



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## NOTICE OF REGULAR MEETING AND AGENDA

### Marin Local Agency Formation Commission

Thursday, August 10, 2017

Marin Clean Energy | Charles McGlashan Room  
1125 Tamalpais Avenue, San Rafael, California

**\* REMINDER OF NEW MEETING LOCATION \***

#### 7:00 P.M. – CALL TO ORDER BY CHAIR

#### ROLL CALL BY CHAIR

#### AGENDA REVIEW

The Chair or designee will consider any requests to remove or rearrange items by members.

#### OPEN TIME

This portion of the meeting is reserved for persons desiring to address the Commission on any matter not on the current agenda. All statements that require a response will be referred to staff for reply in writing or will be placed on the Commission's agenda for consideration at a later meeting. Speakers are limited to three minutes.

#### CONSENT CALENDAR ITEMS

All items calendared as consent are considered ministerial or non-substantive and subject to a single motion approval. The Chair of designee will also consider requests from the Commission to pull an item for discussion.

**1. Approval of Meeting Minutes | June 8, 2017 Regular Meeting (action)**

Staff has prepared meeting minutes for the last meeting of the Commission. This involves a regular meeting held on June 8th. The minutes are being presented for formal approval with any desired corrections or clarifications.

**2. End of Year Financial Report for Fiscal Year 2016-2017 (action)**

The Commission will review an end of year report comparing budget and actual transactions for 2016-2017. The report notes the Commission finished the fiscal year with a net operating surplus of \$14,299 or 3.0%. This amount represents a significant improvement over the budgeted operating net of (\$25,000) and is largely attributed unexpected savings in payroll costs. The report is being presented to the Commission to accept and file as well as to provide direction as needed.

**3. Commission Ratification | Reconciled Payments from June 1 to June 30, 2017 (action)**

The Commission will consider ratifying payments made by the Executive Officer during the month of June. The payments cover all reconciled payroll and non-payroll expenses during the period and total \$59,403. The payments are being presented for formal ratification consistent with adopted policies.

**4. Request for Time Extension to Complete Approval Terms | 263 Second Street et al. to the Tomales Village Community Services District (action)**

The Commission will consider an applicant's request for a second time extension to complete the terms established by Marin LAFCO in approving the annexation of territory at 263 Second Street and three adjacent and/or nearby undeveloped lots to the Tomales Village Community Services District on August 13, 2015. Staff believes the request is reasonable and recommends approval of another one-year extension. The affected parcels are identified by the County of Marin as 102-041-40, 41, 42, and 43.

**CONSENT CALENDAR CONTINUED...****5. Request to Extend an Approval Term Date | Outside Wastewater Services to 255 Margarita Drive by San Rafael Sanitation District (action)**

The Commission will consider a request by the San Rafael Sanitation District to extend its approval from Marin LAFCO to provide wastewater services by contract outside the District boundary to 255 Margarita Drive in the County Club community. Two earlier six-month extensions have been requested and approved by the Commission and most recently on February 9th. Staff recommends approval of a third time extension, albeit for only two months and as a means to further motivate the parties to reach an agreement and satisfy all outstanding terms. The affected parcel is identified as 016-011-29.

**6. Progress Report on 2017-018 Workplan (action)**

The Commission will receive a progress report on accomplishing specific projects established as part of the adopted workplan for 2017-2018. The report is being presented to the Commission to formally accept as well as to provide direction to staff as needed.

**7. Approval of Cost-of-Living Adjustment to Employee Salaries (action)**

The Commission will consider formal approval of a 3.0% cost-of-living adjustment for Marin LAFCO employees effective July 1, 2017. The proposed action was contemplated in the adopted operating budget and parallels the practice of the Commission to follow the County of Marin in providing cost-of-living adjustments for unrepresented employees.

**8. Proposed Contract Amendments with Executive Officer (action)**

The Commission will consider recommendations by the Policy Committee to amend Marin LAFCO's employment contract with Keene Simonds for Executive Officer services. Proposed amendments include an equity adjustment to increase the annual salary by \$2,500 and establish a monthly automobile allowance in the amount of \$500. It is also recommended the amendments become effective on September 9, 2017 and in step with the anniversary date of employment with the Commission.

**9. Candidates for the Special Districts Risk Management Authority (action)**

The Commission will consider selecting nominated candidates to serve on the Special Districts Risk Management Authority's Board of Directors; a legally separate joint-powers authority in which the Commission is a signatory and provides pooled insurance services. It is recommended the Commission authorize the Chair to execute the resolution provided by SDRMA making ballot selections on behalf of the membership.

**10. California Association of Local Agency Formation Commissions | Annual Conference (action)**

The Commission will consider action items relating to CALAFCO's Annual Conference scheduled for October 25-27th in Mission Bay (San Diego). Requested actions include appointment of voting delegates, board nominations for city and public member seats, and achievements award submittals. It is recommended the Commission authorize the Chair to make the requested appointments and nominations with input from the membership before the associated deadlines.

**11. Authorization to Approve Audit Expenditure (action)**

The Commission will consider authorizing the Executive Officer to approve an expenditure for R.J. Ricciardi & Associates to prepare an independent audit for 2016-2017 in an amount not-to-exceed \$6,760 plus direct costs. Approval would follow an earlier decision by the Commission to select R.J. Ricciardi & Associates for auditing services beginning in 2012-2013 following a competitive bid process. Staff recommends approval.

**CONSENT CALENDAR CONTINUED...****12. Expense Authorization and Associated Budget Amendments | New Computer Networking System and Ongoing Support Services (action)**

The Commission will consider three related actions tied to authorizing and funding a new computer networking system at Marin LAFCO. Two of the actions involve authorizing the Executive Officer to enter into agreements with a local vendor to purchase, deliver, set-up, and separately provide ongoing support for a new Apple computer network system covering four workstations. The initial and combined cost of the two agreements during the first year is \$21,306 (equipment and support) and followed by \$7,140 (support) each year thereafter if renewed. The third action involves approving a budget amendment for \$16,166 to cover the majority of the first year costs by transferring projected savings out of salaries/benefits. No reserves would be used implementing this project.

**13. Current and Pending Proposals (information)**

The Commission will receive a report identifying active proposals on file with Marin LAFCO as required under statute. The report also identifies pending local agency proposals to help telegraph future workload. The report is being presented to the Commission for information only.

**14. CALAFCO Quarterly Report (information)**

The Commission will receive a quarterly report from CALAFCO summarizing current and pending news through June 2017. The quarterly report is being presented for information.

**PUBLIC HEARING ITEMS****15. Central Marin Wastewater Study | Final Report with Determinations and Related Actions (action)**

The Commission will consider two distinct actions associated with Marin LAFCO's scheduled municipal service review on public wastewater services in Central Marin. The first action is to formally accept and file a final report prepared by staff that has been updated from its draft presentation in April in independently examining and making related determinations on the relationship between demands and capacities relative to the Commission's regional growth management interests. The second action is to approve a resolution codifying the written determinations included in the final report addressing the mandatory governance, service, and finance factors required for consideration under State law and is being presented for adoption.

**16. North Marin Water District | Final Report on Sphere of Influence Update and Associated Items (action)**

The Commission will consider taking two actions tied to its scheduled sphere of influence update on the North Municipal Water District. The first action is to receive and file a final report prepared by staff evaluating the current sphere designation and update recommendations therein relative to State law and Commission policies. The second action is to consider adopting a resolution updating the sphere consistent with the recommendations of the final report and headlined by making one immediate modification to include approximately 2,230 acres located off of State Highway 1 in the West Marin service area. Other recommendations focus on policy statements involving areas within Dillion Beach and South Sonoma County and include designating these as priority reviews ahead of the next scheduled update.

**17. Boundary Change Proposal and Related Actions | Annexation of 571 McClay Road to the Novato Sanitary District (action)**

The Commission will consider two related actions tied to a landowner request to annex one unincorporated parcel totaling 3.24 acres within the Indian Valley community to the Novato Sanitary District. The first action involves approving a negative declaration for the underlying project and based on the recommendation of an initial study. The second action involves approving the annexation and upon consideration of the mandatory factors required of the Commission anytime it reviews a proposed boundary change. Staff recommends approval of both actions with the latter including the application of standard conditions. The subject assessor parcel is identified by the County of Marin as 146-180-46.

**BUSINESS ITEMS****18. Final Proposal to Readopt Study Schedule (action)**

The Commission will review a final proposal from the Policy Committee to readopt a new five-year study schedule calendaring municipal service reviews. The final proposal would replace the existing study schedule set to expire at the end of the next fiscal year and calendars municipal service reviews beginning in 2017-2018 and extending to 2021-2022. The final proposal follows the earlier presentation of a draft at the June 8th meeting and subsequent public review and remains entirely intact with no changes.

**19. Financial Audit for Fiscal Year Ending June 30, 2016 (action)**

The Commission will receive a report from an outside consultant auditing Marin LAFCO's financial statements for 2015-2016. The report concludes the tested statements show no material weaknesses or omissions and accurately reflects the Commission's financial standing with an adjusted ending unrestricted fund balance of \$177,137; a net difference of (\$19,481) over the prior fiscal year. Two recommendations are provided in the accompanying management letter to further improve accounting practices and are accordingly being addressed by staff. The report is being presented to receive and file.

**20. Approval of New and Amended Job Descriptions (action)**

The Commission will consider recommendations from the Policy and Personnel Committee to approve new and amended job descriptions as contemplated in the adopted workplan. The proposed new job description involves establishing the position of Assistant Policy Analyst to address existing workflow needs and ahead of initiating a recruitment. The amended job description involves retitling the existing position of Administrative Analyst to Policy Analyst along with related changes to better reflect existing duties of the position.

**21. Conversion of Agenda Packets to E-Form | Overview of Tablets and Policy Adoption (action)**

The Commission will consider adopting policies involving the use of iPads as it relates to the issuance, possession, and related liability matters. The Commission will also receive a brief presentation from staff on implementing the planned conversion of agenda packets from hard copies to e-form though the use of Marin LAFCO issued tablets. This includes issuing tablets to interested Commissioners with staff going over key features and usage of tablets going forward in conducting Marin LAFCO business.

**EXECUTIVE OFFICER REPORT****COMMISSIONER ANNOUNCEMENTS AND REQUESTS****ADOURNMENT TO NEXT MEETING**

Thursday, October 12, 2017

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Pursuant to GC Section 84308, if you wish to participate in the above proceedings, you or your agent are prohibited from making a campaign contribution of \$250 or more to any Commissioner. This prohibition begins on the date you begin to actively support or oppose an application before LAFCO and continues until 3 months after a final decision is rendered by LAFCO. If you or your agent have made a contribution of \$250 or more to any Commissioner during the 12 months preceding the decision, in the proceeding that Commissioner must disqualify himself or herself from the decision. However, disqualification is not required if the Commissioner returns that campaign contribution within 30 days of learning both about the contribution and the fact that you are a participant in the proceedings. Separately, any person with a disability under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or a copy of all the documents constituting the agenda packet for a meeting upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting. Please contact the LAFCO office at least three (3) working days prior to the meeting for any requested arraignments or accommodations.

**Marin LAFCO**

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 1 (Consent/Action)

August 4, 2017

**TO:** Marin Commissioners

**FROM:** Rachel Jones

**SUBJECT: Approval of Meeting Minutes |  
June 8, 2017 Regular Meeting**

Staff has prepared meeting minutes for the last meeting of the Commission. This involves a regular meeting held on June 8th. The minutes are being presented for formal approval with any desired corrections or clarifications.

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs’ duties and responsibilities are prescribed under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

### A. Background

The Ralph M. Brown Act was enacted by the State Legislature in 1953 and establishes standards and processes therein for the public to attend and participate in meetings of local government bodies as well as those local legislative bodies created by State law; the latter category applying to LAFCOs. The “Brown Act” requires – and among other items – public agencies to maintain minutes for all meetings.

### B. Discussion

This item is for Marin LAFCO (“Commission”) to consider approving action minutes for the June 8, 2017 regular meeting. Attendance at both meetings is noted below.

- All members were present at the special meeting held on March 16<sup>th</sup> with the exception of Chair Blanchfield and Commissioner Arnold (alternate).

### **C. Analysis**

The action minutes for both listed meetings accurately reflect the Commission's actions as recorded by staff. A video recording of the June 8<sup>th</sup> regular meeting is also available online for viewing at [www.marinlafco.org](http://www.marinlafco.org).

### **D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative One (Recommended):

Approve the draft action minutes prepared for the June 8, 2017 regular meeting with any desired corrections or clarifications.

Alternative Two:

Continue consideration of the item to the next regular meeting and provide direction to staff as needed.

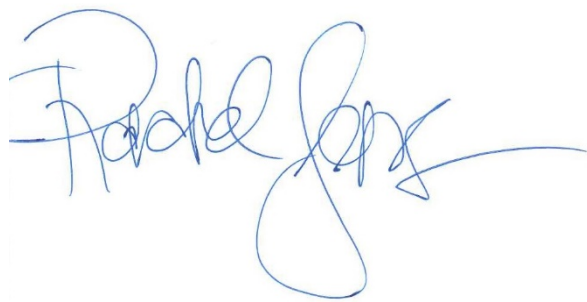
### **E. Recommendation**

It is recommended the Commission proceed with the action identified in the preceding section as Alternative One.

### **F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,



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Rachel Jones  
Administrative Analyst

Attachments:

- 1) Draft Minutes for June 8, 2017



**Marin Local Agency Formation Commission**  
Regional Service Planning | Subdivision of the State of California

**DRAFT MINUTES**

**REGULAR MEETING**

Thursday, June 8, 2017

Marin Clean Energy | Charles McGlashan Room  
1125 Tamalpais Avenue, San Rafael, California

**CALL TO ORDER BY CHAIR**

**Vice Chair Condon called the meeting to order at 7:10 p.m.**

**ROLL CALL BY CHAIR**

**Regulars Present:** Carla Condon, Vice Chair  
Jack Baker  
Damon Connolly (7:20 p.m.)  
Sashi McEntee  
Craig K. Murray  
Dennis Rodoni

**Alternates Present:** Chris Skelton \*  
Matt Brown  
Lew Kious

*\* voting in place of absent regular members*

**AGENDA REVIEW**

**Vice Chair Condon asked if there were any requests for changes to the agenda. No requests were made from the public. Vice Chair did note the Commission would continue a closed session item regarding labor negotiations due to Chair Blanchfield's absence at tonight's meeting. No objections were made and Vice Chair Condon proceeded with the next agenda item.**

**ADJOURN TO CLOSED SESSION**

**The Commission adjourned to a closed session regarding the following item:**

- ANTICIPATED LITIGATION – The Commission met to discuss significant exposure to litigation for one case pursuant to Government Code Section 54956.9(d)(2).

**RETURN FROM CLOSED SESSION**

**Vice Chair Condon reported the Commission took no action in closed session.**

## OPEN TIME

**Vice Chair Condon invited members of the audience to address the Commission on any LAFCO related matters not listed on the agenda. No requests were made from the public. Commissioner Baker made announcement about former Alternate Commissioner Chris Burdick's health following a knee injury and invited Commissioners to pay him a visit.**

## CONSENT CALENDAR ITEMS

All items calendared as consent are considered ministerial or non-substantive and subject to a single motion approval. The Chair of designee will also consider requests from the Commission to pull an item for discussion.

- 1. Approval of Meeting Minutes |  
March 16, 2017 Special Meeting and April 13, 2017 Regular Meeting (action)**  
Staff has prepared meeting minutes for the last two meetings of the Commission. This involves a special meeting held on March 16th and a regular meeting held on April 13th. The minutes are being presented for formal approval with any desired corrections or clarifications.
- 2. Commission Ratification |  
Reconciled Payments from April 1, 2017 to April 30, 2017 (action)**  
The Commission will consider ratifying payments made by the Executive Officer during the month of April. The payments cover all reconciled payroll and non-payroll expenses during the period and total \$42,413. The payments are being presented for formal ratification consistent with adopted policies.
- 3. Budget Update for 2016-2017 and Year End Projections (action)**  
The Commission will review a report comparing budgeted and actual transactions for 2016-2017 through April 30, 2017 and its projection Marin LAFCO is on pace to finish with an operating net of \$1,908 or 0.4%. This projection marks a substantive improvement over the budgeted operating net of (\$25,000) and largely attributed to unexpected savings in payroll costs. The report is being presented to the Commission to accept and file as well as to provide direction as needed.
- 4. Approval of Budget Amendments for 2016-2017 |  
Transfer of \$24,000 Between Operating Expense Units (action)**  
The Commission will consider two related budget amendments to help ensure all operating expense units maintain positive balances through the end of the fiscal year. The proposed amendments seek to make use of unexpected savings in payroll by transferring \$24,000 out of the Salaries and Benefits Unit with \$19,000 going to the Administrative Activities Unit to cover increased legal services. The remaining \$5,000 would go to the Services and Supplies Unit to cover increased general office supplies.
- 5. Approval to Extend Agreement |  
Support Services with the Southern Marin Fire Protection District (action)**  
The Commission will consider making amendments to its existing support services agreement with the Southern Marin Fire Protection District. This agreement currently provides terms for the Commission to receive specified bookkeeping and related accounting services from the District and through its Finance Director at a total not-to-exceed cost of \$15,000 through June 30, 2017. Staff is seeking authorization to amend the agreement terms through December 31, 2017 and at a total not-to-exceed cost of \$22,500.
- 6. Progress Report on 2016-2017 Workplan (action)**  
The Commission will receive a progress report on accomplishing administrative and planning projects established in the adopted workplan for 2016-2017. This includes summarizing the seven projects completed to date while highlighting the dozen-plus activities substantively underway. The report notes ongoing reductions in staffing levels and related matters have slowed agency efficiencies in addressing certain projects, and most notably as it relates to scheduled municipal service reviews. The report is being presented to the Commission to formally accept as well as to provide direction to staff as needed.



- 7. Request for Time Extension to Complete Approval Terms | Annex 700 and 726 Sequoia Valley Road to Homestead Valley Sanitary District (action)**  
The Commission will consider a request for a time extension to complete the terms established by Marin LAFCO in approving the annexation of territory at 700 and 726 Sequoia Valley Road to the Homestead Valley Sanitary District on June 9, 2016. Staff recommends approval of a one-year extension subject to receipt of the \$680 filing fee as provided under policy by June 16, 2017. The affected parcels are identified by the County of Marin Assessor as 046-231-07 and 046-301-01.
- 8. Notice of Extended Public Review and Comment | Central Marin Wastewater Study (information)**  
The Commission will receive an update on its scheduled Central Marin Wastewater Study. This includes – and with the concurrence of the Chair – approval by the Executive Officer to extend the public review and comment period on the draft report presented at the April 13th meeting. The review and comment period now extends for an additional 30 days through June 30th. A final report is expected to be presented for action at the August 10th meeting.
- 9. Comment Letter | Plan Bay Area 2040 Update (information)**  
The Commission will receive an update on the Metropolitan Transportation Commission and Association of Bay Area Governments' joint project to update the region's sustainable communities strategy plan; the document under State law that establishes long-term development and transportation priorities in the region. This includes the Commission receiving a copy of the comment letter jointly submitted by staff with Alameda, Contra Costa, and San Mateo LAFCOs ahead of a June 1st deadline.
- 10. Marin LAFCO Brochure (information)**  
Consistent with the adopted workplan the Commission will receive a copy of the newly created brochure on Marin LAFCO. The brochure has been prepared by staff and based on earlier input from the Commission and part of the agency's ongoing interest in advancing its branding and outreach efforts within Marin County. The brochure is being provided to the Commission for information with an opportunity for members to provide direction on desired revisions going forward.
- 11. Current and Pending Proposals (information)**  
The Commission will receive a report identifying active proposals on file with Marin LAFCO as required under statute. The report also identifies pending local agency proposals to help telegraph future workload. The report is being presented to the Commission for information only.

**APPROVED; motion and second made by Commissioners Murray and Baker to approve the consent calendar and recommendations therein; all yes**

## **PUBLIC HEARING ITEMS**

- 12. Proposal for Reorganization of 238 Summit Drive et al | Concurrent Annexations Involving Ross Valley Sanitary District and Corte Madera Sanitary District with Sphere Amendments (action)**  
The Commission will consider a reorganization proposal filed on behalf of interested landowners from the Corte Madera Sanitary District involving four incorporated parcels in the Town of Corte Madera totaling 4.5 acres. The proposal seeks approval to concurrently annex 244, 246, and 260 Summit Drive to Corte Madera Sanitary District and 238 Summit Drive to the Ross Valley Sanitary District. The proposal's purpose is to formalize as well as rationalize current public wastewater services provided in the affected territory through earlier actions outside of Marin LAFCO review. Staff recommends approval without modifications and subject to standard terms. Conforming sphere amendments are also recommended. The subject parcels comprising the affected territory are identified by the County of Marin Assessor's Office as 021-161-20, 021-161-26, 021-161-17, and 021-161-02.

**The Administrative Analyst summarized the proposal on the reorganization of 238 Summit Drive. Commissioners presented questions and participated in a robust discussion regarding – and among other topics – the potential to expand the proposal to include the “North Trail.” The Commission ultimately gave direction to staff to work offline with Corte Madera and the**

**Corte Madera Sanitary District in assessing ownership of the North Trail with the goal of potentially returning as part of a separate clean up item.**

**Vice Chair Condon opened the public hearing and invited any members of the public to address the Commission. Comments were received by Peter Moeck representative for the landowner at 238 Summit Drive. No other comments were received.**

**APPROVED; motion and second made by Commissioners Murray and Rodoni to close the public hearing and approve the reorganization of 238 Summit Drive et. al to Ross Valley Sanitary District and Corte Madera Sanitary District as presented; all yes**

**13. Final Amendments | Policies on Outside Service Extensions (action)**

The Commission will consider approving final amendments prepared by staff as part of the adopted workplan on Marin LAFCO's policies on outside service extensions. The amendments return to the Commission entirely intact following their presentation in draft-form in April and subsequent public review. The amendments address two distinct issues divided between non-fire protection services and fire protection services with the latter necessitated by the recent enactment of Senate Bill 239 (Hertzberg). Approval is recommended with any changes as identified by members.

**Staff provided a brief summary of the proposed policies on outside service extensions and noted they remain entirely intact from their earlier presentation and discussion in April.**

**Commission discussion followed.**

**Vice Chair Condon opened the public hearing and invited comments from the audience. No Comments were received. Vice Chair closed the public hearing.**

**APPROVED; motion and second made by Commissioners Rodoni and McEntee to approve the final amendments on Marin LAFCO's policies on outside service extensions as presented; all yes**

**14. Adoption of Final Workplan and Operating Budget for 2017-2018 (action)**

The Commission will consider adopting a final workplan and budget for 2017-2018. Both items return following their adoption in draft-form in April and subsequent public review. Revisions are reflected in both items and highlighted in the workplan by the addition of district reorganizations within Murray Park and San Quentin Village as well as prioritizing a contract review with CalPERS for employee pension services. Revisions to the budget are limited to accommodating revised insurance estimates that increase costs by an additional 0.3% and contribute to an updated overall budgeted expense total of \$556,781; a difference of 5.7% over 2016-2017 and entirely attributed to funding additional non-payroll costs.

**Staff provided a summary of the final workplan and operating budget recommended by the Budget Committee (McEntee, Murray and Rodoni).**

**Vice Chair Condon opened the public hearing. No comments received, and the Vice Chair closed the hearing.**

**Commission discussion followed.**

**APPROVED; motion and second made by Commissioners McEntee and Murray to adopt the final workplan and operating budget for 2017-2018 as presented; all yes**

## BUSINESS ITEMS

### **15. Draft Report on Sphere of Influence Update | North Marin Water District (action)**

The Commission will review a report from staff representing Marin LAFCO's scheduled sphere of influence update on the North Marin Water District. The report is in draft-form and recommends making one immediate change to the sphere to add 2,230 acres located off of State Highway 1 in the West Marin service area; lands already connected to the water system through earlier outside service extensions and support commercial agricultural uses. The report also recommends formal placeholders for additional review and analysis for the possible future expansion of the sphere to include portions of Dillion Beach and southern Sonoma County. The report is being presented for discussion and formal authorization to proceed with a noticed public review ahead of presenting a final report at the August 10<sup>th</sup> meeting.

**Staff provided a detailed presentation on the draft report as part of the Commission's scheduled sphere of influence update for North Marin Water District. This included noting the sphere of influence update was derived from the recently completed Countywide Water Study and focused on three distinct study areas.**

**Vice Chair Condon invited comments from the audience. Comments were received from North Marin Water District General Manager, Drew McIntyre.**

**Commission discussion followed with ultimate direction to staff proceed with the formal public review and comment period on the draft report with the expectation a final report be presented for action at the next regular meeting.**

### **16. Initial Review | Draft Proposal to Readopt Study Schedule (action)**

The Commission will review a draft proposal to readopt a new five-year study schedule calendaring municipal service reviews. The draft proposal would replace the existing study schedule, which terms at the end of the next fiscal year, and calendar municipal service reviews beginning in 2017-2018 and extending to 2021-2022. The draft proposal is being presented for discussion as well as authorization to proceed with a formal public review – include notice to all affected 65 local agencies – ahead of considering final action at the August 10<sup>th</sup> meeting.

**Staff provided a summary of a draft proposal to readopt a new five-year municipal service review study schedule that better aligns with the Commission's existing progress to date in preparing studies as well as available resources.**

**Commission discussion followed.**

**APPROVED; motion and second made by Commissioners Baker and Skelton to authorize and proceed with a formal public review period ahead of considering final action at the next regular meeting; all yes**

### **17. Legislative Report | Update on First Year of 2017-2018 Session (action)**

This item is for the Commission to consider bill proposals generated as part of the first year of the Legislature's 2017-2018 session that directly or indirectly impact LAFCOs' duties and or interests. This includes considering position recommendations on three bills not previously reviewed by the Commission as well as receiving an update on the ongoing review of the Little Hoover Commission on special districts and LAFCOs' oversight therein. The Commission is also invited to provide direction on other legislative matters of interests.

**Staff provided an overview of the bill proposals that directly or indirectly impact LAFCOs as part of the first year of the Legislature's 2017-2018 session and through the local review of the Legislative Committee (Kious, McEntee, and Murray).**

**Commission discussion followed.**

**APPROVED; motion and second made by Commissioners McEntee and Baker to authorize and proceed with position recommendations as recommended along with starting to track legislation affecting Williamson Act contracts going forward; all yes**

**18. Election of Chair and Vice Chair (action)**

The Commission will consider the election of a Chair and Vice Chair as provided under adopted policy. The terms are each one year and will commence immediately.

**APPROVED; motion and second made by Commissioners Rodoni and Baker to nominate and elect Chair Blanchfield as the Commission Chair; all yes**

**APPROVED; motion and second made by Commissioners Rodoni and Baker to nominate and elect Vice Chair Condon as the Vice Chair; all yes**

**EXECUTIVE OFFICER REPORT**

The Executive Officer announced that at the next regular meeting Commissioners will begin to receive iPads for agenda packets.

**COMMISSIONER ANNOUNCEMENTS AND REQUESTS**

Commissioner Murray adjourned tonight's meeting in honor of the late John T. Knox.

**ADOURNMENT TO NEXT MEETING**

Vice Chair Condon adjourned the meeting at 9:50 pm.

**APPROVED:**

**ATTESTED:**

\_\_\_\_\_  
Carla Condon  
Vice Chair

\_\_\_\_\_  
Keene Simonds  
Executive Officer



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017  
Item No. 2 (Consent/Action)

August 4, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer  
Alyssa Shiffmann, Contract Bookkeeper

**SUBJECT: End of Year Financial Report for Fiscal Year 2016-2017**

The Commission will review an end of year report comparing budget and actual transactions for 2016-2017. The report notes the Commission finished the fiscal year with a net operating surplus of \$14,299 or 3.0%. This amount represents a significant improvement over the budgeted operating net of (\$25,000) and is largely attributed to expected savings in payroll costs. The report is being presented to the Commission to accept and file as well as to provide direction as needed.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 mandates operating costs for Local Agency Formation Commissions (LAFCOs) shall be annually funded by the affected counties, cities and towns, and independent special districts on a one-third apportionment process. Apportionments for cities/towns and independent special districts are further divided and proportional to each agency’s total revenues as a percentage of the overall revenue amount collected by these agencies during the most recently completed fiscal year as determined by the State Controller’s Office. LAFCOs are also authorized to collect fees to offset annual contributions.

### A. Background

#### 2016-2017 Budget

Marin LAFCO’s (“Commission”) adopted final budget as amended in 2016-2017 totaled \$526,862. This amount represented the total approved operating expenditures for the fiscal year divided between three active expense units: salaries and benefits; administrative activities; and services and supplies. A purposeful operating deficit of (\$25,000) or (5%) was budgeted with setting annual revenues at \$501,862 in step with phasing corresponding contribution increases among the funding agencies in recent years. Budgeted revenues were divided between three active units: intergovernmental contributions; service charges; and investments. The Commission’s audited fund balance as of July 1, 2016 totaled \$177,137.

Budgeted 16-17 Expenses	Budgeted 16-17 Revenues	Budgeted 16-17 Year End Balance	Beginning 16-17 Fund Balance
\$526,862	\$501,862	(\$25,000)	\$177,137

**Administrative Office**  
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Damon Connolly, Regular  
County of Marin

Dennis J. Rodoni, Regular  
County of Marin

Judy Arnold, Alternate  
County of Marin

Carla Condon, Vice Chair  
Town of Corte Madera

Sashi McEntee, Regular  
City of Mill Valley

Matthew Brown, Alternate  
City of San Anselmo

Jack Baker, Regular  
North Marin Water District

Craig K. Murray, Regular  
Las Gallinas Valley Sanitary

Lew Kious, Alternate  
Almonte Sanitary District

Jeffrey Blanchfield, Chair  
Public Member

Chris Skelton, Alternate  
Public Member

## B. Discussion

This item is for the Commission to receive a final comparison of (a) budget to (b) actual expenses and revenues in step with the close of 2016-2017. The report is being presented to the Commission to formally accept and file and provide related direction.

### Summary of Operating Expenses

The Commission's budgeted operating expense amount in 2016-2017 totaled \$526,862. This amount includes all subsequently approved amendments during the fiscal year. Actual expenses totaled \$480,057. This amount represents 91% of the budgeted total. A summary comparison of budgeted to actual operating expenses follows.

Expense Units	Adopted w/ Amendments	Actuals	Percent Expended	Unexpended Balance
1) Salaries and Benefits	345,716	307,925	89	37,791
2) Administrative	97,166	92,136	95	5,030
3) Services and Supplies	83,979	79,996	95	3,934
4) Contingencies	-	-	-	-
<b>Total</b>	<b>\$526,862</b>	<b>\$480,057</b>	<b>91</b>	<b>\$46,805</b>

### Summary of Operating Revenues

The Commission's budgeted operating revenue amount in 2016-2017 totaled \$501,862. Actual revenues totaled \$494,356. This amount represents 99% of the budgeted total. A summary comparison of budgeted to actual operating revenues follows.

Revenue Unit	Adopted	Actuals	Percent Collected	Balance
1) Intergovernmental	470,362	469,161	99	(1,201)
2) Service Charges	30,000	23,778	79	(6,222)
3) Interest Earnings	1,500	1,417	94	(83)
	<b>\$501,862</b>	<b>\$494,299</b>	<b>99%</b>	<b>(\$7,506)</b>

## C. Analysis

2016-2017 proved to be a relatively good year for the Commission and marked by improving Marin LAFCO's financial standing with an overall operating surplus of \$14,299; an approximate three-fold improvement over the budgeted operating net of (\$25,000) established at the start of the year. This improvement is largely tied to the accrual of payroll savings throughout the fiscal year associated with the ongoing leave of one the Commission's three budgeted positions. This and other measured spending activities allowed the Commission to eliminate the planned budgeted deficit while also - and importantly - funding several significant projects headlined by developing a new agency website and completing improvements to the new office suite. The Commission was also able to absorb a significant increase in legal services during the fiscal year in which actuals totaled \$58,578 and nearly six times greater than initially budgeted. The year-end surplus amount adds to the Commission's unrestricted fund balance and is

now estimated at \$191,436; an amount well above the adopted policy threshold to maintain no less than 20% of reserves relative to operating costs.

**D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative One (Recommended):

Accept and file the report as presented and provide direction as needed to staff with respect to any related matters for future consideration.

Alternative Two:

Continue consideration of the report to a future meeting and provide direction for more information as needed.

**E. Recommendation**

It is recommended the Commission proceed with the actions outlined in the preceding section as Alternative One.

**F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



Keene Simonds  
Executive Officer

Attachments:

- 1) 2016-2017 General Ledger through June 30, 2017

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**MARIN LOCAL AGENCY FORMATION COMMISSION**  
Regional Service Planning | State of California

Operating Budget Through June 30, 2017

**Expense Ledger**

		FY2013-2014		FY2014-2015		FY2015-2016		FY2016-2017			
		Adopted FY13-14	Actuals FY13-14	Adopted FY14-15	Actuals FY14-15	Adopted FY15-16	Actuals FY15-16	Adopted FY16-17	Actuals FY16-17 (100% Complete)	%	Balance Year End
<b>Salaries and Benefits</b>											
<u>Account</u>	<u>Description</u>										
5110110	Staff Salaries (Regular and Extra Help)	173,497.00	154,422.02	189,883.89	179,671.82	246,687.85	241,698.82	234,111.02	217,781.97	93.03%	16,329.05
5130510	MCERA / Retirement Pension	49,901.00	42,231.41	51,792.54	45,257.81	61,990.20	59,729.78	57,852.41	45,478.47	78.61%	12,373.94
5140125	Employee Benefits	19,000.00	14,586.33	16,888.33	15,486.14	25,442.65	25,980.43	26,867.40	22,209.99	82.67%	4,657.41
5140141	Payroll Tax / Medicare	2,567.00	2,177.84	2,518.41	2,703.51	3,692.97	4,270.25	4,020.10	5,298.04	131.79%	(1,277.94)
5140115	Workers Compensation	1,400.00	804.96	736.00	791.82	742.00	1,064.10	960.00	1,730.51	180.26%	(770.51)
5140145	Unemployment Insurance	868.00	1,302.00	868.00	1,214.66	868.00	2,234.24	6,290.40	106.20	1.69%	6,184.20
5130525	MCERA / Retiree Medical	14,100.00	5,946.84	16,798.34	24,897.94	14,880.00	13,480.93	15,615.00	15,320.14	98.11%	294.86
		<b>261,333.00</b>	<b>221,471.40</b>	<b>279,485.51</b>	<b>270,023.70</b>	<b>354,303.67</b>	<b>348,458.55</b>	<b>345,716.33</b>	<b>307,925.32</b>	89.07%	<b>37,791.01</b>
<b>Administrative Activities</b>											
<u>Account</u>	<u>Description</u>										
5210110	Professional Services	31,350.00	9,183.46	5,800.00	17,183.00	15,255.00	15,793.43	15,020.00	13,553.53	90.24%	1,466.47
5210131	Legal Services	5,000.00	1,323.04	14,196.23	2,477.21	10,075.00	10,045.28	58,578.75	54,301.24	92.70%	4,277.51
5210230	Accounting Services	8,000.00	-	8,000.00	-	4,925.00	1,200.00	6,125.00	7,217.33	117.83%	(1,092.33)
5211325	Conferences	3,100.00	3,330.90	4,000.00	2,614.42	2,975.00	3,494.97	2,450.00	1,952.73	79.70%	497.27
5211440	Mileage/Travel	1,500.00	2,873.03	3,000.00	3,522.55	3,037.00	3,850.51	4,117.50	4,486.26	108.96%	(368.76)
5211533	Commissioner Per Diems	6,800.00	5,050.00	7,100.00	4,600.00	7,100.00	5,500.00	10,875.00	10,625.00	97.70%	250.00
		<b>55,750.00</b>	<b>21,760.43</b>	<b>42,096.23</b>	<b>30,397.18</b>	<b>43,367.00</b>	<b>39,884.19</b>	<b>97,166.25</b>	<b>92,136.09</b>	94.82%	<b>5,030.16</b>
<b>Services and Supplies</b>											
<u>Account</u>	<u>Description</u>										
5211270	Office Lease/Rent	14,300.00	12,622.50	16,770.00	16,770.00	17,370.00	19,774.42	24,938.30	25,527.35	102.36%	(589.05)
5211330	Membership and Dues	13,300.00	13,775.00	13,340.00	13,896.00	14,092.00	14,017.00	14,368.68	14,269.00	99.31%	99.68
5210525	General Insurance	3,000.00	2,537.86	3,000.00	2,771.03	2,771.03	2,677.02	2,677.02	2,564.33	95.79%	112.69
5210715	Communication Services	1,600.00	2,508.88	5,874.60	5,416.36	6,053.60	7,496.60	6,567.60	8,782.51	133.72%	(2,214.91)
5211516	Reprographic/Map Services	2,500.00	1,302.25	-	-	-	-	-	180.00	-	(180.00)
5220110	General Office	2,000.00	5,267.76	2,000.00	5,831.11	23,399.96	19,795.05	7,590.00	6,823.23	89.90%	766.77
5210935	Office Equipment Purchases	6,000.00	721.35	6,000.00	8,671.54	2,907.16	4,706.39	5,137.16	3,782.53	73.63%	1,354.63
5211340	Training	1,000.00	483.50	1,500.00	326.70	1,095.00	820.24	1,800.00	807.51	44.86%	992.49
5211520	Publications/Notices	1,600.00	692.26	2,000.00	1,121.28	2,095.00	3,803.92	5,000.00	4,006.14	80.12%	993.86
5210129	Graphic Design/Website Design/Edits	1,000.00	-	2,000.00	3,000.00	2,000.00	-	15,500.00	12,795.48	82.55%	2,704.52
5211215	Storage	650.00	517.03	800.00	314.64	800.00	365.75	400.94	457.83	114.19%	(56.89)
		<b>46,950.00</b>	<b>40,428.39</b>	<b>53,284.60</b>	<b>58,118.66</b>	<b>72,583.75</b>	<b>73,456.39</b>	<b>83,979.70</b>	<b>79,995.91</b>	95.26%	<b>3,983.79</b>
<b>Contingencies</b>											
<u>Account</u>	<u>Description</u>										
*****	Operating Reserve	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
<b>EXPENSE TOTALS</b>		<b>364,033.00</b>	<b>283,660.22</b>	<b>374,866.34</b>	<b>358,539.54</b>	<b>470,254.42</b>	<b>461,799.13</b>	<b>526,862.28</b>	<b>480,057.32</b>	91.12%	<b>46,804.96</b>

**Revenue Ledger**

		FY2013-2014		FY2014-2015		FY2015-2016		FY2016-2017			
		Adopted FY13-14	Actual FY13-14	Adopted FY14-15	Actual FY14-15	Adopted FY15-16	Actual FY15-16 (100% of FY)	Adopted FY16-17	Actuals FY16-17 (100% Complete)	%	Blance Year End
<b>Intergovernmental</b>											
<b>Account</b>	<b>Description</b>										
4710510	Agency Contributions	339,033.00	339,033.00	348,366.36	348,367.13	387,528.42	387,528.42	470,362.28	469,161.48	99.74%	(1,200.80)
	County of Marin	113,011.00	113,011.00	116,122.12	116,122.12	129,176.14	129,176.14	156,787.43	156,387.16	99.74%	(400.27)
	Marin Cities	113,011.00	113,011.00	116,122.12	116,122.12	129,176.14	129,176.14	156,787.43	156,387.16	99.74%	(400.27)
	Marin Special Districts	113,011.00	113,011.00	116,122.12	116,122.12	129,176.14	129,176.14	156,787.43	156,387.16	99.74%	(400.27)
		<b>339,033.00</b>	<b>339,033.00</b>	<b>348,366.36</b>	<b>348,367.13</b>	<b>387,528.42</b>	<b>387,528.42</b>	<b>470,362.28</b>	<b>469,161.48</b>	99.74%	(1,200.80)
<b>Service Charges</b>											
4640333	Application Fees	25,000.00	3,300.00	25,000.00	15,536.00	25,000.00	17,424.00	30,000.00	23,778.00	79.26%	(6,222.00)
4710631	Miscellaneous	-	-	-	-	226.00	364.52	-	-	-	-
		<b>25,000.00</b>	<b>3,300.00</b>	<b>25,000.00</b>	<b>15,536.00</b>	<b>25,226.00</b>	<b>17,788.52</b>	<b>30,000.00</b>	<b>23,778.00</b>	79.26%	(6,222.00)
<b>Investments</b>											
*****	Interest	-	-	1,500.00	700.00	1,500.00	769.28	1,500.00	1,416.74	-	(83.26)
		-	-	<b>1,500.00</b>	<b>700.00</b>	<b>1,500.00</b>	<b>769.28</b>	<b>1,500.00</b>	<b>1,416.74</b>	94.45%	(83.26)
	<b>REVENUE TOTALS</b>	<b>364,033.00</b>	<b>342,333.00</b>	<b>374,866.36</b>	<b>364,603.13</b>	<b>414,254.42</b>	<b>406,086.22</b>	<b>501,862.28</b>	<b>494,356.22</b>	98.50%	(7,506.06)
<b>OPERATING NET</b>		-	58,672.78	-	6,063.59	(56,000.00)	(55,712.91)	(25,000.00)	14,298.90		
<b>AUDITED UNRESERVED/UNRESTRICTED FUND BALANCE</b> (Incudes audited adjustments)											
As of June 30th		\$	192,856.78	\$	196,618.00	\$	177,137.00	\$	191,435.90		not audited



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 3 (Consent / Action)

August 4, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer  
Alyssa Schiffmann, Contract Bookkeeper

**SUBJECT: Commission Ratification |**

**Reconciled Payments from June 1 to June 30, 2017**

The Commission will consider ratifying payments made by the Executive Officer during the month of June. The payments cover all reconciled payroll and non-payroll expenses during the period and total \$59,403. The payments are being presented for formal ratification per adopted policies.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) to establish written policies and procedures in providing regional growth management services in all 58 counties in California. LAFCOs are also authorized to make their own provisions – including entering into contracts and agreements and without going through the Department of General Services – for all necessary staffing and service needs therein.

### A. Background

Marin LAFCO’s (“Commission) adopted Policy Handbook delegates the Executive Officer to make purchases and related procurements necessary in overseeing the day-to-day business of the agency. The Policy Handbook also directs all payments made by the Executive Officer be reconciled at the end of each month by the membership’s contracted bookkeeper. All reconciled payments are to be reported to the Commission at the next available meeting for formal ratification.

### B. Discussion

This item is for the Commission to consider ratification of all payments made by the Executive Officer between June 1 and June 30<sup>th</sup>. These payments have been reconciled by the Commission’s contracted bookkeeper – Alyssa Schiffmann with Southern Marin Fire Protection – and total \$59,403. The payments are detailed in Attachment One.

