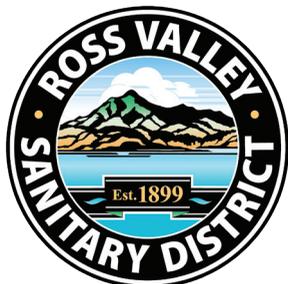


FISCAL YEAR BUDGET 2025-2026

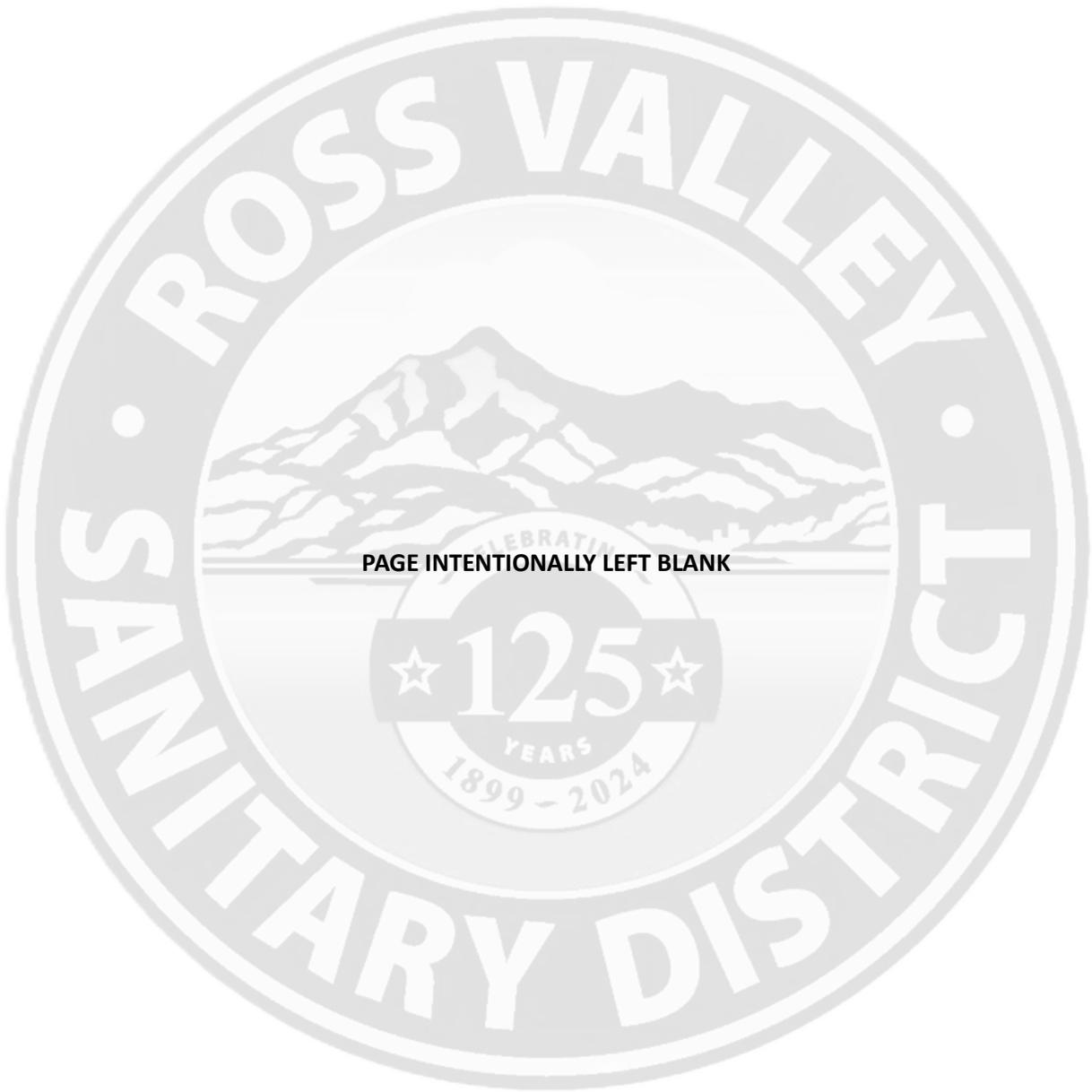
July 1 - June 30



Ross Valley Sanitary District

1111 Andersen Dr.
San Rafael, CA 94901

www.rvsd.org



PAGE INTENTIONALLY LEFT BLANK

Ross Valley Sanitary District

Annual Budget For the Fiscal Year Ended June 30, 2026

Board of Directors

Mary Sylla
Elected June 2012

President

Doug Kelly
Elected June 2016

Secretary

Michael Boorstein
Elected June 2014

Treasurer

Thomas Gaffney
Elected June 2014

Alternate Treasurer

Pamela Meigs
Elected June 2010

Alternate Secretary

Executive Team

Steve Moore, P.E.
Felicia Newhouse
Paul Bruemmer

General Manager
Assistant General Manager
Operations & Maintenance Manager

**Prepared By
Administrative Services Department**

TABLE OF CONTENTS

Section 1 – Introduction

(1) Message from General Manager.....	2
(2) District Overview.....	4
(3) Strategic Plan.....	6
(4) Local Community.....	8

Section 2 – Organization & Budget Structure

(5) Organization Overview.....	12
(6) Fund Structure & Descriptions.....	14
(7) Financial Policies Summary.....	15
(8) Budgeting Process & Calendar.....	16
(9) Budgeting Basis of Accounting.....	17
(10) Performance Indicators.....	18

Section 3 – Budget Summaries

(11) Financial Summary.....	28
(12) Revenue Requirements.....	40
(13) Departmental Budget.....	45
(14) Treatment Plant Cost.....	54
(15) Canyon Road Assessment District (CRAD).....	57
(16) Debt Obligations.....	58
(17) Capital Improvement Program (CIP).....	62
(18) Reserve Funding.....	86
(19) Pension Funding Plan.....	90
(20) OPEB Funding Plan.....	91
(21) Five-Year Forecast.....	93

Section 4 – Appendix

Appendix A – District Acronym Listing.....	99
Appendix B – Glossary.....	100
Appendix C – District Financial Policies.....	102
Appendix D – Board Adoption Resolution.....	103
Appendix E – Authorized Positions.....	104

FORWARD

This Annual Budget is intended to present the Ross Valley Sanitary District's (RVSD or the District) budgeted financial position and operations for the fiscal year ended June 30, 2026. The overall structure of the Annual Budget follows the District's financial plan as described by its financial policies and the Government Finance Officers Association (GFOA). To best describe its financial plan, the Annual Budget is organized into the following four sections:

Introduction

The Introduction begins with a message from the District's General Manager showcasing the District's performance and achievements from the current fiscal year and providing direction for where the District is going to lead into the next fiscal year. It is then followed by an overview of the District, strategic plan, and local community.

Organization & Budget Structure

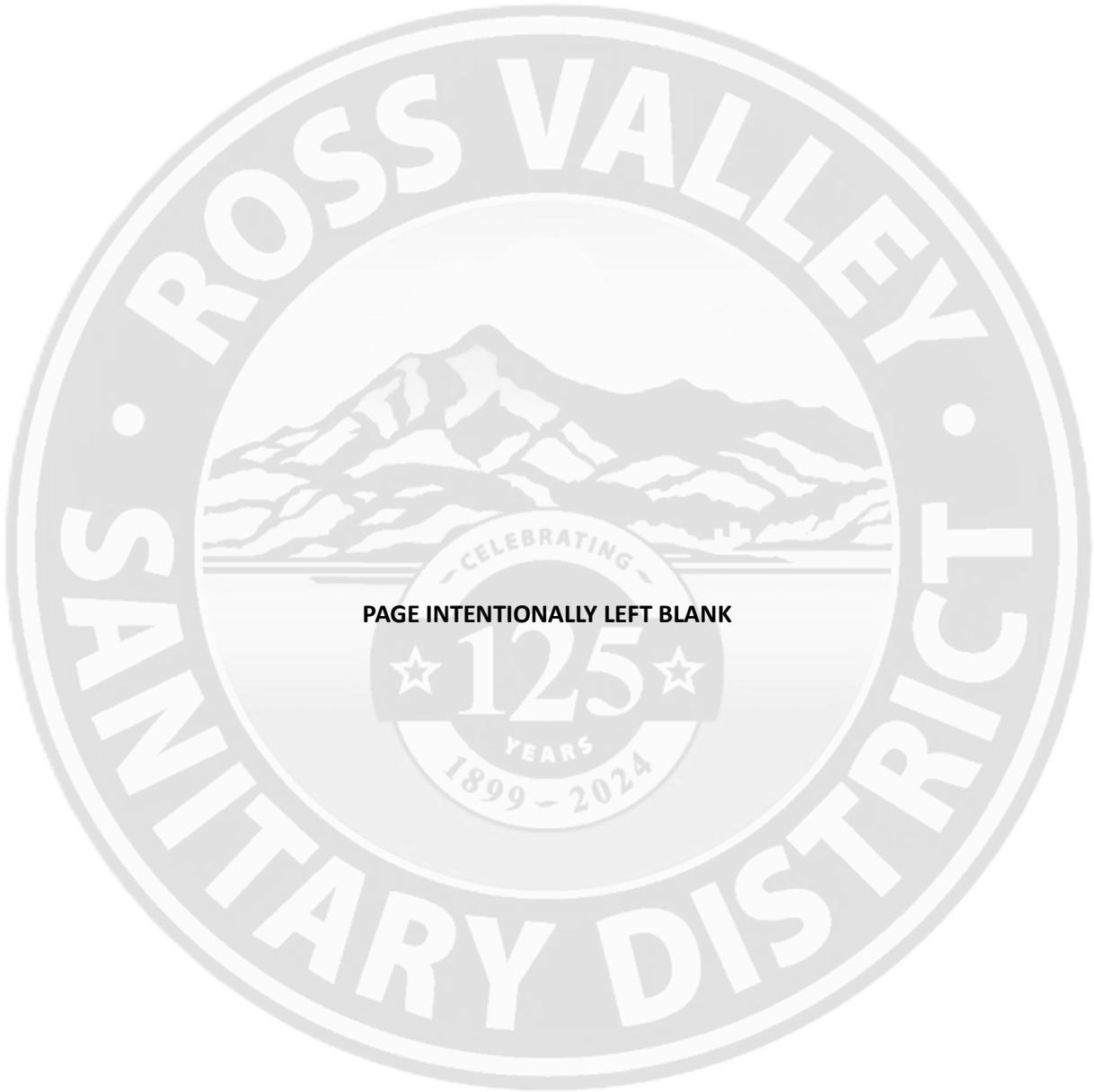
This section is designed to provide the reader with an overview of the District's organization, its organizational chart, and fund structure, as well as its financial and budgeting policies. This section also includes the key performance indicators to describe how the District controls its resources from a non-financial perspective for how it is meeting its mission and values.

Budget Summaries

The Budget Summaries section describes in detail the District's finances from both a consolidated and detailed fund level. Included are year-over-year budgetary comparisons, overview of the District fund balances and reserves, discussion of key drivers and forecast of its revenue budget, departmental budgets, debt obligations (capital and limited obligation) and the District's Capital Improvement Program (CIP). The section concludes with the District's Five-Year Forecast showing the latest estimates of where the District is going to be financially in five years.

Appendix

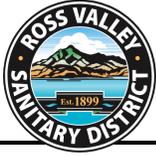
Included within the Appendix are the acronyms, glossary, key policies and strategic plan that assist the budget with its preparation, and Board Resolutions that relate to the approval of the budget.



PAGE INTENTIONALLY LEFT BLANK



SECTION ONE: INTRODUCTION



(1) Message from the General Manager

It is my honor on behalf of the Ross Valley Sanitary District Board of Directors and staff to present the District's Fiscal Year 2026 (FY26) budget. This document lays out the financial plan for the upcoming fiscal year, detailing the resource requirements to successfully manage our wastewater collection and conveyance infrastructure for District's ratepayers.

Our intention is to present a high-quality budget that clearly articulates the ways the District effectively and efficiently provides its services in a readily accessible and understandable format. All referenced financial documents in this budget are available online at www.rvsd.org.

FY 2026 Budget Highlights

The District's FY26 annual budget is expected to be balanced where funding requirements are sufficiently covered with funding sources.

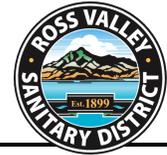
Operating revenue is forecast to be \$31.2 million, an increase of 3.2% over the prior year budget. Operating expenditures are forecast to be \$25 million, an increase of approximately 4.3% as compared to the FY25 Budget. The FY26 Budget includes expected net operating revenue of approximately \$6.2 million to be used to fund its committed reserves and capital projects.

Capital revenue is anticipated to remain flat at \$10.4 million. Capital expenditures are forecast to be \$18.7 million including \$10.8 million on capital improvement projects, \$650,000 for fixed asset purchases, \$6.7 million for debt service and \$550,000 for lateral loans and grants. This is the second year running with an aggressive capital improvement program and the District has been fortunate to have the flexibility to accelerate the implementation of certain projects in order to take advantage of conditions in the field. The net expenditure in the Capital fund will be funded with a transfer from the Operating fund as well as with appropriated fund balance.

Total funding requirements (Operating and Capital funds combined) for FY26 are \$43.7 million, an increase of 2.4% year over year. Budgeted expenditures include a 5% cost of living adjustment (COLA) for District staff.

Total funding sources (Operating and Capital funds combined) are \$43.7 million. Total funding sources include \$41.6 million of revenue proceeds, an increase of 2.3% over the previous fiscal year projection. Revenue increases include a 4% increase in sewer-service rates according to the District's most recent rate plan. Property taxes are forecast to increase slightly by 2.5% over the projected FY25 total. The District proposes \$2.1 million of appropriated fund balance to supplement revenue proceeds. Use of fund balance reserves as an additional funding source increased by \$64,000 as compared to the previous year's budget. The District intends to use restricted reserves held in a Section 115 trust account with CalPERS to fund pension costs in the coming year. This will indirectly help the District fund the capital improvement program while continuing to maintain Board committed reserves.

The District is recognized as a high-performing and financially stable wastewater utility within Marin County and the San Francisco Bay Area. The District continues to be recognized by State and national organizations in the areas of facility operations, safety, and financial reporting.



Recent Major District Achievements

- Received “Small Collection System of the Year” award from the Redwood Empire Section of the California Water Environmental Association (CWEA). This is the third such award received in the last six years.
- Received the Certificate of Achievement for Excellence in Financial Reporting, the Award for Outstanding Achievement in Popular Financial Reporting, and the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA).
- Completed the renovation at 1111 Andersen Drive, relocated all District operations to this facility, and installed a generator for backup power.
- Sold former headquarters at 2960 Kerner Blvd. in accordance with the Surplus Land Act in a competitive bidding process to a nonprofit organization that provides music lessons and instruments to the local disadvantaged community.
- Declared the 10-acre former treatment plant site at 2000 Larkspur Landing Circle in Larkspur as Surplus Land and initiated the process of its disposal in accordance with the Surplus Land Act.
- Updated the service area boundary with neighboring Sanitary District No. 2 of Marin County in cooperation with Marin County Local Agency Formation Commission (LAFCo) based on our staff’s field verification of service laterals to specific addresses.
- Implemented a successful initiative to reduce the number of sewer lines cleaned more than once per year (high frequency cleaning or HFC) by using system condition data in the computerized maintenance management system (CMMS) and presented the methodology to the annual statewide conference of CWEA.
- Maintained a high level of service to our ratepayers for a safe and effective wastewater collection and conveyance system, including maintaining a record low number of spills for three years in a row.

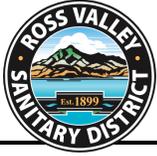
On behalf of all our employees, I would like to express our thanks and gratitude to the District Board of Directors for its ongoing support of the District’s Mission and Values, and in securing the necessary resources to enable us to achieve a recognized level of high performance.

We hope that this annual budget will be insightful and clear in understanding how the District allocates its resources. We welcome your comments and feedback for improving future budget publications.

Respectfully,



Steve Moore, P.E.
General Manager



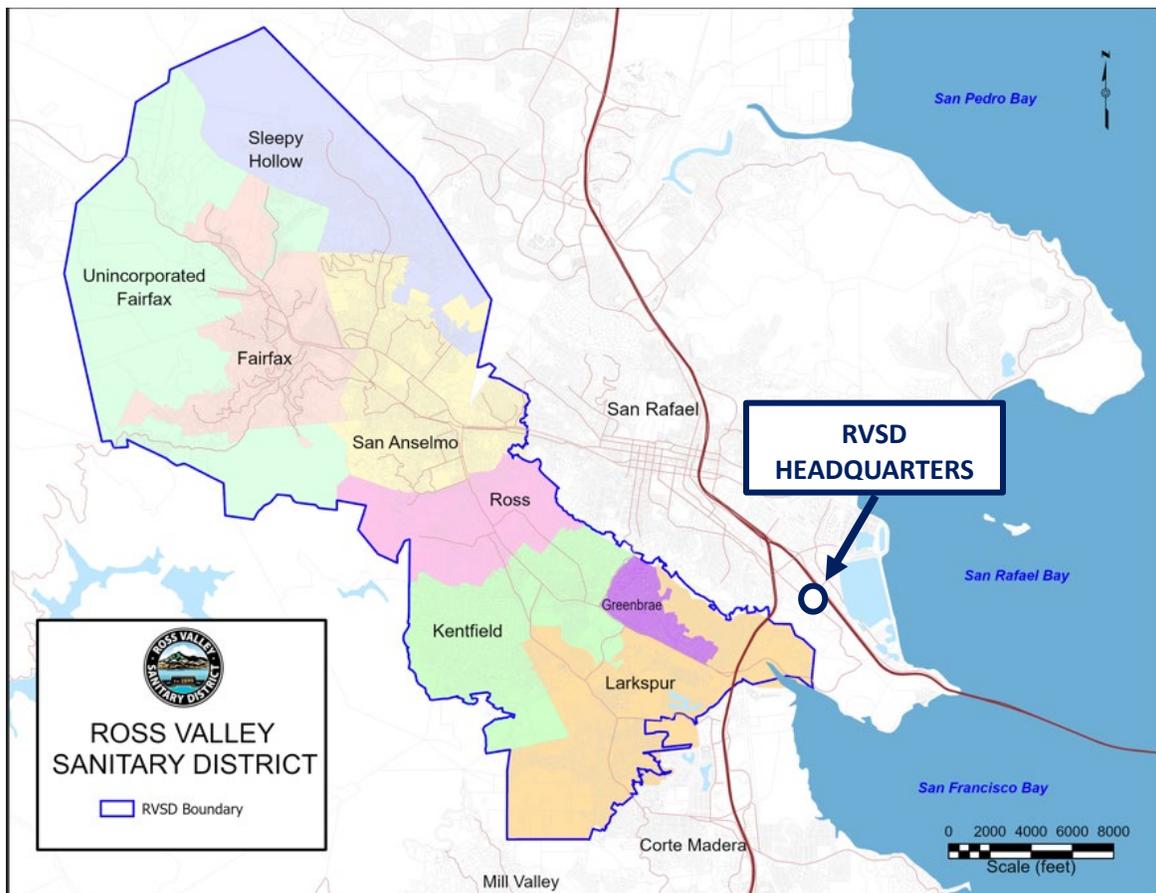
(2) District Overview

The Ross Valley Sanitary District was established on May 27, 1899, to provide wastewater collection and conveyance services for the ratepayers within the greater Ross Valley area of Marin County. This service area encompasses 26.75 square miles of jurisdictional boundaries including the Town of Fairfax, Town of San Anselmo, Town of Ross, City of Larkspur, and the unincorporated areas of Sleepy Hollow, Kentfield and Greenbrae.

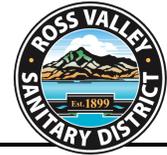
The District is responsible for 24/7/365 operation of the wastewater collection and conveyance system. The system is comprised of approximately 4,200 manholes, 19 pump stations and over 200 miles of pipeline throughout the service area. Each fiscal year, the District's infrastructure collects and transports over two billion gallons of wastewater to the treatment plant at the Central Marin Sanitation Agency (CMSA). The District performs regular maintenance and invests capital funds to improve its infrastructure to protect public health and the environment by effective and efficient wastewater management.

Figure 1 below geographically shows the District's jurisdictional boundaries within its service area:

Figure 1 – District Service Area Within Local Municipal Boundaries



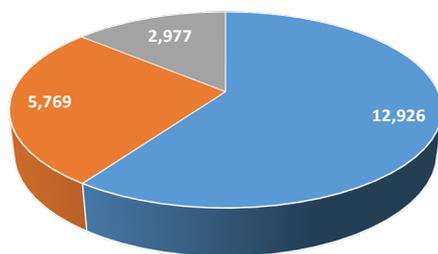
ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



The District recovers its cost for services with sewer services charges paid by residential and commercial customers. Each customer account is assessed an annual Sewer Service Charge (SSC) on their Marin County property tax bill based on an equivalent dwelling unit (EDU). An EDU is a standardized unit of measure used for both residential and commercial accounts to equitably assess the appropriate user charge. Single-family residential customers are assessed one EDU, multi-family residential customers are assessed 0.9 EDUs per housing unit, and commercial accounts are assessed based on the account holder’s recent winter water usage recorded by the Marin Municipal Water District. For FY26, the District is projected to serve 16,466 parcels and assess 21,672 EDUs of user fees.

The total number of EDUs assessed can be further broken down based on customer account type:

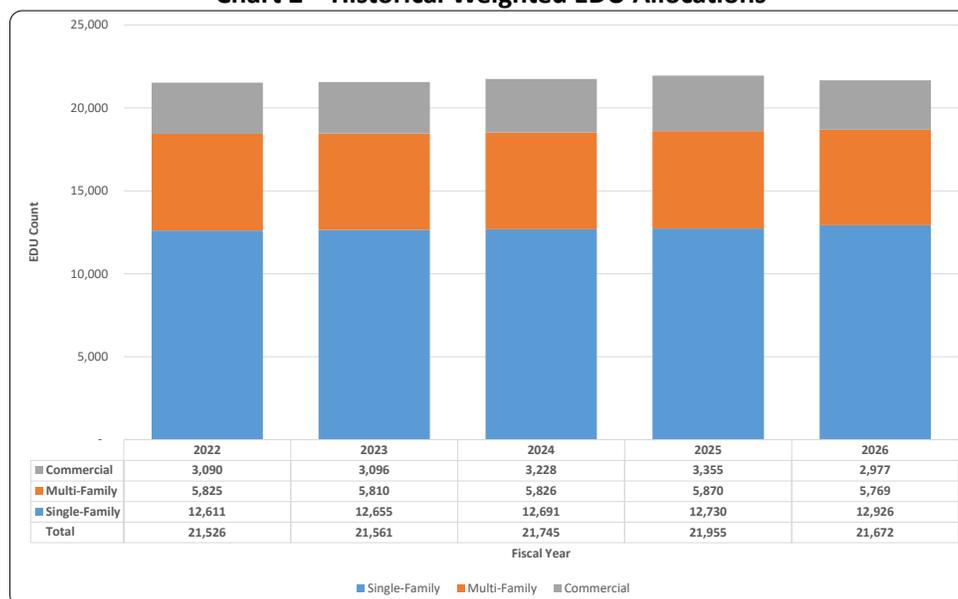
Chart 1 – District Weighted EDU Allocation Fiscal Year 2026



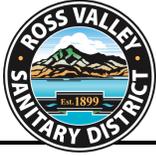
Customer Account	EDU Qty
Single Family Residential	12,926
Multi-Family Residential	5,769
Commercial	2,977
Total EDUs	21,672

■ Single Family Residential ■ Multi-Family Residential ■ Commercial

Chart 2 – Historical Weighted EDU Allocations



As may be seen above, the majority of the District’s customers are single-family residential accounts. Between FY25 and FY26 the number of single-family EDUs increased by 196 or 1.5% due to the Marin County Assessor changing parcels from Multi Family to Single Family w/ADU. This caused the Multi Family count to be lower, but the Single-Family count to be higher. Total EDUs decreased by 283 or 1.3%, a result of irrigation meters that were erroneously classified in the previous year, which have since been corrected.



(3) Strategic Plan

The Strategic Plan charts a path to effectively maintain and improve the District's operations and services. RVSD's Strategic Plan has been developed to prioritize projects, focus energy and resources, set workplan priorities, and guide fundamental decisions and actions that will build on each other into the future.

In 2016 the Board of Directors adopted a Strategic Plan with updated mission, core values, policy level goals, objectives, and actions that have guided the District for several years. A consultant was used to facilitate a robust multi-phase development process with the Board and a staff planning committee. The RVSD Strategic Plan was developed through a series of interactive workshops, with the ultimate objective of answering two questions:

- 1. What does a successful future for RVSD look like?**
- 2. How does RVSD achieve that envisioned future by translating it into specific goals and objectives, and supporting actions?**

The adopted Strategic Plan is based on Effective Utility Management (EUM) framework attributes recognized by national utility organizations (AWWA, WEF, NACWA) and the US EPA. The EUM framework uses ten broadly defined areas to provide a comprehensive and balanced review of how well an organization is doing, identify gaps between actual and preferred conditions, and narrow the focus to what actions need to be taken to ensure the utility organization is highly functioning across the full spectrum of critical success factors.

A fundamental component of the Strategic Plan is the District mission, followed by its core values.

Mission

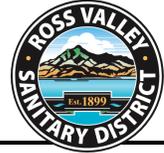
RVSD provides its customers with high quality wastewater collection service, through a system that has no avoidable sanitary sewer overflows, at the lowest sustainable cost, in order to protect public health and the environment.

Our Core Values

Individually and as a team, we value the following:

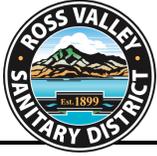
- Being fiscally responsible
- Protecting our natural resources
- Developing solutions that work today and for future generations
- Providing excellent quality service and creating quality work products
- Collaborating with each other and our stakeholders
- Being industry leaders
- Supporting efficiency and alignment with the mission of the Ross Valley Sanitary District through our resources and work

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



Every other element of the Strategic Plan is intended to directly support this organizational mission and core values. Based on this mission and the EUM 10 Attributes framework, the Board worked to establish policy-level goals and support objectives. These can be thought of as “what success looks like” at RVSD. Once those goals and objectives were developed, staff level workshops were then used to develop a detailed set of specific actions to achieve the goals.

The District’s budget is closely aligned with the Strategic Plan and the annual Business Plan. The Board reviews and approves the annual Business Plan each year and makes it available to the public on the District website. The draft FY26 Business Plan’s strategic actions were considered in this budget year’s development process.



(4) Local Community

The District’s service area includes four local municipalities (Town of Fairfax, Town of San Anselmo, Town of Ross, and City of Larkspur), and three named unincorporated areas within Marin County (Sleepy Hollow, Kentfield and Greenbrae) located just north of the City and County of San Francisco.

With the completion of the Golden Gate Bridge in the early 1930s, permanent connection between Marin County to San Francisco was established. This major development was the start of significant growth in population and local economy as working professionals began to move their families to Marin and the Ross Valley area. The area’s population has since leveled off to be relatively stable. As of the 2022 census estimate, the total population of the District’s service area is 44,946 as shown in *Table 1* below.

Table 1 – District Service Area Population

	Municipality	Population
1	Town of San Anselmo	12,569
2	City of Larkspur	12,754
3	Town of Fairfax	7,423
4	Town of Ross	2,300
	Unincorporated County Area	9,900
5	(Sleepy Hollow, Kentfield, Greenbrae)	
6	Total District Service Area	44,946

Source: United States Census Bureau, 2022 American Community Survey

The local economy within Marin County continues to be resilient in terms of income, employment, and household wealth. As of 2022, the County recorded a 3.3% increase in per capita personal income to \$171,177. This is at least in part attributable to the County’s lower unemployment rate compared to the State. As of March 2025, the unemployment rate for the County was 3.9% compared to the state unemployment rate of 5.5%. The local housing market also remains strong with the median home price being \$1.7 million as of March 2025 for a single-family house. These statistics point to a resilient base within the County given the proximity of employment to San Francisco jobs within the technology and financial institution industries.

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

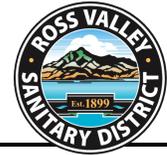


Table 2 below lists the recent top ten employers in the service area:

Table 2 – District Service Area Top 10 Employers

Employer Name	Rank	Industry	Employee Count
Marinhealth Medical Ctr	1	Healthcare	1,229
College Of Marin	2	Education	533
Hospice By The Bay Marin	3	Healthcare	300
Woodlands Market	4	Consumer Goods	120
The Tamalpais Marin	5	Non-profit	160
Sweet L N MD Marin Radiology	6	Healthcare	147
Side By Side	7	Non-profit	140
San Domenico School	8	Education	180
Mollie Stone's Markets	9	Consumer Goods	120
Meadow Club	10	Recreation	100
Total Top 10 Employers			3,029

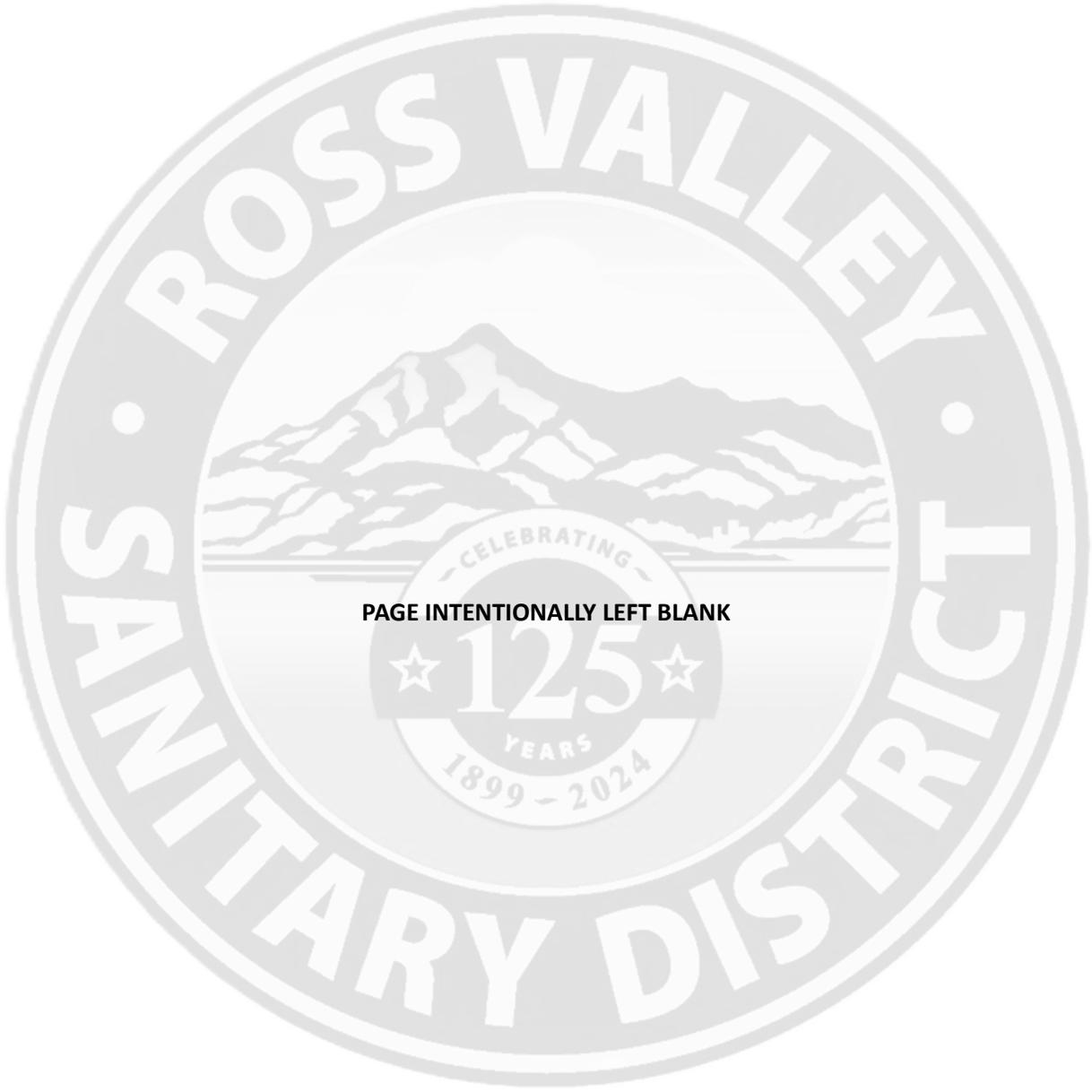
Source: Data-Axle.com

Table 3 below lists the recent top ten ratepayers in the service area:

Table 3 – District Service Area Top 10 Rate

Customer Name	Rank	Customer Type	Sewer Service Charge
Skylark Apartments	1	Multi-Family	\$ 695,982
California Community Housing Agency	2	Multi-Family	371,754
Marin Healthcare District	3	Commercial	269,670
Teachers Insurance & Annuity Assoc.	4	Commercial	269,576
Marin Country Mart	5	Commercial	168,217
Fairfax Shopping Center	6	Commercial	136,036
Ross Valley Homes Inc	7	Commercial	132,053
CLG Larkspur LLC	8	Multi-Family	122,640
Bon Air Shopping Center	9	Commercial	118,961
Courtyard by Marriott Hotel	10	Commercial	114,397
Subtotal Top 10 Customers			2,399,286
Total Sewer Service Charges			\$ 27,799,686
Percentage of Total Sewer Service Charges			8.63%

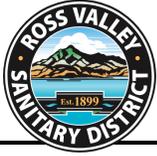
Source: District Records



PAGE INTENTIONALLY LEFT BLANK



SECTION TWO: ORGANIZATION & BUDGET STRUCTURE



(5) Organization Overview

The District is governed by a five-member Board of Directors who are elected on a non-partisan basis at large within the service area. Each board member serves a four-year term that is staggered between members for general consistency in governance.

The Board appoints both the General Manager to oversee the day-to-day operations of the District as well as the General Counsel to conduct the District's legal affairs. Reporting to the General Manager are departments that facilitate the activities of the District: Operations & Maintenance, Engineering & Inspection, and Administrative Services. The General Manager also serves as the District Engineer.

The Operations & Maintenance (O&M) Department is responsible for performing all ongoing upkeep of the District's collection and conveyance system. This includes repairing pipelines and pump stations, assessing infrastructure asset condition, and cleaning out pipelines, all of which are performed among the four divisions led by Operations Supervisors in Pumps, Line Repair, Line Maintenance and Condition Assessment. Operations Supervisors are under the general direction of either an O&M Superintendent or the O&M Manager.

