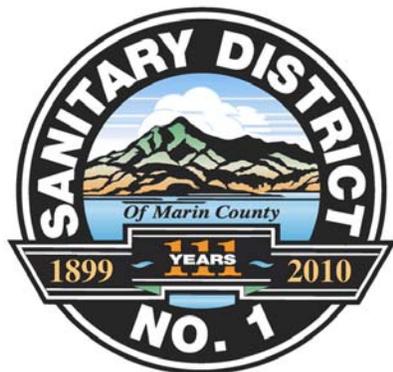


**Sanitary District #1 of Marin County
dba: Ross Valley Sanitary District**



**Fiscal
Year
2015/16**

**Operating & Capital Budget
Adopted June 17th, 2015**



Fiscal Year 2015/16

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Introduction

This report presents the draft FY 2015/16 Ross Valley Sanitary District Operating and Capital Budget. This Budget is the financial plan for the coming year. The Ross Valley Sanitary District (District/RVSD) serves approximately 15,200 residential and commercial connections within its service area. The service area covers approximately 27 square miles, with a total population of approximately 50,000. The District conveys an average daily flow of 4 million gallons per day (MGD), and peak wet weather flows of 50 MGD or more, to the Central Marin Sanitation Agency's (CMSA) wastewater treatment plant, for treatment and discharge to San Francisco Bay.

This Budget builds off of the steady progress made over the past two fiscal years, to restore the long term financial health and resiliency of the District. Notable finance related activities of the past two fiscal years include the 2013-14 bond issuance and debt restructuring, adoption of a five year schedule of rates for wastewater utility service, a \$30M bond issuance for capital program funding, adoption of a formal reserves policy and progress in funding of those reserves, use of a rolling five year financial projection, and the recent refinancing of the 2006 CMSA wet weather program bonds to lock in over \$400k in annual debt service savings for RVSD. Current and pending items of note for this year's Budget include the ending of a 6-year labor agreement and resulting uncertainty for future labor costs, the second yearly rate adjustment of the five year schedule, the large increase in private sewer lateral replacement program activity due to adoption of a new lateral ordinance, financial incentive funding to support the increased lateral replacement activity, and challenges in achieving the planned level of capital projects progress and expenditures.

The new FY 2015/16 Budget supports the following objectives, similar to the prior two Budgets.

- ✓ Maintain a sufficient level of preventative maintenance and rehabilitation to ensure reliable customer service and minimize Sanitary Sewer Overflow (SSO) risk.
- ✓ Continue progress on capital asset management activities and critical infrastructure improvements, based on SSO risk-reduction and customer level of service (LOS) metrics.
- ✓ Stable staffing level while a long term needs assessment is completed as part of the 2015 strategic plan activities.
- ✓ Selective use of bond debt to smooth out future years' cash flow and rates impacts of the long term capital program funding requirements, and support a transition to pay-go funding in the future.
- ✓ Implement only the necessary level of rate adjustments, in a steady and consistent manner, to avoid unnecessarily disruptive future rate changes.
- ✓ Meet the requirements of the 2013 Cease and Desist Order from the RWQCB.
- ✓ Fund emergency and capital reserves to ensure greater financial resiliency in the future.

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Budget Document Guide

The FY 2015/16 Budget document is organized into the following sections:

- FY 2015/16 Budget Overview
- Operations & Maintenance (O&M) Budget
- Capital Budget
- Legal Expenditures
- Factors Affecting Future Personnel Costs
- Details and Timelines for Actions Supporting the FY 2015/16 Budget
- 5-Year Financial Forecast

A complete set of financial schedules for the Budget are included in the Appendix A to this report.

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FY 2015/16 Budget Overview

Summary

This section presents a summary of the Budget, by revenue sources and expenses, and between O&M/Administration and Capital. Each of these areas is addressed in greater detail in later sections of this report. Table 1 below summarizes the District's FY 2015/16 Budget and compares it to a projection of the prior year's actual expenditures. More specific discussions regarding revenues and expenditures occur in the following subsections and are accompanied by illustrative charts & graphs. In summary, the proposed Budget includes \$22,901,537 in total revenue, \$42,626,875 in total spending, a beginning cash balance of \$43,745,868, and an ending FY cash balance of \$24,020,530. Proceeds from revenue bonds issued in FY 2014/15 will supplement regular revenues to fund the District's capital improvement projects. Approximately \$25M will be spent on FY 2015/16 capital projects and remaining proceeds (cash) of \$2.5M restricted for future years' capital projects.

Table 1 – FY 2015/16 Budget Summary

	Type	FY 2014/15 Projected	FY 2015/16 Budget
1	Sewer Service Charges	15,937,877	17,027,637
2	Property Tax - Ad Valorem	5,482,165	5,483,400
3	Proceeds from Revenue Bond	30,719,000	-
4	Other Revenue	631,843	390,500
5	Expected Revenues	\$ 52,770,885	\$ 22,901,537
6	CMSA Charges	6,945,233	6,665,207
7	Operations	5,366,048	5,474,003
8	Administration	1,663,932	1,840,151
9	Outside Services	682,535	689,621
10	Debt Service	1,071,338	3,089,493
11	Capital Budget	9,277,223	24,868,400
12	Total Expenditures	\$ 25,006,309	\$ 42,626,875
13	Net Revenue Less Expenditures	\$ 27,764,576	\$ (19,725,338)
14	Operations & Maintenance Fund Balance	7,766,917	7,669,409
15	Capital Improvement Fund Balance	9,843,030	11,637,200
16	Bond Funds - Fully Restricted for Capital Projects	24,015,921	2,573,921
17	Capital Improvement Reserve Balance	-	-
18	Emergency Reserve Balance	2,000,000	2,000,000
19	Other Post Employment Benefit Reserve Balance	120,000	140,000
20	Total Ending Reserve/Fund (Cash) Balance	\$ 43,745,868	\$ 24,020,530

Revenues

Total District revenue from all sources is forecasted to decrease about \$29.9M, due the inclusion of \$30.7M of bond proceeds in FY 2014/15, which will not repeat in FY 2015/16. Revenue from Sewer Service Charges are projected to increase by just over \$1M due to the planned rate increase, effective July 1, 2015. The other major revenue sources, their trends, and any recommended actions are discussed below. Chart 1 shows the relative contribution from each revenue source in FY 2015/16, and Chart 2 shows the 5-year trend of revenue including the forecasted FY 2014/15 and budgeted FY 2015/16. The trend in Chart 2 shows that revenue from rates and fees in the prior four fiscal years remained fairly steady at just over \$20M after the loss of the San Quentin State Prison (SQSP) revenue in FY 2012/13, which had previously made up 10% of the District's total rate revenue. Revenue from capital program bond proceeds is the primary reason for revenue increases in FY 2013/14 and 2014/15.

Sewer service charge revenue of just over \$17M makes up about three quarters of the District's total revenue in FY 2015/16 and is currently used for Operations & Maintenance (O&M) related expenses. This is up by approximately \$1M from the prior year, based on the revenue projections for FY 2015/16, which result from the five year schedule of rates, effective beginning in FY 2014/15 and shown in Table 2. Because the sewer service charges are collected through the Marin County property tax rolls, the District only receives this revenue in two major installments, which in turn impacts cash flow and reserve/fund balances, as discussed later in this report.

Ad Valorem property tax funds provide about one quarter of total revenue (\$5.5M), and are also collected through the Marin County tax rolls in two major annual payments. This revenue is dedicated to capital expenditures, including debt service. Ad Valorem revenue is also expected to be unchanged from the prior fiscal year, and presents the same cash flow challenges as the sewer rate revenue, based on the timing of the county tax roll process.

The FY 2015/16 Capital Budget will be substantially funded by proceeds from the issuance of revenue bonds in November, 2014. Approximately \$22M in existing bond proceeds will supplement the Ad Valorem property tax revenue to support the Capital Improvement Plan, debt service payments, and other capital expenditures. Projects that will begin and/or be completed in FY 2015/16 include design of the replacement/upgrades of Pump Stations 12 & 13 adjacent to the Bon Air Shopping Center in Greenbrae, improvements to critical forcemain air valves, design of large diameter gravity sewer line replacements, and construction of more than 4 miles of gravity sewer lines rehabilitation throughout the highest priority areas assessed in the Risk Model planning tool.

Other revenue sources, such as connection fees and inspection fees, decreased by approximately 57% due primarily to the completion of a large development in Larkspur, which created a temporary increase in connection fees. While the decrease is substantial, revenues from these sources still represent 1% to 2% of the total.

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Chart 1 – FY 2015/16 Budgeted Revenue by Source

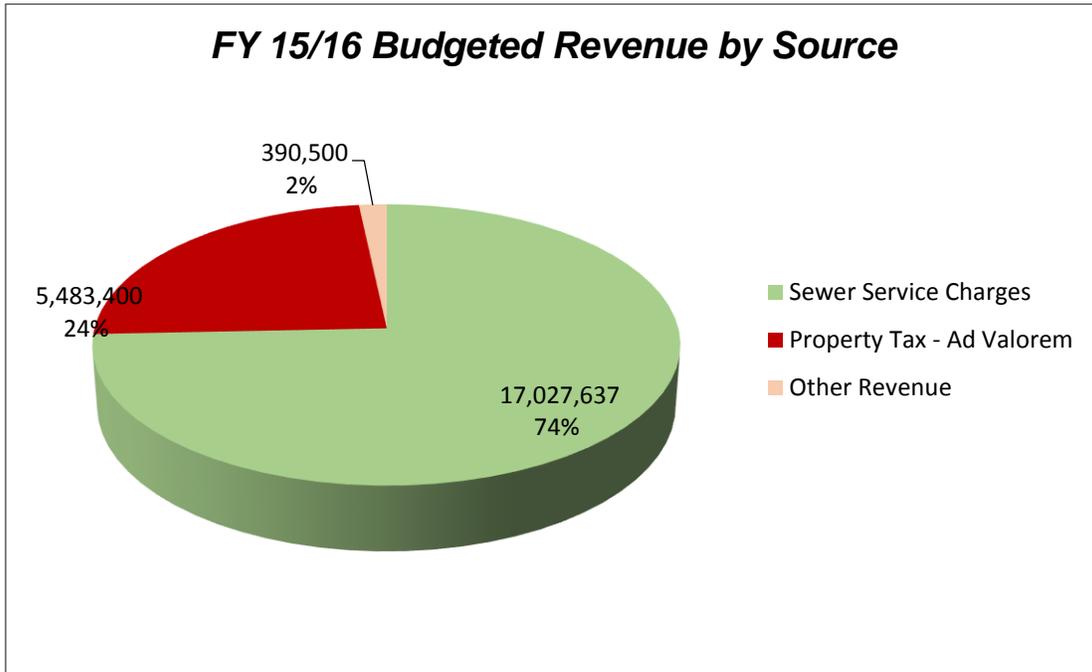


Chart 2 – 5-Year Revenue Trend, by Source

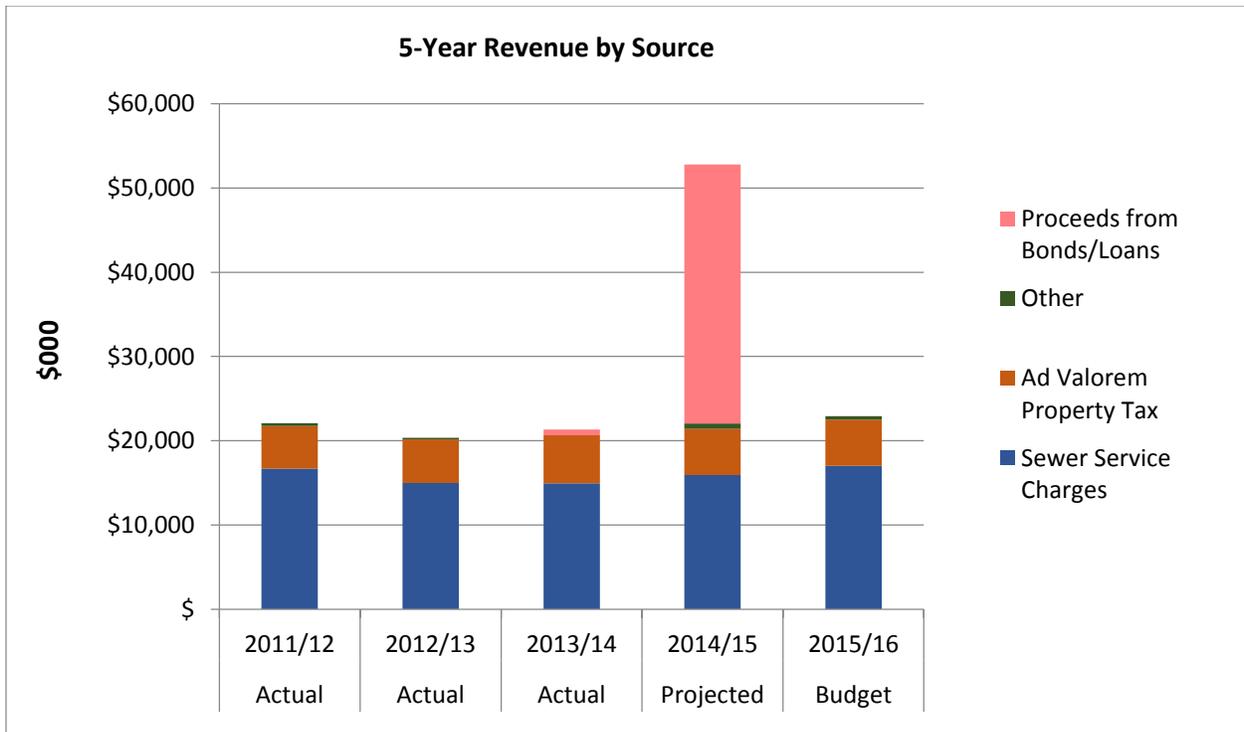


Table 2 – 5-Year Rate Plan



Rate Zone/Customer Class	FY2014/15		FY2015/16		FY2016/17		FY2017/18		FY2018/19	
		% Change								
Ross Valley Rate Zone										
Single Family Residential	\$692	8.5%	\$743	7.4%	\$797	7.3%	\$856	7.4%	\$909	6.2%
Multi Family Residential	\$625	-2.0%	\$665	6.4%	\$714	7.4%	\$766	7.3%	\$817	6.7%
Commercial	\$692	8.5%	\$743	7.4%	\$797	7.3%	\$856	7.4%	\$909	6.2%
Larkspur Rate Zone										
Single Family Residential	\$961	11.2%	\$1,012	5.3%	\$1,067	5.4%	\$1,125	5.4%	\$1,178	4.7%
Multi Family Residential	\$865	0.1%	\$906	4.7%	\$955	5.4%	\$1,007	5.4%	\$1,055	4.8%
Commercial	\$961	11.2%	\$1,012	5.3%	\$1,067	5.4%	\$1,125	5.4%	\$1,178	4.7%

Expenditures

Expenditures are classified into two basic categories: those supporting Operations & Maintenance (O&M) and Administration, and those supporting Capital Improvements. Chart 3 shows the breakdown of all major expenditure categories in FY 2015/16, with capital spending and O&M spending making up roughly 65% and 35% of the total respectively. Within the O&M portion, CMSA treatment charges make up 45% of all operational expenses, with the remainder made up of operations, administration, and outside services. Chart 4 shows the five year trend, including FY 2015/16 for comparison, which highlights the influence of capital spending and fines/legal settlements on total spending. These two expenditure categories have been the source of most of the variation in total spending over the five year period.

CMSA costs for wastewater treatment and disposal are established by CMSA and apportioned to the member agencies, which then must collect the required cost of service in their respective rates, for payment to CMSA. CMSA costs are allocated based on the trailing three years of average wastewater flow and strength. The District’s allocation is estimated to be approximately 47.4% of the CMSA Operating Budget and 43% of CMSA’s debt service requirements, which together totals \$6.7M in FY 2015/16, down from a projected \$6.9M in FY 2014/15. A recent refunding and reissuance by CMSA of existing debt with lower interest rates resulted in approximately \$400K of annual savings to the District over the remainder of the bond term (through FY 2030/31). This savings is offset by an increase of approximately 2.9% in treatment charges allocated based on updated wastewater strength and flow data.

