

MARIN LOCAL AGENCY FORMATION COMMISSION

RESOLUTION NO. 25-01

ADOPTION OF THE CENTRAL MARIN WASTEWATER MUNICIPAL SERVICE REVIEW

WHEREAS the Marin Local Agency Formation Commission, hereinafter referred to as the “Commission”, is a political subdivision of the State of California with regulatory and planning responsibilities to produce orderly growth and development under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS the Commission is responsible under Government Code Section 56430 to regularly prepare studies to independently assess the availability, performance, and need of governmental services to inform its regulatory and other planning activities; and

WHEREAS part of such reviews, LAFCos must compile and evaluate service-related information and make written determinations regarding infrastructure needs or deficiencies, growth and population projections for the affected area, financing constraints and opportunities for shared facilities, government structure options, including advantages and disadvantages of consolidation or reorganization of service providers, evaluation of management efficiencies, and local accountability and governance; and

WHEREAS a written report on the municipal service review was presented to the Commission at a public hearing on Thursday, December 12, 2024, in a manner provided by law; and

WHEREAS Marin LAFCo issued a Draft Service Review on Tuesday, December 26, 2024, which included a public hearing, and a Final Service Review on Thursday, February 13, 2025, which also included a public hearing; and

WHEREAS as part of the Central Marin Wastewater Municipal Service Review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

NOW, THEREFORE, the Marin Local Agency Formation Commission **DOES HEREBY RESOLVE, DETERMINE AND ORDER**, based upon the information contained in the written report, correspondence from affected agencies and information received during the public hearings, as follows:

1. The Commission determines this municipal service review is a project under the California Environmental Quality Act but qualifies for an exemption from further action as an informational document consistent with State CEQA Guidelines Section 15306, Class 6.
2. The Commission adopts the municipal service review and the statement of written determinations generated from the information presented in the written report on the municipal service review as set forth in Exhibit “A”.
3. The Commission refers the public to the report on the municipal service review for additional details and important context, including – but not limited to – documenting each agency’s active and latent service powers.

PASSED AND ADOPTED by the Marin Local Agency Formation Commission, on February 13, 2025, by the following vote:

AYES: Commissioners Murray, Burdo, Chu, Lucan, Coler, Rodoni, Kious

NOES: _____

ABSTAIN: _____

ABSENT: _____

Barbara Coler
Barbara Coler (Feb. 14, 2025 12:01 PST)
Barbara Coler, Chair
Marin LAFCo

ATTEST:

APPROVED AS TO FORM:

Jason Fried
Jason Fried, LAFCo Executive Officer

Malathy Subramanian
Malathy Subramanian (Feb. 14, 2025 11:17 PST)
Malathy Subramanian, LAFCo Counsel

Attachments to Resolution No. 25-01

- 1) Exhibit "A"

EXHIBIT A
CENTRAL MARIN WASTEWATER MUNICIPAL SERVICE REVIEW

MUNICIPAL SERVICE REVIEW DETERMINATIONS
GOVERNMENT CODE SECTION 56430

1. Growth and population projections for the affected area.

a) Despite an annual population decline since 2017 of -0.48%, the Association of Bay Area Governments (ABAG) projects the population of Marin County to grow by 12% by 2040 to a total population of 283,000. While the current development potential within the multiple planning areas throughout the County is fairly minimal, ABAG's Regional Housing Needs Allocation plan has required the addition of 3,569 housing units in unincorporated Marin County, and 9,971 units within all of the incorporated cities and towns throughout the County. Using the baseline of the average persons per household captured by the 2020 Census for Marin County of 2.4, if the full RHNA allocation were to be met, it could reasonably be assumed to add approximately 32,000 people to the current population estimate of 252,959.