The Engineering & Inspections (E&I) Department is responsible for monitoring the District's collection and conveyance system to identify areas of improvement following the latest Infrastructure Asset Management Plan (IAMP). Areas of improvement can be on the District's infrastructure or the property owner's private sewer lateral pipeline, which are both priorities to mitigate the risk of failure identified in the IAMP. All personnel within this Department are under general direction of the Senior Engineer.

The Administrative Services (Admin) Department is responsible for all administrative functions of the District. This includes managing all finance, payroll, risk management, information technology, customer service, legal, and human resources activities. Services for risk management, legal and information technology are currently contracted to outside vendors, and this Department manages these contract teams. All personnel within this Department are under the general direction of the Administrative Services Manager. The Administrative Services Manager also serves as the District's Assistant General Manager.

The District, in total, has 37 full-time employees allocated among the departments. *Figure 2* on the following page summarizes the District's reporting units under the General Manager.

For exact personnel make-up of each department, please review the respective Departmental Budget within *Section 4* of the Operating Budget under *Chapter 13* Departmental Costs.

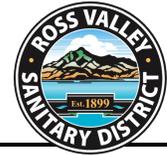


Figure 2 – Organization Chart

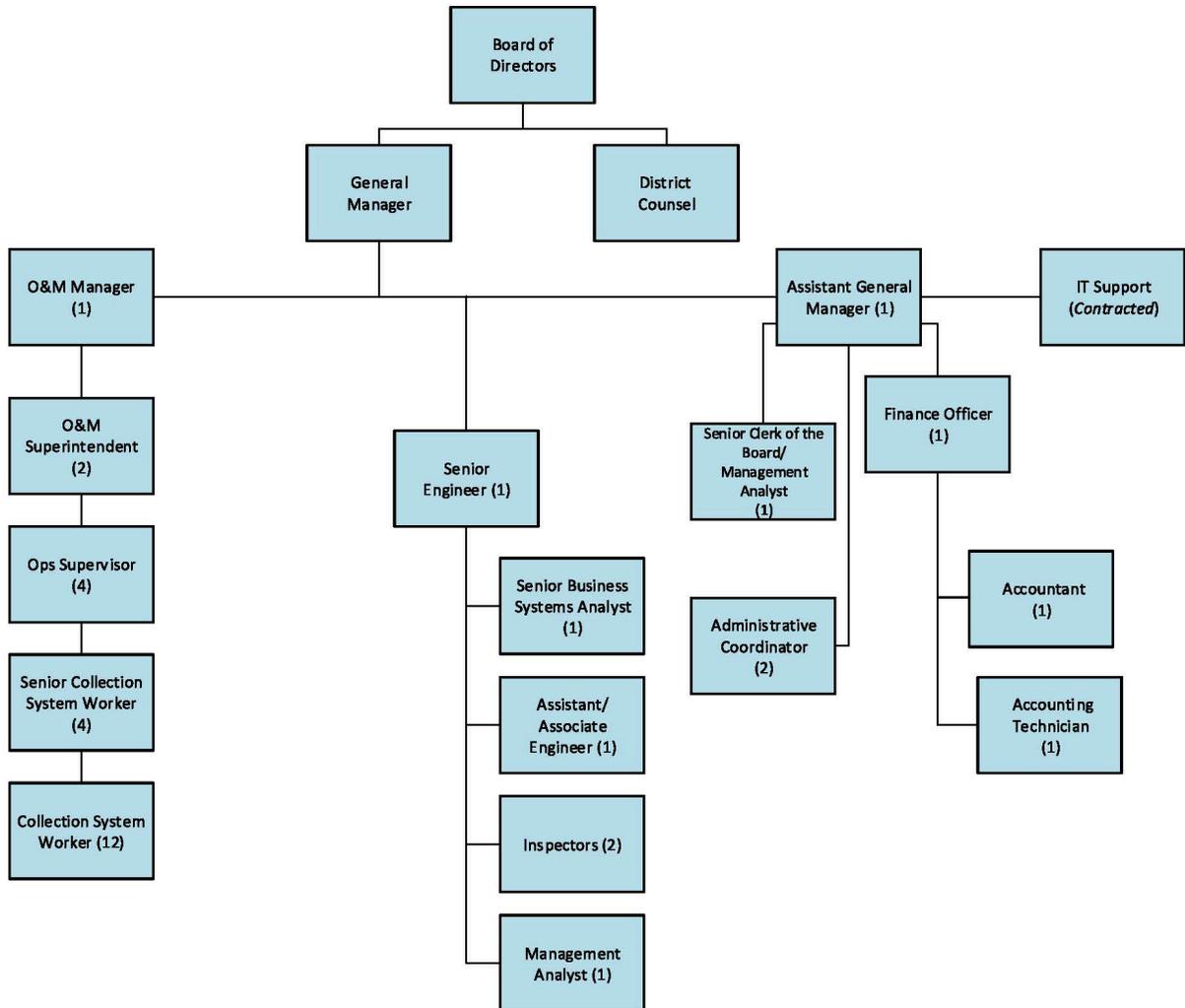
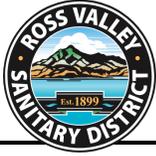


Table 4 – Full Time Equivalent (FTE) Employee Headcount

Department	FY2024	FY2025	FY2026
1 Operations & Maintenance	23	23	23
2 Engineering & Inspections	5	6	6
3 Administrative Services	7	8	8
4 Total Employee Headcount	35	37	37

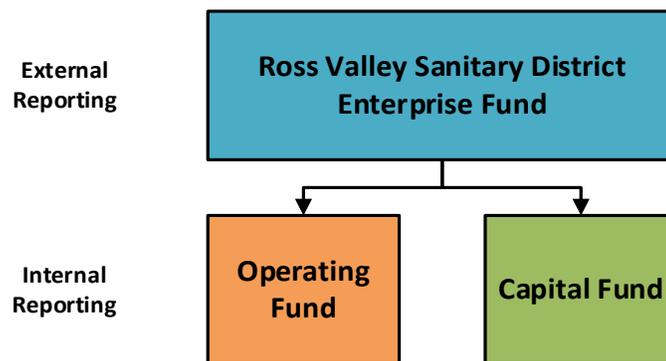
Note 1: The General Manager is included within Administrative Services.
Note 2: All consultants and contract services are excluded from FTE count.



(6) Fund Structure & Descriptions

The District is organized as a stand-alone proprietary fund-type, or enterprise fund. For external financial reporting purposes, the District maintains only one consolidated, stand-alone proprietary fund to organize its financial activity. For internal management tracking of the District’s costs and activities and per the District’s financial policies, the District maintains two internal enterprise funds for accountability purposes. The two internal enterprise funds are Operating and Capital. *Figure 3* below depicts the District’s operational account setup.

Figure 3 – Internal Enterprise Funds

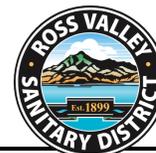


A. Operating Fund

The Operating Fund accounts for the District’s wastewater collection and conveyance operations. This includes payment of District personnel costs, treatment costs, and all operations budgets. The Operating Fund recovers the costs incurred primarily through collection of Sewer Service Charge (SSC) revenues from the Marin County property tax roll. Installments are remitted to the District three times each fiscal year in accordance with the Teeter Plan. Other revenue sources include permit fees, investment income, lease fees, and other operating revenue. All other sources are collected periodically throughout the fiscal year and are used to further augment the Operating Fund’s activities.

B. Capital Fund

The Capital Fund accounts for all activities related to Capital Improvement Projects (CIP) and payment of debt service. The Capital Fund is supported through several financing sources dependent on the CIP forecast. Sources include the District’s allocation of ad valorem property taxes, capacity permit fees, proceeds from debt financings, other Capital revenue, and net Operating Fund revenue. Property taxes are remitted to the District from the County of Marin in three installments during the fiscal year in accordance with the Teeter Plan. Capacity permit fees are collected for all new and expanded connections to the District’s system. Debt financing is selectively used when the District foreseeably forecasts very large, expected CIP expenditures. In FY26 and beyond, the District does not expect to issue debt given the adopted policy of a “pay-as-you-go” (“PayGo”) capital funding methodology. Any net resulting shortfall within the Capital Fund is to be covered via a funds transfer using the net surplus from the Operating Fund or its Capital Improvement Reserve.



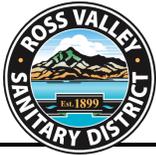
(7) Financial Policies Summary

The Board adopted a comprehensive set of financial policies to align with the District’s guiding principles of financial planning, GFOA best practices, recommendations from the District’s independent auditors, and the latest GASB pronouncements. The framework of financial policies governs the overall financial management and fiscal health of the District, and promotes accountability to effectively direct the financial planning, management, and operations of the District. The General Manager and Administrative Services Manager are responsible for ensuring staff compliance with the financial policies.

Individual policies are updated as needed; however, a full review and update is scheduled for every three to five years as a preliminary step for that fiscal year’s budget preparation. The latest set of financial policies were adopted in April 2025, and are included in *Appendix C. Table 5* below summarizes each adopted policy from the latest approved set of financial policies:

Table 5 – Financial Policies

Policy Chapter	Policy Description
Internal Controls & Fraud Prevention	Defines authorization levels, signatory requirements, segregation of duties, banking requirements, fiduciary responsibilities, and other policies.
Ethics & Conflicts of Interest	Defines standards of ethical conduct District adheres to and expresses procedures and steps when unethical conduct is detected and remediated.
Budgeting & Long-Term Financial Planning	Defines the District’s explicit guidelines when preparing its annual budget, budget amendments, budget tracking and financial forecasting.
Financial Reporting Guidelines	Defines the internal and external reporting requirements of the District, such as the monthly financial reports to the Board, annual audited financial statements and preparation of the Annual Comprehensive Financial Report (ACFR).
Minimum & Target Reserves	Defines the District’s targeted reserve policy for its Operating and Capital Funds, such as the Operating Reserve, Capital Improvement Reserves, Emergency Reserves, and Pension Prefunding Trust Reserves.
Revenue & Cash Management	Defines the sources of revenues the District receives and what are the procedures for security of cash receipt handling that are not sent electronically.
Debt Management	Defines the types and terms of allowable debt obligations the District can issue, the initiative of maintaining/improving its credit standing, criteria for financial disclosure requirements and relevant internal controls over debt proceeds.
Investments	Defines the delegation of authorization, allowable investments, stated goal of diversification, procedures for selecting securities dealers and reporting.
Escheatments	Defines the conditions under which unclaimed money may revert to the District in the absence of legal claimants or heirs in conformance with California Government Code.
Procurement Policy	Defines the levels of authority for purchase orders, and signatory requirements for all types of procurement expenditures, and disposal of District property.
Credit Card & Purchasing Card Use	Defines the levels of authority for usage of District credit cards and applicable credit limits for specified employee designations.
Capital Asset Management	Defines the type of assets and capitalization dollar threshold for assets to be capitalized, and the proper accounting of capital assets.
Inventory Management	Defines the proper designation of purchases as inventory, capitalization threshold, and the appropriate accounting and valuation.
Risk Management & Insurance	Defines the responsibility of the District for managing its liability considerations with its property, fixed assets, and employees.



(8) Budget Process & Calendar

The annual budget process includes an analysis of the current year budget compared to historic expenditures and identification of expected future capital improvement program funding needs. Operating expenditure history is reviewed, and next year's projections are based on discussion with each of the department managers at the budget line-item level. The capital budget is developed with the District Engineer. All one-time capital equipment purchases and/or service contracts are submitted for budget approval to the General Manager and Administrative Services Manager.

Sufficient funding of the District's operating and capital activities is assessed through a review of current year budgeted revenues relative to projected annual revenues. Significant variances are identified and analyzed. Adjustments to the total budget are made as appropriate throughout the process.

As part of preparation, the budget is balanced between its revenues and expenditures. When revenues exceed expenditures, surplus funds are transferred into the required reserve accounts.

During budget development, the General Manager, Administrative Services Manager, and O&M Manager meet with the Finance Committee to present the draft budget to the Board of Directors in May for initial public comment and/or recommendations. Ratepayers within the District's service area are invited to attend to provide input on the proposed budget. Direction provided by the Board is incorporated into the final proposed budget and presented to the full Board for consideration of adoption at a public meeting in June. Once adopted, the budget serves as the revenue collection and spending plan for the following fiscal year from July 1 to June 30.

At any point after adoption if the budget is to be amended because of a change in policy or business direction, an amendment is to be proposed by the General Manager to justify the change in spending authority. Budget amendments are presented to the full Board. After approval, the amendment is included within the revised adopted budget. *Table 6* below summarizes the Budget Calendar.

Table 6 – Budget Calendar

	Date	Procedure
1	January	Develop upcoming budget calendar and analyze current year performance.
2	February	Budget kick-off with department managers for estimating projected expenditures and developing operational and capital budget expenditures.
3	March	Finalize District personnel and related insurance costing and revenue analysis.
4	April	Prepare preliminary budget tables/charts/graphs for District management review.
5	May	Prepare final proposed budget document for public/Finance Committee/Board of Director review and comments.
6	June	Final proposed budget presented to public/Finance Committee/Board of Directors for final review and adoption. Adopted budget published and distributed to stakeholders.



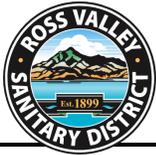
(9) Budgetary Basis of Accounting

Consistent with current Generally Accepted Accounting Principles in the United States of America (US GAAP), the District’s activities are accounted for in an accrual method to produce its financial statements for external reporting, i.e., the Annual Comprehensive Financial Report (ACFR). The accrual method records revenue when earned and expenses when incurred, which is like private business enterprises. The intent is to present the District’s operations on a cost recovery basis for all of its operations and capital project activity relative to the user fees levied.

While the District’s audited financial statements are accounted for as an enterprise fund, the budget is prepared generally based on the modified accrual basis of accounting. The modified accrual basis of accounting records revenue when it is both measurable and available, and records expenditures when a current liability is incurred. The primary difference between the District’s financial statements used for external financial reporting and its budgeting activities is the economic timing when a transaction occurs regardless of when the related cash transaction occurs. *Table 7* below lists the specific transactions that are presented differently in the District’s budget relative to its ACFR:

Table 7 – Budget-to-ACFR Presentation Differences

	Presentation Item	Rationale
1	Depreciation expense	Non-cash charge with no actual current resources being used.
2	Bond amortization expense	Non-cash charge with no actual current resources being used.
3	Bonds principal repayment	Expenditure reported on the ACFR as a reduction of a liability on the Statement of Net Position, not as an expense.
4	Loan principal repayment	Revenue reported on the ACFR as a reduction of an asset on the Statement of Net Position.
5	Debt principal proceeds	Revenue reported on the ACFR as an increase of liability on the Statement of Net Position.
6	Capital expenditures	Expenditure reported on the ACFR as an increase of capital assets on the Statement of Net Position, not as an expense.
7	Compensated absences expense	Non-cash charge with no actual current resources being used.
8	Actuarial retirement obligation expense	Non-cash charge with no actual current resources being used.
9	Actuarial insurance claims liability expense	Non-cash charge with no actual current resources being used.
10	Legal liability expense	Non-cash charge with no actual current resources being used.
11	Special assessment collection	Revenue reported on the ACFR as a reduction of liability on the Statement of Net Position.
12	Special assessment remittance	Expenditure reported on the ACFR as an increase of a liability on the Statement of Net Position.
13	Capital asset impairment expense	Non-cash charge with no actual current resources being used.
14	Capitalized lessee contra-expense	Non-cash charge with no actual current resources being used.
15	Capitalized lessor effective interest	Non-cash charge with no actual current resources being used.
16	Bad debt expense	Non-cash charge with no actual current resources being used.

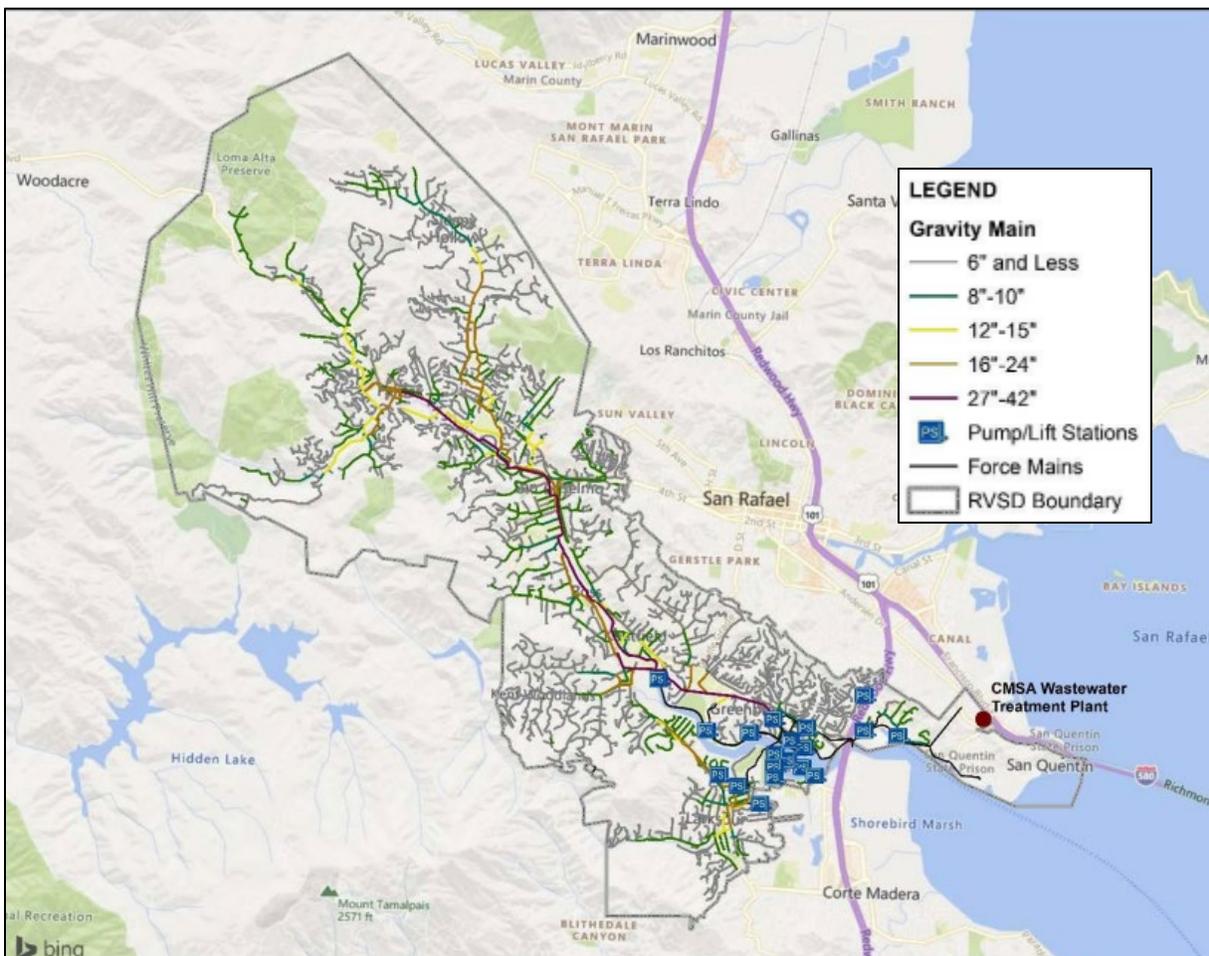


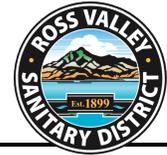
(10) District Performance Metrics

The following section summarizes the District’s key performance indicators to further explain the District’s operations that drive the decisions and budget. The data presented is compiled from the *Performance Metrics Monthly Report* prepared for the monthly Board meeting agendas. These reports are publicly available on the District’s website <https://www.rvsd.org/233/District-Studies-and-Reports>

The wastewater collection and conveyance system is designed to direct wastewater from service area residential homes and commercial businesses to its JPA treatment plant facility at CMSA. Once at CMSA, the wastewater is treated to remove pollutants from the influent flows using various physical, biological and chemical processes. While some of the reported performance metrics can be directly correlated to specific parts of the budget, most of the metrics reported below are accomplished by the O&M Department who is responsible for the successful maintenance and operation of the District’s system. The goal of the operating budget within the Operating Fund is to provide District customers with high quality wastewater collection service, through a system that has no avoidable sanitary sewer overflows, at the lowest sustainable cost, in order to protect public health and the environment.

Figure 4 – District Collection & Conveyance System



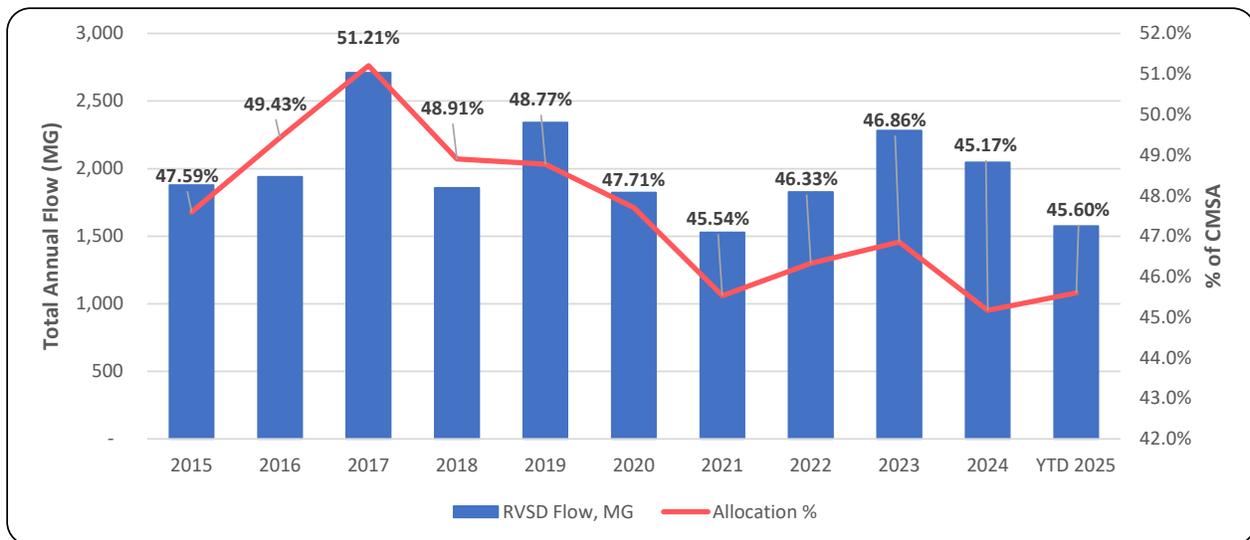


Within the annual budget, the District identifies seven key performance metrics that explain the District’s operations and relate to the District’s Strategic Plan. The performance metrics are identified and described below:

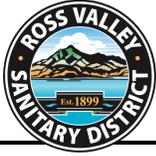
Volume of Wastewater Collected

CMSA is the District’s treatment plant for collected wastewater that is conveyed for treatment and eventual disposal. The District is a JPA member along with two other sanitary districts, San Rafael Sanitation District and Sanitary District #2 (Town of Corte Madera). This metric captures the total volume of wastewater flow with the proportional allocation for each member. The District stresses the importance of reducing inflow and infiltration (I&I) to its system, and the trend that measures the District’s successful ability to manage I&I is its proportional share of the total flow. The correlating budget data point is that a lower percentage of flow results in a reduced share of the District’s treatment plant costs.

Chart 3 – Wastewater Flow



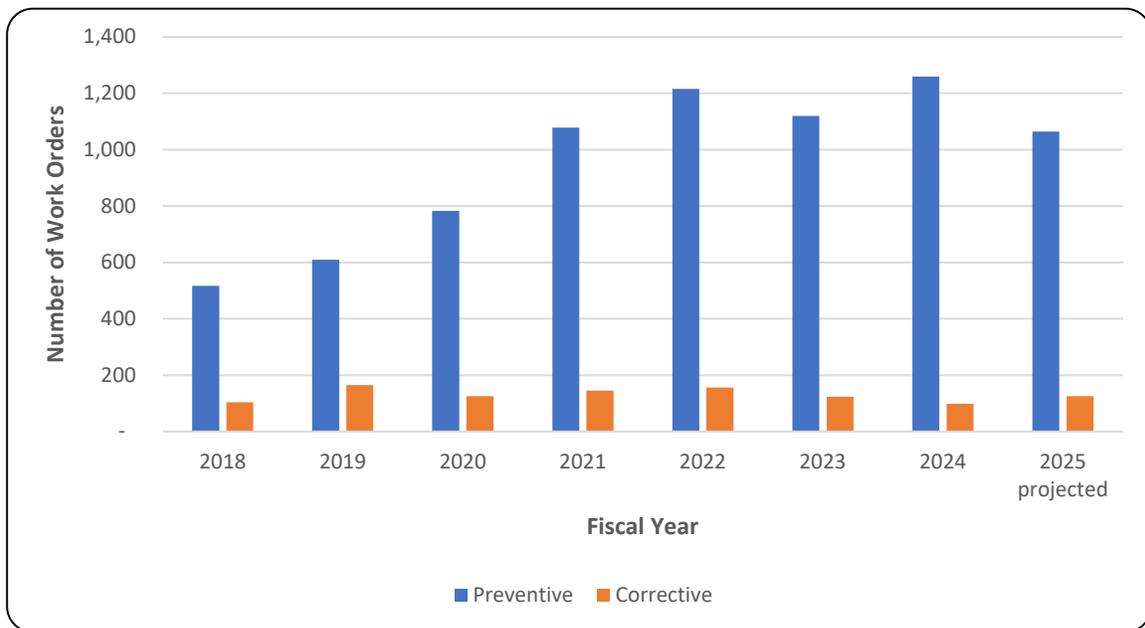
Note: 2025 is fiscal year to date through March 31, 2025



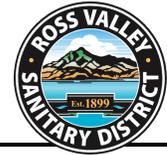
Pump Station Maintenance (“Pump Stations”)

The District’s pump stations are an integral part of the wastewater collection and conveyance system. In the process of moving wastewater flow to the District’s treatment plant, basic wear and tear on pump station infrastructure occurs from being constantly exposed to harsh hazardous material. The District’s 19 pump stations require routine preventive and corrective electrical and mechanical maintenance to ensure proper and efficient operation. Over the past few years, the District has invested in significant pump station renovations to implement new mechanical, electrical and instrumentation technologies. For example, photoionization odor scrubbers use ultraviolet light along with activated carbon to sanitize foul air before it is discharged into the atmosphere, mitigating environmental odors. Implementation of this and other advanced technologies are preventive-based maintenance investments made over operational corrective activities, as demonstrated in *Chart 4* below.

Chart 4 – Pump Station Maintenance Type



Note: 2025 is fiscal year to date through March 31, 2025

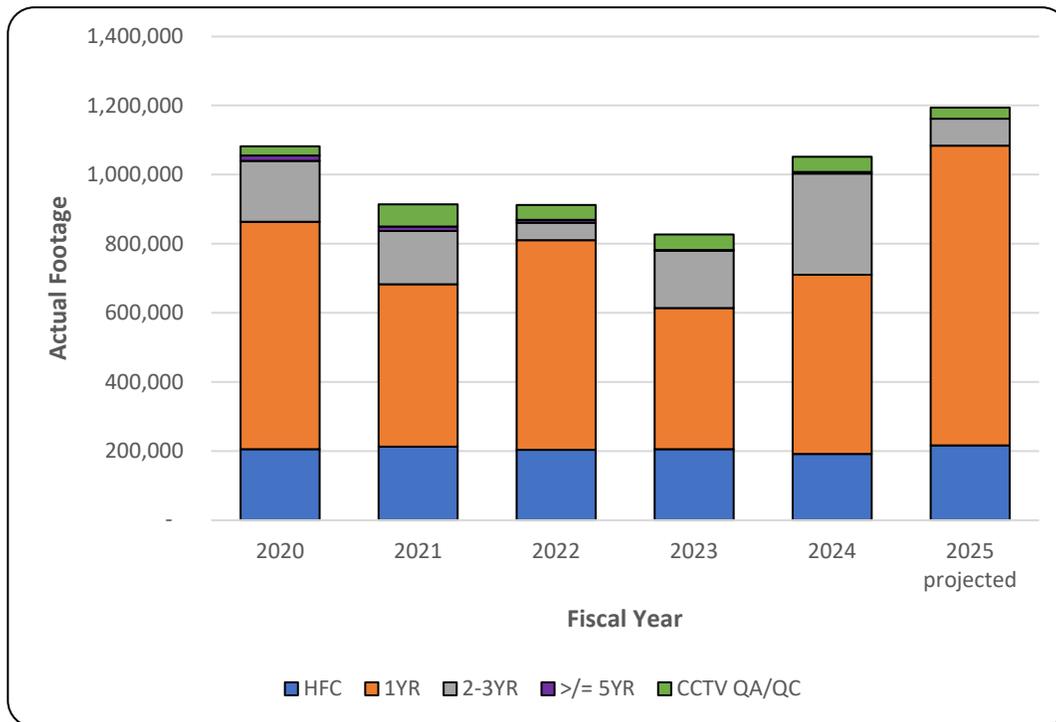


Preventive Gravity Pipe Cleaning (“Line Maintenance”)

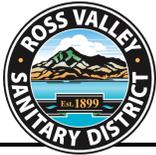
The District’s wastewater collection and conveyance system is primarily made up of gravity main pipelines networked throughout its service area as shown in *Figure 4*. Gravity main pipelines are the District’s primary capital asset and ensuring the pipelines are routinely cleaned of accumulated waste material is paramount for a well-functioning system. The District had been cleaning its system more aggressively as a result of the 2013 CDO. Now, the District’s key metric will be performing targeted cleanings to both control cleaning costs and minimize the frequency of unnecessary high-pressure cleanings which degrade the pipelines over time.

Chart 5 below shows five years of history for the District’s preventive pipe cleaning. HFC is high-frequency cleaning. CCTV QA/QC is Condition Assessment TV Quality Assurance/Quality Control.

Chart 5 – Line Maintenance Pipe Cleaning Footage



Note: 2025 is fiscal year to date through March 31, 2025

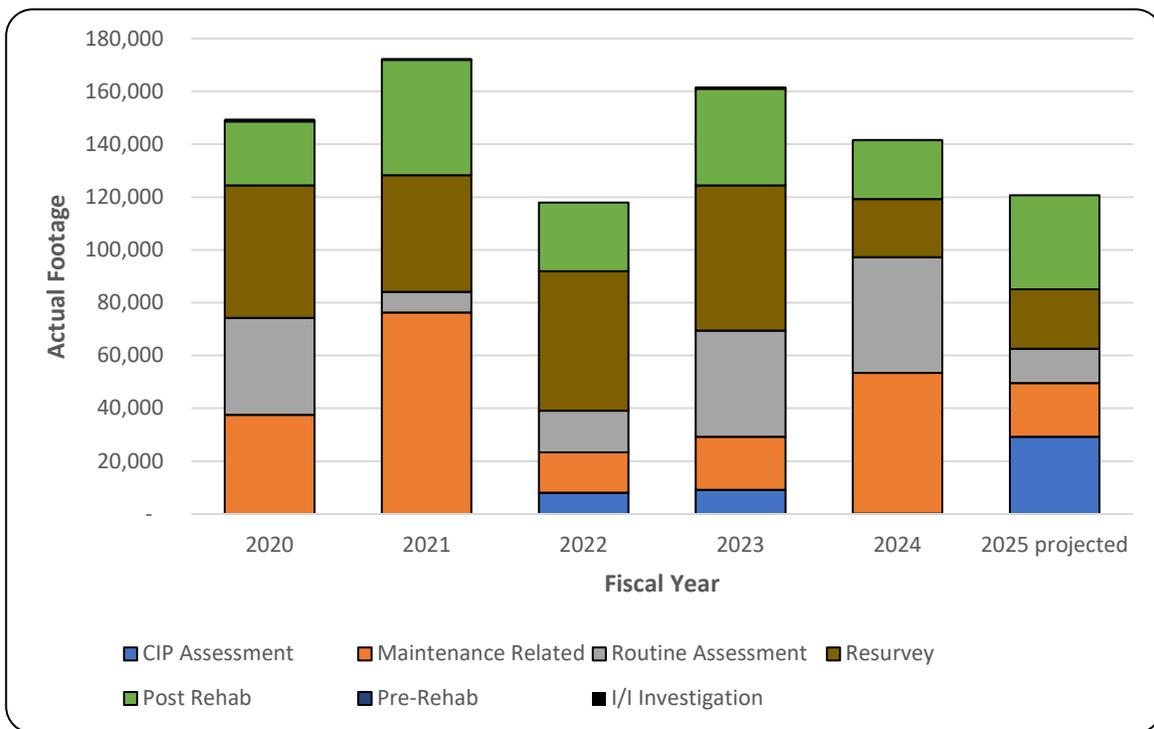


Gravity Pipeline Condition Assessment (“Condition Assessment”)

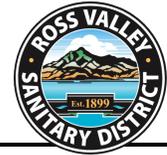
To effectively manage the District’s infrastructure asset network, specifically its gravity main pipelines and manholes, the District must continually monitor the condition of its assets. This entails sending CCTV cameras into the pipelines and various manhole connections to review the infrastructure’s integrity. The District has dramatically increased its data collection over the past several years by methodically inspecting its pipeline network and documenting its integrity. The District’s key metric will be performing more targeted inspections to help drive maintenance scheduling and control future repair costs.

Chart 6 below shows the liner feet of pipe that have been inspected over the past five years.

