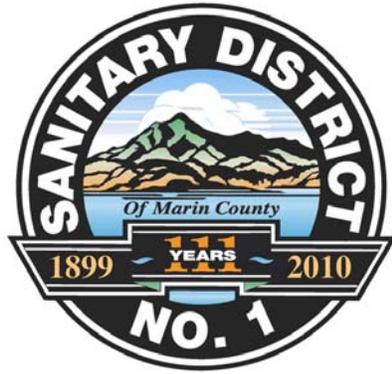


**Sanitary District #1 of Marin County
dba: Ross Valley Sanitary District**



**Fiscal
Year
2013/14**

**Operating & Capital Budget
Adopted June 19, 2013**



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Introduction

This report presents the draft FY 2013/14 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 55,000. The District conveys an average daily flow of 5.3MGD, and peak wet weather flows of 50MGD, to the Central Marin Sanitation Agency's (CMSA) wastewater treatment plant, for treatment and discharge to San Francisco Bay.

This Budget supports a transitional period for the District to rebuild its financial foundation after a difficult FY 2012/13, during which prior financial decisions and actions coincided to severely disrupt the District's financial health. RVSD has experienced rapid change over the last several years including an expanded operations and maintenance program, an ambitious capital improvement plan (CIP), efforts to adopt new rates in support of capital funding bonds, and loss of the San Quentin State Prison revenues. The imbalances between these actions depleted the District's reserves over the last several fiscal cycles, and in FY 2012/13 came to head, resulting in a freezing of capital spending, the need for a short term loan from the Marin County Investment Fund in order to cover cash flow requirements, and re-evaluation of the prior approach to the CIP needs and funding.

In FY 2013/14, the District will strive to continue its proactive maintenance and repair work, provide reliable and efficient wastewater collection and conveyance service, and move towards a refined capital projects planning approach based on best industry practices for Asset Management. The principles of asset management are being applied to the Infrastructure Asset Management Plan (IAMP), which will provide an optimal approach to allocating future financial resources to infrastructure reinvestment, taking into account the full life-cycle costs of the District's infrastructure, and balancing increasing costs for operations and capital funding with limited revenue resources. The budget presents a plan to support these strategic objectives in a balanced manner, and leverages a restructuring of the existing capital debt to fund the asset replacement program while providing a window in which to develop a five year financial plan.

The Budget is intended to support the following objectives:

- Maintain the current level of preventative maintenance and rehabilitation, ensure reliable service, and minimize Sanitary Sewer Overflow (SSO) risk.
- Continue progress on the condition assessment of the infrastructure needed for effective asset management.
- Continue timely repairs to critically degraded gravity sewer lines.
- Stabilize staffing levels after the addition of several positions over the last few years.
- Transition the Capital Improvement Planning process to an Asset Management based approach.
- Leverage the restructuring of capital debt to address high priority gravity sewer line rehabilitation, pump stations, and force main projects.
- Meet the objectives of the recently issued Cease and Desist Order from the San Francisco Bay Regional Water Quality Control Board, which include requirements for capital projects, operations & maintenance, and financial planning.
- Adopt and begin funding formal reserves to ensure greater financial resiliency in the future.

The adoption of the FY 2013/14 Budget should be viewed as one step in this transition year toward getting back to a stronger and more resilient financial condition. Supporting steps will include the mechanics of the debt restructuring, development of the IAMP and its five year asset replacement plan, reevaluation of the financial resources needed to meet the five year plan, and consideration/adoption of new wastewater rates to support sustainable, reliable wastewater service.

Budget Document Guide

The FY 2013/14 Budget document is organized into the following sections:

- FY 2013/14 Budget Overview
- Operations & Maintenance (O&M) Budget
- Capital Budget
- Legal Expenditures
- Factors Affecting Future Personnel Costs
- Details and Timelines for Actions Supporting the FY 2013/14 Budget

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

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FY 2013/14 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 2013/14 Budget and compares it to the previous year's budget. 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 \$29,404,683 in total revenue, \$26,558,221 in total spending, a beginning cash balance of \$7,217,560, and an ending FY cash balance of \$10,064,022. Each of the new reserve and fund targets are either completely or partially funded through the end of FY 2013/14 with the exception of the Capital Improvement Reserve which is currently unfunded.

Table 1 – FY 2013/14 Budget Summary

Type		FY 2012/13 Projected	FY 2013/14 Budget
1	Sewer Service Charges	14,953,221	15,003,487
2	Property Tax - Ad Valorem	5,137,573	5,140,200
3	Proceeds from Debt Restructuring	-	9,135,000
4	Other Revenue	133,427	125,996
5	Expected Revenues	\$ 20,224,221	\$ 29,404,683
6	CMSA Charges	6,668,690	6,725,923
7	Operations	4,646,167	5,229,841
8	Administration	4,700,749	2,006,986
9	Outside Services	802,694	798,020
10	Capital Expenditures	2,297,845	11,797,451
11	Total Expenditures	\$ 19,116,145	\$ 26,558,221
12	Net Revenue Less Expenditures	\$ 1,108,076	\$ 2,846,462
13	Operations & Maintenance Fund Balance	<i>Prior year not tracked</i>	7,736,000
14	Capital Improvement Fund Balance	<i>Prior year not tracked</i>	1,228,022
15	Capital Improvement Reserve Balance	<i>Prior year not tracked</i>	-
16	Emergency Reserve Balance	<i>Prior year not tracked</i>	1,000,000
17	Other Post Employment Benefit Reserve Balance	<i>Prior year not tracked</i>	100,000
18	Total Ending Reserve/Fund (Cash) Balance	\$ 7,217,560	\$ 10,064,022

Revenues

Total District revenue from all sources is forecasted to increase about \$9.2M, due primarily to the proceeds from a one-time restructuring of the District's existing long term debt. 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 2013/14, and Chart 2 shows the five year trend of revenue including the forecasted FY 2012/13 and budgeted FY 2013/14. The trend in Chart 2 shows that overall

revenue in the prior four fiscal years has remained fairly steady at just over \$20M, with rate revenue initially increasing after an adjustment in FY 2011/12, and then declining due to the loss of the San Quentin State Prison (SQSP) revenue.

Sewer service charge revenue of \$15M makes up over half of the District’s total revenue in FY 2013/14 and is currently used for Operations & Maintenance (O&M) related expenses. There are no changes to the sewer service rates, which were last revised in FY 2011/12 subsequent to an increase in Central Marin Sanitation Agency (CMSA) charges and increased O&M costs for the District’s operations. The sewer service rates are based on a combination of the property use type (which determines wastewater strength) and water use as proxy for wastewater generation, through use of the Equivalent Dwelling Unit (EDU) method. Sewer rate revenues are forecasted to be unchanged from the past fiscal year. 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 18% of total revenue (\$5.1M), and are also collected through the Marin County tax roles in two major annual payments. This revenue is dedicated to capital expenditures. 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 Budget relies on the restructuring of current debt, as a one-time measure, to fund the asset replacement program’s capital projects. By retiring the debt instrument held by the District, issued at past higher interest rates, and issuing a new debt instrument at today’s much lower interest rates, the District will access over \$9M in cash and keep its annual debt service costs relatively stable. The restructuring will include the loan pay-off for the District headquarters located on Kerner Blvd in San Rafael. The steps involved in the debt restructuring are discussed later in this report.

Minor revenues such as connection fees and sewer extension permit fees make up less than 1% of the District’s total revenue in FY 2013/14. These may change slightly when updated connection fees are adopted, which the District is now considering, but will not have a substantial impact on total revenue.

Chart 1 – FY 2013/14 Budgeted Revenue by Source

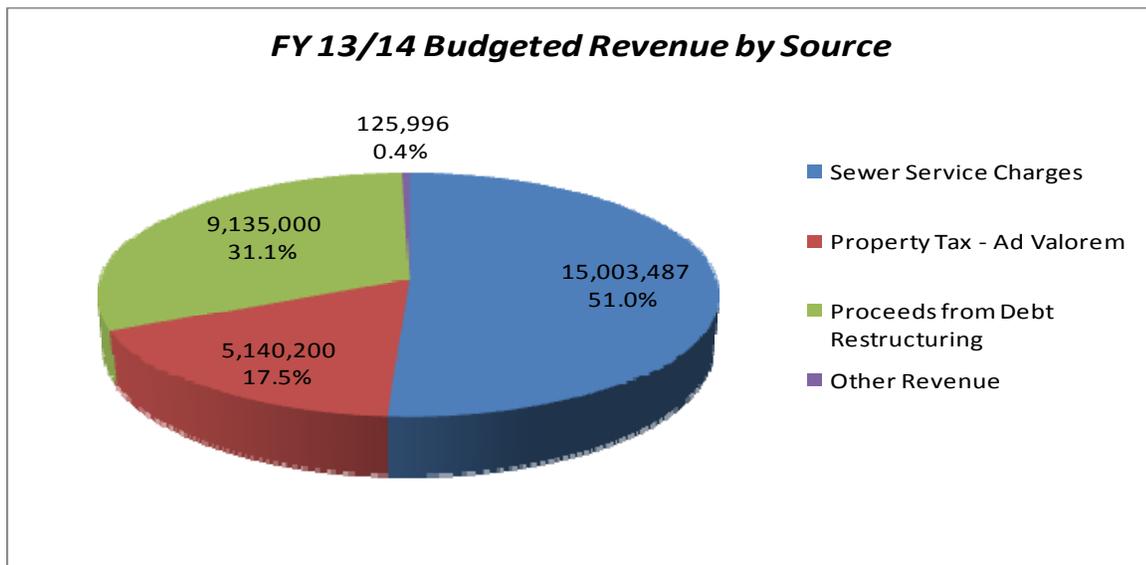
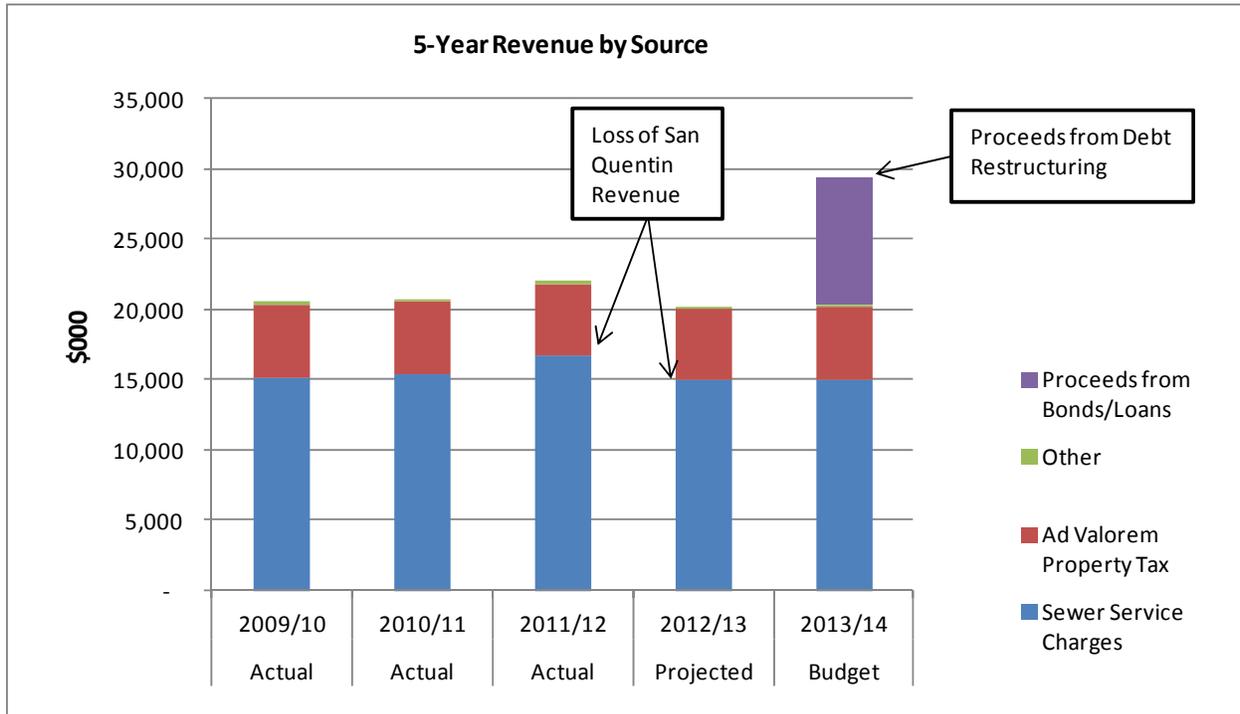


Chart 2 – 5-Year Revenue Trend, by Source



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 2013/14, with capital spending and O&M spending making up roughly 45% and 55% of the total respectively. Within the O&M portion, CMSA treatment charges makeup just under half of all expenses, with the remainder made up of operations, administration, and outside services. Chart 4 shows the five year trend, including FY 2013/14 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 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 recently adopted an updated basis for the allocation of the “regional charge”, which covers the direct wastewater treatment costs. Under the revised allocation method, the charges are developed based on the trailing three years of average wastewater flow and strength. This new allocation method, combined with the influence of not having SQSP flows assigned to the District, results in a minor change of a 1% increase in CMSA treatment charges for the District in FY 2013/14 from the projected year end costs for FY 2012/13.