### C. Analysis

The forwarded payments have been reconciled as required under adopted policy and in step with presenting for Commission ratification. An expanded discussion regarding the need and impact of the expenditures reported herein is also incorporated as part of the year-end review presented separately as Agenda Item No. 2.

#### **D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative One (Recommended):

Ratify the reconciled payments made by the Executive Officer between June 1<sup>st</sup> and June 30<sup>th</sup> as shown in Attachment One.

Alternative Two:

Continue consideration of the item to the next regular meeting and provide direction to staff as needed.

#### **E. Recommendation**

It is recommended the Commission proceed with the actions outlined in the preceding section as Alternative One.

#### **F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



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Keene Simonds  
Executive Officer

Attachment:

- 1) Reconciled Payments from June 1 to June 30, 2017

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
June 2017

12:54 PM  
08/04/17  
Accrual Basis

	<u>Date</u>	<u>Memo</u>	<u>Amount</u>
<b>ALHAMBRA &amp; SIERRA SPRINGS</b>			
	06/08/2017	Services Through May 2017	9.69
	06/29/2017	Services Through May 2017	47.82
	06/30/2017	Services Through June 2017	76.26
Total ALHAMBRA & SIERRA SPRINGS			<u>133.77</u>
<b>Arkadin Inc</b>			
	06/08/2017		7.99
Total Arkadin Inc			<u>7.99</u>
<b>BAKER, JOHN M</b>			
	06/08/2017	Commissioner Per Diem   5-30-17 Leg Cmte	125.00
	06/13/2017	Per Diem   6-8-17 Meeting	125.00
	06/29/2017	Per Diem   6-29-17 Policy Committee	125.00
Total BAKER, JOHN M			<u>375.00</u>
<b>BARBIER SECURITY GROUP</b>			
	06/30/2017	June 2017 Meeting	160.00
Total BARBIER SECURITY GROUP			<u>160.00</u>
<b>BEST BEST &amp; KRIEGER LLP</b>			
	06/30/2017	Replacement Check for No. 1034	3,215.46
Total BEST BEST & KRIEGER LLP			<u>3,215.46</u>
<b>BLANCHFIELD, JEFFRY S</b>			
	06/29/2017	Per Diem   6-29-17 Policy Committee	125.00
	06/29/2017	Per Diem   6-29-17 Policy Committee	0.00
	06/29/2017	Per Diem   6-29-17 Policy Committee	0.00
Total BLANCHFIELD, JEFFRY S			<u>125.00</u>
<b>CALPERS</b>			
	06/30/2017	Marin LAFCO   OPEB Contribution 16-17	10,000.00
Total CALPERS			<u>10,000.00</u>
<b>Chris Skelton</b>			
	06/13/2017	Per Diem   6-8-17 Meeting	125.00
Total Chris Skelton			<u>125.00</u>
<b>COMCAST</b>			
	06/08/2017	Through May 2017	221.89
	06/30/2017	Through June 2017	231.40
Total COMCAST			<u>453.29</u>
<b>COMMUNITY MEDIA CENTER OF MARIN</b>			
	06/29/2017	June 2017 Meeting	450.00
Total COMMUNITY MEDIA CENTER OF MARIN			<u>450.00</u>
<b>CONDON, CARLA STONE</b>			
	06/13/2017	LAFCO Per Diem 6-8-17	125.00
Total CONDON, CARLA STONE			<u>125.00</u>
<b>CONNOLLY, DAMON</b>			
	06/13/2017	Per Diem   6-8-17 Meeting	125.00
	06/29/2017	Per Diem   6-29-17 Policy Committee	125.00
Total CONNOLLY, DAMON			<u>250.00</u>
<b>COUNTY OF MARIN - DOF PAYROLL</b>			
	06/30/2017	OPEB Contribution - Banning / FEB 17	445.47
	06/30/2017	OPEB Contribution - Banning / June 2017	445.47
Total COUNTY OF MARIN - DOF PAYROLL			<u>890.94</u>
<b>FP MAILING SOLUTIONS</b>			
	06/08/2017	Meter Rental through 5-23-17	137.34
	06/29/2017	Meter Rental through 5-23-17	9.00
Total FP MAILING SOLUTIONS			<u>146.34</u>

## Marin Local Agency Formation Commission Expenses by Vendor Detail

	Date	June 2017	Memo	Amount
<b>GRAF VAN &amp; STORAGE INC</b>				
	06/08/2017		Through Feb 2017	35.19
	06/30/2017		Through June 2017	35.19
Total GRAF VAN & STORAGE INC				<u>70.38</u>
<b>KIOUS, LEWIS</b>				
	06/08/2017		LAFCO Per Diem 5-30-17   Leg Cmte	125.00
	06/13/2017		Per Diem   6-8-17 Meeting	125.00
Total KIOUS, LEWIS				<u>250.00</u>
<b>LIEBERT CASSIDY WHITMORE</b>				
	06/08/2017		Services Through April 2017	1,408.00
	06/29/2017		Legal Services Through May 2017	456.00
	06/30/2017		Legal Services Through June 2017	214.00
Total LIEBERT CASSIDY WHITMORE				<u>2,078.00</u>
<b>Marin CLEAN ENERGY</b>				
	06/29/2017		April 2017 Room Fee	154.91
Total Marin CLEAN ENERGY				<u>154.91</u>
<b>MARIN INDEPENDENT JOURNAL</b>				
	06/08/2017		May 2017 Notices	222.80
Total MARIN INDEPENDENT JOURNAL				<u>222.80</u>
<b>MARIN IT INC</b>				
	06/08/2017		IT Services Through 6-1-17	105.00
	06/30/2017		IT Services Through 6-30-17	88.90
Total MARIN IT INC				<u>193.90</u>
<b>Matt Brown</b>				
	06/13/2017		LAFCO Per Diem 6-8-17 Meeting	125.00
Total Matt Brown				<u>125.00</u>
<b>McENTEE, SASHI</b>				
	06/08/2017		Per Diem   5-30-17 Leg Committee	125.00
	06/13/2017		Per Diem   6-8-17 Meeting	125.00
Total McENTEE, SASHI				<u>250.00</u>
<b>MURRAY, CRAIG K</b>				
	06/13/2017		Per Diem   6-8-17 Meeting	125.00
Total MURRAY, CRAIG K				<u>125.00</u>
<b>PAYROLL</b>				
	06/02/2017			7,964.00
	06/02/2017			0.00
	06/02/2017			0.00
	06/02/2017			0.00
	06/02/2017			0.00
	06/02/2017			1,238.67
	06/02/2017			568.91
	06/02/2017			1.12
	06/02/2017			824.17
	06/02/2017			21.99
	06/02/2017			2.55
	06/02/2017			12.97
	06/02/2017			146.21
	06/02/2017			0.00
	06/16/2017			7,647.47
	06/16/2017			316.53
	06/16/2017			0.00
	06/16/2017			0.00
	06/16/2017			0.00
	06/16/2017			1,238.67
	06/16/2017			568.91
	06/16/2017			1.12
	06/16/2017			824.17

**Marin Local Agency Formation Commission  
 Expenses by Vendor Detail**

	<u>Date</u>	<u>June 2017</u>	<u>Memo</u>	<u>Amount</u>
	06/16/2017			21.99
	06/16/2017			2.55
	06/16/2017			12.97
	06/16/2017			146.22
	06/16/2017			0.00
	06/30/2017			7,964.00
	06/30/2017			0.00
	06/30/2017			0.00
	06/30/2017			0.00
	06/30/2017			0.00
	06/30/2017			1,238.67
	06/30/2017			568.91
	06/30/2017			1.12
	06/30/2017			824.17
	06/30/2017			21.99
	06/30/2017			2.55
	06/30/2017			12.97
	06/30/2017			146.20
	06/30/2017			0.00
<b>Total PAYROLL</b>				<b>32,341.77</b>
<b>RICCIARDI, R J</b>				
	06/30/2017		15-16 Audit Work   Through June 30 2017	1,365.00
<b>Total RICCIARDI, R J</b>				<b>1,365.00</b>
<b>RODONI, DENNIS JAMES</b>				
	06/13/2017		Per Diem   6-8-17	125.00
<b>Total RODONI, DENNIS JAMES</b>				<b>125.00</b>
<b>SECURITY MORTGAGE GROUP 2</b>				
	06/01/2017		June 2017 Rent	2,493.83
	06/29/2017		July 2017 Rent	2,493.83
<b>Total SECURITY MORTGAGE GROUP 2</b>				<b>4,987.66</b>
<b>US BANK GOVERNMENT SERVICES</b>				
	06/06/2017		dropbox	9.99
	06/06/2017		mcafee	89.99
	06/06/2017		MOMA	268.85
<b>Total US BANK GOVERNMENT SERVICES</b>				<b>368.83</b>
<b>VERIZON WIRELESS</b>				
	06/29/2017		EO Mobile Plan / April 2017	141.06
	06/30/2017		EO Mobile Plan / May 2017	146.09
<b>Total VERIZON WIRELESS</b>				<b>287.15</b>
				<b>59,403.19</b>

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 4 (Consent/Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Request for Time Extension to Complete Approval Terms / 263 Second Street et al. to the Tomales Village Community Services District**

The Commission will consider an applicant's request for a second time extension to complete the terms established by Marin LAFCO in approving the annexation of territory at 263 Second Street and three adjacent and/or nearby undeveloped lots to the Tomales Village Community Services District on August 13, 2015. Staff believes the request is reasonable and recommends approval of another one-year extension. The affected parcels are identified by the County of Marin as 102-041-40, 41, 42, and 43.

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Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") to regulate the formation and development of local governmental agencies and their municipal service areas. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) Section 56375. LAFCOs are authorized to exercise broad discretion in amending as well as establishing conditions in approving changes of organization as long as they do not directly regulate land use. Additionally, G.C. Section 57001 specifies certificate of completions must be recorded for all change of organization proposals within one calendar year of approval or be automatically terminated unless LAFCO grants a time extension.

### A. Background

#### Earlier Commission Action |

#### Termed Approval to Annex Lands to Tomales Village Community Services District

At its August 13, 2015 meeting Marin LAFCO ("Commission") considered a proposal from landowners (Alex Derbes and Rebecca Hodges) requesting annexation approval involving four unincorporated lots totaling 0.75 acres in Tomales to the Tomales Village Community Services District (TVCS D). The requested approval ultimately sought to establish public sewer service immediately to the applicant's developed residence at 263 Second Street and replace an aging septic system. The addition of the other three affected lots were added to the proposal as a means to economize costs for the applicants and in step with the probable future development of the lands. The Commission approved the proposal without amendments with certain terms. This included, notably,

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Town of Corte Madera  
Sashi McEntee, Regular  
City of Mill Valley  
Matthew Brown, Alternate  
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the applicants recording an easement with the neighboring landowner at 290 Dillion Beach Road to provide gravity access from 263 Second Street to the sewer main.



### Earlier Commission Action | Approval of One-Year Time Extension to Complete all Approval Terms

At its August 11, 2016 meeting the Commission considered a request from the applicants to extend the deadline to complete all approval terms by an additional year. Consistent with the staff recommendation the request was approved and reset the deadline for the applicants to complete all approval terms to August 13, 2017.

### B. Discussion

This item is for the Commission to consider a request by the applicants for a second time extension necessary to complete all approval terms established for the proposal given the approaching deadline to record a certificate of completion. Specifically, more time is requested to allow the applicant to reach either an agreement with the neighbor in step with securing the required easement to the TVCSD sewer main or explore alternatives for future Commission consideration.

### **C. Analysis**

The applicants' request for a second time extension to complete the proposal's approval terms appears reasonable given underlying circumstances. This includes the challenge of completing a term that requires the agreement of a third party. The applicants have remained in regular contact with staff throughout the process and in doing so show good-faith in addressing the Commission's interests. Accordingly, a one-year time extension is recommended and would extend the deadline to August 13, 2018.

### **D. Alternatives for Action**

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):

Approve the requested time extension for a specific time period; one year is recommended by staff.

Alternative Action Two:

Deny the requested time extension. This will terminate the Commission's prior proposal approval assuming the terms remain outstanding and as such a certificate of completion cannot be recorded by August 13, 2017.

### **E. Recommendation**

Staff recommends the Commission proceed with Alternative Action One and approve a time extension for a period of one year to August 13, 2018.

### **F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



Keene Simonds  
Executive Officer

Attachment: none

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 5 (Consent/Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Request to Extend an Approval Term Date | Outside Wastewater Services to 255 Margarita Drive by San Rafael Sanitation District**

The Commission will consider a request by the San Rafael Sanitation District to extend its approval from Marin LAFCO to provide wastewater services by contract outside the District boundary to 255 Margarita Drive in the County Club community. Two earlier six-month extensions have been requested and approved by the Commission and most recently on February 9<sup>th</sup>. Staff recommends approval of a third time extension, albeit for only two months and as a means to further motivate the parties to reach an agreement and satisfy all outstanding terms. The affected parcel is identified by the County of Marin as 016-011-29.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) to regulate the formation and development of local governmental agencies and their municipal service areas. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) Section 56375. LAFCOs are authorized to exercise broad discretion in amending as well as establishing conditions in approving changes of organization as long as they do not directly regulate land use. Additionally, G.C. Section 57001 specifies certificate of completions must be recorded for all change of organization proposals within one calendar year of approval or be automatically terminated unless LAFCO grants a time extension.

### A. Background

#### Earlier Commission Action |

#### Termed Approval for an Outside Wastewater Service Extension Between the San Rafael Sanitation District and 255 Margarita Drive

At its August 13, 2015 meeting Marin LAFCO (“Commission”) considered a request from the San Rafael Sanitation District (SRSD) to establish new outside wastewater service to 255 Margarita Drive in the unincorporated community of Country Club. The landowner – Paul Thompson – initiated the request with the Commission after purchasing and moving into the property shortly before and amid concerns regarding the onsite septic serving the six bed/five bath single-family residence. The landowner retained a licensed

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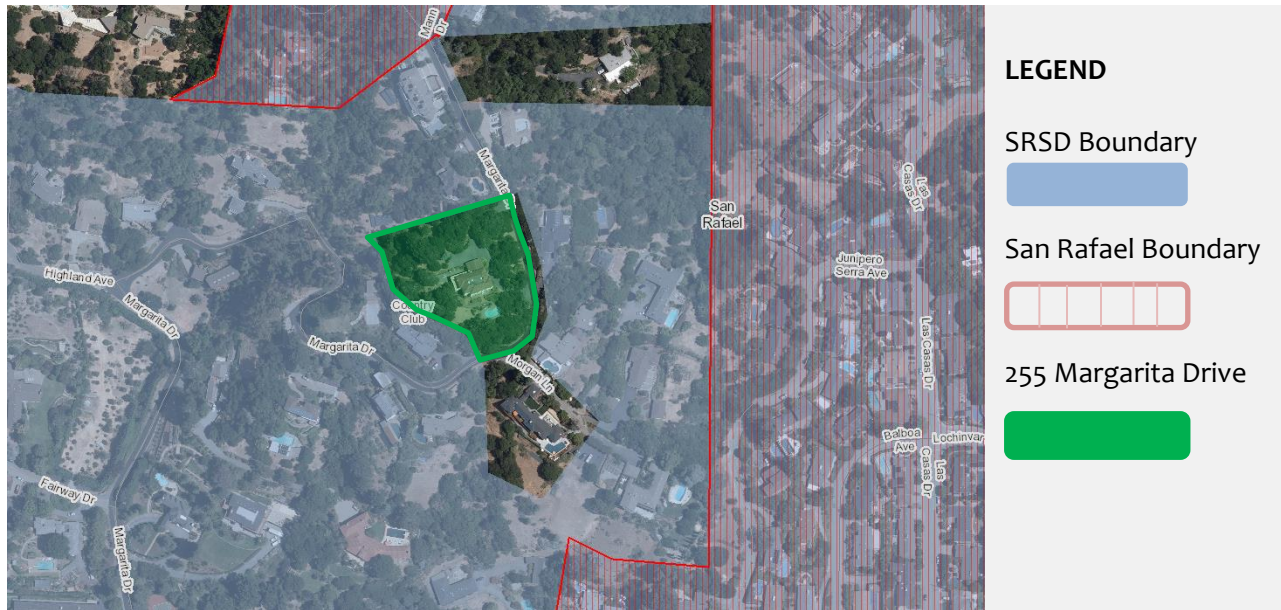
Damon Connolly, Regular  
County of Marin  
Dennis J. Rodoni, Alternate  
County of Marin  
Judy Arnold, Regular  
County of Marin

Carla Condon, Vice Chair  
Town of Corte Madera  
Sashi McEntee, Regular  
City of Mill Valley  
Matthew Brown, Alternate  
Town of San Anselmo

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Las Gallinas Valley Sanitary  
Lew Kious, Alternate  
Almonte Sanitary

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Public Member  
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Public Member

contractor and the resulting dye test shows the system had failed current percolation standard and beyond repair. The Commission ultimately approved the request subject to certain terms. This included, notably, submitting approved connection plans to SRSD as well as file an annexation proposal and associated fee with the Commission. The Commission also termed its approval to cover one year through August 13, 2016. The County of Marin Assessor's Office identifies the subject parcel as 016-011-29.



### Earlier Commission Actions | Approval of Six-Month Extensions

At its August 11, 2016 meeting the Commission received a request from SRSD for a time extension ahead of the one-year deadline to complete all terms. In response the Commission approved a recommendation from staff to authorize a six-month extension given the associated annexation proposal – which is on file with Marin LAFCO – was not ready for consideration due to concerns by SRSD with respect to how the property's physical connection to the sewer main was achieved. A subsequent time extension request was received and approved by the Commission at its February 9, 2017 meeting. This second time extension reset the deadline to effectively transition from an outside service extension to permanent service through an approved annexation to August 13<sup>th</sup>.

### B. Discussion

This item is for the Commission to consider a third time extension for SRSD to continue to provide wastewater services to 255 Margarita Drive through an outside service agreement initially approved by Marin LAFCO on August 13, 2015. This third request for a time extension is premised on SRSD continuing to hold its consent on an annexation until the District and landowner reach a mutual agreement on a permanent lateral access route to connect the affected territory to the sewer main.

### **C. Analysis**

SRSD's request to extend the approval term for the District to provide outside wastewater services 255 Santa Margarita Drive appears reasonable specific to local and unique circumstances. It represents a short-term work-around that allows SRSD to continue to provide wastewater services to an existing development within an urbanizing area while preserving the District's right to hold off on a permanent arrangement- i.e., annexation - until the preceding differences with the landowner are resolved. However, staff also believes additional motivation is needed to accelerate the desired transition from an outside service agreement to annexation, and as such it would be reasonable to shorten the time extension to two months. Markedly, reducing the time extension to two months will monetarily help incentivize an agreement be reached between SRSD and the landowner or face increasingly reoccurring costs at Marin LAFCO.

### **D. Alternatives for Action**

The following alternative actions are available to the Commission.

#### Alternative Action One (Recommended):

1. Approve the requested time extension for a specific time period; two months is recommended by staff.
2. Condition approval on the receipt by the landowner (Paul Thompson) of a filing fee in the amount of \$680 by August 17, 2018.

#### Alternative Action Two:

Deny the requested term extension. This will cause SRSD to take immediate actions necessary to terminate service to the affected territory as of August 13, 2017.

### **E. Recommendation**

Staff recommends the Commission proceed with Alternative Action One as outlined in the preceding section.

### **F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



Keene Simonds  
Executive Officer

Attachment: none

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017  
Item No. 6 (Consent/Action)

August 3, 2017

**TO:** Marin Commissioners  
**FROM:** Keene Simonds, Executive Officer  
Rachel Jones, Administrative Analyst

**SUBJECT: Progress Report on 2017-018 Workplan**  
The Commission will receive a progress report on accomplishing specific projects established as part of the adopted workplan for 2017-2018. The report is being presented to the Commission to formally receive and file as well as to provide direction to staff as needed.

Local Agency Formation Commissions (LAFCOs) are responsible for regulating the formation and development of local governmental agencies and municipal service areas under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). This includes timing the establishment, expansion, and reorganization of local government and their public services to meet current and future community needs. LAFCOs inform their regulatory powers through various administrative and planning activities with an increasing emphasis on performance measurement.

### A. Background

Marin LAFCO’s (“Commission”) current fiscal year workplan was adopted at a noticed public hearing held on June 8, 2017. The workplan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high; moderate; or low. The underlying intent of the workplan is to serve as a management tool to allocate Commission resources in an accountable and transparent manner over the corresponding 12 month period. Further, while it is a stand-alone document, the workplan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly.

### B. Discussion

This item provides the Commission with a status update on the two-dozen plus targeted projects established for the fiscal year with specific emphasis on the “top ten”: the projects that represent the highest priority to complete during the fiscal year as determined by the membership. This includes identifying the projects already completed, underway, or pending in the accompanying attachment. The report and the referenced attachment is being presented for the Commission to formally receive and file while also providing additional direction to staff as appropriate.

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### **C. Analysis**

The Commission has initiated work on five of the two-dozen plus projects included in the adopted workplan. This includes initiating four high priority projects and highlighted by beginning work on developing a request for proposal for Commission Counsel services as early as its next meeting. Other notable projects underway include the “soft” launch of a new agency website; a project that started last fiscal year through a contract with CivicPlus. The new website went live on Tuesday, August 1<sup>st</sup> out of necessity as the prior website crashed in step with attempting to reload notices for the August 10<sup>th</sup> meeting. The new website will remain live while still under construction as staff works with CivicPlus in performing additional tests/edits - including the need to upload and link a decade worth of past agendas, minutes, and staff reports. A new domain – [www.marin.lafco.ca.gov](http://www.marin.lafco.ca.gov) – is also being finalized with the State.

### **D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative One (Recommended):

Accept and file the report as presented.

Alternative Two:

Continue consideration of the report to a future meeting and provide direction to staff for more information as needed.

### **E. Recommendation**

It is recommended the Commission formally accept and file the progress report on the workplan as presented. This recommendation is provided as Alternative One.

### **F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation as provided unless otherwise specified by the Commission.

Respectfully,



---

Keene Simonds  
Executive Officer

Attachments:

1) 2017-2018 Workplan with Notations



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## 2017-2018 Workplan

### Introduction:

Local Agency Formation Commissions' (LAFCOs) operate under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2001 ("CKH") and are delegated broad regulatory and planning responsibilities by the Legislature to oversee the formation and subsequent development of local government agencies and their municipal service areas. Common regulatory functions include approving boundary change and outside service requests. Common planning functions include preparing studies to independently evaluate the availability, performance, and need for urban services and establishing spheres of influence – which are the Legislature's version of urban growth boundaries and gatekeepers to future boundary changes – for all cities and special districts. All regulatory and planning activities undertaken by LAFCOs may be conditioned and must be consistent with administrative policies and procedures.

### Objective:

This document represents Marin LAFCO's ("Commission") formal 2017-2018 Workplan. The Workplan draws on the Commission's existing strategic plan and other germane and time-demanding projects identified by the Executive Officer and vetted with the Budget Committee (McEntee, Murray, and Rodoni) in the course of developing an operating budget for the fiscal year. The Workplan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high, moderate, or low. The underlying intent of the Workplan is to serve as a management tool to allocate Commission resources in an accountable and transparent manner over the 12 month period. Further, while it is a stand-alone document, the Workplan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly.

### Executive Summary:

The 2017-2018 Workplan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities. Most notably this includes p two comprehensive municipal service reviews involving the San Rafael/Lucas Valley and Novato regions. Commission initiated reorganizations involving Murray Park and San Quentin Village Sewer Maintenance Districts are also scheduled. Notable new administrative projects include filling staff positions, performing policy updates, and establishing long-term bookkeeping and payroll protocols instep with the Commission's recent transition to a stand-alone accounting system. A limited number of projects have also been identified as low priorities with the policy intention therein for the Commission to address – such as updating the application packet and establishing social media polices and protocols – as resources allow.

Priority	Urgency	Type	Status	Project	Key Issues	Status
1	High	Statutory	New	Commission Counsel Appointment	Statutory Need for Commission to Appoint Counsel   RFP Process	U
2	High	Statutory	Rollover	New Website Design and Implementation	Required to Maintain Website; Serves as Main Communicative Tool   Focus on Branding	U
3	High	Administrative	New	Contract Bookkeeping Services	Need Long-Term Bookkeeping Solution in Step with New Finance System	P
4	High	Statutory	Rollover	General MSR on San Rafael/Lucas Valley Region	First MSR for Region since 2005   Community Outreach in Islands	U
5	High	Statutory	Rollover	General MSR on Novato Region	First MSR for Region since 2002   Community Outreach and UGB Compatibility	P
6	High	Statutory	New	Policy Review: Personnel Procedures	Existing Policies Tie LAFCO to County; Need to Scaledown	U
7	High	Administrative	New	MPSMD and SQVSMD Reorganization	Discretionary; Consistent with Recommendation of Central Marin Wastewater Study	P
8	High	Administrative	New	Recruit and Hire New Staff Member	Fill and/or Supplement Commission Clerk Position	P
9	High	Statutory	New	Sphere Updates for Central Marin WW Agencies	First SOI Updates for Most Agencies Since 2005   RVSD; CMSD; SRSD; and LGVSD	P
10	High	Administrative	New	Evaluate Pension Contract with CalPERS	Explore Cost-Savings Opportunity; Potential Synch with OPEB Relationship	P
11	Moderate	Administrative	New	Prepare Informational Report on JPAs	Post Enactment of SB 1266; Enhance Repository on Local Governmental Services	P
12	Moderate	Administrative	New	Policy Review: Dual Annexation Policy	Follows San Rafael and Novato Region MSRs; Define Substantially Surrounded	P
13	Moderate	Administrative	New	Establish Contract Payroll Services	County Desiring Separation with Outside Users; Address Benefits and Holdings	P
14	Moderate	Administrative	New	2016-2017 Audit	Best Practice   First Audit of QuickBooks System	P
15	Moderate	Administrative	New	E-Agenda Packets	Simplify Agenda Packet Production through E-Tablets   Purchase and Training	U
16	Moderate	Administrative	New	Host 2018 CALAFCO Staff Workshop	April 2018   Expected 120 Plus Attendees	P
17	Moderate	Administrative	New	Memorialize Employer Benefit Contracts	Potential MOU with County or Other to Memorialize Benefit Services	P
18	Moderate	Administrative	New	Evaluate Contract Human Resource Services	Reconcile Government Agency with Scale	P
19	Low	Statutory	Rollover	Mutual Water Companies	AB 54 Implementation; Onus on Mutual to Cooperate	P
20	Low	Statutory	Rollover	Disadvantaged Unincorporated Communities	SB 244 Implementation; Coordinate with CALAFCO	P
21	Low	Administrative	Rollover	Update Application Packet	Current Application Dated; Need to Address New Requirements; Make User Friendly	P
22	Low	Administrative	Rollover	Social Media Polices and Protocols	Expand Outreach to Capture Alternate Media Forums	P
23	Low	Administrative	Rollover	Local Agency Directory	Current Directory Out of Date and Limited to Browser   Opportunity to Show Value	P
24	Low	Administrative	New	Review GIS Needs and Options	Existing Benefit of MarinMap Relative to Cost Merits Review; Address Data Limitations	P
25	Low	Administrative	Rollover	Special District Selection Committee	Assist in Re-establishing Special Selection Committee in Marin County	P

**Status Notations:**

C: Completed

U: Underway

P: Pending



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 7, 2017

Item No. 7 (Consent/Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Approval of Cost-of-Living Adjustment to Employee Salaries**

The Commission will consider formal approval of a 3.0% cost-of-living adjustment for Marin LAFCO employees effective July 1, 2017. The proposed action was contemplated in the adopted operating budget and parallels the practice of the Commission to follow the County of Marin in providing cost-of-living adjustments for unrepresented employees.

---

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) directs all 58 Local Agency Formation Commission’s (LAFCOs) to make their own provisions necessary to meet their regulatory and planning responsibilities. This includes authorizing LAFCOs to employ, contract, or a combination therein for personnel and facilities as needed.

### A. Background

Marin LAFCO’s (“Commission”) employs its own personnel currently consisting of a fulltime Executive Officer and Administrative Analyst as well as a four-fifths Commission Clerk. Position pay and benefits were initially set in 1998 to compare to equivalent positions with the County of Marin’s employment classification system. It has also been the Commission’s practice to authorize changes in employee pay and benefits approved by the Board of Supervisors for unrepresented employees. The County Board of Supervisors recently authorized a 3.0% cost-of-living adjustment for unrepresented employees effective July 1, 2017.

### B. Discussion

This item has been agendized for the Commission to consider the formal authorization of a 3.0% cost-of-living increase for the Marin LAFCO staff consistent with the action recently authorized by the County of Marin. The proposed adjustment would apply to all three current budget positions: (a) Executive Officer; (b) Administrative Analyst; and (c) Commission Clerk. The proposed adjustment would also apply to the anticipated approval of a fourth position: Assistant Policy. The estimated monetary amount of the cost-of-living increase paired with the corresponding savings in negotiated employer pension contributions was incorporated into the adopted operating budget.

### **C. Analysis**

Approval of the 3.0% cost-of-living adjustment follows Commission practice to enact changes in salaries and benefits for employees consistent with actions by the County of Marin. The monetary impact is minimal as described in the preceding section and will help offset increases in employee pension contributions that were concurrently approved by the Board of Supervisors and have already been applied to Marin LAFCO staff.<sup>1</sup>

### **D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative Action One (Recommended):

Approve a 3% cost-of-living adjustment for all employees effective July 1, 2017.

Alternative Action Two:

Continue consideration of the item to a future meeting and provide direction to staff for more information as needed.

Alternative Action Three:

Take no action.

### **E. Recommendation**

It is recommended the Commission approve a 3% cost-of-living adjustment retroactive to July 1, 2017 for employees and consistent with Alternative Action One.

### **F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



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Keene Simonds  
Executive Officer

Attachments: none

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<sup>1</sup> The Commission's standing agreement with the County to provide employee benefits includes a provision that automatically updates the employer/employee cost-sharing ratios for LAFCO staff when changes are made to the County's unrepresented employees.



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 8 (Consent/Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Policy Committee (Baker, Blanchfield, and Connolly)  
Keene Simonds, Executive Officer

**SUBJECT: Proposed Contract Amendments with Executive Officer**

The Commission will consider recommendations by the Policy Committee to amend Marin LAFCO's employment contract with the Executive Officer. Proposed amendments include an equity adjustment to increase the annual salary by \$2,500 and establish a monthly automobile allowance in the amount of \$500. It is also recommended the amendments become effective on September 9, 2017 and in step with the anniversary date of the Executive Officer's employment with the Commission.

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The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") directs all 58 Local Agency Formation Commission's (LAFCOs) to make their own provisions necessary to meet their regulatory and planning responsibilities. This includes requiring all LAFCOs to appoint their own Executive Officer to implement policies and directives as well as administer all day-to-day activities.

### A. Background

#### Initial Appointment and Contract | Executive Officer

Marin LAFCO's ("Commission") current Executive Officer was appointed in August 8, 2013 following an open recruitment process. The appointment included setting the annual salary of \$117,000 along with providing standard employee benefits established by the County of Marin for similar management positions (i.e., pension, health insurance, personal leave, etc.). The Executive Officer's actual employment with Marin LAFCO began on September 9, 2013.

#### Subsequent Contract Amendments

As part of an annual performance review the Commission approved amendments to the Executive Officer's employment contract on November 12, 2015. The amendments involved increasing the annual salary to \$130,000 and authorizing the Executive Officer to cash out up to 60 hours of accrued personnel time each fiscal year so long as a prerequisite number of vacation hours had been expended. No other amendments to

the employment contract have been approved, though a cost-of-living adjustment provided to all employees in 2016-2017 raised the annual salary to \$133,900.

## **B. Discussion**

This item has been agendaized for the Commission to consider recommendations by the Policy Committee (Baker, Blanchfield, and Connolly) to amend Marin LAFCO's employment contract with the current Executive Officer. The Committee's recommendations are drawn from reviews held during noticed meetings on May 1<sup>st</sup> and June 29<sup>th</sup>, which – and among other items – considered the current salary of other Executive Officers in the San Francisco Bay Area. The recommendations also follow the most recent annual performance review of the Executive Officer held on January 27<sup>th</sup> as part of strategic planning workshop. Specific recommendations follow.

- Increase the Executive Officer's current annual salary as of date by \$2,500 effective September 9<sup>th</sup>. This equity adjustment is independent of any cost-living adjustments the Commission will consider for all employees as part of a separate matter scheduled for consideration on August 10<sup>th</sup>.
- Establish a monthly automobile allowance in the amount of \$500 effective September 9<sup>th</sup>. The allowance would be divided into two equal payments made during the first two pay periods of each month.

## **C. Analysis**

The Committee believes the recommended amendments to the employment contract with the Executive Officer are reasonable and consistent with compensation provided among other Bay Area LAFCOs. Should the contract amendments be approved the Committee also believes it would appropriate for the associated changes in compensation become effective on the Executive Officer's employment anniversary of September 9, 2017.

## **D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative Action One (Recommended):

Authorize the Chair to sign a revised employment contract with the Executive Officer to reflect the changes in compensation outlined in the preceding section.

Alternative Action Two:

Continue consideration of the item to a future meeting and provide direction to the Policy Committee for more information as needed.

Alternative Action Three:

Take no action.



**E. Recommendation**

It is recommended the Commission proceed with Alternative Action One as outlined in the preceding section.

**F. Procedures for Consideration**

This item has been agendaized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the Committee recommendation unless otherwise specified by the Commission.

On behalf of the Policy Committee,



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Keene Simonds  
Executive Officer

Attachments:

- 1) Existing Employment Contract with Executive Officer
- 2) Compensation Comparison Among Bay Area LAFCO Executive Officers

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**AGREEMENT**

This Agreement (hereinafter referred to as "Agreement"), made and entered into on the 12th day of November 2015, by and between the Marin Local Agency Formation Commission Chair, Jeffry Blanchfield, acting on behalf and pursuant to the direction of the Marin Local Agency Formation Commission, an Agency established by the State of California (hereinafter referred to as "Commission") and KEENE SIMONDS (hereinafter referred to as "Simonds"), extends the Commission's August 20, 2013, appointment of Simonds as the duly appointed EXECUTIVE OFFICER of the Commission.

**RECITALS**

1. Through action of its membership on November 12, 2015, the Commission voted to extend Simonds appointment as EXECUTIVE OFFICER of the Commission effective November 12, 2015. This Agreement is prepared November 13, 2015 for execution by the Chair of the Commission and Simonds and upon the Chair's signature and that of Simonds will take effect upon the date of execution by the last signing party.
2. It is the desire of the Commission to provide certain benefits, establish certain conditions of employment, and set working conditions of said EXECUTIVE OFFICER.
3. It is the desire of the Commission to (1) retain the services of KEENE SIMONDS and to provide inducement for him to continue in such employment; and (2) to provide an equitable means for terminating Simonds' services at such time as the Commission in its sole discretion may desire to terminate his employ.
4. In consideration of the mutual promises and covenants hereinafter contained, the parties do hereby agree as follows:

**Section 1. Duties.**

The powers and duties of the EXECUTIVE OFFICER shall be as those described generally in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 codified at Section 56000 et seq. of the California Government Code, and any local standards, policies, guidelines or procedures adopted by the Commission. In addition the Commission may have the EXECUTIVE OFFICER perform other legally permissible and proper duties and functions as the Commission shall from time to time assign, including but not limited to professional and consulting services to carry out and affect the functions of the Commission.

## **Section 2. Salary.**

Commission agrees to pay Simonds for his services rendered pursuant hereto an annual base salary of \$130,000.00 (ONE HUNDRED-THIRTY THOUSAND DOLLARS, effective November 12, 2015, payable biweekly at the same time and manner as employees of the County of Marin are paid. This compensation, and all the other terms and conditions of this Agreement, is based upon a 40-hour-work-week. However, Simonds understands and agrees that he shall not be entitled to any additional compensation and/or time off as a result of working more than 40 hours in any given week. It is recognized that work in some weeks may exceed 40 hours and, conversely, work in other weeks may be less than 40 hours. As an exempt management employee, Simonds is expected to work the hours required to get the job done. Adjustments of the salary and benefits for Simonds, as approved by the Commission in its sole discretion, may be made annually by modification of this section of this Agreement to reflect increase or decrease in hours per week required to implement the Commission's work program. The Commission may otherwise grant Simonds cost-of-living salary adjustments without modification of this agreement under its adopted Policies, Procedures and Guidelines.

## **Section 3. Vacation Leave.**

EXECUTIVE OFFICER shall accrue and have credited to his personal account, vacation at the following biweekly rates:

Date of hire through end of year 10 = 4.8 hours  
Year 11 through end of year 20 = 6.2 hours  
Year 21 and thereafter = 8.0 hours

Simonds may accumulate a maximum of 640 hours of vacation leave but may not earn any further vacation leave while accrued, unused vacation leave remains at this maximum. The cash value of all accrued vacation at time of Simonds' separation from Commission service, for any reason, shall be paid to Simonds in a lump sum payment unless another method of payment is mutually agreed upon.

## **Section 4. Sick Leave.**

Simonds shall accrue and have credited to his personal account, sick leave at the rate of 96 hours per year. Sick leave shall have no cash or other value at the time of Simonds separation from Commission service for any reason.

## **Section 5. Holidays and Personal Leave.**

Simonds shall receive eleven (11) paid holidays annually, namely July 4<sup>th</sup>, Labor Day, Veteran's Day, Thanksgiving Day, the day after Thanksgiving, Christmas Day, New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Memorial Day and Veterans' Day. He will also be allocated forty (40) hours of personal leave annually.

#### **Section 6. Conversion of Vacation and Personal Leave to Cash.**

Each fiscal year Simonds may elect to convert up to 60 (sixty) hours of vacation leave, personal leave, or a combination thereof at the hourly rate then in effect into cash, provided however, that he uses a minimum of 80 (eighty) hours of vacation leave during that fiscal year. Simonds shall request the conversion of leave to cash by the end of each fiscal year and the Commission will pay the converted cash payment to him in his next biweekly salary payment in a lump sum. Converted cash credit may not be carried over to the following or any subsequent fiscal year and converted cash payments will not be considered as "compensation earnable" for Marin County Employees' (MCERS or MCERA) Retirement System purposes.

#### **Section 7. Benefits.**

The Commission agrees to provide to Simonds a benefit package consistent with County of Marin unrepresented employees with a similar classification (bargaining group 21-01) to be used to pay the cost of benefits which include, but are not limited to disability, health, life, vision, and dental plans, presently \$488.00 bi-weekly. Unused cash balances of this benefit shall be paid to Simonds biweekly, but limited to no more than 8% of base salary. Simonds recognizes and agrees that contributions to the dental, vision services and basic life insurance plans are mandatory.

#### **Section 8. Pension and Retiree Health Care.**

Simonds is a mandatory member of the Marin County Employees Retirement System (MCERS or MCERA), in Tier 3 thereof, for the purposes of pension and retiree health care, as the terms and provisions of such Tier 3 exist upon the execution of this Agreement.

#### **Section 9. Expenses, Phone and Mileage.**

The Commission agrees to reimburse Simonds for work-related expenses for purposes including, but not limited to, professional dues and subscriptions, professional development, job related travel and meal expenses and general expenses of a job related and non-personal nature subject to reasonable control and approval by the Commission. Commission shall provide, at its expense, a cell phone and cell phone service package to Simonds for Commission business. Commission shall reimburse Simonds for his business-related auto mileage at the applicable IRS rate.

## **Section 10. Performance Evaluation.**

A. The Commission shall review and evaluate the performance of the Simonds at least once annually. Said review and evaluation shall be in accordance with specific criteria developed jointly by the Commission and Simonds, consistent with Commission's adopted Policies, Procedures and Guidelines. Said criteria may be added to or deleted from as the Commission may from time to time determine, in consultation with Simonds. Further, the Chair of the Commission shall provide Simonds with a written summary statement of findings of the Commission and provide an adequate opportunity for the Simonds to discuss his evaluation with the Commission.

B. Annually, the Commission and Simonds shall define such goals and performance objectives that they determine necessary for the proper operation of the Commission and shall further establish a relative priority among those various goals and objectives.

## **Section 11. Termination.**

Simonds recognizes and agrees that the position of EXECUTIVE OFFICER to the Commission is "at will," that he serves at the pleasure of the Commission, and that he may be terminated by the Commission at any time, with or without cause and with or without advance notice, except as set forth below. Either party may terminate this Agreement at any time upon two (2) weeks written notice to the other party in the sole discretion of the party seeking to terminate this agreement.

Should Simonds be terminated or should he resign, in lieu of termination, in the first two (2) years of this Agreement he shall receive two (2) pay periods of salary. Should Simonds be terminated or resign in lieu of termination beginning in the third (3) year and anytime thereafter of this Agreement he shall receive four (4) pay periods of salary. Any payments provided under this section shall comply with the limitations set forth in Government Code Sections 53260 and 53243-53243.4.

## **Section 12. Indemnification.**

In accordance with statutory indemnification applicable to the EXECUTIVE OFFICER through Marin County Code and/or State and Federal statutes, the Commission, shall defend, hold harmless and indemnify Simonds against any tort, professional liability claim or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance by Simonds of his duties. The Commission may, in its discretion, compromise and settle any such claim or suit, and will pay the amount of any settlement or final judgment rendered against Simonds occurring in the performance of his duties as EXECUTIVE OFFICER.

**Section 13. Other Terms and Conditions.**

The Commission, with the mutual consent of Simonds, may fix any such other terms and conditions of employment, as it may determine from time to time, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement or any law.

**Section 14. Notices.**

Notices pursuant to this Agreement shall be given by deposit in the custody of the United States Postal Service, First Class postage prepaid, addressed as follows:

**A. COMMISSION:**

Chair  
Marin Local Agency Formation Commission  
555 Northgate Drive, Suite 230  
San Rafael, CA 94903

**B. EXECUTIVE OFFICER:**

Keene Simmonds  
3074 Blane Way  
Napa, CA 94558

Alternatively, notices required pursuant to this agreement may be personally served in the same manner as if applicable to civil judicial practice. Notice shall be deemed given as of the date of personal service, or as of the date of deposit of such written notice with the United States Postal Service.

**Section 15. General Provisions.**

A. The text herein shall constitute the entire agreement between the parties.

B. This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of Simonds.

C. This agreement shall become effective commencing the 12<sup>th</sup> day of November 2015.

D. If any provision or any portion thereof contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this agreement or portion thereof shall be deemed severable, shall not be affected and shall remain in full force and effect.

