT STRATEGY FORECAST

Fiscal Year	Activity Status	Note 1	POB Debt Service	Note 2	Savings / (Deficit)
		Original Pension UAL		Current Pension UAL	
1 2023	Actual	1,147,546	429,948	518,633	198,965
2 2024	Actual	1,135,765	439,154	21,291	675,320
3 2025	Actual	1,137,038	550,803	226,635	359,600
4 2026	Actual	1,106,731	920,019	472,658	(285,946)
5 2027	Forecast	1,073,203	919,431	696,228	(542,456)
6 2028	Forecast	1,020,653	920,104	826,954	(726,405)
7 2029	Forecast	1,056,782	920,004	957,681	(820,903)
8 2030	Forecast	1,093,923	920,114	933,974	(760,165)
9 2031	Forecast	1,132,104	919,418	902,410	(689,724)
10 2032	Forecast	1,171,353	919,882	902,410	(650,939)
11 2033	Forecast	1,158,658	919,473	902,409	(663,224)
12 2034	Forecast	1,144,123	920,156	902,410	(678,443)
13 2035	Forecast	1,106,557	919,898	902,410	(715,751)
14 2036	Forecast	1,041,738	919,683	902,410	(780,355)
15 2037	Forecast	372,902	360,036	902,409	(889,543)
16 2038	Forecast	290,742	279,620	902,411	(891,289)
17 2039	Forecast	203,477	-	902,409	(698,932)
18 2040	Forecast	135,105	-	902,410	(767,305)
19 2041	Forecast	90,136	-	902,410	(812,274)

Note 1 - Original CalPERS UAL amortization at point of POB issuance in April 2022.

Note 2 - Actual and projected CalPERS UAL amortization subsequent to POB issuance in April 2022. The projected amortization is sourced from the latest CalPERS pension actuarial. See Attachment B.

TABLE 2: HISTORICAL PENSION PLAN FUNDING PERFORMANCE

Fiscal Year	Measurement Year	PERF C Assets	IRC Section 115 Assets	Total Pension Assets	Total Pension Liability	Note 1	Note 2	Note 3	Note 4
						US GAAP Net Pension Liability / (Asset)	Pro Forma Net Pension Liability / (Asset)	US GAAP Funding Ratio	Pro Forma Funding Ratio
1 2015	2014	28,383,955	-	28,383,955	35,884,666	7,500,711	7,500,711	79.1%	79.1%
2 2016	2015	29,675,354	-	29,675,354	37,144,459	7,469,105	7,469,105	79.9%	79.9%
3 2017	2016	29,830,921	-	29,830,921	39,540,892	9,709,970	9,709,970	75.4%	75.4%
4 2018	2017	32,353,622	-	32,353,622	43,629,075	11,275,453	11,275,453	74.2%	74.2%
5 2019	2018	33,229,955	-	33,229,955	44,330,832	11,100,877	11,100,877	75.0%	75.0%
6 2020	2019	34,638,869	-	34,638,869	46,737,308	12,098,439	12,098,439	74.1%	74.1%
7 2021	2020	36,433,921	-	36,433,921	49,514,785	13,080,864	13,080,864	73.6%	73.6%
8 2022	2021	42,967,679	9,317	42,976,996	50,981,588	8,013,909	8,004,592	84.3%	84.3%
9 2023	2022	47,855,111	207,792	48,062,903	54,806,635	6,951,525	6,743,732	87.3%	87.7%
10 2024	2023	50,187,666	904,043	51,091,709	57,032,832	6,845,166	5,941,123	88.0%	89.6%
11 2025	2024	53,415,711	1,583,379	54,999,091	59,946,708	6,530,997	4,947,618	89.1%	91.7%

Note 1 - US GAAP requires that any additional funds saved, i.e., IRC Section 115 trust, by the entity be excluded, and as such have the net pension liability / (asset) calculated where it is the total pension liability less the allocated pooled miscellaneous pension assets (PERF C portfolio).