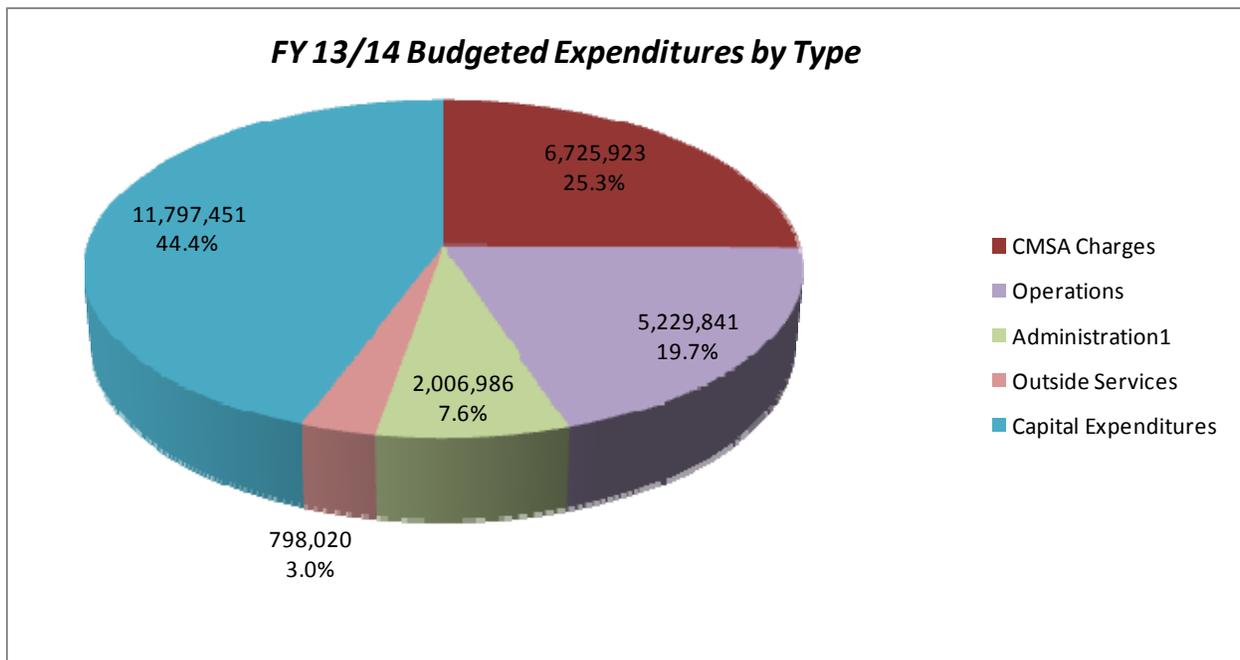
Personnel costs (including direct wages/salaries, payroll taxes, and benefits) are forecasted at 17% year-on-year, due primarily to changes in wages set in the agreements with the AFSCME Local 2167 and the Management & Confidential Units, and increases in medical insurance premiums. Staffing levels are expected to remain stable, under normal attrition, with one new proposed position for a Human Resources Manager.

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 decreased by 56% from the prior year’s budget. This was primarily due to the decrease from prior year in fines and settlements for both litigation settlement payments and fines paid to the Regional Water Quality Control Board. Another factor decreasing the budget from prior year is the decrease in legal expenditures, included under professional services.

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.

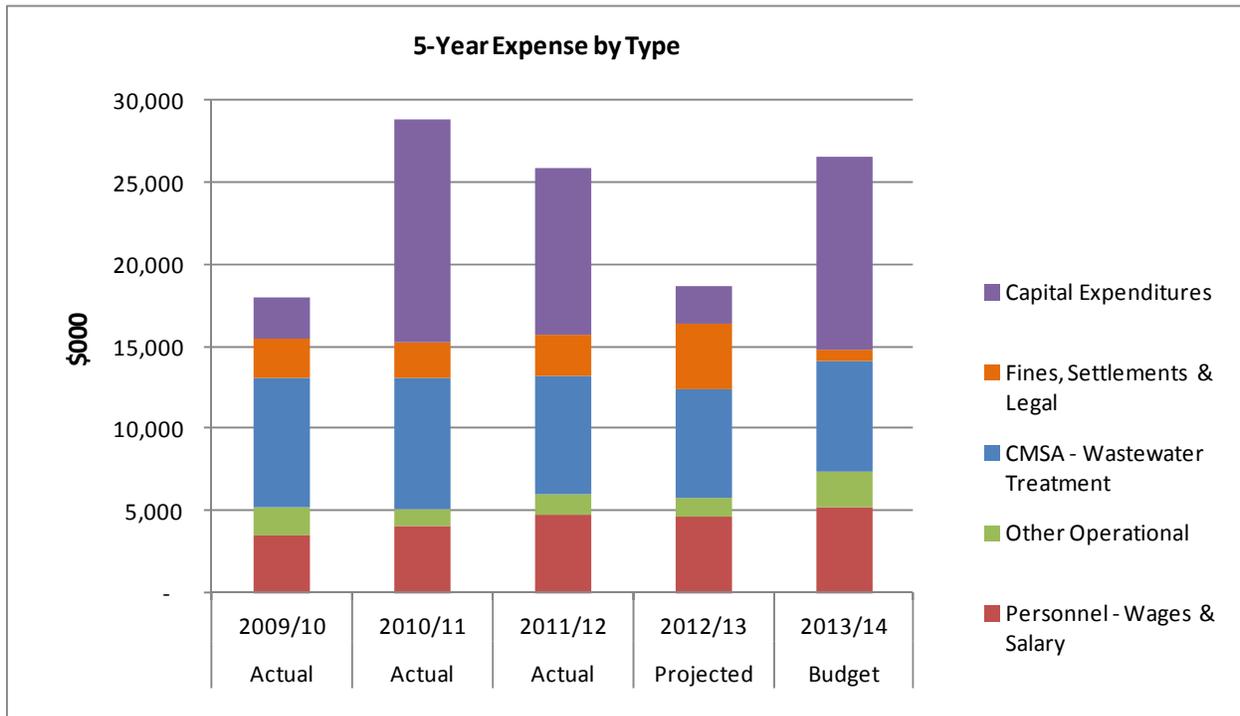
The total capital expenditures for FY 2013/14 are approximately \$11.8M. A portion of this total is debt service which includes the principal and interest payments for all outstanding debt.

Chart 3 – FY 2013/14 Budgeted Expenditures by Type



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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, newly incorporated in this fiscal year, is designed to cover the cash flow imbalance that predictably occurs between the months when the lump sum revenue payments are received from Marin County (April and December). The target balance is calculated using the operational expense equal to budgeted operating expenses from July 1st to December 31st.

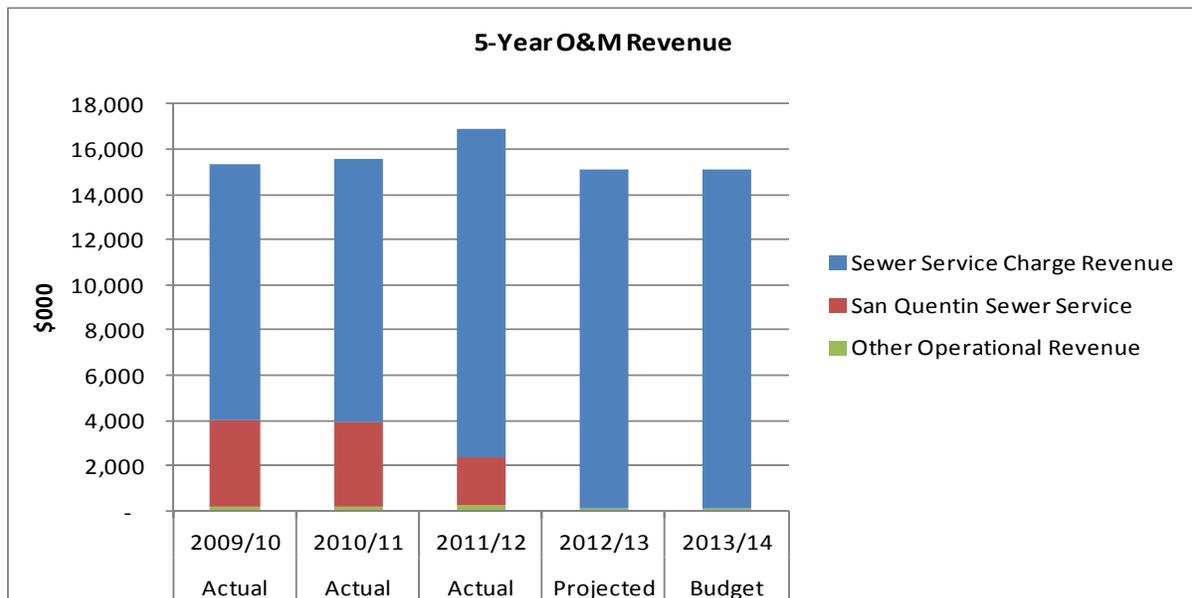
Operations & Maintenance Revenue

Total operations and maintenance revenue is budgeted at \$15M. The sewer service charges (SSCs) provide a primary stable source of the District's revenue and will remain relatively unchanged for the upcoming fiscal year.

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. First of all, there was an increase in FY 2011/12 due to an increase in the sewer service charges. The rates were raised from \$592 to \$864 for Larkspur residents and from \$520 to \$638 for all other ratepayers within the District. The FY 2011/12 revenue increase was offset by the reduction of the number of EDUs billed to San Quentin as a result of an analysis and subsequent adjustment to the strength factor used in calculation of the charges. Secondly, beginning in FY 2012/13 the delivery of San Quentin's sewer services is now provided by CMSA. This is a loss of revenue as San Quentin was previously the largest ratepayer of RVSD and furnished a material portion of the SSC revenue.

Other operational revenue is the revenue received by the District for inspection services, nominal interest earned, dividends received, and other miscellaneous income. The revenue budgeted for FY 2013/14 is \$126K which is approximately the same amount as the prior year.

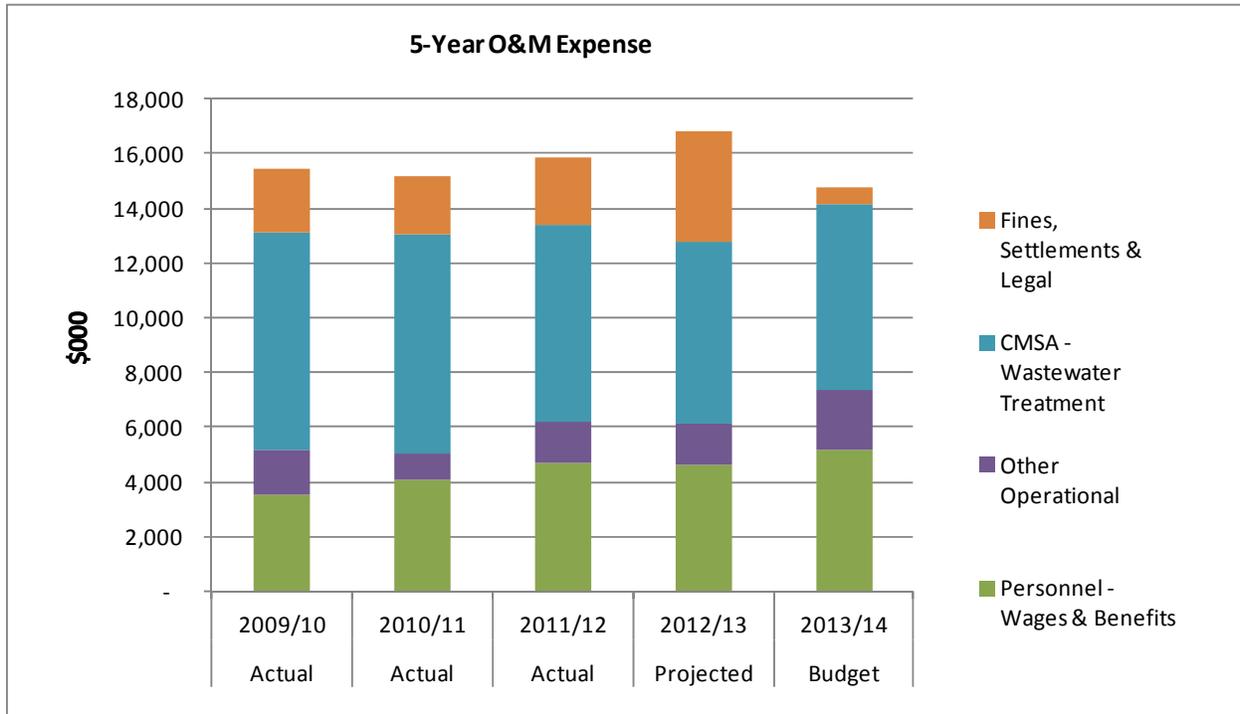
Chart 5 – 5-Year O&M Revenue Trend by Source



Operations & Maintenance Expenditures

Operational Expenditures are costs associated with the general operations of the District and can be categorized as follows: fines, settlements and legal; CMSA wastewater treatment; personnel costs; and other operational. The five year trend indicates stability in the amount spent on normal operations and maintenance (all categories excluding fines/settlements/legal) and averages \$13.4 million annually with a low of \$13.1 million and a high of \$13.9 million.