**IN WITNESS WHEREOF**, the Marin Local Agency Formation Commission has caused this agreement to be signed and executed on its behalf by its Chair.



JEFFRY BLANCHFIELD, CHAIR  
MARIN LOCAL AGENCY FORMATION  
COMMISSION



KEENE SIMONDS, EXECUTIVE OFFICER  
MARIN LOCAL AGENCY FORMATION  
COMMISSION

Date: January 14, 2014

Date: 1/7/14

Approved as to form:



DAVID ZALTSMAN,  
DEPUTY COUNTY COUNSEL

Date: 1/6/14



## 2017 Executive Officer Salary Survey - Bay Area LAFCOs

As of January 2017

	Number of Local Agencies	Salary Range (Adopted / Low)	Salary Range (Adopted/High)	Actual Salary (Current)	County Employee (yes or no)	Car Allowance (Monthly)	Access to Pool Car (yes or no)
Alameda	49	\$ 87,785	\$ 134,534	\$ 134,534	yes	no	yes
Contra Costa	67	\$ 100,080	\$ 140,820	\$ 146,267	no	\$ 600.00	no
Marin	65	\$ 100,000	\$ 130,000	\$ 134,000	no	no	no
Napa	23	\$ 106,038	\$ 128,918	\$ 111,342	yes	\$ 440.00	no
San Francisco	1	\$ 99,190	\$ 120,562	\$ 120,562	yes	no	yes
San Mateo	65	\$ 118,703	\$ 152,835	\$ 152,835	no	no	no
Santa Clara	44	\$ 112,620	\$ 136,879	\$ 136,879	yes	no	yes
Solano	51	\$ 108,154	\$ 140,000	vacant	yes	no	yes
Sonoma	63	\$ 100,387	\$ 120,444	\$ 118,175	yes	\$ 500.00	no
average		\$ 103,662	\$ 133,888	\$ 131,824			

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 9 (Consent/Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Candidates for the Special Districts Risk Management Authority**

The Commission will consider selecting nominated candidates to serve on the Special Districts Risk Management Authority's Board of Directors; a legally separate joint-powers authority in which the Commission is a signatory and provides pooled insurance services. It is recommended the Commission authorize the Chair to execute the resolution provided by SDRMA to make ballot selections on behalf of the membership.

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The Special Districts Risk Management Authority (SDRMA) was established in 1986 as a stand-alone joint-powers authority for the principal task of providing pooled insurance services to its member agencies. These insurance services include workers' compensation, general liability, and health benefits. SDRMA has approximately 500 member agencies throughout California and governed by a seven-member Board that meets on a monthly basis in Sacramento and oversees eleven fulltime staff.

### A. Background

Marin LAFCO ("Commission") joined SDRMA in 2003 and currently participates in two pooled insurance programs that provide workers compensation and general liability. Governance of SDRMA is provided by a seven-member Board with core responsibilities that include establishing policy and providing oversight of agency services. This also includes setting annual charges.

### B. Discussion

This agenda item is for the Commission to consider submitting a ballot for four open SDRMA Board seats. A total of seven candidates were nominated by the May 5<sup>th</sup> deadline. The candidates' statement of qualifications are provided as Attachment One.

### C. Analysis

Given the scope of the Commission's involvement in SDRMA it would be reasonable for the membership to defer decision-making to the Chair to make ballot selections on behalf of Marin LAFCO. This approach would allow the Chair to perform individual follow up as needed with the seven candidates and make selections he believes best serve the interests of Commission and Marin County.

#### **D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative Action One (Recommended):

Authorize the Chair to execute the resolution provided by SDRMA on behalf of the Commission making up to four selections for SDRMA Board with additional input from the membership as needed.

Alternative Action Two:

Continue consideration of the item to a special meeting ahead of the August 29<sup>th</sup> deadline to submit ballots and provide direction for more information as needed.

Alternative Action Three:

Take no action.

#### **E. Recommendation**

It is recommended the Commission defer decision-making to the Chair to make up to four selections for the SDRMA Board. This recommendation is consistent with Alternative Action One as outlined in the preceding section. Commission staff will record its own number assignment for the resolution submitted to SDRMA.

#### **F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



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Keene Simonds  
Executive Officer

Attachments:

- 1) SDRMA Board Candidates Packet
- 2) Letter from Board Candidate Tim Unruh

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.**

Nominee/Candidate Timothy Unruh  
 District/Agency Kern County Cemetery District No.1  
 Work Address 18662 Santa Fe Way, PO Box 354, Shafter, CA 93263  
 Work Phone 661-746-3921 Home Phone 661-746-6725

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

The work of SDRMA is critical to the everyday operations of a Special District. Knowing that the district and the board is protected gives a 'Peace of Mind' to our daily operations. Sitting on this Board will give me an opportunity to give back to SDRMA and its membership. As a manager of a moderate sized Special District, I am especially interested in maintaining an involvement from that small district perspective. It is imperative that SDRMA maintains cost effective service to the Special District community and it's important that smaller districts have a voice in their insurance needs.

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**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

I spent three years as a Director for CSDA including one year as Legislation Committee Chairman. I currently sit on the CSDA Legislation Committee and am a Special District Administrator (SDA). Our District is in its fourth term as a District of Distinction which now includes the Transparency Certification. I currently sit as a Director with a city appointment on Kern Mosquito and Vector board. I have been a Director of the California Association of Public Cemeteries for 15 years and currently am Chairman of the Legislation Committee. I have been involved with the Kern County Special Districts Association since 1995 from when we worked to obtain LAFCo representation for Special Districts.

Most importantly, I have been a manager for the Kern County Cemetery District for 30 years and work daily to keep our cemetery district strong and effective in our community. To that end, I have the SDRMA General Safety Specialist Certification and with that training I work for a compliant, safe and healthy working relationship with our staff.

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**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?  
(Response Required)**

I feel that community history is very important and am a volunteer with the local Historical Society. I also have sat on the local school board and have been involved with our youth through our church as well as our community through sports and especially by giving our young people a safe and entertaining place to visit after our home football games.

This being said, I feel that I am a committed and thorough person who knows that to get things done you must be involved and be able to think out of the box in difficult situations. You must listen to those around you and sometimes that means keeping one's mouth shut.

I have worked as a Manager for many years and understand the needs of special districts. What SDRMA offers is an integral part of special district operations and I feel that I can bring a passion for the practical needs of Special Districts.

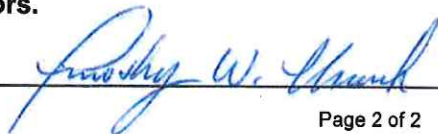
**What is your overall vision for SDRMA? (Response Required)**

SDRMA has shown great concern for the Special Districts in California as is seen in their commitment to meeting our insurance needs. This is done by listening to the membership and continuing to work on being a better and complete insurance stop. I feel that the Health Insurance part of their programs will be the next large growth area. As we deal with PERB's and the needs of our work force, this area will help to meet the needs of our agencies.

Their education is excellent and they have defined their role in local government very well. It will be necessary to maintain this role and work to educate the membership. SDRMA's commitment to be a cost-effective insurance provider has work well in the past and will continue to do so as long as the Board and staff work together to fulfill their mission statement.

**I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.**

Candidate Signature



Date: April 24, 2017

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – **no attachments will be accepted**. No statements are endorsed by SDRMA.

Nominee/Candidate James M. Hamlin (Jim)  
District/Agency Burney Water & Sewer District  
Work Address 20541 Burney Court, Burney, Ca. 96013  
Work Phone (530) 335-2040 Home Phone (530) 335-2040

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

Able to look at acturail evidence. Being able to set adequate rates for both  
Insurance program and districts. SDRMA needs to operate as a business.

**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

Servved on hospital district for 24 1/2 years, California Hospital District board  
for 8 years, Burney water Sewer board for three years. I had my own insurance  
brokerage for 43 years. I did not have an E & O Claim.

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?  
(Response Required)**

see previous question

**What is your overall vision for SDRMA? (Response Required)**

SDRMA must operate as a viable business. Many district carriers and board members are reluctant to raise rates. When I served on Ca. Hospital Board, many of the board members were not willing to operate as a business because it would affect their hospitals bottom line.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature

*James M. Hamel* Date 4-1-2017



**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.**

Nominee/Candidate **MIKE SCHEAFER**  
District/Agency **COSTA MESA SANITARY DISTRICT**  
Work Address **1551-B BAKER ST, COSTA MESA, CA 92626**  
Work Phone **714-435-0300** Home Phone **714-552-9858**

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

As an incumbent on the SDRMA Board I wish to continue providing the service and knowledge that I have been consistent with during my current term. As an insurance professional for over 44 years I bring the experience needed to manage the risks Districts are faced with. Over my term I have consistently made decisions to provide the protections necessary at the most affordable cost. Districts continue to encounter new challenges to their risk management programs. My years of experience, my continued involvement in insurance education and my desire to protect make me a sound choice to continue on the Board of SDRMA.

**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

Current SDRMA Board Member. President Costa Mesa Sanitary District Board of Directors. Former City Councilmember for the City of Costa Mesa. Former Parks and Recreation Commissioner for the City of Costa Mesa.

Leadership positions, including Board President for the following: Little League Baseball, Boys and Girls Club of the Harbor Area, Costa Mesa Senior Center, The Albert Dixon Memorial Foundation (non profit providing funds for other non-profit agencies).

Over 30 years experience with Lions Clubs International. Served as District Governor, Club President several times. Chaired the California Convention Committee several times. Membership in the organization continues.

My leadership role in all these organizations gave, and give, me experience in the risks that face each. My insurance experience helps me make prudent decisions when challenged with those risks.

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?  
(Response Required)**

Many of the organizations that I have either been elected to or volunteered for quickly put me in a leadership role. They recognized my ability to handle the risks and challenges the organizations meet. I was able to steer those organizations in a clear path to minimize the risk.

I continue to hold a teaching credential in Insurance Education with the local community college District. Additionally I was a professor of Insurance Continuing Education for many years. I have a passion for passing on the knowledge I have acquired over my career.

I have always faced the risk management challenges of any organization with the confidence that the desired outcomes would be realized. +

**What is your overall vision for SDRMA? (Response Required)**

My vision is to continue providing the protection and service to the Special Districts that make them strong in their risk management efforts. I will continue to work for those ends while keeping strong my conviction that rates need to be adequate yet affordable for the Districts.

New technologies, changes in legislation, make it extremely difficult for Districts to keep up with the factors posing new challenges to risk management, insurance, etc. My experience in those areas, my position as an elected official, make me keenly aware of how to protect the Districts.

I will continue to be committed to making SDRMA the leader in protecting the risk management needs of our Special Districts.

**I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.**

Candidate Signature \_\_\_\_\_



Date \_\_\_\_\_

4/25/17

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.**

Nominee/Candidate    Michael J. Karen  
District/Agency    Apple Valley Fire Board  
Work Address        N/A  
Work Phone         N/A Home Phone 760-713-3273

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

I would be honored to serve on the SDRMA Board of Directors because I am interested in not only risk management, but insurance as well. I have run my own company and have seen first hand how accidents can affect the bottom line.

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**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

I was appointed to the Apple Valley Fire Board in February of 2016. I was re-elected the same year. During my time on the board, I have already been a part of many great things. The board and I helped to pass Measure A which funds our district in perpetuity. We also passed and have streamlined the budget. I have also been a part of evaluations as well.

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**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – **no attachments will be accepted.** No statements are endorsed by SDRMA.

Nominee/Candidate David Aranda  
District/Agency Mountain Meadows Community Services District  
Work Address 17780 Highline Rd - Tehachapi CA 93561  
Work Phone 661-822-7616 Home Phone 661-300-1231

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

Working with six other board members and the staff,  
as a team is challenging and rewarding.

Over the years of my service on the SDRMA Board  
I hope the members have found my input to be  
beneficial and it is my desire to continue to look  
after the members receiving the best service at a  
fair cost.

**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

Service on SDRMA  
Service on SOWCA - I was part of the group that  
consolidate two entities into one entity which was  
very cost effective  
Service on SDLF  
Past service on CSDA - current Education Committee member

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?  
(Response Required)**

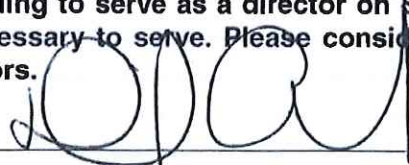
Serving as a General MANAGER over the past twenty plus years and serving as a Board Member ASISTS me in understanding the proper process that benefits the operation of SDRMA  
Eighteen years of experience with SDRMA provides a good knowledge base to benefit the members

**What is your overall vision for SDRMA? (Response Required)**

- 1) Continue to provide excellent service
- 2) Continue the balance of a financially strong pool that provides great policy coverage at the best pricing possible.
- 3) Serve the members with cutting edge software customer service oriented employees and a Board that remembers who we are serving!

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4-20-17

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates -- no attachments will be accepted. No statements are endorsed by SDRMA.**

Nominee/Candidate	Cindi Beaudet		
District/Agency	Temecula Public Cemetery District		
Work Address	41911 C Street, Temecula CA 92592		
Work Phone	(951)699-1630	Home Phone	(951)541-8736

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

As a member of SDRMA, I've learned first hand the risk and challenges that comes with my type of Special District. I think it is important to have an active and knowledgeable voice representing our industry and districts and that understands the role special districts play and their importance. I will bring sound policy principles to the table and work with my fellow board members in the spirit of collaboration to ensure SDRMA continues to be a cost effective, high quality risk management service.

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**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

I have played an active role in the cemetery industry in both the private sector and with special districts for almost two decades and was elected in 2006 to the Board of California Association of Public Cemeteries (CAPC). While on the Board for CAPC one of my roles was Education Committee Chair, working with executive staff to identify learning and certification opportunities for our members. This experience has provided me with the skills and knowledge of board development, procedures, protocol and policy development.

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**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?  
(Response Required)**

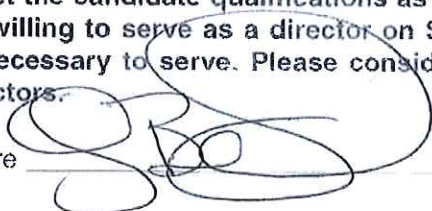
Since 2004 I have served as General Manager to the Temecula Public Cemetery District. I consider myself to be well versed in cemetery leadership, risk mitigation, best management practices and risk reduction. I hold a life insurance license from the State of California. I am an advocate for the cemetery profession, serving as a formal mentor for CAPC. I am engaged and involved heavily in my community and understand first hand the challenges and risk associated with cemetery operations and management.

**What is your overall vision for SDRMA? (Response Required)**

My overall vision for SDRMA is that it appropriately and accurately addresses the risk and mitigation needs of all its members in a thoughtful and deliberate manner; considering the size, scope and nuances of each type of public agency. This thoughtful consideration will provide better service to our members while maintaining the cost effective quality programs SDRMA continues to offer.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4/27/17



**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.**

Nominee/Candidate    Jean Bracy, SDA  
District/Agency        Mojave Desert Air Quality Management District  
Work Address            14306 Park Ave., Victorville, CA 92392  
Work Phone              760-245-1661

**Why do you want to serve on the SDRMA Board of Directors?**

I have served on the SDRMA Board of Directors since 2010. In 2017 I was elected by the Board to be the **Board President**. The Board strives to provide a variety of avenues for members to be successful and has adopted many important programs and policies aimed to provide members **cost effective coverage**. Each year, the Board **carefully considered** rates for services and from 2009 to 2016 voted to hold rates flat for the property/liability program. Through strategic planning SDRMA has a **strong financial base**. SDRMA has included **Cyber Coverage**; provided a **FREE Law Legal Hotline**; established a **multiple-policy discount (5%)** for each member who belongs to both the property/liability and the workers compensation programs; shares investment earnings with members through a **longevity distribution**; established the **loss prevention allowance funds** which reimburses members for safety-related costs up to \$1,000; launched and enhanced the SDRMA **interactive website**; provided **FREE online training** through Target Solutions; launched a **Safety Specialist Certificate** program; and contracted with Company Nurse to provide **FREE screening services** for work-related injury cases. I have worked closely with **SDRMA for 17 years**. I am attracted to its member-focused, pro-active, and positive mission. I would like to see – and be a part of – SDRMA continue this member-centric approach.

**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization)**

I am serving my eighth year on the **SDRMA Board of Directors** and in 2017 I am the Board President. I am serving my fifth year on the Board of Directors for the **Special District Leadership Foundation (SDLF)** and I am the Board Secretary. On this Board I have been part of the continuing expansion of the SDLF programs, including the premier program, **District of Distinction**, also the Special District Administrator Certificate, the Recognition of Special District Governance, and the District Transparency Certificate of Excellence.

My career experience with special districts has helped me to understand the issues specific to smaller organizations. I have learned what it really means for an organization to do more with less. I have also learned that political realities for special districts are distinct from other forms of governments. As the Deputy Director – Administration for the Mojave Desert Air Quality Management District, I am the staff representative to the Governing Board Committees for Budget and Personnel. I am a member of and have chaired the California Air Pollution Control Officers Association (CAPCOA), statewide committees for Fiscal and Human Resource officers. I organized and have chaired the Alternate Fuel Task Force for the Mojave Desert air basin; I have represented the District in the Antelope Valley Clean Cities Coalition.

My working opportunities have crossed several public service types. I served as the Victorville city representative to the Technical Advisory Committee for the Victor Valley Transit Authority and as the City representative and officer on the Executive Committee of the Regional Economic Development Authority. I volunteered four years on the Board of Directors of the Victor Valley Federal Credit Union. For six years, I worked as an adjunct professor at Victor Valley Community College teaching Public Works Administration.

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?**

As professional and as a volunteer, I have a wide range of experiences with organizational structures, long term and vision planning, development of staff and volunteers, and resource and program management. My experience of leading organizational activities and implementing change for growth includes bringing together intergenerational and multicultural groups to achieve common goals.

I am an effective manager with expertise in efficient and productive management implementing process improvements in finance, human resources, risk management, and a wide variety of related administrative and organizational functions. I have led highly skilled teams to support the achievement of overall agency goals and objectives.

I earned a Master's Degree in Public Administration from California State University, San Bernardino

I earned the Special District Administrator Certification from the Special Districts Leadership Foundation

I earned the Recognition of Special District Governance from the Special Districts Leadership Foundation

I earned the Masters Certification in Labor Relations from the California Public Employers Labor Relations Association (CALPELRA)

**What is your overall vision for SDRMA?**

I want to continue contributing my experience and expertise to SDRMA's overall function to further strengthen and enhance the lines of services provided by SDRMA. I want to see members educated to be wise in their management to reduce costs and deliver their very important missions to their communities. I want to be part of the mission to enhance the member's experience through claims management and education that leads to loss prevention.

**I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.**

Candidate Signature

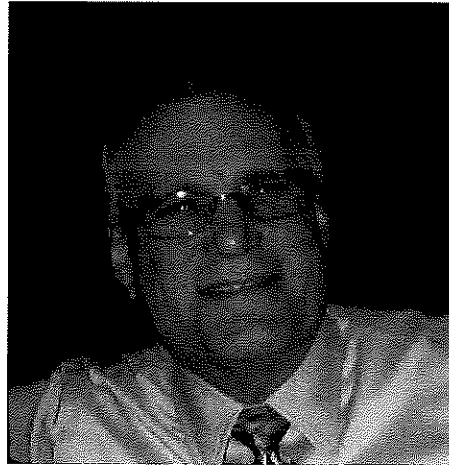


Date

2-27-17

Hello,

My name is Tim Unruh, SDA and I am running for a seat in the 2017 SDRMA Board of Directors election. I have been the District Manager of the Kern County Cemetery District for the past 30 years which consists of two cemeteries, including Shafter Memorial Park and Wasco Memorial Park. I am also a Director for the Kern Mosquito and Vector Control District which covers 1,657 square miles of Kern County. My education includes a B.A. in Ag-Business with an emphasis in Economics from Tabor College with postgraduate work in Business from Cal State – Bakersfield.



Previously, I was a representative for what is now Network 4 when I was elected to the CSDA Board of Directors in 2002. I chaired the CSDA Legislation Committee for 2003 and currently sit on the Legislation Committee.

In 2015, our District was the recipient of the SDRMA Earl Sayre "Excellence in Safety" award. This was accomplished through hard work and training. My desire is to take that same hard work and commitment to work for all special districts as a Director on the SDRMA board.

What I will contribute as a SDRMA Director is to be actively involved by advocating for special districts in California. Each of our districts, whether small or large, have insurance needs that impact us. These needs must be listened to and I want to work through SDRMA to do just that. Together, our involvement in SDRMA has created the ability to work as a cohesive body that can help special districts with their insurance. As a group, this allows for a greater impact to work for the issues of special districts. I understand what it means to wear multiple hats as both a General Manager and a Director. I know the difficulties that face special districts every day. I feel I can add a dimension to the SDRMA board that will help with the decisions this board will consider.

I also understand the need for continuing education for districts to stay on top of the legislation and requirements that come out of Sacramento. I have a General Safety Specialist Certification from SDRMA and a Special District Administrator Certification from CSDA. I have taken advantage of various education programs. I have seen the positive results from education and will be involved to promote more district participation in what SDRMA offers.

I want to encourage you to vote in this SDRMA election and to thank you for your vote for me as well as the opportunity to work for your special district on the SDRMA Board of Directors.

Respectfully Submitted,

Tim Unruh  
General Manager  
Kern County Cemetery District

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 10 (Consent/Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: California Association of Local Agency Formation Commissions | Annual Conference Items**

The Commission will consider action items relating to CALAFCO's Annual Conference scheduled for October 25-27<sup>th</sup> in Mission Bay (San Diego). Requested actions include appointment of voting delegates, board nominations for city and public member seats, and achievements award submittals. It is recommended the Commission authorize the Chair to make the requested appointments/nominations with input from the membership before the associated deadlines.

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California Association of Local Agency Formation Commission (CALAFCO) sponsors a three-day annual conference towards the end of the calendar year with the participation of one or more hosting LAFCOs. The program is typically theme-based with sessions oriented accordingly by an appointing planning committee and with content generally geared towards commissioners and executive staff.

### A. Background

San Diego LAFCO is hosting the 2017 CALAFCO Annual Conference set for October 25-27<sup>th</sup> at the Bahia Hotel in Mission Bay. There will also be pre-session activities on Tuesday, October 24<sup>th</sup>, which includes a tour of the San Diego Water Authority's Claude "Bud" Lewis Desalination Plant. A preliminary program – which will include a session with panel participation by the Executive Officer on improving Commission decision-making – is available on the CALAFCO website.

### B. Discussion

This item is for Marin LAFCO ("Commission") to consider three separate actions tied to the upcoming CALAFCO Annual Conference. These actions are to (a) appoint voting delegates and consider making nominations for (b) board vacancies for city and public member seats and (c) achievement awards. An expanded discussion follows.

## Appointment of Voting Delegates

Each LAFCO is responsible under CALAFCO bylaws for appointing a delegate and alternate delegate to participate in the board elections and the subsequent business meeting held on the second day of the Annual Conference. The board elections – as detailed in the succeeding section – will be conducted by regions while the business meeting provides an opportunity for the entire membership to hear from, and ask questions to, CALAFCO regarding organization activities. Delegates may be an alternate or staff. A listing of recent delegate appointees by the Commission follows.

Year / Location	Delegate	Alternate Delegate
2009 / Yosemite	Peter Banning	- none -
2010 / Palm Springs	Jeffry Blanchfield	Barbara Heller
2011 / Napa	Jeffry Blanchfield	Peter Banning
2012 / Monterey	Peter Banning	- none -
2013 / Lake Tahoe	Jeffry Blanchfield	Craig K. Murray
2014 / Ontario	Craig K. Murray	Keene Simonds
2015 / Sacramento	Keene Simonds	- none -
2016 / Santa Barbara	Craig K. Murray	Rachel Jones

## Board Nominations

The Commission is assigned to CALAFCO’s coastal region with 15 other LAFCOs that extends north to Sonoma and south to Ventura. This region has one city seat and one public seat up for election in September. Terms for both seats expire at the end of the calendar year and CALAFCO invites LAFCOs to nominate candidates. Terms are four years and nominations for open seats must be signed by the respective LAFCO Chair and include a completed resume form for the candidate. The deadline for submitting nominations is Monday, September 25<sup>th</sup>.<sup>1</sup> A list of recent Commissioners to have served on the Board follows with a detailed summary of the nomination process provided as Attachment One.

Commissioner	Seat	Years
Erwin Williams	Public	1992-1997
David Ware	Special District	1998-2000
Richard Rubin	Public	2001

## Achievement Awards

CALAFCO invites LAFCOs to nominate for various achievement awards. The awards were established in 1997 and currently include 10 categories range from “Most Effective Commission” to “Legislator of the Year.” The deadline for submitting nominations is Thursday, August 31<sup>st</sup> and recipients will be selected by a Board committee with announcements made at the banquet dinner on Thursday, October 26<sup>th</sup>. A complete listing of award categories is provided as Attachment Two.

<sup>1</sup> Although not advised, candidates may also be nominated from the floor with the regional caucuses scheduled for the morning of Thursday, October 26<sup>th</sup>.

### **C. Analysis**

Staff believes it would be appropriate for the Commission to authorize the Chair to organize and make the requested appointments/nominations with input from the membership before the associated deadlines. This approach, most notably, would allow each Commissioner the opportunity to consider their respective interest and availability to attend the Annual Conference in Mission Bay, and as such inform potential delegate appointments. It would similarly provide the Commission's city (Condon, McEntee, and Brown) and public (Blanchfield and Skelton) additional time to consider their interests in running for CALAFCO Board to inform any possible nominations. This approach and benefits as described also apply to making potential achievement award nominations.

### **D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative Action One (Recommended):

Defer and authorize the Chair to make appointments and/or nominations on behalf of the Commission with respect to voting delegates, city and public board nominees, and achievement award nominations as part of CALAFCO's 2017 Annual Conference in Mission Bay.

Alternative Action Two:

Take immediate action to appoint and/or nominate voting delegates, city and public board nominees, and achievement award nominations as part of CALAFCO's 2017 Annual Conference in Mission Bay.

Alternative Action Three:

Take no action.

### **E. Recommendation**

It is recommended the Commission proceed with Alternative Action One as outlined in the preceding section.

### **F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



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Keene Simonds  
Executive Officer

Attachments:

- 1) CALAFCO Board Nomination Packet
- 2) CALAFCO Achievement Award Nomination Packet

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July 6, 2017



**To:** Local Agency Formation Commission  
Members and Alternate Members

**From:** John Leopold, Committee Chair  
CALAFCO Board Election Committee  
CALAFCO Board of Directors

**RE: Nominations for 2017/2018 CALAFCO Board of Directors**

Nominations are now open for the fall elections of the CALAFCO Board of Directors. Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal and operational issues that affect us all. The Board meets four to five times each year at alternate sites around the state. Any LAFCo commissioner or alternate commissioner is eligible to run for a Board seat.

CALAFCO’s Election Committee is accepting nominations for the following seats on the CALAFCO Board of Directors:

<b><u>Northern Region</u></b>	<b><u>Central Region</u></b>	<b><u>Coastal Region</u></b>	<b><u>Southern Region</u></b>
County Member	City Member	City Member	County Member
District Member	Public Member	Public Member	District Member

The election will be conducted during Regional Caucuses at the CALAFCO Annual Conference prior to the Annual Membership Meeting on Thursday, October 26, 2017 at the Bahia Hotel Mission Bay in San Diego, CA.

**Please inform your Commission that the CALAFCO Election Committee is accepting nominations for the above-cited seats until Monday, September 25, 2017.**

Incumbents are eligible to run for another term. Nominations received by September 25 will be included in the Election Committee’s Report and will be on the ballot. The Report will be distributed to LAFCo members no later than October 11 and ballots made available to Voting Delegates at the Annual Conference. Nominations received after this date will be returned; however, nominations will be permitted from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCos who cannot send a representative to the Annual Meeting an electronic ballot will be made available if requested in advance. The ballot request must be made no later than Monday, September 25, 2017. Completed absentee ballots must be returned by October 23, 2017.

*Should your Commission nominate a candidate, the Chair of your Commission must complete the attached Nomination Form and the Candidate’s Resume Form, or provide the specified information in another format other than a resume. Commissions may also include a letter of recommendation or resolution in support of their nominee.*

**The nomination forms and materials must be received by the CALAFCO Executive Director no later than Monday, September 25, 2017.**

Here is a summary of the deadlines for this year's nomination process:

- **July 6** – Nomination Announcement and packet sent to LAFCo membership and posted on the CALAFCO website.
- **September 25** – Completed Nomination packet due
- **September 25** – Request for an absentee/electronic ballot due
- **September 25** – Voting delegate name due to CALAFCO
- **October 11** – Distribution of the Election Committee Report (includes all completed/submitted nomination papers)
- **October 11** – Distribution of requested absentee/electronic ballots.
- **October 23** – Absentee ballots due to CALAFCO
- **October 26** - Elections

Returning the nomination form prior to the deadline ensures your nominee is placed on the ballot. Names will be listed in the order nominations were received should there be multiple candidates. Electronic filing of nomination forms and materials is encouraged to facilitate the recruitment process. Please send e-mails with forms and materials to [info@calafco.org](mailto:info@calafco.org). Alternatively, nomination forms and materials can be mailed or faxed to the address or fax number below. Please forward nominations to:

CALAFCO Election Committee c/o Executive Director  
California Association of Local Agency Formation Commissions  
1215 K Street, Suite 1650  
Sacramento, California 95814  
FAX: 916-442-6535  
EMAIL: [info@calafco.org](mailto:info@calafco.org)

Questions about the election process can be sent to the Chair of the Committee, John Leopold, at [jleopold@calafco.org](mailto:jleopold@calafco.org) or by calling him at 831-454-2055. You may also contact CALAFCO Executive Director Pamela Miller at [pmiller@calafco.org](mailto:pmiller@calafco.org) or by calling 916-442-6536.

Members of the 2017/2018 CALAFCO Election Committee are:

John Leopold, Chair <a href="mailto:jleopold@calafco.org">jleopold@calafco.org</a>	Santa Cruz LAFCo (Coastal Region) 831-454-2200
Cheryl Brothers <a href="mailto:cbrothers@calafco.org">cbrothers@calafco.org</a>	Orange LAFCo (Southern Region) 714-640-5100
Shiva Frentzen <a href="mailto:sfrentzen@calafco.org">sfrentzen@calafco.org</a>	El Dorado LAFCo (Central Region) 530-295-2707
Josh Susman <a href="mailto:jsusman@calafco.org">jsusman@calafco.org</a>	Nevada LAFCo (Northern Region) 530-265-7180

Attached please find a copy of the CALAFCO Board of Directors Nomination and Election Procedures as well as the current listing of Board Members and corresponding terms of office.

*Please consider joining us!*

Enclosures

## **Board of Directors Nomination and Election Procedures and Forms**

The procedures for nominations and election of the CALAFCO Board of Directors [Board] are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in the CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

### **1. APPOINTMENT OF A RECRUITMENT COMMITTEE**

- a. Following the Annual Membership Meeting the Board shall appoint a Committee of four members of the Board. The Recruitment Committee shall consist of one member from each region whose term is not ending.
- b. The Board shall appoint one of the members of the Recruitment Committee to serve as Chairman. The CALAFCO Executive Officer shall appoint a CALAFCO staff member to serve as staff for the Recruitment Committee in cooperation with the CALAFCO Executive Director.
- c. Each region shall designate a regional representative to serve as staff liaison to the Recruitment Committee.
- d. Goals of the Committee are to encourage and solicit candidates by region who represent member LAFCoS across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.

### **2. ANNOUNCEMENT TO ALL MEMBER LAFCoS**

- a. No later than three months prior to the Annual Membership Meeting, the Recruitment Committee Chair shall send an announcement to each LAFCo for distribution to each commissioner and alternate. The announcement shall include the following:
  - i. A statement clearly indicating which offices are subject to the election.
  - ii. A regional map including LAFCoS listed by region.
  - iii. The dates by which all nominations must be received by the Recruitment Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCo marked "Received too late for Nominations Committee action."
  - iv. The names of the Recruitment Committee members with the Committee Chair's LAFCo address and phone number, and the names and contact information for each of the regional representatives.
  - v. The address to send the nominations forms.
  - vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.
- b. No later than four months before the annual membership meeting, the Recruitment Committee Chair shall send an announcement to the Executive Director for distribution to each member LAFCo and for publication in the newsletter and on the website. The announcement shall include the following:

<b>Key Timeframes for Nominations Process</b>	
<u>Days*</u>	
90	Nomination announcement
30	Nomination deadline
14	Committee report released
<small>*Days prior to annual membership meeting</small>	

- i. A statement clearly indicating which offices are subject to the election.
  - ii. The specific date by which all nominations must be received by the Recruitment Committee. Nominations received after the closing dates shall be returned to the proposing LAFCo marked "Received too late for Recruitment Committee action."
  - iii. The names of the Recruitment Committee members with the Committee Chair's LAFCo address and phone number, and the names and contact information for each of the regional representatives.
  - iv. Requirement that nominated individual must be a commissioner or alternate commissioner from a member in good standing within the region.
- c. A copy of these procedures shall be posted on the web site.

### **3. THE RECRUITMENT COMMITTEE**

- a. The Recruitment Committee and the regional representatives have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Recruitment Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.
- b. At the close of the nominations the Recruitment Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated seats. Caucus elections must be held prior to the annual membership meeting at the conference. The Executive Director or assigned staff along with a member of the Recruitment committee shall tally ballots at each caucus and provide the Recruitment Committee the names of the elected Board members and any open seats. In the event of a tie, the staff and Recruitment Committee member shall immediately conduct a run-off ballot of the tied candidates.
- c. Make available sufficient copies of the Committee Report for each Voting Member by the beginning of the Annual Conference.
- d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).
- e. Advise the Annual Conference Planning Committee to provide "CANDIDATE" ribbons to all candidates attending the Annual Conference.
- f. Post the candidate statements/resumes organized by region on a bulletin board near the registration desk.
- g. Regional elections shall be conducted as described in Section 4 below. The representative from the Recruitment Committee shall serve as the Presiding Officer for the purpose of the caucus election.
- h. Following the regional elections, in the event that there are open seats for any offices subject to the election, the Recruitment Committee Chair shall notify the Chair of the Board of Directors that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.

**4. ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING**

Limited to the elections of the Board of Directors

- a. Any LAFCo in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.
- b. LAFCos requesting an electronic ballot shall do so in writing no later than 30 days prior to the annual meeting.
- c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the annual meeting.
- d. LAFCo must return the ballot electronically to the executive director no later than three days prior to the annual meeting.
- e. LAFCos voting under this provision may discard their electronic ballot if a representative is able to attend the annual meeting.
- f. LAFCos voting under this provision may only vote for the candidates nominated by the Recruitment Committee.

**5. AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING**

- a. The Recruitment Committee Chairman, another member of the Recruitment Committee, or the Chair's designee (hereafter called the Presiding Officer) shall:
  - i. Review the election procedure with the membership.
  - ii. Present the Recruitment Committee Report (previously distributed).
  - iii. Call for nominations from the floor by category for those seats subject to this election:
    - 1. For city member.
    - 2. For county member.
    - 3. For public member.
    - 4. For special district member.
- b. To make a nomination from the floor, a LAFCo, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.
- c. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.
- d. The Presiding Officer shall conduct a "Candidates Forum". Each candidate shall be given time to make a brief statement for their candidacy.
- e. The Presiding Officer shall then conduct the election:
  - i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:
    - 1. Name the nominees and offices for which they are nominated.
    - 2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.

- ii. For categories where there are more candidates than vacancies, the Presiding Officer shall:
  - 1. Poll the LAFCoS in good standing by written ballot.
  - 2. Each LAFCo in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.
  - 3. With assistance from CALAFCO staff, tally the votes cast and announce the results.
- iii. Election to the Board shall occur as follows:
  - 1. The nominee receiving the majority of votes cast is elected.
  - 2. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election.
  - 3. In case of tie votes:
    - a. A second run-off election shall be held with the same two nominees.
    - b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.
  - 4. In the case of two vacancies, any candidate receiving a majority of votes cast is elected.
    - a. In the case of no majority for either vacancy, the three nominees receiving the three highest number of votes cast shall face each other in a run-off election.
    - b. In the case of no majority for one vacancy, the two nominees receiving the second and third highest number of votes cast shall face each other in a run-off election.
    - c. In the event of a tie, a second run-off election shall be held with the tied nominees. If there remains a tie after the second run-off election the winner shall be determined by a draw of lots.

## 6. ADDITIONAL PROCEDURES

- a. For categories where there are more candidates than vacancies, names will be listed in the order nominated.
- b. The Recruitment Committee Chair shall announce and introduce all Board Members elected at the Regional Caucuses at the annual business meeting.
- c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFCo may be nominated for at-large seats.
- d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.
- e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new board members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.

## 7. LOSS OF ELECTION IN HOME LAFCO

Board Members and candidates who lose elections in their home office shall notify the Executive Director within 15 days of the certification of the election.

## 8. FILLING BOARD VACANCIES

Vacancies on the Board of Directors may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.

*These policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007, 8 February 2008, 13 February 2009, 12 February 2010, 18 February 2011, and 29 April 2011. They supersede all previous versions of the policies.*

# CALAFCO Regions

## FOUR REGIONS



The counties in each of the four regions consist of the following:

**Northern Region**

Butte  
Colusa  
Del Norte  
Glenn  
Humboldt  
Lake  
Lassen  
Mendocino  
Modoc  
Nevada  
Plumas  
Shasta  
Sierra  
Siskiyou  
Sutter  
Tehama  
Trinity  
Yuba

**CONTACT:** Steve Lucas  
Butte LAFCo  
slucas@buttecounty.net

**Southern Region**

Orange  
Los Angeles  
Imperial  
Riverside  
San Bernardino  
San Diego

**CONTACT:** Carolyn Emery  
Orange LAFCo  
cemery@oclafco.org

**Coastal Region**

Alameda  
Contra Costa  
Marin  
Monterey  
Napa  
San Benito  
San Francisco  
San Luis Obispo  
San Mateo  
Santa Barbara  
Santa Clara  
Santa Cruz  
Solano  
Sonoma  
Ventura

**CONTACT:** David Church  
San Luis Obispo LAFCo  
dchurch@slolafco.com

**Central Region**

Alpine  
Amador  
Calaveras  
El Dorado  
Fresno  
Inyo  
Kern  
Kings  
Madera  
Mariposa  
Merced  
Mono  
Placer  
Sacramento  
San Joaquin  
Stanislaus  
Tulare  
Tuolumne  
Yolo

**CONTACT:** Kris Berry, Placer LAFCo  
kberry@placer.ca.gov



## Board of Directors 2017/2018 Nominations Form

### *Nomination to the CALAFCO Board of Directors*

In accordance with the Nominations and Election Procedures of CALAFCO,

\_\_\_\_\_ LAFCo of the \_\_\_\_\_ Region

Nominates \_\_\_\_\_

for the (check one)     City     County     Special District     Public

Position on the CALAFCO Board of Directors to be filled by election at the next Annual  
Membership Meeting of the Association.

\_\_\_\_\_  
LAFCo Chair

\_\_\_\_\_  
Date

#### **NOTICE OF DEADLINE**

Nominations must be received by **September 25, 2017**  
to be considered by the Recruitment Committee. Send  
completed nominations to:  
CALAFCO Recruitment Committee  
CALAFCO  
1215 K Street, Suite 1650  
Sacramento, CA 95814

## Board of Directors 2017/2018 Candidate Resume Form

Nominated By: \_\_\_\_\_ LAFCo Date: \_\_\_\_\_

Region (please check one):  Northern  Coastal  Central  Southern

Category (please check one):  City  County  Special District  Public

Candidate Name \_\_\_\_\_

Address \_\_\_\_\_

Phone Office \_\_\_\_\_ Mobile \_\_\_\_\_

e-mail \_\_\_\_\_ @ \_\_\_\_\_

Personal and Professional Background:

LAFCo Experience:

CALAFCO or State-level Experience:

**CALAFCO Board Members 2016-17***(as of July 5, 2017)*

<b>Board Member Name</b>	<b>LAFCo - Region</b>	<b>Type (Term Expires)</b>
Cheryl Brothers	Orange - <i>Southern</i>	City (2018)
Bill Connelly	Butte - <i>Northern</i>	County (2017)
James Curatalo – <b>Chair</b>	San Bernardino - <i>Southern</i>	District (2017)
Shiva Frentzen	El Dorado - <i>Central</i>	County (2018)
Gay Jones – <b>Vice Chair</b>	Sacramento - <i>Central</i>	District (2018)
Michael Kelley	Imperial - <i>Southern</i>	County (2017)
Dr. William Kirby	Placer - <i>Central</i>	City (2017)
John Leopold	Santa Cruz - <i>Coastal</i>	County (2018)
Gerard McCallum	Los Angeles - <i>Southern</i>	Public (2018)
Michael McGill - <b>Treasurer</b>	Contra Costa - <i>Coastal</i>	District (2018)
John Marchand	Alameda - <i>Coastal</i>	City (2017)
Anita Paque	Calaveras - <i>Central</i>	Public (2017)
Ricky Samayoa	Yuba - <i>Northern</i>	City (2018)
Sblend Sblendorio	Alameda - <i>Coastal</i>	Public (2017)
Josh Susman - <b>Secretary</b>	Nevada - <i>Northern</i>	Public (2018)
<i>Vacant</i>	<i>Northern</i>	District (2017)

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**Date:** 5 July 2017

**To:** LAFCo Commissioners and Staff  
CALAFCO Members  
Other Interested Organizations

**From:** CALAFCO Achievement Awards Committee

**Subject:** **2017 CALAFCO Achievement Award Nominations**



Each year, CALAFCO recognizes outstanding achievements by dedicated and committed individuals and/or organizations from throughout the state at the Annual Conference Achievement Awards Ceremony.

