



Central Marin Sanitation Agency

FINANCE COMMITTEE MEETING AGENDA

Thursday, May 1, 2025, 12:30pm

1301 Anderson Drive, San Rafael CA 94901

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

6. Revised Investments Policy – Financial Policy #531

Recommendation: Review the Agency's revised Investments Policy and provide comments and/or direction to staff..

7. CMSA Monthly Treasurer's Report Format Update

Recommendation: Review the Agency's updated Monthly Treasurer's Report format, and provide comments and/or direction to staff.

8. Proposed Draft Budget for FY26 and FY27

Recommendation: Review the Proposed Draft Budget for FY26 and FY27, and provide comments and/or direction to staff.

9. Committee Oral Reports*

10. Items for Next/Future Agendas

11. Adjourn

*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 29, 2025

To: CMSA Finance Committee

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

Subject: Revised Investments Policy – Financial Policy #531

Recommendation: Review the Agency's revised Investments Policy and provide comments and/or direction to staff.

Summary: The Board approved of the Agency's Investments Policy (Policy) at the March 6, 2025, meeting to provide annual approval and delegation of managing the Agency's investments to the Treasurer. The California Government Code (CGC), Sections 53607 and 53646, requires a legislative body to annually adopt its investment policy if it delegates investment authority to staff. Staff have subsequently updated the Policy following recommendations provided by the California Municipal Treasurer's Association (CMTA) for consideration of receiving the Investment Policy Award under the CMTA Investment Policy Certification Program.

Discussion: The CMTA is a professional association founded in 1958 whose mission is to "lead in promoting and enhancing the fiduciary responsibility and integrity of individuals responsible for public funds". This organization further developed the CMTA Investment Policy Certification Program to support local government agencies in developing investment policies and industry best practices that comply with both State law and follow the California Debt and Investment Advisory Commission (CDIAC). It is a wonderful program and organization that awards agencies with a certificate stating that the Agency's Investment Policy was reviewed by a panel of investment professionals and meets the stringent requirements of managing public funds.

Many of the proposed Policy changes that were made either entailed moving certain sections around the document for better flow, expanding current sections for more robust guidance, or adding new sections that were missing in the current Investment Policy for better clarity. To meet the requirements of the Certification Program, the following changes are being proposed:

- Updating the "Purpose" section to be "Scope" to state that the Agency's Investment Policy does not cover funds held in trust for pension, OPEB and deferred compensation purposes. This is standard practice considering investments held for these purposes follow separate rules under the CGC that the Agency is prohibited from investing in certain asset classes, i.e., equities and long-term fixed income instruments.

- Updating the “Internal Controls” section for robust language on designing and operating a set of internal controls over cash and investments.
- Removed and updated the original “Banks and Securities Dealers” section to instead be “Authorized Institutions, Depositories, and Securities Brokers/Dealers” to cover the Agency’s ability to hire broker/dealers if needed and state its intention to deposit funds only at qualified public depositories that are FDIC insured. Previously, the Investment Policy stated that investments can be purchased and sold; however, there were mechanisms stated as per how such arrangements were to be initiated. Also, the addition of placing public funds into FDIC insured institutions places a requirement that aligns with the objective of safety.
- Add an “Investment Pools/Mutual Funds” section for review of investment pools on a periodic basis to ensure safety and liquidity in the investment. The intent is to incorporate a mechanism for which the Agency monitors all investment types.
- Add a “Collateralization” section for stating compliance with applicable State law for holding deposits, i.e., Certificates of Deposit, Bank Deposits, and Repurchase Agreements, at stated thresholds to ensure safety.
- Update the “Purchase, Payment, Delivery, and Safekeeping” section to be “Safekeeping and Custody” where it states that a custodian is required to submit trade receipt confirmations and monthly statements. This is to build on internal controls mentioned previously to ensure that purchases and sales activity can be reconciled to the custodial trust account statements.
- Add a “Diversification and Risk Management” section for stating the Agency’s strategies to maintain safety that correlate with the Agency’s unchanged approved thresholds for holding onto specific securities.
- Add a “Glossary” section to explain various investment terms to help enhance better understanding of financial terms and concepts.

If approved, the Agency intends to submit its updated Investment Policy to the CMTA for consideration of the Investment Policy Award as per Business Plan Goal Two Objective 2.3.

Attachment:

- CMSA Financial Policy #531 – Investments

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

POLICY

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

PURPOSESCOPE

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

I. Debt Proceeds

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

II. Proceeds Held in Trust for Retirement Purposes

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

PRUDENCE

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

OBJECTIVES

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

I. Safety

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

II. Liquidity

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

III. Yield

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

DELEGATION OF AUTHORITY

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

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

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

ETHICS AND CONFLICTS OF INTEREST

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

INTERNAL CONTROLS

The Treasurer shall establish a system of internal controls to ensure that the assets of the Agency are safeguarded from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that the policy objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of the costs and benefits requires estimates and judgments by management. ~~regulate the activities of internal staff and any external investment advisors, and be responsible for all transactions undertaken by these persons. No person may engage in an investment transaction except as provided under the terms of this policy, other Treasury and Internal Controls policies, and the associated procedures established by the Treasurer and General Manager.~~

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

AUTHORIZED INSTITUTIONS, DEPOSITORIES AND SECURITIES BROKERS/DEALERS

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

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

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

- I. Institutions licensed by the state as a broker-dealer as defined in Section 25004 of the Corporations Code, with proof of FINRA certification.
- II. Institutions that are members of a federally regulated securities exchange.
- III. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.

- IV. Nationally or state-chartered banks.
- V. Savings or federal association (as defined in Section 5102 of the Financial Code).
- VI. The Federal Reserve Bank.
- VII. Direct issuers of securities eligible for purchase.

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

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

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

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

TYPES OF AGENCY INVESTMENTS

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

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

I. United States Treasury Issues

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

invested in this category.