Personnel costs for O&M activities (including direct wages/salaries, payroll taxes, and benefits) are forecasted to remain relatively flat year-over-year, due primarily to capitalized labor costs for work on capital projects, which is covered under the capital budget. Total personnel costs for the District, including both O&M and capital budget funded labor, will increase by 6.7% overall compared to projected costs for FY 2014/15. The primary drivers for this increase are anticipated salary and wage increases based on both regular merit increases and the 5-year average San Francisco Bay Area Consumer Price Index (CIP) of 2.5%. The District is currently in negotiations with both represented and unrepresented employees on the labor agreements, which are currently through June 30, 2015. The incorporation of the CPI into the forecast for salaries is strictly a financial planning tool and not indicative of any agreed upon increases after June 30, 2015.

Other operational expenditures are costs associated with the general operations of the District and are categorized as: fines and settlements, professional services, system maintenance, general and administrative, facilities and utilities, and board expenditures. Overall these expenditures increased by 5% from the prior year’s budget, approximately \$100K. This is primarily due to the costs associated with the Board election in June, 2016 and an increase in insurance premiums caused by losses paid out in claims over the last several years.

Capital expenditures include costs incurred to purchase or build any capital asset, or to rehabilitate and extend the useful life of the District’s existing assets. Details of these expenditures can be found in the Capital Improvement Plan (CIP) included within this budget document and are outlined in Schedule 9 – Capital Asset Summary and Schedule 10 – Capital Improvement Projects.

The total capital expenditures for FY 2015/16 are approximately \$27.9M, which includes \$21.4M for capital projects, \$2.9M for various capital studies and programs, \$3.1M for debt service, and \$0.5M for rolling stock (vehicles and equipment) replacement. This is represented in Chart 3 by the Capital Budget and Debt Service portions of the chart.

Chart 3 – FY 2015/16 Budgeted Expenditures by Type

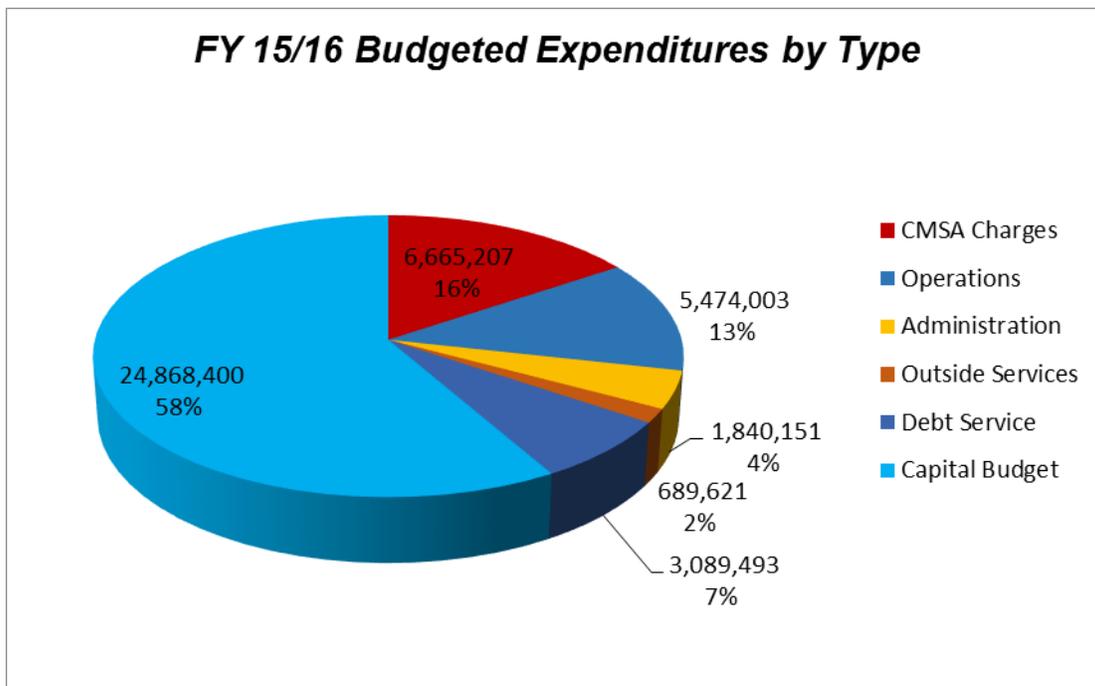
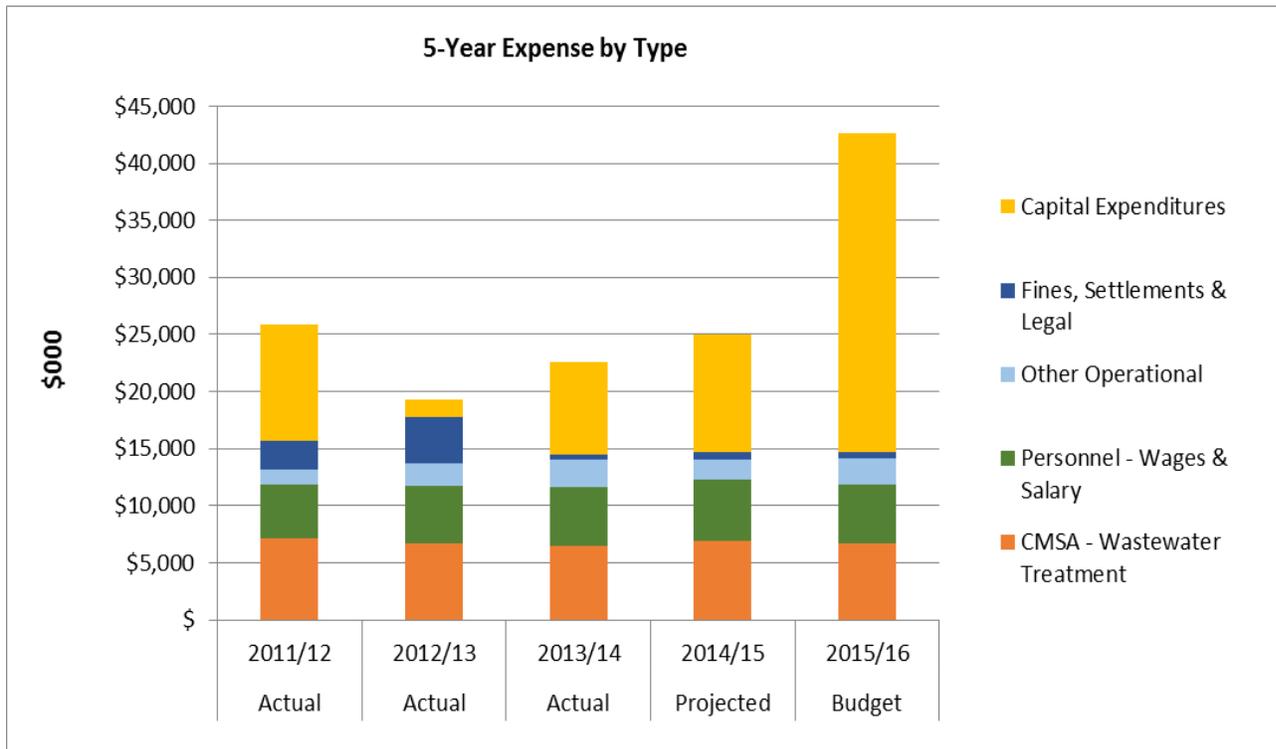


Chart 4 – RVSD 5-Year Expenditure Trend by Type



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Operations & Maintenance Budget

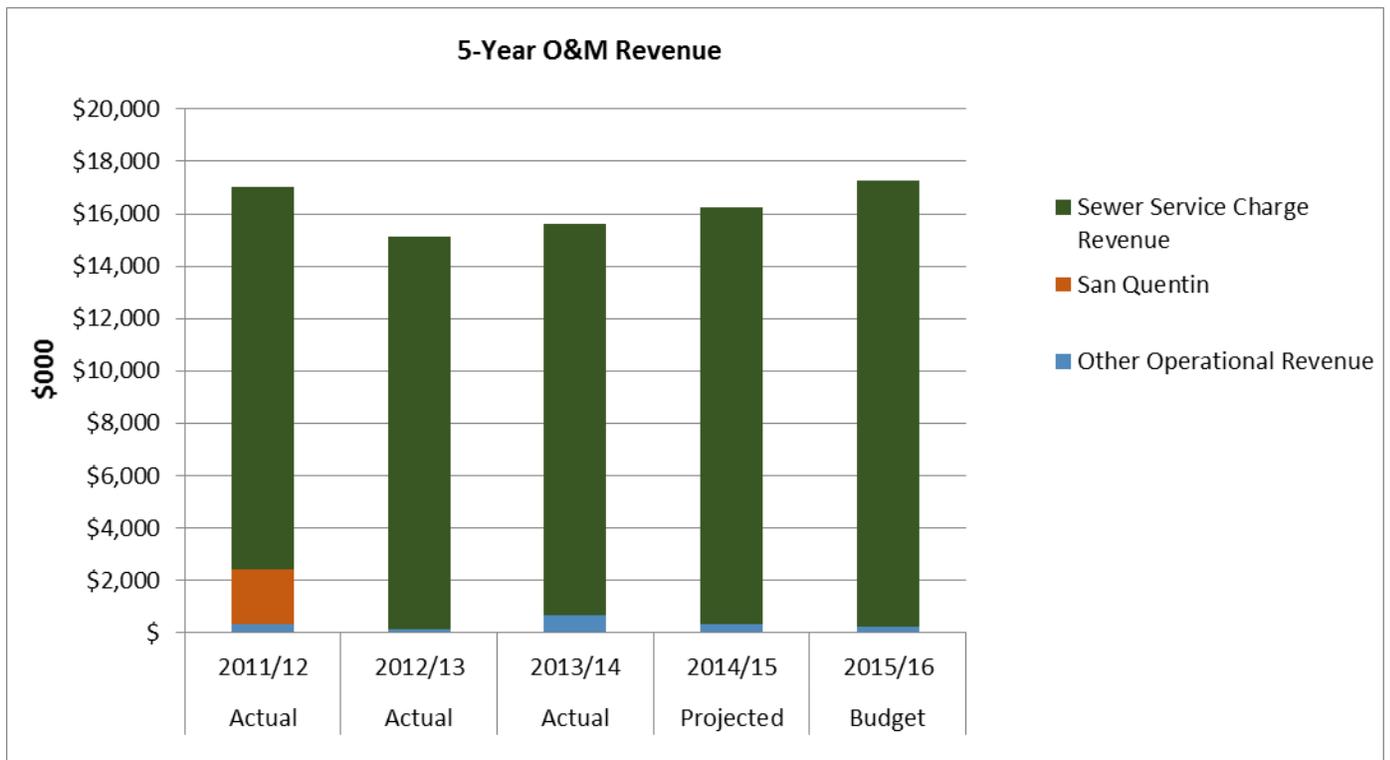
Operations & Maintenance Fund

The Operations and Maintenance fund is used for all operational expenditures and is funded primarily by annual sewer service charges. The Operations and Maintenance fund balance target is intended to cover the cash flow imbalances that predictably occur between the months when the lump sum revenue payments are received from Marin County (April and December, tied to the tax rolls), while regular monthly O&M expenses continue to incur requiring payment. The target balance is calculated using the operational expense equal to budgeted operating expenses from July 1st to December 31st.

Operations & Maintenance Revenue

Total operations and maintenance revenue is budgeted at \$17.2M. The sewer service charges (SSCs) provide a primary stable source of the District's revenue and will increase approximately \$1M in FY 2015/16 under the adopted rate schedule. Over the past five years there are two key factors that have changed the amount of SSC revenue collected. Chart 5 illustrates the influential factors, which are the loss of San Quentin rate revenue in FY 2012/13 and the rate increases in FY 2014/15 and 2015/16. FY 2015/16 revenue from rates will increase by 6.8%. Other operational revenue is the revenue received by the District for inspection services, nominal interest earned on bank deposits, dividends received, and other miscellaneous income. The Other Revenue budgeted for FY 2015/16 is \$230K which is \$97K lower than the previous year due to a one-time loss recovery recorded in the prior year.

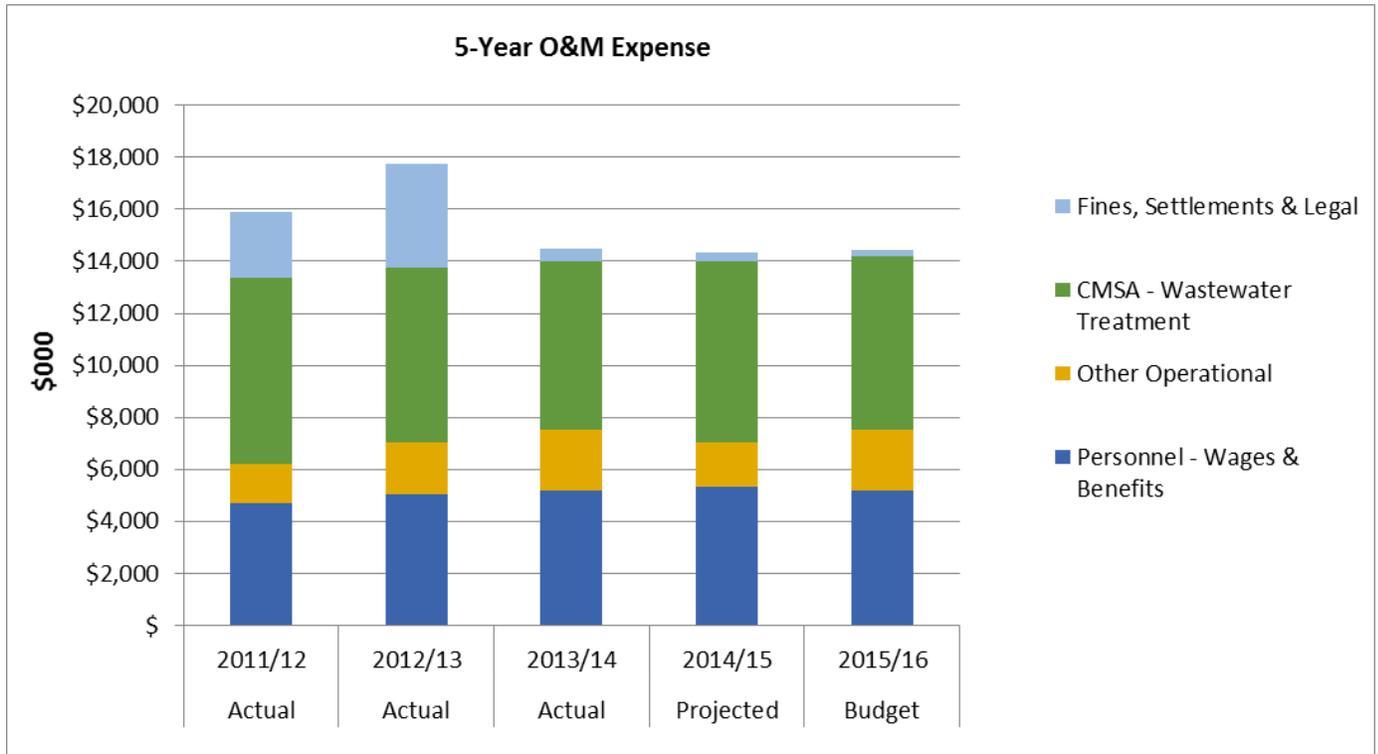
Chart 5 – 5-Year O&M Revenue Trend by Source



Operations & Maintenance Expenditures

Operational Expenditures are costs associated with the general operations of the District and can be categorized as follows: CMSA wastewater treatment; personnel costs; other operational; and, fines, settlements and legal. The five year trend indicates stability in the amount spent on normal operations and maintenance (all categories excluding fines/settlements/legal) and averages \$14M annually.

Chart 6 – 5-Year O&M Expenditures Trend by Type



Central Marin Sanitation Agency (CMSA) charges are allocated for the wastewater treatment charges and debt service from the CMSA annual budget and represent the District’s largest operating expenditure. There are both treatment charges and debt service components included in the CMSA charges. The treatment charge is based on a percentage allocation to each member agency. This is calculated using 36 months of flow data and 24 months of strength data from each District’s wastewater flow. The District’s allocation is 47.4% to RVSD or \$4,692,428 for treatment charges. The debt service charge component is based on the annual EDU count and results in an allocation of approximately 43% to RVSD or \$1,972,779 in FY 2015/16. The debt service charge is substantially lower than in previous years due to the recent refunding and reissuance of CMSA’s 2006 Revenue Bond. Without extending the term of the debt, an annual savings of approximately \$865K to CMSA (\$400K to the District) was achieved through the refunding process. This savings is offset by the increased allocation of treatment charges by 2.9% resulting in an increase of \$236K from prior year.