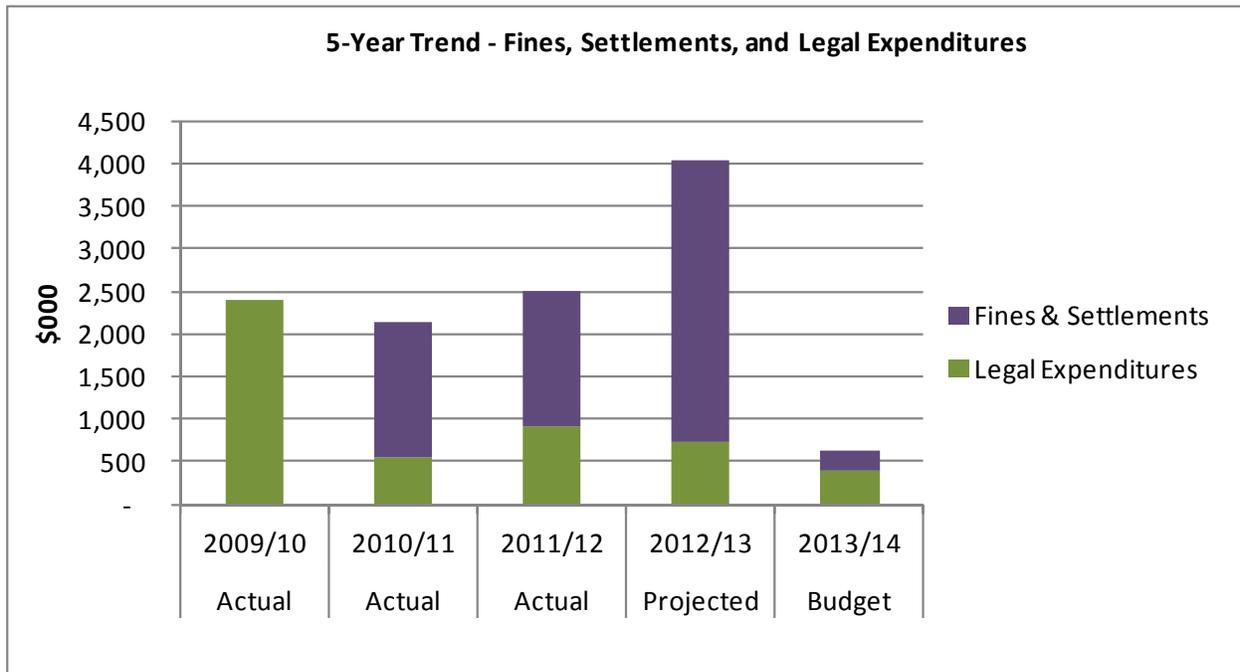
Chart 6 – 5-Year O&M Expenditures Trend by Type



Fines, settlements and legal expenses are comprised of litigation settlements, fines paid to regulatory agencies and the legal costs for legal counsel (including the cost of litigation). The average annual expenditure for fines, settlements & legal has been \$1.8 million per year over the last five years, with a low of \$550,000 and a high of \$3.3 million. This category of expenditures decreased considerably from the prior year due to the prior year including substantial payments for litigation settlements and also fines imposed by the Regional Water Quality Control Board. Another factor decreasing the budget from prior year is the decreased need for legal services, based on the current status of existing legal actions and forecasted activity in the upcoming fiscal year based on discussions with legal counsel. If the District undertakes significant new legal actions beyond the existing actions, the forecasted legal services costs will increase accordingly. A further breakdown of this category is shown in Chart 7 and described below.

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Chart 7 – 5-Year Fines, Settlements, and Legal Expenditures



Shown above, in Chart 7, is a breakdown of legal expenditures and fines & settlements. Over the past five years, legal expenditures comprise an average of 6% of the total O&M budget. Budgeted for FY 2013/14 is \$387,000 for legal expenditures and \$250,000 for fines. The fine is the final payment due to the Regional Water Quality Control Board in June 2014 for the SSO that occurred in December 2010. The amount budgeted for legal expenditures is an estimate based on current and projected litigation or legal representation for the upcoming FY. Additional information related to legal expenditures can be found under the *Legal Expenditures* section of this budget.

Central Marin Sanitation Agency (CMSA) charges are allocated for the treatment charges and debt service from the CMSA annual budget and represent the District’s largest operating expenditure. There are both treatment charge and a 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 12 months of strength data from each District’s wastewater flow. The prior year allocation percentage was based strictly on 12 month of flow data. Prior to last year the treatment charges were based on EDU count. The change results in an allocation of 44.92% to RVSD or \$3,998,748 for treatment charges. The debt service charge component is based on the EDU count and allocates approximately 47% to RVSD or \$2,727,175.

Other operational expenditures are made up of system maintenance, general and administration, facilities and utilities, outside services and board related expenditures. Total operational expenditures for FY 2013/14 are budgeted at \$2M. The five year trend indicates some variation in the amount spent on other operational expenditures and averages \$1.6 million annually with a low of \$1 million and a high of \$2 million. The FY 2013/14 is higher than the prior year due to an increase in the need for a public outreach program, the reinstatement of contracting the Fats, Oils and Grease (FOG) program with CMSA, and a budget increase for emergency repairs. Outside services consist of community outreach, accounting/IT and wastewater reduction and reclamation rebates. The wastewater reduction and reclamation rebate program is an addition to the FY 2013/14 budget due to an increased interest by the RVSD board to

participate in resource conservation efforts. This program has not yet been designed or implemented but the costs and feasibility will be explored during the fiscal year.

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. Also included in this year's budget is the cost of the election which will occur in June 2014.

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.

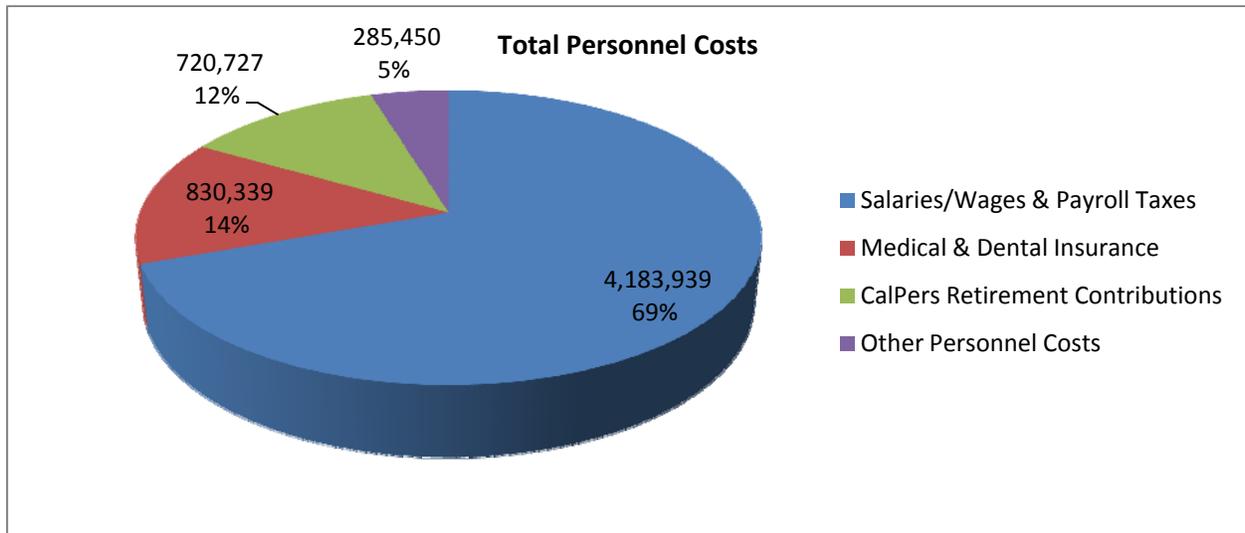
In accordance with labor agreements, the base salary for FY 2013/14 will increase by 3%. This increase is classified as a cost of living adjustment and is reflected in the current year's budget. Individual employees were also adjusted to higher steps in the salary chart assuming continued employment and satisfactory performance evaluations. Due to an increasing need, there is a proposed Human Resource Manager position added to the budget which is included in the administration department. 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 3%-8% 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% is budgeted as provided by CalPers and for employees hired after this date the employer contribution is 6.25%. 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.

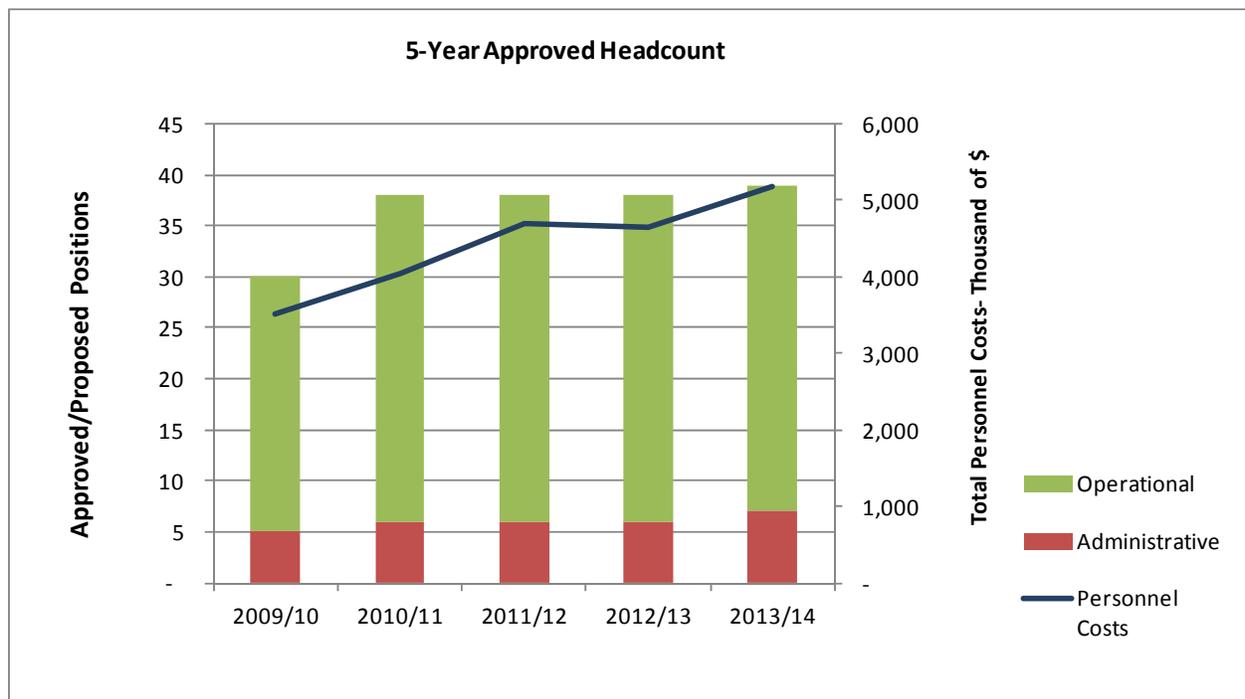
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Chart 8 – FY 2013/14 Total Budgeted Personnel Costs



The approved employee headcount increased from 30 to 38 in FY 2010/11 and has since stabilized, with the exception of the additional proposed Human Resource Manager added in FY 2013/14. Personnel costs have leveled off, since the initial increase in headcount, and are only expected to increase modestly with the current year’s addition.

Chart 9 – 5-Year Trend of Approved Headcount and Personnel Costs



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 that will be charged have been provided by CMSA through FY 2017/18. These charges currently represent approximately 46% of the total operations and maintenance budget and will increase 24% 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 will incorporate the most valid information available when completing the forthcoming 5-year forecast.

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Capital Budget

Introduction

With the implementation of “funds” as a financial management tool for the District, the Capital Fund was created and implemented as part of the FY 2013/14 Budget in order to provide focused attention on the business of building, repairing, and rehabilitating the District’s sewer infrastructure. By clearly identifying the revenue sources and their specific uses, the District can maintain focus on the key issues affecting our ability to properly execute the Capital Improvement Plan.

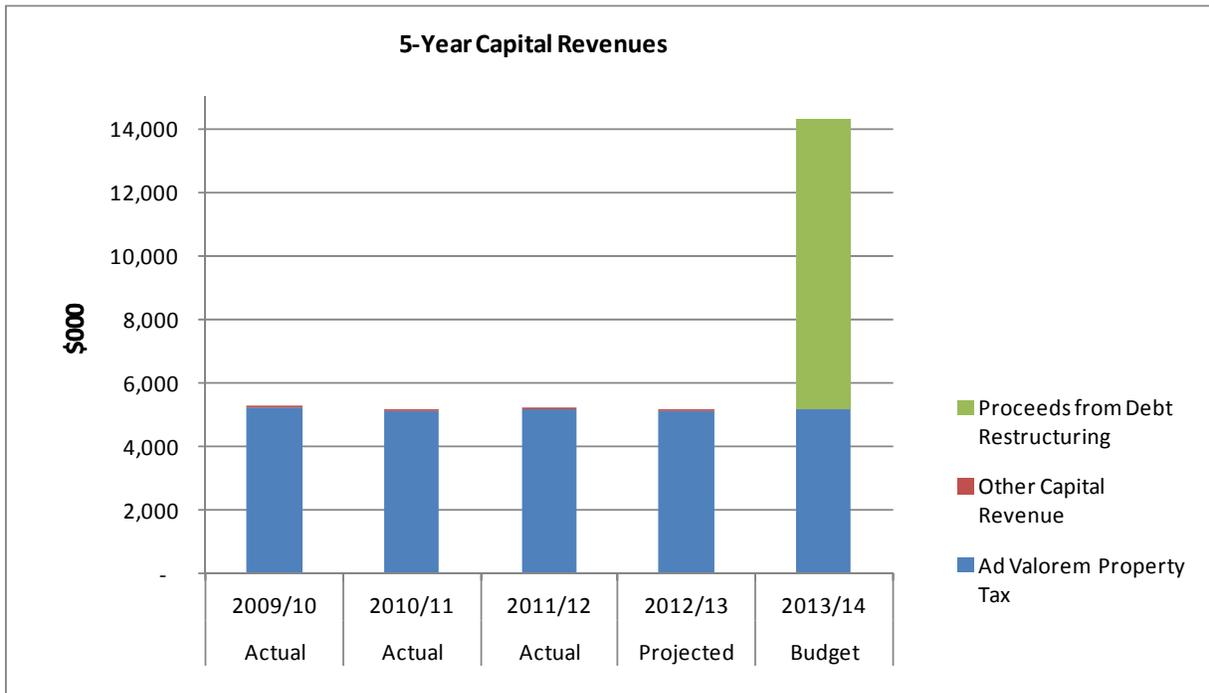
Capital Revenues

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 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 would remain so even with the expected significant increase under the pending fee evaluation and updates.
- Debt financing has been utilized in the past by the District in the form of a \$10 million installment sale loan in June of 2008. FY 2013/14 plans include the restructuring of that debt and will involve retiring existing debt with a bond issuance that will have a term of 30 years, be at an equal or lower interest rate, and will increase annual debt service expenditures by approximately \$200,000. It will net the District approximately \$9.1 million in proceeds, on a one time basis, that will be used for capital projects and upgrades and to help establish initial reserve balances. This will include the pay-off of the loan for the District’s headquarters located at 2960 Kerner Blvd in San Rafael.