Within the affected agencies in the study area, the total estimated population is 129,282. Each of the agencies among LGVSD, RVSD, SD2, SQVSMD, and SRSD have seen minimal growth since 2010, with SD2 having the highest annual growth rate during this stretch of 0.66%. As each of the areas within the affected agencies is essentially built out, additional growth over the next ten years is expected to be minimal and on par with what has been experienced over the past decade. Despite the Regional Housing Needs Allocation (RHNA) housing mandates within each of the affected agencies' jurisdictions, the anticipated growth impacts from these prospective developments are anticipated to be dispersed well beyond the current planning cycle due in part to the nature of development difficulties in Marin County, the current costs of development in correlation to the requirement of affordable housing, and the cost of living in the area.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

a) One census tract block group (Tract 1121, Block Group 1) that has been designated by Marin LAFCo as a disadvantaged unincorporated community (DUC) based on 2023 American Community Survey data has been identified within the study area. The block group is situated within the northern section of the California Park unincorporated island in the southern San Rafael area. A disadvantaged community is defined in Water Code Section 7905.5(a) as a community with an annual median household income of less than 80 percent of the statewide median household income. The statutory definition of DUCs comes from Government Code Section 56033.5, which defines DUCs as "inhabited territory" that constitutes all or a portion of a disadvantaged community. "Inhabited territory" may be defined by Government Code Section 56046 as having at least 12 registered voters, or it can be determined by "commission policy".

Per Marin LAFCo's policy, Marin LAFCo will include considerations of disadvantaged unincorporated communities within a city or district sphere of influence in statements of written determinations of municipal service reviews. Marin LAFCo will prohibit the approval of city annexations greater than 10 acres that are contiguous to a disadvantaged unincorporated community unless the city applies to annex the disadvantaged unincorporated community as well. At this time Marin LAFCo has no applications for annexation for any lands contiguous to the identified DUC. Should LAFCo in the future get such a request then it will work with the community to determine if it is in the best interest of those living within the DUC to be annexed. If it is not in the community's best interest, then they would not be included in that application.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

a) All of the affected agencies with collection systems and/or treatment facilities in Central Marin are accounting for and funding therein replacement of their capital infrastructure, albeit to different degrees and accordingly producing a sizeable range in equipment age among the agencies. Each of the agencies over the course of the study window has accelerated its approach to infrastructure rehabilitation in comparison to the previous study window. All of the wastewater collection systems within Central Marin appear adequately sized in accommodating current and projected flow demands. This comment is substantiated given none of the affected agencies' collection systems' peak-day demands generated during the study period exceeded 74% of estimated capacity.

LGVSD is the entity responsible for treating and disposing of all wastewater generated within the Las Gallinas Watershed portion of Central Marin and has adequate capacity to accommodate current and projected flows through the next 5 years. CMSA is the entity responsible for treating and disposing of all wastewater generated within the Ross Valley and San Rafael Creek Watersheds portion of Central Marin and has adequate capacity to accommodate current and projected flows through the next 5 years.

4. Financial ability of agencies to provide services.

a) The Central Marin Sanitation Agency, Ross Valley Sanitary District, San Rafael Sanitation District, Las Gallinas Valley Sanitary District, Sanitary District No. 2 of Marin County, and San Quentin Village Sewer Maintenance District all prepare annual budgets and financial statements in accordance with established governmental accounting standards. The Boards of Directors, Boards of Commissioners, and the County Board of Supervisors acting as the Board for SQVSMD, may amend their budgets by resolution during the fiscal year in order to respond to emerging needs, changes in resources, or shifting priorities. Expenditures may not exceed appropriations at the fund level, which is the legal level of control

b) The special district General Managers and County Administrative Officer are authorized to transfer budgeted amounts between accounts, departments, or funds under certain circumstances, however; the Special District Boards, JPA Commission, and County Board of Supervisors acting as the Board for the SQVSMD, must approve any increase in the

operating expenditures, appropriations for capital projects, and transfers between major funds and reportable fund groups. Audited financial statements are also prepared for each agency by independent certified public accounting firms.