Chart 6 – Condition Assessment Pipe Footage Inspected



Note: 2025 is fiscal year to date through March 31, 2025

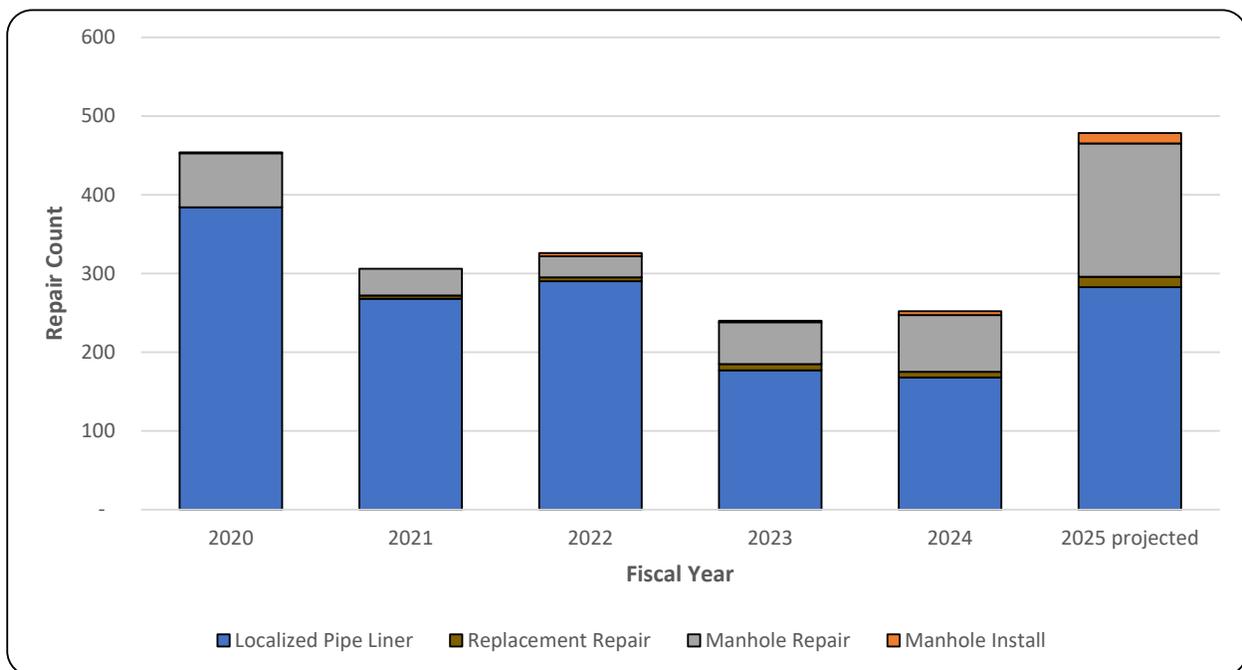


Gravity Pipeline Repair (“Line Repair”)

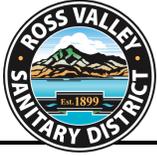
Wear and tear on the District’s underground pipe system is to be expected considering it is constantly being used. Depending on the scope and severity of damage, the District assesses whether to repair or replace the identified defect to prevent a sewer spill from occurring. The District has been performing a significant amount of in-house repair activity since the 2013 CDO in order to reinforce the integrity of the District’s wastewater collection and conveyance system. When defects are identified, often by the condition assessment division, the line repair team responds to make the appropriate repair.

The number of repairs is generally normalizing over time, as shown in *Chart 7* below, demonstrating the ongoing and routine nature of maintaining the District’s infrastructure.

Chart 7 – Line Repair Work Orders



Note: 2025 is fiscal year to date through March 31, 2025

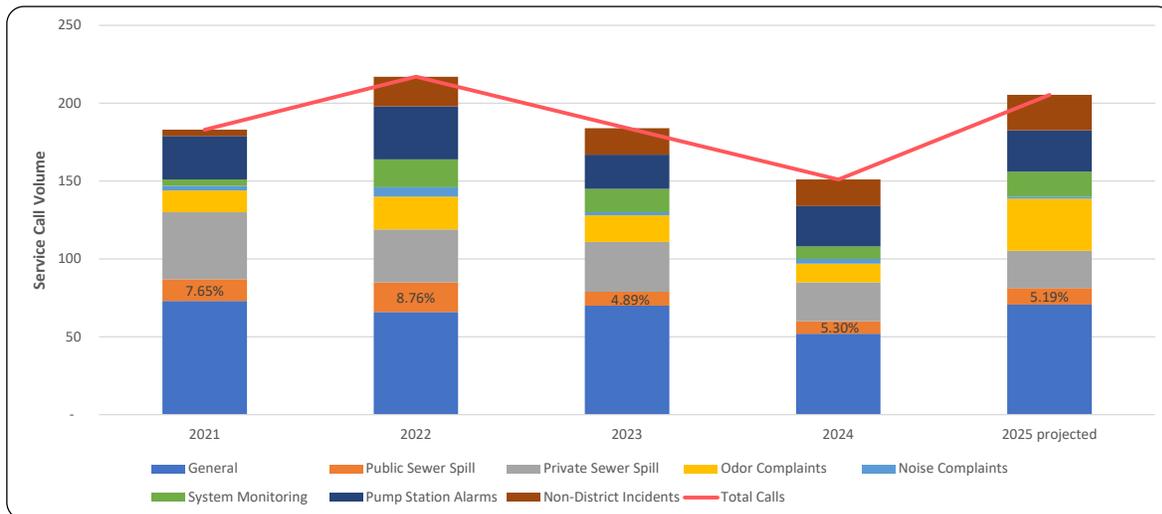


Service Call Volume

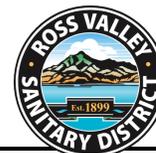
The District’s service call volume is a key performance measure as it demonstrates the level of customer service provided and responsiveness to the community. The District is a public agency formed specifically to provide the community with wastewater collection and conveyance services. Ratepayers and stakeholders that inquire about District services or incidents are welcome and encouraged.

Emergency calls are handled by District staff 24/7/365. A key metric within the service call volume is the percentage of calls reporting sewer spills. The District’s IAMP identifies that a lower number of sewer spills demonstrate a well-maintained wastewater collection and conveyance system. So, the lower the percentage allocation of sewer spills being reported as a service call, the better indication of the District system’s integrity.

Chart 10 – Service Call Volume



Note: 2025 is fiscal year to date through March 31, 2025

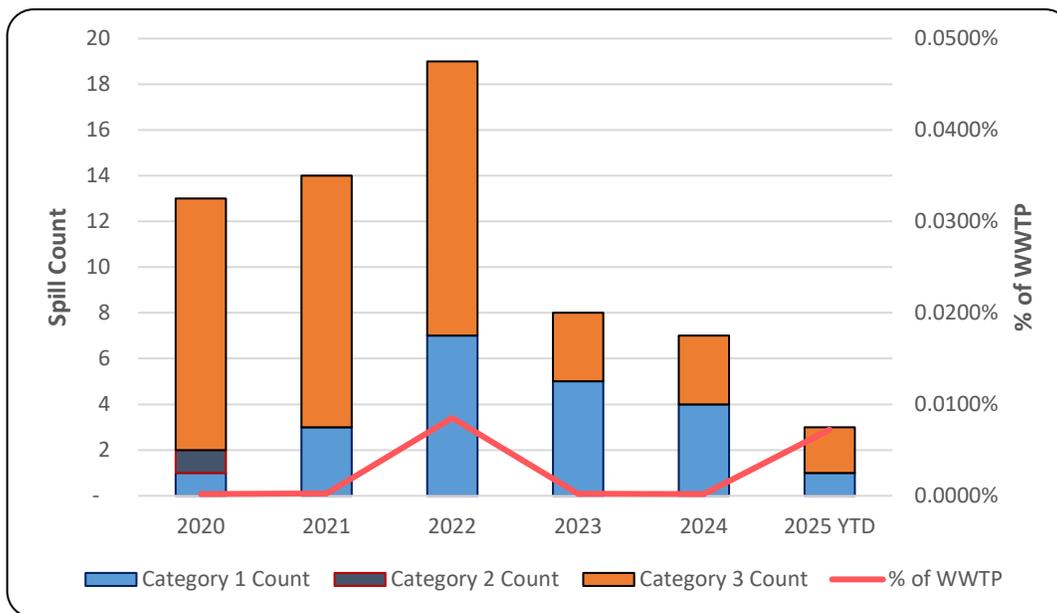


Sewer Spill Count

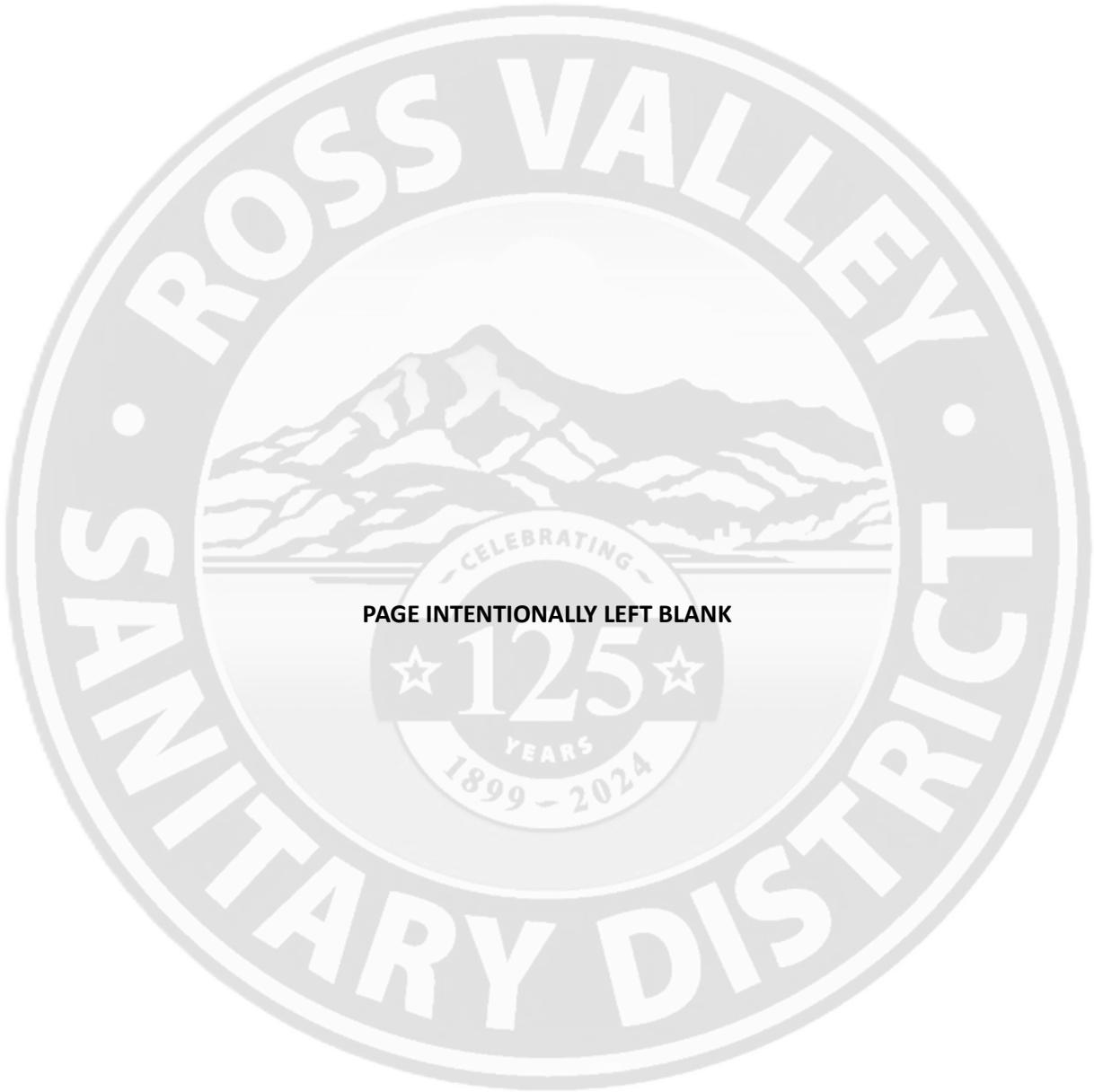
Sewer spills are a regulatory measure by the Regional Water Quality Control Board (RWQCB) where it signifies the overall success of the wastewater collection system. The lower the number of sewer spills, the more operationally sound the collection system is deemed to be no matter whether direct or indirect externalities cause them. Sewer spills are further categorized into one of three buckets where Category 1 is the most severe and Category 3 is the least severe. Sewer spills of any category have the potential to adversely impact public health and the local environment when they occur. So, it is critically important for the District to experience few sewer spills in any given fiscal year, with none being classified as Category 1.

As shown in *Chart 11*, the number of sewer spills are decreasing year-over-year clearly demonstrating the success of the District’s CIP investments and the O&M Department’s maintenance efforts.

Chart 11 – Sewer Spill Count by Category



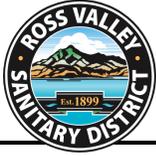
Note: 2025 is fiscal year to date through March 31, 2025



PAGE INTENTIONALLY LEFT BLANK



SECTION THREE: BUDGET SUMMARIES



(11) Financial Summary

This section presents management's analysis of the District's financial condition and activities for the upcoming fiscal year ending June 30, 2026. It is intended to serve as an overview of the District's annual budget. This information includes the internal enterprise fund budgets, their respective reserves, and the District's plan to fund its retirement obligations.

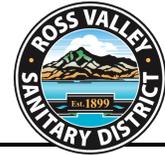
The information in this overview is presented under the following headings:

- Financial Highlights
- Funding Sources & Uses
- Revenue Summary
- Expenditure Summary

A. Financial Highlights

- The District's FY26 Annual Budget is expected to be balanced with expected funding requirements sufficiently covered with funding sources. Total funding requirements for FY26 are \$43.7 million and total funding sources are \$43.7 million. Total funding sources include \$41.6 million of revenue proceeds and \$2.1 million in appropriated fund balance.
- Total revenue sources are expected to increase \$946,000, or 2.3%.
- Total expenditures are expected to increase \$1 million, or 2.4%.
- Total reserve usage as an additional funding source is expected to increase \$64,124, or 3.1%.

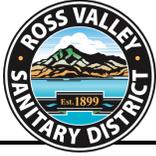
ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



B. Funding Sources & Uses

Table 8 – Total Enterprise Funding Sources & Uses

	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
USE OF FUNDS						
1 CMSA JPA charges	\$ 9,298,042	\$ 9,716,700	\$ 9,730,852	\$ 10,154,000	\$ 437,300	4.5%
2 Personnel costs	8,225,231	9,634,140	8,736,817	9,945,154	311,014	3.2%
3 Infrastructure maintenance	772,894	655,500	589,957	645,500	(10,000)	-1.5%
4 Facilities & vehicles maintenance	526,461	447,400	437,623	500,000	52,600	11.8%
5 Utilities & rental charges	721,729	730,300	778,702	789,245	58,945	8.1%
6 Insurance premiums & deductibles	443,973	637,600	550,153	593,612	(43,988)	-6.9%
7 Software renewal costs	364,868	339,757	358,751	499,387	159,630	47.0%
8 Supplies	94,353	107,000	97,527	97,948	(9,052)	-8.5%
9 Training costs	175,675	264,150	164,160	225,847	(38,303)	-14.5%
10 Hiring & temporary help	211,172	40,000	122,062	10,000	(30,000)	-75.0%
11 Employee loan disbursements	-	9,000	4,100	5,000	(4,000)	-44.4%
12 Professional services charges	818,137	972,750	773,465	1,101,440	128,690	13.2%
13 Special assessment remittance	43,228	40,600	40,600	39,300	(1,300)	-3.2%
14 Other charges	502,441	349,500	301,436	360,990	11,490	3.3%
15 <i>Total operating use of funds</i>	<i>22,198,205</i>	<i>23,944,397</i>	<i>22,686,206</i>	<i>24,967,423</i>	<i>1,023,026</i>	<i>4.3%</i>
16 Capital projects	11,100,527	10,670,000	11,064,487	10,800,000	130,000	1.2%
17 Debt service charges	6,303,661	6,707,000	6,707,000	6,733,900	26,900	0.4%
18 Fixed asset procurement	1,064,514	820,000	220,000	650,000	(170,000)	-20.7%
19 Engineering studies	8,793	-	77,000	-	-	-
20 Lateral replacement program	344,885	550,000	272,319	550,000	-	-
21 <i>Total capital uses of funds</i>	<i>18,822,381</i>	<i>18,747,000</i>	<i>18,340,806</i>	<i>18,733,900</i>	<i>(13,100)</i>	<i>-0.1%</i>
22 Total funding uses	41,020,586	42,691,397	41,027,012	43,701,323	1,009,926	2.4%
SOURCES OF FUNDS						
23 Sewer service charges	27,663,372	28,665,842	28,608,786	29,748,328	1,082,486	3.8%
24 Ad valorem - property taxes	9,523,787	10,058,700	9,749,216	9,992,947	(65,753)	-0.7%
25 Investment income	1,015,694	552,224	390,385	385,372	(166,852)	-30.2%
26 Lease fees	482,688	517,900	474,061	484,396	(33,504)	-6.5%
27 Permit fees	167,456	162,000	139,534	163,453	1,453	0.9%
28 Capacity permit fees	277,870	200,000	257,756	244,982	44,982	22.5%
29 Special assessment collection	41,388	39,900	41,259	39,318	(582)	-1.5%
30 Lateral loan repayments	124,134	120,100	104,339	108,877	(11,223)	-9.3%
31 Employee loan repayments	3,086	4,500	4,300	2,200	(2,300)	-51.1%
32 Proceeds from debt financing	-	-	737,102	-	-	-
33 Net proceeds from asset sale	6,811	-	72,436	-	-	-
34 Miscellaneous fees	86,334	600	10,002	1,000	400	66.7%
35 Restricted investment income	569,952	304,390	689,153	401,085	96,695	
36 Total funding sources	39,962,572	40,626,156	41,278,328	41,571,958	945,801	2.3%
37 Net revenue/(expense)	(1,058,014)	(2,065,241)	251,316	(2,129,365)	(64,124)	3.1%
38 Appropriated fund balance	1,058,014	2,065,241	(251,316)	2,129,365	64,124	3.1%
39 Net funding position	\$ -					
40 Fund balance beginning	24,176,458	21,947,369	23,118,444	23,369,760	1,422,391	6.5%
41 Increase/(decrease) in fund balance	(1,058,014)	(2,065,241)	251,315.99	(2,129,365)	(64,124)	3.1%
42 Fund balance ending	\$ 23,118,444	\$ 19,882,128	\$ 23,369,760	\$ 21,240,395	\$ 1,358,267	6.8%

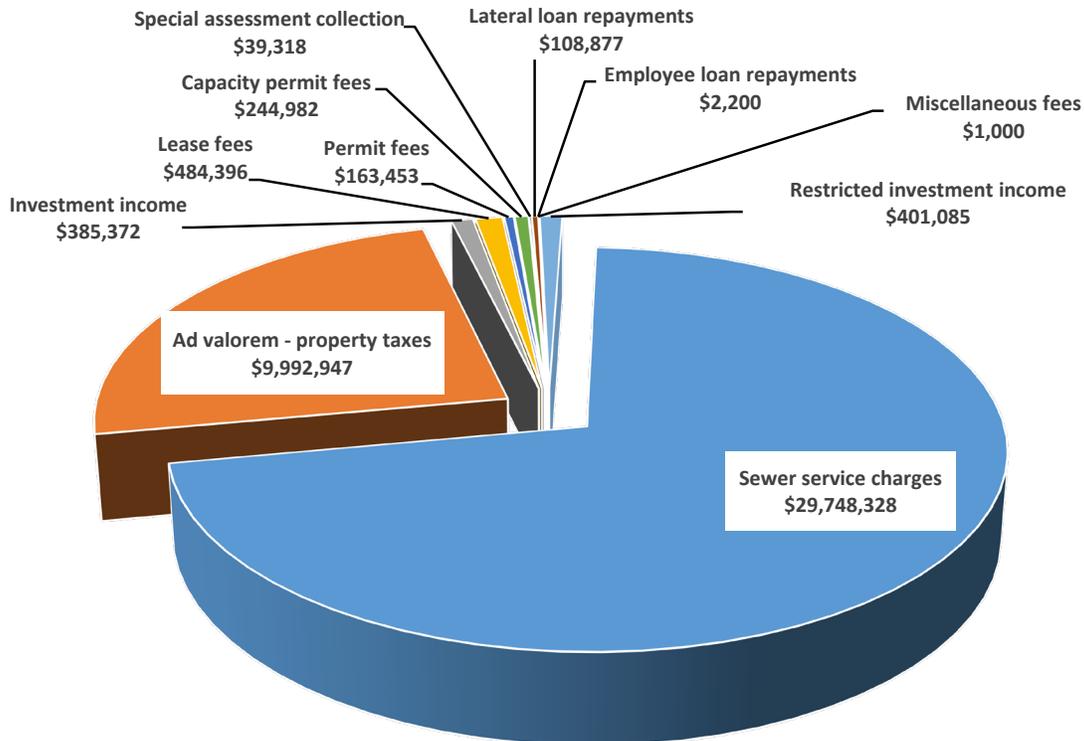


C. Revenue Summary

Table 9 – Revenue Source by Category

REVENUE SOURCE BY CATEGORY							
CATEGORY	Actual FY 2024	Budget FY 2025	Projected FY 2025	Budget FY 2026	Budget YoY \$ Change	Budget YoY % Change	Budget % of Total
1 Sewer service charges	\$ 27,663,372	\$ 28,665,842	\$ 28,608,786	\$ 29,748,328	\$ 1,082,486	3.8%	72%
2 Ad valorem - property taxes	9,523,787	10,058,700	9,749,216	\$ 9,992,947	(65,753)	-1%	24%
3 Investment income	1,015,694	552,224	390,385	\$ 385,372	(166,852)	-30%	1%
4 Lease fees	482,688	517,900	474,061	\$ 484,396	(33,504)	-6%	1%
5 Permit fees	167,456	162,000	139,534	\$ 163,453	1,453	1%	0%
6 Capacity permit fees	277,870	200,000	257,756	\$ 244,982	44,982	22%	1%
7 Special assessment collection	41,388	39,900	41,259	\$ 39,318	(582)	-1%	0%
8 Lateral loan repayments	124,134	120,100	104,339	\$ 108,877	(11,223)	-9%	0%
9 Employee loan repayments	3,086	4,500	4,300	\$ 2,200	(2,300)	-51%	0%
10 Proceeds from debt financing	-	-	737,102	\$ -	-	n/a	0%
11 Net proceeds from asset sale	6,811	-	72,436	\$ -	-	n/a	0%
12 Miscellaneous fees	86,334	600	10,002	\$ 1,000	400	67%	0%
13 Restricted investment income	569,952	304,390	689,153	\$ 401,085	96,695	32%	1%
14 Total revenue sources	\$ 39,962,572	\$ 40,626,156	\$ 41,278,328	\$ 41,571,958	\$ 945,801	2%	100%

Chart 12 – Budgeted Revenue by Category



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



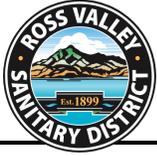
The District receives revenue from various sources. The primary recurring revenue sources are Sewer Service Charges (SSC) and Ad Valorem – Property Taxes which account for 95.6% of the total FY26 budgeted revenue. Other revenue streams available to the District include investment income, lease fees, permit fees, capacity permit fees, special assessment collections, lateral loan repayments, employee loan repayments, and miscellaneous fees. Two other revenue categories: proceeds from debt financing and net proceeds from asset sales, are either highly infrequent or utilized only after careful consideration and in compliance with the District’s financial policies.

A brief analysis and description are provided below for each category:

Sewer Service Charges (SSC): Sewer Service Charges are fees levied for providing wastewater collection, conveyance, and treatment by CMSA. The annual fee is based on a standardized metric of EDU from the corresponding winter water usage for a single-family residential account. Winter water usage is measured by the Marin Municipal Water District (MMWD) in hundred cubic feet (HCF) from the January and February months. This charge is included and collected on behalf of the District by Marin County on the property tax roll. In FY26, the SSCs are budgeted to increase by 4%. The increase in rates is according to the five-year rate plan, which was adopted by the Board of Directors in May of 2024. This revenue source provides for all operating expenses, operating reserves, and pension plan funding, with surplus funds directed to current and future CIP projects as anticipated in the current rate study.

Ad Valorem – Property Taxes: The District receives an allocation of property taxes from the County of Marin as per State of California legislation (“Teeter Plan”). Assessed property values increase by the lesser of inflation or 2% each fiscal year unless a change in ownership or new construction occurs in which case the District receives an allocation of supplemental property taxes collected from a revaluation of the taxable basis. Generally, due to higher mortgage rates, fewer properties are being sold which is expected to lead to lower supplemental property tax revenues as compared to the early 2020s. Many economists believed that interest rates would decline in 2025. Rate declines, however, have yet to materialize. Property taxes for the District are budgeted to increase by 2.5% following the expected annual revaluation of all property by 2% and estimated supplemental property tax revenues. This year’s budget forecast was calculated as a percentage increase over the FY25 projected year end results rather than a percentage of the previous year’s budget. Therefore, when compared to the previous year’s budget, there is a slight decline. As compared to FY25 projected results, however, a 2.5% increase has been calculated.

Investment Income: Interest, dividends and unrealized gains/losses earned on the District’s invested funds are held at various financial institutions and lent to various counterparties. The District currently holds cash and investments in these financial institutions: U.S. Bank (Operating & Canyon Road Trust Accounts), State of California Local Agency Investment Fund (LAIF), Bank of New York Mellon (Bond Trust), and California Public Employee’s Retirement System (CalPERS) Section 115 trusts (CEPPT and CERBT). Investment income earned through each institution is used for operating and capital activities. Additionally, the District receives interest from its funds lent to its employees (computer purchase loans) and ratepayers (lateral replacement loan program). At the time of budget preparation, there is great uncertainty in the equity markets, monetary policy as set by the Federal Reserve, and prospect for economic growth. International trade wars have erupted with the U.S. charging tariffs on multiple other nations, and those nations charging tariffs on U.S. products in turn. Investment income is budgeted to decrease by 8% as compared to the FY25 budget.



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Lease Fees: The District receives lease fees from the Comcast Corporation (tenant) for its occupied floor space within the District’s recently purchased headquarters located at 1111 Andersen Drive in San Rafael. Budgeted lease fees are expected to decrease by 6.5% when compared to the FY25 budget. Comcast occupies 41.5% of the building’s floor space and currently pays \$22,619 monthly rent that escalates by 2% in February each year. The tenant also reimburses the District for their share of the operating expenses, i.e., utilities, maintenance, property taxes, etc. In the previous budget cycle, lease revenues were projected to increase by \$120,000 due to new potential lease revenue for the District’s property at 2960 Kerner Blvd in San Rafael. The additional lease revenue was not realized since the District opted to sell the property, rather than leasing it.

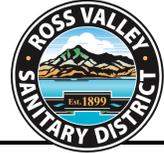
Sewer Permit Fees: The District charges a permit fee for repair or replacement work on private sewer laterals and other miscellaneous work resulting in discharge to the public sewer system. The fees are designed to cover the cost of maintaining standards and specification compliance and inspection. Adopted by Ordinance (most recently Ordinance 93 in May 2024), fees are adjusted annually based on the April-to-April Engineering News-Record Construction Cost Index for San Francisco, which in 2025 is -1.5%. As this is a modest decrease, sewer permit fees are projected to remain flat relative to FY25.

Capacity Permit Fees: The District collects capacity permit fees from property owners who add a new connection or modify their existing connection to the public sewer system. Capacity fees are based on the number of additional drainage fixture units (DFU). A DFU is a standardized factor that converts the number of appliances, such as sinks, showers, toilets, etc., to a count value based on the calculated increase of wastewater being added to the system. Like sewer permit fees, capacity permit fees are adopted by Ordinance (most recently Ordinance 93 in May 2024), and are adjusted annually based on the April-to-April Engineering News-Record Construction Cost Index for San Francisco, which in 2025 is -1.5%. As this is a modest decrease, capacity permit fees are projected to remain flat relative to FY25.

Special Assessment Collection: The District manages a special assessment district for the residents living on Canyon Road within the Town of Fairfax. The residents there voted in 2006 to organize into a special assessment district and fund the capital project cost of connecting their properties to the District’s wastewater system. A limited obligation bond was issued with the express funding source for the debt service (and operating costs to manage the special assessment district) to be funded by a parcel tax. The parcel tax is collected by Marin County with SSC and Ad Valorem – Property Taxes. The parcel tax and the special assessment district are expected to sunset once the limited obligation bond is retired in 2026. The District is budgeting for 100% collection of these funds in FY26.

Lateral Loan Repayments: Eligible ratepayers within the service area may borrow funds from the District to assist with the cost of repair or replacement of their sewer lateral or septic system. Loans can be underwritten to the maximum allowable amount of \$25,000 for laterals and \$50,000 for septic-to-sewer conversions. Repayment is based on a ten-year term with interest stated at the 10-year Treasury Bond plus 0.5%. Loan principal repayments are collected by Marin County along with SSC and Ad Valorem – Property Taxes. While the District continues to issue new loans, several property owners have paid off their loans in full. Therefore, budgeted loan principal repayments are expected to remain relatively flat for the FY26 budget year.

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

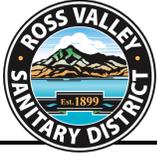


Employee Loan Repayments: The District provides financial assistance to employees for the purchase of computer equipment to support the advancement of technical proficiencies. Loans can be underwritten to the maximum allowable amount of \$3,000 with a two-year term plus interest at the then-current LAIF rate. Employee loan repayments are collected as a reduction in net pay. The District is budgeting for 100% collection of these funds in FY26.

Proceeds from Debt Financing: The District does not anticipate borrowing funds going into FY26 or into the future given the policy shift to a “pay-as-you-go” methodology of funding capital projects.

Net Proceeds from Asset Sale: This category is non-recurring and not budgeted for FY26.

Miscellaneous Fees: The District collects an administrative fee for managing the Canyon Road Special Assessment District. This fee is paid to the District annually as part of the Marin County parcel tax collection. The District is budgeting for 100% collection of this fee in FY26.

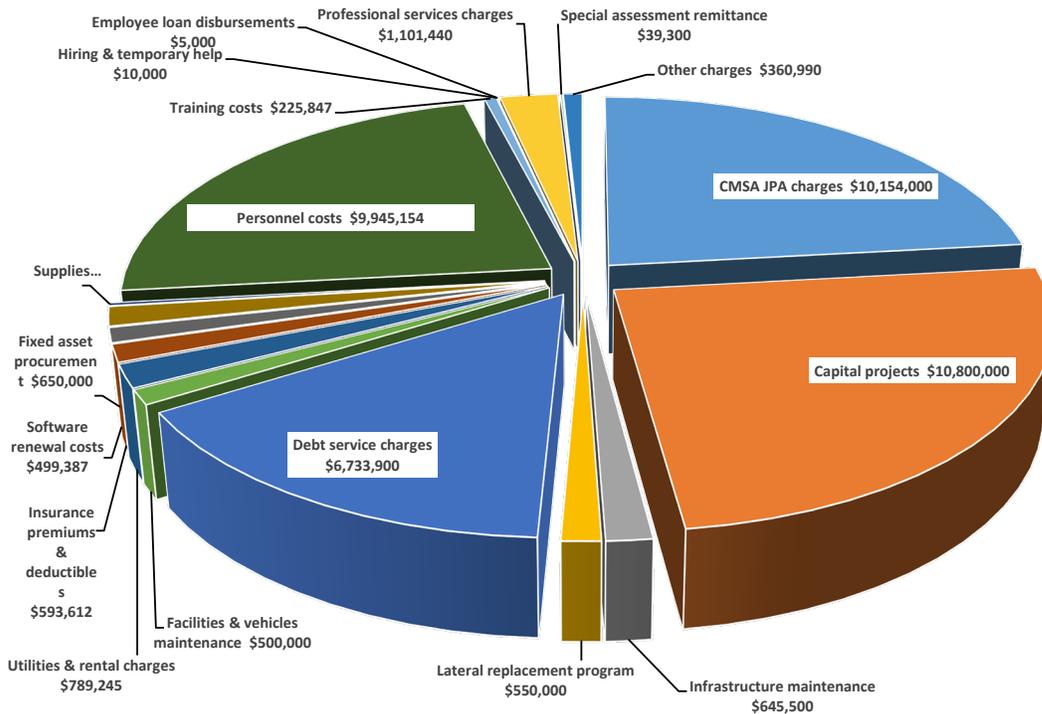


D. Expenditure Summary

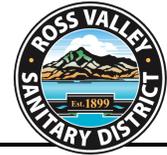
Table 10 – Expenditure Use by Category

EXPENDITURES BY CATEGORY								
CATEGORY	Actual FY 2024	Budget FY 2025	Projected FY 2025	Budget FY 2026	Budget YoY \$ Change	Budget YoY % Change	Budget of Total	%
1 CMSA JPA charges	\$ 9,298,042	\$ 9,716,700	\$ 9,730,852	\$ 10,154,000	\$ 437,300	5%	23%	
2 Capital projects	11,100,527	10,670,000	11,064,487	\$ 10,800,000	130,000	1%	25%	
3 Infrastructure maintenance	772,894	655,500	589,957	\$ 645,500	(10,000)	-2%	1%	
4 Lateral replacement program	344,885	550,000	272,319	\$ 550,000	-	0%	1%	
5 Debt service charges	6,303,661	6,707,000	6,707,000	\$ 6,733,900	26,900	0%	15%	
6 Facilities & vehicles maintenance	526,461	447,400	437,623	\$ 500,000	52,600	12%	1%	
7 Utilities & rental charges	721,729	730,300	778,702	\$ 789,245	58,945	8%	2%	
8 Insurance premiums & deductibles	443,973	637,600	550,153	\$ 593,612	(43,988)	-7%	1%	
9 Software renewal costs	364,868	339,757	358,751	\$ 499,387	159,630	47%	1%	
10 Fixed asset procurement	1,064,514	820,000	220,000	\$ 650,000	(170,000)	-21%	1%	
11 Supplies	94,353	107,000	97,527	\$ 97,948	(9,052)	-8%	0%	
12 Personnel costs	8,225,231	9,634,140	8,736,817	\$ 9,945,154	311,014	3%	23%	
13 Training costs	175,675	264,150	164,160	\$ 225,847	(38,303)	-15%	1%	
14 Hiring & temporary help	211,172	40,000	122,062	\$ 10,000	(30,000)	-75%	0%	
15 Employee loan disbursements	-	9,000	4,100	\$ 5,000	(4,000)	-44%	0%	
16 Professional services charges	818,137	972,750	773,465	\$ 1,101,440	128,690	13%	3%	
17 Engineering studies	8,793	-	77,000	\$ -	-	n/a	0%	
18 Special assessment remittance	43,228	40,600	40,600	\$ 39,300	(1,300)	-3%	0%	
19 Other charges	502,441	349,500	301,436	\$ 360,990	11,490	3%	1%	
20 Total expenditure uses	\$ 41,020,586	\$ 42,691,397	\$ 41,027,012	\$ 43,701,323	\$ 1,009,926	2%	100%	

Chart 13 – Budgeted Expenditure by Category



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



The FY26 budget proposes \$43.7 million of expenditures. Four recurring expenditure categories account for 86.1% of the total FY25 Budget: CMSA JPA charges, personnel costs, debt service charges and capital projects. Other uses include infrastructure maintenance, lateral replacement program, facilities and vehicle maintenance, utilities and rental charges, insurance premiums and deductibles, software renewal costs, fixed asset procurement, supplies, training costs, hiring and temporary help, employee loan disbursements, professional services charges, engineering studies, special assessment remittance, and other charges.