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



Capital Expenditures

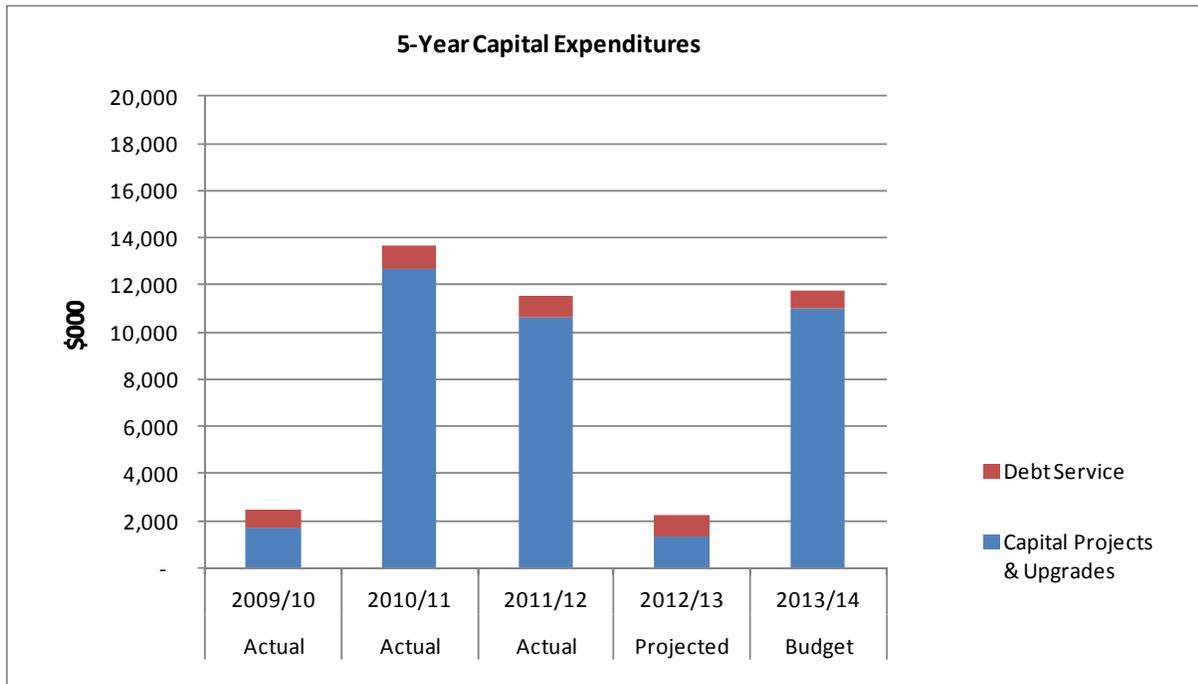
The five year trend in the District’s capital spending is quite variable (see Chart 11). There are two primary factors driving this picture.

- Timing and size of the projects scheduled in any given year can contribute to the variability. Some projects are smaller in scale, while others are large and expensive. The timing of two very large projects (Kentfield Force Main and Woodland/College/ Goodhill) is the primary factor in the dip in FY 2009/10 and also resulted in the large increases in FY 2010/11 and FY 2011/12.
- Funding sources for capital projects affect the District’s ability to schedule projects into any given year. This was the case in FY 2012/13 when the planned funding through revenue bonds was not approved and the capital budget could not be fully funded.

Debt Service is classified as a capital expenditure and is tracked separately. It has remained steady under the single outstanding debt issuance, and will increase about 20% under the debt restructuring, to support the objectives of high priority capital projects and establishing minimum reserves for financial resiliency moving forward.

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



FY 2013/14 Capital Plan

The Capital Improvement Plan (CIP) is designed to identify and plan for the capital improvement projects for FY 2013/14. 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 program, and supplemental environmental projects. 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 2 below summarizes the FY 2013/14 capital spending plan.

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Table 2 – FY 2013/14 Capital Expenditures Summary

Description	Asset Type	FY 2013-14 Budget
1 Gravity Sewer Lines	Capital Improvement Projects - Sewer Lines	3,662,204
2 Sewer System Replacement Master Plan (SSRMP) Projects	Capital Improvement Projects - Sewer Lines/Pump Stations	3,191,267
3 Sewer Line Repairs and Trenchless Repairs	Capital Improvement Projects - Sewer Lines/Pump Stations	1,143,387
4 Pump Station Rebuilds/Repairs/SCADA	Capital Improvement Projects - Pump Station Equipment	455,000
5	Total Capital Improvement Projects	8,451,858 a
6 Lateral Replacement Grant Program	Other Capital	350,000
7 Large Diameter Gravity Sewer Condition Assessment	Other Capital	275,000
8 Infrastructure Asset Management Plan	Other Capital	230,000
9 Studies/Reviews/Miscellaneous	Other Capital	111,000
10 Flow Monitoring	Other Capital	100,000
11 Creekside Park Culvert - Supplemental Environmental Projects	Other Capital	35,000
12	Total Other Capital	1,101,000
13 Kerner Building	Fixed Assets - Building	935,000
14 Vactor Combo Unit	Fixed Assets - Vehicles & Equipment	280,000
15 CCTV Camera Equipment/GPS Units/Miscellaneous	Fixed Assets - Vehicles & Equipment	180,500
16 Scanners/Office Furniture	Fixed Assets - Office Furniture & Equipment	22,500
17	Total Fixed Assets	483,000
18 Debt Service	Debt Service	826,594
19	Total Budgeted Capital Assets	11,797,451

a - See Schedule 10 - FY 13/14 Capital Projects

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 2013/14 that address the needs in each of these areas; see schedule 10 in the appendix.

Trenchless Sewer Line Rehabilitation Crew

The District first undertook trenchless sewer main replacement and rehabilitation efforts with the formation of the “pipe bursting crew” in 2010. The pipe bursting crew was proposed as a method for the District to begin accelerating its sewer main replacement progress, which had been well below necessary rates in the preceding years. The state of the art in trenchless sewer rehabilitation was and is changing steadily, and pipe bursting was gaining wider use in the industry along with other methods such as slip lining and cured-in-place-pipe (CIPP). Together, these trenchless methods of construction offer lower costs and less disruption to the public in replacing buried pipelines such as sewer mains. The initial cost estimates for the work were approximately \$260 per foot of main sewer line replacement. Through 2010-2012, the crew completed three projects using the pipe bursting method of trenchless replacement. These projects replaced a combined total of 5,800 feet of sewer main and 3,700 feet of the lower sections of

private laterals along the replaced mains. The average resulting actual cost was approximately \$200 per foot, including costs for the appurtenance work on new manholes and replacement of the private lateral sections.

In FY 2012/13, the District's approach to trenchless pipe replacement and rehabilitation shifted to include the use of CIPP repairs, which can be used to rehabilitate an entire reach of sewer main between adjacent manholes, or to repair severe defects of shorter length, typically about 2 to 8 feet. As the CCTV and condition assessment work confirmed locations of the most severe defects, this repair method was used to repair the worst areas that present higher risks of recurring SSOs due to the pipe defects. The trenchless repair crew is able to complete between 15 and 30 point repairs per week, using this method. The average cost for the repairs is about \$1,500 each. In the current fiscal year, the trenchless repair crew has been able to rehabilitate 144 total Grade 4 and Grade 5 defects between October 2012 and April 2013. This work is coordinated with the District's on-going preventative maintenance actions such as cleaning and re-inspections, to eliminate known "hot spots" for recurring problems that increase the risk of SSOs or other service disruptions.

Moving forward, the trenchless repair crew resources are intended to compliment the longer term replacement work that is contracted out in traditional design-build-bid public works contracts. In FY 2013/14, the contracted work for long term replacement and rehabilitation will include a mix of open cut, pipe bursting, and CIPP work by the contractor to address about 18,000 feet of sewer mains and about 9,000 feet of lower laterals along these mains. Based on average recent production rates, the point repair crew will be able to continue its focus on rapid progress to address known severe defects that are elevating the risks of SSOs, with approximately 200 Grade 4 and Grade 5 defects repaired.

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Legal Expenditures

The District has been incurring significant legal services costs, well above comparable utilities in the state of similar size and scope of services. Table 3 below shows a summary of the District’s legal expenses going back to 2009, and through the third quarter of the current FY 2012/13. The information in the table supports the following observations, for consideration of how to evaluate and identify ways to reduce legal services fees.

- The District has had legal challenges on a wide range of areas, from land development to personnel to regulatory fines. No single issue is the primary cause of the high legal fees. However, nearly 40% of the total since 2009 is related to the Campus development deal for the Larkspur Landing property owned by the District.
- Some of the legal challenges are initiated by other parties, and leave no good options other than a vigorous defense of the District’s legitimate interests. However, District initiated matters are relatively more discretionary.
- The legal fees all have their root cause in fundamental choices made by the District, and so can be viewed as results and/or repercussions of those underlying decisions that preceded the legal actions and related costs.
- The District is making good progress this fiscal year in closing out many of the existing legal issues, but is also facing decisions on new ones. A strategic view of the pros and cons of the discretionary legal actions, appropriately weighing the risks and benefits of foreseeable outcomes, will be necessary to minimize future legal fees.

Table 3 – FY 2012/13 and Prior Years Legal Expenditures

	Description/Legal Issue	FY 2012/13 YTD	% of YTD Total	Ending Total Since July 2009	% of YTD Total
1	District Counsel	107,318	17%	724,100	15%
2	Litigation	4,481	1%	7,840	0%
3	Board Meetings	65,010	10%	138,840	3%
4	Legal Audit Review	-	-	9,769	0%
5	MHA Settlement	-	-	(43,485)	-1%
6	Northern California River Watch	-	-	40,938	1%
7	SCADA Facility Dispute	-	-	221,051	5%
8	Enforcement of Stipulated Judgement	-	-	23,406	0%
9	Consolidation/Regulation Issues	-	-	10,138	0%
10	San Quentin Village/Murray Park Annexation	-	-	5,069	0%
11	Rates/Prop218	1,380	0%	36,878	1%
12	EPA	11,951	2%	11,951	0%
13	Bond Advice	14,846	2%	28,506	1%
14	Water Control Board (includes JMB Litigation)	86,367	14%	583,759	12%
15	CMSA Arbitration	45,027	7%	176,675	4%
16	San Quentin	18,251	3%	98,018	2%
17	Pitcher Drilling	-	-	171,048	3%
18	LLC Site Development	3,660	1%	72,521	1%
19	Campus Real Estate Development	-	-	92,071	2%
20	Campus Lawsuit	-	-	2,036,110	42%
21	Construction Industry	97,756	16%	100,407	2%
22	Personnel Matters	165,551	27%	319,961	7%
23	PRA Requests	1,770	0%	24,572	1%
24	Total	623,368		4,890,143	

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. The District is moving towards the incorporation of five year budget forecasts, along with each new fiscal year's budget adoption process, but is not prepared to incorporate the projection in this cycle. 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. Future budget reports will consider each of these with specific cost data, and incorporate the resulting cost trends into the five year forecast.

Headcount

The District has grown in number of employees over the last five years from 30 approved positions in FY 2009/10 to 39 positions (38 approved and 1 proposed) in the FY 2013/14 Budget. This increased staffing level has supported the expanded maintenance and repair activity, the asset replacement (CIP) program, and related technical and administrative actions. The District's current O&M objectives can be met with existing staffing levels. Future requirements, including support of the asset replacement program, will be considered based on the results of the IAMP, which in addition to capital asset replacement needs, will include an assessment of the District's O&M activities.

The District's average annual fully-burdened cost (wages, taxes, benefits) per employee is approximately \$145,000. 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.

Cost of Living Adjustments

The District is operating under a set of Memorandums 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. Within the current MOU, covering July 1, 2009 through June 30, 2015, are specific cost of living adjustments (COLAs) that take effect on July 1 of each fiscal year. The remaining years of these MOUs will require a 3% COLA on July 1, 2013 and a 4% COLA on July 1, 2014.

The known COLA increases have been incorporated in to the FY 2013/14 Budget and are fully accounted for. It is unknown what, if any, COLAs or other costs will be included in future MOUs.