c) While additional revenues are needed to provide some services and maintain infrastructure covered in this MSR, each agency meets its current and projected financial responsibilities to provide services. While SQVSMD creates sufficient annual revenue to meet current expense trends, a rate increase would be necessitated in the case that the District's residents were charged for CMSA treatment services that are currently being received. Each of the affected agencies within the study area has demonstrated strong financial health over the study window. All of the agencies, with the exception of SQVSMD due to its minimal infrastructure and focus on the proactive maintenance of that infrastructure as opposed to large-scale replacement, have been proactive in ensuring rates are adjusted to ensure that both current and future capital improvement plans are attainable while continuing to provide the same level of uninterrupted service to its user base. Each of the agencies has shown consistent growth in net position, significant investment in capital assets, and budgetary management that has shown revenues outpacing operating expenditures on an annual basis.

5. Status of, and opportunities for, shared facilities.

a) No opportunities were identified for the sharing specifically of constructed facilities between any of the agencies reviewed within the study.

6. Accountability for community service needs, including governmental structure and operational efficiencies.

a) Given the contiguous nature of the three single-service wastewater collection agencies within CMSA as well as the significant possibility of the pending consolidation of services between SRSD and CMSA, the Commission as well as the affected agencies should continue to evaluate options to potentially reorganize and consolidate public wastewater services in Central Marin among agencies in the Ross Valley and San Rafael Creek Watersheds. Should the consolidation efforts between SRSD and CMSA be completed, an annual evaluation of not just cost savings but also employee retention and service delivery efficiency should be completed in order to further examine whether further consolidation efforts throughout the region could produce greater accountability and efficiency within the combined watershed.

b) The reorganization of SQVSMD by dissolving the District and concurrently placing its respective service area into RVSD by annexation appears readily merited to improve local accountability and service efficiencies. This reorganization would eliminate a seemingly superfluous dependent special district governed by the County of Marin in favor of recognizing RVSD as the preferred and more capable service provider moving forward.

c) Currently, each of the member agencies that comprise the Sewerage Agency of Southern Marin has, while at varying levels, room for growth within each of their agreed-upon allocated capacities within the SASM Corrective action is needed to appropriately amend jurisdictional boundaries to better align service areas with existing property lines within the Ross Valley and San Rafael Creek Watersheds. Similarly, boundary clean-ups are needed to

correct instances where actual service provision in this region does not match up with assigned jurisdictional boundaries.

Any other matter related to effective or efficient service delivery, as required by commission policy

a) During the course of this municipal service review, Marin LAFCo requested information from the Las Gallinas Valley Sanitary District regarding the area that is currently outside of its jurisdictional boundary just to the southwest of its treatment plant. The area in question holds the McInnis Park Golf Center, the San Rafael Airport, and two recently completed developments of Gravity Vault Marin and Flyte Racquet Club. Given that this area is essentially surrounded by LGVSD lands and is in such close proximity, Marin LAFCo inquired as to whether the District was providing wastewater collection/treatment to these high-use facilities. District staff was unable to provide Marin LAFCo with the requested information within the allotted time available. As such, LGVSD staff should complete the necessary testing to assess whether service is currently being provided to this area and report back to Marin LAFCo with the findings. If service is currently being provided, the District should submit an application for annexation to Marin LAFCo in a timely manner.

b) During the course of this study, staff discovered that SQVSMD ratepayers do not receive charges for the treatment of their wastewater from CMSA. It appears that this has been occurring due to the SQVSMD system feeding into the San Quentin Rehabilitation Center, which then mixes with that facility's wastewater flows, and the facility being charged a fixed annual fee under the current contractual agreement. In addition, the Caltrans Maintenance yard which is just outside of SQVSMD boundaries has been sending wastewater flows through SQVSMD to CMSA without payment to SQVSMD for collection or to CMSA for treatment.












Resolution 25-01 Adopting CMW MSR R

Final Audit Report


2025-02-18

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