Personnel wages and benefits are those expenditures related to payroll and staffing. They include salary and wages of employees, overtime, payroll taxes, health insurance benefits and retirement benefits. This category also includes costs for the other post-employment benefits. Salaries were adjusted for a CPI factor representing the average San Francisco Bay Area CPI over the previous 5 years. This was done for

financial planning purposes and does not reflect any cost of living adjustment currently agreed upon in existing employment contracts. Individual employees were also adjusted to higher steps in the salary chart assuming continued employment and satisfactory performance evaluations. These increases affect the salaries, payroll taxes and retirement contributions. Insurance costs are known for the first two quarters of the year and the final two quarters are estimated with increases between 1.5 and 5%, depending on the type of insurance. Retirement benefits were budgeted based on a percentage of the employee's base salary. For all employees hired prior to January 1, 2013 an employer contribution of approximately 18.5% is budgeted as provided by CalPERS and for employees hired after this date the employer contribution is 6.24%. The District is also responsible for the employee portion of the payroll contribution, currently 8%, for all employees hired prior to July 1, 2010. All employees hired after that date are responsible for their own contribution.

Chart 7 – FY 2015/16 Total Budgeted Personnel Costs

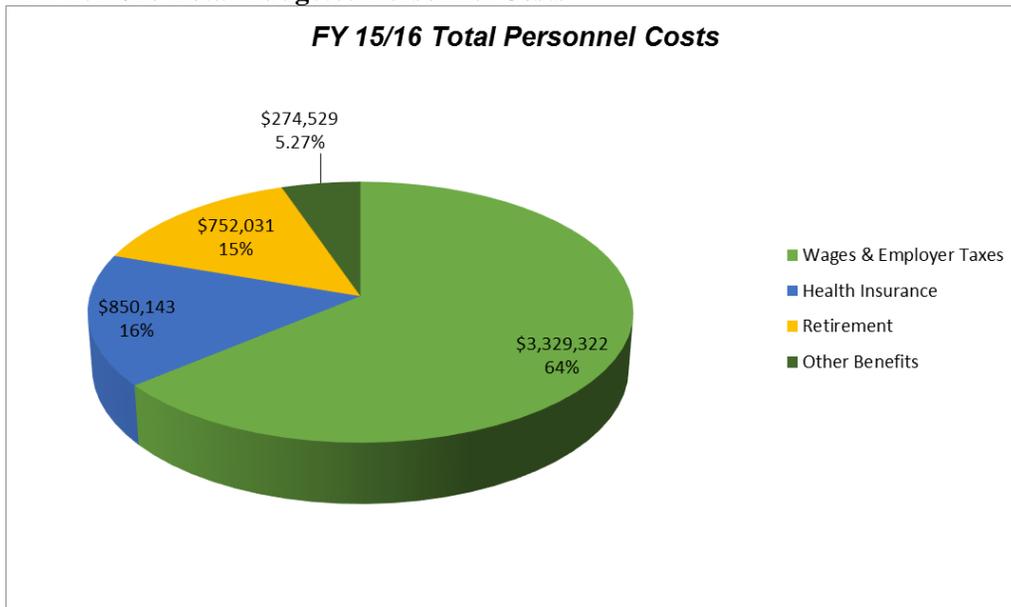
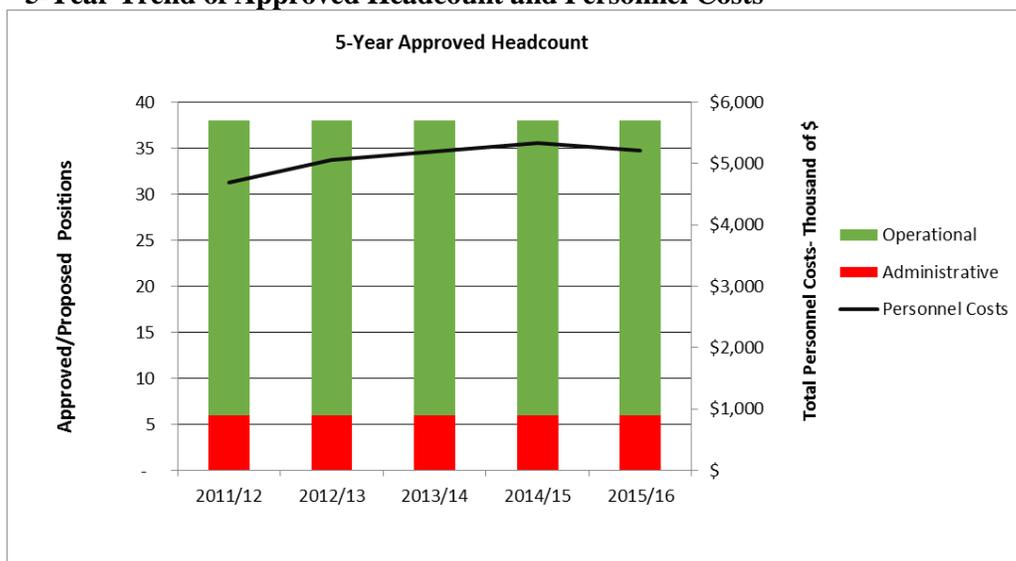


Chart 8 – 5-Year Trend of Approved Headcount and Personnel Costs



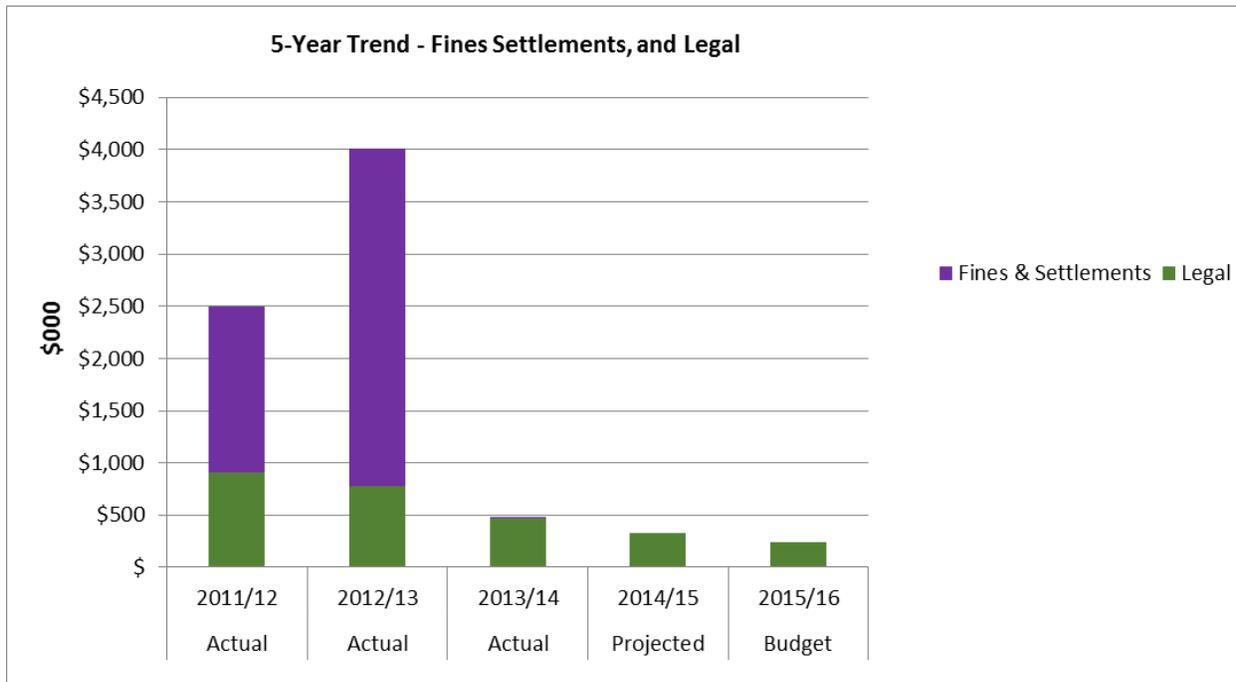
Other operational expenditures are made up of system maintenance, general and administration, facilities and utilities and board related expenditures. Total other operational expenditures for FY 2015/16 are budgeted at \$2.6M. The five year trend indicates some variation in the amount spent on other operational expenditures and averages \$2.M annually with a low of \$1.5 million and a high of \$2.6M. The FY 2015/16 budget is higher than the prior year projection of \$2M due to increased spending on tools, materials, and equipment repair.

Outside services include contracted services to provide community outreach, information technology (IT), annual financial audits, and human resources management services. The new FY budget for outside services is \$39,616 more than last years (\$410,005 vs. \$449,621), with the increase due primarily for public outreach services. These totals exclude legal services. The District will be retaining professional services for public outreach, including updating its website, conducting a baseline public survey, and developing regular newsletters and social media platforms. This work will be overseen by the ad hoc outreach committee and staff. Human Resources management services are expected to be unchanged at \$200,000 for the new FY, to support implementation of the numerous State Audit recommendations, assist in labor negotiations, and complete a long term reorganization and staffing plan.

The system maintenance costs are the expenditures related to the general costs of maintaining the sewer system; some of the costs included in this category are vehicle fuel and repair, equipment repair, materials, parts and tools and emergency repairs. General and administration (G&A) are the types of expenditures that contribute to the general operations of the district. The G&A is primarily made up of liability insurance and deductibles, office equipment, software and maintenance and printing. Facilities and utilities are overhead type costs that allow the day to day operations of the District. Utilities include gas, electric and water use for pump stations and for the District headquarters, and telephone related costs. Facilities include rent, garbage, security and janitorial services. Board expenditures are the fees paid to board members for participation in regular and special meetings.

Regulatory fines, legal settlements, and legal services expenses have been a significant expenditure category for the District in past years. However, the last two fiscal years have seen a sharp decrease in these expenses, as shown in Chart 9 on the next page. This favorable trend is expected to continue for the following reasons. Potential regulatory fines are primarily related to the state and federal regulatory enforcement actions by the EPA (federal) and RWQCB (state). The 2006 EPA Consent Decree's requirements have largely been met. The 2013 Cease and Desist Order (CDO) from the RWQCB has provided a long term framework for the state's regulatory compliance requirements. Given the District's strong record of compliance with the 2013 CDO requirements, and the resulting preventative O&M practices and infrastructure improvements, the relative risk of future fines is expected to be low while this compliance progress continues. For litigation settlements and legal fees, similar downward trends are clear. The District has no current litigation that is expected to result in significant future settlement costs. Legal fees for the current FY 2014/15 are projected to be \$330,000, a 34% decrease from the \$500,000 costs incurred in in FY 2013/14. The District has retained new legal counsel, and is actively managing its legal services and working to avoid new litigation, and to resolve the one major current lawsuit (CMSA, State CDCR, Marin County vs RVSD). Based on these factors the new FY 2015/16 legal services budget is \$240,000.

Chart 9 – 5-Year Fines, Settlements, and Legal Expenditures



Factors Affecting Future Operations & Maintenance

The District’s ability to predict future operations and maintenance costs is limited to known information and the controllability and predictability of a given expenditure. For instance, the total treatment costs projected for the next 10 years are presented in CMSA’s annual budget and have historically been a reliable source of information. These charges currently represent approximately 45% of the total operations and maintenance budget and will increase 10% over the next five years. The second biggest contributor to the O&M budget is personnel costs. These costs are dependent on variables such as pension reform, labor negotiations and healthcare reform. Further discussion can be found in the *Factors Affecting Future Personnel Costs* section of this document. The District continues to monitor the known and unknown costs and has incorporated the most up to date information available in the 5-year forecast.

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Capital Budget

Introduction

The FY 2015/16 capital budget funds expenditures for major capital projects, various equipment and fleet purchases, and capitalized labor costs for District staff resources used in supporting the capital projects. Funding for the next two to three fiscal years' capital projects is sufficient due to the \$30M in bond revenues secured in FY 2014/15, combined with the increased rate revenue from the five year rates schedule approved in June 2014. Annual debt service costs have increased from \$1.1M to \$3.1M, due to the 2014 bond sale, and represent about 10% of the total capital budget expenditures. Total capital expenditures for FY 2015/16, excluding debt service, are \$24.9M, with \$21.4M in capital projects. Because of the relatively long lead time for capital projects, from planning through design and construction, the District has seen a lag in planned versus actual project delivery, following the overhaul of the capital program in FY 2013-14. This is reflected in the FY 2014/15 budget versus actual capital expenditures (\$21.9M vs. \$10.4M), since several of the large capital projects did not proceed as reflected in the 5 year schedule. This year's capital budget and work planning reflect specific actions to improve the efficiency and progress of the capital program, and begin reducing this gap. See Table 3 and Schedule 10, which show the updated projects list for this year. There are fewer, larger projects which reflect the aggregation of the unnecessarily "broken up" smaller projects from past planning. By consolidating similar work, the time and expenses for the proposal process, contracting, and on-going administration and management are all significantly reduced. The District also gets more competitive construction costs due to the economies of scale inherent in these types of projects.

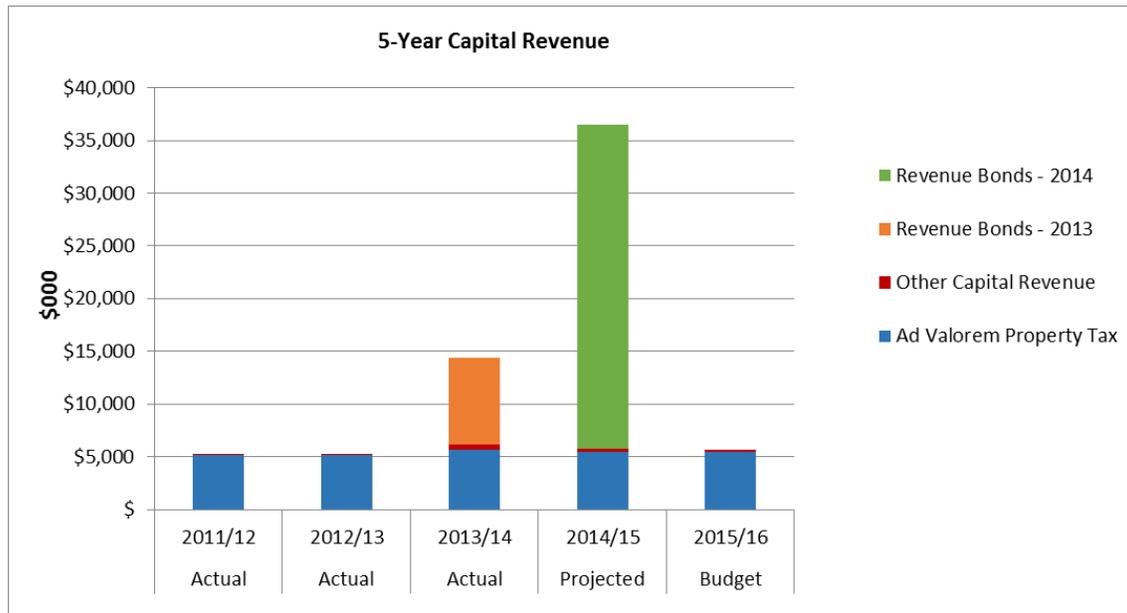
The recent FY 2014/15 gravity sewer rehabilitation project design and construction contracts reflect these benefits, as does the pending Pump Station 12/13 design work. Although it is taking two to three years to achieve the overhaul of the capital program, beginning in FY 2013/14, progress is notable looking into FY 2015/16, with \$4.3M in contracted design work in progress by June 2015, and approximately \$14M in construction project work in various stages of progress through the first 6 months of calendar year 2016.

Capital Revenues

The District has two steady sources of annual revenue that have been identified as primary sources for the Capital Fund: Ad Valorem taxes and Connection Fees. In addition, the District has the ability to incur debt as a method of financing capital projects with the most commonly used debt instrument being the Revenue Bond. Chart 10 shows the five year trend for revenues to fund capital improvements, and clearly illustrates that, in contrast to the capital spending trends, supporting revenues (exclusive of bond debt) have been essentially flat.