Recognizing individual and organizational achievements is an important responsibility. It provides visible recognition and support to those who go above and beyond in their work to advance the principles and goals of the Cortese-Knox-Hertzberg Act. We invite you to use this opportunity to nominate the individuals and organizations you feel deserve this important recognition. ***Please carefully review the nomination instructions.***

To make a nomination, please use the following procedure:

1. Nominations may be made by an individual, a LAFCo, a CALAFCO Associate Member, or any other organization. There is no limit to the number of nominations you can submit.
2. Please use a separate form (attached) for each nomination. Nominations must be submitted with a completed nomination form. The form is your opportunity to highlight the most important points of your nomination.
3. Nominations must be limited to no more than 1500 words or 3 pages in length maximum. You are encouraged to write them in a clear, concise and understandable manner. If the Awards Committee members require additional information, you will be contacted with that request.
4. All supporting information (e.g. reports, news articles, etc.) must be submitted with the nomination. Please limit supporting documentation to no more than 5 pages. If the Awards Committee members require additional information, you will be contacted with that request.
5. All nomination materials must be submitted at one time and must be received by the deadline. Electronic submittals are encouraged.
6. **Nominations and supporting materials must be received no later than 5:00 p.m., Thursday, August 31, 2017.** Send nominations via e-mail, or U.S. mail to:

Stephen Lucas, CALAFCO Executive Officer  
c/o Butte LAFCo  
1453 Downer Street, Suite C  
Oroville, CA 95965  
slucas@calafco.org

Members of the 2017 CALAFCO Board of Directors Awards Committee are:

*Ricky Samayoa*, Committee Chair (Yuba LAFCo, Northern Region)  
*Mike Kelley* (Imperial LAFCo, Southern Region)  
*Gerard McCallum* (Los Angeles LAFCo, Southern Region)  
*John Marchand* (Alameda LAFCo, Coastal Region)  
*Anita Paque* (Calaveras LAFCo, Central Region)

rsamayoa@calafco.org  
mkelley@calafco.org  
gmccallum@calafco.org  
jmarshand@calafco.org  
apaque@calafco.org

Please contact Steve Lucas, CALAFCO Executive Officer, at slucas@calafco.org or (530) 538-7784 with any questions. A list of the previous Achievement Award recipients is attached to this announcement.

## **Nomination Form**

**NOMINEE - Person or Agency Being Nominated:**

Name:

Organization:

Address:

Phone:

E-mail:

**NOMINATION CATEGORY** (check one – see category criteria on attached sheet)

- Outstanding CALAFCO Member
- Most Effective Commission
- Outstanding Commissioner
- Outstanding LAFCo Professional
- Outstanding LAFCo Clerk
- Outstanding CALAFCO Associate Member
- Project of the Year
- Distinguished Service Award
- Government Leadership Award
- Legislator of the Year (must be approved by the full CALAFCO Board)
- Mike Gotch Courage and Innovation in Local Government Award
- Lifetime Achievement Award

**NOMINATION SUBMITTED BY:**

Name:

Organization:

Address:

Phone:

E-mail:

**ACHIEVEMENTS**

Please indicate the reasons why this person or agency deserves to be recognized (Remember to keep this portion to 1500 words or 3 pages maximum and use additional sheets as needed):

### **CALAFCO ACHIEVEMENT AWARD CATEGORIES**

CALAFCO recognizes excellence within the LAFCo community and the full membership by presenting the *Achievement Awards* at the CALAFCO Annual Conference. Nominations are being accepted until *Thursday, August 31, 2017* in the following categories:

<b>Outstanding CALAFCO Member</b>	Recognizes a CALAFCO Board Member or staff person who has provided exemplary service during the past year.
<b>Distinguished Service Award</b>	Given to a member of the LAFCo community to recognize long-term service by an individual.
<b>Most Effective Commission</b>	Presented to an individual Commission to recognize innovation, streamlining, and/or initiative in implementing LAFCo programs; may also be presented to multiple Commissions for joint efforts.
<b>Outstanding Commissioner</b>	Presented to an individual Commissioner for extraordinary service to his or her Commission.
<b>Outstanding LAFCo Professional</b>	Recognizes an Executive Officer, Staff Analyst, or Legal Counsel for exemplary service during the past year.
<b>Outstanding LAFCo Clerk</b>	Recognizes a LAFCo Clerk for exemplary service during the past year.
<b>Outstanding CALAFCO Associate Member</b>	Presented to an active CALAFCO Associate Member (person or agency) that has advanced or promoted the cause of LAFCos by consistently producing distinguished work that upholds the mission and goals of LAFCos, and has helped elevate the roles and mission of LAFCos through its work. Recipient consistently demonstrates a collaborative approach to LAFCo stakeholder engagement.
<b>Project of the Year</b>	Recognition for a project-specific program that involved complex staff analysis, community involvement, or an outstanding solution.
<b>Government Leadership Award</b>	Presented to a decision-making body at the city, county, special district, regional or state level which has furthered good government efforts in California.
<b>Legislator of the Year</b>	Presented to a member of the California State Senate or Assembly in recognition of leadership and valued contributions in support of LAFCo goals. Selected by CALAFCO Board.
<b>Mike Gotch Courage and Innovation in Local Government Award</b>	Presented to an individual who has taken extraordinary steps to improve and innovate local government. This award is named for Mike Gotch: former Assembly Member, LAFCo Executive Officer and CALAFCO Executive Director responsible for much of the foundations of LAFCo law and CALAFCO. He is remembered as a source of great inspiration for staff and legislators from throughout the state.
<b>Lifetime Achievement Award</b>	Recognizes any individual who has made extraordinary contributions to the LAFCo community in terms of longevity of service, exemplary advocacy of LAFCo-related legislation, proven leadership in approaching a particular issue or issues, and/or demonstrated support in innovative and creative ways of the goals of LAFCos throughout California. At a minimum, the individual should be involved in the LAFCo community for at least ten years.



**CALAFCO ACHIEVEMENT AWARD RECIPIENTS**

**2016**

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Distinguished Service Award	<b>Peter Brundage</b> , Sacramento LAFCo
Most Effective Commission	<b>San Luis Obispo LAFCo</b>
Outstanding CALAFCO Member	<b>John Leopold</b> , Santa Cruz LAFCo
Outstanding Commissioner	<b>Don Tatzin</b> , Contra Costa LAFCo
Outstanding LAFCo Professional	<b>Steve Lucas</b> , Butte LAFCo
Outstanding LAFCo Clerk	<b>Cheryl Carter-Benjamin</b> , Orange LAFCo
Project of the Year	<b>Countywide Water Study</b> , (Marin LAFCo)
Government Leadership Award	<b>Southern Region of CALAFCO</b>
Lifetime Achievement Award	<b>Bob Braitman</b> (retired Executive Officer)

**2015**

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Mike Gotch Courage & Innovation in Local Government Leadership Award	<b>Yuba County Water Agency</b>
Distinguished Service Award	<b>Mary Jane Griego</b> , Yuba LAFCo
Most Effective Commission	<b>Butte LAFCo</b>
Outstanding CALAFCO Member	<b>Marjorie Blom</b> , formerly of Stanislaus LAFCo
Outstanding Commissioner	<b>Matthew Beekman</b> , formerly of Stanislaus LAFCo
Outstanding LAFCo Professional	<b>Sam Martinez</b> , San Bernardino LAFCo
Outstanding LAFCo Clerk	<b>Terri Tuck</b> , Yolo LAFCo
Project of the Year	<b>Formation of the Ventura County Waterworks District No. 38</b> (Ventura LAFCo) and <b>2015 San Diego County Health Care Services five-year sphere of influence and service review report</b> (San Diego LAFCo)
Government Leadership Award	<b>The Cities of Dublin, Pleasanton, Livermore and San Ramon, the Dublin San Ramon Services District and the Zone 7 Water Agency</b>
CALAFCO Associate Member of the Year	<b>Michael Colantuono</b> of Colantuono, Highsmith & Whatley
Legislators of the Year Award	<b>Assembly member Chad Mayes</b>
Lifetime Achievement Award	<b>Jim Chapman</b> (Lassen LAFCo) and <b>Chris Tooker</b> (formerly of Sacramento LAFCo)

**2014**

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Mike Gotch Courage & Innovation in Local Government Leadership Award	<b>David Church</b> , San Luis Obispo LAFCo
Distinguished Service Award	<b>Kate McKenna</b> , Monterey LAFCo
Most Effective Commission	<b>Santa Clara LAFCo</b>
Outstanding CALAFCO Member	<b>Stephen Lucas</b> , Butte LAFCo
Outstanding Commissioner	<b>Paul Norsell</b> , Nevada LAFCo
Outstanding LAFCo Professional	<b>Kate McKenna</b> , Monterey LAFCo
Outstanding LAFCo Clerk	<b>Paige Hensley</b> , Yuba LAFCo
Project of the Year	<b>LAFCo Procedures Guide: 50<sup>th</sup> Year Special Edition</b> , San Diego LAFCo



## 2017 Achievement Award Nominations

Government Leadership Award

**Orange County Water District, City of Anaheim, Irvine Ranch Water District, and Yorba Linda Water District**

Legislators of the Year Award

**Assembly member Katcho Achadjian**

Lifetime Achievement Award

**Susan Wilson, Orange LAFCo**

### 2013

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Mike Gotch Courage & Innovation in Local Government Leadership Award

**Simón Salinas, Commissioner, Monterey LAFCo**

Distinguished Service Award

**Roseanne Chamberlain, Amador LAFCo**

Most Effective Commission

**Stanislaus LAFCo**

Outstanding CALAFCO Member

**Harry Ehrlich, San Diego LAFCo**

Outstanding Commissioner

**Jerry Gladbach, Los Angeles LAFCo**

Outstanding LAFCo Professional

**Lou Ann Texeira, Contra Costa**

LAFCo Outstanding LAFCo Clerk

**Kate Sibley, Contra Costa LAFCo**

Project of the Year

**Plan for Agricultural Preservation, Stanislaus LAFCo**

Government Leadership Award

**Orange County LAFCo Community Islands Taskforce, Orange LAFCo**

Legislators of the Year Award

**Senators Bill Emmerson and Richard Roth**

Lifetime Achievement Award

**H. Peter Faye, Yolo LAFCo; Henry Pellissier, Los Angeles LAFCo; Carl Leverenz, Butte LAFCo; Susan Vicklund-Wilson, Santa Clara LAFCo.**

### 2012

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Mike Gotch Courage & Innovation in Local Government Leadership Award

**Bill Chiat, CALAFCO Executive Director**

Distinguished Service Award

**Marty McClelland, Commissioner, Humboldt LAFCo**

Most Effective Commission

**Sonoma LAFCo**

Outstanding CALAFCO Member

**Stephen A. Souza, Commissioner, Yolo LAFCo and CALAFCO Board of Directors**

Outstanding Commissioner

**Sherwood Darington, Monterey**

LAFCo Outstanding LAFCo Professional

**Carole Cooper, Sonoma LAFCo**

Outstanding LAFCo Clerk

**Gwenna MacDonald, Lassen LAFCo**

Project of the Year

**Countywide Service Review & SOI Update, Santa Clara LAFCo**

Government Leadership Award

**North Orange County Coalition of Cities, Orange LAFCo**

Lifetime Achievement Award

**P. Scott Browne, Legal Counsel LAFCos**

### 2011

---

Mike Gotch Courage & Innovation in Local Government Leadership Award

**Martin Tuttle, Deputy Director for Planning, Caltrans**

Distinguished Service Award

**Mike McKeever, Executive Director, SACOG**

LAFCo Most Effective Commission

**Carl Leverenz, Commissioner and Chair, Butte**

Outstanding CALAFCO Member

**San Bernardino LAFCo**

Outstanding Commissioner

**Keene Simonds, Executive Officer, Napa LAFCo**

Outstanding LAFCo Professional

**Louis R. Calcagno, Monterey LAFCo**

Outstanding LAFCo Clerk

**June Savala, Deputy Executive Officer, Los Angeles LAFCo**

**Debbie Shubert, Ventura LAFCo**



## 2017 Achievement Award Nominations

Project of the Year

**Cortese-Knox-Hertzberg Definitions Revision**

Bob Braitman, Scott Browne, Clark Alsop, Carole Cooper, and George Spiliotis

Government Leadership Award

**Contra Costa Sanitary District**

**Elsinore Water District and Elsinore Valley Municipal Water District**

### 2010

---

Mike Gotch Courage & Innovation in Local Government Leadership Award

**Helen Thompson**, Commissioner, Yolo LAFCo

Distinguished Service Award

**Kathleen Rollings-McDonald**, Executive Officer, San Bernardino LAFCo

**Bob Braitman**, Executive Officer, Santa Barbara LAFCo

Most Effective Commission

**Tulare LAFCo**

Outstanding CALAFCO Member

**Roger Anderson, Ph.D.**, CALAFCO Chair, Santa Cruz LAFCo

Outstanding Commissioner

**George Lange**, Ventura LAFCo

Outstanding LAFCo Professional

**Harry Ehrlich**, Government Consultant, San Diego LAFCo

Outstanding LAFCo Clerk

**Candie Fleming**, Fresno LAFCo

Project of the Year

**Butte LAFCo**

Sewer Commission - Oroville Region Municipal Service Review

Government Leadership Award

**Nipomo Community Services District and the County of San Luis Obispo**

Special Achievement

**Chris Tooker**, Sacramento LAFCo and CALAFCO Board of Directors

### 2009

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Mike Gotch Courage & Innovation in Local Government Leadership Award

**Paul Hood**, Executive Officer, San Luis Obispo LAFCo

Distinguished Service Award

**William Zumwalt**, Executive Officer, Kings LAFCo

Most Effective Commission

**Napa LAFCo**

Outstanding CALAFCO Member

**Susan Vicklund Wilson**, CALAFCO Vice Chair

**Jerry Gladbach**, CALAFCO Treasurer

Outstanding Commissioner

**Larry M. Fortune**, Fresno LAFCo

Outstanding LAFCo Professional

**Pat McCormick**, Santa Cruz LAFCo Executive Officer

Outstanding LAFCo Clerk

**Emmanuel Abello**, Santa Clara LAFCo

Project of the Year

**Orange LAFCo** Boundary Report

Government Leadership Award

**Cities of Amador City, Jackson, Ione, Plymouth & Sutter Creek; Amador County; Amador Water Agency; Pine Grove CSD – Countywide MSR Project**

Legislator of the Year Award

**Assembly Member Jim Silva**

### 2008

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Distinguished Service Award	<b>Peter M. Detwiler</b> , Senate Local Government Committee Chief Consultant
Most Effective Commission	<b>Yuba LAFCo</b>
Outstanding Commissioner	<b>Dennis Hansberger</b> , San Bernardino LAFCo
Outstanding LAFCo Professional	<b>Michael Ott</b> , San Diego LAFCo Executive Officer <b>Martha Poyatos</b> , San Mateo Executive Officer
Outstanding LAFCo Clerk	<b>Wilda Turner</b> , Los Angeles LAFCo
Project of the Year	<b>Kings LAFCo</b> City and Community District MSR and SOI Update
Government Leadership Award	<b>San Bernardino Board of Supervisors</b>
Legislator of the Year Award	<b>Assembly Member Anna M. Caballero</b>

### 2007

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Outstanding CALAFCO Member	<b>Kathy Long</b> , Board Chair, Ventura LAFCo
Distinguished Service Award	<b>William D. Smith</b> , San Diego Legal
Counsel Most Effective Commission	<b>Santa Clara LAFCo</b>
Outstanding Commissioner	<b>Gayle Uilkema</b> , Contra Costa LAFCo
Outstanding LAFCo Professional	<b>Joyce Crosthwaite</b> , Orange LAFCo Executive Officer
Outstanding LAFCo Clerk	<b>Debby Chamberlin</b> , San Bernardino LAFCo
Project of the Year	<b>San Bernardino LAFCo and City of Fontana</b> Islands Annexation Program
Government Leadership Award	<b>City of Fontana - Islands Annexation Program</b>
Lifetime Achievement	<b>John T. "Jack" Knox</b>

### 2006

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Outstanding CALAFCO Member	<b>Everett Millais</b> , CALAFCO Executive Officer and Executive Officer of Ventura LAFCo
Distinguished Service Award	<b>Clark Alsop</b> , CALAFCO Legal Counsel
Most Effective Commission Award	<b>Alameda LAFCo</b>
Outstanding Commissioner Award	<b>Ted Grandsen</b> , Ventura LAFCo <b>Chris Tooker</b> , Sacramento LAFCo
Outstanding LAFCo Professional Award	<b>Larry Calemine</b> , Los Angeles LAFCo Executive Officer
Outstanding LAFCo Clerk Award	<b>Janice Bryson</b> , San Diego LAFCo <b>Marilyn Flemmer</b> , Sacramento LAFCo
Project of the Year Award	<b>Sacramento Municipal Utility District</b> Sphere of Influence Amendment and Annexation; <b>Sacramento LAFCo</b>
Outstanding Government Leadership Award	<b>Cities of Porterville, Tulare, and Visalia and Tulare LAFCo</b> Island Annexation Program
Legislator of the Year Award	<b>Senator Christine Kehoe</b>

### 2005

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Outstanding CALAFCO Member	<b>Peter Herzog</b> , CALAFCO Board, Orange LAFCo
Distinguished Service Award	<b>Elizabeth Castro Kemper</b> , Yolo LAFCo
Most Effective Commission Award	<b>Ventura LAFCo</b>



## 2017 Achievement Award Nominations

Outstanding Commissioner Award	<b>Art Aseltine</b> , Yuba LAFCo
	<b>Henri Pellissier</b> , Los Angeles LAFCo
Outstanding LAFCo Professional Award	<b>Bruce Baracco</b> , San Joaquin LAFCo
Outstanding LAFCo Clerk Award	<b>Danielle Ball</b> , Orange LAFCo
Project of the Year Award	<b>San Diego LAFCo</b> MSR of Fire Protection and Emergency Medical Services
Outstanding Government Leadership Award	<b>Sacramento Area Council of Governments (SACOG)</b>

### 2004

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Outstanding CALAFCO Member	<b>Scott Harvey</b> , CALAFCO Executive Director
Distinguished Service Award	<b>Julie Howard</b> , Shasta LAFCo
Most Effective Commission Award	<b>San Diego LAFCo</b>
Outstanding Commissioner Award	<b>Edith Johnsen</b> , Monterey LAFCo
Outstanding LAFCo Professional Award	<b>David Kindig</b> , Santa Cruz LAFCo
Project of the Year Award	<b>San Luis Obispo LAFCo</b> Nipomo CSD SOI Update, MSR, and EIR

### 2003

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Outstanding CALAFCO Member	<b>Michael P. Ryan</b> , CALAFCO Board Member
Distinguished Service Award	<b>Henri F. Pellissier</b> , Los Angeles LAFCo
Most Effective Commission Award	<b>San Luis Obispo LAFCo</b>
Outstanding Commissioner Award	<b>Bob Salazar</b> , El Dorado LAFCo
Outstanding LAFCo Professional Award	<b>Shirley Anderson</b> , San Diego LAFCo
Outstanding LAFCo Clerk Award	<b>Lori Fleck</b> , Siskiyou LAFCo
Project of the Year Award	<b>Napa LAFCo</b> Comprehensive Water Service Study
Special Achievement Award	<b>James M. Roddy</b>

### 2002

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Outstanding CALAFCO Member	<b>Ken Lee</b> , CALAFCo Legislative Committee Chair
Most Effective Commission Award	<b>San Diego LAFCo</b> Outstanding
Commissioner Award	<b>Ed Snively</b> , Imperial LAFCo
Outstanding LAFCo Professional Award	<b>Paul Hood</b> , San Luis Obispo LAFCo
Outstanding LAFCo Clerk Award	<b>Danielle Ball</b> , Orange LAFCo
Project of the Year Award	<b>San Luis Obispo LAFCo</b>
Outstanding Government Leadership Award	<b>Napa LAFCo, Napa County Farm Bureau, Napa Valley Vintners Association, Napa Valley Housing Authority, Napa County Agricultural Commissioner's Office, Napa County Counsel Office, and Assembly Member Patricia Wiggins</b>

### 2001

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Outstanding CALAFCO Member	<b>SR Jones</b> , CALAFCO Executive Officer
Distinguished Service Award	<b>David Martin</b> , Tax Area Services Section, State Board of Equalization
Outstanding Commissioner Award	<b>H. Peter Faye</b> , Yolo LAFCo
Outstanding LAFCo Professional Award	<b>Ingrid Hansen</b> , San Diego LAFCo
Project of the Year Award	<b>Santa Barbara LAFCo</b>
Outstanding Government Leadership Award	<b>Alameda County Board of Supervisors, Livermore City Council, Pleasanton City Council</b>
Legislator of the Year Award	<b>Senator Jack O'Connell</b>

### 2000

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Outstanding CALAFCO Member	<b>Ron Wootton</b> , CALAFCO Board Chair
Distinguished Service Award	<b>Ben Williams</b> , Commission on Local Governance for the 21st Century
Most Effective Commission Award	<b>Yolo LAFCo</b>
Outstanding Commissioner	<b>Rich Gordon</b> , San Mateo LAFCo
Outstanding LAFCo Professional Award	<b>Annamaria Perrella</b> , Contra Costa LAFCo
Outstanding LAFCo Clerk Award	<b>Susan Stahmann</b> , El Dorado LAFCo
Project of the Year Award	<b>San Diego LAFCo</b>
Legislator of the Year Award	<b>Robert Hertzberg</b> , Assembly Member

### 1999

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Distinguished Service Award	<b>Marilyn Ann Flemmer-Rodgers</b> , Sacramento LAFCo
Most Effective Commission Award	<b>Orange LAFCo</b>
Outstanding Executive Officer Award	<b>Don Graff</b> , Alameda LAFCo
Outstanding LAFCo Clerk Award	<b>Dory Adams</b> , Marin LAFCo
Most Creative Solution to a Multi-Jurisdictional Problem	<b>San Diego LAFCo</b>
Outstanding Government Leadership Award	<b>Assembly Member John Longville</b>
Legislator of the Year Award	<b>Assembly Member Robert Hertzberg</b>

### 1998

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Outstanding CALAFCO Member	<b>Dana Smith</b> , Orange LAFCo
Distinguished Service Award	<b>Marvin Panter</b> , Fresno LAFCo
Most Effective Commission Award	<b>San Diego LAFCo</b>
Outstanding Executive Officer Award	<b>George Spiliotis</b> , Riverside LAFCo
Outstanding Staff Analysis	<b>Joe Convery</b> , San Diego LAFCo <b>Joyce Crosthwaite</b> , Orange LAFCo
Outstanding Government Leadership Award	<b>Santa Clara County Planning Department</b>

### 1997

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Most Effective Commission Award	<b>Orange LAFCo</b>
Outstanding Executive Officer Award	<b>George Finney</b> , Tulare LAFCo
Outstanding Staff Analysis	<b>Annamaria Perrella</b> , Contra Costa LAFCo
Outstanding Government Leadership Award	<b>South County Issues Discussion Group</b>
Most Creative Solution to a Multi-Jurisdictional Problem	<b>Alameda LAFCo and Contra Costa LAFCo</b>
Legislator of the Year Award	<b>Assembly Member Tom Torlakson</b>



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 11 (Consent/Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer  
Alyssa Schiffmann, Contract Bookkeeper

**SUBJECT: Authorization to Approve Audit Expenditure**

The Commission will consider authorizing the Executive Officer to approve an expenditure for R.J. Ricciardi & Associates to prepare an independent audit for 2016-2017 in an amount not-to-exceed \$6,760 plus direct costs. Approval would follow an earlier decision by the Commission to select R.J. Ricciardi & Associates for auditing services beginning in 2012-2013 following an open selection process. Staff recommends approval.

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The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) authorizes Local Agency Formation Commissions (LAFCOs) to enter into agreements or contracts with public and private parties for services necessary to meet their regional growth management responsibilities.

### A. Background

#### Adopted Policies | Audits, Consultant Selection, and Procurement Limits

Marin LAFCO’s (“Commission”) Policy Handbook was formally adopted in June 2016 and provides direction and protocols regarding – and among other items – the agency’s financial management. This includes contracting with an independent consultant to prepare an annual or biennial audit on the Marin LAFCO’s financial statements. The Policy Handbook also sets the Executive Officer’s spending authorization at \$3,000 per transactions; all transactions above this threshold require Commission approval.

#### Previous Request for Proposals | Auditing Services

In February 2014 the Commission authorized staff to prepare and circulate a request for proposals (RFP) for a certified public accounting firm to perform an inaugural audit on the agency’s financial statements beginning with the 2012-2013 fiscal year with options for two (2) extensions covering the next two fiscal years. The subsequent RFP outcome was considered by the Commission at a noticed hearing with the membership approving a staff recommendation to select R.J. Ricciardi & Associates with resulting

audits having been separately prepared for fiscal years ending on June 30<sup>th</sup> of 2013, 2014, 2015, and 2016.

## **B. Discussion**

This item is for the Commission to consider authorizing the Executive Officer to approve a new expenditure with R.J. Ricciardi & Associates to prepare an independent audit for 2016-2017 for a not-to-exceed amount of \$6,760 plus direct costs. The requested amount matches the cost for the recently completed 2015-2016 audit (separately audited) and is contemplated in the adopted operating budget.

## **C. Analysis**

Approval of the expenditure with R.J. Ricciardi & Associates would serve to expedite the underlying interest of the Commission to help ensure Marin LAFCO's financial statements accurately reflect the position of the agency and its oversight of publicly derived funding. The consultant has performed as expected in preparing four earlier audits for the Commission and in each instance – notably – has identified items and opportunities to improve Marin LAFCO's financial reporting. The consultant's costs are within the adopted budget and there does not appear to be an overwhelming reason to initiate a new RFP given the Commission's other resource commitments.

## **D. Alternatives for Action**

The following alternative actions are available to the Commission.

### Alternative Action One (Recommended):

Authorize the Executive Officer to sign the attached engagement letter entering the Commission into a written agreement with R.J. Ricciardi & Associates to prepare an audit of LAFCO's 2016-2017 financial records at a not-to-exceed cost of \$6,760 plus any direct costs.

### Alternative Action Two:

Continue consideration of this item to a future meeting and provide direction to staff with respect to providing additional information as needed.

### Alternative Action Three:

Take no action.

## **E. Recommendation**

Staff recommends the Commission proceed with Alternative Action One and authorize the Executive Officer to execute the attached engagement letter.



**F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully on behalf of staff,



---

Keene Simonds  
Executive Officer

Attachment: as stated

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R. J. RICCIARDI, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

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June 22, 2017

Mr. Keene Simonds, Executive Officer  
Marin Local Agency Formation Commission  
555 Northgate Dr., Suite 230  
San Rafael, CA 94903

Dear Keene:

We are pleased to confirm our understanding of the services we are to provide Marin Local Agency Formation Commission for the year ended June 30, 2017. We will audit the financial statements of the governmental activities, each major fund, including the notes to the financial statements, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of Marin Local Agency Formation Commission as of the year ended June 30, 2017. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), and the statement of revenues, expenditures and changes in fund balance – budget and actual – for the General Fund, to accompany Marin Local Agency Formation Commission's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Marin Local Agency Formation Commission's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any reassurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.
3. Proportionate Share of Net Pension Liability (Asset).
4. Schedule of Contributions.
5. Schedule of Funding Progress for Other Post-Employment Benefits.

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Marin Local Agency Formation Commission's financial statements. Our report will be addressed to the Commissioners of Marin Local Agency Formation Commission. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Marin Local Agency Formation Commission's compliance with provisions of applicable laws, regulations, contracts, and agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion.

### **Other Services**

We will also prepare OR assist in preparing the financial statements of Marin Local Agency Formation Commission in conformity with U.S. generally accepted accounting principles based on information provided by you.

### **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities, for the selection and application of accounting principles, and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us, and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them

### **Engagement Administration, Fees, and Other**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. Further, we understand that your employees will prepare all information we request in our Client Participation List in the format requested and send it to us 30 days prior to scheduling the audit field work. If you have insufficient personnel or time to prepare these items we can assist you in this area and we will discuss with you the additional time required and estimated fee for these services.

The audit documentation for this engagement is the property of R. J. Ricciardi, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of R. J. Ricciardi, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation. The designee may intend or decide to distribute the copies or information contained therein to others, including other government agencies.

Michael O'Connor is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our estimated fees for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our estimated fee, including expenses will be \$6,760 for the audit. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes thirty days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

If additional time is needed for us to assist Marin Local Agency Formation Commission in the resolution or investigation of accounting errors, discrepancies, or reconciliation issues, assistance in the preparation of schedules, or to reflect in our workpapers corrections to the Marin Local Agency Formation Commission's accounting records made after the start of the engagement, we will perform such additional work at our standard hourly rates indicated below:

Director \$180  
Manager \$130  
Senior accountant \$100-115  
Staff accountant \$70-75

Additional time will be needed to test the census data submitted to CALPERS in compliance with GASB 68 and related internal controls as well as reviewing the implementation of the required disclosures. The resulting costs of the additional time cannot be determined accurately at this time but will be billed at the hourly rates noted above. We estimate the additional costs should not exceed \$900.

In addition to the estimated fees noted above, we reserve the right to invoice Marin Local Agency Formation Commission at our standard hourly rates for time incurred providing information to successor auditors in compliance with SAS. No. 84. Our invoices and related fees for this service will be payable upon presentation.

We reserve the right to suspend or terminate our work if you have failed to fulfill your responsibilities set forth in this engagement letter, and such failure materially interferes with our work. If our work is suspended or terminated because of your failure to fulfill your responsibilities set forth in this engagement letter, you agree that we will not be responsible for your failure to meet government and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any damages (including consequential damages) incurred as a result of the suspension or termination of our work.

We appreciate the opportunity to be of service to Marin Local Agency Formation Commission, and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*R. J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of Marin Local Agency Formation Commission:

Officer signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 12 (Consent/Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Expense Authorization and Associated Budget Amendments |  
New Computer Networking System and Ongoing Support Services**

The Commission will consider three related actions tied to authorizing and funding a new computer networking system at Marin LAFCO and highlighted by transitioning from Toshiba/Dell to Apple. Two of the actions involve authorizing the Executive Officer to enter into agreements with a local vendor to purchase, deliver, set-up, and separately provide ongoing support for the new Apple computer network system covering four workstations. The combined cost of the two agreements during the first year is \$21,306 (equipment and support) and followed by \$7,140 (support) each year thereafter if renewed. The third action involves approving a budget amendment for \$16,166 to cover the majority of the first year costs by transferring projected savings out of salaries/benefits.

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Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) to establish written policies and procedures in providing regional growth management services in all 58 counties in California. LAFCOs are also authorized to make their own provisions – including entering into contracts and agreements and without going through the Department of General Services – for all necessary staffing and service needs therein.

### A. Background

#### Existing Computer and Networking System

Marin LAFCO’s (“Commission”) current computer network system is organized around Microsoft Windows. This includes the existing use of three “PCs” that are each assigned to an equal number of workstations currently used by the Executive Officer, Administrative Analyst, and Commission Clerk. The PC assigned to the Commission Clerk’s workstation is a Dell desktop and was purchased in 2013. The PCs assigned to the Executive Officer and Administrative Analyst’s workstations are Toshiba laptops and were purchased in 2014 and 2015, respectively. A Dell network server purchased in 2015 provides file sharing between the three workstation PCs and is located in a utility closet located in the Marin LAFCO office. Service calls are currently directed to a local vendor specializing in PC networks on an as-needed basis.

## Replacement Practice and Need

Marin LAFCO does not have any policies or written procedures with respect to guiding the replacement of computers and related equipment. Informally it has been the recent practice of staff to pursue the replacement of computers no less than every three years based on accepted best practices among industry professionals. This includes current practice to include funding in the adopted operating budget to replace one of Marin LAFCO's three workstation PCs every year; the net effect of this practice is to ensure all workstation PCs are replaced every 24 to 36 months. This practice, however, is not always followed. As illustrated most recently in 2016-2017, the anticipated replacement PC for the Commission Clerk's workstation was postponed due to extraneous factors with the associated set-aside funding getting carried-forward into the fund balance. Accordingly, and given the preceding comments Marin LAFCO will need to replace all three existing workstation PCs by the next fiscal year in keeping with industry best practices. Additionally, a fourth PC will be needed in-step with the anticipated hire of the Assistant Policy Analyst and necessity therein for their own dedicated workspace.<sup>1</sup>

## Purchasing Policies

Commission policy sets the Executive Officer's discretionary spending authority at \$3,000 per transaction. All transactions above this threshold require Commission approval. Additionally, cumulative expenses generated from any one vendor during a single fiscal year exceeding \$5,000 requires Commission approval. Commission policy also provides discretion in determining when it is appropriate to use a competitive selection process to inform the procurement of goods, services, and equipment.

## B. Discussion

This item is for the Commission to consider three related actions tied to authorizing and funding a new computer networking system at Marin LAFCO. The proposed actions are collectively marked by transitioning from Toshiba/Dell to Apple and through the contract services of a local vendor, Marin Mac Tech (Novato). Details on all three actions follow.

### Action One | Authorizing Purchase Agreement

This action involves authorizing an agreement with Marin Mac Tech to provide the purchase, delivery, and set-up of a completely new computer networking system at a one-time expense of \$14,166. This amount – which avoids any third-party markup – would provide selected Apple computers and ancillary equipment (i.e., monitors, keyboards, mice, etc.) for all four workstations at Marin LAFCO as detailed in the accompanying footnote.<sup>2</sup> It also includes a network backup device and an Apple TV; an HDMI compliant device that would allow staff to wirelessly stream content from

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<sup>1</sup> The Commission will be separately considering the recommendation to establish a job description for the Assistant Policy Analyst as part of a separate agenda item scheduled for the August 10<sup>th</sup> meeting.

<sup>2</sup> In consultation with the vendor the requested quote would provide two (2) 15-inch MacBook Pro laptops for the Executive Officer and Administrative Analyst's workstations. Each MacBook would have 16GB in memory and 512GB in SSD storage. The requested quote provides two (2) 27-inch iMacs with Retina 5k display for the Commission Clerk and Assistant Policy Analyst's workstations. The two iMacs would have 8GB of memory and 512GB in SSD storage.

computers to external monitors for presentations and other collaborative work projects.<sup>3</sup> Marin LAFCO's existing Dell server will be utilized. Additionally, annual subscriptions for using Microsoft Office and Adobe programs would be transferable to the new Apple computers at no additional costs.

### **Action Two | Authorizing Renewable Service Agreement**

This action involves authorizing a separate agreement with Marin Mac Tech to cover annual and inclusive prepaid support services for the new computer networking system at Marin LAFCO. The annual cost of the support agreement is \$7,140 and specific to supporting four workstations and the associated network system.<sup>4</sup> The agreement provides regular onsite maintenance and support along with emergency response coverage. The agreement runs in 12-month increments and automatically extends into the following year unless cancelled in writing 30 days prior to the renewal date.

### **Action Three | Approving Budget Amendments**

This action involves approving budget amendment totaling \$16,166 to help cover three-fourths of all first year costs – which totals \$21,306 – tied to new computer networking system at Marin LAFCO by transferring expected savings from the salaries/benefits unit. (The difference between the total cost and transfer amount accounts for monies already budgeted in the fiscal year for related services and purchases as detailed in the accompanying footnote.<sup>5</sup>) The proposed transfer would involve drawing all \$16,166 out of the regular salary account with \$11,663 going into the equipment replacement account in the services/supplies unit.<sup>6</sup> The remaining \$4,500 would go into the professional services account in the administrative services unit. These transfers would provide all first year costs of the new computer networking system (equipment and support) without creating year-end deficits in any of Marin LAFCO's three expense units.

## **C. Analysis**

The item before the Commission represents a new and holistic approach in addressing Marin LAFCO's computer networking needs going forward and highlighted by making a one-time investment in transitioning all workstation computers to Apple. The decision to recommend this transition now is borne out of four specific factors. First and foremost, Apple provides a superior operating system with expanded and functional tools that are better scaled to Marin LAFCO's primary needs in producing high-quality written reports with an increasingly emphasis on graphics to effectively communicate key information. Second, and as detailed above, the timing for making a holistic change to Apple appears appropriate given the existing need to replace all three existing workstation PCs by next year along with accommodating the purchase of a fourth in step

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<sup>3</sup> Marin LAFCO's existing Toshiba television monitor in the conference room is HDMI compliant with Apple TV.

<sup>4</sup> Each workstation added or subtracted has an agreement value/cost of \$1,200 annually

<sup>5</sup> As part of the adopted 2017-2018 operating budget the Commission allocated \$2,500 for a new workstation computer. An additional \$2,650 was also budgeted for on-call IT services with a local PC system vendor.

<sup>6</sup> The expected savings in the regular salary account is drawn from the ongoing authorized leave of the Commission Clerk coupled with the anticipated hiring delay to October of the new Assistant Policy Analyst position.

with the anticipated hiring of the Assistant Policy Analyst later this year. Additionally, the timing appears further substantiated given Marin LAFCO's current and preferred PC maker – Toshiba – is no longer taking direct orders and has outsourced warranty coverage due to reported financial losses within its computer division. Third, a transition to Apple would better align Marin LAFCO's ability to recruit and retain high-quality employees. This comment, importantly, is premised on recognizing Marin LAFCO's emerging hiring model is largely predicated on attracting recent college graduates who are increasingly oriented to Apple and less familiar and interested in PC products. Fourth, funds are readily available to fully absorb the first year costs of the transition and support services without drawing down on reserves. The Commission also importantly retains discretion in deciding whether to renew subsequent annual support services with Marin Mac Tech. And while it is recommended the Commission enter into an initial support services agreement to ensure appropriate coverage during the first 12 months at a known cost it is equally reasonable to revisit the arrangement at its conclusion and decide whether to continue or revert to paying an hourly rate as needed.<sup>7</sup>

On a related and pertinent note the proposed vendor – Marin Mac Tech – is a local and Apple certified support firm sought out by staff based on exceedingly high online reviews. Staff has also subsequently and successfully used Marin Mac Tech's services to assist in coordinating the launch of Marin LAFCO's new website between our web page designer, web host, and State IT. Staff believes these collective factors provide sufficient support to proceed with the agreements without initiating a formal call for proposals.

#### **D. Alternatives for Action**

The following alternatives are available to the Commission:

##### Alternative Action One (Recommended):

- 1) Authorize the Executive Officer to sign the attached purchase agreement (Attachment One) with Marin Mac Tech to provide the procurement, delivery, and set-up of a new computer networking system as provided.
- 2) Authorize the Executive Officer to sign the attached service agreement (Attachment Two) with Marin Mac Tech to provide ongoing support for Marin LAFCO's new computer networking system as provided.
- 3) Authorize the following budget amendments:
  - (a) Transfer \$11,666 from the regular salary account (salaries/benefits unit) into the equipment replacement account (services/supplies unit).
  - (b) Transfer \$4,500 from the regular salary account (salaries/benefits unit) into the professional services account (administrative services unit).

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<sup>7</sup> Marin Mac Tech's currently hourly rate is \$145. Accordingly, the annual support service agreement for Marin LAFCO as proposed translates to the agency prepaying for unlimited service time at the equivalent rate that covers 4.1 hours per month.

- 4) Direct the Executive Officer to report back to the Commission to discuss and – if recommended – receive prior approval to proceed with a renewal of the service agreement (Attachment Two) beyond the first year.

Alternative Action Two:

Continue consideration of the item to a future meeting and provide direction to staff for more information as needed.

Alternative Action Three:

Take no action.

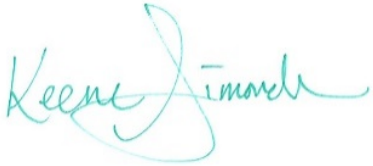
**E. Recommendation**

It is recommended the Commission proceed with the action identified in the preceding section as Alternative Action One.

**F. Procedures for Consideration**

This item has been agendized as part of the consent calendar. Accordingly, a successful motion to approve the consent calendar will include taking affirmative action on the staff recommendation unless otherwise specified by the Commission.

Respectfully,



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Keene Simonds  
Executive Officer

Attachments:

1. Proposed Purchase Agreement with Marin Mac Tech
2. Proposed Services Agreement with Marin Mac Tech

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Marin Mac Tech, Inc  
 926A Diablo Ave, #402  
 Novato, CA 94947  
 (415) 413-0495  
 accountant@marinmactech.com  
 MarinMacTech.com

**ADDRESS**

Marin LAFCO  
 Keene Simonds  
 1401 Los Gamos Drive, Suite 220  
 San Rafael, CA 94903

**ESTIMATE 1132**

DATE 07/26/2017

EXPIRATION DATE 08/11/2017

DATE	ACTIVITY	QTY	RATE	AMOUNT
07/26/2017	<b>Parts:Parts</b> 15-inch MacBook Pro - Space Gray Part number: MPTT2LL/A 2.9GHz quad-core 7th-generation Intel Core i7 processor, Turbo Boost up to 3.9GHz 16GB 2133MHz LPDDR3 memory 512GB SSD storage Radeon Pro 560 with 4GB memory	2	2,805.00	5,610.00T
07/26/2017	<b>Parts:Parts</b> Magic Mouse 2	2	79.00	158.00T
07/26/2017	<b>Parts:Parts</b> Magic Keyboard with Numeric Keypad - US English	2	129.00	258.00T
07/26/2017	<b>Parts:Parts</b> 27-inch iMac with Retina 5K display Part number: Z0TP 3.4GHz quad-core 7th-generation Intel Core i5 processor, Turbo Boost up to 3.8GHz 8GB 2400MHz DDR4 512GB SSD Radeon Pro 570 with 4GB video memory Magic Mouse 2 Magic Keyboard - US English	2	2,105.00	4,210.00T
07/26/2017	<b>Parts:Parts</b> Apple TV (4th generation) 32GB	1	149.00	149.00T
07/26/2017	<b>Parts:Parts</b> USB-C Digital AV Multiport Adapter	2	69.00	138.00T
07/26/2017	<b>Parts:Parts</b> Dual Dell S2715H 27-Inch Screen (2 monitors + desk mounting hardware)	2	724.00	1,448.00T
07/26/2017	<b>Parts:Parts</b> Network Backup for Macs 8TB (synology DS216+II 2x4GB)	1	729.00	729.00T

DATE	ACTIVITY	QTY	RATE	AMOUNT
07/26/2017	<b>Parts:Parts</b> 8 Port Unifi Gigabit Switch (managed)	1	138.00	138.00T
07/26/2017	<b>Parts:Parts</b> Sophos Endpoint Protection + Cloud monitoring	3	31.50	94.50T
07/26/2017	<b>Parts:Wireless:Uniquiti AC Lite Wireless Access Point</b> Uniquiti UniFi Wireless Access Point - AC-Lite	1	124.00	124.00T
07/26/2017	Microsoft Office 2016 is a subscription service and can be part of email hosting			
07/26/2017	Adobe DC Pro is a subscription server setup in the client's name			

This estimate covers the hardware needed for the workstation migration to Mac.

SUBTOTAL	13,056.50
TAX (8.5%)	1,109.80

<b>TOTAL</b>	<b>\$14,166.30</b>
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Accepted By

Accepted Date





# Premier Support Service

Date: July 28, 2017

Prepared for: Marin LAFCO

Start Date: Aug 8, 2017

Note: 4 Workstations

Marin Mac Tech is pleased to present Premier Support Service. Marin Mac Tech is a leader in on-site and managed IT support for small business and education. The goal of our Premier Support Service is to increase the reliability of your workstations, server, network and productivity tools. Premier Support Service helps to keep IT and support costs consistent by investing time into your organization from the start. Premier Support Service helps reduced the number of IT emergencies and helps you plan for expansion or hardware replacement.