II. Federal Agency Obligations

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

III. Medium-Term Notes

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

IV. Municipal Securities

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

V. Negotiable Certificates of Deposit

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

VI. Banker's Acceptances

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

VII. Commercial Paper

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

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

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

VIII. Repurchase Agreements

- A. Repurchase agreements are to be used solely as short-term investments not to exceed 30 days. The Agency may enter into repurchase agreements with primary government securities dealers rated AA or better by two nationally recognized rating services. Counterparties should also have:

- 1) A short-term credit rating of at least A-1/P-1;
 - 2) Minimum assets and capital size of \$25 billion in assets and \$350 million in capital;
 - 3) Five years of acceptable audited financial results; and
 - 4) A strong reputation among market participants.
- B. The following collateral restrictions shall be observed:
- 1) Only U.S. Treasury securities or Federal Agency securities are acceptable collateral. All securities underlying repurchase agreements shall be delivered to the Agency's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement.
 - 2) The total market value of all collateral for each repurchase agreement shall equal or exceed 102 percent of the total dollar value of the money invested by the Agency for the term of the investment.
 - 3) For any repurchase agreement with a term of more than one day, the value of the underlying securities shall be reviewed on an on-going basis according to market conditions. Market value shall be calculated each time there is a substitution of collateral.
 - 4) The Agency or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The Agency shall have properly executed a Public Securities Association agreement with each counter party with which it enters into repurchase agreements. A maximum of 25 percent of the portfolio may be invested in this category.

IX. Time Certificates of Deposit

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

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

X. Passbook Savings Accounts

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

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

XI. Money Market Funds

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

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

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

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

XII. California Asset Management Program (CAMP)

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

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

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

XIV. Authorized Investments

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

| Investment Type | Authorized for the Investment Advisor | Authorized for the Agency Treasurer |
|------------------------------------|---------------------------------------|-------------------------------------|
| United States Treasury Issues | X | X |
| Federal Agency Obligations | X | X |
| Medium-Term Notes | X | |
| Municipal Securities | X | X ⁽¹⁾ |
| Negotiable Certificates of Deposit | X | X ⁽²⁾ |
| Banker's Acceptances | X | |
| Commercial Paper | X | |
| Repurchase Agreements | X | |
| Time Certificates of Deposit | X | X |
| Passbook Savings Accounts | X | X |
| Money Market Funds | X | X |
| CAMP | X | X |
| LAIF | X | X |

(1) Municipal Securities must have an AAA rating.

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

PROHIBITED INVESTMENTS

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

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

INVESTMENT POOLS/MONEY MARKET MUTUAL FUNDS

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

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

COLLATERALIZATION

I. Certificates of Deposit (CD)

The Agency shall require any commercial bank or savings and loan association to deposit eligible securities with any agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 52651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

II. Collateralization of Bank Deposits

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

III. Repurchase Agreements

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

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

PURCHASE, PAYMENT, DELIVERY AND SAFEKEEPING AND CUSTODY

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

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

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

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

TERM OF INVESTMENTS

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

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

DIVERSIFICATION AND RISK MANAGEMENT

I. Mitigating Credit Risk in the Portfolio

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

- A. The diversification requirements included in the “Types of Agency Investments” section of this policy are designated to mitigate credit risk in the portfolio.
- B. No more than 5% of the total portfolio may be deposited with or invested in securities issued by a single issuer unless otherwise specified in this policy.
- C. The Agency may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity, or yield of the portfolio in response to market conditions of the Agency’s risk preferences.
- D. The investment advisor shall monitor the ratings of all investments in their portfolio on a continuous basis and report all credit downgrades of portfolio securities to the Treasurer in writing within 24 hours of the event. If an existing investment’s rating drops below the minimum allowed for new investments made pursuant to this investment policy, the investment advisor shall also make a written recommendation to the Treasurer as to whether this security should be held or sold.
- E. If a security owned by the Agency is downgraded to a level below the requirements of this policy, making the security ineligible for additional purchases, the following steps are to be performed:
 - 1) Any actions taken related to the downgrade by the investment advisor will be communicated to the Treasurer, in consultation with the General Manager, in a timely manner.
 - 2) If a decision is made to retain the security, the credit situation will be monitored and reported to the Agency’s Board of Commissioners.

II. Mitigating Market Risk in the Portfolio

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

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

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

BANKS AND SECURITIES DEALERS

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

PERFORMANCE

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

REPORTING

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

The report also shall:

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Portfolio: Collection of securities held by an investor.

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

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

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

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

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

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

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

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

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

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

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

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

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



FINANCE COMMITTEE MEMORANDUM

April 29, 2025

To: CMSA Finance Committee

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

Subject: CMSA Monthly Treasurer's Report Format Update

Recommendation: Review the Agency's updated Monthly Treasurer's Report format, and provide comments and/or direction to staff.

Summary: The Board approved *Financial Policy #530 – Treasury General* which outlines procedures for managing the Agency's treasury and investments. The procedures include the appointment of a Treasurer, preparation of a monthly Treasurer's Report, and performance of monthly bank reconciliations. Staff have revised the Treasurer's Report to enhance its clarity in presenting the Agency's financial operations.

Discussion: The current monthly Treasurer's Report summarizes four primary areas: (1) cash, investments and reserves; (2) operating account activity schedule; (3) operating account disbursement register; (4) capital reserve schedule. The report is developed from the perspective of the operating account. Most of the Agency's financial activities are transacted within the operating account; however, this narrow view leaves out activity that occurs within the other cash and investment accounts available to the Agency, e.g., investment income and debt service. The accounts available are:

- *Operating account (Westamerica)* – Primary deposit account for general usage
- *Petty cash* – In-house cash kept for small purchases
- *Petty cash (for RV)* – Cash collected from RV customers
- *Pension obligation bond trust (US Bank)* – Restricted for payment on debt service
- *Revenue bond trust (US Bank)* – Restricted for payment on debt service
- *Pooled investment (LAIF)* – Investment with the State of California
- *Pooled investment (CAMP)* – Investment with California Asset Management Program
- *Section 115 pension trust (Keenan)* – Restricted investment to manage its future pension obligations

All available cash and investment accounts are then to be presented in the Agency's internal reserves presentation to track specific cash flows or activity. Using current Government Accounting Standards Board (GASB) guidance on tracking reserves or fund balance, the

categories available to the Agency for tracking internal liquidity are (1) nonspendable funds whereby the principal cannot be contractually spent, i.e., an endowment, (2) legally or contractually restricted, (3) committed by Board policy, (4) internally assigned by management, or (5) unassigned remaining funds. Out of these five categories, the Agency elects to manage its internal liquidity using the categories of restricted, committed, and unassigned as these buckets best correlate with the Agency's operating and capital activities. As such, the reserve categories are as follows:

- *Pension obligation (restricted)*
- *Pension bond debt trust (restricted)*
- *Revenue bond debt trust (restricted)*
- *Operating reserve (Board committed)* – 25% of budgeted operating expenditures
- *Emergency reserve (Board committed)* – \$500,000 for contingency use
- *Capital reserve (Board committed)* – 25% of debt service collection fees
- *Unassigned operating reserve* – Remaining operating funds
- *Unassigned capital reserve* – Remaining capital funds

The monthly Treasurer's Report needs to show all these accounts to accurately capture the Agency's activities. As such, the report is being reformatted to include the following sections for enhanced clarity and increase the data's usage:

- Update the listing of all cash and investment accounts to show the monthly change versus only presenting the end of month balances.
- Update the rate of return fields to include rates of return for all accounts.
- Update the reserve schedule for all the above-listed reserves and show the monthly change.
- Update the operating account schedule to include all cash/investment account activity.
- Add a fiscal year-to-date budget-to-actual schedule on a cash basis to show the consolidated cash flow activity relative to the budget on a timely basis. Explanation of the budget-to-actual activity will be performed on a quarterly basis.