CMSA JPA Charges: The District pays for its allocated share of the cost related to wastewater treatment of and the CMSA JPA's debt service. FY26 budgeted costs for CMSA are expected to increase by 4.5% or \$437,000 over the FY25 Budget and 4.3% over the forecasted FY25 actuals. The total amount budgeted is \$10.2 million.

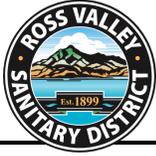
Capital Projects: Capital projects costs are infrastructure investment as expressed within the District's Infrastructure Asset Management Plan (IAMP). The District annually invests in capital asset improvement projects to modernize its wastewater collection and conveyance system and avoid sewage spills. The FY25 projected actuals are likely to end the year at \$11 million and outpace budget by \$394,487. Budgeted capital improvement projects for FY26 are proposed to increase by 1.2% or \$130,000 over the previous year budget for the District's anticipated capital needs. Additional details on Capital Projects may be found in the Capital Improvement Program (CIP) section of this budget.

Infrastructure Maintenance: Repair and preventive maintenance costs include materials/tools purchases, repair activities, and easement management costs all of which are necessary to maintain an effective system. This category of expenses will decrease overall by 1.5% or \$10,000.

Lateral Replacement Program: The District offers financial assistance to ratepayers who replace their aging private sewer lateral pipelines. Maintaining the integrity of private sewer lateral pipelines is just as critical as the District's sewer main pipelines; however, private sewer laterals are the responsibility of the property owner. To entice property owners to be vigilant of their private sewer lateral, the District offers both a grant and loan program for which ratepayers may apply to receive financial assistance in completing their private lateral replacement. The grant program offers awards for up to \$2,500 and the loan program offers up to \$25,000 for lateral replacements and up to \$50,000 for septic-to-sewer conversions. Budgeted FY26 expenditures for both programs combined are proposed at the same level as FY25, \$550,000.

Debt Service Charges: The District has issued several revenue bonds in the past as well as recently obtained direct financing from the State Water Resource Control Board (SWRCB). These obligations are to be repaid following the executed amortization schedule from the respective indenture agreements. Budgeted costs are expected to increase between FY26 and FY25 by 0.4% or \$27,000 due to slight changes in the repayment schedules.

Facilities & Vehicle Maintenance: This category includes repair costs and recurring charges for the general upkeep of the District's local building facilities and vehicle fleet. Such costs include routine maintenance, vehicle fuel, non-recurring repair activities, and vehicle fleet rent. Budgeted costs are expected to increase by 11.8% or \$53,000 in FY26 relative to FY25. The District plans to increase fleet leases by three vehicles in the coming year.



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Utilities & Rental Charges: These charges are fixed recurring fees from Pacific Gas & Electric, MMWD, Marin Sanitary Service, AT&T, Comcast (cable and internet charges), and various equipment rental providers. These costs are expected to increase 8.1% or \$59,000 year-over-year from FY25 to FY26 based on an analysis of current and past run rates for utilities.

Insurance Premiums & Deductibles: The District contracts with the California Sanitation Risk Management Authority (CSRMA) for purchase of pooled insurance coverage for its general liability and workers' compensation plans. Budgeted costs are expected to decrease by 6.9% or \$44,000 when compared to the previous year budget. When compared to the projected actual results for FY25, however, this category is budgeted to increase 8% or \$44,000. This indicates that the budget amount for FY25 may have been projected too high.

Software Renewal Costs: These costs are annual recurring charges from software providers for usage of their program(s) for daily operational needs including Microsoft Office, InfoAsset CMMS, Caselle, Laserfiche, and others. Budgeted costs are expected to increase by 47%, or \$160,000, year-over-year between FY26 and FY25. The increase is primarily due to proposed roll out of new GIS and permit tracking software. Additionally, the District will undertake server refresh work and updates to the IT system firewall.

Fixed Asset Procurement: Capital expenditures for new equipment (capital and office) and software licenses are variable based on the need to replace aging equipment to increase operational efficiency. Budgeted costs are expected to decrease by 20.7% or \$170,000 year-over-year between FY26 and FY25. Additional details on Fixed Asset Procurement may be found in the Capital Improvement Program (CIP) section of this budget.

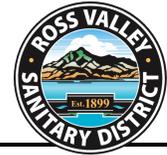
Supplies: This is a recurring charge for office supplies and employee safety equipment, such as gloves and eye goggles. Budgeted expenditures are expected to decrease by 7.2% or \$8,000 from FY26 to FY25 to better match historical results.

Personnel Costs: Personnel salaries and benefits are those expenditures related to payroll and staffing. These costs include base salaries and wages, overtime, payroll taxes, insurance benefits, and retirement benefits. Salaries and wages are expected to increase by 4.7%. This increase is due to the annual cost-of-living salary increases agreed upon with the District's labor groups in the fall of 2024. The District contracted with AFSCME for a COLA of 5% for FY26. COLA increases are offset somewhat by employee retirements and turnover, which often leads to new employees that are hired initially at a lower pay scale. Benefits costs are expected to remain substantially flat. The total amount budgeted is \$10 million.

Training Costs: Employee training is an important element of the District's operations, especially with its specialized equipment. The District encourages its employees to participate in training seminars and conferences to maintain a high-quality team. The FY26 budget for training costs is expected to decrease by 15% or \$39,000 to better match historical trends.

Employee Loan Disbursements: The District offers its employees financial assistance with purchasing personal computer equipment up to the allowable maximum of \$3,000. These proceeds are repaid to the District within two years at the then-current LAIF interest rate. This category is dependent on employee

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



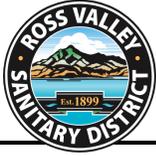
usage. The District budgets a flat amount for this category each year and this draft budget proposes \$5,000.

Professional Services Charges: The District coordinates many services with third-party consultants. Such services include NBS Government for SSC billing, IT Hub for IT services, Willdan Financial for debt compliance services, TrueComp (formerly GovInvest) for retirement liability actuarial services, Downey Brand for general counsel, Liebert Cassidy Whitmore for employment law services, Cropper Accountancy for external audit services, Ardurra for community outreach activities, and others. Budgeted consultant services are proposed to increase by 13%, or \$129,000, going into FY26.

Engineering Studies: The District completed its recent IAMP update in FY23. Starting in FY24 the District reallocated the budget for engineering studies into the professional service charges category.

Special Assessment Remittance: The District manages a special assessment district for the residents living on Canyon Road within the Town of Fairfax. The residents there voted in 2006 to organize into a special assessment district and fund the capital project cost of connecting their properties to the District's wastewater system. A limited obligation bond was issued with the express funding source for the debt service (and operating costs to manage the special assessment district) to be funded by a parcel tax. The parcel tax is collected by Marin County with SSC and Ad Valorem – Property Taxes. The parcel tax and the special assessment district are expected to sunset once the limited obligation bond is retired in 2026. The District's consultant, NBS, is currently analyzing the special assessment accounts and will make every effort to reduce the final year assessment in consideration of retiring the debt obligation early, as allowed in the bond indenture. The District is budgeting for 100% collection of these funds in FY26.

Other Charges: This category includes various other charges the District incurs as part of its daily operation, such as the Fats Oils & Grease (FOG) program and costs related to municipality paving projects. Overall budgeted costs are expected to increase by 3.3% or \$12,000 in FY26 based on recent trends.



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Table 11 – Operating Fund

	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
USE OF FUNDS						
1 CMSA JPA charges						
2 Treatment charges	\$ 6,852,272	\$ 7,295,100	\$ 7,285,504	\$ 7,734,100	\$ 439,000	6.0%
3 Debt service charges	2,445,770	2,421,600	2,445,348	2,419,900	(1,700)	-0.1%
4 Personnel costs						
5 District employees	8,182,213	9,584,840	8,692,817	9,900,409	356,109	3.3%
6 District Board of Directors	43,018	49,300	44,000	44,745	(8,480)	-9.2%
7 Infrastructure maintenance	772,894	655,500	589,957	645,500	(10,000)	-1.5%
8 Facilities & vehicles maintenance	526,461	447,400	437,623	500,000	52,600	11.8%
9 Utilities & rental charges	721,729	730,300	778,702	789,245	58,945	8.1%
10 Insurance premiums & deductibles	443,973	637,600	550,153	593,612	(43,988)	-6.9%
11 Software renewal costs	364,868	339,757	358,751	499,387	159,630	47.0%
12 Supplies	94,353	107,000	97,527	97,948	(9,052)	-8.5%
13 Training costs	175,675	264,150	164,160	225,847	(38,303)	-14.5%
14 Hiring & temporary help	211,172	40,000	122,062	10,000	(30,000)	-75.0%
15 Employee loan disbursements	-	9,000	4,100	5,000	(4,000)	-44.4%
16 Professional services charges	818,137	972,750	773,465	1,101,440	128,690	13.2%
17 Special assessment remittance	43,228	40,600	40,600	39,300	(1,300)	-3.2%
18 Other charges	502,441	349,500	301,436	360,990	11,490	3.3%
19 Total funding uses	22,198,205	23,944,397	22,686,206	24,967,422	1,059,640	4.3%
SOURCES OF FUNDS						
20 Sewer service charges	27,663,372	28,665,842	28,608,786	29,748,328	1,082,486	3.8%
21 Investment income	990,046	524,724	369,666	360,372	(164,352)	-31.3%
22 Lease fees	482,688	517,900	474,061	484,396	(33,504)	-6.5%
23 Permit fees	167,456	162,000	139,534	163,453	1,453	0.9%
24 Special assessment collection	41,388	39,900	41,259	39,318	(582)	-1.5%
25 Employee loan repayments	3,086	4,500	4,300	2,200	(2,300)	-51.1%
26 Miscellaneous fees	86,334	600	300	1,000	400	66.7%
27 Restricted investment income	563,367	301,390	686,998	396,350	94,960	31.5%
28 Total funding sources	29,997,737	30,216,856	30,324,903	31,195,417	978,561	3.2%
29 Revenue/(expense)	7,799,532	6,272,459	7,638,697	6,227,995	(81,079)	-0.7%
30 Transfer to Capital Fund	(7,799,532)	(6,272,459)	(7,638,697)	(6,227,995)	81,079	-0.7%
31 Net revenue/(expense)	-	-	-	-	-	-

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

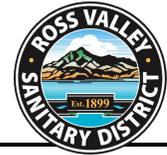
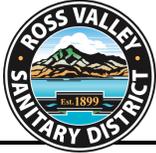


Table 12 – Capital Fund

	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
USE OF FUNDS						
1 Capital projects	11,100,527	10,670,000	11,064,487	10,800,000	130,000	1.2%
2 Debt service charges	6,303,661	6,707,000	6,707,000	6,733,900	26,900	0.4%
3 Fixed asset procurement	1,064,514	820,000	220,000	650,000	(170,000)	-20.7%
4 Engineering studies	8,793	-	77,000	-	-	n/a
5 Lateral replacement program	344,885	550,000	272,319	550,000	-	0.0%
6 Total funding uses	18,822,381	18,747,000	18,340,806	18,733,900	(13,100)	2.4%
SOURCES OF FUNDS						
7 Ad valorem - property taxes	9,523,787	10,058,700	9,749,216	9,992,947	(65,753)	-0.7%
8 Investment income	25,649	27,500	20,719	25,000	(2,500)	-9.1%
9 Capacity permit fees	277,870	200,000	257,756	244,982	44,982	22.5%
10 Lateral loan repayments	124,134	120,100	104,339	108,877	(11,223)	-9.3%
11 Proceeds from debt financing	-	-	737,102	-	-	n/a
12 Net proceeds from asset sale	6,811	-	72,436	-	-	n/a
13 Miscellaneous fees	-	-	9,702	-	-	n/a
14 Restricted investment income	6,585	3,000	2,155	4,735	1,735	57.8%
15 Total funding sources	9,964,835	10,409,300	10,953,425	10,376,540	(32,760)	-0.3%
16 Revenue/(expense)	(8,857,546)	(8,337,700)	(7,387,381)	(8,357,360)	(19,660)	0.2%
17 Transfer from Operating Fund	7,799,532	6,272,459	7,638,697	6,227,995	81,079	-0.7%
18 Net revenue/(expense)	(1,058,014)	(2,065,241)	251,316	(2,129,365)	61,420	3.1%



(12) Revenue Requirements

The majority of the District’s revenues are generated from Sewer Service Charges (SSC) and Ad Valorem – Property Taxes. Both sources of revenue are billed to the District’s ratepayers and collected by the Marin County Tax Assessor on behalf of the District. The County levies the assessments in October and collects the assessments from the ratepayers in December and April. Payments from the County are remitted to the District in accordance with the Teeter Plan, 55% in December, 40% in April and 5% in June.

Each of these two primary revenue sources is discussed in more detail in the following sections, including a description of how they are calculated:

A. Sewer Service Charges

Sewer Service Charges are annual user fees assessed for all ratepayer parcels within the District’s service area. The District coordinates its collection efforts for most of its customer accounts with Marin County by placing the user fee onto the property tax bill. Marin County then remits 100% of the user fees it has collected to the District following the approved Teeter Plan, i.e., 55% in December, 40% in April, and 5% in June. Marin County assumes all responsibility for delinquent payments in exchange for the semi-annual collection fee paid by the District. For the remaining accounts not billed by the County, the District annually invoices and collects payments from its direct bill customers. Direct bill customers include property tax-exempt parcels, such as municipalities and non-profit organizations.

The user fee is determined using a standardized metric called an EDU that is applied to the user fee rate. An EDU is an average factor designed to reflect the volume and strength of flows from a single-family residence. The purpose of standardizing flow is to make commercial customers comparable to a single-family residence for an equitable distribution of charging an affordable cost recovery user fee. It involves converting the winter water usage flow in HCF provided by MMWD following the below conversion formula expressed in Ordinance 102 that was approved by the District’s Board on May 22, 2024.

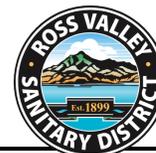
Figure 5 – EDU Conversion Formula

$$\text{Number of EDUs} = \frac{\text{Winter Water Usage (in HCF)} \times 748 \text{ gallons per HCF}}{60 \text{ days} \times 205 \text{ gallons per day}}$$

The metric of winter water usage is used as the baseline for the EDU conversion to provide a fair and average barometer of flow throughout any given year.

The District adopted a five-year rate plan in 2024. The District again worked with Hildebrand Consulting to adopt the new rate schedule for FY25 through FY29. The FY25 to FY29 rate schedule proposes increases between 3.3% to 4.0% across all County property use codes. The Rate Study incorporated the District’s projected operating and capital costs and determined the applicable revenue required to sufficiently fund these District’s projected costs. The Rate Study applies rate tiers based on the nature of the property, i.e., single-family-residence, multi-family residence, and commercial customers whose SSC is based on winter water usage. After following applicable Proposition 218 procedures in *Ordinance 102*, the Board of

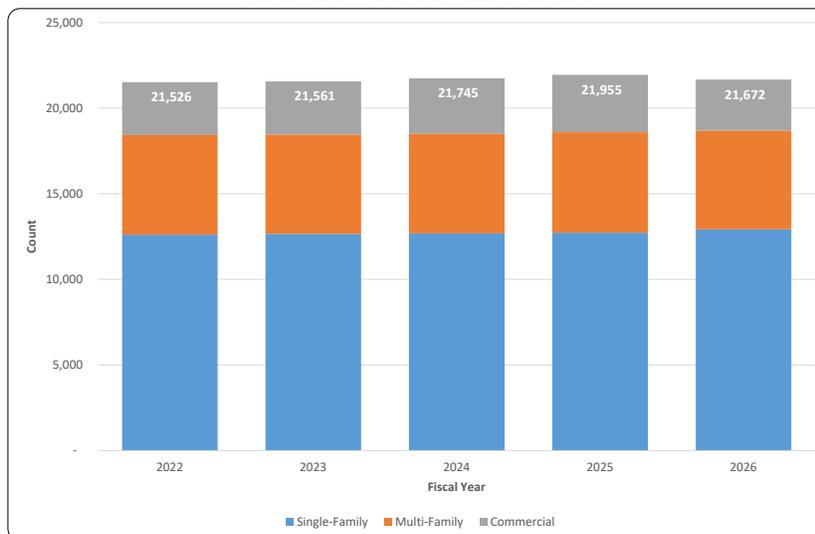
ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



Directors approved the new rate study in May 2024. For further detail on *Ordinance 102* or the Rate Study, please see here: <https://www.rvsd.org/159/Rates>.

The District’s EDUs have remained relatively constant over the years due to Marin County being mostly built out. For FY26 there is a decrease in total EDUs of 283, or 1.3%. This increase is due to irrigation meters that were erroneously classified in the previous year, which have since been corrected. Chart 14 below displays the District’s EDU trend over the past five years:

Chart 14 – District EDU Trend

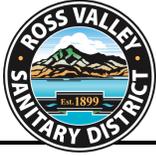


For FY26, the District expects user fee revenues to increase based on the new Sewer Service Charge (SSC) Rate Schedule as displayed below in *Table 13*:

Table 13 – Five Year SSC Proposed Rate Schedule

		FY2025		FY2026		FY2027		FY2028		FY2029						
Ross Valley Rate Zone																
1	Single-family residential	\$	1,238	2.1%	\$	1,289	4.1%	\$	1,341	4.0%	\$	1,392	3.8%	\$	1,441	3.5%
2	Single-family with ADU	\$	1,857	2.1%	\$	1,935	4.2%	\$	2,012	4.0%	\$	2,088	3.8%	\$	2,161	3.5%
3	Multi-family residential	\$	1,114	2.5%	\$	1,158	3.9%	\$	1,204	4.0%	\$	1,250	3.8%	\$	1,294	3.5%
4	Commercial low strength	\$	1,238	2.1%	\$	1,289	4.1%	\$	1,341	4.0%	\$	1,392	3.8%	\$	1,441	3.5%
5	Commercial high strength	\$	2,897	3.6%	\$	2,999	3.5%	\$	3,119	4.0%	\$	3,238	3.8%	\$	3,351	3.5%
6	Commercial minimum	\$	966	6.0%	\$	1,005	4.0%	\$	1,045	4.0%	\$	1,085	3.8%	\$	1,123	3.5%
Larkspur Rate Zone																
7	Single-family residential	\$	1,776	3.7%	\$	1,847	4.0%	\$	1,921	4.0%	\$	1,994	3.8%	\$	2,064	3.5%
8	Single-family with ADU	\$	2,669	3.9%	\$	2,776	4.0%	\$	2,887	4.0%	\$	2,997	3.8%	\$	3,102	3.5%
9	Multi-family residential	\$	1,591	3.8%	\$	1,655	4.0%	\$	1,721	4.0%	\$	1,786	3.8%	\$	1,849	3.5%
10	Commercial low strength	\$	1,777	3.8%	\$	1,848	4.0%	\$	1,922	4.0%	\$	1,995	3.8%	\$	2,065	3.5%
11	Commercial high strength	\$	4,124	4.9%	\$	4,289	4.0%	\$	4,461	4.0%	\$	4,631	3.8%	\$	4,793	3.5%
12	Commercial minimum	\$	1,385	7.9%	\$	1,440	4.0%	\$	1,498	4.0%	\$	1,555	3.8%	\$	1,609	3.5%

For FY26 the user fee rate for the District’s service area is split between the greater Ross Valley area and the Larkspur area. The Ross Valley service area is the original service area and has the largest volume of SSC rate revenue.



The Larkspur service area was annexed by the District in January 1993 from the City of Larkspur, at which time the District assumed operation of the City's wastewater and collection system going forward. The SSC for the Larkspur area is assessed at a higher rate than the Ross Valley area because no proportional property taxes were transferred from the City of Larkspur to the District as part of the Larkspur service area annexation, nor does the District receive ad valorem taxes from Larkspur rate payers. Therefore, the District must assess the area with higher SSC to equitably balance the property taxes collected from the Ross Valley service area customers.

The Murray Park service area was annexed by the District in September 2019 from Marin County and assumed operation of the area's wastewater collection and conveyance system going forward. At the time this area was annexed, an agreement was made that the SSC would be held flat at \$472 per EDU until new rates were adopted by the District. Starting in FY25 the Murray Park service area was dissolved and merged into the Ross Valley service area.

The District offers a 25% discount on levied user fees for those ratepayers that meet eligible gross income thresholds or qualify as a non-profit or low-income housing development. Applications are submitted to the District via NBS for approval and the discount is made on the property tax assessment.

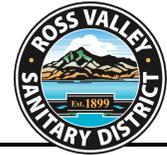
B. Ad Valorem – Property Taxes (Property Tax)

Property taxes are annual assessments to all ratepayer parcels within the District's service area as required under Article XIII within the State of California Constitution. The District receives an allocation of collected property taxes following applicable laws and regulations on apportionment with Marin County. Marin County remits the District's portion following the Teeter Plan, i.e., 55% in December, 40% in April, and 5% in June. Marin County assumes all responsibility for delinquent payments in exchange for the semi-annual collection fee paid by the District.

The tax assessment is determined by applying the statutorily assigned basic tax rate against the assessed taxable value of the owner's real property. From each tax year, the assessed taxable basis of real property is allowed to be reassessed either to the current CPI rate or at the maximum threshold of 2%. Furthermore, the assessed taxable basis can be revalued to its current market valuation when the real property is either sold or transferred to a third-party entity. This activity results in both an additional property tax assessment from the immediate basis change and a higher taxable basis going forward every year into the future. The basis valuation of all real property within the District's service area is determined and maintained by the Marin County Tax Assessor's Office.

The basic apportionment can be broken down into four main components:

- *Secured* – The main source of property tax levied on all real property sufficient for the tax to be considered a lien on the property within the service area (except from the Larkspur Service Area, as noted above). Examples of such property include primarily houses or buildings. This form of tax is traditionally stable within Marin County given the housing demographics. Housing turnover occurs less frequently within Marin County as compared to other housing markets within the San Francisco Bay Area. This is attributable to the population moving less frequently and the low home building rate. Therefore, the growth in the secured property tax rolls is expected to grow at the



statutorily capped percentage of 2%. Remittance of this form of property tax follows the Teeter Plan.

- *Unsecured* – The second main source of property tax levied on all real property not sufficient for the tax to be considered a lien on the property within the service area (except from the Larkspur Service Area, as noted above). Examples of such property include boats, airplanes, real estate improvements, and business property. This form of tax is traditionally stable and exhibits a similar nature to the Secured Property Tax roll. Remittance of this form of property tax follows the Teeter Plan.
- *Supplemental* – The third main source of property tax levied on all real property when there is a change in ownership and the resulting market change is a change in assessed taxable valuation. This form of tax does fluctuate from period to period largely dependent on purchase and sale of property, new or used. Remittance of this form of property tax is typically monthly.
- *Excess Educational Revenue Augmentation Fund (ERAF)* – The last main source of property tax collected are excess funds apportioned to local government from the special education fund, ERAF. ERAF was set up in the 1990's as a mechanism by the State of California to shift a portion of the collected basic property tax money from local government towards K-12 and community college education to fund its required education contribution. However, any excess amount collected that is above and above the required contribution to education by the State is remitted to the local government agencies. This form of tax is traditionally stable and exhibits a similar nature to the Secured Property Tax roll. Remittance of this property tax is annually.

The District expects its property tax allocation to increase in the upcoming fiscal year by 2.5%. The District is projecting 2% growth in the appraised values for existing properties, and the remainder of the increase comes from supplemental property tax revenue, which is flat as compared to projected results for FY25. Due to higher interest rates, there has been a decline in residential real estate transactions as compared to FY21 through FY23, notwithstanding the increased seasonal activity in the spring and summer months. As of April 2025, there is great uncertainty as to the direction the Federal Reserve will take with regard to interest rates. For now, mortgage rates remain relatively elevated at around 6.5% to 7.0%

Chart 15 shows the current home sale activity within the District's service area relative to the 30-year mortgage rate:

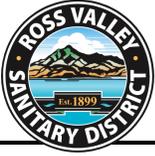
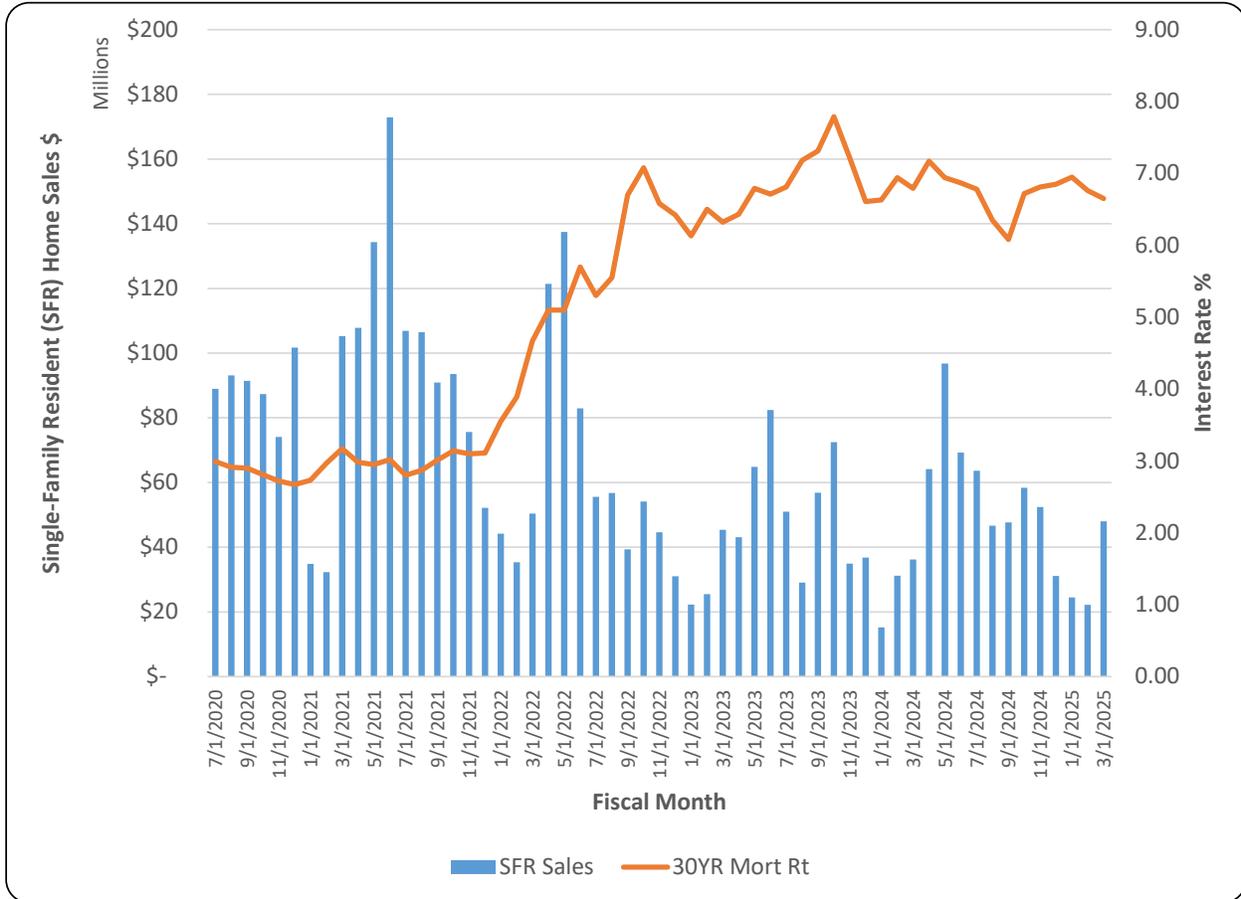
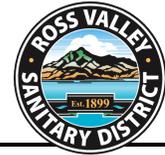


Chart 15 – District Service Area Home Sale Activity



For further information about the property tax system, please refer to the County of Marin website at <https://www.marincounty.org/>.



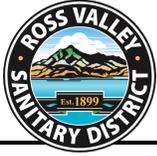
(13) Departmental Budgets

The District is organized into three departments, Operating & Maintenance, Engineering & Inspections, and Administrative Services. Each department is responsible for managing their own respective budgeted use of funds to carry out the District’s Business Plan objectives and meet the Board policy-level goals. How each department plans and uses its allocated funds is at the discretion of the respective department head and organizational setup following applicable District financial policies and procedures.

This section is organized for the reader to best understand the expenditure categories planned for each department. Some categories are not discussed from a departmental perspective because of the nature of the activities being indistinguishable between departments. For example, all personnel costs, except Board fees, are aggregated into a consolidated view. All other activities are individually discussed in relation to the department’s purpose and objectives. Expenditure category explanations, personnel count, and department initiatives are presented for each department. Please note, only explanations for significant changes are included to assist the reader.

Table 15 – Departmental Budget Summary

	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
1 Operations & maintenance	\$ 7,795,562	\$ 8,612,725	\$ 8,025,417	\$ 8,808,626	\$ 195,901	2.27%
2 Engineering & inspections	1,377,314	1,748,074	1,330,693	1,931,205	183,131	10.48%
3 Administrative services	3,684,059	3,826,298	3,558,644	4,034,291	207,993	5.44%
4 Total departmental costs	\$ 12,856,935	\$ 14,187,097	\$ 12,914,754	\$ 14,774,123	\$ 587,026	4.14%



Operations & Maintenance (O&M) Department Costs

The Operations & Maintenance (O&M) Department performs essential activities specific to the day-to-day operation of the District’s wastewater collection and conveyance system. The O&M Department’s activities include gravity pipeline cleaning and repair, condition assessment of the gravity pipeline, and pump station infrastructure, as well as operation of specialized heavy machinery. Each of these activities are handled by the specific O&M Divisions within the O&M Department: Line Maintenance for cleaning, Line Repair for infrastructure remediation, Condition Assessment for data collection, and Pumps for maintaining the pump station infrastructure. All such activities are to be performed following applicable regulations as required by the State Water Regional Control Board (SWRCB), National Pollutant Discharge Elimination System (NPDES), and Bay Area Quality Management District (BAAQMD) permit requirements.

Figure 6 – O&M Department Organization Chart

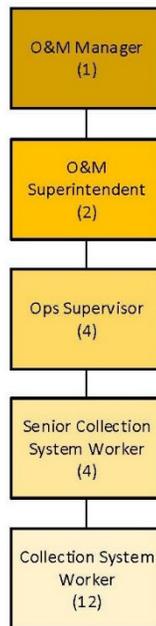


Table 16 – O&M Department FTE Count

	Authorized Position	FY2024	FY2025	FY2026
1	O&M Manager	1	1	1
2	O&M Superintendent	2	2	2
3	Operations Supervisor	4	4	4
4	Crew Lead	1	-	-
5	Senior Collection Systems Worker	2	4	4
6	Collection Systems Worker I/II	13	12	12
7	Total O&M	23	23	23

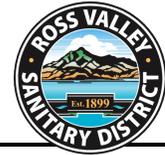


Table 17 – O&M Department Budget Summary

	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
1 Salaries & wages	\$ 3,437,724	\$ 3,783,000	\$ 3,516,225	\$ 3,844,012	\$ 61,012	1.61%
2 Benefits	1,806,343	2,025,600	1,896,477	2,015,395	(10,205)	-0.50%
3 Payroll taxes	231,277	277,300	242,835	274,847	(2,453)	-0.88%
4 <i>Total salaries & benefits</i>	<i>5,475,344</i>	<i>6,085,900</i>	<i>5,655,537</i>	<i>6,134,254</i>	<i>48,354</i>	<i>0.79%</i>
5 Pump station maintenance	337,956	168,000	167,826	168,000	-	0.00%
6 Line maintenance	73,780	85,000	55,184	90,000	5,000	5.88%
7 Sewer line repair	241,104	262,500	257,147	247,500	(15,000)	-5.71%
8 Condition assessment	92,263	65,000	46,601	65,000	-	0.00%
9 Easement access management	27,790	75,000	63,200	75,000	-	0.00%
10 <i>Total infrastructure maintenance</i>	<i>772,894</i>	<i>655,500</i>	<i>589,957</i>	<i>645,500</i>	<i>(10,000)</i>	<i>-1.53%</i>
11 Facilities maintenance	199,230	140,000	164,093	135,000	(5,000)	-3.57%
12 Vehicle maintenance	327,231	307,400	273,531	365,000	57,600	18.74%
13 <i>Total facilities & vehicle maintenance</i>	<i>526,461</i>	<i>447,400</i>	<i>437,623</i>	<i>500,000</i>	<i>52,600</i>	<i>11.76%</i>
14 Utilities charges	638,091	641,224	700,374	719,745	78,521	12.25%
15 Software renewal costs	-	185,051	193,176	217,500	32,449	17.54%
16 Rental fees	31,802	8,700	16,876	9,000	300	3.45%
17 <i>Total utilities, software, & rent</i>	<i>669,894</i>	<i>834,975</i>	<i>910,426</i>	<i>946,245</i>	<i>111,270</i>	<i>13.33%</i>
18 Professional services costs	34,062	110,000	53,123	150,000	40,000	36.36%
19 Supplies	54,680	65,000	59,948	65,000	-	0.00%
20 FOG inspection fees	32,137	30,000	30,000	35,000	5,000	16.67%
21 Permit fees	32,719	45,000	29,700	40,000	(5,000)	-11.11%
23 Hiring & temp agency fees	889	-	975	-	-	n/a
24 Workers' compensation premium	136,763	258,200	205,535	217,868	(40,332)	-15.62%
25 Miscellaneous costs	3,180	-	278	-	-	n/a
26 <i>Total other charges</i>	<i>350,969</i>	<i>588,950</i>	<i>431,873</i>	<i>583,628</i>	<i>(5,322)</i>	<i>-0.90%</i>
27 Total Operations & Maintenance	\$ 7,795,562	\$ 8,612,725	\$ 8,025,417	\$ 8,809,626	\$ 196,901	2.29%

A. Salaries & Benefits

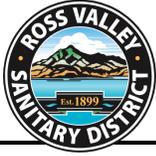
Personnel costs for the O&M Department are budgeted to increase \$48,000, or 0.79%, going into FY26 primarily due to all employees receiving an expected COLA of 5%. COLA increases are offset somewhat by employee retirements and turnover, which often leads to new employees that are hired initially at a lower pay scale. Benefits costs are expected to remain substantially flat.