- Ad Valorem tax as a revenue source, has been stable but flat due to the relative stability of Ross Valley property values and low turn-over rate in real estate sales in the area.
- Connection Fees for new development or major remodels of existing structures represent less than 1% of capital revenue sources and are expected to remain at this level, given low to no growth expectations in the communities served by the District.
- Debt financing has been utilized by the District in the past. In 2013 and 2014 the District issued revenue bonds of \$17.8M and \$30.2M respectively. Proceeds from the bond issuances were used to retire debt of approximately \$9.4M and to fund capital projects beginning in FY 2013/14. The District will continue to use these proceeds to fund capital projects in FY 2015/16.

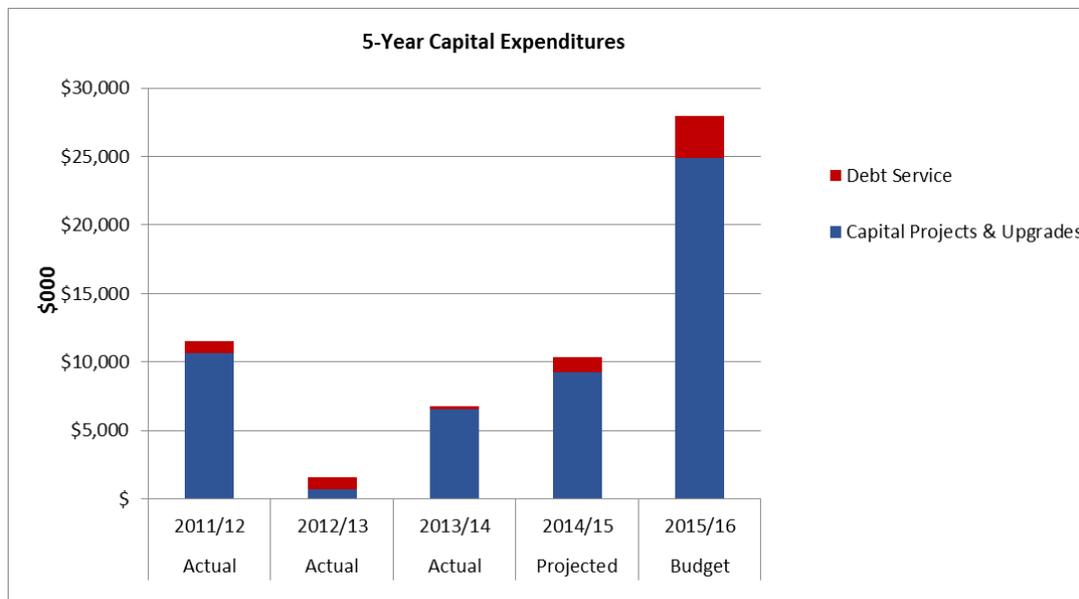
Chart 10 – 5-Year Capital Revenues Trend, by Source



Capital Expenditures

The 5-year trend in the District’s capital spending has shown variability (see Chart 11). Larger capital projects, such as the Kentfield Forcemain and Woodland/College/Goodhill Gravity Sewer projects were constructed and completed in FY 2010/11 and 2011/12. In FY 2012/13 the District temporarily suspended its major capital projects due to budget constraints. Under the current 5-year capital plan and the related 5-year financial forecast and rates schedule, the District will be able to achieve a more stable, consistent level of capital expenditures. Under the FY 2015/16 Budget, approximately 90% of the budgeted \$27.9M in spending will be for direct project execution, and 10% for long term debt financing.

Chart 11 – 5-Year Capital Expenditure Trend, by Type



FY 2015/16 Capital Plan

The Capital Improvement Plan (CIP) is designed to identify and plan for the capital improvement projects for FY 2015/16 and beyond. The plan includes the rehabilitation of existing capital assets as well as the acquisition or construction of new capital assets. Capital expenditures result in the acquisition or construction of a capital asset. A capital asset is any asset with a significant cost (usually greater than \$5,000) and a substantial useful life (over 5 years). Examples include land, buildings, machinery, vehicles, equipment, pump stations, force mains and gravity sewer pipelines.

For budgeting purposes, the District groups its planned expenditures into four main categories: Capital Improvement Projects, Other Capital, Fixed Assets, and Debt Service. Capital Improvement Projects refer to spending associated with activities that construct, repair, or rehabilitate the sewer infrastructure. Other Capital includes a broad spectrum of activities that provide support of the CIP, such as general engineering studies & assessments, the lateral replacement grant and loan programs, and supplemental environmental projects. The \$700,000 in lateral replacement grant funding is based on an average individual grant amount of \$3,500 per lateral and a target of 200 grant applications. The lateral replacement loan funding of \$600,000 is based upon an estimate of 60 loans at a maximum level of \$10,000. The loan program is new and the level of interest is not yet established; however, outreach efforts are planned to promote the program in areas identified for District capital project and other agencies' paving projects. A pool of funds from the 2014 Revenue Bond was established to kick-start the loan program. Fixed Assets are items such as vehicles, equipment, and land & buildings purchased and used in support of the construction, operation, and maintenance of the sewer infrastructure. Debt Service is the amount paid annually against any outstanding debt, such as loans or bonds. Table 3 below summarizes the FY 2015/16 capital spending plan.

Table 3 – FY 2015/16 Capital Expenditures Summary

Description	Asset Type	FY 2015/16 Budget
1 Gravity Sewer Improvement Projects	Capital Improvement Projects - Sewer Lines	16,360,000
2 Pump Station Projects	Capital Improvement Projects - Sewer Lines	3,017,000
3 Force Main Projects	Capital Improvement Projects - Sewer Lines/Pump Stations	2,065,000
4	Total Capital Improvement Projects	21,442,000
5 Lateral Replacement Grant Program	Other Capital	700,000
6 Lateral Replacement Loan Program	Other Capital	600,000
7 Inflow and Infiltration Reduction Program	Other Capital	200,000
8 Hydraulic Model Update	Other Capital	350,000
9 Larkspur Landing Locker/Shower Facility Upgrades	Other Capital	150,000
10 Larkspur Landing EPA Clearance Activities	Other Capital	200,000
11 Greywater Systems & Wastewater Reduction	Other Capital	250,000
12 Studies/Reviews/Software/Miscellaneous	Other Capital	449,525
13	Total Other Capital	2,899,525
14 Vehicles	Fixed Assets - Vehicles & Equipment	322,575
15 Camera Equipment	Fixed Assets - Vehicles & Equipment	164,300
16 Other Field Equipment	Fixed Assets - Vehicles & Equipment	40,000
17	Total Fixed Assets - Other	526,875
18	Total Budgeted Capital Assets	24,868,400

The District's sewer collection system has three main types of infrastructure: gravity sewer lines, pump/lift stations, and force mains. Gravity sewer lines make up approximately 95% (195 miles) of the District's pipelines. Their purpose is to collect and convey sewage, using gravity as a directional force, from homes and businesses to the wastewater treatment plant. Pump or lift stations are employed when gravity cannot maintain the proper directional flow or velocity within the system; typically this is the case when there is a need to move sewage uphill or over very long, flat distances. This District has 19 pump and lift stations. Force mains represent the other 5% (9.5 miles) of the District's pipelines and are located at the discharge of each pump station. Force mains convey wastewater under pressure that is created at the pump station to a point where either gravity can take over or the sewage reaches the wastewater treatment plant. The District has identified specific projects to be completed in FY 2015/16 that address the needs in each of these areas; see schedule 10 in the appendix.

Sewer Line Trenchless and Open Cut Rehabilitation Crew

The District's two repair crews continue to be used as an integral part of the gravity sewer system improvements. The crew work is directed using the fully deployed Computerized Maintenance Management System (CMMS), which in turn allows coordination between the condition assessment progress (CCTV crew) and the overall capital program. The crews are used to target high priority Grade 4 and 5 defects, using a combination of open cut and trenchless repair methods. Over 90% of the trenchless repair work in the past year has been done in coordination with the FY 2014/15 gravity sewer rehabilitation project, so that these priority areas from the risk model are comprehensively restored to reliable condition. This strategy of combining targeted in-house repair work with the major construction projects, as envisioned in the IAMP, is proving itself out as an efficient process to readily meet the 5 miles per year target of the RWQCB CDO, and achieve rapid reduction of SSO risk in the highest priority areas of the system. The FY 2015/16 Budget includes \$896K in capitalized labor for this work.

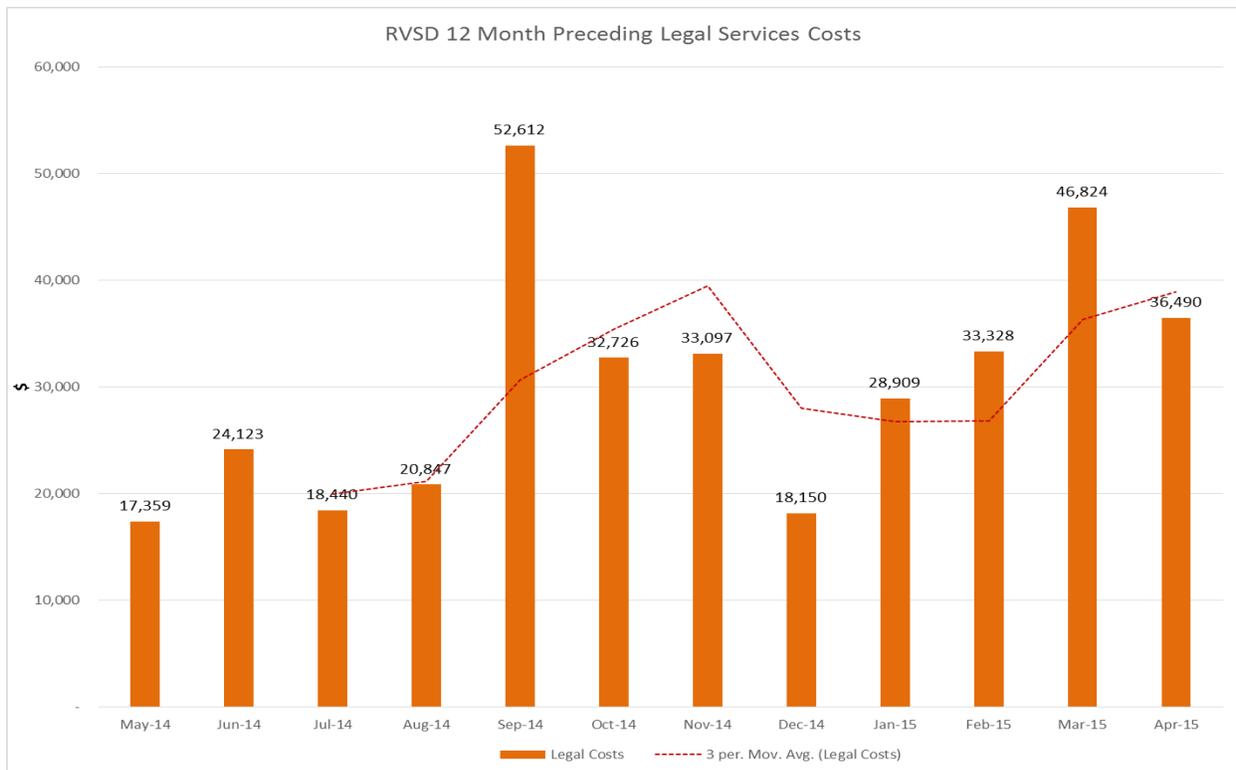
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Legal Expenditures

The District has continued incurring significant legal services costs, above comparable utilities in the state of similar size and scope of services. However, the past two years has seen steady progress in reducing the legal services costs, Legal fees for the current FY 2014/15 are projected to be \$330,000, a 34% decrease from the \$500,000 costs incurred in in FY 2013/14. The FY 2014/15 costs reflect impact of the pre-trial actions for the former General Manager earlier in the fiscal year, and the cost of the current litigation with CMSA/CDCR/Marin County (which accounted for 30% of total legal fees). See Chart 12 for the past 12 month trend. Both of these legal matters may have impacts on the new fiscal year as well, depending on what developments occur and what decisions are made regarding optional ligation actions by RVSD.

The budget for legal services in the new FY 2015/16 is \$240,000. This is relatively low compared to last year, and reflects the following considerations. The District has not had a new lawsuit for over two years, and there is no pending litigation that staff or counsel is aware of. Monthly legal service and cost reports are now provided for Board review. The District also recently completed a transition to new general legal counsel, ending the contract with Berliner Cohen, and beginning work with Downey Brand in February 2015. Berliner Cohen continues to work on the largest outstanding litigation item, the lawsuit filed by RVSD in 2012 against CMSA, CDCR, and Marin County over the San Quentin Prison sewer service and facility ownership dispute. General legal services are expected to be approximately \$10,000 to \$15,000 per month, depending on the level of activity. This leaves approximately \$60,000 to \$120,000 for litigation. Actual costs will depend on a combination of outside factors not controlled by the District, and decisions made regarding current litigation.

Chart 12 – 12-Month Legal Expenses Trend



Factors Affecting Future Personnel Costs

Overview

The District's personnel costs are a significant portion of its overall operations and maintenance costs, as discussed under the Operations and Maintenance Fund section earlier in this report. This section summarizes the primary factors affecting future personnel costs, including those the District has more direct control over and those it has less, and discusses each in qualitative terms only. The District's budget reports consider each of these with specific cost data, and incorporate the resulting cost trends into the 5-year forecast.

Headcount

The District has no planned changes to the total 38 authorized positions. The total authorized staff count has remained constant over the past 5 years. However, several authorized positions were left unfilled in the past FY 2014/15, as the District re-assessed the needs for these positions and any changes to job classifications, as well as temporary options for filling the specific service required. In the new FY 2015/16, the District expects to be filling two vacant positions whose job classifications have been reviewed and updated to fit the ongoing needs of the District. Those are the USA Locator Technician and Inspector positions. This is reflected in the staffing plan presented in Schedule 8 of the appendix.

The District's average annual fully-burdened cost (wages, taxes, benefits) per employee is approximately \$165,000. Any future decisions regarding expansion or contraction of headcount will balance the operational needs of the District with an analysis of the costs and benefits of all options, including outside contracting for services. The District is continuing to review, assess, and update its long term staff resource needs on a 5-year planning horizon, and the results of that evaluation will be reflected all future annual budgets.

Cost of Living Adjustments

The District is operating under a set of Memoranda of Understanding (MOUs) with AFSCME Local 2167 and with the Management and Confidential Staff, which cover all employees of the District except for the General Manager. The current MOU, covers July 1, 2009 through June 30, 2015, and contained annual Cost of Living Adjustments (COLAs). Negotiations are underway on an MOU to cover July 1, 2015 through an as yet undetermined date. Because no COLAs have been agreed upon, the FY 2015/16 budget uses an assumed 2.5% COLA based upon a 5-year average of the San Francisco Bay Area Consumer Price Index (CPI). This assumption is for planning purposes only and does not reflect the content of any ongoing negotiations.

Pension Reform

Effective January 1, 2013, the Public Employee Pension Reform Act (PEPRA) defines how pension benefits are offered to all public employees, including those working for RVSD. Existing employees as of that date will continue to receive the same benefit of 2.7% at 55, with minor changes to the calculation of service credits at the time of retirement. For all employees hired prior to January 1, 2013 (Classic Members) an employer contribution of approximately 18.5% of base salary is paid to CalPERS and for employees hired after this date (PEPRA Members) the employer contribution is 6.24%.

CalPERS conducts an annual actuarial review of its plans, which results in an annual adjustment to the employer contribution rate. The most recent valuation report received from CalPERS is dated October 2014 and sets the employer contribution rate for FY 2015/16 at 18.5% with a projected rate of 19.2% for FY 2016/17 for Classic Members and 6.24% and 6.8% respectively for PEPRA Members.

To further support disclosure of pension costs and other key information regarding pension plans, in June of 2012 the Government Accounting Standards Board (GASB) issued Statement No. 68, which requires unfunded pension liabilities to be reported on the government agency's balance sheet starting in the FY 2014/15. In addition to mandating the reporting requirement, the Statement defines how to value the liability and specifies its presentation within the financial statements. There may be some additional cost to implement the requirements of Statement No. 68, but those are expected to be nominal given the information we have at this time.