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 some minor changes to the calculation of service credits at the time of retirement. For all employees hired prior to January 1, 2013 an employer contribution of approximately 18% of base salary is paid to CalPERS and for employees hired after this date the employer contribution is 6.25%. Per Alan Milligan, Chief Actuary for CalPERS, this reduced rate for new employees will be in effect through July 1, 2015.

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 2012 and sets the employer contribution rate for FY 2013/14 at 17.911% with a projected rate of 18.8% for FY 2014/15. This report does not affect the current rate of 6.25% for new employees, who will be included in the fall 2014 valuation report setting the rates for FY 2015/16. While it is unknown what

rates will be beyond FY 2014/15, it is certain that PEPRAs will reduce the District's annual contribution requirements as natural turn over occurs over time.

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 fiscal year 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

The District provides health insurance to all full time employees and pays 100% of all premiums for medical and dental insurance for employees and their families. This benefit is defined in the MOUs for the two employee groups and is in effect through June 30, 2015. It is unknown if future MOUs will redefine this benefit or keep it as is.

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 last 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. These increases 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. Many in the private sector have eliminated health insurance benefits or have placed a larger burden on the employees, prompting many to opt-out of the insurance benefit.

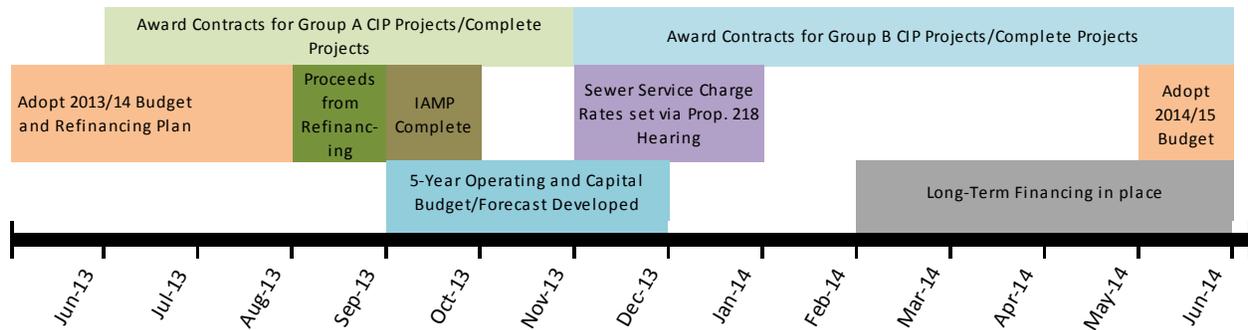
In 2010, the Federal Government passed the Patient Protection and Affordable Care Act. This is a sweeping reform of health care in which the first of its provisions will be rolled out in 2014, while the rest will roll out over time through 2022. Within the Act are provisions meant to ensure access to quality healthcare for all U.S. citizens. It is unclear how this will affect the District and its costs to provide benefits.

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Overview of Activities Supporting FY 2013/14 Budget

As mentioned in the introduction section of this document, adoption of this budget is the first of several coordinated steps to be taken during this transitional year, which together support the near term financial plan for the District. The figure below shows the timeline under which additional steps will be taken to restore operational and financial resiliency. 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 2013/14 Key Actions



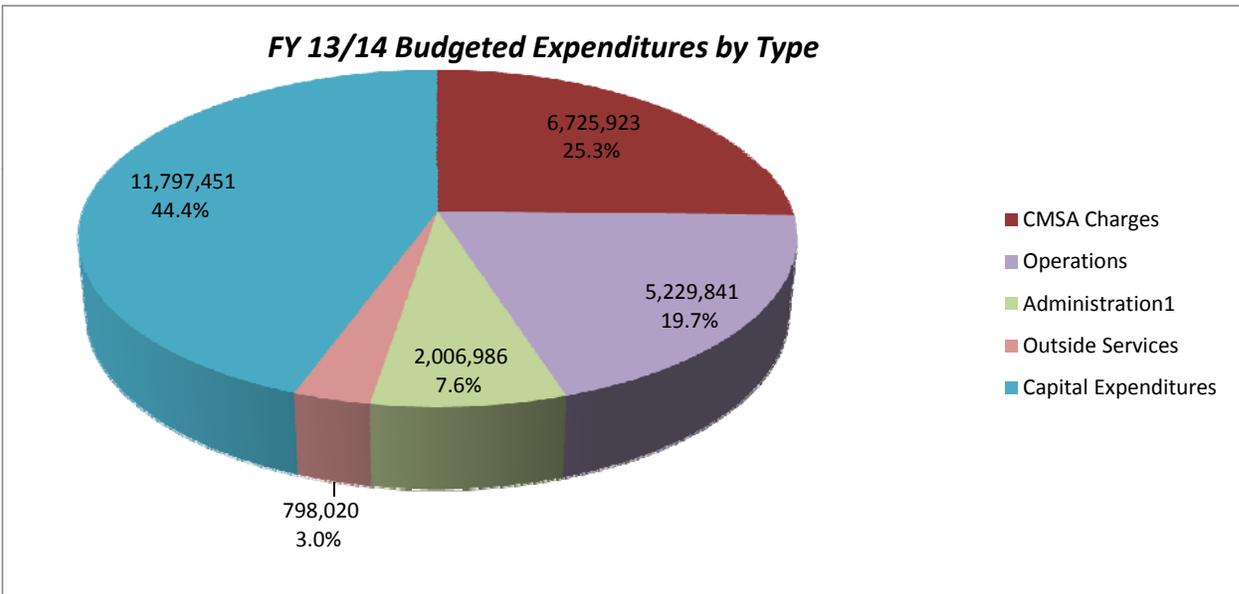
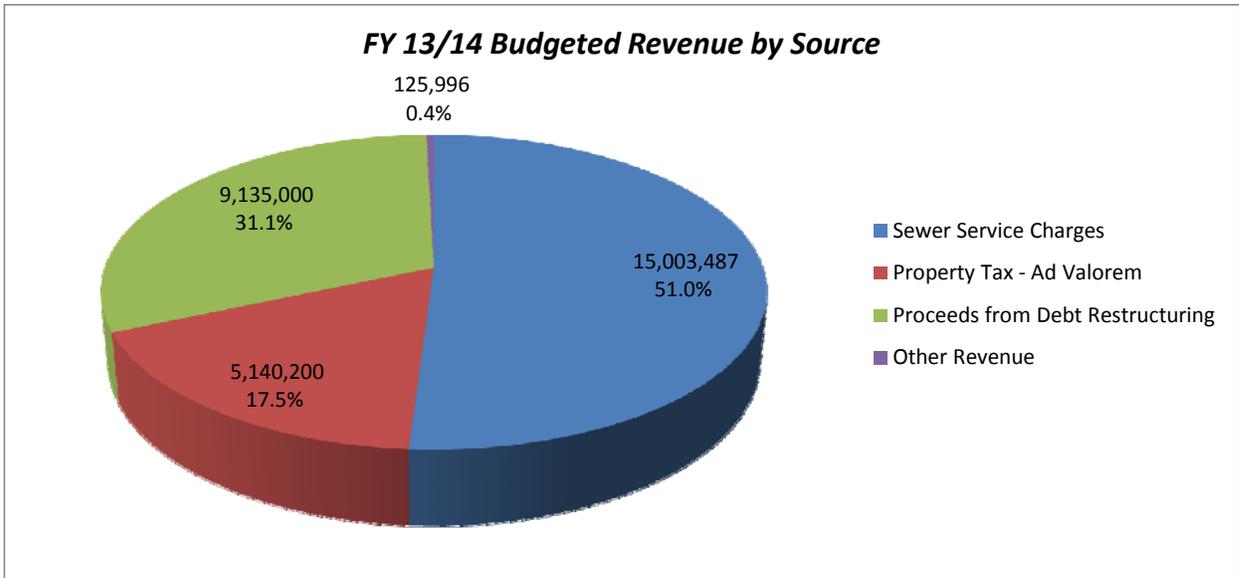
Jun 2013	FY 2013/14 Budget	Adopt budget with funding to complete required CIP.
Jun – Aug 2013	Refinancing	The FY 2013/14 Budget depends upon refinancing existing debt. It will take approximately 60 days to complete the process once approved.
Jul 2013	Construction Bids	Award construction contracts for the first set of FY 2013/14 CIP projects.
Sep 2013	Proceeds from Refinancing	Cash flow projections require proceeds from refinancing to be received in September, 2013.
Oct 2013	IAMP	Completion of IAMP is required by October 1 st . This will set the stage for the District’s 5-year forecast.
Oct – Dec 2013	5-Year Forecast	Using the IAMP and other forecasting tools, a 5-year financial forecast will be completed. This will assist in determining the details for future actions.
Nov 2013	Construction Bids	Award construction contracts for the second set of FY 2013/14 CIP projects.
Nov 2013 – Jan 2014	Rate Study and Prop 218 Hearing	The 5-Year Forecast will be used to support the District’s rates. It is possible that rates will need to be adjusted.
Feb – Jun 2014	Long-Term Financing	Once a decision is made on rates and other funding sources, long-term financing will be obtained to support the required CIP.
Jun 2014	FY 2014/15 Budget	The FY 2014/15 Budget will incorporate all known factors such as rates, financing, other funding sources, 5-Year CIP, and operational requirements.

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 1 - FY 2013/14 Budget Summary

	Type	FY 2011/12 Actual	FY 2012/13 Projected	FY 2013/14 Budget
1	Sewer Service Charges	16,678,170	14,953,221	15,003,487
2	Property Tax - Ad Valorem	5,084,272	5,137,573	5,140,200
3	Proceeds from Debt Restructuring	-	-	9,135,000
4	Other Revenue	334,921	133,427	125,996
5	Expected Revenues	22,097,363	20,224,221	29,404,683
6	CMSA Charges	7,168,394	6,668,690	6,725,923
7	Operations	3,862,066	4,646,167	5,229,841
8	Administration ¹	3,706,760	4,700,749	2,006,986
9	Outside Services	1,136,737	802,694	798,020
10	Capital Expenditures	10,188,242	2,297,845	11,797,451
11	Total Expenditures	26,062,199	19,116,146	26,558,221
12	Net Revenue Less Expenditures	(3,964,836)	1,108,076	2,846,462
13	Operations & Maintenance Fund Balance	<i>Prior year not tracked</i>	<i>Prior year not tracked</i>	7,736,000
14	Capital Improvement Fund Balance	<i>Prior year not tracked</i>	<i>Prior year not tracked</i>	1,228,022
15	Capital Improvement Reserve Balance	<i>Prior year not tracked</i>	<i>Prior year not tracked</i>	-
16	Emergency Reserve Balance	<i>Prior year not tracked</i>	<i>Prior year not tracked</i>	1,000,000
17	Other Post Employment Benefit Reserve Balance	<i>Prior year not tracked</i>	<i>Prior year not tracked</i>	100,000
19	Total Ending Reserve (Cash) Balance	6,493,413	7,217,560	10,064,022

Note 1: The decrease in the budget for FY 2013/14 is due to FY2012/13 Budget including \$2,608,333 in litigation settlement payments and \$728,550 in Regional Water Quality Control Board fines for the December 2010 sanitary sewer overflow. FY 2013/14 includes the remaining balance due for this fine of \$250,000 in June 2014. FY 2011/12 includes the payment of \$1,583,333 made for the settlement related to the Larkspur Landing Circle Property.

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 1 - FY 2013/14 Budget Summary



**Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 2 - FY 2013/14 Funding Sources**

Funding by Source	FY 2012/13 Budget	FY 2012/13 Actual (projected)	FY 2013/14 Budget	% Change Budget FY 13/14 vs Budget FY 12/13
<i>Equivalent Dwelling Units (EDU's)</i>				
1 Sanitary District #1	19,591	19,507	19,507	0%
2 City of Larkspur	3,027	2,997	2,997	-1%
3 Total # of EDU's	22,618	22,504	22,504	-1%
<i>Rate Per EDU</i>				
4 Rate per EDU - District Ratepayers	638	638	638	0%
5 Rate per EDU - Larkspur	864	864	864	0%
Revenue by Source				
Sewer Service Charge Revenue - Operations				
6 Sanitary District #1	12,147,520	12,052,903	12,093,928	0%
7 Sanitary District #1 - Direct Bill	351,538	350,900	351,538	0%
8 City of Larkspur	2,545,452	2,508,202	2,519,424	-1%
9 City of Larkspur - Direct Bill	69,984	70,622	69,984	0%
10 Collection Fees	(27,064)	(26,265)	(29,227)	8%
11 Customer Refunds	-	(3,142)	(2,160)	
12 Total Sewer Service Charges	15,087,430	14,953,221	15,003,487	-1%
Other Revenue Sources - Operations				
13 Inpections	26,320	33,080	27,996	6%
14 Interest	12,000	20,514	12,000	0%
15 Miscellaneous	21,360	8,191	15,000	-30%
16 Dividends	58,442	53,214	53,000	-9%
17 Total Other Revenue - Operations	118,122	114,998	107,996	-9%
18 Total Revenue - Operations	15,205,552	15,068,220	15,111,483	-1%
Property Taxes - Capital				
19 Property Taxes Collected - Ad Valorem	5,200,000	5,206,317	5,200,000	0%
20 Collection Fees - Taxes	(62,427)	(68,745)	(59,800)	-4%
21 Total Property Taxes	5,137,573	5,137,573	5,140,200	0%
Other Revenue Sources - Capital				
22 Restructuring of Long Term Debt	-	-	9,135,000	
23 Connections	16,924	17,270	17,000	0%
24 Public Sewer Extensions	959	1,159	1,000	4%
25 Total Other Revenue - Capital	17,883	18,429	9,153,000	51083%
26 Total Revenue - Capital	5,155,456	5,156,002	14,293,200	177%
27 Total all Revenue Sources	20,361,008	20,224,221	29,404,683	44%