To align the new report's presentation, the Financial Policy will need to be updated to reflect the updated process. If the changes to the Treasurer's Report are approved by the Board, staff will present the corresponding revised Financial Policy at the June meeting.

Attachment:

- CMSA Monthly Treasurer's Report – *December 2024 Period Used for Reference*



FINANCE COMMITTEE MEMORANDUM

April 29, 2025

To: CMSA Finance Committee

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

Subject: December 2024 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 | 11/30/2024 | Receipt | Disbursement | FMV Change | Transfer 12/31/2024 |
| 1 | Operating account | Westamerica | 501,123 | 3,717,121 | (2,309,351) | - | 336 1,909,229 |
| 2 | Petty cash | In-house | 400 | - | - | - | - 400 |
| 3 | RV petty cash | In-house | 60 | 336 | - | - | (336) 60 |
| 4 | Pension bond trust | US Bank | 1,003 | 3 | - | - | - 1,006 |
| 5 | Revenue bond trust | US Bank | 9,339 | 32 | - | - | - 9,371 |
| 6 | Pooled investment | LAIF | 19,944,412 | - | - | - | - 19,944,412 |
| 7 | Pooled investment | CAMP | 429,116 | 1,718 | - | - | - 430,834 |
| 8 | Pension trust | Keenan | 949,743 | 13,277 | - | (32,097) | - 930,923 |
| 9 | Total Agency | | \$ 21,835,196 | \$ 3,732,488 | \$ (2,309,351) | \$ (32,097) | \$ - \$ 23,226,236 |
| 10 | Total net change in cash and investments | | \$ 1,391,040 <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.

| | Cash/Investment | Financial | 12/31/2024 | CM Interest | Average |
|---|--------------------|-------------|---------------|-------------|---------|
| | | Institution | Balance | /FMV Change | RoR% |
| 1 | Operating account | Westamerica | \$ 1,909,229 | \$ 1,317 | 1.00% |
| 2 | Petty cash | In-house | 400 | - | 0.00% |
| 3 | RV petty cash | In-house | 60 | - | 0.00% |
| 4 | Pension bond trust | US Bank | 1,006 | 3 | 4.10% |
| 5 | Revenue bond trust | US Bank | 9,371 | 32 | 4.10% |
| 6 | Pooled investment | LAIF | 19,944,412 | - | 4.43% |
| 7 | Pooled investment | CAMP | 430,834 | 1,718 | 4.80% |
| 8 | Pension trust | Keenan | 930,923 | (18,819) | -1.98% |
| 9 | Total Agency | | \$ 23,226,236 | \$ (15,749) | 2.06% |

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 debt agreements 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 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 | 11/30/2024 | Net Result | Funds Transfer | 12/31/2024 | Board Target |
|---|----------------------|------------|----------------------|---------------------|-------------------|----------------------|----------------------|
| 1 | Pension trust | Restricted | \$ 949,743 | \$ (18,819) | \$ - | \$ 930,923 | \$ - |
| 2 | Pension bond trust | Restricted | 1,003 | 3 | - | 1,006 | - |
| 3 | Revenue bond trust | Restricted | 9,339 | 32 | - | 9,371 | - |
| 4 | Operating reserve | Committed | 4,302,500 | - | - | 4,302,500 | 4,302,500 |
| 5 | Emergency reserve | Committed | 500,000 | - | - | 500,000 | 500,000 |
| 6 | Capital reserve | Committed | 1,125,100 | 116,800 | (116,800) | 1,125,100 | 1,125,100 |
| 7 | Unassigned operating | Unassigned | 1,082,678 | 1,782,995 | - | 2,865,673 | - |
| 8 | Unassigned capital | Unassigned | 13,864,833 | (489,971) | 116,800 | 13,491,662 | 7,728,711 |
| 9 | Total Agency | | <u>\$ 21,835,195</u> | <u>\$ 1,391,040</u> | <u>\$ -</u> | <u>\$ 23,226,235</u> | <u>\$ 13,656,311</u> |

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 | JPA service charge collections (FY25 Q2: RVSD/SRSD) | \$ 3,335,175 |
| 2 | Capacity charge collections (<i>see detail below</i>) | 116,800 |
| 3 | SQSP wastewater services contract (FY25 October) | 137,992 |
| 4 | SD#2 operations & maintenance contract (FY25 October) | 47,020 |
| 5 | SQ Village operations & maintenance contract (FY25 October) | 1,156 |
| 6 | Marin Airporter lease payment | 6,125 |
| 7 | Marin Clean Energy sales | 5,199 |
| 8 | SRSD Contract Development cost reimbursement | 5,879 |
| 9 | Countywide education cost allocation (FY25 Q1: SD#5) | 138 |
| 10 | Permit and inspection fees | 6,494 |
| 11 | Laboratory service fees | 7,216 |
| 12 | SD#2 FOG program (FY25 Q1) | 1,279 |
| 13 | Almonte FOG program (FY25 Q1) | 895 |
| 14 | Organic waste, septage & RV haulers | 44,711 |
| 15 | Other miscellaneous | 62 |
| 16 | Cash & investment interest/dividends/realized gains | 16,348 |
| 17 | Total Agency cash receipts | <u>\$ 3,732,488</u> |

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

| | JPA Member | Amount | Notes |
|---|--------------------------------|-------------------|---------------------------|
| 1 | Ross Valley Sanitary District | \$ 85,354 | 1 new connection & 158 FU |
| 2 | San Rafael Sanitation District | 31,446 | 4 new connections |
| 3 | Sanitary District #2 | - | N/A |
| 4 | Total capacity charges | <u>\$ 116,800</u> | |