Note 2 - The Agency modifies the US GAAP metric to include the IRC Section 115 trust, and as such adjusts net pension liability / (asset) calculation where it is the total pension liability less the allocated pooled miscellaneous pension assets (PERF C portfolio) and IRC Section 115 trust assets.

Note 3 - Following US GAAP, the funding ratio is the total pension liability divided by the allocated pooled miscellaneous pension assets (PERF C portfolio).

Note 4 - The Agency modifies the US GAAP funding ratio formula to include the IRC Section 115 trust assets as part of the total pension assets.

**CENTRAL MARIN SANITATION AGENCY
CURRENT PENSION ECONOMIC ENVIRONMENT
FOR THE FISCAL YEARS PRESENTED**



Purpose: To present the historical pension plan and strategy activity.

TABLE 3: HISTORICAL PENSION PLAN RATES OF RETURN

			<i>Note 1</i>	<i>Note 2</i>	<i>Note 1</i>
	Measurement		PERF C Assets	IRC Section 115	Discount
Fiscal Year	Year		RoR %	Assets RoR%	Rate %
1	2015	2014	17.51%	n/a	7.50%
2	2016	2015	2.26%	n/a	7.65%
3	2017	2016	0.53%	n/a	7.65%
4	2018	2017	11.25%	n/a	7.15%
5	2019	2018	8.54%	n/a	7.15%
6	2020	2019	6.60%	n/a	7.15%
7	2021	2020	4.99%	n/a	7.15%
8	2022	2021	22.71%	-6.80%	7.15%
9	2023	2022	-7.58%	0.86%	6.90%
10	2024	2023	6.20%	8.21%	6.90%
11	2025	2024	9.60%	10.07%	6.90%

Note 1 - The miscellaneous PERF C investment portfolio and discount rate are managed by CalPERS' Board of Administration. For more information, please refer to <https://www.calpers.ca.gov/>.

Note 2 - The Agency's IRC Section 115 trust was started in April 2022 and the rates of return are managed by Keenan. The rates of return are presented on the statement date versus the actuarial measurement date basis.

Amortization Schedule and Alternatives (continued)

Date	Current Amortization Schedule		Alternative Schedules			
	Balance	Payment	15 Year Amortization		10 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2026	9,314,543	696,228	9,314,543	977,130	9,314,543	1,271,430
6/30/2027	9,228,421	826,954	8,938,126	977,130	8,633,984	1,271,430
6/30/2028	9,001,346	957,681	8,536,113	977,130	7,907,147	1,271,430
6/30/2029	8,623,732	933,974	8,106,763	977,130	7,130,885	1,271,429
6/30/2030	8,244,939	902,410	7,648,217	977,130	6,301,839	1,271,430
6/30/2031	7,873,007	902,410	7,158,490	977,130	5,416,416	1,271,429
6/30/2032	7,475,784	902,409	6,635,461	977,130	4,470,786	1,271,430
6/30/2033	7,051,552	902,410	6,076,866	977,130	3,460,852	1,271,430
6/30/2034	6,598,471	902,410	5,480,287	977,130	2,382,242	1,271,429
6/30/2035	6,114,580	902,410	4,843,140	977,129	1,230,288	1,271,430
6/30/2036	5,597,784	902,409	4,162,668	977,129		
6/30/2037	5,045,848	902,411	3,435,924	977,129		
6/30/2038	4,456,377	902,409	2,659,762	977,129		
6/30/2039	3,826,825	902,410	1,830,821	977,130		
6/30/2040	3,154,461	902,410	945,511	977,130		
6/30/2041	2,436,377	902,411				
6/30/2042	1,669,461	902,409				
6/30/2043	850,399	878,837				
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		16,025,002		14,656,946		12,714,297
Interest Paid		6,710,459		5,342,403		3,399,754
Estimated Savings				1,368,056		3,310,705