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 3 - FY 2013/14 Funding Requirements

Description	FY 2012/13 Budget	FY 2012/13 Actual (projected)	FY 2013/14 Budget	% Change Budget FY 13/14 vs Budget FY 12/13
General Operations				
Funding Sources				
1 Sewer Service Charges	15,087,430	14,953,221	15,003,487	-1%
2 Other Operational Revenues	118,122	114,998	107,996	-9%
3 Total Funding Sources	15,205,552	15,068,220	15,111,483	-1%
Operational & CMSA Expenditures				
4 <i>Payments: Central Marin Sanitation Agency (CMSA)</i>				
5 Sewage Treatment Charges to CMSA	4,195,611	4,180,627	3,998,748	-5%
6 Debt Service to CMSA	2,611,234	2,488,063	2,727,175	4%
7 Total CMSA Expenditures	6,806,845	6,668,690	6,725,923	-1%
8 Operational Expenditures	11,794,063	10,149,611	8,034,847	-32%
9 Total Operational & CMSA Expenditures	18,600,908	16,818,300	14,760,770	-21%
10 Operations Funding Surplus/(Deficit)	(3,395,356)	(1,750,081)	350,713	-110%
Debt Service and Capital Improvement Program				
Funding Sources				
11 Property Taxes Collected - Ad Valorem	5,137,573	5,137,573	5,140,200	0%
12 Restructuring of Long Term Debt	-	-	9,135,000	
13 Connections	16,924	17,270	17,000	0%
14 Public Sewer Extensions	959	1,159	1,000	4%
15 Total Funding Sources	5,155,456	5,156,002	14,293,200	177%
Funding Requirements				
16 Debt Service Payments (Principal & Interest)	839,908	896,262	826,594	-2%
17 Payoff Kerner Building Loan	-	-	935,000	
18 Capital Improvement Projects	250,000	1,200,591	8,451,858	3281%
19 Other Capital Spending	-	35,000	1,101,000	
20 Fixed Assets	236,000	165,992	483,000	105%
21 Total Funding Requirements	1,325,908	2,297,845	11,797,451	790%
22 Capital Funding Surplus/(Deficit)	3,829,548	2,858,156	2,495,749	-35%
23 Net Operations and Capital Surplus/(Deficit)	434,192	1,108,076	2,846,462	556%

Sanitary District No. 1 of Marin County

dba Ross Valley Sanitary District

Schedule 4 - Monthly Cash Requirements

	July-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	April-14	May-14	Jun-14	FY 2013/2014 YTD Budget
Operating													
Revenue													
1 Sewer Service Charges	-	-	-	420,802	-	8,020,909	-	-	-	6,123,736	-	438,041	15,003,487
2 Other Income	4,583	4,583	40,583	4,583	4,583	4,583	4,583	21,583	4,583	4,583	4,583	4,583	107,996
3 Gross Revenue	4,583	4,583	40,583	425,385	4,583	8,025,492	4,583	21,583	4,583	6,128,319	4,583	442,624	15,111,483
Expenditures													
CMSA Expenditures													
4 Treatment Charges - CMSA	999,687	-	-	999,687	-	-	999,687	-	-	999,687	-	-	3,998,748
5 Debt Service - CMSA	1,854,479	-	-	-	-	-	872,696	-	-	-	-	-	2,727,175
6 Total CMSA Expenditures	2,854,166	-	-	999,687	-	-	1,872,383	-	-	999,687	-	-	6,725,923
Maintenance/Repair/Inspection Expenditures													
7 Salaries & Benefits - Operations	320,977	297,338	287,597	319,137	286,902	314,570	328,802	274,229	301,322	327,454	321,235	280,679	3,660,243
8 Other Operational Expenditures	159,930	127,564	118,904	114,099	147,124	153,209	127,479	128,809	133,456	128,616	115,286	115,126	1,569,599
9 Total General Operating Expenditures	480,906	424,901	406,501	433,236	434,026	467,779	456,280	403,037	434,778	456,070	436,521	395,805	5,229,841
Administrative Expenditures													
10 Salaries & Benefits - Administration	107,850	109,308	98,125	103,136	93,747	97,652	106,582	93,056	97,950	102,708	105,468	112,957	1,228,539
11 Office Supplies & Equipment	6,140	4,640	4,640	4,640	4,640	6,140	4,640	4,640	4,640	6,140	4,640	4,640	60,180
12 General Administrative Expenditures	14,748	4,588	2,148	2,148	2,148	11,370	22,073	2,448	2,149	11,503	2,149	2,149	79,621
13 Facilities & Utilities - Administration	6,307	6,307	6,307	6,307	6,307	6,626	6,307	6,307	6,307	6,626	6,307	6,307	76,322
14 Fines & Penalties	-	-	-	-	-	-	-	-	-	-	-	250,000	250,000
15 Board Fees & Other Expenditures	4,194	4,194	4,194	4,194	4,194	4,194	4,194	4,194	4,194	4,390	4,390	49,390	95,916
16 Insurance (includes Excess Liability)	18,034	18,034	18,034	18,034	18,034	18,034	18,034	18,034	18,034	18,034	18,034	18,034	216,408
17 Total Administrative Expenditures	157,273	147,071	133,448	138,459	129,070	144,016	161,830	128,679	133,274	149,401	140,988	443,477	2,006,986
Outside Services													
18 Community Outreach	12,085	12,085	12,085	12,085	12,085	12,085	12,085	12,085	12,085	12,085	12,085	12,085	145,020
19 Wastewater Reduction and Reclamation Rebates	10,000	10,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	200,000
20 Professional Services - Accounting/IT/Other	5,000	9,500	4,500	5,000	1,500	1,500	11,500	11,500	11,500	1,500	1,500	1,500	66,000
21 Professional Services - Legal	32,250	32,250	32,250	32,250	32,250	32,250	32,250	32,250	32,250	32,250	32,250	32,250	387,000
22 Total Outside Services	59,335	63,835	66,835	67,335	63,835	63,835	73,835	73,835	73,835	63,835	63,835	63,835	798,020
23 Total Operating Expenditures	3,551,680	635,807	606,784	1,638,717	626,931	675,629	2,564,328	605,552	641,887	1,668,993	641,344	903,117	14,760,770
24 Operating Net Results	(3,547,097)	(631,224)	(566,201)	(1,213,332)	(622,348)	7,349,863	(2,559,745)	(583,969)	(637,304)	4,459,325	(636,761)	(460,493)	350,713
Capital													
Revenue													
25 Property Tax - Ad Valorem	-	-	-	-	-	2,827,110	-	-	-	2,157,090	-	156,000	5,140,200
26 Connection Fees	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,499	1,502	1,503	1,504	18,000
27 Proceeds from Debt Restructuring	-	9,135,000	-	-	-	-	-	-	-	-	-	-	9,135,000
28 Total Capital Revenue	1,499	9,136,499	1,499	1,499	1,499	2,828,609	1,499	1,499	1,499	2,158,592	1,503	157,504	14,293,200
Debt Service													
29 Interest Expense	3,384	3,490	-	-	-	189,550	-	-	-	-	-	281,976	478,400
30 Principal Payments on Debt	1,650	1,543	-	-	-	-	-	-	-	-	-	345,000	348,193
31 Total Debt Service	5,034	5,034	-	-	-	189,550	-	-	-	-	-	626,976	826,594
Capital Expenditures													
32 Capital Improvement Projects	133,199	547,898	630,838	906,739	606,089	414,508	695,823	1,042,112	1,081,368	1,095,163	670,851	627,270	8,451,858
33 Payoff of Kerner Building Loan	-	935,000	-	-	-	-	-	-	-	-	-	-	935,000
34 Other Capital Spending	49,333	141,000	141,000	153,333	91,666	94,999	94,999	94,999	61,668	59,333	59,333	59,337	1,101,000
35 Fixed Assets Purchased	14,167	14,167	14,167	14,167	14,167	327,163	14,167	14,167	14,167	14,167	14,167	14,167	483,000
36 Total Capital Expenditures	196,699	1,638,065	786,005	1,074,239	711,922	836,670	804,989	1,151,278	1,157,203	1,168,663	744,351	700,773	10,970,858
37 Total Debt Service & Capital Expenditures	201,733	1,643,099	786,005	1,074,239	711,922	1,026,221	804,989	1,151,278	1,157,203	1,168,663	744,351	1,327,749	11,797,451
38 Capital Net Results	(200,234)	7,493,400	(784,506)	(1,072,740)	(710,423)	1,802,388	(803,490)	(1,149,779)	(1,155,704)	989,929	(742,848)	(1,170,245)	2,495,749
39 Operating & Capital Net Results	(3,747,331)	6,862,176	(1,350,707)	(2,286,072)	(1,332,771)	9,152,251	(3,363,235)	(1,733,748)	(1,793,008)	5,449,255	(1,379,610)	(1,630,738)	2,846,462
Additional Cash Effects - Inflow (Outlay)													
40 Direct Billing - Billed in Oct Collected in Dec.	-	-	-	(420,802)	-	420,802	-	-	-	-	-	-	-
41 Cash Balance Begin	7,217,560	3,470,229	10,332,405	8,981,698	6,274,824	4,942,053	14,515,106	11,151,871	9,418,123	7,625,115	13,074,370	11,694,761	7,217,560
42 Cash Requirements	(3,747,331)	6,862,176	(1,350,707)	(2,706,874)	(1,332,771)	9,573,053	(3,363,235)	(1,733,748)	(1,793,008)	5,449,255	(1,379,610)	(1,630,738)	2,846,462
43 Cash Balance End	3,470,229	10,332,405	8,981,698	6,274,824	4,942,053	14,515,106	11,151,871	9,418,123	7,625,115	13,074,370	11,694,761	10,064,022	10,064,022

**Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 5 - FY 2013/14 Reserves and Fund Balances**

Description	FY 2013/14 Budget	FY 2013/14 Target	Difference
<i>Operations & Maintenance Fund Balance (O&M)</i>			
1 Beginning Balance - O&M	7,217,560		
2 Funding Surplus/(Deficit) - O&M	350,713		
3 Transfers In/(Out) - From/(To) Capital	267,727		
4 Transfers In/(Out) - From/(To) Emergency	-		
5 Transfers In/(Out) - From/(To) OPEB	(100,000)		
6 Ending Balance - O&M Fund	7,736,000	7,736,000	-
<i>Capital Improvement and Replacement Fund Balance</i>			
7 Beginning Balance - Capital Fund	-		
8 Funding Surplus/(Deficit) - Capital Fund	2,495,749		
9 Transfers In/(Out) - From/(To) Operations	(267,727)		
10 Transfers In/(Out) - From/(To) Emergency	(1,000,000)		
11 Ending Balance - Capital Improvement Fund	1,228,022	5,444,000	(4,215,978)
<i>Capital Improvement and Replacement Reserve</i>			
12 Beginning Balance - Capital Reserve	-		
13 Funding Surplus/(Deficit) - Capital Reserve	-		
14 Transfers In/(Out) - From/(To) Operations	-		
15 Transfers In/(Out) - From/(To) Emergency	-		
16 Ending Balance - Capital Improvement Reserve	-	6,556,000	(6,556,000)
<i>Emergency Reserve</i>			
17 Beginning Balance - Emergency	-		
18 Transfers In/(Out) - From/(To) Operations	-		
19 Transfers In/(Out) - From/(To) Capital	1,000,000		
20 Ending Balance - Emergency Reserve	1,000,000	2,000,000	(1,000,000)
<i>Other Post Employment Benefit (OPEB) Reserve</i>			
21 Beginning Balance - OPEB	-		
22 Transfers In/(Out) - From/(To) Operations	100,000		
23 Transfers In/(Out) - From/(To) Capital	-		
24 Ending Balance - OPEB Reserve	100,000	100,000	-
25 Begin Cash Balance	7,217,560		
26 Net Change in Reserve and Fund Balances	2,846,462		
27 Ending Cash Balance	10,064,022	21,836,000	(11,771,978)

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2013/14 Department Budgets - Summary

Total District Expenditures by Department		FY 2012/13 Budget	FY 2012/13 Actual	FY 2013/14 Budget	% Change Budget FY 13/14 vs Budget FY 12/13
1	Treatment Charges	6,806,845	6,668,690	6,725,923	-1%
Operational Expenditures					
2	Operations	5,982,102	4,646,167	5,229,841	-13%
3	Administration ¹	4,988,473	4,700,749	2,006,986	-60%
4	Outside Services	823,488	802,694	798,020	-3%
Total Operational Expenditures		11,794,063	10,149,611	8,034,847	-32%
5	Capital Expenditures	1,325,908	2,297,845	11,797,451	790%
6	Total District Expenditures by Department	19,926,816	19,116,146	26,558,221	33%

Note 1: FY2012/13 Budget includes \$2,608,333 in litigation settlement payments and \$728,550 in Regional Water Quality Control Board fines for the December 2010 sanitary sewer overflow. FY 2013/14 includes the remaining balance due for this fine of \$250,000 in June 2014.