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

Fiscal Year-to-Date Budget-to-Actual (Cash Basis)

| | | FY2025 Budget | FY2025 YTD Actual | Budget Remain \$ | Budget Used % |
|-----------------------------|--|------------------|----------------------|---------------------|------------------|
| OPERATING ACTIVITIES | | | | | |
| SOURCES | | | | | |
| 1 | Regional service charges | \$ 13,247,500 | \$ 6,623,750 | \$ 6,623,750 | 50.0% |
| 2 | Contract service collection fees | 1,862,500 | 1,036,699 | 825,801 | 55.7% |
| 3 | Program collection fees | 133,900 | 94,088 | 39,812 | 70.3% |
| 4 | Permits, source control, inspection & other fees | 458,600 | 624,788 | (166,188) | 136.2% |
| 5 | Bank interest (WAB/LAIF/CAMP/USB POB/Pension) | 323,200 | 532,308 | (209,108) | 164.7% |
| 6 | Total funding sources | 16,025,700 | 8,911,633 | 7,114,067 | 55.6% |
| USES | | | | | |
| 7 | Salaries and benefits | 11,279,900 | 5,776,900 | 5,503,000 | 51.2% |
| 8 | Chemicals and fuel | 2,063,000 | 1,131,521 | 931,479 | 54.8% |
| 9 | Biosolids management | 632,000 | 248,579 | 383,421 | 39.3% |
| 10 | Permit testing and monitoring | 252,765 | 238,126 | 14,639 | 94.2% |
| 11 | Repairs and maintenance | 827,072 | 409,723 | 417,349 | 49.5% |
| 12 | Utilities and telephone | 444,200 | 217,168 | 227,032 | 48.9% |
| 13 | Insurance | 668,800 | 444,543 | 224,257 | 66.5% |
| 14 | General and administrative | 1,089,914 | 558,820 | 531,095 | 51.3% |
| 15 | Total funding uses | 17,257,651 | 9,025,380 | 8,232,271 | 52.3% |
| 16 | Net funding position change | \$ (1,231,951) | \$ (113,747) | \$ (1,118,204) | n/a |
| CAPITAL ACTIVITIES | | | | | |
| SOURCES | | | | | |
| 17 | Debt service charges | \$ 4,500,300 | \$ 3,861,191 | \$ 639,109 | 85.8% |
| 18 | Debt service coverage fees | 1,125,100 | 958,931 | 166,169 | 85.2% |
| 19 | Capital fees | 1,575,500 | 787,750 | 787,750 | 50.0% |
| 20 | Capacity charges | 39,500 | 375,662 | (336,162) | 951.0% |
| 21 | Grant proceeds | 250,000 | 761,195 | (511,195) | 0.0% |
| 22 | Capital debt proceeds | - | - | - | 0.0% |
| 23 | Bank interest (WFB/USB Rev) | 2,000 | 9,376 | (7,376) | 468.8% |
| 24 | Total funding sources | 7,492,400 | 6,754,104 | 738,296 | 90.1% |
| USES | | | | | |
| 25 | Capital debt service | 4,500,300 | 3,951,241 | 549,059 | 87.8% |
| 26 | Capital improvement program | 10,364,562 | 3,154,439 | 7,210,122 | 30.4% |
| 27 | Total funding uses | 14,864,862 | 7,105,680 | 7,759,182 | 47.8% |
| 28 | Net funding position change | \$ (7,372,462) | \$ (351,576) | \$ (7,020,886) | n/a |
| TOTAL AGENCY | | | | | |
| 29 | Total funding sources | \$ 23,518,100 | \$ 15,665,738 | \$ 7,852,362 | 66.6% |
| 30 | Total funding uses | 32,122,513 | 16,131,060 | 15,991,453 | 50.2% |
| 31 | Net funding position change | \$ (8,604,413) | \$ (465,322) | \$ (8,139,091) | n/a |

Note: Total Agency net funding position change does not include pension trust unrealized activity due to activity being non-cash.

Attachment:

- December 2024 Disbursement Register



FINANCE COMMITTEE MEMORANDUM

April 29, 2025

To: CMSA Finance Committee

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

Subject: Proposed Draft Budget for FY26 and FY27

Recommendation: Review the Proposed Draft Budget for FY26 and FY27, and provide comments and/or direction to staff.

Summary: Staff prepared the Agency's draft 2-year operating and capital budget, for FY26 and FY27, that is ready for Finance Committee review. Once discussed and approved by the Finance Committee, staff will edit and submit an updated draft budget at the May 2025 Board meeting.

Discussion: The proposed draft 2-year budget consists of five parts: revenues, operating expenses, a 10-year capital improvement plan, a 10-year financial forecast, and an appendix of reference tables specific to budget development. Budget amounts have been carefully developed by department managers and budget account administrators, reviewed by the Administrative Services Manager and General Manager. Attached for reference information are several draft budget documents capturing key elements of the proposed budget.

The proposed budget provides funding requirements and funding sources necessary to provide services to the Agency's customers in a responsible and cost-effective manner.

Budget Highlights

- The FY26 and FY27 budgets are balanced.
- JPA member revenues will increase 4.5% per the adopted 5-year Revenue Plan.
- CMSA's staffing level remains at 48 employees, including a shared safety professional with Novato Sanitary District and 2 FTE student interns each year.
- The capital program will be financed from, and in this order, (1) capacity charges, (2) debt service coverage fees, (3) capital fee, and (4) capital reserve usage.
- There is a scheduled debt issuance of \$13,000,000 to occur in FY26. Assumptions used for this scenario include the interest rate stated at 3.5%, issued at par, and term of 20 years.

Alignment with Strategic Plan: The project is a strategic action supporting Goal 2 – Objective 2.3 in the Agency’s FY25 Business Plan as shown below.

Goal Two: CMSA will continually improve financial management practices to ensure transparency, financial sustainability, and sound fiscal principles.

Objective 2.3 Prepare transparent financial documents.

Action 1: Prepare the Agency’s FY26 and FY27 Budget document in the Government Officers Association (GFOA) format and submit to the GFOA for review.