B. Facilities & Vehicle Maintenance

This category includes repair costs and recurring charges for the general upkeep of the District’s local building facilities and vehicle fleet. Such costs include routine maintenance, vehicle fuel, non-recurring repair activities, and vehicle fleet rent. Budgeted costs are expected to increase by 11.8% or \$53,000 in FY26 relative to FY25. The District plans to increase fleet leases by three vehicles in the coming year.

C. Utilities, Software, & Rent

Budgeted costs for this category are expected to increase \$111,000, or 13.33%, compared to FY25. Sub-categories showing significant variances are discussed in further detail below:

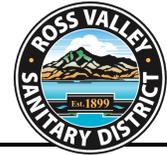


ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

- *Utilities Charges* – These charges are fixed recurring fees from Pacific Gas & Electric, MMWD, Marin Sanitary Service, AT&T, Comcast (cable and internet charges), and various equipment rental providers. Budgeted costs going into FY26 are expected to increase 12.25% or \$79,000 based on current trends and recent run rates. A portion of the utilities costs from the Andersen Drive building are reimbursable from the tenant sharing the building.
- *Software Renewal Costs* – Software renewal costs were historically budgeted for in the Administrative Services department. However, starting in FY25 these costs have been separated out among the District's three departments based on the primary users of the software. Costs are budgeted to increase 18% or \$33,000 for FY26, mostly due to increases for asset management software.

D. Other Charges

This Category includes professional services, supplies, permit fees, training costs and workers' compensation premiums among others. Budgeted costs for FY26 are expected to remain flat for FY26 as compared to the FY25 budget. When compared to the projected results for FY25, an increase of 10% has been budgeted.



Engineering & Inspections (E&I) Department Costs

The Engineering & Inspections (E&I) Department performs essential activities specific to monitoring and identifying improvement opportunities within the District’s wastewater collection and conveyance system. The E&I Department’s activities include inspecting all private sewer lateral connections to the District’s gravity main pipeline network, coordinating efforts with professional services consultants for performing essential studies, and managing the District’s CIP projects. All activities are handled under general direction of the District’s Senior Engineer following the findings noted within the latest IAMP.

Figure 7 – E&I Department Organization Chart

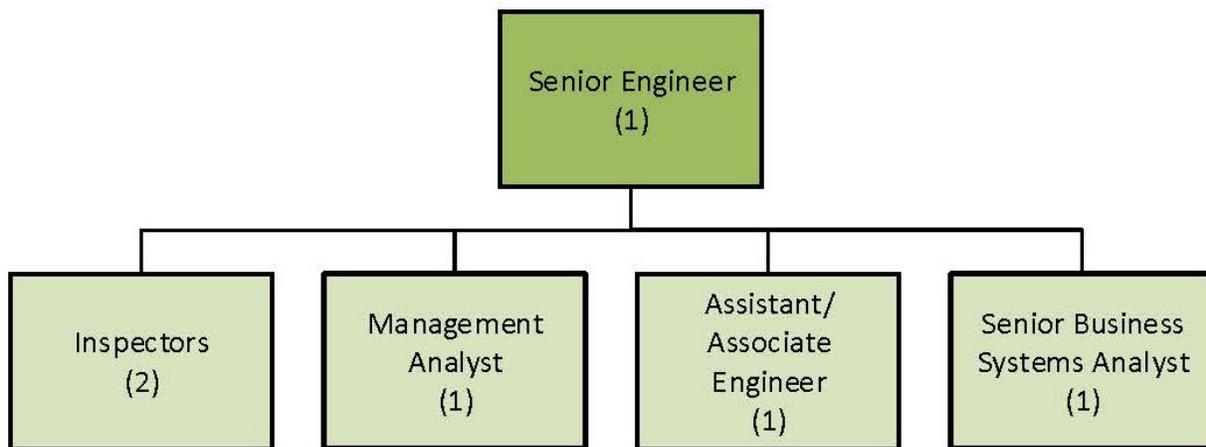


Table 18 – E&I Department FTE Count

	Authorized Position	FY2024	FY2025	FY2026
1	Senior Engineer	1	1	1
2	Senior Business Systems Analyst	1	1	1
3	Business Systems Analyst I/II	-	1	-
4	Assistant/Associate Engineer	-	-	1
5	Management Analyst I/II	1	1	1
6	Inspector	2	2	2
7	Total E&I	5	6	6

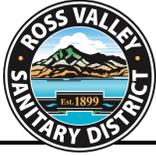


Table 19 – E&I Department Budget Summary

	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
1 Salaries & wages	\$ 702,477	\$ 852,000	\$ 716,936	\$ 993,922	\$ 141,922	16.66%
2 Benefits	360,443	488,440	351,766	510,799	22,359	4.58%
3 Payroll taxes	48,600	64,000	49,677	71,065	7,065	11.04%
4 <i>Total salaries & benefits</i>	<i>1,111,519</i>	<i>1,404,440</i>	<i>1,118,379</i>	<i>1,575,787</i>	<i>171,347</i>	<i>12.20%</i>
5 Engineering studies	39,858	75,000	37,718	75,000	-	0.00%
6 Professional services costs	24,550	145,000	46,150	45,000	(100,000)	-68.97%
7 <i>Total engineering firm services</i>	<i>64,408</i>	<i>220,000</i>	<i>83,868</i>	<i>120,000</i>	<i>(100,000)</i>	<i>-45.45%</i>
8 Municipality paving projects	183,452	50,000	40,000	75,000	25,000	50.00%
9 Workers' Compensation premium	16,699	25,000	19,901	21,095	(3,905)	-15.62%
10 Software renewal costs	-	31,634	61,039	123,574	91,940	290.64%
11 Training costs	791	17,000	7,478	15,750	(1,250)	-7.35%
12 Miscellaneous costs	445	-	28	-	-	0.00%
13 <i>Total other charges</i>	<i>201,387</i>	<i>123,634</i>	<i>128,446</i>	<i>235,419</i>	<i>111,785</i>	<i>90.42%</i>
14 Total Engineering & Inspection	\$ 1,377,314	\$ 1,748,074	\$ 1,330,693	\$ 1,931,205	\$ 183,131	10.48%

A. Salaries & Benefits

The salary and benefit line items are projected to increase by \$171,000, or 12.2%. These cost increases are driven by the addition of an Assistant/Associate Engineer position and cost of living adjustments for all employees, as well as performance-based step increases for various positions. The new Assistant/Associate Engineer position is budgeted for nine months in FY26 with recruitment set to begin in July of 2025. The position will be budgeted for a full year’s costs in subsequent budgets.

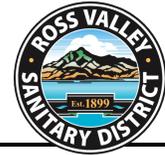
B. Engineering Firm Services

Budgeted costs going into FY26 are expected to decrease by 45.5%, or \$100,000 as compared to the FY26 budget. For FY26 these budgeted costs are expected to cover engineering consulting services and engineering studies. For FY26, \$80,000 has been removed for inspection service support as it was determined that this service was not needed.

C. Other Charges

Other Charges going into FY26 are expected to increase \$112,000, or 90%, compared to the FY25 budget. The increase is primarily due to the proposed roll out of new GIS and permit tracking software.

Municipality paving project costs are related to local municipalities within the District’s service area requesting reimbursement for resetting manhole frames and covers when they re-pave the roads. This budgeted cost has been increased by \$25,000 to meet anticipated demand.



Administrative Services (Admin) Department Costs

The Administrative Services (Admin) Department performs all other duties of the enterprise to maintain the backbone of the entity’s back-office services. The Admin Department’s activities include finance and accounting, payroll, accounts payable, accounts receivable, customer service (permitting and inspection scheduling), setting the agenda with the Board, human resources, and information technology (IT) services. All such activities are to be performed under the general direction of the Administrative Services Manager following applicable regulations, authoritative guidance from financial organizations and taxing authorities, as well as internal policies.

Note, IT support services are contracted with a third-party consultant, IT-Hub. The Administrative Services Manager also serves as the District’s Assistant General Manager.

Figure 8 – Admin Department Organization Chart

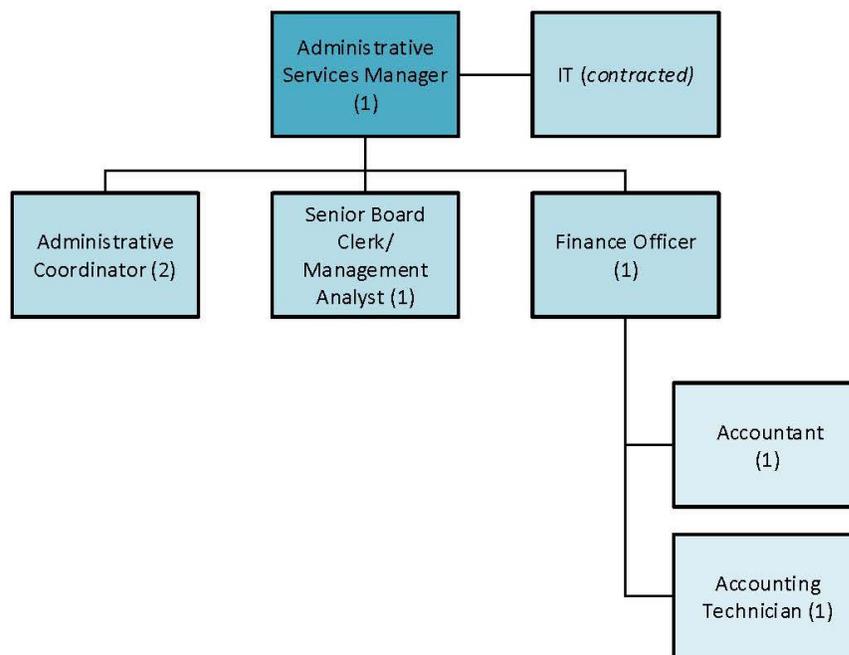


Table 20 – Admin Department FTE Count

Authorized Position	FY2024	FY2025	FY2026
1 General Manager	1	1	1
2 Admin Services Manager/AGM	1	1	1
3 Senior Board Clerk/Management Analyst	1	1	1
4 Finance Officer	1	1	1
5 Accountant	1	1	1
6 Accounting Technician	-	1	1
7 Administrative Coordinator I/II	2	2	2
8 Total Admin	7	8	8

Note: The General Manager is allocated to the Admin Department for FTE reporting.

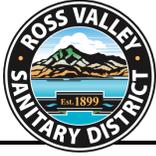


Table 21 – Admin Department Budget Summary

	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
1 Salaries & wages	\$ 1,125,699	\$ 1,423,300	\$ 1,368,243	\$ 1,548,087	\$ 124,787	8.77%
2 Benefits	405,060	580,700	482,317	572,132	(8,568)	-1.48%
3 Board fees	43,018	49,300	47,100	40,820	(8,480)	-17.20%
4 Payroll taxes	64,590	90,500	68,341	110,688	20,188	22.31%
5 <i>Total salaries & benefits</i>	<i>1,638,368</i>	<i>2,143,800</i>	<i>1,966,000</i>	<i>2,271,728</i>	<i>127,928</i>	<i>5.97%</i>
6 Insurance liability premiums	271,916	297,300	281,753	298,658	1,358	0.46%
7 Workers' Compensation premium	5,461	7,100	5,652	5,991	(1,109)	-15.62%
8 Insurance liability deductibles	13,134	50,000	37,312	50,000	-	0.00%
9 <i>Total insurance costs</i>	<i>290,511</i>	<i>354,400</i>	<i>324,717</i>	<i>354,649</i>	<i>249</i>	<i>0.07%</i>
10 Professional services costs	366,925	299,750	312,963	298,440	(1,310)	-0.44%
11 Legal services costs	154,002	170,000	224,457	365,000	195,000	114.71%
12 Community outreach costs	198,741	173,000	99,054	168,000	(5,000)	-2.89%
13 <i>Total professional services fees</i>	<i>719,668</i>	<i>642,750</i>	<i>636,474</i>	<i>831,440</i>	<i>188,690</i>	<i>29.36%</i>
14 Software renewal costs	364,868	123,072	104,536	158,313	35,241	28.63%
15 Utilities & Rental fees	51,836	80,376	61,452	60,500	(19,876)	-24.73%
16 Property tax fees	213,706	202,900	186,399	191,689	(11,211)	-5.53%
17 <i>Total software, rent & taxes</i>	<i>630,409</i>	<i>406,348</i>	<i>352,387</i>	<i>410,503</i>	<i>4,155</i>	<i>1.02%</i>
18 Employee loan disbursements	-	9,000	4,100	5,000	(4,000)	-44.44%
19 Hiring & temp agency fees	210,283	40,000	121,087	10,000	(30,000)	-75.00%
20 Training costs	118,345	166,400	104,368	133,037	(33,363)	-20.05%
21 Supplies	39,407	42,000	37,579	34,248	(7,752)	-18.46%
23 Miscellaneous costs	37,069	21,600	15,031	19,301	(2,299)	-10.65%
24 <i>Total other charges</i>	<i>405,103</i>	<i>279,000</i>	<i>282,165</i>	<i>201,586</i>	<i>(77,414)</i>	<i>-27.75%</i>
25 Total Administrative Services	\$ 3,684,059	\$ 3,826,298	\$ 3,561,744	\$ 4,069,905	\$ 243,607	6.37%

A. Salaries & Benefits

The salary and benefit line items are projected to increase by \$128,000, or 6%. These cost increases are driven by cost-of-living adjustments for all employees as well as promotions and performance-based step increases for various positions.

B. Professional Services

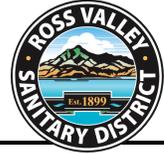
Budgeted costs going into FY26 are expected to increase \$189,000, or 29.4%, relative to FY25. The increase is driven primarily by higher budgeted amounts for legal services to better align with recent trends and for anticipated legal and real estate development consulting work related to the former treatment plant site at 2000 Larkspur Landing Circle in Larkspur.

C. Software, Rent & Taxes

Total budgeted costs are expected to remain flat for this category as compared to the FY25 budget. Some sub-categories however show significant variances.

Software Renewal Costs – Total budgeted costs are expected to increase \$35,000, or 28.6%. The year over year budget increase is due to a budgeting error in the prior year. Software renewal for the District's ERP

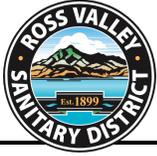
ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



software was inadvertently under budgeted for FY25 and that error was fixed in the FY26 budget. Additionally, the District will undertake server refresh work and updates to the IT system firewall.

D. Other Charges

Total budgeted costs are expected to decrease \$77,000 or 27.8% for FY26. The decrease is mainly due to less anticipated temporary agency fees due to the Finance function being staffed with full-time District employees. Training costs have also been budgeted lower in an effort to better align with recent departmental trends and expected needs.



(14) Treatment Plant Cost

The District is a member of the “Central Marin Sanitation Agency Joint Powers Authority” (CMSA JPA) where its collected wastewater is conveyed to the CMSA plant for treatment and eventual discharge. The other members of the CMSA JPA are the San Rafael Sanitation District (SRSD) and Sanitary District #2 (SD2) at the Town of Corte Madera. The City of Larkspur was a member previously until the District annexed their wastewater collection and conveyance operations in 1993. Since CMSA does not directly bill the ratepayers in each of the respective member service areas for its operations and capital budget cost recovery, CMSA instead charges each of its member agencies for its costs that are commensurate to the level of treatment and disposal service performed.

A. Treatment Charges

CMSA quarterly bills each of its members their proportional share of its operating and capital activities. The operating activities are invoiced as a “regional service charge” and the capital activities are invoiced as a “capital fee”. The total amount of regional service charges and capital fees is determined by CMSA’s budgeting process where its funding requirements for both its operating and capital activities are to be balanced with sufficient funding sources. The total treatment charge amounts are then scheduled to escalate every year following the Board of Commissioner’s approved five-year rate schedule. Allocation of the total charge is performed using a weighted 36-month average wastewater flow rate that includes factors such as total flow volume in gallons, flow strength (TSS), and biomass solids (BOD) composition.

Table 18 below charts CMSA’s amended five-year rate schedule that was recently adopted by the JPA Commission:

Table 22 – CMSA Five-Year Rate Schedule

	FY2024	FY2025	FY2026	FY2027	FY2028
Scheduled Increases	4.0%	4.5%	4.5%	4.5%	4.5%

Note: The scheduled fee increases are for the total CMSA JPA charge (treatment charge and debt service coverage) being levied against the District. CMSA’s debt service does slightly decrease year-to-year, so the capital fee acts as a catch-all fee to net the total growth to the approved rate schedule.

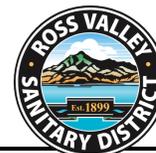
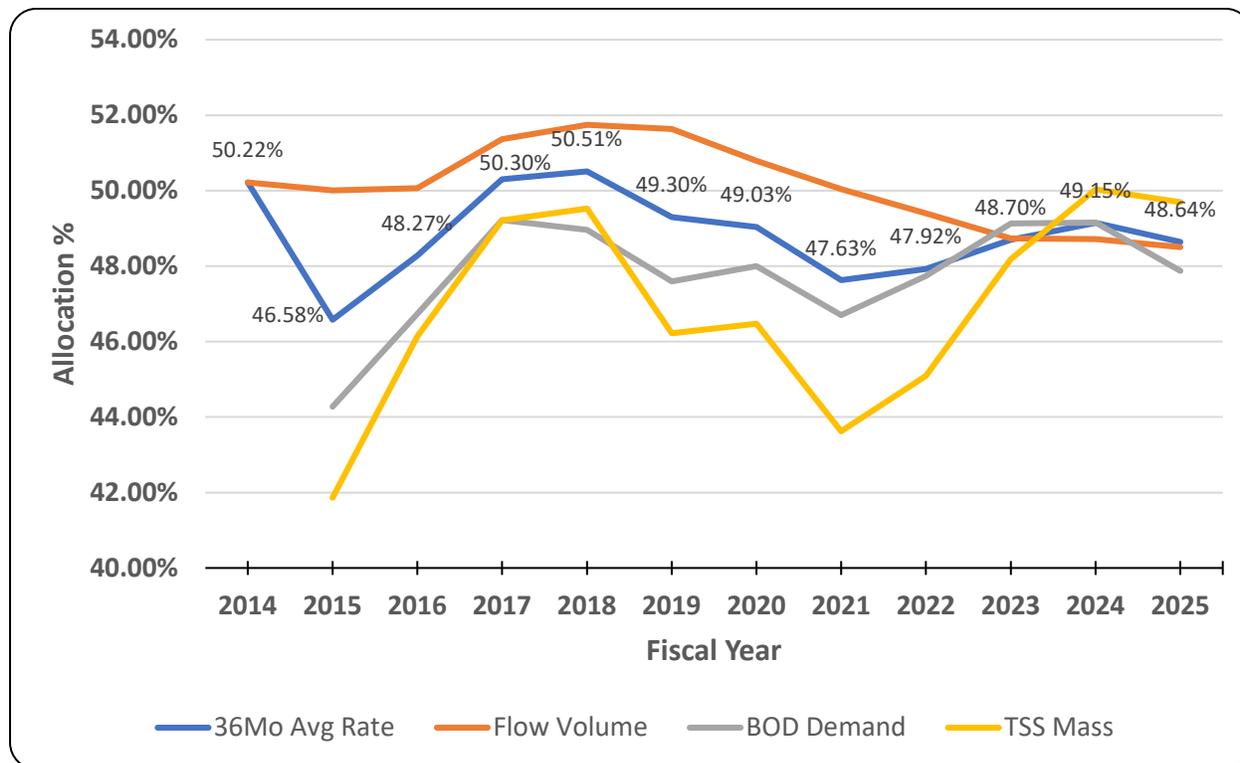


Chart 16 below depicts the District’s allocation rate over the past ten years:

Chart 16 – RVSD Allocation Billing Rate

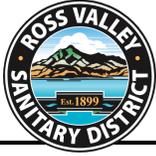


Note: In FY14 and earlier, CMSA invoiced the District for its allocated share of treatment charges using the average 12-month flow rate.

As a percentage share of the total influent wastewater flow in gallons, the District’s allocation is decreasing from the investments made to substantially reduce inflow & infiltration (I&I) into the wastewater collection and conveyance system. Wastewater composition as measured by biochemical oxygen demand (BOD) and total suspended solids (TSS) significantly increased the weighted average billing rate for FY25 up to 49.15% but the rate has come down slightly to FY24 levels at 48.64% for FY26. CMSA flow meters measure flow at the RVSD interceptor and CMSA subtracts flows measured at four SD2 stations and the San Quentin pump station to calculate RVSD’s flow. This procedure is being reviewed as it may be overestimating actual RVSD flows based on review of individual RVSD pump station data. CMSA takes samples for BOD and TSS at various locations, intervals and sampling methods, and this year updated its procedures in response to RVSD inquiries that identified inconsistencies. The recent increases in BOD and TSS are under investigation and may be adjusted.

Table 23 – CMSA Treatment Charge Composition

	Actual FY2024	Projected FY2025	Budget FY2026
1 Regional service charge	\$ 6,852,272	\$ 7,024,353	\$ 7,243,992
2 Capital fee	388,055	469,003	490,108
3 Total treatment charge	\$ 7,240,328	\$ 7,493,355	\$ 7,734,100



Debt Service Fee

CMSA semi-annually bills each of its members their proportional share of its debt service related to its capital debt obligations plus a 25% coverage fee. The total fee is determined by consolidating the total debt service to be paid by CMSA on its capital debt, applying an additional 25% coverage fee over and above the debt service amount, and then allocating the total amount to each member based on EDU. The EDU allocation is a static amount that does not fluctuate year-over-year. Per agreement between CMSA and its JPA members, a long-term average EDU allocation was selected and agreed to be used for allocating CMSA’s debt service. The allocation rates agreed between all the entities are the following:

Table 24 – CMSA Debt Service EDU Allocations

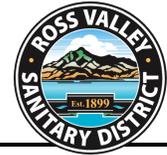
	Agency	EDU Count	Allocation Rate
1	SRSD	19,545	37.55%
2	RVSD	22,404	43.05%
3	SD2	6,090	11.70%
4	SQSP	4,005	7.70%
5	Total	52,044	100.00%

Table 25 – CMSA Debt Service Fees

	Actual FY2024	Projected FY2025	Budget FY2026
1 Debt service - allocated	\$ 1,956,616	\$ 1,956,278	\$ 1,935,900
2 Coverage fee	489,154	489,070	484,000
3 Total debt service fee	\$ 2,445,770	\$ 2,445,348	\$ 2,419,900

Allocated debt service is expected to decrease in FY26 according to CMSA’s debt amortization schedules.

For further detail regarding CMSA’s budget or its annual financial statements, its financial information can be found here: <https://www.cmsa.us/finance/documents>.



(15) Canyon Road Assessment District (CRAD)

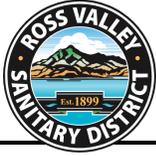
The ratepayers residing on Canyon Road located within the Town of Fairfax voted to organize into a Special Assessment District to connect their properties to the District’s wastewater collection and conveyance system. Prior to 2006, the homeowners were on septic tanks. In coordination with the ratepayers, the District formed the Canyon Road Special Assessment District (CRAD) and issued a Limited Obligation Bond in the amount of \$437,794 for the express intent of financing the capital project cost to convert their septic tanks to full new connections. The bond obligation and the operating costs are 100% financed through a parcel tax levied on the residents within the CRAD. The parcel tax is annually placed onto the property tax roll for Marin County to collect and remit to the District following the approved Teeter Plan, i.e., 55% in December, 40% in April, and 5% in June. The collected proceeds are then remitted to the paying agent for the debt service, Marin County for their collection services, and the administrator for managing the assessment district. The bond obligation and assessment district are to be retired in 2026.

The FY26 budget for CRAD remittance is composed of the following elements:

- *Limited bond obligation debt service* – The indenture agreement’s stated principal and interest payment due within the upcoming fiscal year. Note, this amount may differ from the collection revenue due to timing corresponding to Marin County’s collection schedule so the District can receive the proceeds in advance of when the debt service is due.
- *Marin County collection fee* – A fee paid to the County for their services and guaranteeing 100% collection of the special assessment parcel tax according to the Teeter Plan. The fee amount is \$6 per applicable parcel, and there are 28 parcels within the CRAD.
- *Paying Agent trust fee* – A fee paid to the paying agent, Bank of New York Mellon, for both receiving the paid debt service and remitting out to the bond investors.
- *Administration fee* – A fee paid for administration of the special assessment district. The District is designated as the CRAD’s trustee, and the District coordinates the administration of CRAD with NBS Local Government Solutions to calculate the applicable parcel tax and file the required reporting with Marin County for placing the special assessment on the property tax roll.

Table 26 – Special Assessment Remittance Detail

Fee Category	FY2026
1 Debt Service	32,500
2 Marin County Collection Fee	168
3 Pay Agent Trustee Fee	750
4 Administration Fees	5,882
5 Total collection	39,300



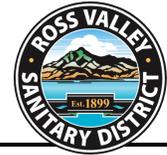
(16) Debt Obligations

Since 2013, the District has issued and borrowed several types of debt obligations to assist it with its CIP financing and other functions. The majority of its borrowings stem from public issuances of revenue bond obligations. However, the District did complete a private placement issuance with the State Water Resources Control Board (SWRCB) under its State Revolving Fund (SRF) program in FY23. As such, the District is to make regular principal and interest repayments on its debt obligations to gradually decrease its debt over time.

The following paragraphs provide a brief description of each of the District's current and outstanding debt obligations:

- *2013 Revenue Bonds* – The District issued the Series 2013 Revenue Bonds in August 2013 in the principal amount of \$17,780,000 to finance its CIP and refund its Bank of Marin mortgage loan. The bonds were issued at a premium of approximately \$133,038.90 providing an effective interest rate of 4.896%. The bonds are fully registered, with principal due annually on October 1, and interest payable semi-annually on October 1 and April 1. The bonds became callable on or after October 1, 2023, with no call premium.
- *2014 Revenue Bonds* – The District issued the Series 2014 Revenue Bonds in November 2014 in the principal amount of \$30,155,000 to finance its CIP. The bonds were issued at a premium of approximately \$1,243,225 providing an effective interest rate of 3.51%. The bonds are fully registered, with principal due annually on July 1, and interest payable semi-annually on January 1 and July 1. The bonds are callable starting on January 1, 2025, with no call premium.
- *2018 Revenue Bonds* – The District issued the Series 2018 Revenue Bonds in January 2018 in the principal amount of \$21,870,000 to finance its CIP. The bonds were issued at a premium of approximately \$3,400,854 providing an effective interest rate of 3.63%. The bonds are fully registered, with a principal payment due annually on July 1, and interest payable semi-annually on January 1 and July 1. The bonds are callable any time on or after January 1, 2025, with no call premium.
- *2019 Revenue Bonds* – The District issued the Series 2019 Revenue Bonds in July 2019 in the principal amount of \$31,455,000 to finance its CIP, purchase of its new administration building on 1111 Andersen Drive, and completion of the Larkspur Landing EPA remediation. The bonds were issued at a premium of approximately \$3,866,351 providing an effective interest rate of 3.39%. The bonds are fully registered, with a principal payment due annually on July 1, and interest payable semi-annually on January 1 and July 1. The bonds are callable starting on January 1, 2029, with no call premium. Furthermore, there is a special covenant of \$11,120,000 for early redemption starting on February 1, 2022, if the District were to sell or lease the Larkspur Landing Property.
- *SWRCB SRF* – The District coordinated direct financing from the SWRCB for SRF financing for one of the District's capital projects in the amount of \$1,708,256 in June 2022. The effective interest rate is 1.1% with principal and interest payments paid annually on July 1.

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



With respect to the covenants of each borrowing, the District is required to maintain a minimum debt service coverage ratio over its net revenues. The coverage ratio is split between its revenue bond obligations and its private placement SRF loan where the revenue bonds stipulate a coverage ratio of at least 1.10x and the SRF stipulates a coverage ratio of at least 1.20x. There are no other covenants or debt limitations noted from each of the issuances. The most recent audited financial statements (fiscal year 2023-24) indicate the District has a 2.69x debt coverage ratio.

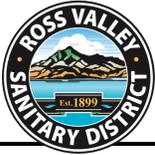
For further detail on each of the above debt obligations, inspection of the respective issuance's executed debt agreement can be reviewed at <https://www.emma.msrb.org/>.

Regarding the District's FY26 budgeted debt service expenditures, the District expects its costs to be fairly constant and in line with the executed amortization schedules. The District does not expect to issue any further debt obligations given its expressed intent to fund its CIP on a PayGo basis.

Credit Ratings Note:

The District received and continues to receive credit ratings from rating agencies such as Standard & Poor's (S&P) and Fitch Ratings (Fitch). The latest ratings the District has received from both agencies on its public debt obligations are 'AA Stable Outlook' from S&P and 'AA Positive Outlook' from Fitch. Fitch, from its most recent surveillance in February 2024, upgraded the District's rating from "AA Stable Outlook" to 'AA Positive Outlook'. The rationale for both ratings is that the District is in a strong financial position, is managing its sewage spill performance relative to its recent history and exerts a stable public utility revenue stream. Furthermore, the District is situated in an affluent community with a strong housing market further validating the revenue defensibility. The District's credit ratings can be found here: <https://www.spqlobal.com> and <https://www.fitchratings.com>.

Table 27 on the next page displays the amount of outstanding debt service payments FY26 through FY53.

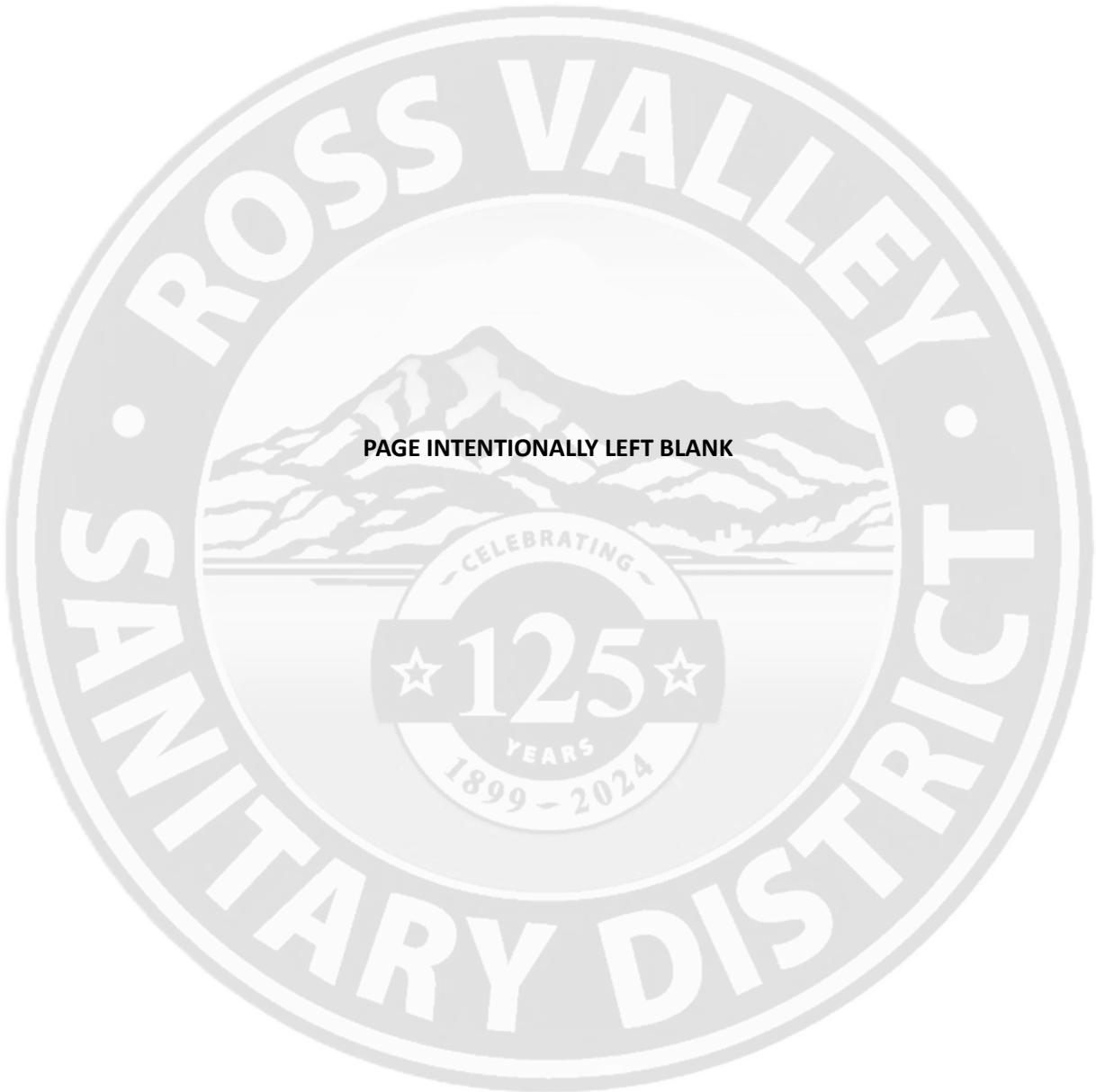


ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

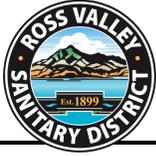
Table 27 – Debt Service Obligations

Debt Issues	Original Principal	Outstanding Principal FY26 Beg	FY2025 Debt Service	Outstanding Principal FY26 End
2013 Bonds	\$ 17,780,000	\$ 13,920,000	\$ 1,142,200	\$ 13,455,000
2014 Bonds	30,155,000	21,415,000	1,884,644	20,285,000
2018 Bonds	21,870,000	18,060,000	1,543,000	17,420,000
2019 Bonds	31,455,000	25,970,000	2,075,000	25,045,000
SWRCB SRF	1,708,256	1,609,101	67,085	1,559,717
Totals	\$ 102,968,256	\$ 80,974,101	\$ 6,711,928	\$ 77,764,717