Health Insurance

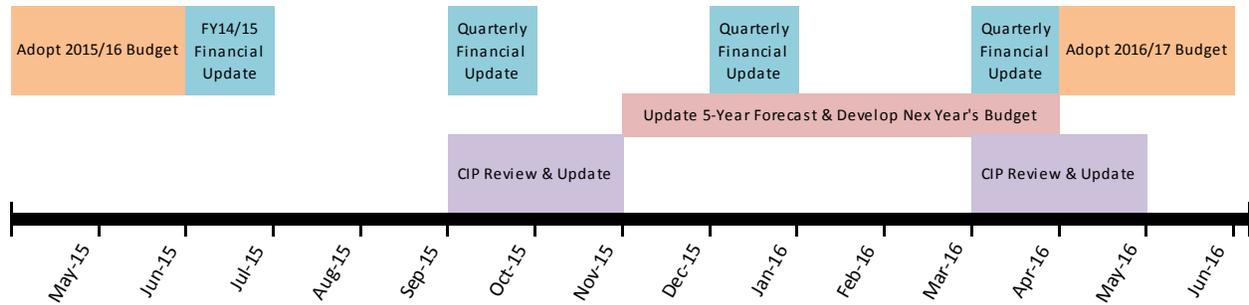
Other than salaries and wages, the cost of providing health insurance to employees is the costliest of the benefits offered to District employees, surpassing the retirement benefit for the first time in FY 2013/14. For the previous four calendar years (2010 - 2013) medical insurance rates have increased by an average of 8.1% each year, resulting in a compounded increase of 31.5% from 2009 to 2013. In 2015, Kaiser Permanente (the predominate provider to District employees), did not increase its premiums; however, there is no established trend supporting any assumption that health insurance costs will stabilize. The challenges and increasing expense associated with providing access to health insurance to employees are not unique to public agencies. All employers, public and private, are struggling with the issue of how to provide an insurance benefit without placing undue burden on other stakeholders. The District continues to assume an annual increase of 5% in the cost of this benefit in FY 2015/16 and beyond.

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Overview of Activities Supporting FY 2015/16 Budget

As mentioned in the introduction section of this document, the FY 2015/16 Budget is based upon a set of planning tools and processes that are replicated each year, including a long range 5-year forecast. The figure below shows the timeline under which actions will be taken to support the financial plan outlined in this budget. Most activities and their timing are predictable within the established financial planning process. The timelines are approximate, but the sequencing and general time requirements reflect the critical path linkages and how each step supports the others.

Figure 1 – FY 2015/16 Key Actions



May – Jun 2015	FY 2015/16 Budget	Adopt budget with funding to complete required CIP and maintenance activities.
Jul 2015	FY 2014/15 Year End Financial Update	A review looking at actual financial performance against budget. This is the full year review for FY 2014/15.
Oct 2015, Jan 2016, Apr 2016	Quarterly Financial Updates	A review looking at actual financial performance against budget. Each of these reviews looks at year-to-date performance against the FY2015/16 Budget.
Oct – Nov 2015, Apr – May 2016	CIP Review & Update	Plan is reviewed and updated as information on system condition and risk is refreshed in the Risk Model.
Nov 2015 – May 2016	5-Year Forecast & Budget Development	Using updated information about requirements for O&M and Capital, the next FY budget is developed and the 5-Year Forecast is updated.
May – Jun 2016	FY 2016/17 Budget	Adopt budget with funding to complete required CIP and maintenance activities.

Rolling 5-Year Financial Forecast

As part of the District’s standard financial planning process, a rolling 5-year financial forecast is maintained. Beginning with the current budget, this forecast incorporates known factors along with reasonable estimates of future expenditures for both the Operations & Maintenance and Capital budgets. At minimum, the forecast is annually on a rolling basis. This forecast looks forward through FY 2020/21.

Process

The 5-Year Financial Forecast is developed using the same or similar assumptions applied to the current fiscal year budget. Known or planned factors, such as service rate adjustments, the Capital Improvement Plan, CMSA published forecasts, debt service schedules, and established system maintenance schedules are updated and incorporated into the forecast. Other factors that may be reasonably estimated, such as inflation factors and wage & benefit adjustments, are also included.

The forecast presented here is divided into two sections. The first represents the fiscal years for which the service rate schedule, adopted in May 2014 with Ordinance No. 65, is known. The final two fiscal years are presented using the same rates as the final year of the adopted rate schedule. The noted decline in cash fund balances and reserves will be addressed by the District in future actions. A summary of the 5-Year Financial Forecast is shown in Table 4, below. More detailed information is contained in Schedules 11 and 12 in the appendix.

Table 4 – 5-Year Financial Forecast Summary

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Type	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
1 Sewer Service Charges	17,027,637	18,213,000	19,501,000	20,683,000	20,683,000	20,683,000
2 Property Tax - Ad Valorem	5,483,400	5,538,000	5,566,000	5,594,000	5,597,000	5,599,000
3 Proceeds from Financing Activities	-	48,500,000	-	-	-	-
4 Other Revenue/Cash Received	390,500	321,000	381,000	441,000	501,000	561,000
5 Expected Revenues	22,901,537	72,572,000	25,448,000	26,718,000	26,781,000	26,843,000
6 CMSA Charges	6,665,207	7,067,000	7,300,000	7,306,000	7,303,000	7,297,000
7 Operations & Maintenance	8,003,775	8,136,000	8,212,000	8,281,000	8,477,000	8,680,000
8 Debt Service	3,089,493	3,028,000	4,000,000	5,559,000	5,759,000	5,742,000
9 Capital Budget	24,868,400	27,069,000	20,134,000	20,006,000	20,177,000	15,530,000
10 Total Expenditures	42,626,875	45,300,000	39,646,000	41,152,000	41,716,000	37,249,000
11 Net Revenue Less Expenditures	(19,725,338)	27,272,000	(14,198,000)	(14,434,000)	(14,935,000)	(10,406,000)
12 Operations & Maintenance Fund Balance	7,669,409	8,058,000	8,221,000	8,261,000	8,363,000	8,468,000
13 Capital Improvement Fund Balance	11,637,199	11,444,000	14,067,000	12,200,000	(2,857,000)	(13,388,000)
14 Bond Funds - Fully Restricted for Capital Projects	2,573,921	26,281,000	8,422,000	-	-	-
15 Capital Improvement Reserve Balance	-	3,350,000	4,205,000	-	-	-
16 Emergency Reserve Balance	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
17 Other Post Employment Benefit Reserve Balance	140,000	160,000	180,000	200,000	220,000	240,000
18 Total Ending Reserve/Fund (Cash) Balance	24,020,530	51,293,000	37,095,000	22,661,000	7,726,000	(2,680,000)

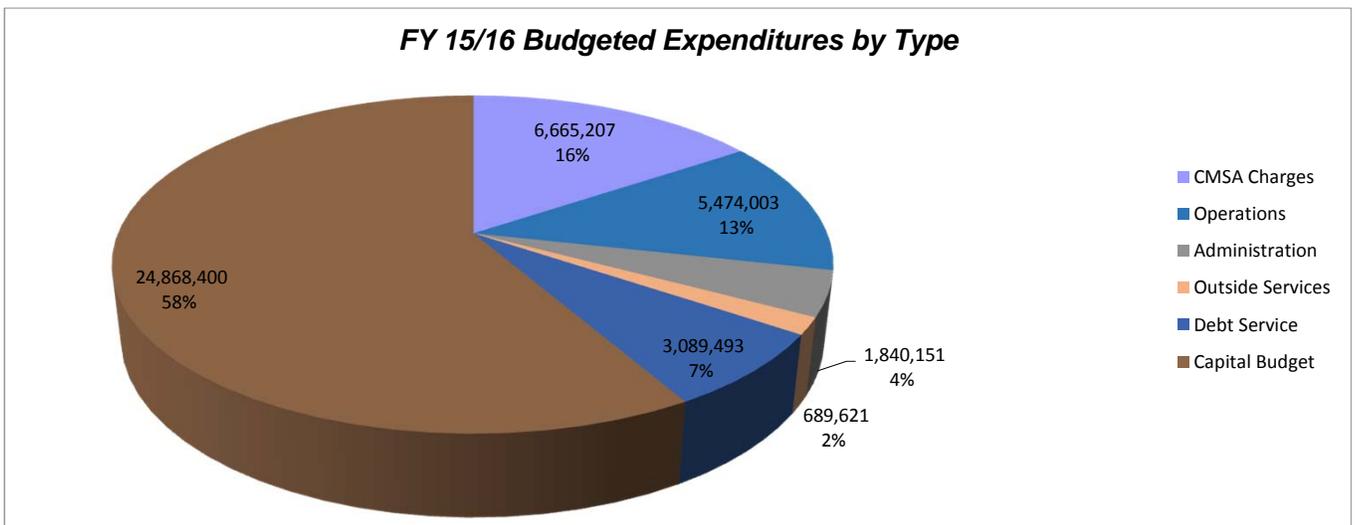
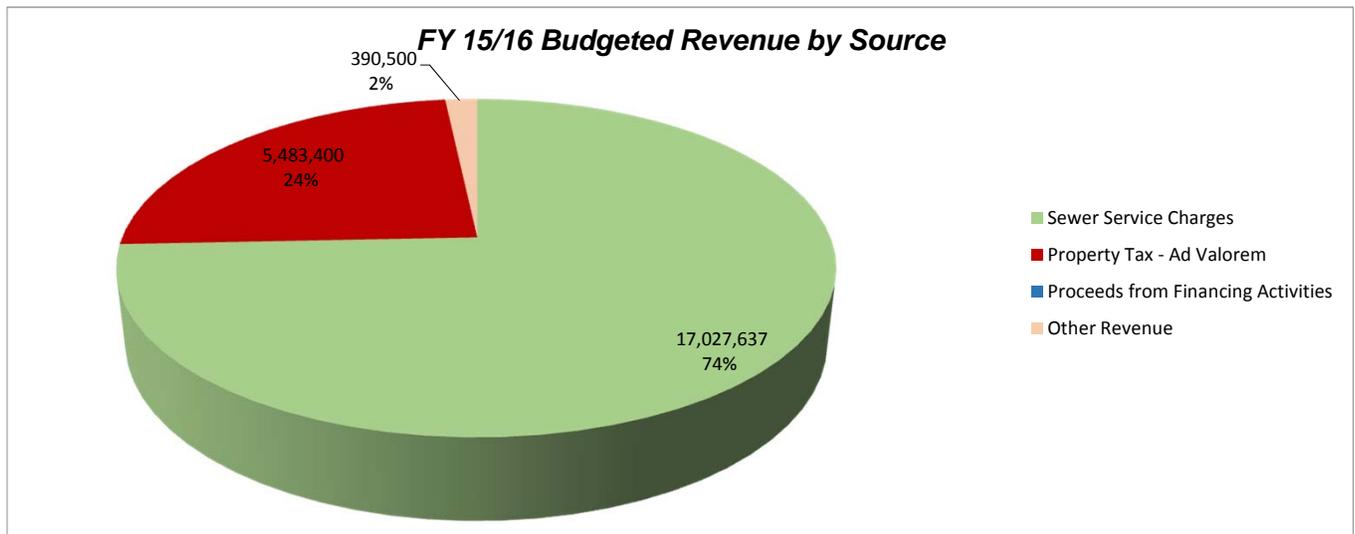
Appendix

**Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 1 - FY 2015/16 Budget Summary**

	Type	FY 2013/14 Actual	FY 2014/15 Projected	FY 2015/16 Budget
1	Sewer Service Charges	14,945,299	15,937,877	17,027,637
2	Property Tax - Ad Valorem	5,694,929	5,482,165	5,483,400
3	Proceeds from Debt Restructuring	8,207,368	-	-
4	Proceeds from Financing Activities	-	30,719,000	-
5	Other Revenue	681,491	631,843	390,500
6	Expected Revenues	29,529,087	52,770,885	22,901,537
7	CMSA Charges	6,456,276	6,945,233	6,665,207
8	Operations	5,192,493	5,366,048	5,474,003
9	Administration	a 2,065,783	1,663,932	1,840,151
10	Outside Services	764,581	682,535	689,621
11	Debt Service	1,278,311	1,071,338	3,089,493
12	Capital Budget	6,793,016	9,277,223	24,868,400
13	Total Expenditures	22,550,460	25,006,308	42,626,875
14	Net Revenue Less Expenditures	6,978,627	27,764,577	(19,725,338)
15	Operations & Maintenance Fund Balance	7,736,000	7,766,917	7,669,409
16	Capital Improvement Fund Balance	4,039,084	9,843,030	11,637,200
17	Bond Funds - Fully Restricted for Capital Projects	3,106,211	24,015,921	2,573,921
18	Capital Improvement Reserve Balance	-	-	-
19	Emergency Reserve Balance	1,000,000	2,000,000	2,000,000
20	Other Post Employment Benefit Reserve Balance	100,000	120,000	140,000
21	Total Ending Reserve/Fund (Cash) Balance	15,981,295	43,745,868	24,020,530

Note a: Included in the FY 13/14 Administration expenditures is the final payment paid out in June 2014 for \$250,000 to the Regional Water Quality Control Board for fines related to the December 2010 sanitary sewer overflow.

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 1 - FY 2015/16 Budget Summary**



**Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 2 - FY 2015/16 Funding Sources**

Funding	FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
Basis for Rate Revenue:				
<i>Equivalent Dwelling Units (EDU's)</i>				
1 Sanitary District #1 - Single Family	11,107	10,767	10,767	-3%
2 Sanitary District #1 - Multi Family	5,313	5,572	5,572	5%
3 Sanitary District #1 - Commercial	3,131	3,328	3,328	6%
4 City of Larkspur - Single Family	1,424	1,406	1,406	-1%
5 City of Larkspur - Multi Family	1,092	1,119	1,119	2%
6 City of Larkspur - Commercial	431	457	457	6%
7 Total # of EDU's	22,498	22,649	22,649	1%
<i>Rate Per EDU</i>				
8 Rate per EDU - Single Family	692	692	743	7%
9 Rate per EDU - Multi Family	625	625	665	6%
10 Rate per EDU - Commercial	692	692	743	7%
11 Rate per EDU - Larkspur Single Family	961	961	1,012	5%
12 Rate per EDU - Larkspur Multi Family	865	865	906	5%
13 Rate per EDU - Larkspur Commercial	961	961	1,012	5%
Revenue by Source				
Sewer Service Revenue - Operations				
14 Sanitary District #1 - Single Family	7,686,044	7,450,764	7,999,881	4%
15 Sanitary District #1 - Multi Family	3,320,625	3,482,500	3,705,296	12%
16 Sanitary District #1 - Commercial	2,166,652	2,302,976	2,472,704	14%
17 City of Larkspur - Single Family	1,368,464	1,351,166	1,422,872	4%
18 City of Larkspur - Multi Family	944,580	967,935	1,013,523	7%
19 City of Larkspur - Commercial	414,191	439,177	462,484	12%
20 Collection Fees	(40,273)	(41,586)	(43,123)	7%
21 Customer Refunds	(6,000)	(15,055)	(6,000)	0%
22 Total Sewer Service Charges	15,854,283	15,937,877	17,027,637	7%
Other Revenue Sources - Operations				
23 Inspections	106,800	138,549	150,000	40%
24 Interest	12,000	9,139	6,500	-46%
25 Miscellaneous	3,840	154,045	19,000	395%
26 Dividends	56,830	25,340	55,000	-3%
27 Total Other Revenue - Operations	179,470	327,073	230,500	28%
28 Total Revenue - Operations	16,033,753	16,264,950	17,258,137	8%
Property Taxes - Capital				
29 Property Taxes Collected - Ad Valorem	5,300,000	5,547,500	5,550,000	5%
30 Collection Fees - Taxes	(63,600)	(65,335)	(66,600)	5%
31 Total Property Taxes	5,236,400	5,482,165	5,483,400	5%
Other Revenue Sources - Capital				
32 Proceeds from Financing Activities	40,000,000	30,719,000	-	
33 Connections	294,000	302,270	150,000	-49%
34 Public Sewer Extensions	7,500	2,500	10,000	33%
35 Total Other Revenue - Capital	40,301,500	31,023,770	160,000	-100%
36 Total Revenue - Capital	45,537,900	36,505,935	5,643,400	-88%
37 Total all Revenue Sources	61,571,653	52,770,885	22,901,537	-63%