Attachments:

1. Budget Assumptions for Revenues, Expenses and Capital
2. Funding Requirements and Sources Summary
3. Reserves Summary
4. Schedule of Revenue Allocation Tables
5. Proposed FY26 and FY27 Capital Improvement Program – Summary of Changes
6. Updated 10-Year Capital Improvement Program

BUDGET ASSUMPTIONS FOR REVENUES, EXPENSES, AND CAPITAL

Revenues

- In accordance with the Board adopted revenue plan, charges to SRSD, RVSD, and SD2 increased a total of 4.5%. Charges include the operating service fee, capital fee, debt service charge, and debt service coverage charge.
- The operating service and capital fee are allocated using the average 3-year wastewater flow-strength method.
- Debt service charges plus the 25% covenant coverage fee are a dollar-for-dollar amount allocated based upon agreed-upon 10-year average EDU counts.
- Capacity charges are dependent upon new connections and increase annually based upon the April-to-April ENR index, which is assumed to be 3%.
- The significant contract service revenues are for wastewater services to San Quentin State Prison and San Quentin Village, and pump station maintenance for Sanitary District #2. These services are billed at weighted labor rates plus materials and overhead.
- Interest follows anticipated cash flow. Rates of return are assumed to follow the US Federal Reserve's interest rate plan of 3.9% and 3.6% in FY26 and FY27 respectively.
- Investment income for the pension trust is newly added for this budget cycle to accurately and conservatively show investment portfolio movements. The total pension portfolio is expected to grow further from market returns of 2.75% (FY26) and 5.75% (FY27).
- Wastewater services to San Quentin Village (within contract service revenues) will end in the future as the sewer collection system will annex into RVSD.
- Capital debt proceeds of \$13M (net \$12.675M of cost of issuance) is anticipated to fund current capital projects.
- Operating and capital reserves are used to balance the budget, wherein by mechanics of the worksheet a reserve usage is positive, and a reserve increase is negative.

Expenses – Salaries & Wages and Benefits

- Salaries are budgeted based upon step-specific classification levels with provision for employee step increases where applicable, promotions, and estimated leave cash outs.
- Salaries are budgeted to increase 2.76% and an estimated 3% per the authorized cost of living adjustment in FY26 and FY27 respectively.
- The CalPERS Classic employer rate of 16.09% (FY26) and 16.10% (FY27) is applied to applicable compensation, and the rate of 7.96% (FY26) and 8% (FY27) is applied to PEPRP applicable compensation for employees hired after December 31, 2012.
- The Agency is following its plan of budgeting as a funding mechanism for the previously scheduled UAL amounts for the unfunded liability in the amounts of \$1,106,700 and \$1,073,200 for each of the two fiscal years, respectively. The funding will provide for the debt service for the 2022 pension obligation bonds (POBs) with the difference between the

POBs and UAL amount transferred to a Pension Trust, to prefund future UAL amounts received from CalPERS.

- CalPERS medical costs are budgeted at the actual rate for known employee status and Kaiser family rate where status is not known. Growth for both fiscal years is assumed to be 8%.
- Retiree medical (OPEB) costs are budgeted to increase 8% for each of the two fiscal years, respectively, for the Kaiser Senior Advantage medical plan in accordance with the OPEB funding plan to prefund the OPEB trust to provide for future OPEB obligation.

Expenses – Materials, Supplies, and Services

- CSRMA premiums for general liability and property insurance increased significantly from the prior year due to large claims within the industry over the past year. Liability increased 15% and property 10%.
- Workers' compensation insurance increased 10% for the base premium while the expense modification factor increased slightly from 0.92 to 0.95.
- General & administrative costs are generally consistent between years.
- The budget contains adequate provision for professional associations and employee training and development.
- The budget contains adequate provision for legal, regulatory, audit, and other professional consultants.
- Chemical costs are expected to normalize due to cost inflation pressures abating and recent contract bidding by the BACC and the Agency.
- Utility costs are expected to normalize due to cost inflation pressures abating.
- Biosolids hauling and reuse fees are generally consistent between years even with the addition of the third load to Lystek per week.
- Permit testing and monitoring costs are generally consistent between years.
- The maintenance budget is generally consistent between years.

Capital

- The capital improvement budget consists of four sections – facility improvements, general equipment, liquids treatment equipment and systems, and solids treatment and energy generation equipment and systems.
- The CIP covers a 10-year period for scheduled equipment replacement as well as master plan projects totaling approximately \$150 million.
- The larger more significant projects will be debt financed with the balance of projects financed from traditional capital funding sources.
- The CIP utilizes cost escalations to account for rising prices using a rolling five-year average of the San Francisco ENR Construction Cost index.
- A summary of significant capital projects is discussed in a separate section.
- Marin Municipal Water District is planning a new water supply pipeline to Nicasio reservoir and spillway modifications at Nicasio and Kent. Do you still want to include \$100,000 for RW studies for the next three fiscal years?

CENTRAL MARIN SANITATION AGENCY
FUNDING REQUIREMENTS AND SOURCES SUMMARY
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2026