Fiscal Year End	2013 Revenue Bonds		2014 Revenue Bonds		2018 Revenue Bonds		2019 Revenue Bonds		SWRCB SRF Loan		TOTAL DEBT SERVICE			Beginning Principal	Ending Principal
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total		
1 2026	465,000	677,200	1,130,000	754,644	640,000	903,000	925,000	1,150,000	49,384	17,700	3,209,384	3,502,544	6,711,928	80,974,101	77,764,717
2 2027	485,000	658,200	1,165,000	720,744	675,000	871,000	965,000	1,113,000	49,928	17,157	3,339,928	3,380,101	6,720,028	77,764,717	74,424,789
3 2028	500,000	636,000	1,200,000	685,794	705,000	837,250	1,005,000	1,074,400	50,477	16,608	3,460,477	3,250,051	6,710,528	74,424,789	70,964,312
4 2029	525,000	610,375	1,235,000	649,794	745,000	802,000	1,045,000	1,034,200	51,032	16,052	3,601,032	3,112,421	6,713,453	70,964,312	67,363,280
5 2030	555,000	583,375	1,275,000	612,744	780,000	764,750	1,085,000	992,400	51,593	15,491	3,746,593	2,968,760	6,715,353	67,363,280	63,616,686
6 2031	580,000	555,000	1,315,000	572,900	820,000	725,750	1,130,000	949,000	52,161	14,924	3,897,161	2,817,574	6,714,735	63,616,686	59,719,525
7 2032	610,000	525,250	1,355,000	530,163	860,000	684,750	1,175,000	903,800	52,735	14,350	4,052,735	2,658,312	6,711,047	59,719,525	55,666,791
8 2033	640,000	494,000	1,400,000	486,125	905,000	641,750	1,220,000	856,800	53,315	13,770	4,218,315	2,492,445	6,710,760	55,666,791	51,448,476
9 2034	675,000	461,125	1,445,000	438,875	950,000	596,500	1,270,000	808,000	53,901	13,183	4,393,901	2,317,683	6,711,585	51,448,476	47,054,574
10 2035	705,000	426,625	1,500,000	388,300	995,000	549,000	1,320,000	757,200	54,494	12,590	4,574,494	2,133,715	6,708,210	47,054,574	42,480,080
11 2036	740,000	390,500	1,550,000	335,800	1,045,000	499,250	1,375,000	704,400	55,094	11,991	4,765,094	1,941,941	6,707,035	42,480,080	37,714,987
12 2037	780,000	352,500	1,610,000	273,800	1,100,000	447,000	1,430,000	649,400	55,700	11,385	4,975,700	1,734,085	6,709,785	37,714,987	32,739,287
13 2038	820,000	312,500	1,675,000	209,400	1,155,000	392,000	1,485,000	592,200	56,312	10,772	5,191,312	1,516,872	6,708,185	32,739,287	27,547,974
14 2039	860,000	270,500	1,745,000	142,400	1,210,000	334,250	1,550,000	527,000	56,932	10,153	5,421,932	1,284,303	6,706,235	27,547,974	22,126,043
15 2040	900,000	226,500	1,815,000	72,600	1,270,000	273,750	1,625,000	449,500	57,558	9,526	5,667,558	1,031,876	6,699,435	22,126,043	16,458,484
16 2041	945,000	180,375	-	-	1,335,000	210,250	1,710,000	368,250	58,191	8,893	4,048,191	767,768	4,815,960	16,458,484	12,410,293
17 2042	995,000	131,875	-	-	1,400,000	143,500	1,795,000	282,750	58,831	8,253	4,248,831	566,378	4,815,210	12,410,293	8,161,462
18 2043	1,045,000	80,875	-	-	1,470,000	73,500	1,885,000	193,000	59,478	7,606	4,459,478	354,981	4,814,460	8,161,462	3,701,983
19 2044	1,095,000	27,375	-	-	-	-	1,975,000	98,750	60,133	6,952	3,130,133	133,077	3,263,210	3,701,983	571,851
20 2045	-	-	-	-	-	-	-	-	60,794	6,290	60,794	6,290	67,085	571,851	511,056
21 2046	-	-	-	-	-	-	-	-	61,463	5,622	61,463	5,622	67,085	511,056	449,594
22 2047	-	-	-	-	-	-	-	-	62,139	4,946	62,139	4,946	67,085	449,594	387,455
23 2048	-	-	-	-	-	-	-	-	62,823	4,262	62,823	4,262	67,085	387,455	324,632
24 2049	-	-	-	-	-	-	-	-	63,514	3,571	63,514	3,571	67,085	324,632	261,118
25 2050	-	-	-	-	-	-	-	-	64,212	2,872	64,212	2,872	67,085	261,118	196,906
26 2051	-	-	-	-	-	-	-	-	64,919	2,166	64,919	2,166	67,085	196,906	131,987
27 2052	-	-	-	-	-	-	-	-	65,633	1,452	65,633	1,452	67,085	131,987	66,355
28 2053	-	-	-	-	-	-	-	-	66,355	730	66,355	730	67,085	66,355	0
29 TOTALS	\$ 13,920,000	\$ 7,600,150	\$ 21,415,000	\$ 6,874,081	\$ 18,060,000	\$ 9,749,250	\$ 25,970,000	\$ 13,504,050	\$ 1,609,101	\$ 269,267	\$ 80,974,101	\$ 37,996,798	\$ 118,970,899		



PAGE INTENTIONALLY LEFT BLANK



(17) Capital Improvement Program (CIP)

The collection and conveyance of wastewater is a highly regulated enterprise that requires significant capital infrastructure and investment. The District operates a continuously flowing collection and conveyance system, and its various assets and equipment are subjected to heavy use in a sometimes-harsh operating environment. Many assets are subjected to constant contact with wastewater, abrasive materials, and chemicals. The District monitors the development of new technologies and considers systems and processes that may improve conveyance efficiency, reduce future sewer spills, reduce odors, save energy, and assist with meeting changing regulatory requirements. The maintenance, replacement, and addition of capital assets are an essential part of the District's CIP budget.

The District embarked on development of an Infrastructure Asset Management Plan (IAMP) that documented the District's capital projects in order of priority for the next ten years starting from July 1, 2022. The IAMP was initially developed in 2013 as part of the District's strategy to meet the requirements of the Cease & Desist Order from the State Water Resources Control Board (SWRCB); now the plan is risk-based and periodically updated based on system condition assessment information, integrated with the District's process of developing its CIP. For further information about the District's current IAMP, the report can be reviewed here: <https://www.rvsd.org/309/Infrastructure-Asset-Management-Plan>.

The CIP plans out the required minimum capital expenditures over the next ten years to maintain its critical infrastructure and what would be the appropriate funding plan. The ten-year CIP includes the replacement and rehabilitation of existing capital assets, as well as the acquisition or construction of new capital assets. Priorities from the Ten-Year CIP are included within the FY26 budget for rehabilitation and improvement capital projects. These initiatives are organized into six categories:

- 1) Gravity Sewer Projects
- 2) Pump Station Projects
- 3) Force Main Projects
- 4) Land & Building Projects
- 5) Lateral Replacement Program
- 6) Fixed Asset Purchases

Capital expenditures are cash transactions made by the District that result in the acquisition or construction of a capital asset. For financial reporting purposes, a capital asset is any asset valued over \$10,000 with a useful life of more than one year. Examples include land, buildings, machinery, vehicles, and equipment. All capital assets expected to be acquired or constructed are included in the FY26 CIP.

This chapter is organized to describe the District's CIP by providing the following:

- *Major CIP Capital Projects & Procurement Highlights* – Summarize the District's major CIP initiatives both in the upcoming fiscal year and over the next ten years.
- *CIP Planning & Funding* – Provide how the CIP plan is developed and include detailed information on the District's CIP in terms of projects over the next ten years.

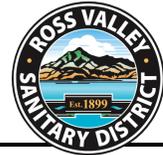


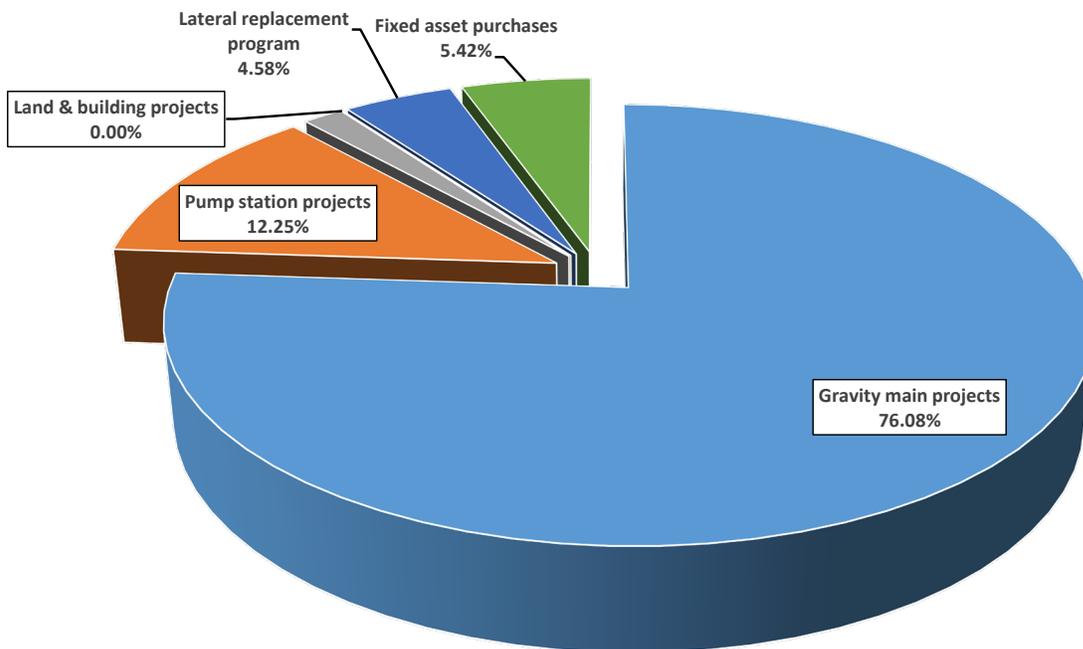
Table 28 – CIP Categories

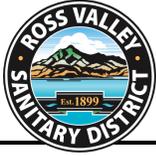
	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
1 Gravity main projects	\$ 7,391,330	\$ 7,400,000	\$ 6,380,250	\$ 9,130,000	\$ 1,730,000	23.38%
2 Pump station projects	975,068	2,730,000	4,104,237	1,470,000	(1,260,000)	-46.15%
3 Force main projects	-	-	-	200,000	200,000	0.00%
4 Land & building projects	1,625,717	540,000	580,000	-	(540,000)	-100.00%
5 Lateral replacement program	344,885	550,000	272,319	550,000	-	0.00%
6 Fixed asset purchases	1,064,514	820,000	220,000	650,000	(170,000)	-20.73%
7 Total CIP cost	\$ 11,401,515	\$ 12,040,000	\$ 11,556,806	\$ 12,000,000	\$ (40,000)	-0.33%

Note 1: The FY25 projected results are based on each project's progress through March 31, 2025.

Note 2: The above costs would generally be capitalized and presented on the District's balance sheet; however, they are presented in the budget as an expenditure following the Modified Accrual Basis of Accounting.

Chart 17 – FY26 CIP Categories Allocation





Major CIP Capital Projects & Procurement Highlights

The ten-year CIP includes many important projects to maintain and improve the operation of the District's wastewater collection and conveyance system. Within the CIP, several projects have additional detailed project descriptions that further explain the scope, schedule, and budget for the project. The following are the major projects for FY26:

Gravity Sewer Projects – Gravity sewer projects (\$9.13 million) include a mix of restoration, rehabilitation, and replacement work. Except for the as-needed construction services and capitalized repairs, these projects will be designed and constructed in FY26. In the ten-year CIP, there are three gravity projects associated with municipal bridge replacements in the towns of Ross, San Anselmo and Fairfax whose schedules depend on the actions of the municipalities, and \$80,000 is budgeted in FY26 for these projects. Approximately six miles of gravity sewer lines will be upgraded by the projects in design or construction in FY26, all of which are identified as priorities by condition assessment and line maintenance, risk modeling in the 2021 Infrastructure Asset Management Plan (IAMP), and the 2023 wastewater collection system capacity evaluation.

Pump Station Projects – Pump station projects are budgeted at \$1,470,000. Expenditures for construction are mostly for Lift Station 30 renovation at Heather Gardens, a priority of the 2021 IAMP co-located on lands of the City of Larkspur. Other miscellaneous pump station equipment upgrades are budgeted at \$150,000, and these funds are used to address mechanical or electrical issues that may arise through the year. Example expenditures include replacement of pumps, motors, variable frequency drives, alarms, level controllers, electrical equipment, or backup power components.

Force Main Projects – Force main capital repairs and assessment is budgeted at \$200,000 in FY26. A bypass force main (FM-14) was damaged during wet weather this past fiscal year and it will be assessed for its repair or replacement. These funds may be used to conduct force main assessments based on the findings associated with this damaged force main or past assessment work. In upcoming years FY27 and FY28, \$2.5 million is in this project budget to implement recommendations of assessments conducted.

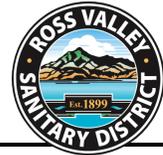
Land & Building Projects – This category includes capital projects related to the District land and buildings. The District has no projects within this category in FY26.

Grant and Loan Program – Financial assistance funding and maximum amounts for lateral replacements are established each fiscal year as part of the annual budget process. Funding for financial assistance in FY26 includes grant and loan funding totaling \$550,000.

Capital Equipment – The District has several capital equipment needs in this year's budget totaling \$560,000. Capital equipment needs are detailed below.

Replacement RamJet pump - Truck # JT01 is a RamJet truck used for hydro jet cleaning that recently had a new engine installed and is in otherwise good shape. The pump is leaking from a weep hole which is an indication that the pump needs attention before complete failure occurs. The pump removed from the truck will be rebuilt as a critical spare part that can be used in the future on any of the four RamJet trucks

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



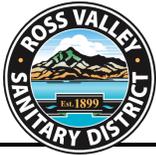
to ensure continuous line maintenance operations. The FY26 budget includes \$45,000 to replace the pump.

The construction truck for the Line Repair crew needs to be replaced. It is a specialized vehicle that includes a compressor, generator, and a crane needed to install manhole barrels. The existing 2005 Peterbilt truck has been breaking down with engine issues and other key components on the truck, including the crane, the starter, the generator, and the engine block that contains an oil leak. It does not have updated emissions controls like the newer trucks, which may have contributed to the exhaust plugging up with debris. The FY26 budget includes \$350,000 for the new construction truck. This budgeted item has been carried over from last year due to longer lead times than expected.

The Repair Crew has identified an additional item, a lateral reinstatement cutter, to complement the Picote Cutter system. The Picote Cutter only works on laterals that have a building clean-out (BO) or property line cleanout (CO) from which the repair crew can access the system via the lateral. The lateral is reinstated by cutting from the lateral side of the lateral connection, and the Picote Cutter cannot be used to cut from inside the sewer main. While BO's and COs are required by the lateral ordinance and installed when permits are issued, many laterals do not have a BO or CO because they have not received permits from the District for decades. Staff estimate that over half the system is not yet equipped with BO's, Type 1 (Contra Costa or mushroom valve) or Type 2 (sewer popper). Therefore, a lateral reinstatement cutter that can be used to access and reinstate the lateral connection from within the sewer main is proposed for this year's budget at \$150,000. This item is proposed to roll forward from the previous year's budget with an increased cost of \$50,000.

The Line Repair Crew currently uses two medium size class B dump trucks (BD02, BD03). Both dump trucks have been outfitted to not only haul trailers with equipment on them, spoils from excavations, clean backfill materials, but also tools and necessities to complete a wide array of sewer repairs. Both trucks currently are equipped with generators for power on the jobsite. Both generators are over a decade old and non-operational. The generators allow the Line Repair Crew to creatively select the right vehicles and equipment for the right job. Often the Line Repair Crew must sacrifice a piece of the repair equation to accomplish the job, whether it be due to limited access or not enough crew members to get all necessary equipment to the jobsite. The importance of having vehicles equipped with the necessary equipment to complete the job can be the difference between getting the job done that day, or having to work overtime, or finishing the job the next day. Replacing both generators on the dump trucks ensures the Line Repair Crew will have power for another decade and be able to continue operating in the same efficient manner they pride themselves on. Replacement of truck mounted generators is budgeted at \$15,000.

Software Purchases – The District has budgeted \$90,000 for the procurement and the implementation of a new permitting software. Ongoing support costs (Operating Fund) for the new software will be \$66,844.00 per year.

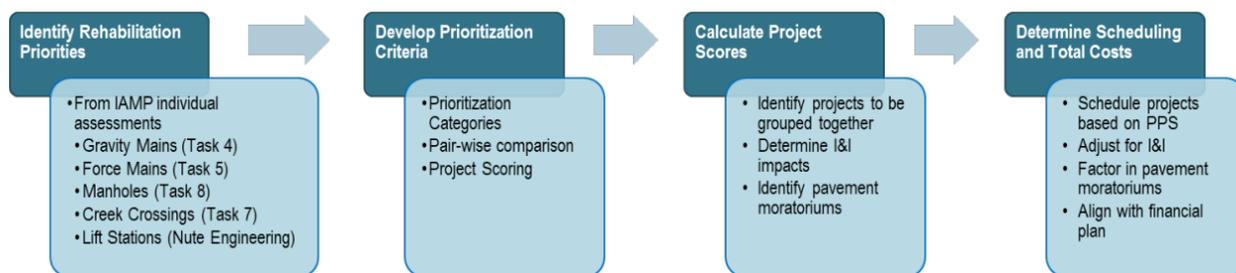


CIP Planning & Funding

The District annually assesses its ten-year CIP as part of the budget development process using its latest IAMP as a guide. The FY26 CIP Budget and ten-year CIP schedule were prepared by the General Manager in close coordination between the Engineering and Operations & Maintenance Departments. The General Manager and Senior Engineer are responsible for developing and managing the annual CIP Budget, determining the appropriate delivery method for each project and activity, and monitoring and reporting CIP activities. The General Manager and Assistant General Manager/Administrative Services Manager are responsible for working with the Board and Finance Committee to develop a long-term funding plan for the CIP.

The IAMP was developed in 2021 as a ten-year plan listing out the District’s priorities for its infrastructure asset management with a goal of reducing future I&I and minimizing risk. Four years later many higher priorities in the 2021 IAMP have been constructed under the CIP, and priorities have adjusted based on new condition assessment and O&M information. Each asset category is assessed with a priority based on its likelihood of failure (LoF) and consequence of failure (CoF) probability. The LoF/CoF is a risk model framework considering a key set of parameters, such as structural integrity, system capacity, environmental impacts, stakeholder/customer service, regulatory compliance, health and safety, financial impact, ability to restore to design level of service, and location/critical facility impact. Using the results from the assessment model updated every other year, each asset is weighted using priority scoring.

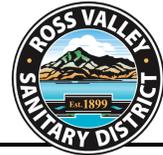
Figure 9 – IAMP Prioritization Process



The Ten-Year CIP is developed in conjunction with the budget process. It is based on the IAMP risk assessments as well as priorities established from review of maintenance issues, capacity issues, sewer spill locations, and pavement moratoriums established by the local municipal jurisdictions. Cost estimates for projects are determined by utilizing costs from similar projects conducted by the District and neighboring agencies. Once the budget has been adopted, the District is required to comply with the California Uniform Public Construction Cost Accounting Act (UPCCAA) to deliver the project. All construction and professional service contracts and purchases that are over the dollar threshold set by UPCCAA and District policies require Board approval at an open public meeting.

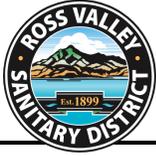
The total cost of the CIP over the next ten years, inclusive of the upcoming budget year is approximately \$110 million. This ten-year CIP scope focuses primarily on replacing priority infrastructure and assets, and is funded by property taxes, lateral loan repayments, capacity charges and unassigned operating or capital reserves. The District is focusing on using a “pay-as-you-go” model to fund all capital projects.

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



Please refer to the following documents for detailed information regarding the current year CIP:

- *Ten-Year Capital Improvement Program Schedule* – The schedule shows the next ten years of the District’s planned capital activities along with the upcoming fiscal year.
- *Capital Improvement Program – Account/Project Descriptions* – Each project, initiative and activity in the upcoming budget year is described by budget account number and serves to guide the District’s staff in the execution of budgeted activities and is a reference when assigning account numbers for purchase orders and payment of goods and services.
- *Detailed Project Descriptions* – Each large or multi-year initiative has a dedicated project sheet which describes the major project by its scope, justification, costs by fiscal year and activity, and includes a map of the project being described.

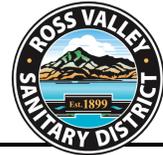


ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

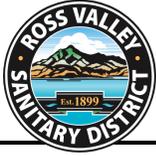
Table 29 – Ten Year CIP Schedule

Project ID	Project Name	Project Category	Prior Years Balance	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026
1	EG-944-000-00 Large Diameter Gravity II-3B	Gravity Sewer	\$ 4,375		\$ -	\$ -	\$ -
2	EG-946-000-00 Winship Bridge Sewer Relocation	Gravity Sewer	125,481	10,499	50,000	-	-
3	EG-952-000-00 Nokomis Bridge Sewer Relocation	Gravity Sewer	8,697		-	-	-
4	EG-954-000-00 Meadow Way Bridge Sewer Relocation	Gravity Sewer	5,006	215	-	-	80,000
5	EG-955-000-00 FY 23/24 Gravity Sewer	Gravity Sewer	435,287	4,666,697	4,850,000	2,048,016	-
6	EG-956-000-00 Woodland Capacity Improvements	Gravity Sewer	225,035	1,992,730	-	332,234	-
7	EG-957-000-00 Fairfax Capacity Improvements	Gravity Sewer	-	262,525	-	200,000	350,000
8	EG-958-000-00 24-25 Gravity Sewer	Gravity Sewer	-	-	2,000,000	3,100,000	4,200,000
9	EG-959-000-00 Palm-Mann-Cypress Gravity Sewer	Gravity Sewer	-	-	-	200,000	4,200,000
10	EG-970-000-00 26-27 Gravity Sewer	Gravity Sewer	-	-	-	-	-
11	EG-971-000-00 27-28 Gravity Sewer	Gravity Sewer	-	-	-	-	-
12	EG-972-000-00 28-29 Gravity Sewer	Gravity Sewer	-	-	-	-	-
13	EG-973-000-00 29-30 Gravity Sewer	Gravity Sewer	-	-	-	-	-
14	EG-974-000-00 30-31 Gravity Sewer	Gravity Sewer	-	-	-	-	-
15	EG-975-000-00 31-32 Gravity Sewer	Gravity Sewer	-	-	-	-	-
16	EG-976-000-00 32-33 Gravity Sewer	Gravity Sewer	-	-	-	-	-
17	EG-977-000-00 33-34 Gravity Sewer	Gravity Sewer	-	-	-	-	-
18	EG-978-000-00 34-35 Gravity Sewer	Gravity Sewer	-	-	-	-	-
19	EG-917-000-00 Capitalized Repairs-Contractor	Gravity Sewer	-	337,619	250,000	250,000	150,000
20	EG-918-000-00 On Call Construction	Gravity Sewer	-	121,045	250,000	250,000	150,000
21	Total Gravity Sewer Projects		803,881	7,391,330	7,400,000	6,380,250	9,130,000
22	EG-961-000-00 Lower FM-14 Bypass Force Main Replacement	Force Main	-	-	-	-	200,000
23	EG-962-000-00 Bon Air Force Main Lining (FM-15 and FM-14)	Force Main	-	-	-	-	-
24	EG-963-000-00 29-30 Force Main Appurtenances	Force Main	-	-	-	-	-
25	EG-964-000-00 South Elisio Force Main Capacity Improvement	Force Main	-	-	-	-	-
26	EG-965-000-00 FM-33 Replacement Project	Force Main	-	-	-	-	-
27	EG-966-000-00 Future Force Main Replacement Project	Force Main	-	-	-	-	-
27	Total Force Main Projects		-	-	-	-	200,000
28	EG-905-000-00 Other Pump Station Equipment	Pump Station	-	-	150,000	150,000	150,000
29	EG-907-000-00 LS 20, 31, 32 and FM-31, FM-32 Improvement	Pump Station	184,127	861,636	2,000,000	3,354,237	-
30	EG-908-000-00 LS 30 Heather Gardens Lift Station Improvement	Pump Station	1,925	113,432	580,000	600,000	1,320,000
31	EG-909-000-00 LS 33, 34, 35, 36 Riviera Circle	Pump Station	-	-	-	-	-
32	EG-910-000-00 LS 22, 23 Drakes Landing	Pump Station	-	-	-	-	-
33	EG-911-000-00 LS 21 Improvements or Gravity Sewer	Pump Station	-	-	-	-	-
34	EG-912-000-00 PS 15 Kentfield Capacity Improvements	Pump Station	-	-	-	-	-
35	EG-913-000-00 PS 10 Larkspur Landing B Improvements	Pump Station	-	-	-	-	-
36	EG-914-000-00 PS 13 Greenbrae Improvements	Pump Station	-	-	-	-	-
37	EG-915-000-00 PS 14 Larkspur Improvements	Pump Station	-	-	-	-	-
38	Total Pump Station Projects		186,052	975,068	2,730,000	4,104,237	1,470,000
39	EG-900-000-00 Larkspur Landing Activities	Land/Building			-		
40	EG-901-002-00 Andersen Building Improvement A - Building	Land/Building					
41	EG-901-003-00 Andersen Building Improvement B - Site	Land/Building	48,327	1,625,717	540,000	580,000	-
42	Total Land & Building Projects		48,327	1,625,717	540,000	580,000	-
43	EG-935-001-00 Capital Equipment	Procurement	-	1,064,514	680,000	220,000	560,000
44	EG-950-000-00 Software Purchases	Procurement	-	-	130,000	-	90,000
45	Total Fixed Asset Purchases		-	1,064,514	820,000	220,000	650,000
46	N/A Lateral Replacement Grant Program	Lateral Program	-	167,500	300,000	139,000	300,000
47	N/A Lateral Replacement Loan Program	Lateral Program	-	177,385	250,000	133,319	250,000
48	Total Lateral Replacement Program		-	344,885	550,000	272,319	550,000
49	Total Capital Improvement Program		\$ 1,038,260	\$ 11,401,515	\$ 12,040,000	\$ 11,556,806	\$ 12,000,000

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	Forecast FY2035	Multi-Year Project Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,375
876,020	-	-	-	-	-	-	-	-	1,012,000
-	100,000	718,303	-	-	-	-	-	-	827,000
119,779	-	-	-	-	-	-	-	-	205,000
-	-	-	-	-	-	-	-	-	7,150,000
-	-	-	-	-	-	-	-	-	2,550,000
5,187,475	-	-	-	-	-	-	-	-	6,000,000
-	-	-	-	-	-	-	-	-	7,300,000
-	-	-	-	-	-	-	-	-	4,400,000
2,000,000	4,000,000	-	-	-	-	-	-	-	6,000,000
-	1,600,000	6,000,000	-	-	-	-	-	-	7,600,000
-	-	450,000	4,500,000	-	-	-	-	-	4,950,000
-	-	-	650,000	6,500,000	-	-	-	-	7,150,000
-	-	-	-	450,000	4,500,000	-	-	-	4,950,000
-	-	-	-	-	500,000	5,000,000	-	-	5,500,000
-	-	-	-	-	-	650,000	6,500,000	-	7,150,000
-	-	-	-	-	-	-	700,000	7,500,000	8,200,000
-	-	-	-	-	-	-	-	800,000	800,000
250,000	250,000	250,000	250,000	250,000	250,000	300,000	300,000	300,000	3,137,619
250,000	250,000	250,000	250,000	250,000	250,000	300,000	300,000	300,000	2,921,045
8,683,274	6,200,000	7,668,303	5,650,000	7,450,000	5,500,000	6,250,000	7,800,000	8,900,000	87,807,038
300,000	-	-	-	-	-	-	-	-	500,000
-	100,000	1,400,000	-	-	-	-	-	-	1,500,000
-	-	50,000	500,000	-	50,000	500,000	-	-	1,100,000
-	-	200,000	2,000,000	-	-	-	-	-	2,200,000
250,000	1,650,000	-	-	-	-	-	-	-	1,900,000
-	-	-	-	-	-	-	1,000,000	1,500,000	2,500,000
550,000	1,750,000	1,650,000	2,500,000	-	50,000	500,000	1,000,000	1,500,000	9,700,000
150,000	180,000	180,000	180,000	200,000	200,000	250,000	250,000	250,000	2,140,000
-	-	-	-	-	-	-	-	-	4,400,000
-	-	-	-	-	-	-	-	-	2,035,357
-	-	200,000	2,000,000	-	-	-	-	-	2,200,000
-	-	-	80,000	340,000	-	-	-	-	420,000
-	-	-	-	80,000	1,250,000	-	-	-	1,330,000
-	-	125,000	150,000	2,250,000	-	-	-	-	2,525,000
-	-	-	-	200,000	2,500,000	-	-	-	2,700,000
-	-	-	-	-	150,000	1,250,000	-	-	1,400,000
-	-	-	-	-	-	150,000	1,500,000	-	1,650,000
150,000	180,000	505,000	2,410,000	3,070,000	4,100,000	1,650,000	1,750,000	250,000	20,800,357
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	200,000	2,250,000	-	4,704,044
-	-	-	-	-	200,000	2,250,000	-	-	4,704,044
150,000	150,000	700,000	500,000	150,000	150,000	500,000	1,000,000	150,000	5,294,514
-	-	-	-	-	-	-	-	-	90,000
150,000	150,000	700,000	500,000	150,000	150,000	500,000	1,000,000	150,000	5,384,514
300,000	250,000	250,000	250,000	200,000	200,000	200,000	200,000	200,000	2,656,500
250,000	300,000	300,000	300,000	300,000	200,000	200,000	200,000	200,000	2,810,704
550,000	550,000	550,000	550,000	500,000	400,000	400,000	400,000	400,000	5,467,204
\$ 10,083,274	\$ 8,830,000	\$ 11,073,303	\$ 11,610,000	\$ 11,170,000	\$ 10,400,000	\$ 11,550,000	\$ 11,950,000	\$ 11,200,000	\$ 133,863,158



LS 30 Heather Gardens Lift Station Improvements

Project Number: 908

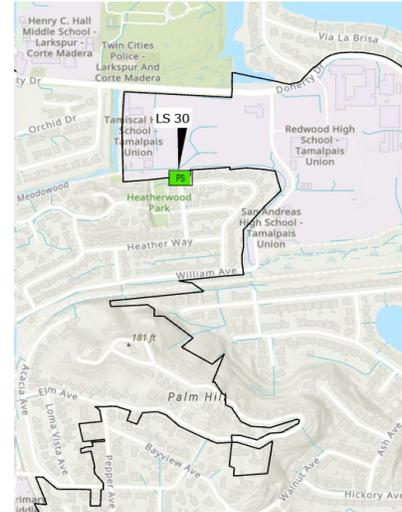
Total Project Costs: \$2,035,000

Facility Type: Pump Station

Status: Construction

Project Description: Update aging lift station and separate it from a co-existing storm water pump station owned and operated by City of Larkspur. Install a new generator and fuel tank, removing reliance on portable generator for backup power.

Location Map:



Project Scope: Convert aging pump station to submersible pump station, separate from the existing combined storm/sanitary pump station location originally constructed by City of Larkspur. Install a new generator and fuel tank, removing reliance on portable generator for backup power.

Useful Life of Completed Project: 15 to 30 years

Risk Assessment/ Justification: Lift station reliability

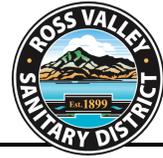
Operating Impact: Improve reliability at minor lift station, reducing O&M staff costs and overtime costs and reducing risk of overflows exacerbated by adjacent storm water pump station wet well.

Cross-Reference Project(s): City of Larkspur Storm Water Pump Station Renovation

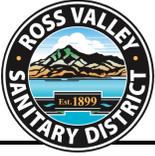
Planning Document(s): 2021 IAMP

Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund	715	1,320							2,035
Revenue Bonds									
SRF Loans									
Other									
Total	715	1,320							2,035

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

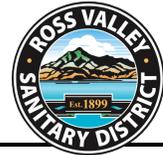


LS 33, 34, 35, 36 (Riviera Circle) Improvements									
Project Number: 909					<p style="text-align: center;">Location Map:</p>				
Total Project Costs: \$2,200,000									
Facility Type: Pump Station									
Status: Planning									
Project Description: Update aging lift stations in Riviera Circle neighborhood known as Larkspur Marina									
Project Scope:					Convert aging pump stations to submersible pump stations, completing the lift station rehabilitations in the area (building on the LS 31 and LS 32 improvements).				
Useful Life of Completed Project:					15 to 30 years				
Risk Assessment/ Justification:					Lift station reliability				
Operating Impact:					Improve reliability at minor lift stations, reducing O&M staff costs. Complete construction around same time as the Riviera Circle gravity sewer improvements in 27/28 Project.				
Cross-Reference Project(s):					FY 2027/28 Gravity Sewer Improvements, FM-33 Replacement				
Planning Document(s):					2021 IAMP				
Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund					200	2,000			2,200
Revenue Bonds									
SRF Loans									
Other									
Total					200	2,000			2,200



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

PS 15 Kentfield Capacity Improvements									
Project Number: 912				Location Map: 					
Total Project Costs: \$2,525,000									
Facility Type: Pump Station									
Status: Planning									
Project Description: To address capacity deficiencies identified in the 2023 flow modeling study, increase firm capacity of PS15 from 37.9 MGD to 45.0 MGD, replacing three (3) large pumps (400 hp) and two standard dry weather pumps that were originally installed in 1997 and are showing signs of age. (two of the large pumps were replaced in 2023)									
LS 33,				Replace three (3) 400 hp wet weather pumps at PS15 Kentfield with appropriate sized pumps to achieve increase in firm capacity to 45 MGD.					
Useful Life of Completed Project: 15 to 30 years									
Risk Assessment/ Justification:				Replacement of aging wet weather pumps at PS 15, address capacity issue identified in 2023 Capacity Evaluation Study					
Operating Impact:				Improve reliability at major pump stations					
Cross-Reference Project(s):				South Eliseo Force Main (FM-15) Capacity Improvements					
Planning Document(s):				2023 Wastewater Collection System Capacity Evaluation					
Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund					125	150	2,250		2,525
Revenue Bonds									
SRF Loans									
Other									
Total					125	150	2,250		2,525



Winship Capacity Improvements and Bridge Sewer Relocation

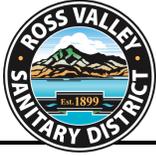
Project Number:	946
Total Project Costs:	\$1,012,000
Facility Type:	Gravity Sewer
Status:	Design
Project Description:	Replacement of gravity sewer attached to bridge with a double-barrel siphon and redirection of system for hydraulic capacity deficiencies and coordination with Town of Ross flood control improvements at Winship Bridge



Project Scope: 100 LF double barrel siphon under San Anselmo Creek at Winship Bridge and 120 LF to redirect sewer southbound on Sir Francis Drake Blvd.