## The Service

Premier service includes all of the tasks and support that are required to maintain your IT infrastructure. This includes:

- Provide virtual CTO services
- Regular scheduled maintenance
- Priority emergency response
- Priority onsite & remote support services
- Workstation logistics monitoring:
  - Software updates
  - Hardware diagnostics
  - Security audits
  - Plan for staff or organization changes
  - Address minor issues
  - Workstation optimizations
- Hardware upgrade services
  - Hardware setup
  - New workstation setup
  - Workstation replacement
- Maintain and monitor network (wired + wireless + remote access)
- Track asset inventory



## The Terms

Premier Support Service is designed with the long-game in mind. We are here to be your IT partner and support your efforts to maintain and expand your business. Premier Support Service is billed monthly and is a commitment for a term of ONE YEAR. Premier Support Service will automatically renew for another term unless written (email) notice of cancellation is received within 30 days prior renewal. Early termination of the commitment will be accepted upon payment of the remainder of the agreement.

## The Cost

Premier Support Service provides individual users and servers with support and device integration. For individuals this means the integration of one workstation (or laptop) and an iOS devices per site. (home workstations are separate)

Major hardware purchases will be quoted to prior to installation. All hardware and software costs will be billed to the client and are not included in the ongoing Premier Support Service.

Coverage	Quantity	Cost
Workstations	4	\$400
Server	1	\$100
Local Network	1	\$95
<b>Total Monthly</b>		<b>\$595</b>

## Fine Print

Premier Support Service does not include support for technology outside of normal useful life span. (Workstations laptops outside of six year of age, but will facilitate the replacement of such hardware).

Premier Support Service applies to one office or location and in most case does not include servicing home networks or workstations unless included in the initial agreement listed as "Local Network". All service is conducted according to our [Terms of Service](#).



**Marin LAFCO**

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Today's Date: \_\_\_\_\_

**Marin Mac Tech, Inc.**

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Today's Date: \_\_\_\_\_

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 13 (Consent/Information)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer  
Rachel Jones, Administrative Analyst

**SUBJECT: Current and Pending Proposals**

The Commission will receive a report identifying active proposals on file with Marin LAFCO as required under statute. The report also identifies pending local agency proposals to help telegraph future workload. The report is being presented to the Commission for information only.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) delegates Local Agency Formation Commissions (LAFCOs) with regulatory and planning duties to coordinate the formation and development of local governmental agencies and their municipal services. This includes approving or disapproving boundary changes involving the formation, expansion, merger, and dissolution of cities, towns, and special districts as well as sphere of influence amendments. It also includes overseeing outside service extensions. Proposals involving jurisdictional changes filed by landowners or registered voters must be agendized as information items before any action may be considered by LAFCO at a subsequent meeting.

### A. Information/Discussion

#### Current Proposals | Approved and Awaiting Term Completions

The following three proposals were previously approved by Marin LAFCO (“Commission”), but remain active given not all approval terms established by the membership have been satisfied. CKH provides applicants one calendar year to complete approval terms or receive extension approvals before the proposals are automatically terminated.

- **Annexation of 263 Second Street et al. |  
Tomales Village Community Services District (LAFCO File No. 1321)**

This proposal was filed by the affected landowners (Alex Derbes and Rebecca Hodges) requesting approval to annex approximately 0.82 unincorporated and partially improved acres covering four legal lots to the Tomales Village Community Services District (TVCS D). The stated purpose of the proposal is to make public sewer available to the applicants’ single-family residence at 263 Second Street (102-041-42) and in doing so eliminate an aging septic system while also facilitating possible future improvements. The other three lots are all undeveloped and included in the proposal as a cost-savings measure and in step with their

possible future development (102-041-40; 41; and 43). The Commission approved the proposal without amendments on August 13, 2015. The Commission also termed approval to include – among other items – recordation of a written agreement between the landowners and a neighboring owner for an easement to ensure gravity access to the TVCSD sewer main. Terms remain outstanding as of date and therefore the proposal remain active. The Commission separately approved a one-year extension to complete the terms in August 2016. A request for an additional extension is being presented in a separate agenda item.

- **Annexation of 700 and 726 Sequoia Valley Road | Homestead Valley Sanitary District (LAFCO File No. 1322)**

This proposal was filed by the Homestead Valley Sanitary District requesting approval to annex approximately 1.1 acres of unincorporated territory. The stated purpose of the proposal is to align HVSD’s existing jurisdictional boundary with its existing service area given the affected territory and its two developed residential parcels at 700 (046-231-07) and 726 (046-301-01) Sequoia Valley Road connected to the District through non-conforming connections in the early 1990s. The Commission approved the proposal with amendments to include adjacent portions of the public right-of-way along Sequoia Valley Road and Panoramic Highway on June 9, 2016 with standard terms. Terms remains outstanding as of date and therefore the proposal remains active. The Commission separately approved a one-year extension to complete the terms in June 2017.

- **Annexation of 355 and 347 Margarita Drive | San Rafael Sanitation District (LAFCO File No. 1333)**

This proposal was filed by the affected landowner (Matthew Thomas) at 355 Margarita Drive (016-011-19) requesting approval to annex an approximate 0.52 acre parcel in the unincorporated community of Country Club to the San Rafael Sanitation District (SRSD). The stated purpose of the proposal is to make public sewer available to facilitate a home remodeling project and in doing so eliminate a private septic system. The Commission approved the proposal with an amendment to include an adjacent unincorporated parcel at 347 Margarita Drive (016-011-18) along with terms on February 9, 2017; the latter highlighted by requiring both landowners to record consent agreements to annex into the City of San Rafael should it be proposed in the future. All terms are complete with the exception of a final map and description, and as such the proposal remains active.

### **Current Proposals | Under Review and Awaiting Hearings**

There are currently four active proposals on file with the Commission that remain under administrative review and awaiting hearings as of the date of this report.

- **Annexation of 1501 Lucas Valley Road | Marin Municipal Water District (LAFCO File No. 1324)**

The Commission has received an application by the affected landowner (Andre Souang) requesting approval to annex approximately 61.3 acres of unincorporated/improved territory (164-280-35) located at 1501 Lucas Valley

Road to Marin Municipal Water District (MMWD). The affected territory is improved with an existing single-family residence and was recently acquired by the applicant with the intention of serving as a primary residence going forward. The applicant is proposing annexation to MMWD to provide a reliable source of domestic water service given concerns regarding the continued use of an onsite well. The Commission extracted this proposal from an earlier and larger application involving a concurrent sphere amendment and annexation request to the Las Gallinas Valley Sanitary District, which was conditionally approved with amendments on February 12, 2015 and ultimately recorded on September 12, 2016. The application remains incomplete at this time and awaits a consent determination by MMWD.

- **Annexation of 255 Margarita Drive | San Rafael Sanitation District (LAFCO File No. 1328)**

The Commission has received a proposal by the affected landowner (Paul Thompson) requesting annexation approval of 255 Margarita Drive (016-011-29) in the unincorporated island community of Country Club to the San Rafael Sanitation District. The affected territory is approximately 1.1 acres in size and currently developed with a single-family residence. It also recently established service with the San Rafael Sanitation District as part of a LAFCO approved outside service connection due to evidence of a failing septic system. The outside service extension was conditioned – among other items – on the applicant applying to LAFCO to annex the affected territory to the San Rafael Sanitation District as a permanent means to public wastewater service.<sup>1</sup> The application remains incomplete at this time and awaits a consent determination by SRSD.

- **Reorganization of 400 Upper Toyon Road | City of San Rafael and Town of Ross (LAFCO File No. 1335)**

The Commission has received a proposal from the affected landowner (Raphael de Balmann) requesting approval to reorganize one incorporated parcel totaling 2.5 acres located at 400 Upper Toyon Drive (012-121-28) in the City of San Rafael. The proposed reorganization involves the detachment of the affected territory and concurrent annexation therein to the Town of Ross. The affected territory is developed to date with a four-bedroom single-family residence and accessible through a privately-owned and maintained road located atop a ridge at approximately 520 feet. The stated purpose of the proposal is to match the affected territory with the applicant's preferred municipality given communities of interests with Ross. Concurrent sphere of influence amendments would be needed to accommodate the request. The application is currently under administrative review and is deemed incomplete at this time.

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<sup>1</sup> The outside service extension originally extended for one calendar year through August 13, 2016 before receiving separate six month extensions that currently run one full calendar year to August 13, 2017. A separate agenda item proposes authorizing an additional six-month extension as part of the August 10, 2017 meeting.

- **Annexation of 276 Mesa Road |**

- **Bolinas Community Public Utility District (LAFCO File No. 1337)**

The Commission has received a proposal by the affected landowner (Brad Drury) requesting annexation approval of 276 Mesa Road (188-170-54) in the unincorporated coastal community of Bolinas to the Bolinas Community Public Utility District. The affected territory is approximately 20.6 acres in size and is currently undeveloped. The stated purpose of the proposal is to provide water service to the affected territory in order for the development of a single-family residence. The landowner has recently acquired an available water meter as part of a private transaction and would be eligible to connect to BCPUD should the annexation be approved by the Commission. A concurrent sphere of influence amendment would be needed to accommodate the request. The application is currently under administrative review and is deemed incomplete at this time.

### Pending Proposals

There are two potential new proposals staff believes *may* be submitted to the Commission in the near future from local agencies based on ongoing discussions with proponents (emphasis added).<sup>2</sup> These potential proposals are summarized below to aid the Commission in telegraphing the agency's impending workload.

- **Police Power Activation |**

- **Muir Beach Community Services District**

The Muir Beach Community Services District – which presently provides water, fire, and recreation services – has conveyed interest on a potential proposal to activate the District's latent police powers. This interest is borne from the District's desire to establish and maintain more effective traffic/parking control either directly or by contract with an existing law enforcement agency. The interest – which has been effectuated in areas like Pebble Beach (Monterey County) – responds to an increasing problem with visitors to Muir Beach where illegal/haphazard parking has become a public nuisance to community residents.

- **Convents, Contracts, and Restrictions Service Power Activation |**

- **Bel Marin Community Services District**

The Bel Marin Community Services District – which presently provides park and recreation, reclamation, and lighting services – received special legislation through Assembly Bill 1995 (Levine) to add enforcement of convents, contracts, and restrictions (CCRs) as a latent power under its principal act. The special legislation became effective January 1, 2015 with the intent the District will proceed to apply for formal activation approval with Marin LAFCO as part of an agreement with the local home owner associations.

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<sup>2</sup> Staff uses discretion in listing pending proposals and limits notice to only activities to be initiated by a local governmental agency. Pending proposals to be initiated by landowners and/or registered voters are not disclosed until an actual filing is made.



## **B. Commission Review**

This item has been agendaized as part of the consent calendar for information only as required under State law. The Commission is invited to discuss the item and provide direction to staff on any related matter as needed for future discussion and/or action.

Attachments: none

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Marin Local Agency Formation Commission  
Regional Service Planning | Subdivision of the State of California

**AGENDA REPORT**

August 10, 2017

Item No. 14 (Consent/Information)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: CALAFCO Quarterly Report**

The Commission will receive a quarterly report from CALAFCO summarizing current and pending news through June 2017. The quarterly report is being presented for information only.

California Association of Local Agency Formation Commissions (CALAFCO) was established in 1971 to assist members in fulfilling their prescribed regional growth management duties. Key services include facilitating information sharing among members by organizing annual conferences and workshops as well as providing technical assistance through training classes and e-mail list serves. CALAFCO’s adopted budget is currently \$0.441 million and primarily supported by annual membership dues and supplemented by revenues generated at trainings and conferences.

**A. Information**

This item is for Marin LAFCO (“Commission”) to review the most recent quarterly report from CALAFCO summarizing current and pending news through June 2017. This includes a report to the membership on the Board’s adoption of a strategic plan for 2017-2018 on May 5<sup>th</sup>. Other notable items include updates from various LAFCOs.

**B. Commission Review**

This item has been agendized as part of the consent calendar for information only. The Commission is also invited to discuss the item and provide direction to staff on any related matter as needed.

Attachments:

- 1) CALAFCO Quarterly Report

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### **CALAFCO Board Adopts Association's 2017-18 Strategic Plan**

During their May 5 meeting, the CALAFCO Board of Directors considered the Association's two-year strategic plan for 2017-18. The draft strategic plan was presented to the Board for consideration as a follow up to their day-long strategic planning retreat session in January. The discussion, both in January and in May focused on current and emerging LAFCo and CALAFCO issues, what puts our members and the Association at risk and current CALAFCO commitments. The Board also carefully considered available resources to fulfill objectives and deliver the highest quality support to our members.



Ultimately the Board approved three strategic areas: (1) Serve as an educational resource to member LAFCo Commissioners, LAFCo staff, Associate members and stakeholders; (2) Focus efforts on Association member development and communication; and (3) Serve as an information resource to all Association members, work as a legislative and policy advocate for LAFCo issues and provide information to the Legislature and other stakeholders. Within those three areas are objectives that address the identified needs of creating value-added educational and networking opportunities, building stronger member LAFCos and a resilient Association, generating ourselves in new ways as an information resource, and continuing our work as a legislative resource.

The 2017-18 Strategic Plan was unanimously adopted by the CALAFCO Board during their May 5 meeting. The adopted plan has been distributed to the membership and can be found on the CALAFCO website.

### **Additional CALAFCO Board Actions**

During the May 5 meeting the Board addressed several administrative issues and took a number of other actions:

- ◆ Reviewed and adopted the Association's FY 2017-18 annual budget.
- ◆ Received and filed the quarterly financial reports. The budget is on track for the year with no changes anticipated.
- ◆ Received a full legislative update.
- ◆ Received other status updates from CALAFCO staff.
- ◆ Directed staff to plan for an in-depth discussion at their August Board meeting on the long-term financial state of the Association.



### **Conferences and Workshops Update**

#### **2017 STAFF WORKSHOP**

The 2017 Staff Workshop was held *April 5-7* at the Doubletree by Hilton in downtown Fresno. Our host for this workshop was *Fresno LAFCo*. The Program Planning Committee did a great job in planning a diverse program of topics and interesting speaker line up. The Workshop received a rating of 5.3 out of 6.0 and was a financial success with all revenues and expenses meeting budget expectations. CALAFCO wishes to thank our host, *Fresno LAFCo*, and in particular Executive Officer *David Fey*. Thanks also to the Program Planning Committee Chair, *Kris Berry*, and all who worked to plan another great Workshop.

#### **2017 ANNUAL CONFERENCE**

Mark your calendars for the 2017 Annual Conference on *October 25-27*. We will be in Mission Bay, San Diego at the Bahia Hotel. Registration is open so make your hotel reservations early and be sure to send in your Conference registration and payment before August 31 to receive the early bird registration rate. A very special mobile workshop is being planned that will include a tour of the Claude "Bud" Lewis desalination plant, the largest in the nation. We will also be touring the adjacent Encina Power Station. The Program Planning Committee, under the leadership of *Carolyn Emery* (Orange), is busy putting together a fabulous program. For details, visit the CALAFCO website.

#### **CALAFCO White Papers and Other Publications**

In partnership with the American Farmland Trust (AFT), we are currently working on a White Paper on *Ag Policies*. Work on this project is anticipated to be completed by the end of summer. A huge thank you to Serena Unger of the AFT, and to Executive Officers *Christine Crawford* (Yolo), *Neelima Palacherla* (Santa Clara), *David Fey* (Fresno), and Associate Member *Elliot Mulberg* for their work on the paper.



#### **CALAFCO Legislative Update**

A busy legislative year to be sure. CALAFCO is sponsoring three bills, tracking 20 bills and has formal positions on 13 bills. A full legislative update including the bills CALAFCO is tracking can be found on the CALAFCO website. The report is updated daily via Capitol Track.





### Sponsored bills this year include:

- ◆ **AB 464** (Gallagher) which makes changes addressing the issue of annexations of areas receiving services via an out of area service agreement. The bill was signed into law by the Governor on July 10.
- ◆ **AB 979** (Lackey) (co-sponsored with CSDA) which streamlines the process of seating special districts on LAFCo. The bill passed Assembly and is now on the Senate floor for passage.
- ◆ **AB 1725** (Omnibus) contains several technical, non-substantive changes to CKH. The bill is on the Senate floor awaiting passage.

### Other bills of notice include:

- ◆ **AB 1361** (E. Garcia) CALAFCO Oppose – This bill was recently gut and amended. As amended, it allows water districts to provide service to an Indian tribe's lands that are not within the district boundaries without going through the current statutory process of approval by LAFCo. Amendments were taken by the author during the SG&FC hearing July 19 that include LAFCo's ability to apply certain terms and conditions to the application by the water agency and limits the land to be served to lands in trust. However, CALAFCO still has a number of concerns and will continue to work with the author and sponsor.
- ◆ **SB 448 (Wieckowski)** – CALAFCO Support - The bill requires the State Controller to: (1) identify independent special districts separately on their website (from the other thousands of districts); (2) notify LAFCo when a special district becomes inactive (based on the new criteria in statute); and (3) remove the district from the inactive list if it is deemed active or upon dissolution. The bill requires LAFCo to: (1) initiate dissolution within 90 days of notification by the Controller; (2) hold a noticed public hearing for dissolution within 90 days of initiating the process; and (3) determine if the district meets the inactive criteria (and if so then order the dissolution) and if not, notify the Controller. The dissolution process requires only one noticed public hearing and no protest process, special study or MSR. Finally the bill requires a special district to file their audits with the LAFCo at the same time they file with the Controller. CALAFCO has been working extensively with the author and other stakeholders over many months on obtaining a host of amendments.

### Little Hoover Commission Update

The LHC held their final roundtable discussion on LAFCos and special districts on June 22. A host of draft recommendations were discussed in detail by the Commission and stakeholders. The next hearing on this

topic, at which they are scheduled to adopt the final recommendations, is set for August 24.



## Around the State

### San Diego LAFCo

*Submitted by Escondido Mayor Sam Abed, Chairman of the San Diego LAFCo*

On May 1, 2017, long time San Diego LAFCo Executive Officer Mike Ott announced his retirement, effective August 31, 2017. Some of Mike's good friends and co-workers have also announced their retirement from the San Diego LAFCo. Joining him in retirement this summer will be Chief Local Governmental Analyst Ingrid Hansen, who has been working part-time as a retired worker for the past ten years. She originally started with the San Diego LAFCo in 1981. And Harry Ehrlich, who serves as Legislative Director, also announced that he will be retiring to spend more time with his wife and family. Harry was recently elected to the Borrego Water District and will be able to devote more of his time to this desert water agency in north eastern San Diego County, plus his consulting firm.

Over the past 25 years, Mike was at the helm of the San Diego LAFCo during a time of tremendous change. Among the more difficult projects he oversaw were seven different incorporations – not all of which were successful; one failed special reorganization proposal (La Jolla Secession); one unsuccessful disincorporation attempt (Imperial Beach); and an effort that he discouraged that would have resulted in the formation of a municipal utility district to replace the San Diego Gas and Electric Company. Perhaps, most important were his government streamlining efforts. He was responsible for streamlining government services in a diverse county of over 3.2 million people occupying 4,500 square miles through consolidating 90 special districts. Of particular note is the agency's work with fire agencies. Over one million acres of unincorporated San Diego County are now within a structural fire protection and emergency medical service provider. This has improved life safety for San Diego County residents and millions of tourists that visit the County each year.

The San Diego LAFCo has been honored with sixteen statewide awards for its professional excellence and innovation during the past 25 years that Mike Ott led LAFCo. The agency was recognized by CALAFCO in 1998, 2002 and 2004 as the "Most Effective Commission" in the



State. Mike previously served as the first Deputy Executive Officer of CALAFCO and wrote the groundbreaking 1989 report that resulted in the reorganization of CALAFCO. During his time with the San Diego LAFCo, Mike also completed the first ever LAFCo-initiated district consolidation in California. He served on the Governor's Office of Planning and Research's Incorporation Task Force and Municipal Service Review Working Group between 1999 and 2001. Mike, Ingrid, and Harry Ehrlich are all previous recipients of CALAFCO's Outstanding LAFCo Professional award.

In 2018, the San Diego LAFCo will begin a major update to its Spheres of Influence, Municipal Service Reviews, Disadvantaged Community Program, and launching an Unincorporated Island Program. These programs will affect 18 municipalities and 80 special districts. The San Diego LAFCo is accordingly seeking a talented and experienced leader to manage these programs after Mike Ott retires. The Commission will also be recruiting for several new analysts in the upcoming months.

According to Mike, "Having headed the San Diego LAFCo for twenty-five years, I can say unequivocally it is an excellent organization and this is an exceptional career opportunity for an experienced and creative leader interested in helping to shape the future of San Diego County. San Diego LAFCo is fortunate that it will continue to be staffed by brilliant LAFCo attorney, Mike Colantuono and a talented workforce consisting of Robert Barry, Joe Serrano, Tammy Luckett, Ruth Arellano, Erica Blom, and Dieu Ngu, plus an incredible group of experienced consultants."

### Los Angeles LAFCo

LA LAFCo is pleased to announce the hiring of Adriana Romo as Deputy Executive Officer, who recently assumed the office. Adriana recently served as Local Government Analyst III with Riverside LAFCo, where she worked since 2002.

### Vector Control Services in LA County:

Given the public health challenges associated with preventing the spread of diseases (chikungunya, dengue, encephalitis, West Nile virus, yellow fever, and Zika), LA LAFCo continues its proactive efforts to annex a handful of unincorporated areas and cities into existing vector control districts. The Commission annexed unincorporated La Crescenta-Montrose and the City of La Cañada Flintridge into the Greater Los Angeles Vector Control District (GLAVCD) in 2015. Tentatively scheduled for the Commission's July 12<sup>th</sup> meeting is the proposed annexation of the cities of Baldwin Park and Pasadena into the San Gabriel Valley Mosquito and Vector Control District. Within the next few months, the GLAVCD intends to file an out-of-agency service extension request to serve the City of

Vernon on an interim basis (ideally leading to a future annexation). With the exception of the City of Long Beach (which has its own robust in-house vector control program), the City of Vernon is the sole remaining city in Los Angeles County not served by a vector control district. In the face of increasing health risks, the proactive collaboration amongst several parties (LA LAFCo, vector control districts, the County of Los Angeles, and the involved cities) are yielding positive results for the benefit of the public.

### Sonoma LAFCo

Sonoma LAFCo is pleased to report the receipt of an application from the City of Santa Rosa for annexation of five unincorporated islands, including the community of Roseland in south west Santa Rosa. The Commission will adjudicate the proposal at its August meeting. Assuming approval and eventual ratification of the application, the annexation will resolve a decades-long exclusion of a large community of approximately 6,500 residents from the City.

### Solano LAFCo

Solano LAFCo announces the hiring of a new Executive Officer, Richard J. Seithel, who will begin on August 9, 2017. Richard is a resident of Antioch and currently serves as the Chief of Annexations and Economic Stimulus Programs for Contra Costa County. He has served Contra Costa County in the County Administrator's Office for the past nineteen years as a deputy county administrator. Richard will be a permanent full-time employee of the commission. Since 2013, the Solano LAFCo Executive Officer position has been filled by contractors working only part time. The move to a permanent full-time executive officer will ensure greater availability and service to the county, cities, districts and the public.



*The CALAFCO Board of Directors and Staff wish all of you a wonderful summer!*



### **CALAFCO Associate Members' Corner**

This section highlights our Associate Members. The information below is provided to CALAFCO by the Associate member upon joining the Association. All Associate member information can be found in the CALAFCO Member Directory.



CALAFCO is pleased to welcome our newest Silver Associate Member, **Peckham & McKenney**. **Peckham & McKenney, Inc.** provides executive search services to local government agencies throughout the Western United States and is headquartered in Roseville, California. The firm was established as a partnership in 2004 by Bobbi Peckham and Phil McKenney, who serve as the firm's Recruiters and bring over 50 years' combined experience in local government and executive search. To learn more about them, visit them at [www.peckhamandmckenney.com](http://www.peckhamandmckenney.com), or call them at 866-912-1919.



### **Mark Your Calendars For These Upcoming CALAFCO Events**

- ◆ CALAFCO Board of Directors meeting, August 18, San Diego
- ◆ CALAFCO Legislative Committee meeting, August 25, conference call

### **Upcoming CALAFCO Conferences and Workshops**

#### **2017 ANNUAL CONFERENCE**

October 25 – 27  
Bahia Mission Bay  
San Diego, CA  
**Hosted by CALAFCO**

#### **2018 STAFF WORKSHOP**

April 11 – 13  
Four Points Sheraton  
San Rafael, CA  
**Hosted by Marin LAFCo**

#### **2018 ANNUAL CONFERENCE**

October 3-5  
Tenaya Lodge  
Yosemite, CA  
**Hosted by CALAFCO**





# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Agenda Item No. 15 (Public Hearing)

August 4, 2017

**TO:** Marin Commissioners

**FROM:** Rachel Jones, Administrative Analyst

**SUBJECT: Central Marin Wastewater Study |  
Presentation of Final Report with Determinations and Related Actions**

The Commission will consider two distinct actions associated with Marin LAFCO's scheduled municipal service review on public wastewater services in Central Marin. The first action is to formally accept and file a final report prepared by staff that has been updated from its draft presentation in April in independently examining and making related determinations on the relationship between demands and capacities relative to the Commission's regional growth management interests. The second action is to adopt a resolution approving the written determinations included in the final report addressing the mandatory governance, service, and finance factors required for consideration under State law.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") directs Local Agency Formation Commissions (LAFCOs) to regularly prepare municipal service reviews in conjunction with updating each local agency's sphere of influence. The legislative intent of the municipal service review and its five-year cycle requirement is to proactively inform LAFCOs and the general public therein with regard to the availability and sufficiency of governmental services relative to need. Municipal service reviews statutorily inform sphere of influence updates, and may also lead LAFCOs to take other actions, such as forming, consolidating, or dissolving one or more local agencies.

### A. Background

#### Adopted Workplan | Central Marin Wastewater Study

Marin LAFCO's ("Commission") adopted workplan for 2016-2017 tasks staff with preparing a municipal service review on wastewater services in Central Marin. An associated scope of analysis also approved by the Commission guides the preparation with the ultimate goal of independently evaluating the availability, capacity, and performance of wastewater services in the approximate 60-square mile study area relative to Marin LAFCO's regional growth management responsibilities. This includes – and among other items – fulfilling the Legislature's direction to assess the effectiveness of the current governance relationships underlying wastewater services and to consider the merits of any potential alternatives. Sphere of influence establishments/updates will also

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City of Mill Valley

Matthew Brown, Alternate  
City of San Anselmo

Jack Baker, Regular  
North Marin Water District

Craig K. Murray, Regular  
Las Gallinas Valley Sanitary

Lew Kious, Alternate  
Almonte Sanitary District

Jeffrey Blanchfield, Chair  
Public Member

Chris Skelton, Alternate  
Public Member

immediately follow the completion of the study and separately calendared as part of the workplan. A listing of the affected agencies included in the study follow.

Central Marin Wastewater Study   Affected Agencies	
Central Marin Sanitation Agency	Murray Park Sewer Maintenance District
County Sanitary District No. 1 (Ross Valley)	San Rafael Sanitation District
County Sanitary District No. 2 (Corte Madera)	San Quentin Village Sewer Maintenance District
Las Gallinas Valley Sanitary District	

### Draft Report and Public Review | Central Marin Wastewater Study

Staff presented a complete draft report on the Central Marin Wastewater Study for discussion and feedback at the Commission’s April 13, 2017 meeting. The presentation included an overview by staff on significant conclusions and recommendations. At the conclusion of the discussion the Commission directed staff to proceed with initiating a formal 45-day public review and comment period on the draft with the expectation of returning with a final report – with or without revisions – as early as the June 8, 2017 meeting for formal action. The Commission subsequently received a joint-request from the affected agencies seeking additional time, and through the Chair the review and comment period was extended to 75 days and through June 30, 2017.

### B. Discussion

This item is for the Commission to complete its scheduled municipal service review on public wastewater services in Central Marin. This includes accepting and filing a final report prepared by staff and highlighted by an Executive Summary outlining key conclusions, determinations, and recommendations on the current and future status of wastewater services relative to the Commission’s growth management mandates as prescribed by the Legislature. This also includes approving a resolution memorializing the municipal service review and establishing formal statements addressing the specific governance, service, and finance factors required for consideration under State law. A summary of key items underlying both the final report and resolution follows.

### Final Report | Central Marin Wastewater Study

The final report returns to the Commission relatively intact from its draft presentation in April. This includes retaining all conclusions, recommendations, and determinations presented in the earlier draft, albeit with some items having gone through additional editing to help clarify and or address comments received during the 75-day public review. Similarly, targeted edits have been made to the individual agency profiles, and this includes expanding the review of the agencies’ revenue-to-expense relationships to isolate and address the role of depreciation as a booked expense; the latter of which was a common request among the affected agencies. Markedly, a full accounting of all written comments received during the public review period and staff responses therein – including a detailing of associated revisions – is provided as an appendix to the final report.

Key conclusions and specific recommendations reflected in the final report follows.

### **General Conclusions**

#### No. 1 | Agencies' Substantive Role on Growth in Marin County

Marin LAFCO independently projects the affected agencies collectively serve 48% of the entire Marin County population; any breakdown in services among the agencies would have a substantive impact on current and any future growth.

#### No. 2 | Service Areas are Nearing Residential Buildout as Presently Planned

Marin LAFCO independently projects the affected agencies are collectively at 89% of current residential buildout as presently planned by the County and cities.

#### No. 3 | Increasing Diseconomies of Scale

The combined increases in operating expenses during study period has outpaced operating revenues by more than three-fold and is irrespective of depreciation; reasonable to assume trend continues.

#### No. 4 | Variation in Civic Engagement; Board Type Matters

Civic engagement varies among affected agencies and appears highest within the two independent agencies with directly elected boards: LGVSD and RVSD.

#### No. 5 | Immediate Merit to Reorganize MPSMD and SQVSMD

RVSD appears readily capable in directly assuming service / governance control for these two dependent districts operating under an antiquated principal act.

#### No. 6 | Additional Merit to Explore Regional Consolidation

Determine if notional benefits of consolidation are real and warrant proceeding with reorganization with focus on San Rafael and Ross Valley Watersheds.

#### No. 7 | Wastewater Demands De-intensifying During Most Conditions

Overall relative wastewater demands during the study period declined by 20% on a per capita basis (133 gallons to 111 gallons) as measured by Marin LAFCO.

#### No. 8 | Outlier... Wastewater Demands Intensifying During Peak-Day Conditions

Overall relative peak day demands have increased by 6% on a per capita basis during the study period as measured by Marin LAFCO and appears borne from increasing inflow/infiltration due to climate change and aging infrastructure.

#### No. 9 | Collection System Capacities are in Good Shape

The highest agency demand -to-capacity ratio within the collection systems during peak day period was 72% with RVSD.

#### No. 10 | Treatment Capacities are Generally Sufficient with Some Stresses

Average peak and dry weather flows within CMSA and LGVSD's service area equals 79% and 89% respectively.

No. 11 | Near-Term Finances in Generally Good Shape

All agencies finished study period with moderate to high liquidity along with relatively low debt levels with no more than 51% of debt relative to net assets.

No. 12 | Climate Change Requires Resiliency Planning

More information please...

**Specific Recommendations**

No. 1 | Scaling Disadvantaged Unincorporated Community Policies

Marin LAFCO should proactively work with local agencies to develop a local definition of DUCs.

No. 2 | Allocating Treatment Capacities within CMSA

CMSA should develop a plan to allocate treatment capacities among its member agencies to enhance regional growth management.

No. 3 | Formalizing CSD No. 2 and Corte Madera's Relationship

CSD No. 2 should make additional efforts to distinguish itself as a stand-alone governmental entity while retaining subsidiary status with Corte Madera.

No. 4 | Revisiting Larkspur's Role within CMSA

CMSA should revisit its governing board structure and address the appropriate role – if any – for the City of Larkspur.

No. 5 | Allocating SRSD Seat Assignments to Match Constituent Volume

SRSD should designate the lone board seat incumbent holding Supervisor District 1 to improve direct connectivity with the majority of constituents.

No. 6 | Aligning Agency Boundaries with Actual Services

Agency boundary cleans ups are needed within Ross Valley and San Rafael Creek Watersheds.

No. 7 | Simplify Service in Murray Park and San Quentin Village

Marin LAFCO should initiate reorganizations of MPSMD and SQVSMD to dissolve and annex to RVSD.

No. 8 | Leveling Up; LAFCO Should Fully Study Regional Consolidation

Marin LAFCO should commit additional resources to independently evaluate reorganization options in step with adopting future workplans.

No. 9 | Eliminating Septic Systems in Region

The affected agencies should proactively work to identify and eliminate all remaining septic systems in their respective service areas.

## No. 10 | Syncing Land Use and Wastewater Service Planning

County and cities/towns should match the affected wastewater service provider to potential development opportunities in housing elements.

### **C. Analysis**

The final report – the capstone item before the Commission – serves three related purposes consistent with the members’ direction and in step with fulfilling its statutory mandate from the Legislature. First, the final report serves in scope and content as an independent and ongoing monitoring program on wastewater services in Central Marin. This includes the expectation the Commission shall regularly review and update the document’s analysis, and make changes in assumptions and benchmarks as needed going forward as part of future municipal service reviews. Second, the final report provides the Commission the requisite information needed to proceed with a resolution in making written determinations on the range of factors required of the membership as part of its municipal service review obligation. This includes the Commission making its own statements on population and growth, infrastructure needs and deficiencies, fiscal solvency, and governance alternatives. Third, the final report has been prepared to help inform subsequent decision-making by the Commission with respect to performing sphere updates, considering boundary changes, and setting special projects; the latter of which may include exercising the membership’s discretionary authority to initiate certain reorganizations.

### **D. Alternatives for Action**

The following alternatives are available to the Commission:

#### Alternative One (recommended):

1. Receive and accept the attached final report representing the scheduled municipal service review on public wastewater services in Central Marin.
2. Adopt the attached resolution making the requisite determinations as required under State law as part of the scheduled municipal service review on public wastewater services in Central Marin.

#### Alternative Two:

Continue the item and request additional information from staff as needed.

### **E. Recommendation**

It is recommended the Commission proceed with Alternative One as outlined in the preceding section.

## **F. Procedures for Consideration**

Staff has aigenized this item as part of a noticed public hearing consistent with Marin LAFCO's adopted policies as it relates to taking formal actions on municipal service reviews. To this end, the following procedures are recommended with respect to the Commission's consideration:

- 1) Receive verbal report from staff;
- 2) Open the public hearing and invite comments from all attendees (required); and
- 3) Close the public hearing, and consider the staff recommendation.

On behalf of staff,

A handwritten signature in blue ink, appearing to read "Rachel Jones", with a long horizontal flourish extending to the right.

Rachel Jones  
Administrative Analyst

Attachments:

1. Final Report | Central Marin Wastewater Study
2. Draft Resolution
3. Proof of Publication Notice



## **CENTRAL MARIN WASTEWATER SERVICES STUDY**

Municipal Service Review | Government Code Section 56430

### **Affected Agencies**

Central Marin Sanitation Agency  
County Sanitary District No. 1  
County Sanitary District No. 2  
Las Gallinas Valley Sanitary District  
Murray Park Sewer Maintenance District  
San Rafael Sanitation District  
San Quentin Village Sewer Maintenance District

**Final Report** | July 2017  
Pending Formal Acceptance

### **Project Manager**

Rachel Jones  
Administrative Analyst

## ACKNOWLEDGEMENT

Marin LAFCO gratefully acknowledges the time and effort of staff from the County of Marin, Central Marin Sanitation Agency, County Sanitary District No. 1, County Sanitation District No. 2, Las Gallinas Valley Sanitary District, and San Rafael Sanitation District who provided information and insight during the preparation of this report.



## TABLE OF CONTENTS

SECTION	PAGE
<b>CHAPTER ONE:</b>	
<b>INTRODUCTION</b>	
<b>1.0 LOCAL AGENCY FORMATION COMMISSIONS (LAFCO)</b>	<b>1-1</b>
1.1 AUTHORITY AND OBJECTIVES	1-1
1.2 REGULATORY RESPONSIBILITIES	1-2
1.3 PLANNING RESPONSIBILITIES	1-3
1.4 LAFCO COMPOSITION & DECISION-MAKING	1-6
1.5 PRESCRIPTIVE FUNDING	1-7
<b>2.0 MARIN LAFCO</b>	<b>1-7</b>
2.1 ADOPTED POLICIES AND PROCEDURES	1-7
2.2 COMMISSION ROSTER	1-8
2.3 CONTACT INFORMATION	1-8
<b>CHAPTER TWO:</b>	
<b>EXECUTIVE SUMMARY</b>	
<b>1.0 OVERVIEW</b>	<b>2-1</b>
1.1 KEY ASSUMPTIONS AND BENCHMARKS	2-1
1.2 SETTING THE STUDY TIMELINE	2-2
1.3 DATA COLLECTION RANGE OR STUDY PERIOD	2-2
1.4 CALCULATING POPULATION ESTIMATES	2-2
1.5 MAKING GROWTH PROJECTIONS AT BUILDOUT	2-3
1.6 CALCULATING FUTURE WASTEWATER DEMANDS	2-3
1.7 BENCHMARKING INFRASTRUCTURE NEEDS AND DEFICIENCIES	2-4
1.8 BENCHMARKING FINANCIAL SOLVENCY	2-4
1.9 BENCHMARKING PENSION OBLIGATIONS	2-5
<b>2.0 STUDY ORGANIZATION</b>	<b>2-4</b>
<b>3.0 AFFECTED PUBLIC AGENCIES GEOGRAPHIC AREA</b>	<b>2-5</b>
<b>4.0 STUDY SUMMARY</b>	<b>2-6</b>
4.1 GENERAL CONCLUSIONS	2-6
4.2 RECOMMENDATIONS	2-11
<b>5.0 WRITTEN DETERMINATIONS</b>	<b>2-13</b>
5.1 GROWTH AND POPULATION PROJECTIONS	2-14
5.2 LOCATION/CHARACTERISTICS OF DISADVANTAGED COMMUNITIES	2-18
5.3 CAPACITY OF FACILITIES AND INFRASTRUCTURE NEEDS/DEFICIENCIES	2-19
5.4 AGENCIES' FINANCIAL ABILITY TO PROVIDE SERVICES	2-21
5.5 STATUS AND OPPORTUNITIES FOR SHARED FACILITIES AND RESOURCES	2-23
5.6 LOCAL ACCOUNTABILITY AND GOVERNMENT RESTRUCTURE OPTIONS	2-24
5.7 RELATIONSHIP BETWEEN SERVICES AND LAND USE POLICIES	2-26
5.8 PLANNING FOR CLIMATE CHANGE	2-26
<b>CHAPTER THREE:</b>	
<b>SERVICE CHARACTERISTICS</b>	
<b>1.0 SERVICE AREAS</b>	<b>3-1</b>
1.1 POPULATION TRENDS	3-1
1.2 RESIDENT CHARACTERISTICS	3-4
1.3 DEMOGRAPHICS/SOCIAL AND ECONOMIC FACTORS	3-7

SECTION	PAGE
1.4 JURISDICTIONAL BOUNDARIES	3-8
<b>2.0 WASTEWATER SERVICES</b>	<b>3-10</b>
2.1 OVERALL DEMANDS	3-10
2.2 OVERALL/ DRY WEATHER DAY DEMANDS	3-12
2.3 OVERALL/ WET WEATHER DAY DEMANDS	3-14
2.4 OVERALL / PEAK DAY DEMANDS	3-16
<b>3.0 AGENCY FINANCES</b>	<b>3-18</b>
3.1 DIRECT COSTS TO CUSTOMERS	3-18
3.2 INDIRECT COSTS TO CUSTOMERS	3-21
3.3 NET ASSETS/UNRESTRICTED FUND BALANCES	3-22
3.4 LIQUIDITY, CAPITAL AND PROFITABILITY	3-24
<b>CHAPTER FOUR:</b>	
<b>AGENCY PROFILES</b>	
<b>A. LAS GALLINAS VALLEY SANITARY DISTRICT</b>	<b>4-1</b>
1.0 OVERVIEW	4-1
2.0 BACKGROUND	4-2
... 2.1 COMMUNITY DEVELOPMENT	4-2
... 2.2 FORMATION PROCEEDINGS	4-4
... 2.3 POST-FORMATION ACTIVITIES AND EVENTS	4-4
3.0 BOUNDARIES	4-5
... 3.1 JURISDICTIONAL BOUNDARY	4-5
... 3.2 SPHERE OF INFLUENCE	4-7
... 3.3 AGENCY MAP	4-8
4.0 DEMOGRAPHICS	4-8
... 4.1 POPULATION AND HOUSING	4-8
... 4.2 RESIDENCY TYPE	4-10
... 4.3 SOCIAL AND ECONOMIC INDICATORS	4-10
5.0 ORGANIZATIONAL STRUCTURE	4-11
... 5.1 GOVERNANCE	4-11
... 5.2 ADMINISTRATION	4-12
6.0 WASTEWATER SERVICES	4-13
... 6.1 SYSTEM STRUCTURE	4-13
... 6.2 WASTEWATER DEMANDS	4-14
... 6.3 WASTEWATER CAPACITIES	4-18
... 6.4 DEMAND TO CAPACITY RELATIONSHIPS	4-21
... 6.5 PERFORMANCE	4-22
... 6.6 USER CHARGES AND FEES	4-26
7.0 AGENCY FINANCES	4-26
... 7.1 FINANCIAL STATEMENTS	4-26
... 7.2 LIQUIDITY, CAPITAL, MARGIN AND STRUCTURE	4-28
... 7.3 PENSION OBLIGATIONS	4-29
... 7.4 REVENUE TO EXPENSE TRENDS	4-32
<b>B. SAN RAFAEL SANITATION DISTRICT</b>	<b>4-35</b>
1.0 OVERVIEW	4-35
2.0 BACKGROUND	4-36
... 2.1 COMMUNITY DEVELOPMENT	4-36
... 2.2 FORMATION PROCEEDINGS	4-38
... 2.3 POST-FORMATION ACTIVITIES AND EVENTS	4-38