| | | A | | B | (B - A) / A | C | (C - B) / B |
|-----------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|--------------|
| | ACTUAL | BUDGET | PROJECTION | PROPOSED | YoY Chg % | PROPOSED | YoY Chg % |
| | 6/30/2024 | 6/30/2025 | 6/30/2025 | 6/30/2026 | FY26 vs FY25 | 6/30/2027 | FY27 vs FY26 |
| Operating Activities | | | | | | | |
| 1 Salaries & benefits (Note 1) | \$ 10,525,704 | \$ 11,274,300 | \$ 11,146,100 | \$ 11,368,500 | 0.8% | \$ 11,764,500 | 3.5% |
| 2 Chemicals & fuel | 1,697,068 | 2,063,000 | 1,932,200 | 2,034,900 | -1.4% | 2,095,500 | 3.0% |
| 3 Biosolids management | 396,318 | 632,000 | 550,300 | 645,300 | 2.1% | 666,800 | 3.3% |
| 4 Permit testing & monitoring | 182,355 | 248,600 | 239,300 | 260,100 | 4.6% | 249,600 | -4.0% |
| 5 Maintenance & repairs | 458,699 | 813,200 | 905,800 | 734,500 | -9.7% | 751,600 | 2.3% |
| 6 Utilities | 461,228 | 444,200 | 378,700 | 392,400 | -11.7% | 405,400 | 3.3% |
| 7 Insurance | 576,992 | 674,400 | 551,800 | 632,500 | -6.2% | 688,300 | 8.8% |
| 8 General & administrative | 738,995 | 1,060,300 | 843,000 | 1,069,600 | 0.9% | 1,080,800 | 1.0% |
| 9 Total operating uses | 15,037,361 | 17,210,000 | 16,547,200 | 17,137,800 | -0.4% | 17,702,500 | 3.3% |
| 10 Regional service charges | 12,984,173 | 13,247,500 | 13,247,500 | 13,843,600 | 4.5% | 14,466,600 | 4.5% |
| 11 Contract service fees | 1,777,149 | 1,862,500 | 2,098,000 | 2,041,100 | 9.6% | 2,104,000 | 3.1% |
| 12 Program revenues | 121,845 | 133,900 | 245,000 | 194,000 | 44.9% | 191,300 | -1.4% |
| 13 Other operating sources | 1,346,827 | 781,800 | 1,565,200 | 1,387,200 | 77.4% | 1,402,900 | 1.1% |
| 14 Total operating sources | 16,229,995 | 16,025,700 | 17,155,700 | 17,465,900 | 9.0% | 18,164,800 | 4.0% |
| 15 Net operating activities | 1,192,634 | (1,184,300) | 608,500 | 328,100 | n/a | 462,300 | n/a |
| Capital Activities | | | | | | | |
| 16 Capital debt service | 4,501,006 | 4,500,300 | 4,500,300 | 4,497,200 | -0.1% | 5,463,000 | 21.5% |
| 17 Capital improvement program | 5,362,279 | 10,108,700 | 5,006,400 | 16,380,900 | 62.0% | 8,415,800 | -48.6% |
| 18 Total capital uses | 9,863,285 | 14,609,000 | 9,506,700 | 20,878,100 | 42.9% | 13,878,800 | -33.5% |
| 19 Debt service charges | 4,373,673 | 4,500,300 | 4,500,300 | 4,497,200 | -0.1% | 5,463,000 | 21.5% |
| 20 Debt service coverage fees | 1,093,418 | 1,125,100 | 1,125,100 | 1,124,300 | -0.1% | 1,365,800 | 21.5% |
| 21 Capital fees | 1,289,186 | 1,575,500 | 1,575,500 | 1,903,500 | 20.8% | 1,034,800 | -45.6% |
| 22 Capacity charges | 986,988 | 39,500 | 305,200 | 40,500 | 2.5% | 41,700 | 3.0% |
| 23 Grant proceeds (Note 2) | 1,556,349 | 250,000 | 257,700 | - | -100.0% | - | 0.0% |
| 24 Capital debt proceeds, net | - | - | - | 12,675,000 | 100.0% | - | -100.0% |
| 25 Other capital sources | 1,592 | 2,000 | 10,900 | 130,200 | 6410.0% | 8,500 | -93.5% |
| 26 Total capital sources | 9,301,206 | 7,492,400 | 7,774,700 | 20,370,700 | 171.9% | 7,913,800 | -61.2% |
| 27 Net capital activities | (562,079) | (7,116,600) | (1,732,000) | (507,400) | n/a | (5,965,000) | n/a |
| 28 Total Agency uses | (24,900,646) | (31,819,000) | (26,053,900) | (38,015,900) | 19.5% | (31,581,300) | -16.9% |
| 29 Total Agency sources | 25,531,201 | 23,518,100 | 24,930,400 | 37,836,600 | 60.9% | 26,078,600 | -31.1% |
| 30 Total Agency reserve (inc)/dec | (630,555) | 8,300,900 | 1,123,500 | 179,300 | -97.8% | 5,502,700 | 2969.0% |
| 31 Total Agency funding change | \$ - | \$ - | \$ - | \$ - | n/a | \$ - | n/a |

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

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

CENTRAL MARIN SANITATION AGENCY
AGENCY RESERVES SUMMARY
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2026

| | ACTUAL 6/30/2024 | A BUDGET 6/30/2025 | PROJECTION 6/30/2025 | B PROPOSED 6/30/2026 | (B - A) / A YoY Chg % FY26 vs FY25 | C PROPOSED 6/30/2027 | (C - B) / B YoY Chg % FY27 vs FY26 |
|---|---------------------|--------------------------|-------------------------|----------------------------|--|----------------------------|--|
| Operating Activity Reserves | | | | | | | |
| - Restricted Pension Trust - | | | | | | | |
| 1 Beginning balance | \$ 207,792 | \$ 904,043 | \$ 904,043 | \$ 1,540,343 | n/a | \$ 1,811,043 | n/a |
| 2 Net investment activity | 20,880 | - | 50,100 | 84,000 | n/a | 153,000 | n/a |
| 3 Net fund transfer - Op unassgn | 675,370 | 586,200 | 586,200 | 186,700 | n/a | 153,800 | n/a |
| 4 Ending balance | 904,043 | 1,490,243 | 1,540,343 | 1,811,043 | 21.5% | 2,117,843 | 16.9% |
| - Restricted Pension Obligation Bond Trust - | | | | | | | |
| 5 Beginning balance | 168 | 53 | 53 | 1,353 | n/a | 1,500 | n/a |
| 6 Net investment activity | 118 | - | 1,300 | 1,500 | n/a | 1,400 | n/a |
| 7 Debt service - POB | (439,154) | (550,800) | (550,800) | (920,000) | n/a | (919,400) | n/a |
| 8 Net fund transfer - Op unassgn | 438,921 | 550,747 | 550,800 | 918,647 | n/a | 917,900 | n/a |
| 9 Ending balance | 53 | - | 1,353 | 1,500 | 100.0% | 1,400 | -6.7% |
| - Committed Operating Reserve - | | | | | | | |
| 10 Beginning balance | 3,674,596 | 4,003,034 | 4,003,034 | 4,302,500 | n/a | 4,302,500 | n/a |
| 11 Net fund transfer - Op unassgn | 328,438 | 299,466 | 299,466 | - | n/a | 123,100 | n/a |
| 12 Ending balance | 4,003,034 | 4,302,500 | 4,302,500 | 4,302,500 | 0.0% | 4,425,600 | 2.9% |
| Policy target (25% of op exp) | 4,003,034 | 4,302,500 | 4,302,500 | 4,284,500 | | 4,425,600 | |
| - Committed Emergency Reserve - | | | | | | | |
| 13 Beginning balance | 500,000 | 500,000 | 500,000 | 500,000 | n/a | 500,000 | n/a |
| 14 Net fund transfer - Op unassgn | - | - | - | - | n/a | - | n/a |
| 15 Ending balance | 500,000 | 500,000 | 500,000 | 500,000 | 0.0% | 500,000 | 0.0% |
| Policy target (\$500,000) | 500,000 | 500,000 | 500,000 | 500,000 | | 500,000 | |
| - Unassigned Operating Activities Reserve - | | | | | | | |
| 16 Beginning balance | 2,463,288 | 3,306,719 | 3,306,719 | 3,564,353 | n/a | 3,808,306 | n/a |
| 17 Net Op activities (less rest) | 2,286,161 | (47,300) | 1,694,100 | 1,349,300 | n/a | 1,381,100 | n/a |
| 18 Net fund transfer - pension | (675,370) | (586,200) | (586,200) | (186,700) | n/a | (153,800) | n/a |
| 19 Net fund transfer - POB | (438,921) | (550,747) | (550,800) | (918,647) | n/a | (917,900) | n/a |
| 20 Net fund transfer - Op res | (328,438) | (299,466) | (299,466) | - | n/a | (123,100) | n/a |
| 21 Net fund transfer - emergency | - | - | - | - | n/a | - | n/a |
| 22 Net fund transfer - Cap unassgn | - | - | - | - | n/a | - | n/a |
| 23 Ending balance | 3,306,719 | 1,823,006 | 3,564,353 | 3,808,306 | 108.9% | 3,994,606 | 4.9% |
| 24 Beginning balance - operating | 6,845,844 | 8,713,849 | 8,713,849 | 9,908,549 | n/a | 10,423,349 | n/a |
| 25 Ending balance - operating | \$ 8,713,849 | \$ 8,115,749 | \$ 9,908,549 | \$ 10,423,349 | 28.4% | \$ 11,039,449 | 5.9% |