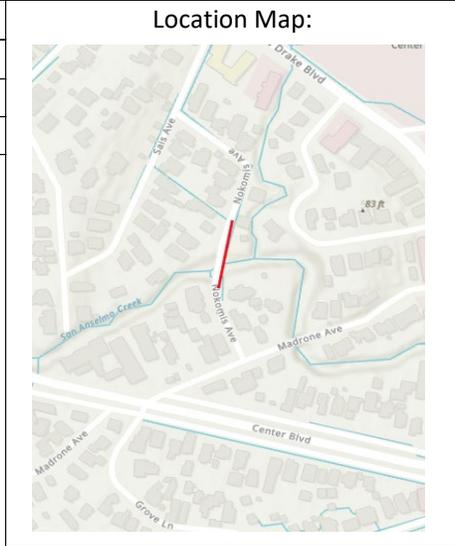
Useful Life of Completed Project:	70 Years
Risk Assessment/ Justification:	Hydraulic capacity deficiencies and elimination of an aerial creek crossing.
Operating Impact:	New siphon
Cross-Reference Project(s):	Town of Ross Winship Bridge
Planning Document(s):	2013 IAMP, SHECAP 2006

Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund	76		876						952
Revenue Bonds	60								60
SRF Loans									
Other									
Total	136		876						1,012



Nokomis Bridge Sewer Relocation

Project Number: 952
Total Project Costs: \$827,000
Facility Type: Gravity Sewer
Status: Design
Project Description: Replacement of gravity sewer attached to bridge with a double-barrel siphon for structural rehabilitation and coordination with Town of San Anselmo flood control improvements at Nokomis Bridge.
 Estimated project timing: 2024



Project Scope: 100 LF double barrel siphon under San Anselmo Creek at Nokomis Bridge

Useful Life of Completed Project: 70 years

Risk Assessment/ Justification: Structural rehabilitation and elimination of an aerial creek crossing

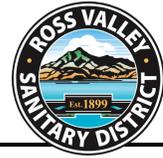
Operating Impact: New siphon

Cross-Reference Project(s): Town of San Anselmo Nokomis Bridge

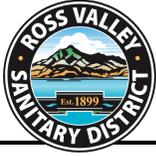
Planning Document(s): N/A

Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund	9			100	718				827
Revenue Bonds									
SRF Loans									
Other									
Total	9			100	718				827

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



Meadow Way Bridge Sewer Relocation									
Project Number: 954					<p style="text-align: center;">Location Map:</p>				
Total Project Costs: \$205,000									
Facility Type: Gravity Sewer									
Status: Design									
Project Description: Replacement of gravity sewer attached to bridge, including temporary sewer on temporary bridge as new bridge is constructed by Town of Fairfax.									
Project Scope:					Town of Fairfax is replacing the Meadow Way Bridge over San Anselmo Creek near Cascade Drive. This project will relocate an existing clay sewer between manholes including a 70-foot section of ductile iron sewer hung from the existing bridge. A temporary sewer will be installed on a temporary bridge during bridge construction.				
Useful Life of Completed Project:					70-100 years				
Risk Assessment/ Justification:					Rehabilitate older clay sewer between manholes in addition to replacing the sewer attached to the existing bridge.				
Operating Impact:					Reduce frequency of line maintenance activities.				
Cross-Reference Project(s):					Town of Fairfax Meadow Way Bridge Replacement				
Planning Document(s):					N/A				
Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund	5	80	120						205
Revenue Bonds									
SRF Loans									
Other (CDFW grant)									
Total	5	80	120						205



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Fairfax Capacity and Creek Crossings Project

Project Number: 957	Location Map:
Total Project Costs: \$6,000,000	
Facility Type: Gravity Sewer	
Status: Design	
Project Description:	<p>The project will replace approximately 3,259 linear feet of existing sanitary sewer main in the Westbrae/Olema and Oak Manor areas, primarily through pipe bursting methods and three creek crossings. For capacity, upsize 405 feet of 15-inch gravity main to 18-inch gravity main on Spruce Road and Park Road from Arroyo Road to Merwin Avenue, with a parallel siphon (10-inch and 15-inch diameter) to cross the creek. Install 2,000 feet of 18-inch gravity main eastward along Merwin & Broadway to Pacheco.</p>

Project Scope: Construct relief sewer through downtown Fairfax to prevent surcharging and overflows in downtown area during intense storms, including new dual siphon beneath Fairfax Creek along Merwin Ave. Increase capacity of Westbrae/Hawthorne area by increasing diameters in easements and installing a new sewer on Olema Road. Addresses Capacity issue 8 at Oak Manor area.

Useful Life of Completed Project: 70-100 years

Risk Assessment/ Justification: Capacity assurance, I&I reduction, SSO reduction, and O&M improvements

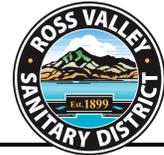
Operating Impact: Lower the risk of spills and I&I associated with large storm events. Includes new siphon.

Cross-Reference Project(s): System Hydraulic Evaluation and Capacity Assurance, 2006

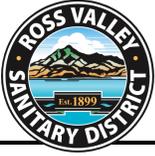
Planning Document(s): 2023 Wastewater Collection System Capacity Evaluation

Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund	463	350	5,187						6,000
Revenue Bonds									
SRF Loans									
Other									
Total	463	350	5,187						6,000

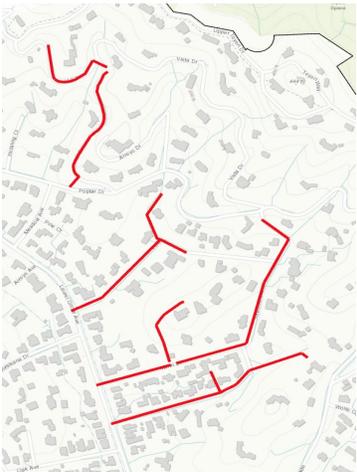
ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



FY 2024/25 Gravity Sewer Improvements									
Project Number: 958		<p style="text-align: center;">Location Map:</p>							
Total Project Costs: \$7,300,000									
Facility Type: Gravity Sewer									
Status: Construction									
Project Description: Replace approximately 2.8 miles of sewer segments prioritized in the 2023 data model update of the 2021 IAMP, as well as maintenance priorities, primarily installed via the pipebursting method.									
Project Scope:		Includes highest risk sewer at Sherman and Bolinas Rd. in Fairfax, and other higher risk sewers of Rutherford/Suffield in San Anselmo, Sir Francis Drake at Fairfax/San Anselmo border, Wolfe Canyon upstream of 22/23 project improvements, Stadium Way fly line to mitigate trunkline back-up risk to residents, and Berens, McAllister, Lancaster to reduce I&I and salt intrusion.							
Useful Life of Completed Project:		70-100 years							
Risk Assessment/ Justification:		Structural rehabilitation, I&I reduction, spill reduction, salt intrusion reduction and O&M improvements							
Operating Impact:		Reduce frequency of line maintenance activities and spills on public and private sewers, lower the risk of spills and I&I. Reduce salt water intrusion that affects recycled water quality.							
Cross-Reference Project(s):		N/A							
Planning Document(s):		2021 IAMP							
Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund	3,100	4,200							7,300
Revenue Bonds									
SRF Loans									
Other									
Total	3,100	4,200							7,300



Palm-Mann-Cypress Gravity Sewer Improvements Project

Project Number: 959	Location Map: 
Total Project Costs: \$4,400,000	
Facility Type: Gravity Sewer	
Status: Design	
Project Description: In advance of planned paving by Marin County, approximately 1.37 miles of rehabilitation and upsizing of gravity sewer mostly by trenchless pipebursting and some open cut/trench construction where pipebursting not feasible. Sewers are higher risk assets prioritized in the 2023 wastewater capacity evaluation and gravity lines with maintenance and access issues identified through SSMP.	

Project Scope: Rehabilitate 1.37 miles of pipe and manhole assets upstream of a Priority 1 capacity issue identified in Laurel Grove Avenue in Wastewater Collection System Capacity Evaluation of 2023. Project triggered by planned paving by Marin County along Palm Ave., Mann Ave., Cypress Ave., Poplar Ave., Arroyo Ave., and connected streets and easements in Kentfield.

Useful Life of Completed Project: 70-100 years

Risk Assessment/ Justification: Structural rehabilitation, I&I reduction, SSO reduction, and O&M improvements. Capacity increase.

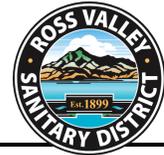
Operating Impact: Pipe maintenance frequency will decrease. Risk of capacity related overflows in Laurel Grove Ave. trunk sewer will decrease by targeted reduction in I&I in branch sewers and lower laterals.

Cross-Reference Project(s): System Hydraulic Evaluation and Capacity Assurance, 2006

Planning Document(s): 2023 Wastewater Collection System Capacity Evaluation

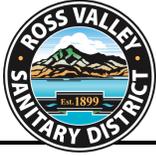
Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund	200	4,200							4,400
Revenue Bonds									
SRF Loans									
Other									
Total	200	4,200							4,400

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



Lower FM-14 Bypass Force Main Replacement	
Project Number: 961	Location Map:
Total Project Costs: \$500,000	
Facility Type: Force Main	
Status: Planning	
Project Description:	Replacement of Damaged Bypass Force Main Section of FM-14 that conveys wastewater from PS14 - Larkspur to PS13 - Greenbrae. Installation of replacement pipe and air release valve(s) to reinstate secondary force main.
Project Scope:	Replacement of damaged force main at Bon Air Center (FM-14).
Useful Life of Completed Project:	70 years
Risk Assessment/ Justification:	Replace damaged section of 60-year-old force main which had a spill because of corrosion caused by a high point w/ no ARV.
Operating Impact:	Create flexibility in wet weather operations through ability to divert PS14 (Larkspur) flows to PS13 (Greenbrae), increasing capacity of the FM-2 line that conveys flows from the largest PS15 (Kentfield). Enables shut down of FM-2 force main for maint.
Cross-Reference Project(s):	Bon Air Force Main Lining (FM-15 and FM-14)
Planning Document(s):	N/A

Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund		200	300						500
Revenue Bonds									
SRF Loans									
Other									
Total		200	300						500

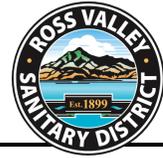


ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Bon Air Force Main Lining (FM-15 and FM-14)	
Project Number: 962	<p>Location Map:</p>
Total Project Costs: \$1,500,000	
Facility Type: Gravity Sewer	
Status: Planning	
Project Description: Slip Line with HDPE Approximately 1,417 feet of 36" Techite Force Main that bypasses FM-15 and FM-14 flows around PS13 (and away from FM-2) into FM-13 at the Bon Air Shopping Center. Also Slipline about 528 feet of FM-14 from the Isolation Valve at South Eliseo up to the FM-14 repair location in Bon Air Shopping Center.	
Project Scope:	Place bypass force main system back into service in the Bon Air Center area, increasing operational flexibility especially during wet weather. Slipline FM-15 bypass force main with HDPE. This was the original route of the FM-15 force main installed in 1969 before FM-2 was installed along the Corte Madera Creek multi-use path in 1986. Also slipline the metallic portion of bypass force main FM-14 between the Isolation Valve at South Eliseo and the Replaced portion of Lower FM-14 (Project No. 961)
Useful Life of Completed Project:	70-100 years
Risk Assessment/ Justification:	Restore integrity of Techite and Steel force mains by slip lining with HDPE, similar to what was done with FM-15 on Bike Path at Creekside Park.
Operating Impact:	Enable shut downs of FM-14 and FM-2 force mains through use of the bypass force main through Bon Air Shopping Center, so that these force mains can be inspected or maintained as needed.
Cross-Reference Project(s):	Lower FM-14 Repair and Replacement Project
Planning Document(s):	2013 IAMP

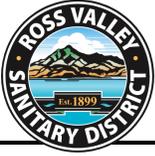
Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund				100	1,400				1,500
Revenue Bonds									
SRF Loans									
Other									
Total				100	1,400				1,500

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

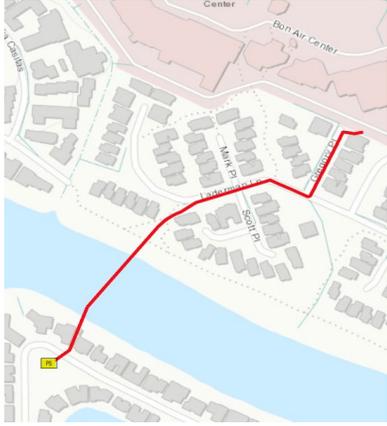


South Eliseo Force Main FM-15 Capacity Improvements	
Project Number:	964
Total Project Costs:	\$2,200,000
Facility Type:	Gravity Sewer
Status:	Planning
Project Description:	Install 1,789 feet of parallel 32" force main to FM-15 from Bon Air Bridge, under Bon Air Road, to PS 24 along South Eliseo Drive to address a priority capacity issue identified in the 2023 Capacity Evaluation
Location Map:	
Project Scope:	Installation of 1,789 feet of 32" parallel force main by open cut methods
Useful Life of Completed Project:	70-100 years
Risk Assessment/ Justification:	Address under-sized portion of FM-15 force main system confirmed in 2023 Wastewater Capacity Evaluation
Operating Impact:	Ensures capacity of PS15, FM-15 system through design storm conditions
Cross-Reference Project(s):	PS 15 Kentfield Capacity Improvements
Planning Document(s):	2023 Wastewater Collection System Capacity Evaluation

Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund					200	2,000			2,200
Revenue Bonds									
SRF Loans									
Other									
Total					200	2,000			2,200

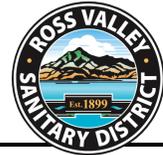


ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

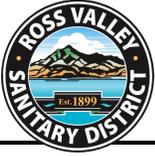
FM-33 Force Main Replacement Project	
Project Number: 965	Location Map: 
Total Project Costs: \$1,900,000	
Facility Type: Gravity Sewer	
Status: Planning	
Project Description: Install 1,545 feet of 4-inch diameter force main to replace 1960s tidal creek crossing and Sch40 PVC force main through Drake's Landing neighborhood. Includes approximately 663 feet of HDPE force main under tidal inlet and wetlands crossing, installed by horizontal directional drilling.	
Project Scope:	Install 1,545 feet of 4-inch diameter force main to replace 1960s tidal creek crossing and Sch40 PVC force main through Drake's Landing neighborhood. Includes approximately 663 feet of HPDE force main under tidal inlet and wetlands crossing, installed by horizontal directional drilling.
Useful Life of Completed Project:	70-100 years
Risk Assessment/ Justification:	Address aging force main installed under Corte Madera Creek in the 1960s that includes rubber hose and schedule 40 PVC materials.
Operating Impact:	Ensures wastewater from Larkspur Marina is sustainably conveyed to the PS12 pump station
Cross-Reference Project(s):	LS 33, 34, 35, 36 Improvements
Planning Document(s):	

Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund			250	1,650					1,900
Revenue Bonds									
SRF Loans									
Other									
Total			250	1,650					1,900

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



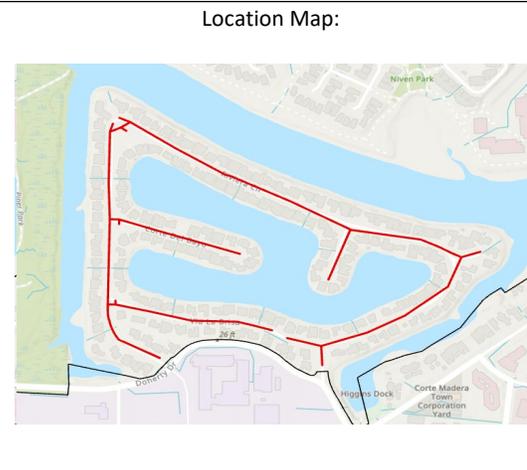
FY 2026/27 Gravity Sewer Improvements									
Project Number: 970		<p style="text-align: center;">Location Map:</p>							
Total Project Costs: \$6,000,000									
Facility Type: Gravity Sewer									
Status: Planning									
Project Description: Replace approximately 2 miles of sewer segments including shallow sewers in City of Larkspur in the Diane Lane area and Larkspur Plaza Dr. to eliminate LS37. Also replace sewers prioritized in the 2023 data model update of the 2021 IAMP, as well as maintenance priorities, primarily installed via the pipebursting method.									
Project Scope:		Includes shallow sewers in the Diane Lane area that drain to refurbished LS30 (Heather Gardens) where there is a history of spills during wet weather. Includes deepening the sewer on Larkspur Plaza Dr. so that Lift Station 37 is no longer necessary to convey from the Larkspur Isle area to PS14. Includes other various high priority sewers identified in the 2023 update of the IAMP.							
Useful Life of Completed Project: 70-100 years									
Risk Assessment/ Justification:		I&I reduction, spill reduction, and reduction of O&M maintenance for storm patrols and upkeep of Lift Station 37 including service call-related alarms.							
Operating Impact:		Reduce frequency of line maintenance activities and spills on public and private sewers, lower the risk of spills and I&I.							
Cross-Reference Project(s):		LS 30 (Heather Gardens) Improvements							
Planning Document(s):		2023 Update of 2021 IAMP							
Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund			2,000	4,000					6,000
Revenue Bonds									
SRF Loans									
Other									
Total			2,000	4,000					6,000



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

FY 2027/28 Gravity Sewer Improvements

Project Number:	971
Total Project Costs:	\$7,600,000
Facility Type:	Gravity Sewer
Status:	Planning
Project Description:	Replace approximately 1.5 miles of sewer segments including sewers in City of Larkspur's Larkspur Marina neighborhood (Riviera Circle) mostly by open cut method due to extensive sags in bay mud. Also replace sewers prioritized in the 2023 data model update of the 2021 IAMP, as well as maintenance priorities, primarily installed via the pipebursting method.

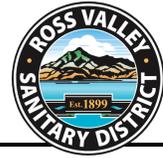


Project Scope: Includes sewers in the Larkspur Marina neighborhood (Riviera Circle) that have subsided due to unsteady bay mud soils, leading to infiltration of groundwater that is tidally influenced, causing salt water intrusion. Includes other various high priority sewers identified in the 2023 update of the IAMP.

Useful Life of Completed Project:	70-100 years
Risk Assessment/ Justification:	I&I reduction, spill reduction, reduction of O&M line maintenance and repair activities, reduction of salt water intrusion into CMSA system.
Operating Impact:	Reduce frequency of line maintenance activities and spills on public and private sewers, lower the risk of spills and I&I, reduce salt water intrusion that affects recycled water quality.
Cross-Reference Project(s):	LS 33, 34, 35, 36 Improvements, FM-33 Replacement
Planning Document(s):	2023 Update of 2021 IAMP

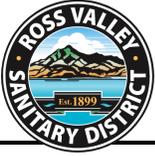
Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund				1,600	6,000				7,600
Revenue Bonds									
SRF Loans									
Other									
Total				1,600	6,000				7,600

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



FY 2028/29 Gravity Sewer Improvements	
Project Number:	972
Total Project Costs:	\$4,950,000
Facility Type:	Gravity Sewer
Status:	Planning
Project Description:	Replace approximately 2 miles of sewer segments prioritized in the 2023 data model update of the 2021 IAMP, as well as maintenance priorities, primarily installed via the pipebursting method.
Location Map:	
Project Scope:	Includes various high priority sewers identified in the 2023 data model update of the 2021 IAMP.
Useful Life of Completed Project:	70-100 years
Risk Assessment/ Justification:	I&I reduction, spill reduction, reduction of O&M line maintenance and repair activities.
Operating Impact:	Reduce frequency of line maintenance activities and spills on public and private sewers, lower the risk of spills and I&I
Cross-Reference Project(s):	
Planning Document(s):	2023 Update of 2021 IAMP

Source of Funds (in \$000)	Prior Years	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	Future Years	Total
Capital Fund					450	4,500			4,950
Revenue Bonds									
SRF Loans									
Other									
Total					450	4,500			4,950



(18) Reserve Funding

Under District Financial Policy #7, *Minimum & Target Reserves*, the District is to maintain or target certain dollar amounts in specific reserve funds. The goal is to provide liquidity during stress points if the District needs additional funds to meet its funding requirements in any planning period. The Financial Policy does allow for flexibility for the District in that it may use its reserves and fall below the reserve target during the fiscal year. The District’s management team, however, must demonstrate that it has a plan to fully replenish the depleted reserve if it remains below the target in either the current planning year or the upcoming one thereafter.

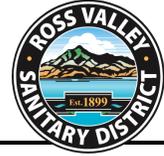
The District’s target reserves as per internal policy are the following:

Table 30 – Financial Policy Target Reserves

Target Reserve	Fund	Description and Calculation
1 Operating reserve	Operating	The target operating fund reserve is designed to ensure coverage for the cash flow (liquidity) requirements of day-to-day operations between April and December when the District experiences a prolonged gap in revenue receipts from Marin County. The target amount is calculated to be 50% of budgeted operating expenditures.
2 Emergency reserve	Operating	The target emergency reserve is designed for use during operational or financial emergencies. Emergencies constitute significant unforeseen events that have a dramatic and immediate impact on the operations, assets or financial condition of the District. Late in FY25, the District Board determined that \$2,000,000 was a sufficient amount to maintain in the Emergency Reserve rather than the previous goal, which was set at 10% of operating expenditures.
3 Capital improvement reserve	Capital	The target capital improvement reserve is to satisfy annual cash flow requirements and ensure continuity in executing the CIP. This reserve should be drawn down during years of higher-than-average capital spending. Conversely, the District should build this reserve during years when capital spending is below average. Having such a reserve is an integral component of a “pay-as-you-go” model. The target amount is calculated to be 50% of the average annual capital expenditures forecasted in the current 5-year or 10-year CIP.

The District’s reserves represent the net assets leftover after subtracting all current liabilities. Under the modified accrual basis of accounting, there are five categories of fund balance:

- *Non-spendable fund balance* – Amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The District does not deem this to be an applicable category for its internal tracking of fund balance given supplies inventory purchased or insurance prepaid in advance are used within the fiscal year.
- *Restricted fund balance* – The amount that is restricted for specific purposes by either (a) external third-party entities, such as creditors, grantors, contributors, or laws or regulations of other



governments, or (b) impositions by law through constitutional provisions or enabling legislation. The District maintains several arrangements where certain proceeds collected can only be used for a specific purpose as required by its respective trustee or indenture debt agreement, e.g., CalPERS CEPPT for pension purposes, bond trust investment income proceeds for debt service, CRAD trust investment income proceeds for the special assessment remittance.

- *Committed fund balance* – The amount that can only be used for specific purposes pursuant to constraints imposed by the most binding formal action of the government’s highest level of decision-making authority, i.e., District’s Board of Directors via the approved Financial Policies. The District’s internal reserves are classified under this category of fund balance.
- *Assigned fund balance* – The amount that is constrained by the government’s intent to be used for specific purposes but is not restricted or committed. The District does not deem this to be an applicable category for its internal tracking of fund balance given the District’s Board approved Financial Policies are fairly robust in delineating what collected proceeds can be spent for and the District does not track specific programs where it can only be funded with specific sources for which is not already accounted for using the committed fund balance.
- *Unassigned fund balance* – The residual classification.

Consistent with the District’s Financial Policy #7, the District is to use its unassigned fund balance first before it is to use funds designated from its committed fund balance, or reserves.

For further information regarding District reserve policies and practices, please refer to the District Financial Policies at <https://www.rvsd.org/169/Financial-Stewardship>.

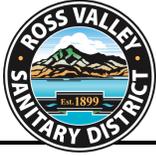


Table 31 –Fund Balance

Fund Balance	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026
Beginning Balance	24,176,458	21,947,369	23,118,444	23,369,760
Net Results	(1,058,014)	(2,065,241)	251,316	(2,129,365)
Ending Fund Balance	<u>23,118,444</u>	<u>19,882,128</u>	<u>23,369,760</u>	<u>21,240,395</u>

Fund balance is expected to decrease in FY26 by \$2.2 million. The decrease is primarily due to a second year of substantial investment in capital projects. The District pays for capital projects using ongoing capital revenues, supplementing those revenues with any excess operating revenues and lastly filling any shortfall by using appropriated fund balance. In FY26, \$2.2 million dollars of fund balance is expected to be used for capital project work.

Table 32 –Reserves

Fund Balance	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
Restricted						
Restricted - Pension	\$ 7,925,211	\$ 7,919,941	\$ 8,606,849	\$ 8,213,250	\$ 293,309	4%
Restricted - CRAD	-	7,392	7,666	7,756	364	5%
Restricted - Bonds	1,466,956	1,386,892	1,384,147	1,403,822	16,930	1%
Restricted - SRF	48,848	67,154	67,085	67,085	(69)	0%
Restricted Total	<u>9,441,015</u>	<u>9,381,379</u>	<u>10,065,747</u>	<u>9,691,913</u>	<u>310,534</u>	<u>3%</u>
Committed						
Committed - Operating Reserve	11,409,429	8,106,750	10,910,013	9,548,482	1,441,732	18%
Committed - Emergency Reserve	2,268,000	2,394,000	2,394,000	2,000,000	(394,000)	-16%
Committed - Capital Improvement Reserve	-	-	-	-	-	n/a
Committed Total	<u>13,677,429</u>	<u>10,500,750</u>	<u>13,304,013</u>	<u>11,548,482</u>	<u>1,047,732</u>	<u>10%</u>
Unassigned	-	-	-	-	n/a	n/a
Total Reserves	<u><u>23,118,444</u></u>	<u><u>19,882,129</u></u>	<u><u>23,369,760</u></u>	<u><u>21,240,395</u></u>	<u><u>1,358,266</u></u>	<u><u>7%</u></u>

Fund balance is held in various reserves as shown in the table above.

Restricted reserves are budgeted to increase by \$310,000 as compared to the FY25 budget. This is true even while the District intends to use restricted pension funds to pay CalPERS unfunded liabilities in the amount of \$795,000. The District will use the restricted pension funds while still maintaining a pension funded ratio of over 90%.

Committed reserves are budgeted to increase by \$1 million as compared to the FY25 budget. The District's operating reserve is calculated as a percentage of budgeted operating expenditures. Therefore, as budgeted expenditures increase, so too do committed operating reserve targets. While the District does not expect to end the fiscal year with reserves at the target level set by the Board, the \$1 million increase shows that the District is trending in that direction.

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

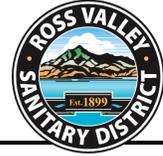
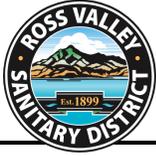


Table 33 –Reserve Targets

Board Targets	Actual FY2024	Budget FY2025	Projected FY2025	Budget FY2026	Budget YoY \$ Change	Budget YoY % Change
Operating Reserve	\$ 11,339,000	\$ 11,972,000	\$ 11,972,000	\$ 12,483,711	\$ 511,711	4%
Emergency Reserve	2,268,000	2,394,000	2,394,000	2,000,000	(394,000)	-16%
Capital Improvement Reserve	5,250,000	5,118,000	1,885,037	5,456,700	338,700	7%
	<u>\$ 18,857,000</u>	<u>\$ 19,484,000</u>	<u>\$ 16,251,037</u>	<u>\$ 19,940,411</u>	<u>\$ 456,411</u>	<u>2%</u>
% Funded	73%	54%	82%	58%		



(19) Pension Funding Plan

The District participates in the CalPERS system to pool its defined benefit retirement obligation along with other public agencies throughout the State of California. However, CalPERS' investments over a span of years underperformed relative to the promised benefit formula for all members participating within the pool. This underperformance led to the development of an unfunded portion of the plan's expected benefit payments where the plan theoretically would not have sufficient plan assets to pay out when an employee retires. CalPERS began requiring plan participants to contribute more to the plan in addition to the normal cost to stabilize the performance. Thus, annually, the District is required to contribute an amount based on net normal cost expressed as a percent of payroll ("normal costs") and an additional cash amount toward paying off its "unfunded actuarial liability" (UAL).

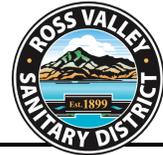
In April 2019, the Board developed a strategy to fully fund its pension liability by committing an additional \$350,000 contribution each year for 12 years. This contribution is supplementary to the required normal costs and UAL payments. In May 2020, the Board established a California Employers' Pension Prefunding Trust (CEPPT) account with CalPERS for the purpose of "pre-funding" the District's required pension contributions. The CEPPT is a Section 115 irrevocable trust fund that provides an investment vehicle for pre-funding pension liabilities. The funding plan has two objectives:

- 1) Build assets in an investment account earning a higher rate of return relative to the District's money market cash account (LAIF), and
- 2) Use the accumulated proceeds to make payments towards CalPERS' required UAL contributions or additional discretionary contributions until the UAL is fully paid.

CEPPT allows the District to prefund its future pension costs, accumulate assets over time, and help manage long-term costs. The District had accumulated sufficient proceeds from its budget savings over the past several years and, in FY23, the District accelerated its funding plan by investing \$7 million in its CEPPT. In light of the one-time \$7 million investment, the \$350,000 annual contribution was discontinued. CalPERS' Actuarial Valuations (Classic and PEPRAs) as of June 30, 2023, set required contributions for FY26 and projected the District's total liability at \$33.5 million. As of June 30, 2023, the District's CalPERS assets were \$24.3 million, and its Section 115 ending balance was \$7.9 million resulting in a combined funding ratio of 96%. As of March 2025, the Section 115 trust balance has grown to \$8.6 million.

As a result of this improvement, the District updated its financial policies in April of 2025 so that the target pension funding ratio is maintained above 90% rather than striving for 100% funding. This change will allow the District to shift focus to rebuilding its operational and capital reserves in FY26. The proposed budget includes a drawdown of pension trust funds to pay unfunded pension liabilities in the amount of \$795,000. This will indirectly allow the District to continue a vigorous capital improvement program, while also rebuilding operational and capital reserves.

For further information on the investment performance of CalPERS, please refer to the actuarial and valuation reports located at <https://www.calpers.ca.gov>.



(20) OPEB Funding Plan

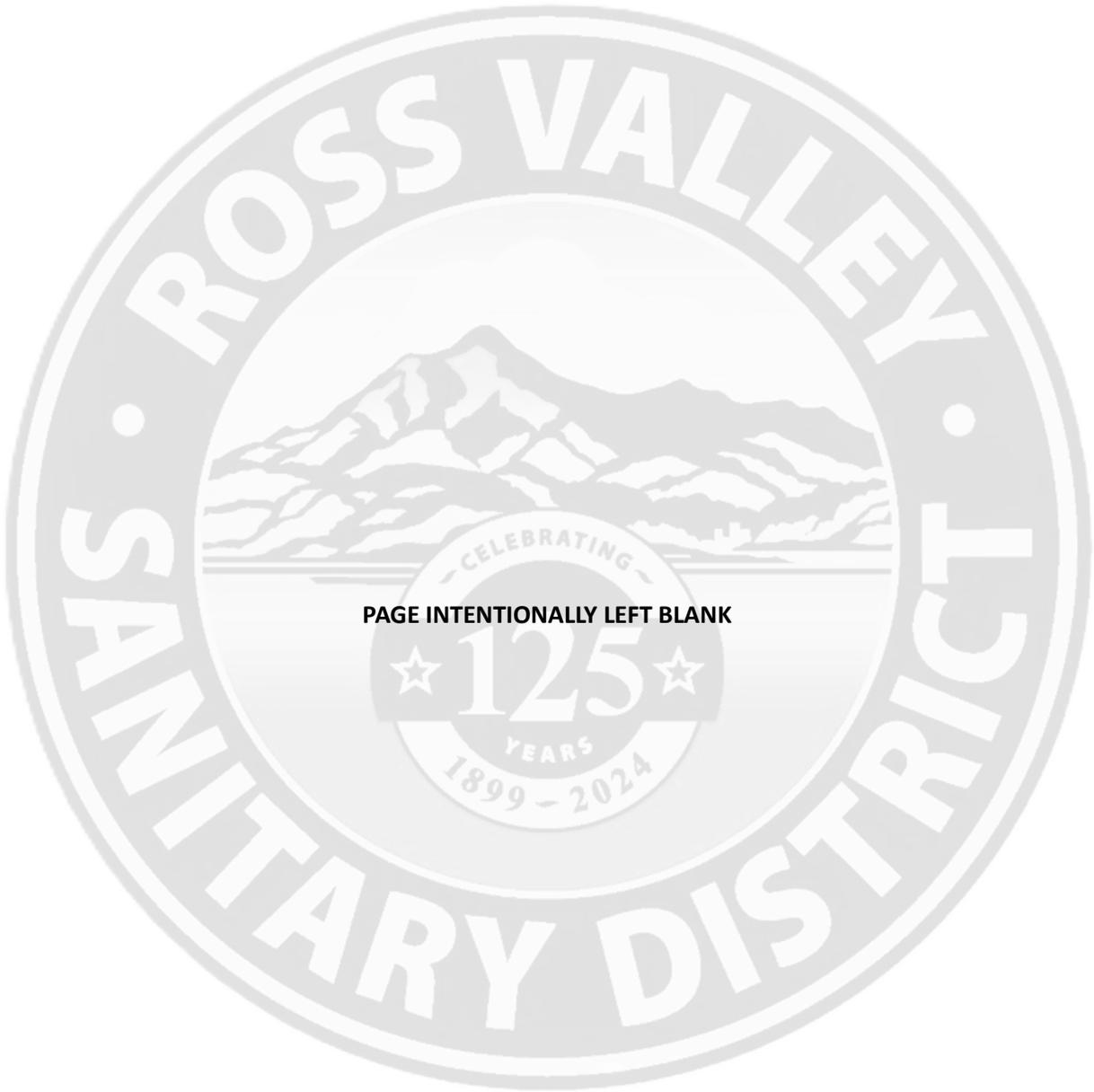
In April 2019, the District's Board adopted an Other Post-Employment Benefit (OPEB) prefunding plan to "fully fund" its unfunded accrued liability (UAL). The plan specified annual contributions of \$100,000 over six years to its Section 115 trust, the California Employers' Retiree Benefit Trust (CERBT) held with CalPERS. CERBT is a Section 115 irrevocable trust fund that provides an investment vehicle for pre-funding OPEB liabilities. The original plan amount and timing were informed by the District's consulting actuarial analysis with the goal of achieving fully funded status by 2025. This funding plan had two objectives:

- 1) Build assets in an investment account earning a higher rate of return relative to the District's money market cash account (LAIF), and
- 2) Use the accumulated proceeds to make payments towards the plan's required benefit disbursements and gradually increase the plan's funding ratio for reporting purposes.