SECTION	PAGE
<b>3.0 BOUNDARIES</b>	<b>4-39</b>
... 3.1 JURISDICTIONAL BOUNDARY	4-39
... 3.2 SPHERE OF INFLUENCE	4-41
... 3.3 AGENCY MAP	4-41
<b>4.0 DEMOGRAPHICS</b>	<b>4-42</b>
... 4.1 POPULATION AND HOUSING	4-42
... 4.2 RESIDENCY TYPE	4-43
... 4.3 SOCIAL AND ECONOMIC INDICATORS	4-44
<b>5.0 ORGANIZATIONAL STRUCTURE</b>	<b>4-45</b>
... 5.1 GOVERNANCE	4-45
... 5.2 ADMINISTRATION	4-46
<b>6.0 WASTEWATER SERVICES</b>	<b>4-46</b>
... 6.1 SYSTEM STRUCTURE	4-46
... 6.2 WASTEWATER DEMANDS	4-47
... 6.3 WASTEWATER CAPACITIES	4-52
... 6.4 DEMAND TO CAPACITY RELATIONSHIPS	4-53
... 6.5 PERFORMANCE	4-55
... 6.6 USER CHARGES AND FEES	4-58
<b>7.0 AGENCY FINANCES</b>	<b>4-58</b>
... 7.1 FINANCIAL STATEMENTS	4-58
... 7.2 LIQUIDITY, CAPITAL, MARGIN AND STRUCTURE	4-60
... 7.3 PENSION OBLIGATIONS	4-61
... 7.4 REVENUE TO EXPENSE TRENDS	4-64
<b>C. ROSS VALLEY SANITARY DISTRICT</b>	<b>4-67</b>
<b>1.0 OVERVIEW</b>	<b>4-67</b>
<b>2.0 BACKGROUND</b>	<b>4-68</b>
... 2.1 COMMUNITY DEVELOPMENT	4-68
... 2.2 FORMATION PROCEEDINGS	4-70
... 2.3 POST-FORMATION ACTIVITIES AND EVENTS	4-70
<b>3.0 BOUNDARIES</b>	<b>4-71</b>
... 3.1 JURISDICTIONAL BOUNDARY	4-71
... 3.2 SPHERE OF INFLUENCE	4-73
... 3.3 AGENCY MAP	4-74
<b>4.0 DEMOGRAPHICS</b>	<b>4-74</b>
... 4.1 POPULATION ESTIMATES	4-76
... 4.2 RESIDENCY TYPE	4-76
... 4.3 SOCIAL AND ECONOMIC INDICATORS	4-77
<b>5.0 ORGANIZATIONAL STRUCTURE</b>	<b>4-78</b>
... 5.1 GOVERNANCE	4-78
... 5.2 ADMINISTRATION	4-79
<b>6.0 WASTEWATER SERVICES</b>	<b>4-79</b>
... 6.1 SYSTEM STRUCTURE	4-79
... 6.2 WASTEWATER DEMANDS	4-80
... 6.3 WASTEWATER CAPACITIES	4-86
... 6.4 DEMAND TO CAPACITY RELATIONSHIPS	4-87
... 6.5 PERFORMANCE	4-88
... 6.6 USER CHARGES AND FEES	4-92
<b>7.0 AGENCY FINANCES</b>	<b>4-92</b>
... 7.1 FINANCIAL STATEMENTS	4-92
... 7.2 LIQUIDITY, CAPITAL, MARGIN AND STRUCTURE	4-95

SECTION	PAGE
... 7.3 PENSION OBLIGATIONS	4-96
... 7.4 REVENUE TO EXPENSE TRENDS	4-98
<b>D. COUNTY SANITARY DISTRICT NO. 2</b>	<b>4-101</b>
<b>1.0 OVERVIEW</b>	<b>4-101</b>
<b>2.0 BACKGROUND</b>	<b>4-102</b>
... 2.1 COMMUNITY DEVELOPMENT	4-102
... 2.2 FORMATION PROCEEDINGS	4-104
... 2.3 POST-FORMATION ACTIVITIES AND EVENTS	4-104
<b>3.0 BOUNDARIES</b>	<b>4-105</b>
... 3.1 JURISDICTIONAL BOUNDARY	4-105
... 3.2 SPHERE OF INFLUENCE	4-107
... 3.3 AGENCY MAP	4-107
<b>4.0 DEMOGRAPHICS</b>	<b>4-108</b>
... 4.1 POPULATION ESTIMATES	4-108
... 4.2 RESIDENCY TYPE	4-109
... 4.3 SOCIAL AND ECONOMIC INDICATORS	4-110
<b>5.0 ORGANIZATIONAL STRUCTURE</b>	<b>4-111</b>
... 5.1 GOVERNANCE	4-111
... 5.2 ADMINISTRATION	4-112
<b>6.0 WASTEWATER SERVICES</b>	<b>4-112</b>
... 6.1 SYSTEM STRUCTURE	4-112
... 6.2 WASTEWATER DEMANDS	4-114
... 6.3 WASTEWATER CAPACITIES	4-119
... 6.4 DEMAND TO CAPACITY RELATIONSHIPS	4-120
... 6.5 PERFORMANCE	4-121
... 6.6 USER CHARGES AND FEES	4-125
<b>7.0 AGENCY FINANCES</b>	<b>4-125</b>
... 7.1 FINANCIAL STATEMENTS	4-125
... 7.2 LIQUIDITY, CAPITAL, MARGIN AND STRUCTURE	4-127
... 7.3 PENSION OBLIGATIONS	4-128
... 7.4 REVENUE TO EXPENSE TRENDS	4-131
<b>E. MURRAY PARK SEWER MAINTENANCE DISTRICT</b>	<b>4-133</b>
<b>1.0 OVERVIEW</b>	<b>4-133</b>
<b>2.0 BACKGROUND</b>	<b>4-133</b>
... 2.1 COMMUNITY DEVELOPMENT	4-134
... 2.2 FORMATION PROCEEDINGS	4-135
... 2.3 POST-FORMATION ACTIVITIES AND EVENTS	4-135
<b>3.0 BOUNDARIES</b>	<b>4-135</b>
... 3.1 JURISDICTIONAL BOUNDARY	4-135
... 3.2 SPHERE OF INFLUENCE	4-135
... 3.3 AGENCY MAP	4-137
<b>4.0 DEMOGRAPHICS</b>	<b>4-138</b>
... 4.1 POPULATION AND HOUSING	4-138
... 4.2 RESIDENCY TYPE	4-139
... 4.3 SOCIAL AND ECONOMIC INDICATORS	4-140
<b>5.0 ORGANIZATIONAL STRUCTURE</b>	<b>4-141</b>
... 5.1 GOVERNANCE	4-141
... 5.2 ADMINISTRATION	4-142
<b>6.0 WASTEWATER SERVICES</b>	<b>4-142</b>
... 6.1 SYSTEM STRUCTURE	4-142

SECTION	PAGE
... 6.2 USER CHARGES AND FEES	4-143
<b>7.0 AGENCY FINANCES</b>	<b>4-143</b>
... 7.1 FINANCIAL STATEMENTS	4-143
... 7.2 PENSION OBLIGATIONS	4-143
... 7.3 REVENUE TO EXPENSE TRENDS	4-143
<b>F. SAN QUENTIN SEWER MAINTENANCE DISTRICT</b>	<b>4-145</b>
<b>1.0 OVERVIEW</b>	<b>4-145</b>
<b>2.0 BACKGROUND</b>	<b>4-146</b>
... 2.1 COMMUNITY DEVELOPMENT	4-146
... 2.2 FORMATION PROCEEDINGS	4-147
... 2.3 POST-FORMATION ACTIVITIES AND EVENTS	4-147
<b>3.0 BOUNDARIES</b>	<b>4-148</b>
... 3.1 JURISDICTIONAL BOUNDARY	4-148
... 3.2 SPHERE OF INFLUENCE	4-149
... 3.3 AGENCY MAP	4-150
<b>4.0 DEMOGRAPHICS</b>	<b>4-150</b>
... 4.1 POPULATION AND HOUSING	4-150
... 4.2 RESIDENCY TYPE	4-151
... 4.3 SOCIAL AND ECONOMIC INDICATORS	4-152
<b>5.0 ORGANIZATIONAL STRUCTURE</b>	<b>4-153</b>
... 5.1 GOVERNANCE	4-153
... 5.2 ADMINISTRATION	4-153
<b>6.0 WASTEWATER SERVICES</b>	<b>4-154</b>
... 6.1 SYSTEM STRUCTURE	4-155
... 6.2 USER CHARGES AND FEES	4-155
<b>7.0 AGENCY FINANCES</b>	<b>4-156</b>
... 7.1 FINANCIAL STATEMENTS	4-156
... 7.2 PENSION OBLIGATIONS	4-156
... 7.3 REVENUE TO EXPENSE TRENDS	4-156
<b>G. CENTRAL MARIN SANITATION AGENCY</b>	<b>4-157</b>
<b>1.0 OVERVIEW</b>	<b>4-157</b>
<b>2.0 BACKGROUND</b>	<b>4-158</b>
... 2.1 COMMUNITY DEVELOPMENT	4-158
... 2.2 FORMATION PROCEEDINGS	4-160
... 2.3 POST-FORMATION ACTIVITIES AND EVENTS	4-160
<b>3.0 BOUNDARIES</b>	<b>4-161</b>
... 3.1 BOUNDARY TYPE / CONTRACTED SERVICE AREA	4-161
<b>4.0 DEMOGRAPHICS</b>	<b>4-163</b>
... 4.1 POPULATION AND HOUSING	4-163
... 4.2 RESIDENCY TYPE	4-164
... 4.3 SOCIAL AND ECONOMIC INDICATORS	4-165
<b>5.0 ORGANIZATIONAL STRUCTURE</b>	<b>4-166</b>
... 5.1 GOVERNANCE	4-166
... 5.2 ADMINISTRATION	4-167
<b>6.0 WASTEWATER SERVICES</b>	<b>4-167</b>
... 6.1 SYSTEM STRUCTURE	4-167
... 6.2 WASTEWATER DEMANDS	4-168
... 6.3 WASTEWATER CAPACITIES	4-172
... 6.4 DEMAND TO CAPACITY RELATIONSHIPS	4-173

SECTION	PAGE
... 6.5 PERFORMANCE	4-175
... 6.6 USER CHARGES AND FEES	4-177
<b>7.0 AGENCY FINANCES</b>	<b>4-177</b>
... 7.1 FINANCIAL STATEMENTS	4-177
... 7.2 LIQUIDITY, CAPITAL, MARGIN AND STRUCTURE	4-179
... 7.3 PENSION OBLIGATIONS	4-180
... 7.4 REVENUE TO EXPENSE TRENDS	4-183

## LIST OF TABLES

1.1 MANDATORY DETERMINATIONS: SPHERE OF INFLUENCE	1-4
1.2 MANDATORY DETERMINATIONS: MUNICIPAL SERVICE REVIEWS	1-6
3.1 RESIDENT POPULATION PROJECTIONS	3-3
3.2 OCCUPIED HOUSING AND VOLUME DENSITY ESTIMATES	3-5
3.3 HOUSING TYPE ESTIMATES	3-5
3.4 NEAR-TERM BUILDOUT: HOUSING UNIT ESTIMATES	3-6
3.5 ECONOMIC AND SOCIAL FACTORS: 2010-2014 AVERAGES	3-7
3.6 JURISDICTIONAL BOUNDARIES' BREAKDOWN: LAND USE AUTHORITIES	3-8
3.7 JURISDICTIONAL LANDS: REGION	3-9
3.8 JURISDICTIONAL LANDS: AGENCIES	3-10
3.9 WASTEWATER DEMANDS: ANNUAL DAILY AVERAGES	3-11
3.10 WASTEWATER DEMANDS: DRY WEATHER DAY AVERAGES	3-13
3.11 WASTEWATER DEMANDS: WET WEATHER DAY AVERAGES	3-15
3.12 WASTEWATER DEMANDS: PEAK DAY AVERAGES	3-17
4.1 LGVSD BOUNDARY BREAKDOWN: LAND USE AUTHORITIES	4-6
4.2 LGVSD BOUNDARY BREAKDOWN: LAND USE FEATURES	4-7
4.3 LGVSD RESIDENT POPULATION: PAST AND CURRENT ESTIMATES	4-9
4.4 LGVSD RESIDENT POPULATION: FUTURE ESTIMATES	4-9
4.5 LGVSD: RESIDENT TRENDS IN SOCIAL AND ECONOMIC INDICATORS	4-11
4.6 LGVSD CURRENT BOARD ROSTER	4-12
4.7 LGVSD: SERVICE CONNECTION TYPE BREAKDOWN	4-14
4.8 LGVSD: RESIDENT TO CONNECTION RATIO BREAKDOWN	4-15
4.9 LGVSD: RECENT ANNUAL AND AVERAGE DAILY FLOWS BREAKDOWN	4-16
4.10 LGVSD: RECENT DRY WEATHER DAY FLOWS	4-16
4.11 LGVSD: RECENT WET WEATHER DAY FLOWS	4-17
4.12 LGVSD: RECENT PEAK-DAY FLOWS	4-18
4.13 LGVSD: PROJECTED WASTEWATER FLOWS	4-19
4.14 LGVSD: SANITARY SEWER OVERFLOWS	4-23
4.15 LGVSD: NUMBER OF DISTRICT SERVICE CALLS	4-24
4.16 LGVSD ASSETS: STUDY PERIOD	4-27
4.17 LGVSD LIABILITIES: STUDY PERIOD	4-27
4.18 LGVSD NET ASSETS: STUDY PERIOD	4-28
4.19 LGVSD FINANCIAL MEASUREMENTS: STUDY PERIOD	4-29
4.20 LGVSD'S PENSION ENROLLEE INFORMATION	4-30
4.21 LGVSD'S PENSION CONTRIBUTIONS	4-31
4.22 LGVSD'S PENSION TRENDS	4-31
4.23 LGVSD ACTUAL REVENUE TRENDS: STUDY PERIOD	4-33
4.24 LGVSD ACTUAL EXPENSE TRENDS: STUDY PERIOD	4-33
4.25 SRSD BOUNDARY BREAKDOWN: LAND USE AUTHORITIES	4-40
4.26 SRSD BOUNDARY BREAKDOWN: LAND USE FEATURES	4-40
4.27 SRSD RESIDENT POPULATION: PAST AND CURRENT ESTIMATES	4-42

## LIST OF TABLES

4.28	SRSD RESIDENT POPULATION: FUTURE ESTIMATES	4-43
4.29	SRSD: RESIDENT TRENDS IN SOCIAL AND ECONOMIC INDICATORS	4-44
4.30	SRSD CURRENT BOARD ROSTER	4-45
4.31	SRSD: SERVICE CONNECTION TYPE BREAKDOWN	4-47
4.32	SRSD: RESIDENT TO CONNECTION RATIO BREAKDOWN	4-48
4.33	SRSD: RECENT ANNUAL AND AVERAGE DAILY FLOWS BREAKDOWN	4-49
4.34	SRSD: RECENT DRY WEATHER DAY FLOWS	4-49
4.35	SRSD: RECENT WET WEATHER DAY FLOWS	4-50
4.36	SRSD: RECENT PEAK-DAY FLOWS	4-51
4.37	SRSD: PROJECTED WASTEWATER FLOWS	4-52
4.38	SRSD: SANITARY SEWER OVERFLOWS	4-56
4.39	SRSD: NUMBER OF DISTRICT SERVICE CALLS	4-57
4.40	SRSD ASSETS: STUDY PERIOD	4-59
4.41	SRSD LIABILITIES: STUDY PERIOD	4-59
4.42	SRSD NET ASSETS: STUDY PERIOD	4-60
4.43	SRSD FINANCIAL MEASUREMENTS: STUDY PERIOD	4-61
4.44	SRSD'S PENSION ENROLLEE INFORMATION	4-62
4.45	SRSD'S PENSION CONTRIBUTIONS	4-63
4.46	SRSD'S PENSION TRENDS	4-64
4.47	SRSD ACTUAL REVENUE TRENDS: STUDY PERIOD	4-65
4.48	SRSD ACTUAL EXPENSE TRENDS: STUDY PERIOD	4-65
4.49	RVSD BOUNDARY BREAKDOWN: LAND USE AUTHORITIES	4-72
4.50	RVSD BOUNDARY BREAKDOWN: LAND USE FEATURES	4-73
4.51	RVSD RESIDENT POPULATION: PAST AND CURRENT ESTIMATES	4-75
4.52	RVSD RESIDENT POPULATION: FUTURE ESTIMATES	4-76
4.53	RVSD: RESIDENT TRENDS IN SOCIAL AND ECONOMIC INDICATORS	4-77
4.54	RVSD CURRENT BOARD ROSTER	4-78
4.55	RVSD: SERVICE CONNECTION TYPE BREAKDOWN	4-81
4.56	RVSD: RESIDENT TO CONNECTION RATIO BREAKDOWN	4-81
4.57	RVSD: RECENT ANNUAL AND AVERAGE DAILY FLOWS BREAKDOWN	4-82
4.58	RVSD: RECENT DRY WEATHER DAY FLOWS	4-83
4.59	RVSD: RECENT WET WEATHER DAY FLOWS	4-84
4.60	RVSD: RECENT PEAK-DAY FLOWS	4-84
4.61	RVSD: PROJECTED WASTEWATER FLOWS	4-85
4.62	RVSD: SANITARY SEWER OVERFLOWS	4-89
4.63	RVSD: NUMBER OF DISTRICT SERVICE CALLS	4-90
4.64	RVSD ASSETS: STUDY PERIOD	4-93
4.65	RVSD LIABILITIES: STUDY PERIOD	4-94
4.66	RVSD NET ASSETS: STUDY PERIOD	4-94
4.67	RVSD FINANCIAL MEASUREMENTS: STUDY PERIOD	4-95
4.68	RVSD'S PENSION ENROLLEE INFORMATION	4-97
4.69	RVSD'S PENSION CONTRIBUTIONS	4-97
4.70	RVSD'S PENSION TRENDS	4-98
4.71	RVSD ACTUAL REVENUE TRENDS: STUDY PERIOD	4-99
4.72	RVSD ACTUAL EXPENSE TRENDS: STUDY PERIOD	4-99
4.73	CSD No. 2 BOUNDARY BREAKDOWN: LAND USE AUTHORITIES	4-106
4.74	CSD No. 2 BOUNDARY BREAKDOWN: LAND USE FEATURES	4-106
4.75	CSD No. 2 RESIDENT POPULATION: PAST AND CURRENT ESTIMATES	4-108
4.76	CSD No. 2 RESIDENT POPULATION: FUTURE ESTIMATES	4-109
4.77	CSD No. 2: RESIDENT TRENDS IN SOCIAL AND ECONOMIC INDICATORS	4-110
4.78	CSD No. 2 CURRENT BOARD ROSTER	4-112
4.79	CSD No. 2: SERVICE CONNECTION TYPE BREAKDOWN	4-114

**LIST OF TABLES**

4.80 CSD No. 2: RESIDENT TO CONNECTION RATIO BREAKDOWN	4-115
4.81 CSD No. 2: RECENT ANNUAL AND AVERAGE DAILY FLOWS BREAKDOWN	4-116
4.82 CSD No. 2: RECENT DRY WEATHER DAY FLOWS	4-116
4.83 CSD No. 2: RECENT WET WEATHER DAY FLOWS	4-117
4.84 CSD No. 2: RECENT PEAK-DAY FLOWS	4-117
4.85 CSD No. 2: PROJECTED WASTEWATER FLOWS	4-118
4.86 CSD No. 2: SANITARY SEWER OVERFLOWS	4-122
4.87 CSD No. 2: NUMBER OF DISTRICT SERVICE CALLS	4-123
4.88 CSD No. 2 ASSETS: STUDY PERIOD	4-126
4.89 CSD No. 2 LIABILITIES: STUDY PERIOD	4-126
4.90 CSD No. 2 NET ASSETS: STUDY PERIOD	4-127
4.91 CSD No. 2 FINANCIAL MEASUREMENTS: STUDY PERIOD	4-128
4.92 CSD No. 2's PENSION ENROLLEE INFORMATION	4-129
4.93 CSD No. 2's PENSION CONTRIBUTIONS	4-130
4.94 CSD No. 2's PENSION TRENDS	4-130
4.95 CSD No. 2 ACTUAL REVENUE TRENDS: STUDY PERIOD	4-132
4.96 CSD No. 2 ACTUAL EXPENSE TRENDS: STUDY PERIOD	4-132
4.97 MPSMD BOUNDARY BREAKDOWN: LAND USE AUTHORITIES	4-136
4.98 MPSMD BOUNDARY BREAKDOWN: LAND USE FEATURES	4-137
4.99 MPSMD RESIDENT POPULATION: PAST AND CURRENT ESTIMATES	4-138
4.100 MPSMD RESIDENT POPULATION: FUTURE ESTIMATES	4-139
4.101 MPSMD: RESIDENT TRENDS IN SOCIAL AND ECONOMIC INDICATORS	4-141
4.102 MPSMD CURRENT BOARD ROSTER	4-141
4.103 MPSMD ADMINISTRATION	4-142
4.104 SQVSMD BOUNDARY BREAKDOWN: LAND USE AUTHORITIES	4-148
4.105 SQVSMD BOUNDARY BREAKDOWN: LAND USE FEATURES	4-149
4.106 SQVSMD RESIDENT POPULATION: PAST AND CURRENT ESTIMATES	4-151
4.107 SQVSMD RESIDENT POPULATION: FUTURE ESTIMATES	4-151
4.108 SQVSMD: RESIDENT TRENDS IN SOCIAL AND ECONOMIC INDICATORS	4-153
4.109 SQVSMD CURRENT BOARD ROSTER	4-154
4.110 SQVSMD ADMINISTRATION	4-154
4.111 CMSA BOUNDARY BREAKDOWN: LAND USE AUTHORITIES	4-162
4.112 CMSA BOUNDARY BREAKDOWN: LAND USE FEATURES	4-163
4.113 CMSA RESIDENT POPULATION: PAST AND CURRENT ESTIMATES	4-163
4.114 CMSA RESIDENT POPULATION: FUTURE ESTIMATES	4-164
4.115 CMSA: RESIDENT TRENDS IN SOCIAL AND ECONOMIC INDICATORS	4-165
4.116 CMSA CURRENT COMMISSION ROSTER	4-167
4.117 CMSA: RECENT ANNUAL AND AVERAGE DAILY FLOWS BREAKDOWN	4-168
4.118 CMSA: RECENT DRY WEATHER DAY FLOWS	4-169
4.119 CMSA: RECENT WET WEATHER DAY FLOWS	4-170
4.120 CMSA: RECENT PEAK-DAY FLOWS PERIOD	4-170
4.121 CMSA: PROJECTED WASTEWATER FLOWS	4-171
4.122 CMSA: SANITARY SEWER OVERFLOWS	4-176
4.123 CMSA ASSETS: STUDY PERIOD	4-178
4.124 CMSA LIABILITIES: STUDY PERIOD	4-178
4.125 CMSA EQUITY: STUDY PERIOD	4-179
4.126 CMSA FINANCIAL MEASUREMENTS: STUDY PERIOD	4-180
4.127 CMSA's PENSION ENROLLEE INFORMATION	4-181
4.128 CMSA's PENSION CONTRIBUTIONS	4-182
4.129 CMSA's PENSION TRENDS	4-182
4.130 CMSA ACTUAL REVENUE TRENDS: STUDY PERIOD	4-184
4.131 CMSA ACTUAL EXPENSE TRENDS: STUDY PERIOD	4-184



## LIST OF FIGURES

1.1	CURRENT MEMBERS	1-8
2.1	WASTEWATER AGENCIES	2-6
3.1	2010 -2014 POPULATION BREAKDOWNS	3-2
3.2	STUDY TERM POPULATION ESTIMATES	3-3
3.3	OVERALL AGENCY DEMANDS: DAILY PER RESIDENT	3-12
3.4	OVERALL DRY WEATHER AGENCY DEMANDS: DAILY PER RESIDENT	3-14
3.5	OVERALL WET WEATHER AGENCY DEMANDS: DAILY PER RESIDENT	3-16
3.6	OVERALL PEAK AGENCY DEMANDS: DAILY PER RESIDENT	3-18
3.7	ANNUAL USER CHARGE: RESIDENTIAL	3-19
3.8	AVERAGE EARNED INCOME RATIO	3-20
3.9	CONNECTION FEES: RESIDENTIAL	3-21
3.10	PROPERTY TAX DISTRIBUTION RATES	3-22
3.11	ASSETS, LIABILITIES AND EQUITY	3-23
3.12	UNRESTRICTED FUND BALANCE	3-24
3.13	CURRENT RATIOS AND DAY’S CASH	3-25
4.1	MAP OF LGVSD	4-3
4.2	MAP OF LGVSD JURISDICTIONAL BOUNDARY	4-8
4.3	CY 2010-2014 LGVSD RESIDENCY TYPE	4-10
4.4	LGVSD SEWER SERVICE AREA	4-13
4.5	LGVSD DEMAND TO CAPACITY MEASUREMENTS	4-21
4.6	LGVSD PLANNED CLEANING AND LINE REPLACEMENT COMPLETED	4-25
4.7	MAP OF SRSD JURISDICTIONAL BOUNDARY	4-37
4.8	CY 2010-2014 SRSD RESIDENCY TYPE	4-41
4.9	SRSD DEMAND TO CAPACITY MEASUREMENTS	4-53
4.10	MAP OF RVSD	4-69
4.11	MAP OF RVSD JURISDICTIONAL BOUNDARY	4-74
4.12	CY 2010-2014 RVSD RESIDENCY TYPE	4-76
4.13	RVSD SEWER SERVICE AREA	4-80
4.14	RVSD DEMAND TO CAPACITY MEASUREMENTS	4-88
4.15	RVSD PLANNED CLEANING AND LINE REPLACEMENT COMPLETED	4-91
4.16	MAP OF CSD No. 2	4-103
4.17	MAP OF CSD No. 2 JURISDICTIONAL BOUNDARY	4-107
4.18	CY 2010-2014 CSD No. 2 RESIDENCY TYPE	4-109
4.19	CSD No. 2 SEWER SERVICE AREA	4-113
4.20	CSD No. 2 DEMAND TO CAPACITY MEASUREMENTS	4-120
4.21	CSD No. 2 PLANNED CLEANING AND LINE REPLACEMENT COMPLETED	4-124
4.22	MAP OF MPSMD	4-134
4.23	MAP OF MPSMD JURISDICTIONAL BOUNDARY	4-137
4.24	CY 2010-2014 MPSMD RESIDENCY TYPE	4-140
4.25	MAP OF SQVSMD	4-147
4.26	MAP OF SQVSMD JURISDICTIONAL BOUNDARY	4-150
4.27	CY 2010-2014 SQVSMD RESIDENCY TYPE	4-152
4.28	MAP OF CMSA	4-159
4.29	MAP OF CMSA JURISDICTIONAL BOUNDARY	4-173

## APPENDICES

COMMON ACRONYMS   TERMS	A
COMMENTS ON DRAFT REPORT WITH STAFF RESPONSES	B
LINEAR REGRESSION ANALYSIS IN PROJECTING FUTURE DEMANDS	C
SOURCES	D

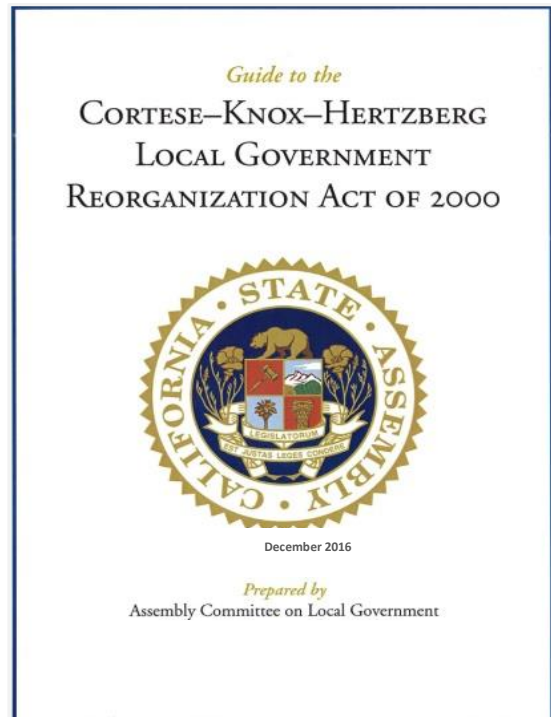
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# CHAPTER ONE INTRODUCTION

## 1.0 LOCAL AGENCY FORMATION COMMISSIONS

### 1.1 Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are political subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") with principal oversight provided by the Assembly Committee on Local Government.<sup>1</sup> LAFCOs are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and special



districts as well as their municipal service areas. LAFCOs' creation were engendered by Governor Edmund "Pat" Brown Sr. (1959-1967) to more effectively address the needs of California's growing and diversifying population with an emphasis on promoting governmental efficiencies. Towards this end, LAFCOs are commonly referred to as the Legislature's "watchdog" for local governance issues.<sup>2</sup>

Guiding LAFCOs' regulatory and planning powers is to fulfill specific purposes and objectives that collectively construct the Legislature's regional growth management priorities outlined under Government Code (G.C.) Section 56301. This statute reads:

<sup>1</sup> Reference California Government Code Section 56000 et seq.

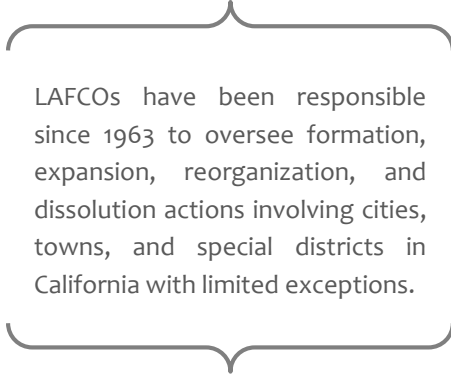
<sup>2</sup> In its ruling on *City of Ceres v. City of Modesto* the 5th District Court of Appeal referred to LAFCOs as the "watchdog" of the Legislature to "guard against the wasteful duplication of services." (July 1969)

*“Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”*

LAFCO decisions are legislative in nature and therefore are not subject to an outside appeal process. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals so long as not establishing any terms that directly control land uses, densities, or subdivision requirements.

## **1.2 Regulatory Responsibilities**

LAFCOs’ principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California.<sup>3</sup> More recently, LAFCOs have been tasked with also overseeing the approval process for cities, towns, and districts to provide new or extended services beyond their jurisdictional



LAFCOs have been responsible since 1963 to oversee formation, expansion, reorganization, and dissolution actions involving cities, towns, and special districts in California with limited exceptions.

boundaries by contract or agreement as well as district actions to either activate a new service or divest an existing service. LAFCOs generally exercise their regulatory authority in response to applications submitted by the affected agencies, landowners, or registered voters. Recent amendments to CKH, however, now authorize and encourage LAFCOs to initiate on their own jurisdictional changes to form, consolidate, and dissolve special districts consistent with current and future community needs.

<sup>3</sup> CKH defines “special district” to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

**1.3 Planning Responsibilities**

LAFCOs inform their regulatory actions through two central planning responsibilities: (a) making sphere of influence (“sphere”) determinations and (b) preparing municipal service reviews. Sphere determinations have been a core planning function of LAFCOs since 1971 and effectively serves as the Legislature’s version of “urban growth boundaries” with regard to

LAFCOs are tasked with planning the location of future urban development and services through two interrelated activities: (a) establish and update spheres of influence and (b) prepare municipal service reviews to independently evaluate the availability and performance of governmental services relative to need.

cumulatively delineating the appropriate interface between urban and non-urban uses within each county. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted as part of CKH and are intended to inform – among other activities – sphere determinations. The Legislature mandates, notably, all sphere changes as of 2001 be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of the function and role of these two planning responsibilities follows.

**Sphere of Influence Determinations**

LAFCOs establish, amend, and update spheres for all cities, towns, and most special districts in California to designate the territory it independently believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions.<sup>4</sup> Further, an increasingly important role involving sphere determinations relate to their use by regional councils of governments as planning areas in allocating housing need assignments for counties, cities, and towns.

<sup>4</sup> Exceptions in which jurisdictional boundary changes do not require consistency with the affected agencies’ spheres include annexations of State correctional facilities or annexations to cities/towns involving city/town owned lands used for municipal purposes with the latter requiring automatic detachment if sold to a private interest.

As of January 1, 2008, LAFCOs must review and update all local agencies' sphere every five years. In making sphere determinations, LAFCOs are required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to orient LAFCOs in

Spheres serve as the Legislature's version of urban growth boundaries and – among other items – delineates where cities, towns, or districts may seek future annexations or outside service approvals with LAFCOs. All jurisdictional changes must be consistent with the affected agencies' spheres with limited exceptions.

addressing the core principles underlying the sensible development of local agencies consistent with the anticipated needs of the affected communities. The five mandated planning factors are summarized in the following table.

### Mandatory Determinations | Spheres of Influence

Table 1-1

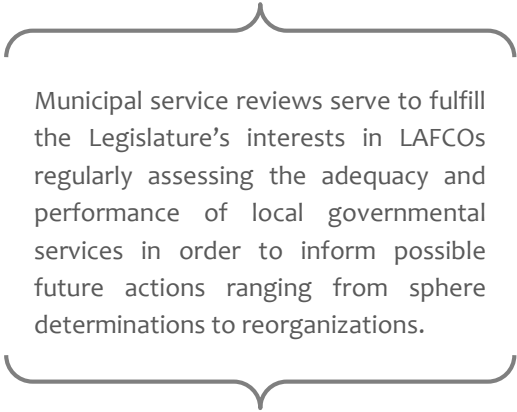
1. Present and planned land uses in the area, including agricultural and open space.
2. Present and probable need for public facilities and services in the area.
3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.
4. Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.
5. If the city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere.

## Municipal Service Reviews

---

Municipal service reviews serve as a centerpiece to CKH’s enactment in 2001 and represent comprehensive studies of the availability, range, and performance of governmental services provided within defined geographic areas. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. Advisory guidelines on the preparation of municipal service reviews were published by the Governor’s Office of Planning and Research in 2003 and remain the lone statewide document advising LAFCOs in fulfilling this mandate.

All municipal service reviews – regardless of their intended purpose – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. This includes, most notably, infrastructure needs or deficiencies, growth and population trends, and financial standing. The seven mandated service factors are summarized in the following table.



Municipal service reviews serve to fulfill the Legislature’s interests in LAFCOs regularly assessing the adequacy and performance of local governmental services in order to inform possible future actions ranging from sphere determinations to reorganizations.

## Mandatory Determinations | Municipal Service Reviews

Table 1-2

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.<sup>5</sup>
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status and opportunities for shared facilities.
6. Accountability for community service needs, including structure and operational efficiencies.
7. Matters relating to effective or efficient service delivery as required by LAFCO policy.

### 1.4 LAFCO Composition & Decision-Making

LAFCOs are generally governed by 11-member board comprising three county supervisors, three city councilmembers, three independent special district members, and two representatives of the general public.<sup>6</sup> Members are divided between “regulars” and “alternates” and must exercise their independent judgment on behalf of the interests of residents, landowners, and the public

State law directs all LAFCO members to independently discharge their responsibilities for the good of the region and irrespective of the interests of their local appointing authorities.

as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs have sole authority in administering its legislative responsibilities and decisions therein are not subject to an outside appeal process. All LAFCOs are independent of local government with the majority employing their own staff; an increasingly smaller portion of LAFCOs, however, choose to contract with their local county government for staff support services. All LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency

<sup>5</sup> This determination was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of “disadvantaged unincorporated community” is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the statewide annual median household income; the latter amount currently totaling \$60,190.

<sup>6</sup> Approximately two-fifths of LAFCOs in California currently operate without special district representation based on local conditions. A limited number of LAFCOs also have additional seats through special legislation.



activities and provide written recommendations on all regulatory and planning actions before the membership. All LAFCOs must also appoint their own legal counsel.

## **1.5 Prescriptive Funding**

CKH prescribes local agencies fully fund LAFCOs' annual operating costs. Counties are generally responsible for funding one-third of LAFCO's annual operating costs with the remainder one-third portions allocated to the cities/towns and independent special districts. The allocations to cities/towns and special districts are calculated based on standard formula using general tax revenues unless an alternative formula has been approved by a majority of the local agencies. LAFCOs are also authorized to collect applicant fees to offset local agency contributions.

## **2.0 MARIN LAFCO**

### **2.1 Adopted Policies and Procedures**

The majority of Marin LAFCO's ("Commission") existing policies and procedures were updated and or established in 2001 in step with the enactment of CKH. These policies and procedures collectively guide the Commission in implementing LAFCO law in Marin County in a manner consistent with regional growth management priorities as determined by the membership. This includes overarching policies and procedures to direct existing and new urban uses towards city-centers along the State Highway 101 corridor and maintaining restrictive allowances for the potential development and use therein of agricultural and open-space lands. The Commission has also established pertinent policies and procedures specific to preparing sphere updates and municipal service reviews. These latter policies are anchored on directing staff to present annual recommendations on new sphere updates and their associated municipal service reviews every year with proposed scopes of work for Commission approval.

## 2.2 Commission Roster

The Commission’s current membership is provided below.

### Current Members

Name	Position	Agency Affiliation
Jeffry Blanchfield, Chair	Public	Commission
Carla Condon, Vice Chair	City	Town of Corte Madera
Jack Baker	Special District	North Marin Water
Damon Connolly	County	County of Marin
Sashi McEntee	City	City of Mill Valley
Craig K. Murray	Special District	Las Gallinas Valley Sanitary
Dennis J. Rodoni	County	County of Marin
Judy Arnold, Alternate	County	County of Marin
Matthew Brown, Alternate	City	City of San Anselmo
Chris Skelton, Alternate	Public	Commission
Lew Kious, Alternate	Special District	Almonte Sanitary

Figure 1.1

## 2.3 Contact Information

Marin LAFCO’s administrative office is located at 1401 Los Gamos Drive in San Rafael (Terra Linda). Visitor parking is available. LAFCO is a small governmental agency and as a result the office is sometimes closed during normal business hours when staff is in the field. Accordingly, appointments to discuss proposals or other matters are strongly encouraged and can be scheduled by calling 415-448-5877. Communication by e-mail is also welcome and general questions or comments should be directed to [staff@marinlafco.org](mailto:staff@marinlafco.org). Additional information regarding Marin LAFCO’s functions and activities is also available anytime by visiting [www.marinlafco.org](http://www.marinlafco.org).

## CHAPTER TWO EXECUTIVE SUMMARY

### 1.0 OVERVIEW

This study represents Marin LAFCO’s scheduled municipal service review on public wastewater services within an approximate 60-square mile area of central Marin County. The study has been prepared by staff and consistent with the scope of work approved by the Commission at a noticed public hearing. The underlying aim of the study is to produce an independent assessment of public wastewater services in the region over the next five to ten years relative to the Commission’s regional growth management duties and responsibilities as established by the Legislature. This includes evaluating the current and future relationship between public wastewater demands versus collection, treatment, and disposal capacities region-wide and within the service areas of the seven affected agencies, directly or indirectly subject to the Commission’s oversight. Information generated as part of the study will be used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as special district formations, consolidations, and or dissolutions.

The underlying purpose of the study is to independently assess the relationship and influencing factors therein in Central Marin between public wastewater demands versus collection, treatment, and disposal capacities relative to the Commission’s regional growth management duties under State law. Information generated in the study will (a) guide subsequent sphere updates, (b) inform future boundary changes, and (c) if merited serve as the source document to initiate one or more government reorganizations.

### 1.1 Key Assumptions and Benchmarks

The study has been oriented in scope and content to serve as an ongoing monitoring program on public wastewater services in Central Marin. It is expected the Commission will revisit the study and key assumptions and benchmarks therein approximately every five years consistent with the timetable set by the Legislature. This will also allow the Commission – among other tasks – to assess the accuracy of earlier projections and

make appropriate changes in approach as needed as part of future studies. Key assumptions and benchmarks affecting scope and content in this study follow.

## **1.2 Setting the Study's Timeframe**

The timeframe for the study has been oriented to cover the next five to ten year period with the former (five years) serving as the analysis anchor as contemplated under State law. Markedly, this timeframe is consistent with the five-year cycle legislatively prescribed for municipal service reviews under G.C. Section 56430. Expanding the timeframe to also contemplate an additional five-year period provides the Commission flexibility in scheduling its next review on public wastewater services within Central Marin in alignment with resources and priorities.<sup>7</sup>

## **1.3 Determining the Data Collection Range or Study Period**

The period for collecting data to inform the Commission's analysis and related projections on population growth, service demands, and finances has been set to cover the five-year fiscal period from 2010 to 2014. This data collection period – which covers the 60 months immediately preceding the start of work on the study – purposefully aligns with the five-year timeline for the study with the resulting data trends appearing most relevant to the Commission in making near-term projections (i.e., data from the last five years is most pertinent in projecting trends over the next five to ten years).

## **1.4 Calculating Population Estimates**

Residential population calculations in the study have been independently made by Commission for both recent and near-term estimates within all seven affected service areas. Recent population estimates for the service areas are premised on occupied housing driving resident projections based on data collected within all applicable census tracts. Four distinct calculations are made in producing population estimates for each agency and specific to each year that take into account (a) total housing units, (b) local occupancy rates, (c) occupied housing units, and (d) household sizes. Near-term

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<sup>7</sup> Incorporating projections 10 years out also allows the Commission to proceed with an applicant request for a sphere of influence amendment involving one of the affected agencies within the time period without the concurrent need for a new stand-alone municipal service review.

estimates have been similarly calculated for the next five to ten year period based on applying the estimated growth trend in each service area over last 60 months with limited exceptions (i.e., population growth over the last five years is expected to hold through the next five to ten years).

### 1.5 Making Growth Projections at Planned Buildout

The study includes a cursory review of population and housing totals at planned buildout for purposes of telegraphing potential long-term growth within each affected agency’s service area. Housing unit projections at planned buildout are based on a review of all subject land use authorities’ existing housing elements and specific to zoning within existing jurisdictional boundaries.<sup>8</sup> Population projection totals at buildout are similarly based on applying an agency specific person-per-house amount for every projected housing unit as separately calculated by the Commission. Importantly, and as used in this study, planned buildout is a dynamic term with current projections based on housing elements that will need to be updated by 2023 and presumably reflect new and expanded development expectations.

The term “buildout” as calculated and used in the report is dynamic and changes in step with changes in the land use authorities’ housing elements. Accordingly, and as detailed, it is equally reasonable for the report to conclude the region is approaching its currently planned buildout while anticipating growth will ultimately exceed this threshold as land use policies are updated.

### 1.6 Calculating Future Wastewater Demands

Future near-term wastewater demands in the study have been independently calculated by the Commission through 2024 within each affected agency’s service area based on overall production trends generated in the preceding five-year period between 2010 and 2014. These projections have been made using linear regression to help *control* for large variances in the recent five-year totals (emphasis). Importantly, these projections have been made by the Commission in the absence of the affected agencies’ own projections and are intended only as reasonable estimates of likely and near-term demand-to-capacity relationships going forward.