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 3 - FY 2015/16 Funding Requirements**

Description	FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
General Operations				
Funding Sources				
1 Sewer Service Charges	15,854,283	15,937,877	17,027,637	7%
2 Other Operational Revenues	179,470	327,073	230,500	28%
3 Total Funding Sources	16,033,753	16,264,950	17,258,137	8%
Operational & CMSA Expenditures				
4 <i>Payments: Central Marin Sanitation Agency (CMSA)</i>				
5 Sewage Treatment Charges to CMSA	4,184,764	4,456,545	4,692,428	12%
6 Debt Service to CMSA	2,502,700	2,488,688	1,972,779	-21%
7 Total CMSA Expenditures	6,687,464	6,945,233	6,665,207	0%
8 Operational Expenditures	7,778,473	7,712,515	8,003,775	3%
9 Total Operational & CMSA Expenditures	14,465,937	14,657,748	14,668,982	1%
10 Operations Funding Surplus/(Deficit)	1,567,816	1,607,202	2,589,155	65%
Debt Service and Capital Improvement Program				
Funding Sources				
11 Property Taxes Collected - Ad Valorem	5,236,700	5,482,165	5,483,400	5%
12 Proceeds from Financing Activities	40,000,000	30,719,000	-	
13 Connections	294,000	302,270	150,000	-49%
14 Public Sewer Extensions	7,500	2,500	10,000	33%
15 Total Funding Sources	45,538,200	36,505,935	5,643,400	-88%
Funding Requirements				
16 Debt Service Payments (Principal & Interest)	2,311,283	1,071,338	3,089,493	34%
17 Capital Improvement Projects	16,675,780	6,703,079	21,442,000	29%
18 Other Capital Spending	2,426,455	1,943,127	2,889,525	19%
19 Fixed Assets	530,935	631,017	536,875	1%
20 Total Funding Requirements	21,944,453	10,348,561	27,957,893	27%
21 Capital Funding Surplus/(Deficit)	23,593,747	26,157,374	(22,314,493)	-195%
22 Net Operations and Capital Surplus/(Deficit)	25,161,563	27,764,576	(19,725,338)	-178%

Sanitary District No. 1 of Marin County

dba Ross Valley Sanitary District

Schedule 4 - Monthly Cash Requirements

	July-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	April-16	May-16	Jun-16	FY 2015/2016
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Operating													
Revenue													
1 Sewer Service Charges	(500)	(500)	(500)	490,353	(500)	9,098,031	(500)	(500)	(500)	6,947,469	(500)	495,784	17,027,637
2 Other Income	14,625	14,625	14,625	42,125	14,625	14,625	14,625	14,625	42,125	14,625	14,625	14,625	230,500
3 Gross Revenue	14,125	14,125	14,125	532,478	14,125	9,112,656	14,125	14,125	41,625	6,962,094	14,125	510,409	17,258,137
Expenditures													
CMSA Expenditures													
4 Treatment Charges - CMSA	1,173,107	-	-	1,173,107	-	-	1,173,107	-	-	1,173,107	-	-	4,692,428
5 Debt Service - CMSA	1,341,490	-	-	-	-	-	631,289	-	-	-	-	-	1,972,779
6 Total CMSA Expenditures	2,514,597	-	-	1,173,107	-	-	1,804,396	-	-	1,173,107	-	-	6,665,207
Maintenance/Repair/Inspection Expenditures													
7 Salaries & Benefits - Operations	352,828	322,491	336,851	336,000	320,610	349,643	329,796	329,796	360,926	329,796	345,361	329,788	4,043,885
8 Other Operational Expenditures	126,120	132,103	127,606	104,271	112,454	121,382	148,668	106,477	115,962	111,744	103,312	120,015	1,430,118
9 Total General Operating Expenditures	478,949	454,594	464,457	440,271	433,064	471,025	478,464	436,273	476,888	441,540	448,673	449,803	5,474,003
Administrative Expenditures													
10 Salaries & Benefits - Administration	98,018	90,301	91,517	91,517	87,343	94,167	91,435	91,317	98,625	91,435	95,030	141,435	1,162,140
11 Office Supplies & Equipment	12,130	4,630	4,630	4,630	4,630	4,630	4,630	4,630	4,630	4,630	4,630	4,630	63,060
12 General Administrative Expenditures	19,060	11,355	2,455	2,455	7,360	14,390	23,470	2,455	3,555	11,955	4,255	3,180	105,945
13 Facilities & Utilities - Administration	5,501	5,876	5,501	5,876	5,501	6,270	5,501	5,876	5,501	6,270	5,501	5,876	69,050
14 Board Fees & Other Expenditures	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	6,663	109,956
15 Insurance (includes Excess Liability)	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	330,000
16 Total Administrative Expenditures	168,872	146,325	138,266	138,641	138,997	153,620	159,199	138,441	146,474	148,453	143,579	219,284	1,840,151
Outside Services													
17 Community Outreach	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
18 Human Resources Consultant	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,665	16,665	16,667	200,000
19 Professional Services - Accounting/IT/Other	9,167	24,467	9,167	9,167	13,488	9,167	9,167	9,167	9,167	9,167	9,165	9,165	129,621
20 Professional Services - Legal	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	19,999	20,001	240,000
21 Total Outside Services	55,834	71,134	55,834	55,834	60,155	55,834	55,834	55,834	55,834	55,832	55,829	55,833	689,621
22 Total Operating Expenditures	3,218,251	672,053	658,558	1,807,853	632,216	680,479	2,497,894	630,548	679,196	1,818,932	648,081	724,920	14,668,982
23 Operating Net Results	(3,204,126)	(657,928)	(644,433)	(1,275,375)	(618,091)	8,432,178	(2,483,769)	(616,423)	(637,571)	5,143,162	(633,956)	(214,512)	2,589,155
Capital													
Revenue													
24 Property Tax - Ad Valorem	-	-	-	-	-	3,015,870	-	-	-	2,303,028	-	164,502	5,483,400
25 Connection Fees	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	160,000
26 Total Capital Revenue	13,333	13,333	13,333	13,333	13,333	3,029,203	13,333	13,333	13,333	2,316,361	13,333	177,835	5,643,400
Debt Service													
27 Interest Expense	724,719	-	-	424,019	-	-	572,147	-	-	419,444	-	54,164	2,194,493
28 Principal Payments on Debt	-	-	-	305,000	-	-	590,000	-	-	-	-	-	895,000
29 Total Debt Service	724,719	-	-	729,019	-	-	1,162,147	-	-	419,444	-	54,164	3,089,493
Capital Expenditures													
30 Capital Improvement Projects	1,230,518	1,230,516	1,372,767	1,372,767	1,372,767	1,429,980	1,458,937	1,746,318	2,072,710	2,718,242	2,718,242	2,718,237	21,442,000
31 Other Capital Spending	205,013	244,013	244,013	294,013	325,638	244,013	244,013	244,013	244,013	200,263	200,263	200,263	2,889,525
32 Fixed Assets Purchased	44,740	44,740	44,740	44,740	44,740	44,740	44,740	44,740	44,740	44,740	44,740	44,740	536,875
33 Total Capital Expenditures	1,480,270	1,519,268	1,661,519	1,711,519	1,743,144	1,718,732	1,747,689	2,035,070	2,361,462	2,963,244	2,963,244	2,963,239	24,868,400
34 Total Debt Service & Capital Expenditures	2,204,989	1,519,268	1,661,519	2,440,538	1,743,144	1,718,732	2,909,836	2,035,070	2,361,462	3,382,688	2,963,244	3,017,403	27,957,893
35 Capital Net Results	(2,191,656)	(1,505,935)	(1,648,186)	(2,427,204)	(1,729,811)	1,310,471	(2,896,503)	(2,021,737)	(2,348,129)	(1,066,326)	(2,949,911)	(2,839,568)	(22,314,493)
36 Operating & Capital Net Results	(5,395,782)	(2,163,862)	(2,292,618)	(3,702,580)	(2,347,901)	9,742,649	(5,380,272)	(2,638,160)	(2,985,700)	4,076,836	(3,583,867)	(3,054,079)	(19,725,338)
Additional Cash Effects - Inflow (Outlay)													
37 Direct Billing - Billed in Oct Collected in Dec.	-	-	-	(490,853)	-	490,853	-	-	-	-	-	-	-
38 Cash Balance Begin	43,745,868	38,350,085	36,186,223	33,893,605	29,700,172	27,352,271	37,585,773	32,205,501	29,567,341	26,581,641	30,658,477	27,074,610	43,745,868
39 Cash Requirements	(5,395,782)	(2,163,862)	(2,292,618)	(4,193,433)	(2,347,901)	10,233,502	(5,380,272)	(2,638,160)	(2,985,700)	4,076,836	(3,583,867)	(3,054,079)	(19,725,338)
40 Cash Balance End	38,350,085	36,186,223	33,893,605	29,700,172	27,352,271	37,585,773	32,205,501	29,567,341	26,581,641	30,658,477	27,074,610	24,020,531	24,020,530
41 Bond Funds - Fully Restricted for Capital Projects	22,785,404	21,554,888	20,182,121	18,809,354	17,436,587	16,006,607	14,547,670	12,801,352	10,728,642	8,010,400	5,292,158	2,573,921	2,573,921
42 Unrestricted Funds	15,564,682	14,631,335	13,711,484	10,890,818	9,915,684	21,579,166	17,657,831	16,765,989	15,852,999	22,648,077	21,782,452	21,446,609	21,446,609
43 Ending Cash Balance	38,350,085	36,186,223	33,893,605	29,700,172	27,352,271	37,585,773	32,205,501	29,567,341	26,581,641	30,658,477	27,074,610	24,020,531	24,020,530

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 5 - FY 2015/16 Reserves and Fund Balances**

Description	FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	FY 2015/16 Target	Difference
Operations & Maintenance Fund Balance (O&M)					
1 Beginning Balance - O&M	7,757,843	7,736,000	7,766,917		
2 Funding Surplus/(Deficit) - O&M	1,567,816	1,607,202	2,589,155		
3 Transfers In/(Out) - From/(To) Capital	(538,744)	(556,285)	(2,666,663)		
4 Transfers In/(Out) - From/(To) Emergency	(1,000,000)	(1,000,000)	-		
5 Transfers In/(Out) - From/(To) OPEB	(20,000)	(20,000)	(20,000)		
6 Ending Balance - O&M Fund	7,766,915	7,766,917	7,669,409	7,669,409	-
Capital Improvement and Replacement Fund Balance					
7 Beginning Balance - Capital Fund	2,230,856	4,039,084	9,843,030		
8 Funding Surplus/(Deficit) - Capital Fund (less: Restricted Funds)	96,815	2,141,453	(872,493)		
9 Transfers In/(Out) - From/(To) Operations	538,744	556,285	2,666,663		
10 Transfers In/(Out) - From/(To) Capital Fund/Reserve		3,106,208	-		
11 Ending Balance - Capital Improvement Fund	2,866,415	9,843,030	11,637,200	12,923,944	(1,286,744)
Capital Improvement and Replacement Bond Funds(Restricted)					
12 Beginning Balance - Bond Funds (Restricted)	2,427,439	3,106,208	24,015,921		
13 Capital Projects - Funding Uses	(16,675,780)	(6,703,079)	(21,442,000)		
14 Bond Proceeds - Revenue Bond	40,000,000	30,719,000	-		
15 Transfer to/from Capital Fund - Restricted Funds Adjustment	172,412	(3,106,208)	-		
16 Ending Balance - Bond Funds (Restricted)	25,924,071	24,015,921	2,573,921		
Capital Improvement and Replacement Reserve					
17 Beginning Balance - Capital Reserve	-	-	-		
18 Funding Surplus/(Deficit) - Capital Reserve	-	-	-		
19 Transfers In/(Out) - From/(To) Operations	-	-	-		
20 Transfers In/(Out) - From/(To) Emergency	-	-	-		
21 Ending Balance - Capital Improvement Reserve	-	-	-	11,944,455	(11,944,455)
Emergency Reserve					
22 Beginning Balance - Emergency	1,000,000	1,000,000	2,000,000		
23 Transfers In/(Out) - From/(To) Operations	1,000,000	1,000,000	-		
24 Transfers In/(Out) - From/(To) Capital	-	-	-		
25 Ending Balance - Emergency Reserve	2,000,000	2,000,000	2,000,000	2,000,000	-
Other Post Employment Benefit (OPEB) Reserve					
26 Beginning Balance - OPEB	100,000	100,000	120,000		
27 Transfers In/(Out) - From/(To) Operations	20,000	20,000	20,000		
28 Transfers In/(Out) - From/(To) Capital	-	-	-		
29 Ending Balance - OPEB Reserve	120,000	120,000	140,000	140,000	-
30 Begin Cash Balance	13,516,139	15,981,292	43,745,868		
31 Net Change in Reserve and Fund Balances	25,161,263	27,764,576	(19,725,338)		
32 Ending Cash Balance	38,677,402	43,745,868	24,020,530	34,677,809	(13,231,199)
33 <i>Restricted Funds</i>	25,924,071	24,015,921	2,573,921		
34 <i>Unrestricted Funds</i>	12,753,330	19,729,946	21,446,609		
35 Ending Cash Balance	38,677,402	43,745,868	24,020,530		

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2015/16 Department Budgets - Summary**

Total District Expenditures by Department		FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
1	Treatment Charges	6,687,464	6,945,233	6,665,207	0%
Operational Expenditures					
Operations					
2	Operations	5,383,813	5,366,048	5,474,003	2%
3	Administration	1,708,655	1,663,932	1,840,151	8%
4	Outside Services	686,005	682,535	689,621	1%
Total Operational Expenditures		7,778,473	7,712,515	8,003,775	3%
5	Capital Expenditures	21,944,453	10,348,561	27,957,893	27%
6	Total District Expenditures by Department	36,410,390	25,006,309	42,626,875	17%

Total District Expenditures by Category		FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
District Operations					
Salaries & Benefits					
7	Salaries	3,354,306	3,515,741	3,481,166	4%
8	Benefits & Payroll Taxes	1,727,411	1,824,583	1,724,859	0%
9	Total Salaries and Benefits	5,081,717	5,340,325	5,206,025	2%
Other Operational Expenditures					
10	Professional Services	60,000	12,607	12,000	-80%
11	System Maintenance	931,491	743,341	962,337	3%
12	General & Administration	605,388	530,853	666,058	10%
13	Facilities & Utilities	355,012	331,738	357,778	1%
14	Board Expenditures	58,860	71,116	109,956	87%
15	Total Other Operational Expenditures	2,010,751	1,689,656	2,108,129	5%
Outside Services					
16	Outside Services	686,005	682,535	689,621	1%
Total Operational Expenditures		7,778,473	7,712,516	8,003,775	3%
CMSA Charges					
17	Treatment Charges	6,687,464	6,945,233	6,665,207	0%
Capital Expenditures					
18	Debt Service	2,311,283	1,071,338	3,089,493	34%
19	Capital Budget	19,633,170	9,277,223	24,868,400	27%
20	Total Capital Expenditures	21,944,453	10,348,561	27,957,893	27%
21	Total District Expenditures by Category	36,410,390	25,006,309	42,626,875	17%

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2015/16 Department Budgets - Summary**

Administration

The Administration Department includes the Board of Directors, General Manager, and other Administrative staff. The Board of Directors is the policy making body that determines the overall direction of the District and services provided to customers. The rules for connecting and discharging to the system, and the rates and charges for services are set by the Board. The Board adopts the annual Budget, the 10-Year Capital Improvement Plan, and sets the priorities for the District. The General Manager is employed directly by the Board of Directors and is responsible for all aspects of the administration, operation and planning activities of staff.