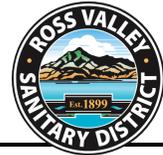
The District historically administered an OPEB plan to provide a post-employment benefit as a reward for long-term service by reimbursing a portion of the employee's medical insurance premium after retirement to age 65 (Medicare eligible). In 2019, the District adopted an Enhanced Retiree Medical Benefit (ERMB) to increase the defined benefit for life based on years of service. The offset to the retiree medical benefit increase was the inclusion of non-refundable contributions from current employees to provide 100% funding for the augmented benefit. The added benefit provision increased the OPEB UAL in the FY21 actuarial report by \$400,000. Based on a presentation by the District's consulting actuary, the Board increased its share of contributions to \$280,000 in FY24 to maintain its funding goal timeline of 2025.

As of the most recent actuarial reports dated June 30, 2024, the District has a net OPEB liability of \$525,000. The total OPEB liability is just over \$2 million. The District's past investments in its CERBT account have helped offset that total liability. The June 30, 2024, actuarial reports showed the District's OPEB liabilities were funded at 75.1%. The District will make a \$280,000 contribution into the trust for FY25 and the FY26 budget also calls for a \$280,000 contribution. After considering the District's additional contributions to its CERBT account, the projected funded percentage for June 30, 2025, will meet the Board's stated goal of 100%.

For further information on the District's OPEB valuation, please refer to the posted valuation reports listed here: <https://www.rvsd.org/Archive.aspx?AMID=39&Type=&ADID=>.



PAGE INTENTIONALLY LEFT BLANK



(21) Five-Year Forecast

With each annual budget, the District adopts a five-year financial forecast to accompany it. The forecast is a model of revenues, expenses, and reserves, and sets forth a strategic plan to guide funding-sources-and-uses-decisions for the operating and capital budgets. The financial forecast consists of several components that comparably display the anticipated results given the most likely set of assumptions about revenue and expenditure growth and reserve contributions or usages.

The following assumptions were used in developing the five-year forecast. Each line item in the forecast corresponds to a listed assumption in the table below:

Table 34 –Forecast Assumption

Note	Use of Funds Assumptions
Note 1	CMSA JPA Charges follow the JPA’s amended 5-Year Rate Schedule of 4.5% rate increases From FY25 to FY28. The charges then grow at 4.0% for the remainder of the forecast.
Note 2	Personnel costs are expected to grow based on annual COLA of 5% for FY26 and 4.5% for the remainder of the forecast period; healthcare benefit costs are expected to grow 7% annually; CalPERS pension contributions are frozen using FY25’s contribution rates and UAL schedule from the actuarial reports; otherwise follows pension/OPEB funding plan. A 5.5% blended rate is used for forecasting purposes. Contributions to the Pension and OPEB trusts are expected to discontinue once liabilities are fully funded.
Note 3	Between 2% to 3% growth as per long-term inflation.
Note 4	3% growth rate based on recent year trends.
Note 5	6% growth rate based on recent year trends.
Note 6	Special assessment remittance follows amortization schedule; to sunset in FY26.
Note 7	Follows CIP plan.
Note 8	Dependent on employee usage of loan program. 2 maximum loans assumed per year @ \$2,500. Bond Debt service and lateral loan program follow debt service schedules.
Note	Source of Funds Assumptions
Note 6	Special assessment remittance follows amortization schedule; to sunset in FY26.
Note 8	Dependent on employee usage of loan program. 2 maximum loans assumed per year @ \$2,500. Bond Debt service and lateral loan program follow debt service schedules.
Note 9	Follows 5 year rate plan. 4% FY26, 4%, FY27, 3.8% FY28, 3.5% FY28 and thereafter
Note 10	Property taxes to grow nominally in FY26 due to lower real estate market activity and then to grow between 3% to 6% annually, which is in line with the compounded annual growth rate for the past decade.
Note 11	Investment income forecast for modest increases of 1% in FY26-FY29; Thereafter rising to 5%
Note 12	Follows lease schedule with 2% annual escalator.
Note 13	Held constant.
Note 14	No new debt to be issued.
Note 15	Negligible collected fees.

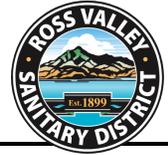
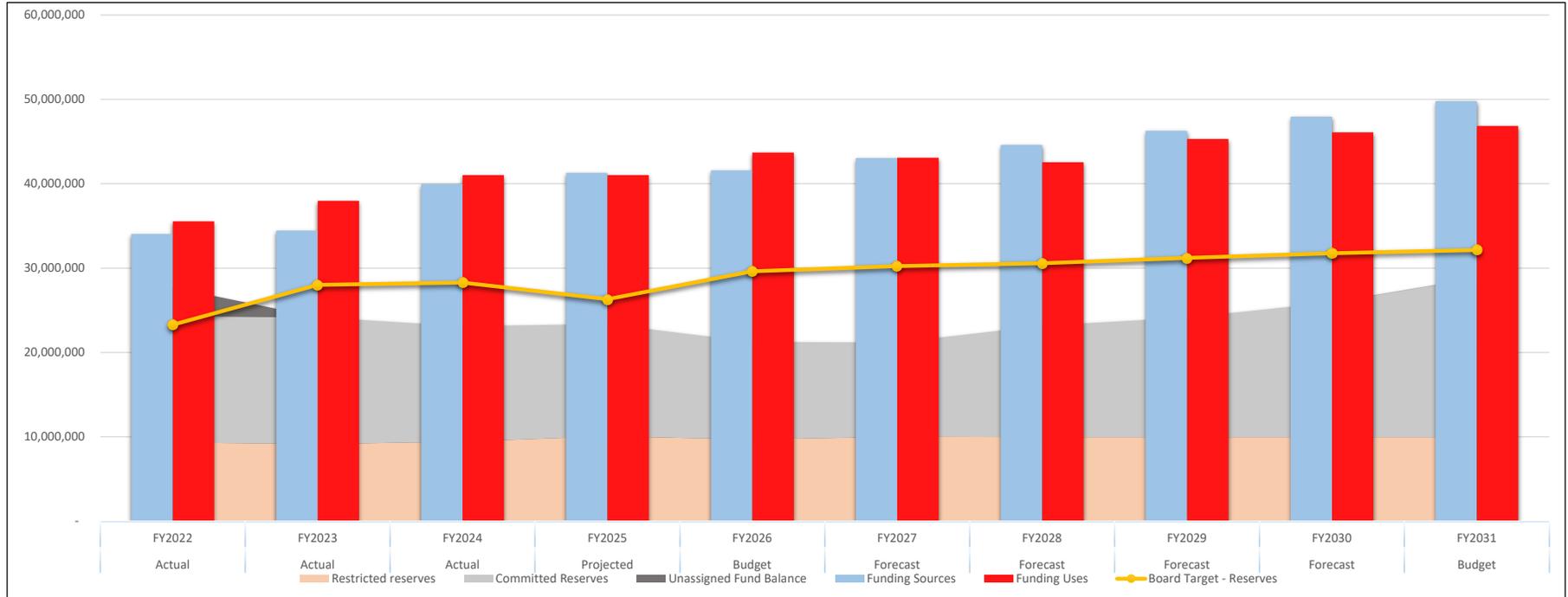
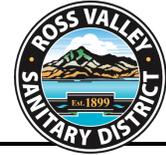


Table 35 –Five-Year Forecast; Revenues, Expenditures and Fund Balance



	Forecast Note	Actual FY2022	Actual FY2023	Actual FY2024	Projected FY2025	Budget FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	
USE OF FUNDS												
1	CMSA JPA charges	Note 1	\$ 8,462,641	\$ 8,869,040	\$ 9,298,042	\$ 9,730,852	\$ 10,154,000	\$ 10,610,930	\$ 11,088,422	\$ 11,531,959	\$ 11,993,237	\$ 12,472,967
2	Personnel costs	Note 2	6,657,521	7,815,941	8,225,231	8,736,817	9,945,154	10,156,552	10,361,119	10,557,465	10,744,067	10,919,258
3	Infrastructure maintenance	Note 3	409,679	593,875	772,894	589,957	645,500	661,638	685,850	706,518	777,005	747,381
4	Facilities & vehicles maintenance	Note 3	249,074	478,676	526,461	437,623	500,000	512,500	525,313	535,819	546,535	557,466
5	Utilities & rental charges	Note 4	715,135	787,411	721,729	778,702	789,245	812,922	837,310	862,429	888,302	914,951
6	Insurance premiums & deductibles	Note 5	566,445	309,406	443,973	550,153	593,612	629,228	666,982	707,001	749,421	794,386
7	Software renewal costs	Note 3	326,855	319,223	364,868	358,751	499,387	511,872	524,669	535,162	545,865	556,783
8	Supplies	Note 3	95,336	93,646	94,353	97,527	97,948	100,397	102,907	104,965	107,064	109,205
9	Training costs	Note 3	168,669	200,688	175,675	164,160	225,847	231,493	237,281	242,026	246,867	251,804
10	Hiring & temporary help	Note 3	262,190	70,099	211,172	122,062	10,000	10,250	10,506	10,716	10,931	11,149
11	Employee loan disbursements	Note 8	-	-	-	4,100	5,000	5,000	5,000	5,000	5,000	5,000
12	Professional services charges	Note 3	544,641	705,230	818,137	773,465	1,101,440	1,128,976	1,157,200	1,180,344	1,203,951	1,228,030
13	Special assessment remittance	Note 6	39,206	37,975	43,228	40,600	39,300	35,900	-	-	-	-
14	Other charges	Note 3	450,152	323,470	502,441	301,436	360,990	370,014	379,265	386,850	394,587	402,479
15	<i>Total operating use of funds</i>		<i>18,947,544</i>	<i>20,604,682</i>	<i>22,198,205</i>	<i>22,686,206</i>	<i>24,967,423</i>	<i>25,777,672</i>	<i>26,581,822</i>	<i>27,366,254</i>	<i>28,212,831</i>	<i>28,970,859</i>

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026



16	Capital projects	Note 7	9,125,052	9,634,849	11,100,527	11,064,487	10,800,000	9,383,274	8,130,000	9,823,303	10,560,000	10,520,000
17	Debt service charges	Note 8	6,637,594	6,645,594	6,303,661	6,707,000	6,733,900	6,720,000	6,710,500	6,713,500	6,715,400	6,714,800
18	Fixed asset procurement	Note 7	315,167	661,009	1,064,514	220,000	650,000	150,000	150,000	700,000	500,000	150,000
19	Engineering studies	Note 7	236,686	20,400	8,793	77,000	-	-	-	-	-	-
20	Lateral replacement program	Note 7	280,612	417,030	344,885	272,319	550,000	550,000	550,000	550,000	550,000	500,000
21	Total capital uses of funds		16,595,112	17,378,881	18,822,381	18,340,806	18,733,900	16,803,274	15,540,500	17,786,803	18,325,400	17,884,800
22	Total funding uses		35,542,656	37,983,563	41,020,586	41,027,012	43,701,323	42,580,946	42,122,322	45,153,057	46,538,231	46,855,659
SOURCES OF FUNDS												
23	Sewer service charges	Note 9	24,485,733	24,485,733	27,663,372	28,608,786	29,748,328	30,938,261	32,175,792	33,398,472	34,567,418	35,777,278
24	Ad valorem - property taxes	Note 10	8,923,825	8,923,825	9,523,787	9,749,216	9,992,947	10,292,735	10,652,981	11,079,100	11,522,264	12,098,377
25	Investment income	Note 11	(285,809)	(285,809)	1,015,694	390,385	385,372	389,226	393,118	397,049	416,902	437,747
26	Lease fees	Note 12	508,918	508,918	482,688	474,061	484,396	494,084	503,966	514,045	524,326	534,812
27	Permit fees	Note 13	156,473	156,473	167,456	139,534	163,453	162,000	162,000	162,000	162,000	162,000
28	Capacity permit fees	Note 13	119,250	119,250	277,870	257,756	244,982	200,000	200,000	200,000	200,000	200,000
29	Special assessment collection	Note 6	38,578	38,578	41,388	41,259	39,318	43,600	-	-	-	-
30	Lateral loan repayments	Note 8	110,055	110,055	124,134	104,339	108,877	114,321	108,605	114,035	108,333	113,750
31	Employee loan repayments	Note 8	5,482	5,482	3,086	4,300	2,200	2,200	2,200	2,200	2,200	2,200
32	Proceeds from debt financing	Note 14	-	-	-	737,102	-	-	-	-	-	-
33	Net proceeds from asset sale	Note 15	25,710	25,710	6,811	72,436	-	-	-	-	-	-
34	Miscellaneous fees	Note 15	63,386	63,386	86,334	10,002	1,000	600	-	-	-	-
35	Restricted investment income	Note 11	(114,909)	297,170	569,952	689,153	401,085	405,095	409,146	413,238	433,900	455,595
36	Total funding sources		34,036,692	34,448,772	39,962,572	41,278,328	41,571,958	43,042,122	44,607,807	46,280,139	47,937,343	49,781,759
37	Net revenue/(expense)		(1,505,964)	(3,534,791)	(1,058,014)	251,316	(2,129,365)	461,176	2,485,485	1,127,082	1,399,111	2,926,100
38	Appropriated fund balance		1,505,964	3,534,791	1,058,014	(251,316)	2,129,365	(461,176)	(2,485,485)	(1,127,082)	(1,399,111)	(2,926,100)
39	Net funding position			\$ -	\$ -	\$ -						
40	Fund balance beginning		29,217,213	27,711,249	24,176,458	23,118,444	23,369,760	21,240,395	21,701,571	24,187,056	25,314,138	26,713,249
41	Increase/(decrease) in fund balance		(1,505,964)	(3,534,791)	(1,058,014)	251,316	(2,129,365)	461,176	2,485,485	1,127,082	1,399,111	2,926,100
42	Fund balance ending		\$ 27,711,249	\$ 24,176,458	\$ 23,118,444	\$ 23,369,760	\$ 21,240,395	\$ 21,701,571	\$ 24,187,056	\$ 25,314,138	\$ 26,713,249	\$ 29,639,349

As may be seen in the table above, fund balance is expected to grow over the next five years. The Board's targets for the operating reserves and capital reserves, however, increase in tandem with increases in operating and capital costs. The gap between the Board's targets and forecasted results is expected to narrow over the next five years. The five-year forecast for specific reserves may be found on the following page.

Note: The District plans to sell all or part of a 10.7-acre site, which it owns in Larkspur, located at 2000 Larkspur Landing Circle. Two recent events may accelerate the sale of the property; 1) The City of Larkspur has completed its Larkspur 2040 General Plan Update and EIR, and 2) The District has declared the property as exempt surplus land in accordance with the California Surplus Land Act. The sale of the property would almost certainly replenish the District's reserves at the Board's targeted levels. The sale is likely to occur prior to 2031.

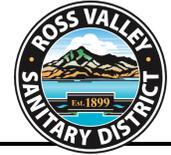
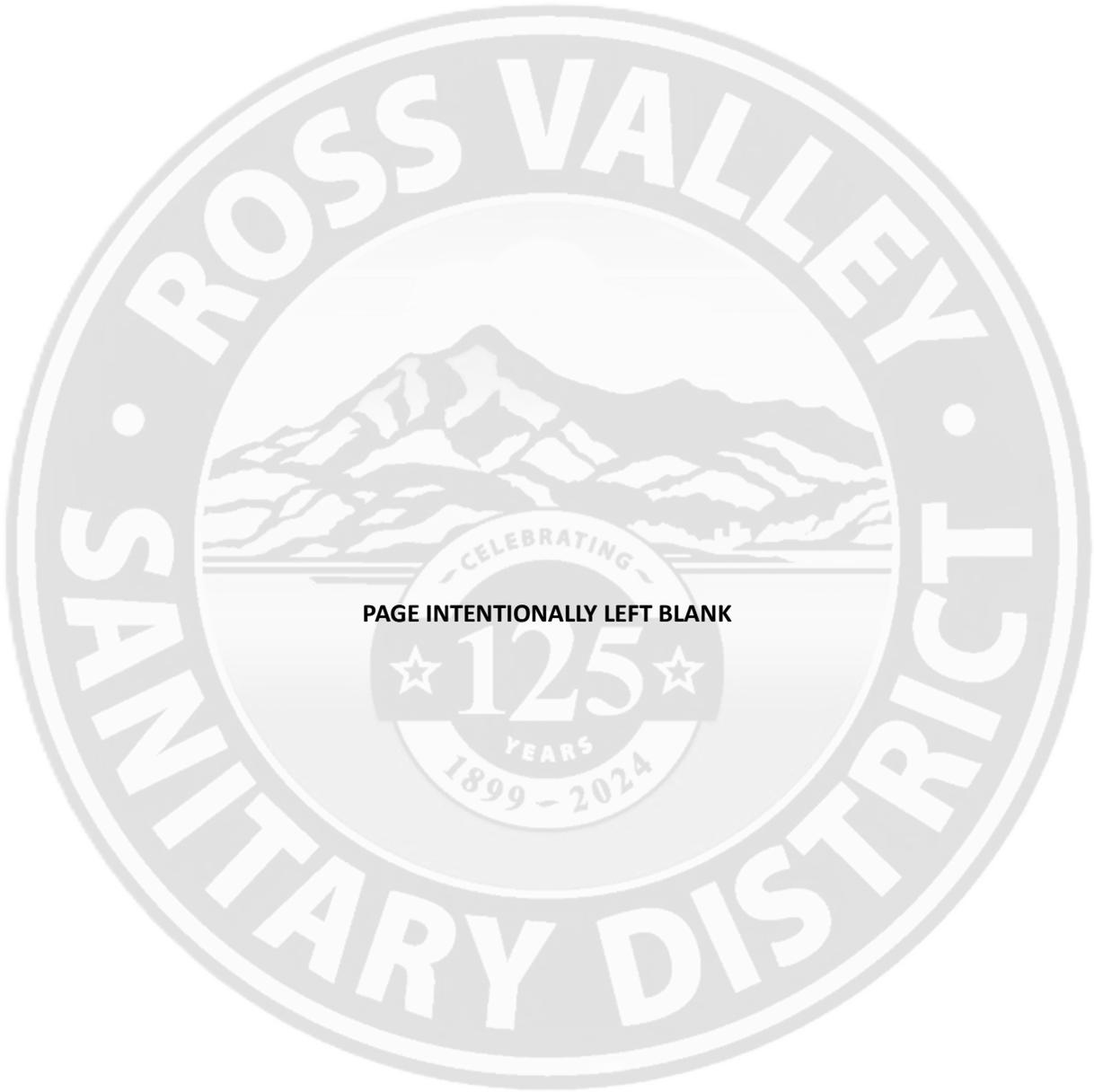


Table 36 –Five-Year Forecast; Reserves

	Actual FY2022	Actual FY2023	Actual FY2024	Projected FY2025	Budget FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Budget FY2031
1 Operating Reserve	\$ 10,306,000	\$ 10,302,341	\$ 11,339,000	\$ 11,972,000	\$ 12,483,711	\$ 12,888,836	\$ 13,290,911	\$ 13,683,127	\$ 14,106,416	\$ 14,485,429
2 Emergency Reserve	2,061,000	2,145,000	2,268,000	2,394,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
3 Capital Improvement Reserve	1,583,000	6,445,000	5,250,000	1,885,037	5,456,700	5,339,158	5,320,830	5,555,330	5,678,000	5,682,000
4 Committed Reserves	\$ 13,950,000	\$ 18,892,341	\$ 18,857,000	\$ 16,251,037	\$ 19,940,411	\$ 20,227,994	\$ 20,611,742	\$ 21,238,457	\$ 21,784,416	\$ 22,167,429

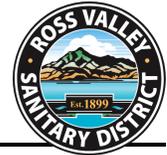
	Actual FY2022	Actual FY2023	Actual FY2024	Projected FY2025	Budget FY2026	Budget FY2027	Budget FY2028	Budget FY2029	Budget FY2030	Budget FY2031
5 Operating Reserve	\$ 10,306,000	\$ 10,306,000	\$ 11,409,429	\$ 10,906,913	\$ 9,548,482	\$ 9,688,884	\$ 12,216,149	\$ 13,343,231	\$ 14,106,416	\$ 14,485,429
6 Emergency Reserve	2,061,000	2,145,000	2,268,000	2,394,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
7 Capital Improvement Reserve	2,596,377	2,596,377	-	-	-	-	-	-	635,926	3,183,013
8 Committed Reserves	14,963,377	15,047,377	13,677,429	13,300,913	11,548,482	11,688,884	14,216,149	15,343,231	16,742,342	19,668,442
9 Restricted Reserves										
10 Restricted - Pension	7,751,934	7,532,353	7,925,211	8,606,849	8,213,250	8,541,780	8,500,000	8,500,000	8,500,000	8,500,000
11 Restricted - CRAD	8,545	8,652	-	7,666	7,756	-	-	-	-	-
12 Restricted - Bonds	1,573,048	1,520,992	1,466,956	1,384,147	1,403,822	1,403,822	1,403,822	1,403,822	1,403,822	1,403,822
13 Restricted - SRF	-	67,085	48,848	67,085	67,085	67,085	67,085	67,085	67,085	67,085
14 Restricted Reserves	9,333,527	9,129,082	9,441,015	10,065,747	9,691,913	10,012,687	9,970,907	9,970,907	9,970,907	9,970,907
15 Unassigned fund balance										
16 Unassigned fund balance	3,414,345.45	-	-	-	-	-	-	-	-	-
17 Total fund balance	27,711,249	24,176,459	23,118,444	23,366,660	21,240,395	21,701,571	24,187,056	25,314,138	26,713,249	29,639,349



PAGE INTENTIONALLY LEFT BLANK

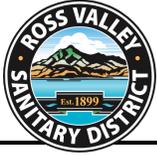


SECTION FOUR: APPENDIX



Appendix A – Acronym Listing

ACFR	Annual Comprehensive Financial Report
Admin	Administrative Services
CalPERS	California Public Employees’ Retirement System
Cap Imp	Capital Improvement Reserve
CCTV	Closed Circuit Television
CDO	Cease and Desist Order
CEPPT	California Employers’ Pension Prefunding Trust
CERBT	California Employers’ Retiree Benefit Trust
CIP	Capital Improvement Program
CMMS	Computerized Maintenance Management System
CMSA	Central Marin Sanitation Agency
COLA	Cost of Living Adjustment
CoF	Consequence of Failure
CPI	Consumer Price Index
CRAD	Canyon Road Assessment District
CSRMA	California Sanitation Risk Management Authority
EDU	Equivalent Dwelling Unit
E&I	Engineering & Inspections
EPA	Environmental Protection Agency
FTE	Full Time Equivalent
FY	Fiscal Year
GFOA	Government Finance Officers Association
GSIP	Gravity Sewer Improvement Project
IAMP	Infrastructure Asset Management Plan
IT	Information Technology
I&I	Inflow & Infiltration
JPA	Joint Powers Authority
LAIF	Local Agency Investment Fund
Lof	Likelihood of Failure
LS	Lift Station
MGD	Million Gallons per Day
MMWD	Marin Municipal Water District
O&M	Operations & Maintenance
OP	Operating
OPEB	Other Post-Employment Benefits
PS	Pump Station
RVSD	Ross Valley Sanitary District
SRF	State Revolving Fund
SRSD	San Rafael Sanitation District
SSC	Sewer Service Charge
SSMP	Sewer System Management Plan
SWRCB	State Water Resources Control Board



Appendix B – Glossary

Assets: Anything of material and economic value or usefulness that is owned by the entity.

Bond Premium: A bond that is priced higher than its stated face (par) value.

Capital Assets: Includes District land, pump stations, force mains, gravity sewer pipelines, lift stations, buildings, facilities, and equipment net of depreciation.

Capital Expenditure: An expenditure of \$5,000 or more that is used to purchase a capital asset with a useful life of one year or more, or an investment that improves the useful life of an existing asset.

Capital Improvement Program (CIP): A plan that describes and explains the District's capital and asset management projects, delineated by type of project and funding source, over ten fiscal years. The CIP is a planning document that provides the District with an opportunity to evaluate and assess its capital needs from financial, engineering, operations and planning perspectives.

Capacity Charge: A one-time fee charged to all new users connecting to, and creating additional demand on, the wastewater collection and treatment systems. Government code requires capacity charges to fund capital projects.

Current and Other Assets: Assets that can easily be converted to cash or consumed within one year. Includes cash, investments, receivables, prepaid expenses, and inventory.

Current Liabilities: Payment obligations owed by the District within the next 12 months.

Equivalent Dwelling Unit (EDU): A standardized metric for accounting of water usage flow from the Marin Municipal Water District (MMWD) and making it comparable to a single-family residence.

Enterprise Fund: A government accounting fund that provides goods or services to the public for a fee that makes the entity self-reporting.

Flow(s): The winter water usage recorded by MMWD that is used to calculate the sewer service charge.

FOG: Fats, Oils and Grease

Full Time Equivalent (FTE): A position converted to a decimal equivalent of a full-time employee position.

Fund Balance: The difference between total assets and total liabilities for a governmental fund.

Infrastructure Asset Management Plan (IAMP): The District's Capital Improvement Program (CIP) risk assessment report documenting the priority capital projects and programs needed in order to reduce Inflow & Infiltration (I&I) over the next ten years.

Joint Powers Authority (JPA): An agreement between two or more local government agencies to form a separate governmental entity distinct from the member governments.

Liabilities: What the District owes to others.

Non-Current Liabilities: Payment obligations owed by the District more than 12 months in the future.

Other Non-Operating Revenue: Includes CSRMA dividends, settlement claims, the occasional sale of assets, and other miscellaneous revenue sources.

Pay Go: Financing capital improvements with current revenue in-lieu of issuing debt.

OPEB: Other post-employment benefits, which are specifically medical benefits for retired employees.

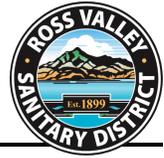
PEPRA: Public Employees' Pension Reform Act established a cap on the amount of compensation that can be used to calculate a retirement benefit for new public employees hired on or after January 1, 2013.

Revenue Bond: Debt obligation for which interest and principal payments are secured by the debt service portion of service charge revenues.

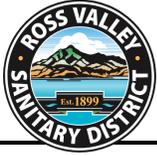
Sewer Service Charges: A fee for wastewater collection and conveyance for treatment service.

Sewer System Management Plan: The District's operating plan for how its maintenance activities are to be directed and utilized.

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

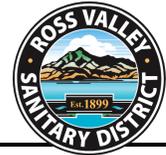


Teeter Plan: The Teeter Plan (first enacted in 1949) provides California counties with an optional alternative method for allocating delinquent property tax revenues. The county apportions the full property tax assessment to all taxing jurisdictions, even if 100% of the payments have not been collected yet. The county will essentially “front” these revenues and in return receive all interest and delinquent penalties.



Appendix C – District Financial Policies

Available here: <https://www.rvsd.org/169/Financial-Stewardship>



Appendix D – Board Adoption Resolution

RESOLUTION NO. 25-1670

**RESOLUTION OF THE BOARD OF DIRECTORS OF
ROSS VALLEY SANITARY DISTRICT
ADOPTING THE BUDGET FOR FISCAL YEAR 2025-2026**

WHEREAS, the Board of Directors of Ross Valley Sanitary District (“District”) has reviewed the financial condition of the District, as presented in the Fiscal Year 2025-2026 Budget; and

WHEREAS, the Board of Directors of Ross Valley Sanitary District has found it necessary to adopt a budget for Fiscal Year 2025-2026 to establish the present and upcoming financial commitments of the District;

NOW, THEREFORE BE IT RESOLVED that the Board does hereby approve the Budget dated June 18, 2025, and authorizes the following expenditure amounts for Fiscal Year 2025-2026 and that any unused funds remaining at the conclusion of the fiscal year shall be held in reserve for that fund or as required by law:

Operations and Maintenance.....	\$24,967,422
Capital (including Debt Service)	\$18,733,900
Total Budget.....	\$43,701,323

AND BE IT FURTHER RESOLVED that the Board hereby approves and directs the use of the funds identified above for the District in managing the financial functions of the District.

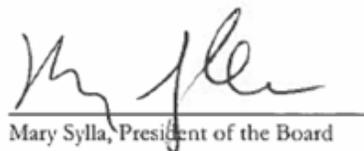
PASSED, APPROVED AND ADOPTED by the Board of Directors of Ross Valley Sanitary District at the regular meeting held this 18th day of June 2025, by the following vote:

AYES: Boorstein, Gaffney, Kelly, Meigs, Sylla

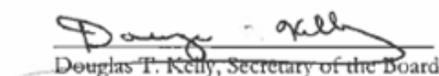
NOES:

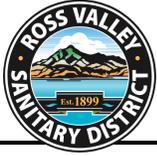
ABSENT:

ABSTAIN:


Mary Sylla, President of the Board

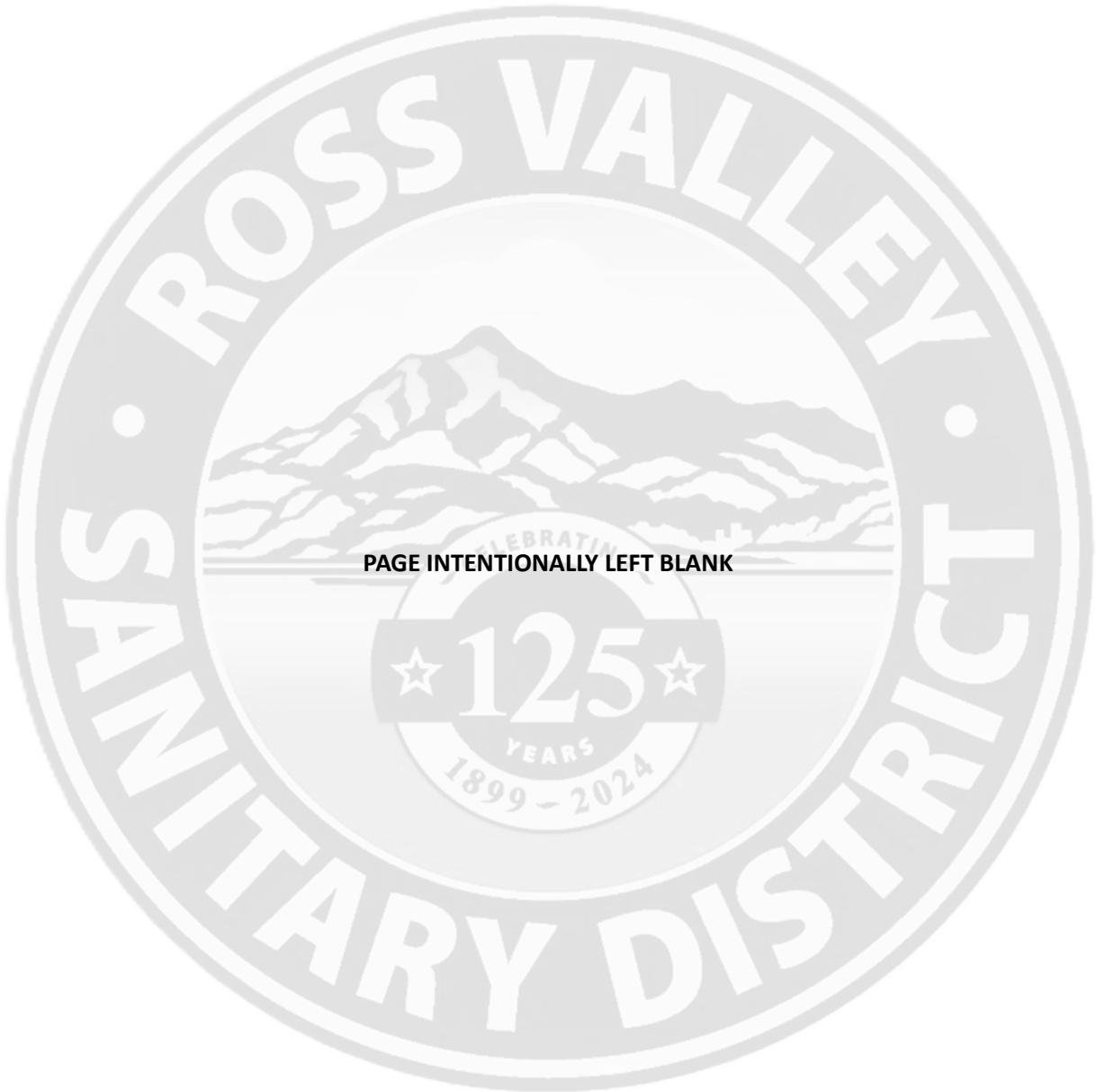
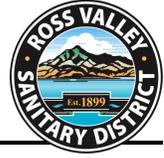
ATTEST:

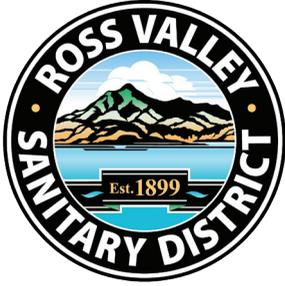

Douglas T. Kelly, Secretary of the Board



Appendix E – Authorized Positions

Department	Authorized Position Title	FY2024	FY2025	FY2026
Operations & Maintenance	O&M Manager	1	1	1
Operations & Maintenance	O&M Superintendent	2	2	2
Operations & Maintenance	Operations Supervisor	4	4	4
Operations & Maintenance	Crew Lead	1	-	-
Operations & Maintenance	Senior Collection Systems Worker	2	4	4
Operations & Maintenance	Collection Systems Worker I/II	13	12	12
Subtotal Operations & Maintenance		23	23	23
Engineering & Inspections	Senior Engineer	1	1	1
Engineering & Inspections	Senior Business Systems Analyst	1	1	1
Engineering & Inspections	Business Systems Analyst I/II	-	1	-
Engineering & Inspections	Assistant/Associate Engineer	-	-	1
Engineering & Inspections	Management Analyst I/II	1	1	1
Engineering & Inspections	Inspector	2	2	2
Subtotal Engineering & Inspection		5	6	6
Administrative Services	General Manager	1	1	1
Administrative Services	Admin Services Manager/AGM	1	1	1
Administrative Services	Senior Board Clerk/Management Analyst	1	1	1
Administrative Services	Finance Officer	1	1	1
Administrative Services	Accountant	1	1	1
Administrative Services	Accounting Technician	-	1	1
Administrative Services	Administrative Coordinator I/II	2	2	2
Subtotal Administrative Services		7	8	8
Total Positions Authorized		35	37	37





Ross Valley Sanitary District

1111 Andersen Dr.
San Rafael, CA 94901

www.rvsd.org