<sup>8</sup> Buildout estimates do not take into consideration future changes in boundaries as well as outside service commitments.

## **1.7 Benchmarking Infrastructure Needs and Deficiencies | Emphasis on Five-Year Averages**

The study and its analysis focuses on average wastewater demands within specific categories (i.e., dry, wet, and peak periods) generated in each affected agency's service area during the 60-month study period in benchmarking infrastructure needs or deficiencies. This broader focus on averages provides a more reasonable account of system demands generated during the study period and helps to mitigate against one-year outliers in step with analyzing overall relationships with collection, treatment, and disposal capacities.

## **1.8 Benchmarking Financial Solvency**

Several diagnostic tools are used in the study to assess and make related determinations on each affected agency's financial solvency based on a five-year review of audited statements from 2010-2014. This includes, most notably, calculating and analyzing current ratio, debt-to-net assets, and operating margin. These tools provide the Commission with reasonable benchmarks to evaluate liquidity, capital, and margin and calculated to track both overall trends as well as final-year standing.

## **1.9 Benchmarking Pension Obligations**

Three specific diagnostic tools are used in the study to assess and make related determinations on the strength of the pension obligations for the five affected agencies that provide employees with defined retirement benefits; all of whom have contracts with the California Public Employees Retirement System (CalPERS) or – and to a more limited extent – the Marin County Employee Retirement Association (MCERA). These diagnostic tools – (a) funded ratio, (b) unfunded liability, and (c) active-to-retiree ratio – have been calculated by the Commission based on the three most recent pension statements issued by CalPERS or MCERA covering 2011 to 2014. (Earlier data is not readily accessible at this time.) Further key benchmarks herein include identifying 80% as the minimum threshold for an adequate funded ratio.

## 2.0 STUDY ORGANIZATION

This chapter serves as the Executive Summary and outlines the key conclusions, recommendations, and determinations generated within the study.<sup>9</sup> This includes addressing the mandatory service and governance factors required by the Legislature anytime the Commission performs a municipal service review. The Executive Summary is preceded by a review of key regional service characteristics (Chapter Three) underlying public wastewater services in Central Marin. Examples include providing regional and agency comparisons with respect to demographics, demands, capacities, costs, and financial resources now and going forward. The third and final section involves individual agency profiles (Chapter Four) of all seven affected agencies responsible for providing public wastewater services directly or indirectly under the Commission’s jurisdiction in Marin County. These profiles transition between narrative descriptions of the background and development of these agencies’ service areas to quantifying specific data-driven categories, such as population and growth trends, wastewater service capacities, and financial standing.

## 3.0 AFFECTED PUBLIC AGENCIES | GEOGRAPHIC AREA

The geographic area designated for this study is approximately 60 square miles in size within Central Marin and incorporates therein seven public agencies that provide one or more of the following public wastewater services: collection; treatment; and disposal. These seven affected agencies and their service areas are shown below.

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<sup>9</sup> It is important to note the Executive Summary purposely distinguishes between “conclusions” (general policy takeaways), “determinations” (address specific legislative factors), and “recommendations” (specific actions drawn from the determinations).

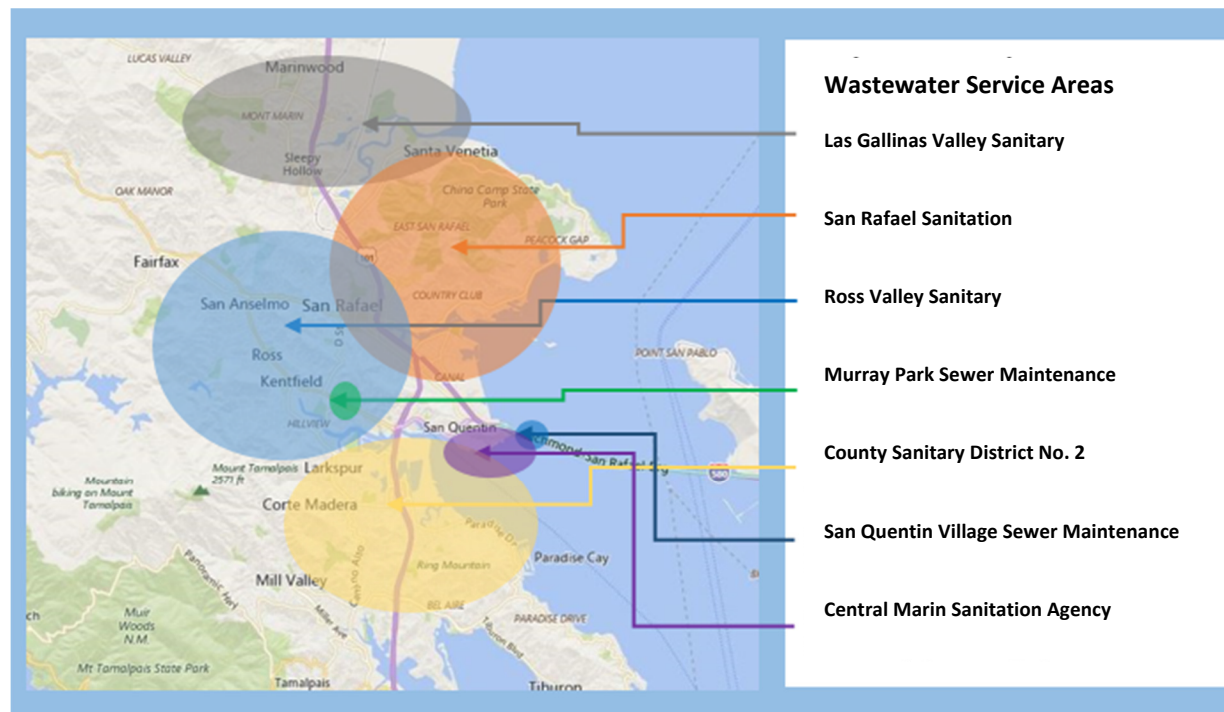


Figure 2.1

## 4.0 STUDY SUMMARY

### 4.1 General Conclusions

This study identifies 12 central policy conclusions underlying the Commission’s review of the availability, capacity, and performance of public wastewater services in Central Marin now and going forward. These conclusions range in substance from recent usage trends to financial standing and are entirely generated from information detailed in the succeeding sections. Additionally, and as previously

The study’s general conclusions are based on data collected and analyzed by the Commission between 2010 and 2014 and specific to Marin LAFCO’s prescribed growth management interests under State law.

detailed, these conclusions are premised on the Commission’s own independent assessment relative to Marin LAFCO’s growth management interests and drawn from the information collected and analyzed between a five-year period of 2010 to 2014.



- **No. 1 | Agencies' Substantive Role on Growth in Marin County**

The seven affected agencies organized to provide public wastewater services in Central Marin directly affect nearly one-half of all county residents as estimated by the Commission, and as such have a significant role in accommodating growth and development in Marin County. This relationship is marked by the seven agencies' service areas collectively accounting for an estimated 124,182 total residents and equals 48% of the entire countywide population as of the study period term.

- **No. 2 | Service Areas are Nearing Current Residential Buildout; Growth Exceeding Earlier Estimates**

The Commission projects the seven affected agencies are collectively at 89% of their current planned residential buildout as of the term of the study period with the expectation this ratio will increase to 94% over the succeeding 10-year period. This includes the Commission estimating the affected agencies will collectively add close to 6,530 new residents over the succeeding 10-year period and result in a joint annual growth rate of 0.53% through 2024. Markedly, this Commission projection – which draws on actual trends during the study period – suggests the region's population is exceeding by more than one-fourth estimates previously made by the Association of Bay Area Governments or ABAG.<sup>10</sup>

- **No. 3 | Increasing Diseconomies of Scale**

It is reasonable to assume the underlying constraints towards new growth in Central Marin will persist given restrictive planning policies and community preferences, and as such limit opportunities for the affected agencies to spread out costs among a greater pool of ratepayers. The net effect is an increasing diseconomies of scale where the affected agencies' costs to maintain wastewater infrastructure continues to exceed associated revenues as evident during the study period; the latter highlighted by the combined increase in operating expenses outpacing the combined increase in operating revenues by three-fold.

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<sup>10</sup> Drawing from a publication issued in 2013 ABAG projects the Central Marin region will experience an overall increase in population over succeeding 10-year period of 5,208 and result in an annual population change of 0.42%.

- **No. 4 | Variation in Civic Engagement; Board Type Matters**

All seven affected agencies appear generally accountable to their constituents in the ongoing provision of public wastewater services within their respective service areas. The level and effectiveness of engagement between agency and customer in Central Marin, nonetheless, appears expressively highest among LGVSD and RVSD. This observation suggests a direct correlation between board type and responsiveness with favor assigned to independent public agencies with directly elected members.

- **No. 5 | Immediate Merit to Reorganize MPSMD and SQVSMD**

It appears two separate governance alternatives are readily merited to improve local accountability and service efficiencies and irrespective of other potential changes under consideration in Central Marin. This involves proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD either by consolidation or annexation. These reorganizations would eliminate two dependent special districts governed by the County of Marin and operating under antiquated statutes in favor of recognizing RVSD as the preferred and more capable service provider going forward.

- **No. 6 | Additional Merit to Explore Regional Consolidation**

Information collected and analyzed in this study provides sufficient merit for the Commission to further evaluate options and merits to reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley (RVSD, CSD No. 2, MPSMD) and San Rafael Creek (SRSD, CMSA, SQVSMD) Watersheds. This topic – which has been previously reviewed by some of the agencies specific to assessing cost-savings – responds to Marin LAFCO’s directive to independently assess the notional sense affirmed in this study that consolidation would appear primed to produce greater accountability and efficiency within the combined watershed. The topic should be explored in addendum form and calendared as part of a future work plan. It should be premised on identifying merits/demerits of regionalization in improving costs, accountability, and efficiency while being sufficiently fair to all agencies and their ratepayers in terms of shared control.

- **No. 7 | Wastewater Demands De-Intensifying During Normal Conditions**

Overall relative demand – i.e., annual wastewater flow measured by residents – in Central Marin during the study’s five-year term has decreased within all seven affected agencies’ service areas with daily per capita demands declining from 133 to 111 gallons; a reduction of 20%. Similar reductions are also reflected in dry-weather and wet-weather periods with the former measurement – dry-weather – highlighting that wastewater demands are de-intensifying during normal conditions. This reduction appears most attributed to ratepayer diligence in water conservation in step with the drought; whether conservation practices hold going forward remains uncertain. Advancements in uniform plumbing standards as well as the developing practice of gray-water systems are also noted.

- **No. 8 | Wastewater Demands Intensifying During Peak-Day Conditions; Increasing Impacts from Inflow and Infiltration**

Overall – and contrast to other flow measurements – relative peak-day demands (highest 24 hour totals) in Central Marin have increased within all seven affected agencies’ service areas with the daily per capita use increasing from 852 to 901 gallons during the study period; a rise of 5.8% and a corresponding peaking factor of nearly 11-fold. This dynamic appears most attributed to changes in weather patterns and a rise in brief storm events yielding higher levels of intensity, leading to more susceptibility of inflow and infiltration within the wastewater systems. Projected peak-day conditions show some improvement in lessening peak-day demand impacts on the wastewater systems going forward with the affected agencies’ combined peaking factor falling under 10-fold by 2024.

- **No. 9 | Collection System Capacities are Sufficient to Accommodate Demands Now and Projected Over the Next 10 Years Without Stress**

The seven affected agencies’ collection systems within Central Marin have sufficient capacities to meet current demands within their respective service areas under normal and peak conditions. This sufficiency is demonstrated by observing the highest agency demand-to-capacity ratio specific to collection systems during peak-day periods was 72% within RVSD. No substantive changes in these ratios are projected by the Commission over the next 10 years.

- **No. 10 | Treatment System Capacities are Sufficient to Accommodate Demands Now and Projected Over the Next 10 Years With Some Stresses**

The two entities responsible for providing wastewater treatment services within Central Marin – LGVSD and CMSA – have sufficient capacities based on demand averages over the study period as well as projected flows over the succeeding 10-year period, albeit to different allowances and stress levels. LGVSD is best positioned now and going forward in meeting wastewater demands with no single measurement (i.e., dry, wet, peak) ratio exceeding 70% of capacity. CMSA’s treatment capacities are comparatively closer to approaching design and or permit limits and highlighted by current peak and dry weather flows within the contracted service area equaling 79% and 85% of capacity, respectively.

- **No. 11 | Near-Term Finances in Generally Good Shape and Highlighted by Liquidity and Capital; Margin Levels Mixed**

A review of the audited financial statements covering five of the seven affected agencies – LGVSD, SRSD, RVSD, CSD No. 2, and CMSA – show these entities finished the study period in generally good financial standing as measured by liquidity, capital, and – albeit at more mixed results – margin levels. This includes noting all five of these affected agencies maintained moderate to high liquidity averages and marked by having no less than 315 days’ cash on hand as well as no less than a 2 to 1 current ratio; meaning the agencies at a minimum ended with \$2 in current assets for every \$1 in short-term liabilities/obligations. All five of the agencies also finished the study period with available capital with no more than 51% in debt relative to net assets. Year-end profit levels as measured by total margin – the net difference between all revenues less all expenses including depreciation – largely stayed positive with a combined study period average of 14% with the notable exception of CSD No. 2 and CMSA both finishing the study period with slight losses.<sup>11</sup> Audited statements specific to the other two affected agencies – MPSMD and SQVSMD – were not available in preparing this report.

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<sup>11</sup> Total margin includes expensing depreciation.

- **No. 12 | Climate Change Requires Resiliency in Wastewater Planning**

With increasingly serious climate impacts due to higher temperatures, such as more frequent droughts, storm surges and rising sea levels throughout Marin County, all seven affected agencies' demands, infrastructure and capacities are likely to be disturbed and deviate from historical norms. The affected agencies, accordingly, should explore and implement strategies to help reduce climate impacts and allow for greater flexibility in preparing for external shocks and stresses. Future municipal service reviews should focus on activities and progress made by the affected agencies in this respect.

## 4.2 Recommendations

The following recommendations call for specific action either from the Commission and or by the affected agencies based on information generated as part of this study and outlined below in order of their placement in Section 6.0 (Written Determinations). Recommendations for Commission action are dependent on a subsequent directive from the membership and through the adopted work plan.

1. The Commission should proactively work with local agencies – and in particular water, wastewater, and fire providers – to develop a definition of “disadvantaged unincorporated community” consistent with SB 244 to ensure an appropriate and equitable level of municipal services is available for qualifying areas in context to local conditions.
2. CMSA should develop a plan to allocate treatment capacity among its member agencies to enhance regional growth management. This plan would appropriately inform each member agency as well as local land use authorities with more certainty with respect to their ability to forecast and accommodate new development within their jurisdictional boundaries going forward.
3. CSD No. 2 should make additional efforts to distinguish itself as a stand-alone governmental entity separate from the Town of Corte Madera. An example herein would include developing stand-alone contracting arrangements with Corte

Madera outlining specific services and costs therein with respect to the existing use of Town staff, supplies, and resources in carrying out District duties.

4. CMSA should reorganize its governing board structure to limit and or remove the City of Larkspur's presence within the joint powers authority to better align and weight governance with vested participation among member agencies.
5. SRSD should designate the lone board seat statutorily dedicated to a member of the County of Marin to the incumbent holding Supervisor District 1 given it covers nearly all of the jurisdictional boundary and approximately 70% of the District's *unincorporated* ratepayers (emphasis). This designation would provide a more logical and direct match between SRSD voters and their appointed representative.
6. 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 sub-region does not match up with assigned jurisdictional boundaries.
7. The Commission should consider proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD. These reorganizations would eliminate two dependent special districts governed by the County of Marin in favor of recognizing RVSD as the preferred and more able service provider going forward.
8. The Commission should consider authorizing a future addendum to fully evaluate options to reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley and San Rafael Creek Watersheds. This topic – which has been previously reviewed by some of the agencies specific to assessing cost-savings but not the Commission – responds to Marin LAFCO's directive to independently assess the notional sense affirmed in this study that a consolidation would appear primed to produce greater accountability and efficiency within the combined watershed.

9. Septic systems are increasingly problematic in urban and or developing areas in Central Marin and pose a public safety threat to the health and environment of the agencies' service areas. The affected agencies should work to identify all septic systems within their respective areas in step with resiliency planning and determining future system risks.
10. Land use authorities in Central Marin should match the affected wastewater service provider with potential development opportunities in their housing elements as a means to better sync land use and service planning in the region.
11. The affected agencies in Central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services. This includes resiliency planning with respect to droughts, storm events, and raising water tables.

## 5.0 WRITTEN DETERMINATIONS

The Commission is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 anytime it prepares a municipal service review. These determinations serve as independent statements based on information collected, analyzed, and presented in this study's subsequent sections. The underlying intent of the determinations is to provide a succinct detailing of all pertinent issues relating to the planning, delivery, and funding of public wastewater services in Central Marin specific to the Commission's growth management role and responsibilities. An abridged version of these determinations will be separately prepared for Commission consideration and adoption with the final report.

These determinations detail the pertinent issues relating to the planning, delivery, and funding of public wastewater services relative to the Commission's interests. Determinations based on data collected and analyzed between 2010 to 2014.

## 5.1 Growth and Population Projections

- 1) The Commission estimates there are 124,182 total residents served by the seven affected agencies responsible for providing public wastewater services in Central Marin as of the end of the study period. It is also estimated the combined resident population has increased by 3,037 or 2.5% over the 60-month study period; the net effect resulting in a combined annual growth rate of 0.6%.
  - a) Recent residential growth as estimated by the Commission during the study period has exceeded by more than one-fourth earlier projections made for the Central Marin region by ABAG.
- 2) The Commission estimates resident growth in Central Marin during the study period has been disproportionately concentrated within SRSD and RVSD. These two agencies collectively account for nearly nine-tenths of all new estimated growth in the region over the preceding 60-month period.
- 3) The Commission assumes calculated growth rates in Central Marin over the five-year study period will generally hold in the near-term. To this end, it is estimated the region will experience an overall net increase in population of 6,530 over the succeeding 10-year period and total 130,712 by 2014.
- 4) The Commission estimates the housing market has produced 1,199 new occupied units in Central Marin over the course of the five-year study period. This results in a corresponding ratio of 2.56 new residents for every new occupied housing unit added in the region.
- 5) RVSD accounts for 37% of all occupied housing units within the region as of the study period term; the most of any of the affected agencies. RVSD also experienced the largest increase in new occupied housing units during the study period tallying 694 or 3.9% overall.



- 6) Should residential buildout plans proceed as currently contemplated by the County of Marin and other overlapping land use authorities the housing unit stock in Central Marin will increase by 3,352 and result in the estimated addition of 8,268 residents; a net increase of 6.7% through the end of 2024.
- 7) Current demographic information shows marked differences between SRSD and the other six affected agencies providing public wastewater services in Central Marin in both economic and social measurements. These differences include SRSD finishing the study period with significantly lower household incomes along with high poverty and unemployment rates. Distinctions among and within the other six affected agencies are less evident.
- 8) The Commission estimates there are 28,475 total residents within LGVSD that are explicitly served by the District's wastewater collection and treatment system as of the term of the study. It is further estimated LGVSD has experienced an overall population increase of 261 over the preceding five-year period, resulting in an annual growth rate of 0.2%.
  - a) New and occupied housing units within LGVSD over the study period is estimated by the Commission at 263 coupled with a net change in persons per household – i.e., an intensity measurement – of (1.2%).
  - b) The Commission estimates LGVSD is at 88% of the service area's current residential buildout projection relative to applicable land use policies.
- 9) The Commission estimates there are 40,744 total residents within SRSD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated SRSD has experienced an overall population increase of 1,363 over the preceding five-year period, resulting in an annual growth rate of 0.7%.
  - a) New and occupied housing units within SRSD over the study period is estimated by the Commission at 153 coupled with a net change in persons per household – i.e., an intensity measurement – of 2.7%.

- b) The Commission estimates SRSD is at 87% of the service area's current residential buildout projection relative to applicable land use policies.
- 10) The Commission estimates there are 40,809 total residents within RVSD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated RVSD has experienced an overall population increase of 1,356 over the preceding five-year period, resulting an in annual growth rate of 0.7%.
- a) New and occupied housing units during the study period within RVSD are estimated by the Commission at 694 coupled with a net change in persons per household – i.e., an intensity measurement – of (4.5%).
  - b) The Commission estimates RVSD is at 90% of the service area's current residential buildout projection relative to applicable land use policies.
- 11) The Commission estimates there are 9,874 total residents within CSD No. 2 that are explicitly served by the District's wastewater collection system as of the study term. It is further estimated CSD No. 2 has experienced an overall population increase of 86 over the preceding five-year period, resulting an in annual growth rate of 0.2%.
- a) New and occupied housing units over the study period within CSD No. 2 is estimated by the Commission at 87 coupled with a net change in persons per household – i.e., an intensity measurement – of (11.1%).
  - b) The Commission estimates CSD No. 2 is at 97% of the service area's current residential buildout projection relative to applicable land use policies.
- 12) The Commission estimates there are 191 total residents within MPSMD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated MPSMD has experienced an overall population increase of 16 over the preceding five-year period, resulting an in annual growth rate of 1.8%.

- a) New and occupied housing units over the study period within MPSMD is estimated by the Commission at one coupled with a net change in persons per household – i.e., and intensity measurement – of 7.1%.
- 13) The Commission estimates there are 89 total residents within SQVSMD that are explicitly served by the District’s wastewater collection system as of the term of the study. It is further estimated SQVSMD has experienced an overall population decrease of six persons over the preceding five-year period, resulting an in annual growth rate of (1.8%).
- a) New and occupied housing units over the study period within SQVSMD is estimated by the Commission at zero coupled with a net change in persons per household – i.e., and intensity measurement – of (8.8%).
- 14) The Commission estimates there are 95,428 total residents within CMSA that are explicitly served by the District’s treatment system as of the term of the study; an amount that includes inmates at San Quentin State Prison. It is also estimated CMSA has experienced an overall population increase of 1,356 over the preceding five-year period, resulting in an annual growth rate of 0.7%.
- a) New and occupied housing units during the study period within CMSA are estimated by the Commission at 934 coupled with a net change in persons per household – i.e., an intensity measurement – of 0.9%

## **5.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities in the Area**

- 1) There are no unincorporated areas within Central Marin or immediately adjacent therein that presently qualify as disadvantaged under the statewide definition based on recent census information.

- 2) The unincorporated community of Nicasio previously qualified as disadvantaged under the statewide definition before slightly exceeding the median household income threshold in the latest census. This community and its estimated population of 130 is in relative proximity to LGVSD – though outside the District’s present sphere of influence – and currently dependent on private septic systems.
- 3) It is possible other unincorporated communities in or adjacent to Central Marin would qualify as “disadvantaged” upon completion of the Commission’s scheduled policy review to establish its own definition in implementing Senate Bill 244 (Wolk). The Commission should proactively work with other local agencies – and in particular water, wastewater, and fire providers – in developing a definition to meet the legislation’s intent to ensure an appropriate and equitable level of municipal services is available to all qualifying areas.

### **5.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies**

- 1) The Commission estimates the average total daily flow of wastewater collected by the seven affected agencies in Central Marin during the study period tallies 14.6 million gallons, or 120 gallons for every person. Additional wastewater flow tallies collectively generated over the 60-month period follow.
  - a) Average dry-day wastewater flows during the study period tallies 11.1 million gallons, or 91 gallons for every person.
  - b) Average wet-day wastewater flows during the study period tallies 18.1 million gallons, or 148 gallons for every person.
  - c) Average peak-day wastewater flows generated over 24 hours during the study period tallies 102 million gallons, or 855 gallons for every person.
- 2) The Commission estimates total annual wastewater flows generated among the seven affected public agencies’ services areas in Central Marin have decreased overall by (17%) and results in a net daily demand savings of 2.7 million gallons.

- 3) All of the affected agencies experienced decreases in annual wastewater flows in their respective collection systems serving Central Marin during the study period ranging from a high of (23%) in RVSD to a low of (1%) in CSD No. 2.
- 4) Changes in the affected agencies' combined annual wastewater flow totals during the study period closely matches year-end rainfall counts for Central Marin and highlighted in 2013 – the apex of the parallel drought – when collected flows fell to a period low average of 12.8 million per day. This correlation indicates, albeit differently among the collection systems, the existence of excessive infiltration and inflow throughout the region.
- 5) The combined average peaking-factor among the seven affected agencies' service areas in Central Marin generated during the study period tallies 9.2. This amount further quantifies excessive amounts of runoff and or groundwater are entering the collection systems and – among other adverse impacts – contributing to the 317 reported sanitary overflows in the region during the 60-month period.
- 6) It appears the primary sources of excessive infiltration and inflow within Central Marin is occurring within RVSD and SRSD given these agencies' collection systems account for over 90% of all reported overflows during the study period.
- 7) All of the affected agencies with collection systems and or treatment facilities in Central Marin are accounting and funding therein replacement of their capital infrastructure, albeit to different degrees and accordingly producing a sizable range in equipment age among the agencies. The average age of capital equipment among the affected agencies as of the study period term is 21 years and bookmarked by a low – or youngest – of 12 years within CSD No. 2 and a high – or oldest – of 30 years within RVSD.
- 8) 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 exceed 72% of estimated capacity.

- 9) LGVSD is the entity responsible for treating and disposing all wastewater generated within the Las Gallinas Watershed portion of Central Marin and has adequate capacity to accommodate current and projected flows through the 10-year timeframe of this study. This includes the Commission projection that no demand measurement will exceed 70% of capacity now and through 2024.
- 10) CMSA is the entity responsible for treating and disposing all wastewater generated within the Ross Valley and San Rafael Creek Watersheds portion of Central Marin and has adequate – albeit more narrowly – capacity to accommodate current and projected flows through the 10-year timeframe of this study. The most pressing demand measurement within CMSA involves dry weather flows and highlighted by averages during the study period reaching 85% of the treatment facility’s permitted capacity.

#### **5.4 Agencies’ Financial Ability to Provide Services**

- 1) Approximately three-fourths of operational costs underlying public wastewater services in Central Marin are generated from direct revenues based on a combined earned income ratio generated during the study period of 76%.
  - a) Earned income ratios during the study period ranged from 91% in SRSD to 55% in CSD No. 2; a difference of nearly two-thirds.
- 2) Resident accounts make up no less than 89% of any one affected agency’s total wastewater service connections in Central Marin as of the study period term with the average annual residential charge – the principal source of direct revenue – tallying \$710 as of the study period term.
  - a) The annual residential charge for wastewater services in Central Marin as of the study term varies significantly and bookended between \$1,067 in RVSD (Larkspur) and \$472 in MPSMD.

- 3) Opportunities to increase direct revenues among all seven affected agencies in Central Marin in support of their respective public wastewater systems is substantively constrained given two external factors. First, opportunities to spread-out costs among additional customers is limited given community preferences – which are reflected in local land use policies – to limit new growth. Second, opportunities to raise rates and or establish assessments are constrained under State law to require majority landowner approval.
- 4) Indirect revenues support the remaining and approximate one-fourth of operational costs underlying public wastewater services in Central Marin and largely derived from the distribution of property taxes. The average property tax distribution rate among the affected agencies - less CMSA as a joint-powers - is 1.9% of the 1.0% in total ad-valorem.
- 5) Large variances exist with respect to individual agency shares of the 1.0% of property tax collected within Central Marin. RVSD receives the highest property tax distribution rate at 7.8% and is more than four times greater than the next highest of 1.5% by SRSD. The lowest distribution rate is SQVSMD at 0.03%.
- 6) The affected agencies in Central Marin finished the study period with a combined net asset total of \$245.2 million as of the study period term. This amount has collectively increased during the study period by 13% and more than one-half greater than the corresponding inflation rate for the greater Bay Area region.
- 7) Overall unrestricted fund balances for the affected agencies in Central Marin collectively tally \$66.0 million at the end of the study period. This amount has jointly increased during the study period by 65% and more than five times greater than the corresponding inflation rate for the greater Bay Area region.
  - a) LGVSD has experienced the largest percentage increase in unrestricted fund balances during the study period at 132% followed by RVSD at 94%, SRSD at 78%, CMSA at 23%, and CSD No. 2 at (16%).
  - b) Information for SQVSMD and MPSMD is not available as of date of this report.

- 8) Five of the seven affected agencies – LGVSD, SRSD, RVSD, CSD No. 2, and CMSA – have pension obligations. These agencies collectively experienced an approximate 29% rise in annual contributions during the study period.
  - a) Increases in annual pension contributions among the five agencies range from 78% in RVSD to 1% in CSD No. 2 (Corte Madera).
- 9) All five affected agencies with pension obligations – directly or indirectly through their parent agency – have improved their funded status over the course of the study period by no less than 7%.
  - a) Improvements in funded status among the five agencies range from 16% in LGVSD to 7% in CSD No. 2 (Corte Madera).
- 10) Four of the five affected agencies – LGVSD, RVSD, CSD No. 2, and CMSA - with pension obligations finished the study period with funded status ratios near or above 80%; the standard threshold used in governmental accounting to identify relatively stable pension plans. The remaining agency – SRSD – ended the study period with a funded status of 72%.
- 11) Four of the five affected agencies – LGVSD, SRSD, CSD No. 2, and CMSA – experienced decreases in their active-to-retiree ratio during the study period. RVSD experienced no change.
  - a) RVSD finished the study period with the highest ratio at 1.81 active employees to every 1.00 retiree, while CSD No. 2 had the lowest ratio with 0.36 active employees to every 1.00 retiree.

## **5.5 Status and Opportunities for Shared Facilities and Resources**

- 1) Ratepayers within the Ross Valley and San Rafael Creek Watershed portion of Central Marin have benefited from the ongoing costs savings associated with the creation of CMSA and construction and operation therein of a single and jointly-owned wastewater treatment facility serving multiple jurisdictions.



- 2) CMSA should develop a formal plan to dedicate remaining treatment capacity among its member agencies based on assigning an ultimate equivalent dwelling unit allocation. This plan would significantly enhance regional growth management by providing each member agency and all associated land use authorities more certainty in their ability to appropriately match wastewater provision with future development projects within their respective jurisdictions.
- 3) There appears to be relatively limited engagement between LGVSD and the remaining affected agencies within Central Marin despite comparatively close service areas. Opportunities should be explored for the benefit of region ratepayers to establish more connectivity among all agencies in sharing costs and expertise commonly underlying the management and operation of public wastewater systems.
- 4) LGVSD has taken a leadership role in investing resources to repurpose wastewater into recycled water supplies for beneficial use within its jurisdictional boundary and through an ongoing partnership with Marin Municipal Water District. LGVSD has more recently partnered with North Marin Water District to provide recycled water for irrigation and landscape purposes to the Hamilton area. Additional partnerships should be explored to expand the potential reach of repurposed wastewater throughout the rest of Central Marin.
- 5) Affected agencies should continue to participate in programs that focus on sustainability opportunities, such as the North Bay Watershed Association where member agencies (LGVSD, RVSD, CMSA) foster partnerships to promote, protect, and reuse regional resources for the collective benefit of their constituents.

## **5.6 Local Accountability and Government Restructure Options**

- 1) Residents throughout Central Marin similarly benefit from the aptitude and responsiveness of board and senior management within all seven affected agencies. These attributes create trust with ratepayers and help ensure their

ongoing financial investment in the agencies' wastewater systems are appropriately safeguarded.

- 2) There has been noticeable improvement in membership relations within CMSA during the course of the study period that ultimately benefits ratepayers. This improvement appears aided in large part to board and management change within RVSD and, among other benefits, contributed to the recent settlement of litigation within CMSA.
- 3) Additional efforts should be taken by CSD No. 2 to distinguish its role as a stand-alone governmental entity separate from the Town of Corte Madera. This includes developing stand-alone contracting arrangements with Corte Madera outlining specific services and costs therein with respect to the existing use of Corte Madera staff, supplies, and resources in carrying out District duties.
- 4) CMSA's governing structure appears outdated given the dedication of one of its six-member regular board seats to the City of Larkspur; an entity that ceased wastewater services in 1993 in step with the annexation of its service area to RVSD, and as such is no longer a funding contributor. Reorganization of the board, accordingly, appears appropriate to limit and or remove Larkspur's presence on CMSA to better align and weight governance with vested participation among member agencies.
- 5) SRSD's dependent governance structure would be enhanced by formally designating the lone board seat dedicated to a member of the County of Marin to the incumbent holding Supervisor District 1 given it covers nearly all of the jurisdictional boundary and approximately 70% of all unincorporated ratepayers. This designation would provide a more logical and direct match between SRSD voters and their appointed representative.

- 6) Two separate governance alternatives appear readily merited to improve local accountability and service efficiencies in Central Marin. This involves immediately proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD by annexation or consolidation. These reorganizations would eliminate two dependent special districts governed by the County of Marin subject and inhibited therein to antiquated statutes in favor of recognizing RVSD as the preferred and more capable service provider going forward.
- 7) Irrespective of other determinations it appears appropriate for the Commission to evaluate options to potentially reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley and San Rafael Creek Watersheds. This topic – which has been previously reviewed by the agencies specific to assessing cost-savings but not the Commission – responds to Marin LAFCO’s directive to independently assess the notional sense affirmed in this study that a consolidation would appear primed to produce greater accountability and efficiency within the combined watershed.
- 8) 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 sub-region does not match up with assigned jurisdictional boundaries.

### **5.7 Matters of Local Interests as Required by Policy | Relationship Between Services and Land Use Policies**

- 1) There is merit for more connectivity between planning wastewater services with land use policies of the local cities, towns, and County of Marin to manage future growth within Central Marin. A coordinated effort among municipalities could also promote better use of federal funds.

- 2) Land use authorities in Central Marin should match the affected wastewater service provider in step with identifying potential development opportunities in preparing housing element updates as a means to connect growth with service.

### **5.8 Matters of Local Interests as Required by Policy | Planning for Climate Change**

- 1) The affected agencies in Central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services. This includes resiliency planning with respect to droughts, storm events, raising water tables as well as future demands.
- 2) The Commission, affected agencies and the County of Marin's Environmental Health Services Department should work to identify all remaining septic systems – active and inactive – within Central Marin and proactively partner in connecting these properties with the appropriate public wastewater system.

## CHAPTER THREE REGIONAL CHARACTERISTICS & COMPARISONS

### 1.0 SERVICE AREAS

#### 1.1 Population Trends

The resident population collectively served by the seven affected public agencies responsible for providing wastewater services in the region is estimated by the Commission at 124,182 as of the term of this study period (2014).<sup>20</sup> This estimate is specific to residents directly tied to the agencies' collection systems. It is also estimated the affected agencies are collectively at 89.3% of their projected and combined near-term planned buildout of 132,450. The planned near-term buildout is based on the potential for up to 3,352 new units that *may* be built subject to market demand and project approvals and as detailed in the accompanying footnote.<sup>21</sup>

LAFCO estimates there are 124,182 total residents served by the seven public agencies responsible for providing public wastewater services in the region as of the end of this study period. It is also estimated the combined service population has increased by 3,037 or 2.5% over the study period and presently at 89% of the region's planned buildout under existing land use policies

Estimated resident totals within all seven affected agencies has increased by a combined net of 3,073 persons and reflects an overall 2.54% or 0.51% growth rate over the five-year study period. Nearly all of the estimated net addition in residents over the study period is directly tied to growth within three agencies: SRSD; RVSD; and – to a lesser extent – LGVSD. These three agencies collectively

Overall estimated resident growth in the region during the study period has been disproportionately concentrated within SRSD and RVSD. These two agencies alone account for 88% of all new estimated growth in the region over the preceding 60-month period.

<sup>20</sup> The estimated total resident service population of 124,182 as of the term of this study period has been independently calculated by the Commission and premised on deference to occupied housing driving resident estimates based on data collected within the subject census tracts. Four distinct calculations underlie the estimates and involve projecting a) total housing units, b) local occupancy rates, c) occupied housing units, and d) household sizes. The calculation also includes a flat assignment of 4,000 residents for the San Quentin State Prison.

<sup>21</sup> The calculation of planned near-term buildout is drawn analyzing data included in the applicable land use authorities' certified housing elements covering the 2015-2023 period and specific to each agency's service area. The housing unit total is paired with household size averages for each agency calculated by the Commission.

account for 97% of the projected new growth within the region with SRSD and RVSD leading the change with net additions of 1,363 and 1,355, respectively. Estimated resident growth within the other four affected agencies in the region accounts for the remaining 3% of the net change during the study period and led numerically by CSD No. 2 at 86. The other three affected agencies in the region – MPSMD, SQVSMD, and CMSA - collectively account for a net increase of 8 over the preceding 60-month period.<sup>22</sup>

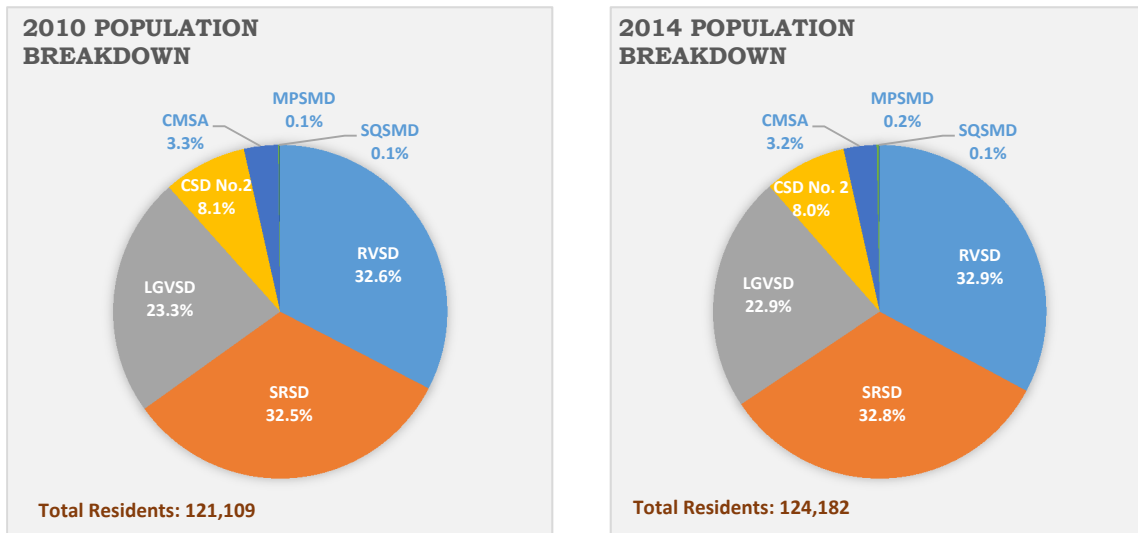


Figure 3.1

With respect to projections going forward, and for purposes of this study, it is assumed the resident growth rate within all seven affected agencies will generally match the five-year study period (2010-2014). This assumption produces an overall and projected annual change of less than one-tenth of a percent or 0.53% in resident growth over the succeeding 10-year period. The substantive result of this assumption would be an overall increase in the combined resident service population of 6,530 and produce a total of 130,712 by

Should growth rates over the five-year study period hold it is projected the region will experience an overall net increase in population of 6,530 over the succeeding 10-year period and total 130,712 by 2024. This latter amount would equal nearly 94% of the region's planned buildout under existing land use policies.

<sup>22</sup> Resident population changes during the study period for the affected agencies as projected by Marin LAFCO collectively tallied 3,073 and divided among LGVSD at 261, RVSD at 1,355, SRSD at 1,363, CSD No. 2 at 86, MPSMD at 16, and SQVSMD at (8). The Commission's resident calculation for CMSA reflects a flat and stagnant 4,000 person assignment associated with directly serving the San Quentin State Prison. The remainder of CMSA's service population – estimated at 120,182 as of the study period term – is assigned to the associated collection system operator/district.

2024; an amount equaling 94.0% of the planned buildout of the region under current land use policies.

Resident Population Projections						
Table 3.1   Marin LAFCO						
Agency	2010	2014 -Baseline-	2024	Annual Trend	@ Near-Term Buildout	Population
Las Gallinas Watershed	LGVSD	28,214	28,475	29,005	0.12	32,329
	RVSD	39,454	40,809	43,702	0.71	45,430
Ross Valley and San Rafael Watersheds	SRSD	39,381	40,744	43,655	0.71	46,701
	CSD No. 2	9,788	9,874	10,048	0.18	10,202
	MPSMD	175	191	228	1.94	244
	SQVSM	97	89	74	(1.69)	100*
	CMSA (State Prison)	4,000	4,000	4,000	0.0	4,000
	<b>Totals:</b>	<b>121,109</b>	<b>124,182</b>	<b>130,712</b>	<b>0.53%</b>	<b>139,006</b>

\* The term “**buildout**” is specific to near-term planning estimates and based on land inventories conducted by the applicable land use authorities as part of the 2015-2023 housing element cycle. The buildout amount does not take into consideration second units and will be presumably revised and increased for the 2024-2032 period in step with the next housing element cycle.