Total District Expenditures by Category		FY 2012/13 Budget	FY 2012/13 Actual	FY 2013/14 Budget	% Change Budget FY 13/14 vs Budget FY 12/13
District Operations					
Salaries & Benefits					
7	Salaries	3,695,776	3,046,147	3,398,411	-8%
8	Benefits & Payroll Taxes	2,020,516	1,605,914	1,783,610	-12%
9	Total Salaries and Benefits	5,716,292	4,652,060	5,182,021	-9%
Other Operational Expenditures					
10	Fines & Settlements	3,378,883	3,313,049	250,000	-93%
11	Professional Services	838,488	876,686	918,020	9%
12	System Maintenance	1,011,513	545,389	737,294	-27%
13	General & Administration	440,136	379,515	487,794	11%
14	Facilities & Utilities	351,661	338,558	363,802	3%
15	Board Expenditures	57,090	44,354	95,916	68%
16	Total Other Operational Expenditures	6,077,771	5,497,550	2,852,826	-53%
CMSA Charges					
17	Treatment Charges	6,806,845	6,668,690	6,725,923	-1%
Capital Expenditures					
18	Capital Expenditures	1,325,908	2,297,845	11,797,451	790%
19	Total District Expenditures by Category	19,926,816	19,116,146	26,558,221	33%

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2013/14 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, Human Resources Manager (proposed), 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 management.

Operating Expenditures by Category	FY 2012/13	FY 2012/13	FY 2013/14	% Change
	Budget	Actual	Budget	Budget FY 13/14 vs Budget FY 12/13
1 Salaries	694,793	589,576	824,716	19% a
2 Benefits & Payroll Taxes	401,725	331,876	403,823	1%
3 Total Salaries and Benefits	1,096,518	921,452	1,228,539	12%
4 Fines & Settlements	3,378,883	3,313,049	250,000	-93% b
5 System Maintenance	2,225	1,038	1,740	-22%
6 General & Administration	366,492	345,057	354,469	-3%
7 Facilities & Utilities	87,265	75,799	76,322	-13%
8 Board Expenditures	57,090	44,354	95,916	68% c
9 Total Other Expenditures	3,891,955	3,779,297	778,447	-80%
10 Total Administration Expenditures by Category	4,988,473	4,700,749	2,006,986	-60%
Authorized Positions	FY 11/12	FY 12/13	FY 13/14	
11 General Manager	1	1	1	
12 Business Manager	1	1	1	
13 Human Resources Manager	0	0	1	
14 Accounting Manager	1	1	1	
15 Administrative Assistant	3	3	3	
16 Total Authorized Positions	6	6	7	

Note a: The increase in the budget is due to cost of living and merit increases and the proposed addition of a Human Resource Manager.

Note b: The decrease in the budget is due to FY2012/13 Budget including \$2,608,333 in litigation settlement payments and \$728,550 in Regional Water Quality Control Board fines for the December 2010 sanitary sewer overflow. FY 2013/14 includes the remaining balance due for this fine of \$250,000 in June 2014.

Note c: The increase in the budget is due to the inclusion of the cost for the election to occur in June, 2014.

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2013/14 Department Budgets - Summary

Administration - Continued

Operating Expenditures by Category	FY 2012/13 Budget	FY 2012/13 Actual	FY 2013/14 Budget	% Change
				Budget FY 13/14 vs Budget FY 12/13
Salaries & Benefits				
<i>Salaries/Wages</i>				
17 Wages	678,733	585,982	819,809	21%
18 Overtime	16,060	3,594	4,907	-69%
19 Subtotal Salaries/Wages	694,793	589,576	824,716	19%
<i>Benefits & Payroll Taxes</i>				
20 457 Employer Matching	-	600	-	
21 Employee Exams	300	1,359	300	0%
22 Employee Fitness	720	186	600	-17%
23 Employee Training	6,204	2,993	2,400	-61%
24 Insurance - Medical/Dental	128,068	116,256	144,509	13%
25 Insurance - Other	7,610	8,207	9,286	22%
26 Insurance - Workers Comp & Unemployment	18,625	17,560	27,202	46%
27 Payroll Taxes	45,077	50,510	55,066	22%
28 Recruiting/Retention	51,200	1,015	19,000	-63%
29 Retirement - Employee	6,820	7,498	6,708	-2%
30 Retirement - Employer	122,101	105,346	114,752	-6%
31 Temporary Help	15,000	20,345	24,000	60%
32 Subtotal Benefits & Payroll Taxes	401,725	331,876	403,823	1%
33 Total Salaries & Benefits	1,096,518	921,452	1,228,539	12%
Fines & Settlements				
34 Fines & Settlements	3,378,883	3,313,049	250,000	-93%
35 Total Fines & Settlements	3,378,883	3,313,049	250,000	-93%
System Maintenance				
36 Vehicle - Fuel	1,200	834	720	-40%
37 Vehicle - Repair	1,025	204	1,020	0%
38 Total System Maintenance	2,225	1,038	1,740	-22%
General & Administration				
39 Membership Dues/Certifications	30,480	35,901	33,100	9%
40 Bank Fees	1,740	809	1,000	-43%
41 Business Meals	240	294	300	25%
42 Computer Equipment	-	348	4,500	
43 Conferences	2,700	700	3,000	11%
44 Insurance - Deductibles	48,000	62,760	72,000	50%
45 Insurance - Liability	145,200	143,814	144,408	-1%
46 Meetings	3,000	802	900	-70%
47 Miscellaneous	492	882	360	-27%
48 Office Equipment	40,440	32,244	31,680	-22%
49 Office Supplies	38,760	23,959	24,000	-38%
50 Postage & Shipping	30,000	7,898	3,720	-88%
51 Printing	4,800	1,740	960	-80%
52 Property Taxes	18,000	18,211	17,574	-2%
53 Software & Maintenance	-	12,556	8,567	
54 Travel - Airfare	1,200	338	1,200	0%
55 Travel - Auto, Ground Transportation	600	1,661	6,000	900%
56 Travel - Hotel	840	140	1,200	43%
57 Total General & Administration	366,492	345,057	354,469	-3%

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2013/14 Department Budgets - Summary

Administration - Continued

Operating Expenditures by Category	FY 2012/13 Budget	FY 2012/13 Actual	FY 2013/14 Budget	% Change Budget FY 13/14 vs Budget FY 12/13
Facilities & Utilities				
58 Facilities - Garbage	8,400	2,294	1,440	-83%
59 Facilities - Janitorial	5,700	5,992	6,000	5%
60 Facilities - Landscaping	5,100	5,100	5,100	0%
61 Facilities - Sewer	-	-	638	
62 Facilities - Security	24,900	17,381	17,760	-29%
63 Utilities - Power	12,000	7,567	7,500	-38%
64 Utilities - Telephone	30,265	33,688	36,864	22%
65 Utilities - Water	900	3,777	1,020	13%
66 Total Facilities & Utilities	87,265	75,799	76,322	-13%
Board Fees				
67 Board Fees	47,250	39,925	39,528	-16%
68 Board Fees - CMSA	3,900	3,416	4,188	7%
69 Business Meals - Board	840	140	300	-64%
70 Conferences - Board	2,400	400	3,000	25%
71 Elections Expense - Board	-	-	45,000	
72 Training - Board	900	150	1,200	33%
73 Travel - Airfare - Board	840	140	1,200	43%
74 Travel - Auto, Ground - Board	120	43	300	150%
75 Travel - Hotel - Board	840	140	1,200	43%
76 Total Board Expenditures	57,090	44,354	95,916	68%
77 Subtotal Other Expenditures	3,891,955	3,779,297	778,447	-80%
78 Total Administration Expenditures	4,988,473	4,700,749	2,006,986	-60%

**Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 6 - FY 2013/14 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 2012/13 Budget	FY 2012/13 Actual	FY 2013/14 Budget	% Change Budget FY 13/14 vs Budget FY 12/13
1 Salaries	3,000,983	2,456,570	2,573,695	-14% a
2 Benefits & Payroll Taxes	1,618,791	1,274,038	1,379,787	-15% b
3 Total Salaries and Benefits	<u>4,619,774</u>	<u>3,730,608</u>	<u>3,953,482</u>	<u>-14%</u>
4 Professional Services	15,000	73,992	120,000	700% c
5 System Maintenance	1,009,288	544,351	735,554	-27% d
6 General & Administration	73,644	34,458	133,325	81% e
7 Facilities & Utilities	264,396	262,758	287,480	9% e
8 Total Other Expenditures	<u>1,362,328</u>	<u>915,559</u>	<u>1,276,359</u>	<u>-6%</u>
9 Total Operations - Expenditures by Category	<u>5,982,102</u>	<u>4,646,167</u>	<u>5,229,841</u>	<u>-13%</u>
Authorized Positions				
	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY 13/14</u>	
10 Chief of Operations	1	1	1	
11 Maintenance/Inspection Superintendent	3	3	3	
12 SCADA Technician	1	1	1	
13 Senior Supervisor	1	1	1	
14 Maintenance Supervisor	7	7	5	
15 District Engineer	1	1	1	
16 Assistant Engineer	2	2	2	
17 Inspector	1	1	1	
18 Safety Coordinator/Environmental Compliance	1	1	1	
19 Maintenance Operator	14	14	16	
20 Total Authorized Positions	<u>32</u>	<u>32</u>	<u>32</u>	

Note a: The decrease in the budget is due to the reclassification of salaries related to capital projects. This decrease is offset by cost of living and merit increases.

Note b: The decrease in the budget is due to the reclassification benefits and payroll taxes related to capital projects. This decrease is offset by an increase in insurance costs.

Note c: The increase in the budget is due to anticipated costs for engineering not directly related to a specific capital project.

Note d: The decrease in the budget is due to the reclassification of system maintenance expenditures related to capital projects.

Note e: The increase in the budget is due to properly reclassifying expenditures from the Administration Department to Operations.

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2013/14 Department Budgets - Summary

Operations - Continued

Operating Expenditures by Category	FY 2012/13 Budget	FY 2012/13 Actual	FY 2013/14 Budget	% Change Budget FY 13/14 vs Budget FY 12/13
Salaries & Benefits				
<i>Salaries/Wages</i>				
21 Wages	2,786,108	2,575,891	2,930,567	5%
22 Overtime	126,912	94,607	83,320	-34%
23 Standby Overtime	87,963	65,897	61,395	-30%
24 Capitalized Salaries	-	(279,824)	(501,587)	
25 <i>Subtotal Salaries/Wages</i>	<u>3,000,983</u>	<u>2,456,570</u>	<u>2,573,695</u>	-14%
<i>Benefits & Payroll Taxes</i>				
26 Boot Allowance	6,036	3,799	6,000	-1%
27 Employee Exams	5,820	3,202	8,700	49%
28 Employee Fitness	3,840	2,440	5,100	33%
29 Employee Training	13,860	6,318	25,969	87%
30 Insurance - Medical/Dental	623,262	527,693	685,833	10%
31 Insurance - Other	36,969	45,364	42,444	15%
32 Insurance - Workers Comp & Unemployment	80,469	95,874	124,352	55%
33 Payroll Taxes	213,305	213,586	228,879	7%
34 Recruiting/Retention	7,200	2,157	1,800	-75%
35 Retirement - Employee	126,799	122,045	123,908	-2%
36 Retirement - Employer	501,231	444,204	475,362	-5%
37 Capitalized Benefits	-	(192,644)	(348,560)	
38 <i>Subtotal Benefits & Payroll Taxes</i>	<u>1,618,791</u>	<u>1,274,038</u>	<u>1,379,787</u>	-15%
39 Total Salaries & Benefits	<u>4,619,774</u>	<u>3,730,608</u>	<u>3,953,482</u>	-14%
Professional Services				
40 Outside Engineering	15,000	73,992	120,000	700%
41 Total Professional Services	<u>15,000</u>	<u>73,992</u>	<u>120,000</u>	700%
System Maintenance				
42 Concrete, Soil & Rock	36,000	34,659	42,000	17%
43 Dump Fees	6,000	6,875	6,000	0%
44 Emergency Repairs	165,996	53,748	180,000	8%
45 Equipment Rental	18,000	22,245	13,200	-27%
46 Equipment Repair	124,000	63,383	120,000	-3%
47 Fats, Oils, & Grease (FOG) Program	6,000	1,000	25,000	317%
48 Maintenance - Outside Services	-	1,098	-	
49 Permits	54,360	8,754	11,950	-78%
50 Safety Equipment	40,700	16,463	34,356	-16%
51 Sewer Line Replacement Services	-	2,886	-	
52 Materials & Parts	244,259	282,412	297,100	22%
53 Testing	6,600	13,039	6,000	-9%
54 Tools	34,380	15,597	51,223	49%
55 Uniforms	40,001	27,494	31,632	-21%
56 Vehicle - Fuel	90,792	101,468	115,845	28%
57 Vehicle - Repair	142,200	101,777	94,488	-34%
58 Capitalized System Maintenance	-	(208,546)	(293,240)	
59 Total System Maintenance	<u>1,009,288</u>	<u>544,351</u>	<u>735,554</u>	-27%

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 6 - FY 2013/14 Department Budgets - Summary