CENTRAL MARIN SANITATION AGENCY
AGENCY RESERVES SUMMARY
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2026

| | ACTUAL 6/30/2024 | A BUDGET 6/30/2025 | PROJECTION 6/30/2025 | B PROPOSED 6/30/2026 | (B - A) / A YoY Chg % FY26 vs FY25 | C PROPOSED 6/30/2027 | (C - B) / B YoY Chg % FY27 vs FY26 |
|--|---------------------|--------------------------|-------------------------|----------------------------|--|----------------------------|--|
| Capital Activity Reserves | | | | | | | |
| - Restricted Revenue Bond Trust - | | | | | | | |
| 26 Beginning balance | \$ 1,291 | \$ 1,300 | \$ 1,300 | \$ 10,900 | n/a | \$ 8,200 | n/a |
| 27 Net investment activity | 1,592 | 2,000 | 10,900 | 130,200 | n/a | 8,500 | n/a |
| 28 Debt issuance proceeds | - | - | - | 13,000,000 | n/a | - | n/a |
| 29 Cost of issuance | - | - | - | (325,000) | n/a | - | n/a |
| 30 Debt service - capital debt | (4,501,006) | (4,500,300) | (4,500,300) | (4,497,200) | n/a | (5,463,000) | n/a |
| 31 Net fund transfer - Cap unassgn | 4,499,423 | 4,499,000 | 4,499,000 | (8,310,700) | n/a | 5,454,800 | n/a |
| 32 Ending balance | 1,300 | 2,000 | 10,900 | 8,200 | 310.0% | 8,500 | 3.7% |
| - Committed Capital Reserve - | | | | | | | |
| 33 Beginning balance | 1,130,508 | 1,145,427 | 1,145,427 | 1,125,100 | n/a | 1,124,300 | n/a |
| 34 Capacity charge collections | 986,988 | 39,500 | 305,200 | 40,500 | n/a | 41,700 | n/a |
| 35 Debt service coverage fees | 1,093,418 | 1,125,100 | 1,125,100 | 1,124,300 | n/a | 1,365,800 | n/a |
| 36 Net fund transfer - Op unassgn | (2,065,488) | (1,184,927) | (1,450,627) | (1,165,600) | n/a | (1,166,000) | n/a |
| 37 Ending balance | 1,145,427 | 1,125,100 | 1,125,100 | 1,124,300 | -0.1% | 1,365,800 | 21.5% |
| Policy target (25% of debt service) | 1,125,252 | 1,125,100 | 1,125,100 | 1,124,300 | | 1,365,800 | |
| - Unassigned Capital Activities Reserve - | | | | | | | |
| 38 Beginning balance | 14,407,989 | 13,830,983 | 13,830,983 | 12,109,709 | n/a | 11,605,810 | n/a |
| 39 Net Op activities (less rest) | 1,856,929 | (3,782,900) | 1,327,100 | (9,980,200) | n/a | (1,918,000) | n/a |
| 40 Net fund transfer - rev bnd | (4,499,423) | (4,499,000) | (4,499,000) | 8,310,700 | n/a | (5,454,800) | n/a |
| 41 Net fund transfer - Cap res | 2,065,488 | 1,184,927 | 1,450,627 | 1,165,600 | n/a | 1,166,000 | n/a |
| 42 Net fund transfer - Op unassgn | - | - | - | - | n/a | - | n/a |
| 43 Ending balance | 13,830,983 | 6,734,010 | 12,109,709 | 11,605,810 | 72.3% | 5,399,010 | -53.5% |
| Policy target (10YR ann avg CIP) | 8,105,877 | 7,477,169 | 7,477,169 | 15,118,380 | | 15,118,380 | |
| 44 Beginning balance - capital | 15,539,788 | 14,977,710 | 14,977,710 | 13,245,710 | n/a | 12,738,310 | n/a |
| 45 Ending balance - capital | 14,977,710 | 7,861,110 | 13,245,710 | 12,738,310 | 62.0% | 6,773,310 | -46.8% |
| 46 Beginning balance - total | 22,385,633 | 23,691,559 | 23,691,559 | 23,154,259 | n/a | 23,161,659 | n/a |
| 47 Ending balance - total | \$ 23,691,559 | \$ 15,976,859 | \$ 23,154,259 | \$ 23,161,659 | 45.0% | \$ 17,812,759 | -23.1% |

**CENTRAL MARIN SANITATION AGENCY
SCHEDULE OF JPA REVENUE ALLOCATIONS
FOR THE FISCAL YEARS ENDED 2024 THROUGH 2026**

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

Proposed FY26 & 27 Capital Improvement Program – Summary of Changes

| Category | FY25 Adopted Budget | FY25 Current Budget | FY25 Projected Actuals | FY26 Proposed Budget | FY27 Proposed Budget |
|---|---------------------------|---------------------------|------------------------------|----------------------------|----------------------------|
| Facility improvements | \$1,913,650 | \$1,937,356 | \$1,593,113 | \$1,937,400 | \$535,200 |
| General equipment | \$720,100 | \$761,409 | \$635,884 | \$918,200 | \$685,600 |
| Liquid treatment equipment and systems | \$4,671,710 | \$4,818,553 | \$1,683,854 | \$7,982,950 | \$4,227,950 |
| Solids treatment and energy generation | \$2,803,160 | \$2,843,444 | \$1,093,591 | \$5,792,300 | \$3,002,000 |
| Total | \$10,108,620 | \$10,360,761 | \$5,006,342 | \$16,630,850 | \$8,450,750 |

FY25 Projected Actuals

The Board adopted the FY25 budget during the June 2024 meeting. The current budget includes budget transfers and budget increases due to differences in actual bid and contract costs. Projected actuals are expected to be approximately 48 percent of the current budget. Due to delays in the design and construction schedules and the lead time required for pre-purchase equipment, FY25 cash expenditures were lower than budgeted for several larger projects that span multiple fiscal years, including the grit classifier replacement, centrifuge replacement, nutrient removal alternatives, primary clarifiers rehabilitation, and elevator controls replacement. Some of these expenditures and encumbrances will be included in the proposed FY26 and FY27 budgets instead.