Other Administrative staff includes the Business Manager, Accounting Manager and Administrative Assistants. They are responsible for supporting all other departments, including accounting, financial planning, human resources, customer service and risk management. Additional responsibilities include support of the Board of Directors, responding to public inquiries, and records

Operating Expenditures by Category	FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
1 Salaries	761,527	735,005	768,859	1%
2 Benefits & Payroll Taxes	409,714	399,889	393,281	-4%
3 Total Salaries and Benefits	1,171,241	1,134,894	1,162,140	-1%
4 System Maintenance	1,200	551	1,200	0%
5 General & Administration	416,737	394,366	497,805	19%
6 Facilities & Utilities	60,618	63,004	69,050	14%
7 Board Expenditures	58,860	71,116	109,956	87%
8 Total Other Expenditures	537,415	529,037	678,011	26%
9 Total Administration Expenditures by Category	1,708,655	1,663,932	1,840,151	8%
Authorized/Actual Positions	Authorized FY 14/15	Actual FY 14/15	Authorized FY 15/16	
10 General Manager	1	1	1	
11 Business Manager	1	1	1	
12 Accounting Manager	1	1	1	
13 Administrative Assistant	3	3	3	
14 Total Authorized/Actual Positions	6	6	6	

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2015/16 Department Budgets - Summary**

Administration - Continued

Operating Expenditures by Category		FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
Salaries & Benefits					
15	Salaries	755,238	729,145	764,502	1%
16	Overtime	6,289	5,860	4,357	-31%
17	<i>Subtotal Salaries/Wages</i>	761,527	735,005	768,859	1%
Benefits & Payroll Taxes					
18	Employee Fitness	600	800	600	0%
19	Employee Training	6,240	4,751	6,455	3%
20	Insurance - Medical/Dental	176,237	137,092	176,747	0%
21	Insurance - Other	3,291	4,024	3,291	0%
22	Insurance - Workers Comp & Unemployment	18,774	16,967	18,003	-4%
23	Payroll Taxes	50,208	50,704	49,580	-1%
24	Recruiting/Retention	-	-	2,500	
25	Retirement - Employee	6,951	4,917	-	-100%
26	Retirement - Employer	116,692	112,369	105,355	-10%
27	Temporary Help	30,720	68,265	30,750	0%
28	<i>Subtotal Benefits & Payroll Taxes</i>	409,714	399,889	393,281	-4%
29	Total Salaries & Benefits	1,171,241	1,134,894	1,162,140	-1%
System Maintenance					
30	Vehicle - Fuel	600	551	600	0%
31	Vehicle - Repair	600	-	600	0%
32	Total System Maintenance	1,200	551	1,200	0%
General & Administration					
33	Membership Dues/Certifications	35,928	41,282	44,060	23%
34	Bank Fees	1,020	2,669	1,020	0%
35	Business Meals	600	1,993	4,200	600%
36	Computer Equipment	2,100	6,227	8,100	286%
37	Conferences	2,400	3,707	6,500	171%
38	Insurance - Deductibles	150,000	125,000	150,000	0%
39	Insurance - Liability	126,948	115,028	180,000	42%
40	Meetings	600	951	1,140	90%
41	Miscellaneous	360	5,360	360	0%
42	Office Equipment	30,980	30,011	26,940	-13%
43	Office Supplies	24,480	26,398	28,020	14%
44	Postage & Shipping	3,900	3,551	3,600	-8%
45	Printing	2,100	-	2,100	0%
46	Property Taxes	19,500	18,782	19,000	-3%
47	Software & Maintenance	6,581	5,987	10,325	57%
48	Travel - Airfare	2,100	-	2,600	24%
49	Travel - Auto, Ground Transportation	5,640	6,116	6,840	21%
50	Travel - Hotel	1,500	1,304	3,000	100%
51	Total General & Administration	416,737	394,366	497,805	19%

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2015/16 Department Budgets - Summary

Administration - Continued

Operating Expenditures by Category	FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
Facilities & Utilities				
52 Facilities - Garbage	1,488	1,600	2,160	45%
53 Facilities - Janitorial	6,120	6,388	6,540	7%
54 Facilities - Landscaping	5,100	3,855	6,000	18%
55 Facilities - Sewer	744	372	788	6%
56 Facilities - Security	3,366	3,594	3,912	16%
57 Utilities - Power	7,800	9,016	10,200	31%
58 Utilities - Telephone	34,800	36,280	37,200	7%
59 Utilities - Water	1,200	1,900	2,250	88%
60 Total Facilities & Utilities	60,618	63,004	69,050	14%
Board Fees				
61 Board Fees	42,900	49,640	53,820	25%
62 Board Fees - CMSA	6,840	4,255	4,776	-30%
63 Business Meals - Board	600	555	960	60%
64 Conferences - Board	3,000	3,600	3,900	30%
65 Elections Expense - Board	-	-	30,000	
66 Training - Board	1,200	6,662	9,420	685%
67 Travel - Airfare - Board	1,200	1,138	1,200	0%
68 Travel - Auto, Ground - Board	600	921	1,080	80%
69 Travel - Hotel - Board	2,520	4,346	4,800	90%
70 Total Board Expenditures	58,860	71,116	109,956	87%
71 Subtotal Other Expenditures	537,415	529,037	678,011	26%
72 Total Administration Expenditures	1,708,655	1,663,932	1,840,151	8%

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2015/16 Department Budgets - Summary**

Outside Services

Outside services are provided to the District for professional services provided by specialty firms. These types of services are generally structured with terms and are facilitated through a contract. Included in Outside Services are the cost of the annual financial statement audit, human resource consulting, information technology services, legal services, and consulting for a strategic plan.

Operating Expenditures by Category	FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
<i>Outside Services</i>				
1 Audit	16,805	16,303	19,621	17%
2 Community Outreach - Public Outreach	100,000	53,128	120,000	20%
3 Human Resources Consultant	200,000	200,000	200,000	0%
4 Information Technology (IT)	13,200	22,993	30,000	127%
5 Legal - General	180,000	165,604	180,000	0%
6 Legal - Litigation	24,000	74,773	40,000	67%
7 Legal - Other	60,000	63,104	-	-100%
8 Legal -Employment Matters	12,000	26,630	20,000	67%
9 Professional Services - Other	80,000	60,000	80,000	0%
10 <i>Total Outside Services</i>	686,005	682,535	689,621	1%

Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 6 - FY 2015/16 Department Budgets - Summary
Operations

The Operations Department includes Engineering, Maintenance, Repair, Pump Stations, Line Management and other Operational staff. The primary responsibilities of the Operations Department include cleaning and maintaining the gravity sewer lines, repairs of damaged sewer pipes, inspection services, large scale repairs, pump station maintenance and closed circuit televising.

Operational staff also work on capital projects which substantially extend the life of the District's assets. The labor costs and benefits that are directly associated with these capital projects are capitalized and depreciated over the estimated life of the asset. The expenditures related to these capitalizable costs are transferred from the operations budget to the capital budget and are reflected as such in the budget schedules.

Operating Expenditures by Category	FY 2014/15	FY 2014/15	FY 2015/16	% Change
	Budget	Projected	Budget	Budget FY 15/16 vs Budget FY 14/15
1 Salaries	2,592,779	2,780,736	2,712,307	5%
2 Benefits & Payroll Taxes	1,317,697	1,424,694	1,331,578	1%
3 Total Salaries and Benefits	3,910,476	4,205,430	4,043,886	3%
4 Professional Services	60,000	12,607	12,000	-80%
5 System Maintenance	930,291	742,789	961,137	3%
6 General & Administration	188,651	136,488	168,253	-11%
7 Facilities & Utilities	294,394	268,734	288,728	-2%
8 Total Other Expenditures	1,473,336	1,160,618	1,430,118	-3%
9 Total Operations- All Depts. - Expenditures by Category	5,383,812	5,366,048	5,474,003	2%

Authorized/Actual Positions	Authorized	Actual	Budgeted
	FY 14/15	FY 14/15	FY 15/16
10 Chief of Operations	1	1	1
11 Maintenance/Inspection Superintendent	3	2	2
12 SCADA Technician	1	0	0
13 Senior Supervisor	1	1	1
14 Maintenance Supervisor	4	4	4
15 CCTV Lead Operator	1	1	1
16 District Engineer	1	1	1
17 Assistant Engineer	1	1	1
18 Engineer Technician	1	1	1
19 Inspector	1	1	2
20 Safety Coordinator/Environmental Compliance	1	1	1
21 USA Locator Technician	0	0	1
22 Maintenance Operator	16	16	16
23 Total Authorized/Actual Positions	32	30	32

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2015/16 Department Budgets - Summary**

Operations - Continued

Operating Expenditures by Category	FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
Salaries & Benefits				
<i>Salaries/Wages</i>				
24 Salaries	3,024,734	2,907,941	3,130,518	3%
25 Overtime	121,884	100,331	119,695	-2%
26 Standby Overtime	94,680	92,749	93,304	-1%
27 Capitalized Labor	(648,519)	(320,285)	(631,210)	-3%
28 <i>Subtotal Salaries/Wages</i>	<u>2,592,779</u>	<u>2,780,736</u>	<u>2,712,307</u>	<u>5%</u>
<i>Benefits & Payroll Taxes</i>				
29 Boot Allowance	6,750	5,710	6,500	-4%
30 Employee Exams	9,806	5,411	9,100	-7%
31 Employee Fitness	3,600	2,420	3,900	8%
32 Employee Training	69,060	45,479	73,453	6%
33 Insurance - Medical/Dental	702,999	619,089	673,396	-4%
34 Insurance - Other	16,888	15,651	16,457	-3%
35 Insurance - Workers Comp & Unemployment	100,129	82,504	96,019	-4%
36 Payroll Taxes	230,200	224,967	237,214	3%
37 Recruiting/Retention	7,200	1,750	7,500	4%
38 Retirement - Employee	115,319	119,065	118,789	3%
39 Retirement - Employer	506,412	515,950	527,887	4%
40 Temporary Help	-	9,270	-	
41 Capitalized Benefits	(450,666)	(222,571)	(438,637)	-3%
42 <i>Subtotal Benefits & Payroll Taxes</i>	<u>1,317,697</u>	<u>1,424,694</u>	<u>1,331,578</u>	<u>1%</u>
43 Total Salaries & Benefits	<u>3,910,476</u>	<u>4,205,430</u>	<u>4,043,885</u>	<u>3%</u>
Professional Services				
44 Outside Engineering	60,000	12,607	12,000	-80%
45 Total Professional Services	<u>60,000</u>	<u>12,607</u>	<u>12,000</u>	<u>-80%</u>
System Maintenance				
46 Concrete, Soil & Rock	84,000	55,286	84,000	0%
47 Dump Fees	18,000	7,073	18,000	0%
48 Emergency Repairs	180,000	71,442	180,000	0%
49 Equipment Rental	5,800	2,793	5,075	-13%
50 Equipment Repair	179,900	115,407	135,000	-25%
51 Fats, Oils, & Grease (FOG) Program	25,000	28,142	25,000	0%
52 Permits	21,400	18,377	22,587	6%
53 Safety Equipment	38,016	34,105	41,456	9%
54 Safety Compliance	32,940	3,206	52,140	
55 Materials & Parts	224,820	218,993	271,800	21%
56 Testing	9,000	-	-	-100%
57 Tools	132,275	57,697	140,791	6%
58 Uniforms	48,060	49,710	51,780	8%
59 Vehicle - Fuel	109,920	93,917	109,980	0%
60 Vehicle - Repair	120,396	96,658	106,681	-11%
61 Capitalized System Maintenance	(299,236)	(110,017)	(283,153)	-5%
62 Total System Maintenance	<u>930,291</u>	<u>742,789</u>	<u>961,137</u>	<u>3%</u>

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2015/16 Department Budgets - Summary**

Operations - Continued

Operating Expenditures by Category	FY 2014/15 Budget	FY 2014/15 Projected	FY 2015/16 Budget	% Change Budget FY 15/16 vs Budget FY 14/15
<i>General & Administration</i>				
63 Membership Dues/Certifications	22,139	17,803	10,308	-53%
64 Business Meals	3,364	1,340	2,674	-21%
65 Conferences	5,030	-	2,800	-44%
66 Meetings	1,200	-	1,700	42%
67 Office Equipment	37,267	24,525	45,740	23%
68 Office Supplies	6,000	7,147	7,800	30%
69 Printing	21,000	7,034	600	-97%
70 Software & Maintenance	78,485	66,566	86,296	10%
71 Travel - Airfare	2,320	-	1,100	-53%
72 Travel - Auto, Ground Transportation	1,826	887	2,710	48%
73 Travel - Hotel	10,020	1,934	6,525	-35%
74 Total General & Administration	188,651	136,488	168,253	-11%
<i>Facilities & Utilities</i>				
75 Facilities - Garbage	8,460	10,156	8,400	-1%
76 Facilities - Janitorial	2,469	1,661	2,469	
77 Facilities - Rent	41,912	41,912	42,480	1%
78 Facilities - Landscaping	12,205	13,368	16,604	36%
79 Facilities - Security	13,152	13,077	13,152	0%
80 Utilities - Power	152,100	144,347	144,900	-5%
81 Utilities - Telephone	28,070	25,902	32,115	14%
82 Utilities - Water	36,026	18,310	28,608	-21%
83 Total Facilities & Utilities	294,394	268,734	288,728	-2%
84 Subtotal Other Expenditures	1,473,336	1,160,618	1,430,118	-3%
85 Total Operations - All Departments	5,383,812	5,366,048	5,474,003	2%

**Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 7 - FY 2015/16 Debt Service**

FY	Bonds Issued During FY 2013/14 ¹			Bonds Issued During FY 2014/15 ²			Total Debt Service		
	Principal	Interest	Total Paid	Principal	Interest	Total Paid	Principal	Interest	Total Paid
2013/2014	-	213,659	213,659	-	-	-	-	213,659	213,659
2014/2015	220,000	637,678	857,678	-	-	-	220,000	637,678	857,678
2015/2016	305,000	843,463	1,148,463	590,000	1,296,866	1,886,866	895,000	2,140,329	3,035,329
2016/2017	310,000	832,688	1,142,688	765,000	1,120,694	1,885,694	1,075,000	1,953,381	3,028,381
2017/2018	325,000	820,394	1,145,394	795,000	1,090,094	1,885,094	1,120,000	1,910,488	3,030,488
2018/2019	335,000	807,600	1,142,600	830,000	1,058,294	1,888,294	1,165,000	1,865,894	3,030,894
2019/2020	350,000	792,150	1,142,150	860,000	1,025,094	1,885,094	1,210,000	1,817,244	3,027,244
2020/2021	370,000	774,150	1,144,150	895,000	990,694	1,885,694	1,265,000	1,764,844	3,029,844
2021/2022	385,000	757,200	1,142,200	930,000	954,894	1,884,894	1,315,000	1,712,094	3,027,094
2022/2023	400,000	739,500	1,139,500	975,000	908,394	1,883,394	1,375,000	1,647,894	3,022,894
2023/2024	420,000	719,000	1,139,000	1,025,000	859,644	1,884,644	1,445,000	1,578,644	3,023,644
2024/2025	440,000	697,500	1,137,500	1,075,000	808,394	1,883,394	1,515,000	1,505,894	3,020,894
2025/2026	465,000	677,200	1,142,200	1,130,000	754,644	1,884,644	1,595,000	1,431,844	3,026,844
2026/2027	485,000	658,200	1,143,200	1,165,000	720,744	1,885,744	1,650,000	1,378,944	3,028,944
2027/2028	500,000	636,000	1,136,000	1,200,000	685,794	1,885,794	1,700,000	1,321,794	3,021,794
2028/2029	525,000	610,375	1,135,375	1,235,000	649,794	1,884,794	1,760,000	1,260,169	3,020,169
2029/2030	555,000	583,375	1,138,375	1,275,000	612,744	1,887,744	1,830,000	1,196,119	3,026,119
2030/2031	580,000	555,000	1,135,000	1,315,000	572,900	1,887,900	1,895,000	1,127,900	3,022,900
2031/2032	610,000	525,250	1,135,250	1,355,000	530,163	1,885,163	1,965,000	1,055,413	3,020,413
2032/2033	640,000	494,000	1,134,000	1,400,000	486,125	1,886,125	2,040,000	980,125	3,020,125
2033/2034	675,000	461,125	1,136,125	1,445,000	438,875	1,883,875	2,120,000	900,000	3,020,000
2034/2035	705,000	426,625	1,131,625	1,500,000	388,300	1,888,300	2,205,000	814,925	3,019,925
2035/2036	740,000	390,500	1,130,500	1,550,000	335,800	1,885,800	2,290,000	726,300	3,016,300
2036/2037	780,000	352,500	1,132,500	1,610,000	273,800	1,883,800	2,390,000	626,300	3,016,300
2037/2038	820,000	312,500	1,132,500	1,675,000	209,400	1,884,400	2,495,000	521,900	3,016,900
2038/2039	860,000	270,500	1,130,500	1,745,000	142,400	1,887,400	2,605,000	412,900	3,017,900
2039/2040	900,000	226,500	1,126,500	1,815,000	72,600	1,887,600	2,715,000	299,100	3,014,100
2040/2041	945,000	180,375	1,125,375	-	-	-	945,000	180,375	1,125,375
2041/2042	995,000	131,875	1,126,875	-	-	-	995,000	131,875	1,126,875
2042/2043	1,045,000	80,875	1,125,875	-	-	-	1,045,000	80,875	1,125,875
2043/2044	1,095,000	27,375	1,122,375	-	-	-	1,095,000	27,375	1,122,375
2044/2045	-	-	-	-	-	-	-	-	-
Total	17,780,000	16,235,131	34,015,131	30,155,000	16,987,141	47,142,141	47,935,000	33,222,273	81,157,273

1. The proceeds for the bonds were received in August 2013. The debt service for these bonds is estimated based on a the repayment schedule.