Operations - Continued

Operating Expenditures by Category	FY 2012/13 Budget	FY 2012/13 Actual	FY 2013/14 Budget	% Change Budget FY 13/14 vs Budget FY 12/13
General & Administration				
60 Membership Dues/Certifications	18,900	6,218	6,100	-68%
61 Business Meals	120	20	120	0%
62 Conferences	600	100	600	0%
63 Meetings	600	100	600	0%
64 Office Equipment	21,300	7,679	34,150	60%
65 Office Supplies	6,084	1,240	1,200	-80%
67 Printing	8,100	2,227	28,800	256%
68 Software & Maintenance	16,620	16,644	59,835	260%
69 Travel - Airfare	240	40	240	0%
70 Travel - Auto, Ground Transportation	720	131	1,320	83%
71 Travel - Hotel	360	60	360	0%
72 Total General & Administration	73,644	34,458	133,325	81%
Facilities & Utilities				
73 Facilities - Rent	40,776	40,776	40,776	0%
74 Facilities - Garbage	-	6,069	7,584	
75 Facilities - Landscaping	-	3,354	3,000	
76 Facilities - Security	-	-	8,723	
77 Utilities - Power	174,960	172,358	183,240	5%
78 Utilities - Telephone	25,560	22,724	25,077	-2%
79 Utilities - Water	23,100	17,476	19,080	-17%
80 Total Facilities & Utilities	264,396	262,758	287,480	9%
81 Subtotal Other Expenditures	1,362,328	915,559	1,276,359	-6%
82 Total Operations - All Departments	5,982,102	4,646,167	5,229,841	-13%

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 7 - FY 2013/14 Debt Service

FY	CIP Installment Loan #1 ¹			Bonding FY 2013/14 ²			Kerner Building Loan ³			Total Debt Service Payments		
	Principal	Interest	Total Paid	Principal	Interest	Total Paid	Principal	Interest	Total Paid	Principal	Interest	Total Paid
2012/2013	393,141	334,772	727,913				18,833	41,627	60,459	411,974	376,399	788,373
2013/2014			-	345,000	471,526	816,526	3,193	6,874	10,067	348,193	478,400	826,594
2014/2015			-	415,000	562,054	977,054			-	415,000	562,054	977,054
2015/2016			-	420,000	559,108	979,108			-	420,000	559,108	979,108
2016/2017			-	425,000	555,412	980,412			-	425,000	555,412	980,412
2017/2018			-	430,000	550,864	980,864			-	430,000	550,864	980,864
2018/2019			-	435,000	545,059	980,059			-	435,000	545,059	980,059
2019/2020			-	440,000	537,664	977,664			-	440,000	537,664	977,664
2020/2021			-	450,000	528,820	978,820			-	450,000	528,820	978,820
2021/2022			-	460,000	518,560	978,560			-	460,000	518,560	978,560
2022/2023			-	475,000	506,876	981,876			-	475,000	506,876	981,876
2023/2024			-	485,000	493,624	978,624			-	485,000	493,624	978,624
2024/2025			-	500,000	479,559	979,559			-	500,000	479,559	979,559
2025/2026			-	515,000	464,559	979,559			-	515,000	464,559	979,559
2026/2027			-	530,000	448,594	978,594			-	530,000	448,594	978,594
2027/2028			-	550,000	431,687	981,687			-	550,000	431,687	981,687
2028/2029			-	565,000	413,702	978,702			-	565,000	413,702	978,702
2029/2030			-	585,000	394,605	979,605			-	585,000	394,605	979,605
2030/2031			-	605,000	374,539	979,539			-	605,000	374,539	979,539
2031/2032			-	625,000	353,485	978,485			-	625,000	353,485	978,485
2032/2033			-	650,000	331,423	981,423			-	650,000	331,423	981,423
2033/2034			-	670,000	308,218	978,218			-	670,000	308,218	978,218
2034/2035			-	695,000	283,964	978,964			-	695,000	283,964	978,964
2035/2036			-	720,000	258,388	978,388			-	720,000	258,388	978,388
2036/2037			-	750,000	231,532	981,532			-	750,000	231,532	981,532
2037/2038			-	775,000	203,182	978,182			-	775,000	203,182	978,182
2038/2039			-	805,000	173,499	978,499			-	805,000	173,499	978,499
2039/2040			-	835,000	142,265	977,265			-	835,000	142,265	977,265
2040/2041			-	870,000	109,450	979,450			-	870,000	109,450	979,450
2041/2042			-	905,000	74,824	979,824			-	905,000	74,824	979,824
2042/2043			-	940,000	38,352	978,352			-	940,000	38,352	978,352
	393,141	334,772	727,913	17,870,000	11,345,386	29,215,386	22,026	48,501	70,527	18,285,167	11,728,659	30,013,826

Notes:

1. The CIP Installment Loan is through Citizen's Bank and was obtained to fund capital projects. To be retired with restructuring of debt to be completed in August 2013.
2. The proceeds for the bonds are scheduled to be received in August 2013. The debt service for these bonds is estimated based on a schedule provided by the District's board approved consultant.
3. The Building Loan is through Bank of Marin and was obtained to purchase the new headquarters building at 2960 Kerner Blvd. in San Rafael. This debt will be paid off in August 2013 when the proceeds from the debt restructuring are received.
4. The revolving credit line through the Bank of Marin is a short term borrowing intended to fund capital projects during the Summer Season until the December Tax Roll payments for the Sewer Service Charge and Property Tax are received.

**Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 8 - FY 2013/14 Staffing Plan**

Position	2010/11	2011/12	2012/13	2013/14
Administration				
General Manager	1	1	1	1
Business Manager	1	1	1	1
Human Resources Manager - Proposed	0	0	0	1
Accounting Manager	1	1	1	1
Administrative Assistant	3	3	3	3
Administration Total	6	6	6	7
Operations				
Line Maintenance				
Maintenance Superintendent	1	1	1	1
Senior Supervisor	1	1	1	0
Maintenance Supervisor	3	3	3	1
Maintenance Operator III/II/I/Trainee	5	5	5	8
Line Repair				
Maintenance Supervisor	1	1	1	1
Maintenance Operator	2	2	2	2
Inspection				
Inspection Superintendent	1	1	1	1
Inspector	2	1	1	1
Safety Coordinator/Environmental Compliance	1	1	1	1
Trenchless Repair				
Maintenance Supervisor	1	1	1	1
Maintenance Operator	4	4	4	2
Pump Stations				
Maintenance Superintendent	1	1	1	0
Maintenance Supervisor	1	1	1	1
Maintenance Operator	1	1	1	2
SCADA Technician	1	1	1	1
Line Management				
Chief of Operations	1	1	1	1
Maintenance Superintendent	0	0	0	1
Senior Supervisor	0	0	0	1
Closed Circuit Television (CCTV)				
Maintenance Supervisor	1	1	1	1
Maintenance Operator	2	2	2	2
Engineering				
District Engineer	1	1	1	1
Assistant Engineer	1	2	2	2
Operations Total	32	32	32	32
Total Employee Count	38	38	38	39

Note: All Positions are Full Time

**Sanitary District No. 1 of Marin County
dba Ross Valley Sanitary District
Schedule 9 - FY 2013/14 Capital Assets Summary**

Description	Asset Type	FY 2013/14 Budget
1 Gravity Sewer Lines	Capital Improvement Projects - Sewer Lines	3,662,204
2 Sewer System Replacement Master Plan (SSRMP) Projects	Capital Improvement Projects - Sewer Lines/Pump Stations	3,191,267
3 Sewer Line Repairs and Trenchless Repairs	Capital Improvement Projects - Sewer Lines/Pump Stations	1,143,387
4 Pump Station Rebuilds/Repairs/SCADA	Capital Improvement Projects - Pump Station Equipment	455,000
5	Total Capital Improvement Projects	<u>8,451,858</u> a
6 Lateral Replacement Grant Program	Other Capital	350,000
7 Large Diameter Gravity Sewer Condition Assessment	Other Capital	275,000
8 Infrastructure Asset Management Plan	Other Capital	230,000
9 Studies/Reviews/Miscellaneous	Other Capital	111,000
10 Flow Monitoring	Other Capital	100,000
11 Creekside Park Culvert - Supplemental Environmental Projects	Other Capital	35,000
12	Total Other Capital	<u>1,101,000</u>
13 Kerner Building	Fixed Assets - Building	935,000
14 Vactor Combo Unit	Fixed Assets - Vehicles & Equipment	280,000
15 CCTV Camera Equipment/GPS Units/Miscellaneous	Fixed Assets - Vehicles & Equipment	180,500
16 Scanners/Office Furniture	Fixed Assets - Office Furniture & Equipment	22,500
17	Total Fixed Assets - Other	<u>483,000</u>
18 Debt Service	Debt Service	826,594
19	Total Budgeted Capital Assets	<u><u>11,797,451</u></u>

a - See Schedule 10 - FY 13/14 Capital Projects

Sanitary District No. 1 of Marin County
 dba Ross Valley Sanitary District
 Schedule 10 - FY 2013/14 Capital Improvement Projects

CIP No.	Project Name	Project Description	Community	Type	Design	Construction	FY 14 Cost	Comments	
1	FY14-A	FY 2014 Sewer Rehabilitation Projects - Group A	SEWER project rehabilitates 8,492 feet of pipeline.	Fairfax, San Anselmo, Kentfield, Larkspur	Gravity Sewer	-	1,415,527	1,415,527	Rehabilitation by CIPP method of 2,150 LF of pipeline in Fairfax, 2,676 LF of pipeline in San Anselmo, 1,635 LF of pipeline in Kentfield, and 2,031 LF of pipeline in Larkspur.
2	FY14-B	FY 2014 Sewer Rehabilitation Projects - Group B	SEWER project rehabilitates 9,150 feet of pipeline.	Fairfax, San Anselmo, Ross, Kentfield, Larkspur	Gravity Sewer	193,624	1,921,203	2,114,827	Rehabilitation by pipebursting, open-cut, and CIPP methods of 2,498 LF of pipeline in Fairfax, 2,565 LF of pipeline in San Anselmo, 1,596 LF of pipeline in Ross, 1,114 LF of pipeline in Kentfield, and 1,377 LF of pipeline in Larkspur.
3	FY14-FOSS	FY 2014 Sewer Rehabilitation Projects - Foss Avenue	SEWER project rehabilitates 440 feet of pipeline.	San Anselmo	Gravity Sewer	-	131,850	131,850	Rehabilitation by open-cut method of 440 LF of pipeline in San Anselmo.
4	Total Gravity Sewer Line Projects							3,662,204	
5	CIP-13a	PS 12 Bon Air Improvements	PUMP STATION project adds pumps to provide adequate wet weather capacity with the largest pump out of service and other improvements comprise operations and reliability upgrades and IAMP condition and hydraulics improvements.	Greenbrae (Larkspur)	Pump Station	400,000	-	400,000	Total estimated project cost is \$2,000,000.
6	CIP-8a/10	Riviera Circle Pump Station, Force Main, and Pipeline Improvements	Combination of gravity SEWER, PUMP STATION, and FORCE MAIN improvements. Evaluate eliminating four pump stations by combining the necessary gravity sewer replacement project with replacement of two pump stations (PS 33 and one other PS) and construction of force mains in Riviera Circle and to Doherty Drive. Replace 1,050 feet of PS 33 force main across Corte Madera Creek.	Larkspur	Pump Station/ Force Main/ Gravity Sewer	583,800	-	583,800	Total estimated project cost is \$4,358,000.
7	CIP-22/24	PS 21 Hwy 101 and PS 20 Landing A Improvements	PUMP STATION 20 project replaces aging equipment and improves facility operation and safety/reliability. Highway 101 SEWER project eliminates PS 21 by a highway crossing gravity diversion to Larkspur Landing Circle.	Greenbrae, Larkspur	Pump Station/ Force Main/ Gravity Sewer	78,867	-	78,867	Total estimated project cost is \$1,183,000.
8	CIP-13b	PS 13 Greenbrae Improvements	PUMP STATION improvements comprise operations and reliability upgrades and IAMP condition and hydraulics improvements.	Greenbrae (Larkspur)	Pump Station	1,000,000	-	1,000,000	Total estimated project cost is \$5,000,000.
9	CIP-17	FM 13 Greenbrae and Techite Bypass Force Main Improvements	FORCE MAIN projects replace 2,900 feet of pipe that is nearing the end of its design life and showing increasing corrosion and rehabilitate 1,450 feet of Techite bypass force main.	Greenbrae/Larkspur	Force Main	226,200	-	226,200	Total estimated project cost is \$3,393,000.
10	CIP-16b	Magnolia Avenue Trunkline Improvements	SEWER project rehabilitates 4,375 feet of Techite and ACP trunkline. Original SHECAP project called for upsizing 2,300 feet of pipe, however the actual pipe was larger than 15 inches.	Larkspur	Gravity Sewer	500,000	-	500,000	Total estimated project cost is \$3,600,000.
11	CIP-15b	Westbrae/Hawthorne Rehabilitation/Capacity Improvements	SHECAP project upsizes 1,278 feet of pipeline. Construct 700 feet of diversion sewer in order to realign and eliminate creek crossing.	Fairfax	Gravity Sewer	186,400	-	186,400	Total estimated project cost is \$932,000.
12	CIP-6	Sequoia Park Rehabilitation	SEWER project rehabilitates 22,000 feet of pipeline.	San Anselmo	Gravity Sewer	216,000	-	216,000	Total estimated project cost is \$8,640,000.
13	Total Sewer System Replacement Master Plan (SSRMP) Projects							3,191,267	
14		Pump Station Rebuilds/Repairs/SCADA	PUMP STATION improvements including SCADA system installation.	Various	Pump Station	-	455,000	455,000	
15		Sewer Line Repairs and Trenchless Repairs	Work performed by in-house crews which add substantial value and useful life to the District's assets.	Various	Pump Station/ Force Main/ Gravity Sewer	-	1,143,387	1,143,387	
16	Budgeted Capital Improvement Projects					3,384,891	5,066,967	8,451,858	See Schedule 9 - Capital Asset Summary