FY26 and 26 Priority Projects, and Other Major CIP Adjustments

A summary of the major changes proposed for the FY26 & FY27 and the 10-year projection of the Capital Improvement Program is provided in the following sections. Changes in total account cost from the previously adopted CIP is provided in parentheses.

Facility Improvements

- 1) Effluent Storage Pond Rehabilitation (\$25k): Moved the three-year project design and construction sequence out by 1 year, to begin in FY28 instead of FY27, as pond settlement has appeared to have stabilized.
- 2) Agency Facilities Master Plan (\$50k): Moved master plan placeholder from FY30 to FY33 as Nutrient Removal Project implementation between FY25-30 will result in major facility changes.
- 3) Industrial Coatings and Concrete Rehabilitation (\$457k): Moved unspent funds from FY25 for coating above the water line in Chlorine Contact Tanks (CCTs) 1-3 and updated

unit costs based on the FY25 bid results. Budget was added to FY26 to complete the remaining CCT4 wall coating work that was started in FY25.

- 4) Facility Improvements (\$1.28M): Budget was added to purchase and replace hatches for the 66" final effluent vault, Headworks odor scrubber room, biotower south end, and final vault in FY26. Budget was also added to FY35 to construct an additional Annex Building for storage.
- 5) Facility Roofs Rehabilitation (\$448k) Added FY30 allowance to replace standing seam roofs on the Maintenance Annex, Aeration Building, and Secondary Clarifier, including replacement of metal roof, gutter, skylights, downspouts, ridge vents and flashing.
- 6) SHB Elevator Control Replacement (\$218k): Moved unspent funds from FY25 for the construction of the elevator control system replacement project in FY26. Added budget in FY29 to perform a comprehensive assessment of the entire elevator system.

General Equipment

- 1) Agency Vehicle Replacement (\$103k): Added budgets to FY26-32 to reflect updated vehicle costs, and added budget in FY35 to replace a telehandler.
- 2) Electrical Conduit Rehabilitation (\$618k): The facility has extensive electrical conduit runs that are 40 years old and frequently embedded in concrete slabs, limiting accessibility. In FY25 staff assessed facility conduits and identified increasing signs of water intrusion and conduit corrosion. This will be a new general ledger account, and a budget was added in FY26 to repair high priority areas. A systematic, facility-wide conduit rehabilitation plan will be developed in FY26, and a placeholder allowance is added to accommodate annual conduit rehabilitation from FY27 through FY35.

Liquids Treatment Equipment and Systems

- 1) Headworks Equipment (\$1.34M): Updated budget to move unspent funds of \$833k from FY25 for the construction of the grit classifiers replacement project, and the construction costs were updated based on the final design. The FY26 & FY27 budgets include funds for engineering services during construction and construction management services, and costs encumbered in FY25 for pre-purchased equipment but not yet delivered or invoiced. Additionally, costs for bar screen replacement were increased by \$264k based on updated vendor quotes received. An allowance was also added for FY28 to install a platform around the new grit washers.
- 2) Odor Scrubber Replacement (\$40k): Added budget in FY26 to repair the deteriorated concrete and rebar in the headworks odor scrubber room.
- 3) Primary Clarifiers Rehabilitation (-\$97k): Updated budget based on construction bid

results and updated construction schedule, and moved up the purchase and installation of equipment for Primary Clarifiers No. 6&7 from FY29 to FY26 due to accelerated deterioration. Added budget in FY30 to replace fiberglass skimmers.

- 4) Process Piping Inspection/Repairs/Replacement (\$4.2k): For FY26, the budget of \$121k was removed because a wholesale replacement of gallery wall hypochlorite lines with double contained piping as leaks have been addressed. Added \$25k in FY26 for replacement of leaking embedded pipe bend in Gallery C. A budget was added for FY31 and FY35 to inspect the buried large diameter pipelines.
- 5) Piping, Valves & Operators (\$126k): Updated FY26 budget to include funds for inspecting and/or replacing various larger corroded valves and knife gates at the effluent pump station on the facility interceptor vaults. Added funds in FY27 to replace butterfly valves.
- 6) Nutrient Removal (\$500k): Moved unspent funds from FY25 to FY26 to complete the dry season stress testing of the secondary clarifiers and complete the Nutrient Removal Facilities Plan and Alternatives Evaluation.

Solids Treatment and Energy Generation Equipment and Systems

- 1) Centrifuge Replacement (\$1.77M): Moved unspent funds from FY25 to begin construction in FY26. Budget was based on the 90% design and includes funds for engineering services during construction and construction management services. The costs encumbered in FY25 for the pre-purchased centrifuges but not yet delivered or invoiced are also captured in the FY26 proposed budget. A project was added to FY30-31 to evaluate and replace the centrifuge feed pumps.
- 2) Waukesha Cogeneration Maintenance (\$251.4k): Added budget for top-end overhaul of backup Waukesha engine in FY31 based on staff estimated annual runtime hours.
- 3) Jenbacher Cogeneration Maintenance (-\$75k): Deleted funds for larger oil and urea storage tanks as existing system is working well. Moved the allowance for the Selective Catalytic Reducer and Oxidation Catalyst internal materials out by one year, from FY28 to FY29 and from FY32 to FY33.
- 4) Biosolids Hoppers Maintenance (\$100k): Moved budget to FY26 to recoat the biosolids hoppers.
- 5) Organic Waste Receiving Facility (\$47k): Moved budget from FY28 to FY26 for Huber screen replacement parts and added purchase of four spare VFDs. Moved budget from FY26 to FY28 for paddle finisher replacement parts.

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

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

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

ATTACHMENT 6

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

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

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