2. The proceeds for the bonds were received in November 2014. The debt service for these bonds is estimated based on a the repayment schedule.

**Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 8 - FY 2015/16 Staffing Plan**

Position	2013/14	2014/15	2015/16
Administration			
General Manager	1	1	1
Business Manager	1	1	1
Accounting Manager	1	1	1
Administrative Assistant	3	3	3
Administration Total	6	6	6
Operations			
Line Maintenance			
Maintenance Superintendent	1	0	0
Maintenance Supervisor	1	1	1
Maintenance Operator III/III/Trainee	8	8	8
Line Repair			
Maintenance Supervisor	1	1	1
Maintenance Operator	2	2	2
Inspection			
Inspection Superintendent	1	1	1
Inspector	1	1	2
USA Locator Technician	0	0	1
Safety Coordinator/Environmental Compliance	1	1	1
Trenchless Repair			
Maintenance Supervisor	1	1	1
Maintenance Operator	2	2	2
Pump Stations			
Maintenance Supervisor	1	1	1
Maintenance Operator	2	2	2
SCADA Technician	1	1	0
Line Management			
Chief of Operations	1	1	1
Maintenance Superintendent	1	2	1
Senior Supervisor	1	1	1
Closed Circuit Television (CCTV)			
CCTV Lead Operator	1	1	1
Maintenance Operator	2	2	2
Engineering			
District Engineer	1	1	1
Assistant Engineer	2	1	1
Engineering Technician	0	1	1
Operations Total	32	32	32
Total Employee Count	38	38	38

Note: All Positions are Full Time

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 9 - FY 2015/16 Capital Assets Summary**

Description	Asset Type	FY 2015/16 Budget
1 Gravity Sewer Improvement Projects	Capital Improvement Projects - Sewer Lines/Pump Stations	16,360,000
2 Pump Station Projects	Capital Improvement Projects - Pump Station Equipment	3,017,000
3 Force Main Projects	Capital Improvement Projects - Sewer Lines	2,065,000
4	Total Capital Improvement Projects	21,442,000 ^a
5 Lateral Replacement Grant Program	Other Capital	700,000
6 Lateral Replacement Loan Program	Other Capital	600,000
7 Inflow and Infiltration Reduction Program	Other Capital	200,000
8 Hydraulic Model Update	Other Capital	350,000
9 Larkspur Landing Locker/Shower Facility Upgrades	Other Capital	150,000
10 Larkspur Landing EPA Clearance Activities	Other Capital	200,000
11 Greywater Systems & Wastewater Reduction	Other Capital	250,000
12 Studies/Reviews/Software/Miscellaneous	Other Capital	449,525
13	Total Other Capital	2,899,525
14 Vehicles	Fixed Assets - Vehicles & Equipment	322,575
15 Camera Equipment	Fixed Assets - Vehicles & Equipment	164,300
16 Other Field Equipment	Fixed Assets - Vehicles & Equipment	40,000
17	Total Fixed Assets - Other	526,875
18	Total Budgeted Capital Assets	24,868,400

a - See Schedule 10 - FY 15/16 Capital Projects, summarized by District Support, Design, Construction Management, Engineering Services during Construction and Construction

Project Name	Project Description	Community	Comments	District Support	Design	CM/ESDC	Construction	FY 2015-16 Total
1 Pipeline Rehabilitation Projects								
2	FY 14/15 Pipeline Rehabilitation Projects	Larkspur	Total estimated project cost is \$6,407,000.	72,000	-	554,000	5,372,000	5,998,000
3	FY 15/16 Gravity Sewer Improvements Project	Kentfield, Ross, San Anselmo	Total estimated project cost is \$12,118,000.	160,000	1,077,000	694,000	3,402,000	5,333,000
4	FY 16/17 Gravity Sewer Improvements Project	Fairfax, Larkspur, San Anselmo	Total estimated project cost is \$10,764,000.	360,000	367,000	-	-	727,000
5	FY 17/18 Gravity Sewer Improvements Project	Fairfax, Unincorp. Fairfax, Kentfield, Larkspur, San Anselmo, Sleepy Hollow TBD	Total estimated project cost is \$9,031,000.	300,000	-	-	-	300,000
6	Large Diameter Gravity Sewer Rehabilitation Project I	Ross	Total estimated project cost is \$250,000.	4,000	46,000	27,000	173,000	250,000
6	Large Diameter Gravity Sewer Rehabilitation Project II	Kentfield, Ross, San Anselmo	Total estimated project cost is \$11,037,600.	92,000	954,000	410,000	2,051,000	3,507,000
7	District Capitalized Maintenance	Various	Ongoing	245,000	-	-	-	245,000
Subtotal Gravity Sewer Improvement Projects				1,233,000	2,444,000	1,685,000	10,998,000	16,360,000
12 Pump Station Projects								
13	PS 12 Bon Air and PS 13 Greenbrae Pump Station Rehabilitation Projects	Larkspur	Total estimated project cost is \$6,627,000.	70,000	543,000	269,000	1,345,000	2,227,000
17	Pump Station Equipment Upgrades	Larkspur	Ongoing	790,000	-	-	-	790,000
Subtotal Pump Station Projects				860,000	543,000	269,000	1,345,000	3,017,000
19 Force Main Projects								
24	FY 2014/15 Force Main Appurtenance Project	Larkspur	Total estimated project cost is \$3,075,600	50,000	350,000	275,000	1,390,000	2,065,000
Subtotal Force Main Projects				50,000	350,000	275,000	1,390,000	2,065,000
25 BUDGETED CAPITAL IMPROVEMENT PROJECTS				2,143,000	3,337,000	2,229,000	13,733,000	21,442,000

a - See Schedule 9 - FY 2015/16 Capital Assets Summary

Sanitary District No. 1 of Marin County

dba Ross Valley Sanitary District

Schedule 11 - Rolling 5-Year Forecast

	FY 2015/2016	FY 2016/2017	FY 2017/2018	FY 2018/2019	FY 2019/2020	FY 2020/2021
	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
Operating						
Revenue						
1 Sewer Service Charges	17,027,637	18,213,000	19,501,000	20,683,000	20,683,000	20,683,000
2 Other Income	230,500	136,000	136,000	136,000	136,000	136,000
3 Gross Revenue	17,258,137	18,349,000	19,637,000	20,819,000	20,819,000	20,819,000
Expenditures						
CMSA Expenditures						
4 Treatment Charges - CMSA	4,692,428	4,928,000	5,164,000	5,164,000	5,164,000	5,164,000
5 Debt Service - CMSA	1,972,779	2,139,000	2,136,000	2,142,000	2,139,000	2,133,000
6 Total CMSA Expenditures	6,665,207	7,067,000	7,300,000	7,306,000	7,303,000	7,297,000
Maintenance/Repair/Inspection Expenditures						
7 Salaries & Benefits - Operations	4,043,885	4,192,000	4,285,000	4,370,000	4,519,000	4,655,000
8 Other Operational Expenditures	1,430,118	1,452,000	1,474,000	1,496,000	1,518,000	1,541,000
9 Total General Operating Expenditures	5,474,003	5,644,000	5,759,000	5,866,000	6,037,000	6,196,000
Administrative Expenditures						
10 Salaries & Benefits - Administration	1,162,140	1,237,000	1,244,000	1,250,000	1,269,000	1,307,000
11 Office Supplies & Equipment	63,060	64,000	65,000	66,000	67,000	68,000
12 General Administrative Expenditures	105,945	108,000	110,000	112,000	114,000	116,000
13 Facilities & Utilities - Administration	69,050	70,000	71,000	72,000	73,000	74,000
14 Board Fees & Other Expenditures	109,956	112,000	114,000	116,000	118,000	120,000
15 Insurance (includes Excess Liability)	330,000	335,000	340,000	345,000	350,000	355,000
16 Total Administrative Expenditures	1,840,151	1,926,000	1,944,000	1,961,000	1,991,000	2,040,000
Outside Services						
17 Community Outreach	120,000	122,000	124,000	126,000	128,000	130,000
18 Human Resources Consultant	200,000	200,000	160,000	120,000	120,000	120,000
19 Professional Services - Accounting/IT/Other	129,621	40,000	41,000	42,000	43,000	44,000
20 Professional Services - Legal	240,000	204,000	184,000	166,000	158,000	150,000
21 Total Outside Services	689,621	566,000	509,000	454,000	449,000	444,000
22 Total Operating Expenditures	14,668,982	15,203,000	15,512,000	15,587,000	15,780,000	15,977,000
23 Operating Net Results	2,589,155	3,146,000	4,125,000	5,232,000	5,039,000	4,842,000
Capital						
Revenue						
24 Property Tax - Ad Valorem	5,483,400	5,538,000	5,566,000	5,594,000	5,597,000	5,599,000
25 Connection Fees	160,000	125,000	125,000	125,000	125,000	125,000
26 Proceeds from Financing Activities	-	48,500,000	-	-	-	-
27 Total Capital Revenue	5,643,400	54,163,000	5,691,000	5,719,000	5,722,000	5,724,000
Debt Service						
28 Interest Expense	2,194,493	1,953,000	2,880,000	3,794,000	3,717,000	3,631,000
29 Principal Payments on Debt	895,000	1,075,000	1,120,000	1,765,000	2,042,000	2,111,000
30 Total Debt Service	3,089,493	3,028,000	4,000,000	5,559,000	5,759,000	5,742,000
Capital Expenditures						
31 Capital Improvement Projects	21,442,000	24,794,000	17,859,000	17,731,000	17,902,000	12,805,000
32 Other Capital Spending	2,889,525	1,850,000	1,850,000	1,850,000	1,850,000	2,300,000
33 Fixed Assets Purchased	536,875	425,000	425,000	425,000	425,000	425,000
34 Total Capital Expenditures	24,868,400	27,069,000	20,134,000	20,006,000	20,177,000	15,530,000
35 Total Debt Service & Capital Expenditures	27,957,893	30,097,000	24,134,000	25,565,000	25,936,000	21,272,000
36 Capital Net Results	(22,314,493)	24,066,000	(18,443,000)	(19,846,000)	(20,214,000)	(15,548,000)
37 Operating & Capital Net Results	(19,725,338)	27,212,000	(14,318,000)	(14,614,000)	(15,175,000)	(10,706,000)
38 Adjustments - Lateral Replacement Loan Repayment		60,000	120,000	180,000	240,000	300,000
39 Cash Balance Begin	43,745,868	24,021,000	51,293,000	37,095,000	22,661,000	7,726,000
40 Cash Requirements	(19,725,338)	27,272,000	(14,198,000)	(14,434,000)	(14,935,000)	(10,406,000)
41 Cash Balance End	24,020,530	51,293,000	37,095,000	22,661,000	7,726,000	(2,680,000)
42 <i>Restricted Funds</i>	2,573,921	26,280,000	8,421,000	-	-	-
43 <i>Unrestricted Funds</i>	21,446,609	25,013,000	28,674,000	22,661,000	7,726,000	(2,680,000)
44 Ending Cash Balance	24,020,530	51,293,000	37,095,000	22,661,000	7,726,000	(2,680,000)

**Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 12 - FY 2015/16 Rolling 5-Year Reserves and Fund Balances**

Description	FY 2016/17 Forecast	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast	FY 2020/21 Forecast
Operations & Maintenance Fund Balance (O&M)					
1 Beginning Balance - O&M	7,669,000	8,058,000	8,221,000	8,261,000	8,363,000
2 Funding Surplus/(Deficit) - O&M	3,146,000	4,125,000	5,232,000	5,039,000	4,842,000
3 Transfers In/(Out) - From/(To) Capital	(2,737,000)	(3,942,000)	(5,172,000)	(4,917,000)	(4,717,000)
4 Transfers In/(Out) - From/(To) Emergency	-	-	-	-	-
5 Transfers In/(Out) - From/(To) OPEB	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
6 Ending Balance - O&M Fund	8,058,000	8,221,000	8,261,000	8,363,000	8,468,000
Capital Improvement and Replacement Fund Balance					
7 Beginning Balance - Capital Fund	11,637,000	11,444,000	14,067,000	12,200,000	(2,857,000)
8 Funding Surplus/(Deficit) - Capital Fund (less: Restricted Funds)	420,000	(464,000)	(1,935,000)	(2,072,000)	(15,248,000)
9 Transfers In/(Out) - From/(To) Operations	2,737,000	3,942,000	5,172,000	4,917,000	4,717,000
10 Transfers In/(Out) - From/(To) Capital Reserve	(3,350,000)	(855,000)	4,205,000	-	-
11 Transfers In/(Out) - From/(To) Capital Fund	-	-	(9,309,000)	(17,902,000)	-
12 Transfers In/(Out) - From/(To) Emergency	-	-	-	-	-
13 Ending Balance - Capital Improvement Fund	11,444,000	14,067,000	12,200,000	(2,857,000)	(13,388,000)
Capital Improvement and Replacement Bond Funds					
14 Beginning Balance - Bond Funds (Restricted)	2,575,000	26,281,000	8,422,000	-	-
15 Capital Projects - Funding Uses	(24,794,000)	(17,859,000)	(17,731,000)	(17,902,000)	-
16 Bond Proceeds - Revenue Bond	48,500,000	-	-	-	-
17 Transfer to/from Capital Fund - Restricted Funds Adjustment	-	-	9,309,000	17,902,000	-
18 Ending Balance - Bond Funds (Restricted)	26,281,000	8,422,000	-	-	-
Capital Improvement and Replacement Reserve					
19 Beginning Balance - Capital Reserve	-	3,350,000	4,205,000	-	-
20 Funding Surplus/(Deficit) - Capital Reserve	-	-	-	-	-
21 Transfers In/(Out) - From/(To) Capital Fund	3,350,000	855,000	(4,205,000)	-	-
22 Transfers In/(Out) - From/(To) Emergency	-	-	-	-	-
23 Ending Balance - Capital Improvement Reserve	3,350,000	4,205,000	-	-	-
Emergency Reserve					
24 Beginning Balance - Emergency	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
25 Transfers In/(Out) - From/(To) Operations	-	-	-	-	-
26 Transfers In/(Out) - From/(To) Capital	-	-	-	-	-
27 Ending Balance - Emergency Reserve	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Other Post Employment Benefit (OPEB) Reserve					
28 Beginning Balance - OPEB	140,000	160,000	180,000	200,000	220,000
29 Transfers In/(Out) - From/(To) Operations	20,000	20,000	20,000	20,000	20,000
30 Transfers In/(Out) - From/(To) Capital	-	-	-	-	-
31 Ending Balance - OPEB Reserve	160,000	180,000	200,000	220,000	240,000
32 Begin Cash Balance	24,021,000	51,293,000	37,095,000	22,661,000	7,726,000
33 Net Change in Reserve and Fund Balances	27,272,000	(14,198,000)	(14,434,000)	(14,935,000)	(10,406,000)
34 Ending Cash Balance	51,293,000	37,095,000	22,661,000	7,726,000	(2,680,000)
35 Bond Funds - Fully Restricted for Capital Projects	26,281,000	8,422,000	-	-	-
36 Unrestricted Funds	25,012,000	28,673,000	22,661,000	7,726,000	(2,680,000)
37 Ending Cash Balance	51,293,000	37,095,000	22,661,000	7,726,000	(2,680,000)