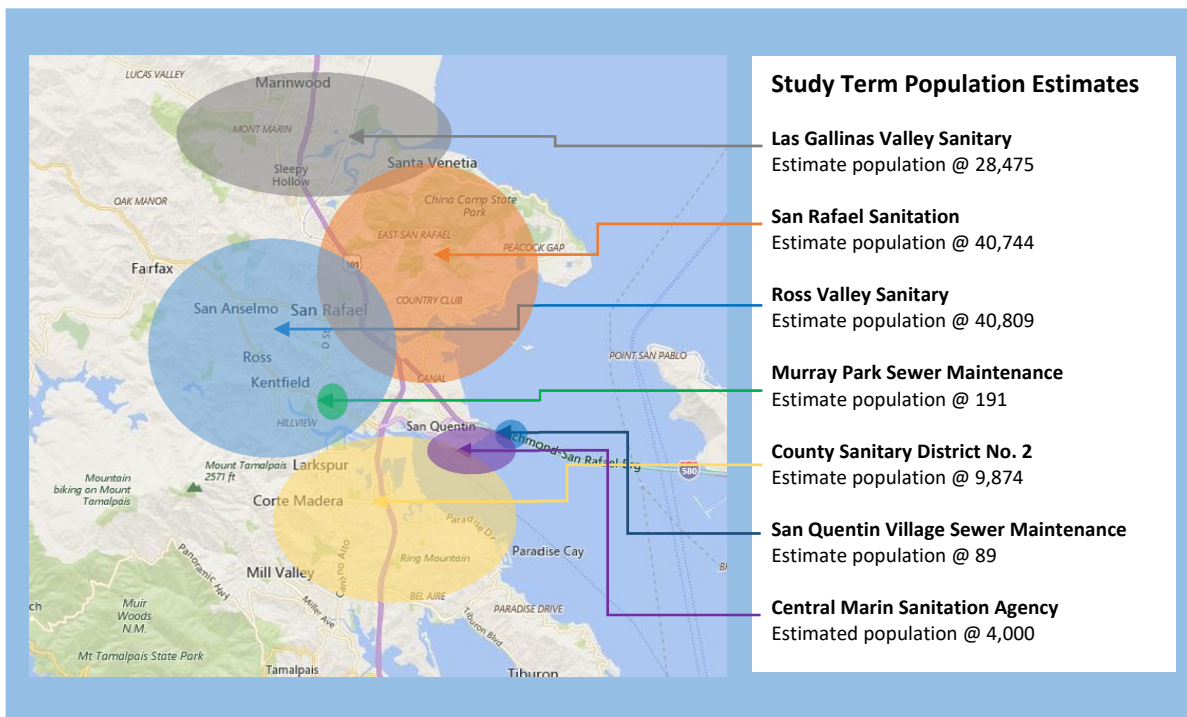


Figure 3.2

## 1.2 Resident Characteristics | Housing Volume, Density, Type and Buildout

The Commission projects the estimated resident population of 124,182 as of the term of the study period within the seven affected agencies is divided among 49,873 total *occupied* housing units.<sup>23</sup> This total reflects a net increase of 1,199 new occupied housing units within the region over the five-year study period or 2.46% overall or 0.49% annually. It

The Commission estimates there are 1,199 new occupied housing units in the region over the course of the five-year study period. Notably, this produces a corresponding ratio of 2.56 additional residents generated for every new housing unit.

also produces a household density of 2.41 persons for every occupied unit in the region once the population from San Quentin State Prison is discounted; the former of which marks a difference of three-tenths of one percent over the preceding 60 months.<sup>24</sup>

In terms of the distribution of the occupied housing units within the region as of the term of the study period the single largest amount and accounts for nearly four-tenths – or 37% – lies within RVSD with a net total of 18,508. This latter amount also produces a corresponding density ratio of 2.22 persons per home. RVSD also experienced the largest net and percentage increase with the addition of 694 new occupied housing units over the 60-month period; a difference of 3.90% overall or 0.78% annually. The second largest source of occupied housing units among the affected agencies lies within SRSD at 15,260 and

RVSD accounts for 37% of all occupied housing units within the region as of the study period term; the most of any of the affected agencies. RVSD also experienced the largest increase in new occupied housing unit during the study period tallying 694 or 3.90% overall.

accounting for 30% of the regional total. It also produces a corresponding density ratio in SRSD at 2.67; the highest ratio therein among all affected agencies in the region.

A summary of occupied housing unit and density ratio estimates therein among all seven of the affected agencies follows.

<sup>23</sup> For purposes of this study the Commission assigned deference to projecting and analyzing occupied housing units as opposed to total housing units.

<sup>24</sup> The overall region's housing density as of the study period's term is 2.4097 persons for every one occupied unit. This ratio is nearly identification to the ratio in 2010 totaling 2.4059.



Occupied Housing Volume and Density Estimates						
Table 3.2   Marin LAFCO						
Agency	2010 Totals		2014 Totals		Study Period Trends	
	Housing	Density	Housing	Density	Housing	Density
Las Gallinas Watershed						
LGVD	11,265	2.505	11,528	2.470	2.33%	(1.40%)
Ross Valley and San Rafael Watersheds						
RVSD	17,814	2.215	18,508	2.205	3.90%	(0.45%)
SRSD	15,107	2.607	15,260	2.670	1.01%	2.42%
CSD No. 2	4,360	2.245	4,448	2.220	2.02%	(1.11%)
MPSMD	87	2.022	88	2.170	1.15%	7.32%
SQSMD	41	2.368	41	2.160	0.0%	(8.78%)
CMSA	0	0	0	0	0.0%	0.0%
<b>Totals</b>	<b>48,674</b>	<b>2.401</b>	<b>49,873</b>	<b>2.409</b>	<b>2.46%</b>	<b>0.33%</b>

Housing Type Estimates						
Table 3.3   Marin LAFCO						
Agency	2010 Totals		2014 Totals		Study Period Trends	
	Single Family	Multi Family	Single Family	Multi Family	Single Family	Multi Family
Las Gallinas Watershed						
LGVD	79.36%	20.64%	78.37%	21.63%	(1.25%)	4.80%
Ross Valley and San Rafael Watersheds						
RVSD	70.21%	29.79%	69.67%	30.33%	(0.77%)	1.81%
SRSD	54.74%	45.26%	53.37%	46.63%	(2.50%)	3.03%
CSD No. 2	74.75%	25.25%	74.43%	25.57%	(0.43%)	1.27%
MPSMD	66.02%	33.98%	63.30%	36.70%	(4.12%)	8.00%
SQSMD	59.63%	40.37%	63.17%	36.83%	5.94%	(8.77%)
CMSA	61.09%	38.91%	63.36%	36.61%	3.72%	(5.91%)
<b>Average</b>	<b>66.5%</b>	<b>33.5%</b>	<b>66.5%</b>	<b>33.5%</b>	<b>0.1%</b>	<b>0.6%</b>

Additional residential development – albeit to different degrees – is planned within all seven affected local agencies’ service areas, and accordingly represents an impact on the availability of future capacities going forward. The central source for this future planning is largely tied to State law and its requirement for land use authorities (i.e., cities, towns, and counties) to

It is anticipated 3,352 new housing units – producing a projected 8,268 additional residents – will be constructed within the affected agencies’ jurisdictions at buildout based on current land use policies.



include housing elements in their general plans that make adequate provision for existing and projected housing needs of all economic segments of the community. These underlying statutes were amended by Senate Bill 375 in 2008 to require – among other items – housing elements be regularly revised and updated beginning in 2010 to address the State’s new regional housing assignments. The intent of the housing element law is to create a market-based strategy for local land use authorities to facilitate opportunities to increase in the supply and affordability in housing; actual construction of additional

housing is not required by the State.<sup>25</sup> The current housing element cycle for all land use authorities extends through 2023.

With the preceding comments in mind, and for purposes of telegraphing near-term buildout conditions as part of this study, the Commission believes it is reasonable to assume the potential development of 3,352 new housing units in the affected agencies’ existing jurisdictional boundaries. (There is no specific timetable for actual development of these future housing units; associated buildout years identified in this study are based solely on current growth trends. It is also reasonable to denote the distinction between near-term and ultimate buildout; the latter of which is not readily quantifiable.) This total amount – which equals 93.6% of the total number of existing units – of expected new residential development is based almost entirely on the housing elements of all applicable and land use authorities underlying the region and specific to zoning assignments as it applies to the six affected agencies’ jurisdictional boundaries.

<b>Near-Term Buildout: Housing Units Estimates</b>								
<b>Table 3.4   Marin LAFCO</b>								
<b>Type</b>	<b>LGVSD</b>	<b>SRSD</b>	<b>RVSD</b>	<b>CSD No. 2</b>	<b>MPSMD</b>	<b>SQVSMD</b>	<b>CMSA</b>	<b>Total</b>
Existing Units	11,959	16,013	19,503	4,531	92	45	0	52,143
Additional Units at Near-Term Buildout	1,335	1,158	782	69	8	0	0	3,352
<b>% at Buildout</b>	<b>89.9%</b>	<b>93.3%</b>	<b>96.1%</b>	<b>98.5%</b>	<b>92.0%</b>	<b>100%</b>	<b>100%</b>	<b>93.6%</b>

 Las Gallinas Watershed	 Ross Valley and San Rafael Watersheds
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\* The listing of residential units at buildout within each affected agency is based on a review of the applicable adopted housing elements of the associated land use authorities in Marin County as of date. It does not contemplate second units.

<sup>25</sup> A pertinent and related section of LAFCO law directs commissions to facilitate orderly growth and development that includes providing housing for persons and families of all incomes under Government Code Section 56001.

### 1.3 Demographics | Social and Economic Factors

A review of demographic information available for census tracts within the seven affected agencies for the study period indicates most fulltime residents are in good economic positions relative to countywide averages. This includes residents within six of the seven affected agencies finishing the study period with moderately to substantively higher median household incomes and led by CSD No. 2 at \$108,934; an amount finishing 19% higher than the countywide average for the same period. SRSD – the lone outlier within the region

Current demographic information shows marked differences between SRSD and the other six affected agencies in both economic and social measurements. These differences include SRSD finishing the study period with significantly lower household incomes along with high poverty and unemployment rates. Distinctions among and within the other six affected agencies are less evident with limited exceptions.

as it relates to economic indicators – finished the study period with a median household income 18% below the countywide average at \$75,046. This economic distinction also revealed itself in other indicators – including poverty rates, unemployment levels, and commute times – showing commonality between all of the affected agencies with the outlier exception of SRSD. Social indicators also show a notable distinction between SRSD and the other six affected agencies and reflected in statistical gaps in educational attainment and non-english speaking households.

**Economic and Social Factors | 2010-2014 Averages**  
Table 3.5 | Marin LAFCO

Category	LGUSD	RVSD	SRSD	CSD No. 2	MPSM D	SQVSMD	CMSA	County Average
Median Age	46.16	44.98	46.27	48.4	42.3	40.64	43.59	45.1
Prime Working Age	52.6%	52.9%	52.1%	52.9%	52.6%	64.6%	57.8%	55.3%
Median HH Income	\$96,602	\$108,934	\$108,510	\$100,441	\$84,065	\$75,046	\$93,648	\$91,529
Unemployment Rate	3.1%	3.7%	4.8%	5.2%	6.3%	6.1%	5.3%	4.7%
Poverty Rate	7.5%	4.8%	6.5%	3.0%	5.8%	19.1%	11.9%	8.8%
4-Yr College Degree	50.4%	65.7%	65.8%	68.7%	60.4%	41.1%	54.8%	30.8%
Mean Travel to Work	28.6 min	30.4 min	31.1 min	29.1 min	29.0 min	26.9 min	29.0 min	29.4 min
Non-English Speaking	24.0%	21.1%	13.8%	18.5%	24.8%	42.4%	27.3%	23.5%
Pre Prop 13 Resident	18.6%	12.9%	12.4%	8.2%	8.4%	10.7%	11.7%	12.8%

Las Gallinas  
Watershed

Ross Valley and San Rafael  
Watersheds

Economic

Social

## 1.4 Jurisdictional Boundaries

The jurisdictional boundaries of the six affected agencies directly subject to the Commission in the region – and as such excludes CMSA – collectively spans 60 square miles.<sup>26</sup> Comparatively, the collective jurisdictional boundaries of these six referenced agencies represent 8.8% of the countywide land total. Ten land use authorities overlap the combined

The collective jurisdictional boundaries of the six agencies subject to the Commission’s regulatory oversight providing wastewater services in the region tally 60 square miles. Ten land use authorities overlaps this area and led by County of Marin at 44%.

jurisdictional boundaries with two-thirds falling under the oversight of the County of Marin and San Rafael. The County of Marin is the predominant land use authority in the region and accounts for an estimated 44% of combined jurisdictional boundaries. Another 23% of the combined jurisdictional boundaries in the region falls under the land use authority of San Rafael. The remaining one-third is divided among the land use authorities of San Anselmo at 12%, Fairfax at 9%, Corte Madera at 4%, Ross at 3%, Larkspur at 3%, Tiburon at 1%, and Novato and Mill Valley each at less than 1%.

**Jurisdictional Boundaries’ Breakdown: Land Use Authorities**

Table 3.6 | Marin LAFCO

Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
County of Marin	9,113	44.1%	11,372	10,255
San Rafael	4,730	22.9%	16,824	23,244
San Anselmo	2,440	11.8%	5,482	6,279
Fairfax	1,904	9.2%	3,173	3,900
Corte Madera	897	4.3%	3,390	3,910
Ross	676	3.3%	847	883
Larkspur	542	2.6%	2,522	3,580
Tiburon	299	1.4%	442	435
Novato	58	0.3%	22	19
Mill Valley	1	0.0%	1	0
	<b>20,660</b>	<b>100%</b>	<b>44,075</b>	<b>52,505</b>

<sup>26</sup> CMSA is not subject to the direct regulatory oversight of the Commission as a joint-powers authority.

The combined population density within the referenced six agencies’ jurisdictional boundaries tallies 2,669 residents for every square mile as of the study period term. The square mile total also encompasses 44,223 assessor parcels with a combined assessed value (land and improvements) of \$31.0 billion. This latter amount translates to a per capita value of \$0.257 million based on the joint service population of 120,182.<sup>27</sup>

The combined assessed land values within the jurisdictional boundaries of the six agencies subject to the Commission totals \$31.0 billion, and equates to a per capita share of \$0.257 million.

The Commission estimates three-fifths of the jurisdictional assessor acreage within the six referenced agencies’ boundaries have already been developed, albeit not necessarily to the maximum density allowed under the respective land use authority. It is also estimated there are an existing and combined total of 1,747 unbuilt assessor parcels within the six agencies’ boundaries that are privately owned and designated for some type of urban type use by the respective land use authority. Additional analysis would be needed to further assess the actual development potential of these unbuilt parcels relative to zoning and other germane local conditions.


Over 70% of assessor acreage within the collection jurisdictional boundaries of the six agencies directly overseen by the Commission has already been developed or improved – though not necessarily at its maximum density. Within the remaining two-fifths there are 1,747 unbuilt and privately owned parcels designated for some type of urban use by the respective land use authority.

Jurisdictional Lands   Region				
Table 3.7   Marin LAFCO				
% Parcel Acres Already Developed	Residential Built Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
70.6	44,075	***	1,747	9,647


<sup>27</sup> Estimated service population includes only the projections made for the six agencies directly subject to the Commission’s regulatory oversight; it excludes CMSA.

RVSD is the single largest of the six referenced agencies in terms of jurisdictional size with 19.7 square miles and represents more than two-fifths of the combined six-agency total. Population density ratios range from a low of 0.0001 residents for every square mile in SQVSMD to a high of 3,134 residents for every square mile in SRSD as of the term of the study period. Tallies for all six agencies follows.

<b>Jurisdictional Lands   Agencies</b>						
<b>Table 3.8   Marin LAFCO</b>						
<b>Category</b>	<b>LGVS</b>	<b>RVSD</b>	<b>SRSD</b>	<b>CSD No. 2</b>	<b>MPSMD</b>	<b>SQVSMD</b>
Total Square Miles	9.4	19.7	13.0	3.8	0.1	0.01
Density (Residents per Square Mile)	3,029	2,072	3,134	2,598	>0	>0
Assessed Value (Land and Structure)	\$5.8 b	\$13.4 b	\$8.2 b	\$3.6 b	\$79.7 m	\$15.7 m
Assessed Value Per Resident	\$0.203m	\$0.328 m	\$0.201 m	\$0.365 m	\$0.417 m	\$0.176 m



Las Gallinas  
Watershed



Ross Valley and San Rafael  
Watersheds

## 2.0 WASTEWATER SERVICES

### 2.1 Overall Demands

The combined average annual system demand among the seven affected public agencies responsible for providing wastewater services in the region during the study period totals 5.3 billion gallons.<sup>28</sup> This average amount, which serves as a macro overview of system demands, is equivalent to a daily average flow of 14.6 million gallons or 119.5 gallons per estimated resident.<sup>29</sup> This average annual amount – and despite a corresponding projected overall increase in population of 3,073 or 2.5% – experienced a significant decrease during the 60-month period of nearly one-sixth or (16.8%) with year-end totals declining from 6.2 billion gallons in 2010 to 5.2 billion gallons in 2014. A similar reduction is also shown in overall daily per capita usage

Overall average annual wastewater flows generated within the seven affected agencies' service areas during the study period tallied 5.3 billion gallons. Demands have also fallen with overall flows with the combined service areas decreasing during the study period by (17%).

<sup>28</sup> MPSMD flows are incorporated into RVSD. Similarly, SQVSMD – along with San Quentin State Prison – account for the stand-alone flows reflected for CMSA.

<sup>29</sup> The per resident daily use amount is based on a separately calculated residential average total of 122,115 within the combined service areas and as independently calculated by the Commission.

among the affected agencies with combined demands decreasing by (18.8%) from 141.0 gallons per resident in 2010 to 114.5 gallons per resident in 2014.

Study period trends show overall average daily wastewater system demands among individual agencies over the corresponding 60-months ranged from a low of 0.862 million gallons for CMSA (SQVSD and San Quentin State Prison) to a high of 5.450 million gallons within RVSD. Markedly, all of the agencies experienced a decrease in annual system demands during the study period of no less than (0.80%). Further, almost of the affected agencies experienced a significant decrease in system demands in 2013 in step with the height of the drought with the exception of RVSD.

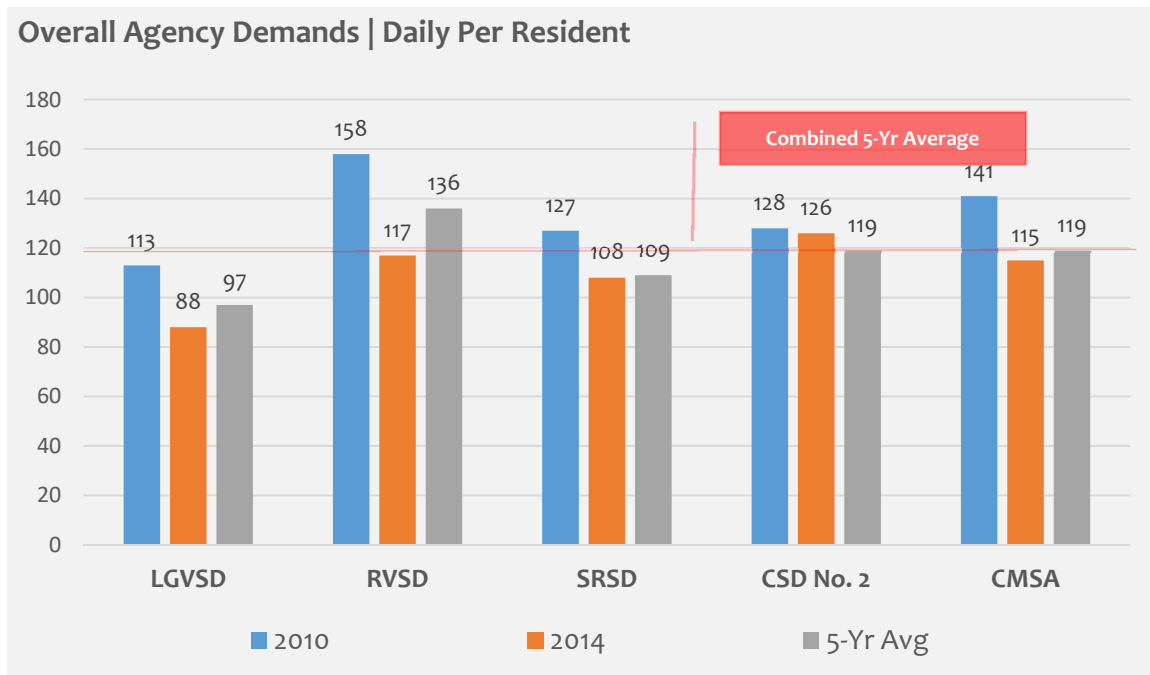
All of the affected agencies experienced a decrease in annual system flows during the study period of no less than (0.8%). With limited exception 2013 proved seminal with dramatic flow decreases for all of the agencies with the exception of RVSD.

<b>Wastewater Demands   Annual <u>Daily</u> Averages</b>				
<b>Table 3.9   Marin LAFCO</b>				
<b>Agency</b>	<b>2010</b>	<b>2014 -Baseline-</b>	<b>Average</b>	<b>Overall Trend</b>
LGVSD	3.180	2.520	2.740	(20.91%)
RVSD (w/MPSMD)	6.250	4.800	5.450	(23.20%)
SRSD	5.000	4.400	4.360	(12.00%)
CSD No. 2	1.250	1.240	1.168	(0.80%)
CMSA (SQVSD and State Prison)	1.400	1.260	0.860	(10.00%)
<b>TOTALS</b>	<b>17.080</b>	<b>14.220</b>	<b>14.578</b>	<b>(16.75%)</b>

\* Amounts Shown in Million Gallons

As noted, the review of relative daily demands based on a per capita measurement produces a study period average among the affected agencies of 120 gallons. This average total is bookended by a period low of 103 gallons per capita within CSD No. 2 to a period high of 158 gallons per capita within RVSD; a difference of over one-half or 53.40%.

Relative daily demands during the study period based on average per capita usage year-round among the affected service areas produce an average of 120 gallons. RVSD finished with the highest per capita demand at 158 gallons.



Amounts Shown in Gallons

Figure 3.3

## 2.2 Overall Dry Weather Day Demands

The combined average annual demand during dry weather months during this study period within the seven affected agencies totals 2.0 billion gallons. This average amount, which serves as one of three standard micro overview of system demands and typically occurs during the months of May through October, is equivalent to a daily average flow of 11.1 million gallons.<sup>30</sup> This latter amount represents a daily decrease of 3.5 million gallons – or (23.9%) – compared to the overall average day flows during the study period.

Overall average dry-weather wastewater flows generated within the seven affected agencies’ service areas during the study period and generally between the months of May and October tallied 2.0 billion gallons or 11.1 million gallons daily; the latter representing a decrease of 3.5 million gallons per day compared to overall average day flows.

<sup>30</sup> The other two micro overviews of system demands involve average wet-weather and peak-day flows and are addressed in succeeding sections.



Study period trends show average dry-weather demand amounts experiencing a modest decrease over the corresponding 60-months of nearly one-tenth or (9.6%) from 2.1 billion gallons in 2010 to 1.9 billion gallons in 2014. A similar reduction is also shown in overall daily per capita flows among the affected agencies within dry-weather periods with combined demands decreasing by (11.8%) from 96.3 gallons in 2010 to 84.9 gallons in 2014.

Average dry-weather demands generated between April and October during the study period and within all seven affected agencies' service areas have decreased by (10%).

Overall average daily dry-weather wastewater system demands among individual agencies during the study period ranged from a low of 0.820 million gallons for CMSA (SQVSMD and San Quentin State Prison) to a high of 3.780 million gallons within RVSD. All of the affected agencies experienced decreases in annual dry-weather flows over the study period with the lone exception of CSD No. 2, which tallied a 6.90% increase over the 60-month period.

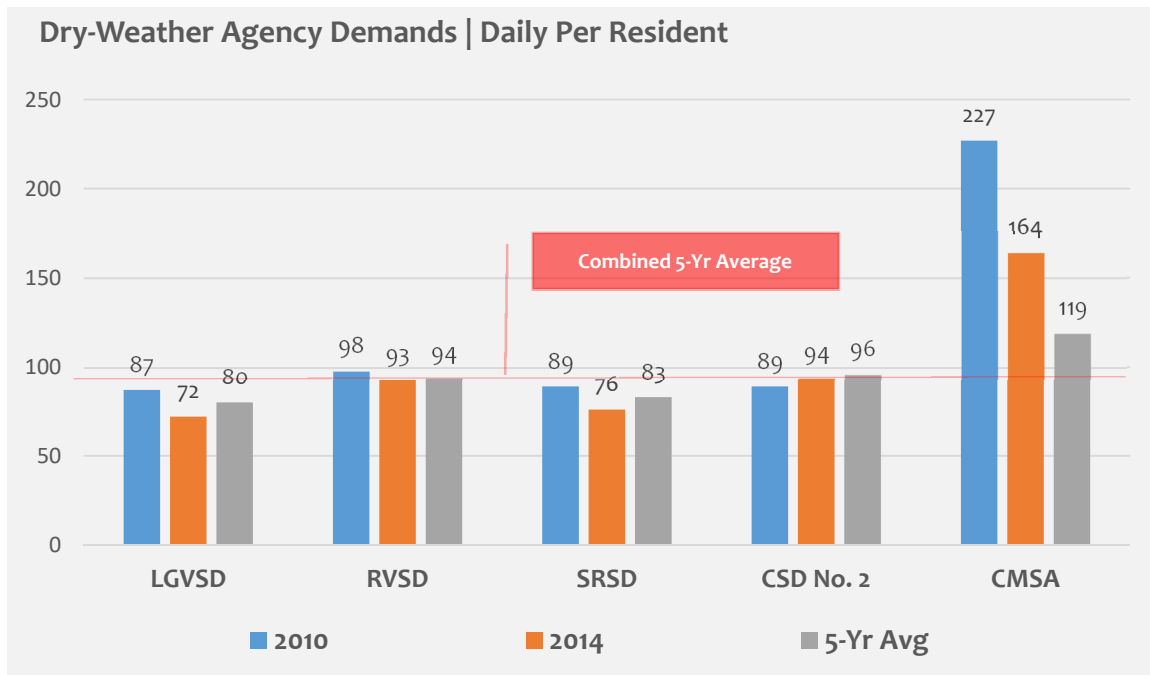
All of the affected agencies experienced decreases in annual dry-weather flows over the study period with the lone exception of CSD No. 2.

<b>Wastewater Demands   Dry Weather Day Averages</b>				
Table 3.10   Marin LAFCO				
Agency	2010	2014 -Baseline-	Average	Overall Trend
LGVSD	2.460	2.040	2.250	(17.07%)
RVSD (w/MPSMD)	3.900	3.800	3.780	(2.56%)
SRSD	3.500	3.100	3.300	(11.43%)
CSD No. 2	0.870	0.930	0.940	6.48%
CMSA (SQVSMD and State Prison)	0.930	0.670	0.820	(10.00%)
<b>TOTALS</b>	<b>11.660</b>	<b>10.540</b>	<b>11.090</b>	<b>(9.61%)</b>

\* Amounts Shown in Million Gallons

A review of relative dry-day demands among the affected agencies produce a study period average of 90.9 gallons per capita. This average dry-weather day per capita total is bookended by a period low of 71.6 gallons within LGVSD to a period high of 227.0 gallons within CMSA; a difference of 217.0%.

Relative daily dry-weather demands during the study period based on per capita totals among the affected service areas produce an average of 90 gallons. CMSA finished with the highest per capita demand at 227 gallons and generated from its two stand-alone flow sources: SQVSMD and the State Prison



Amounts Shown in Gallons

Figure 3.4

### 2.3 Overall Wet Weather Day Demands

The combined average annual demand during wet weather months during this study period within the seven affected agencies totals 3.3 billion gallons. This average amount, which serves as one of three standard micro overview of system demands and typically occurs during the months of November through April, is equivalent to a daily average flow of 18.1 million gallons. This latter amount represents a daily increase of 3.5 million gallons – or (23.9%) – compared to the overall average day flows during the study period.

Overall average wet-weather wastewater flows generated within the seven affected agencies' service areas during the study period and generally between the months of November and April tallied 3.3 billion gallons or 18.1 million gallons daily; the latter representing an increase of 3.5 million gallons per day compared to overall average day flows.

Study period trends show average wet-weather amount experienced a sizable decrease over the corresponding 60-months of nearly one-fifth or (20.5%) from 4.1 billion gallons in 2010 to 3.3 billion gallons in 2014. A similar sizable reduction is also shown in overall daily per capita usage among the affected agencies within wet-weather periods with combined demands decreasing by (22.4%) from 185.8 in 2010 to 144.1 gallons in 2014.

Average wet-weather demands generated between April and November during the study period and within all seven affected agencies' service areas have decreased by (21%).

Overall average daily wet-weather wastewater system demands among individual agencies during the study period ranged from a low of 0.94 million gallons for CMSA (SQVSMD and San Quentin State Prison) to a high of 7.120 million gallons within RVSD. Additionally, all of the agencies experienced a decrease in annual system flows during the study period of no less than (20.49%). Markedly, all seven affected agencies faced a significant decrease in wet-weather flows for the year of 2013, with the exception of RVSD which actually experienced a substantial increase.

All of the affected agencies experienced decreases in annual wet-weather flows over the study period with substantial declines seen in 2013.

<b>Wastewater Demands   Wet Weather Day Averages</b>				
<b>Table 3.11   Marin LAFCO</b>				
<b>Agency</b>	<b>2010</b>	<b>2014 -Baseline-</b>	<b>Average</b>	<b>Overall Trend</b>
LGVSD	3.900	2.990	3.222	(23.29%)
RVSD (w/MPSMD)	8.600	5.800	7.120	(32.56%)
SRSD	6.500	5.700	5.420	(12.31%)
CSD No. 2	1.630	1.550	1.396	(4.91%)
CMSA (SQVSMD and State Prison)	1.870	1.850	1.180	(1.07%)
<b>TOTALS</b>	<b>22.500</b>	<b>17.890</b>	<b>18.338</b>	<b>(20.49%)</b>

\* Amounts Shown in Million Gallons

A review of relative wet-day demands among the affected agencies produce a study period average of 148.1 gallons. This average total is bookended by a period low of 87.0 gallons per capita within LGVSD to a period high of

Relative daily wet-weather demands during the study period based on per capita totals among the affected service areas produce an average of 148 gallons. CMSA finished with the highest per capita demand at 456 gallons and generated from its two stand-alone flow sources: SQVSMD and the State Prison

456.4 gallons per capita within CMSA; a difference of 425%.

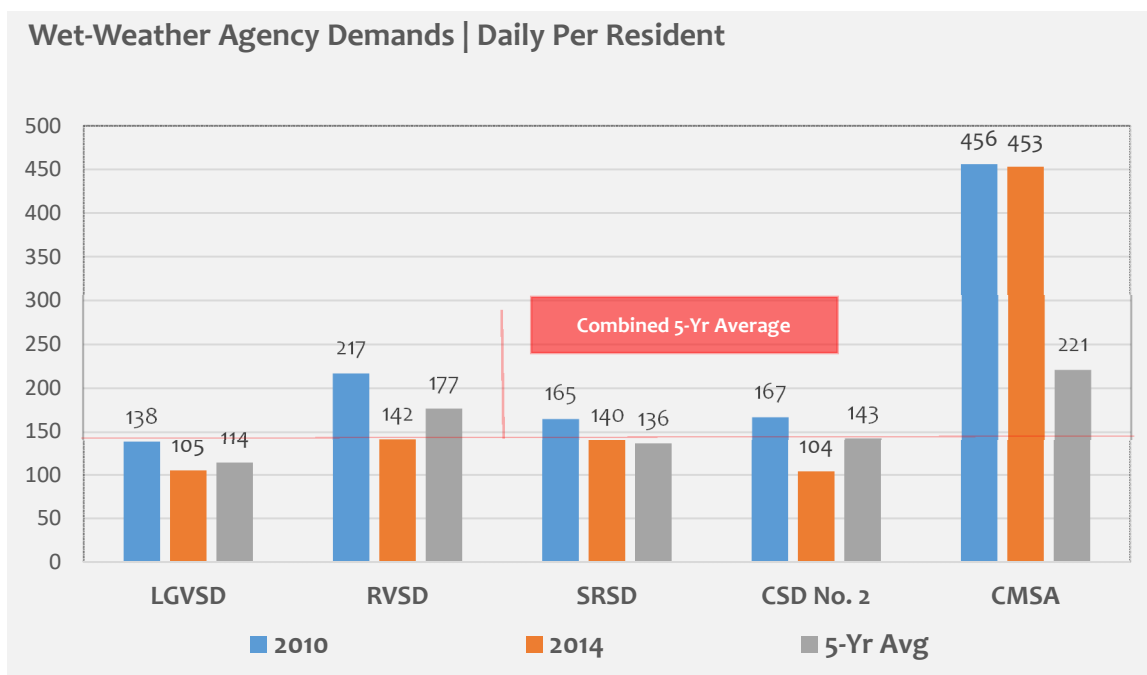


Figure 3.5

## 2.4 Overall Peak-Day Demands

The combined average peak-day wastewater system demand produced during this study period within the seven affected agencies totals 101.5 million gallons.<sup>31</sup> (Said differently, should the seven service areas all generate their average peak-day demand at the same time it would equal 101.5 million gallons.) This average amount, which serves as one of three standard micro overview of system demands and typically occurs in January or February, produces a peaking-factor relative to dry-weather day averages of 9.2.

Overall average peak-day wastewater flows generated within the seven affected agencies' service areas during the study period tallied 101.5 million gallons. This amount generates a peaking-factor of 9.2.

<sup>31</sup> Peak-day demand refers to the highest 24-hour flow recorded during the year by the affected agency.

Study period trends show average peak-day amounts experiencing a moderate increase over the corresponding 60-months of 8.5% with totals rising from 103.2 million gallons in 2010 to 111.7 million gallons in 2014. A similar increase is also shown in overall daily per capita usage among the affected agencies during peak-day periods with combined demands increasing by 5.8% from 852.0 gallons in 2010 to 901.7 gallons in 2014.

Average peak-day demands generated during the study period and within all seven affected agencies' service areas have collectively increased by 9%.

Overall average peak-day wastewater system demands among individual agencies during the study period ranged from a low of 5.920 million gallons for CSD No. 2 to a high of 45.700 million gallons within RVSD; a range difference of nearly eight-fold. Additionally, all of the agencies with the exception of RVSD experienced an increase in peak-day system flows during the study period ranging between a low of 25.5% within LGVSD and a high of 101.4% within CMSA. Markedly, and irrespective of the preceding statement, all seven affected agencies with the exception of RVSD experienced a significant decrease in peak-day flows for the year of 2013.

Peak-day demands for most of the agencies increased during the study period. Only RVSD experienced an overall decrease in peak-day demands during the study period at (33%).

### Wastewater Demands | Peak Day Averages

Table 3.12 | Marin LAFCO

Agency	2010	2014 -Baseline-	Average	Overall Trend
LGVSD	10.890	13.670	10.002	25.53%
RVSD (w/MPSMD)	53.300	35.700	45.700	(33.02%)
SRSD	20.200	26.700	19.140	43.70%
CSD No. 2	5.370	8.850	5.192	37.03%
CMSA (SQVSM and State Prison)	13.430	27.050	24.448	101.41%
<b>TOTALS</b>	<b>103.190</b>	<b>111.970</b>	<b>104.482</b>	<b>8.51%</b>

A review of relative peak-day demands based on per capita produce a study period average among the affected agencies of 855.2 gallons. This average total is bookended by a period low of 354.4 gallons per capita within LGVSD to a period high of 5,975.9 gallons per capita within CMSA.

Relative peak-day demands during the study period among the affected service areas produce an average of 855 gallons per capita.

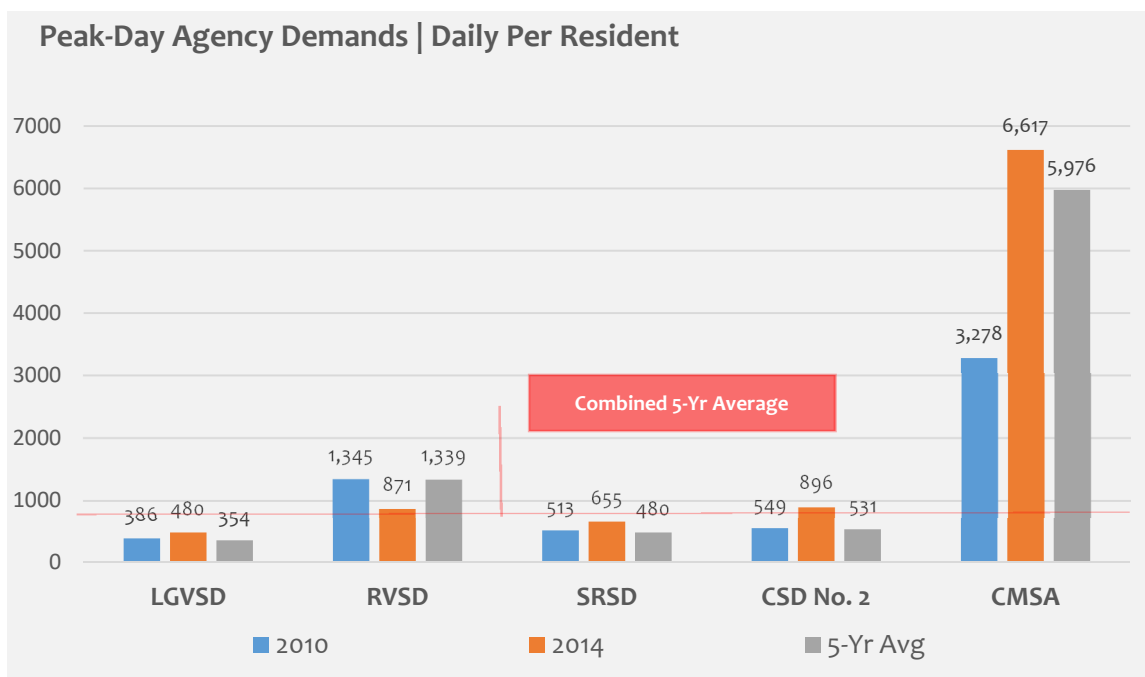


Figure 3.6

### 3.0 AGENCY FINANCES

#### 3.1 Direct Costs to Customers | User Charges and Connection Fees

All six affected agencies that provide retail wastewater services in the region – and as such excludes CMSA – largely rely on annual user charges to fund day-to-day operations. With respect to CMSA members (SRSD, RVSD, CSD No. 2, MPSMD, and SQVSMD) this includes blending their rates to account for contracted treatment costs. All of the agencies distinguish between residential and non-residential accounts. Residential accounts – which make up no less than 89% of any one agency’s total as of the term of the study period – are collected by each agency on the property tax roll and in the format of a flat per unit charge with some distinctions made for multi-family structures. One agency – RVSD – maintains two distinct fee zones and divided between Larkspur and non-Larkspur ratepayers.

The average annual residential charge among the six public wastewater services in the region directly subject to the Commission currently totals \$710.

None of the six affected agencies have established supplemental charges or fees, such as special assessments, specific to funding wastewater related activities.

The current average annual residential charge among the six affected agencies totals \$710 or \$59 monthly. Individual residential user charges range in annual scope from a low user charge of \$472 within both MPSMD and SQVSMD to a high user charge of \$1,067 for RVSD (Larkspur); a range difference of 126%. Annual user charges for residential ratepayers among the agencies follows.

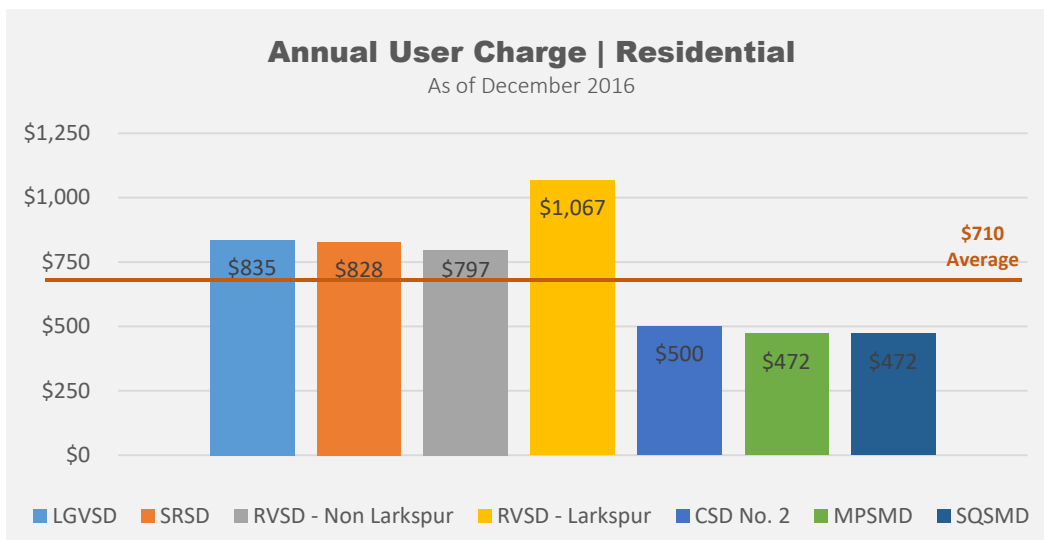


Figure 3.7

In terms of proportional significance the average amount of collected user fees and related service charges by the referenced retail agencies in the region over the course of the study period have accounted for 76.0% of all earned income; i.e., \$0.76 cents of every \$1.00 dollar of collected income has been directly tied to a deliverable service. (This amount excludes fees and charges collected by MPSMD and SQVSMD given this information is not available as of date.) Average earned income ratios among individual agencies generated during the study period ranged from a low of 54.8% by CSD No. 2 to a high of 90.5% by SRSD; a range difference of nearly two-thirds.

The average earned income ratio among the retail wastewater providers in the region during the study period tallied 76%. (MPSMD and SQVSMD are not included.)

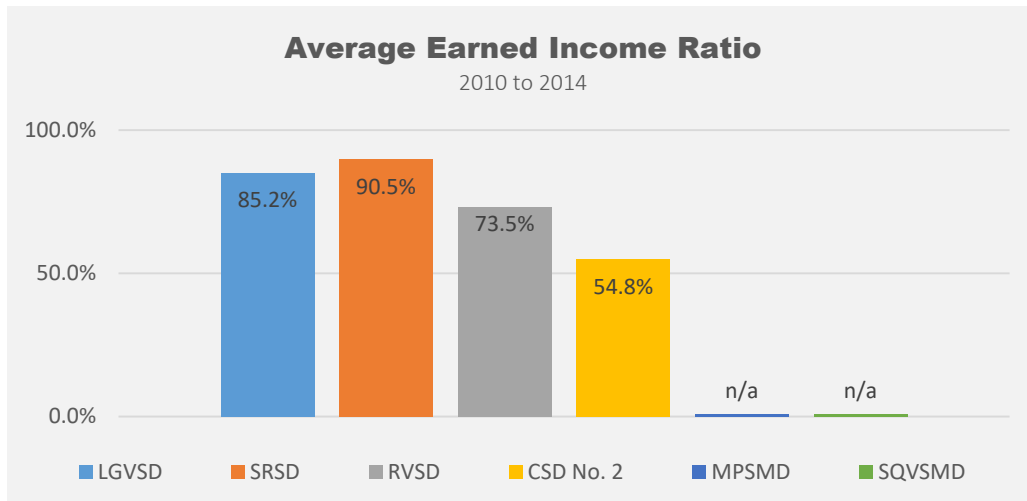


Figure 3.8

Connection fees serve as the “buy-in” charge for new customers and directly go towards funding non-operational activities and most notably capital improvements, such as sewer main replacements and treatment facility upgrades. All six referenced retail agencies in the region have established connection fees

The average residential connection fee among the six retail wastewater providers in the region totals \$9,833.

that distinguish between residential and non-residential users. The affected agencies also similarly calculate residential connection fees based on the number of living units and associated load (i.e., flow demand) projections with some variances as it relates to accommodating multi-family structures as well as affordable housing developments. The current average residential connection fee among the six affected agencies totals \$9,833 and bookend from a low of \$500 within LGVSD to a high of \$17,000 within RVSD; a range difference of over 3,300%.



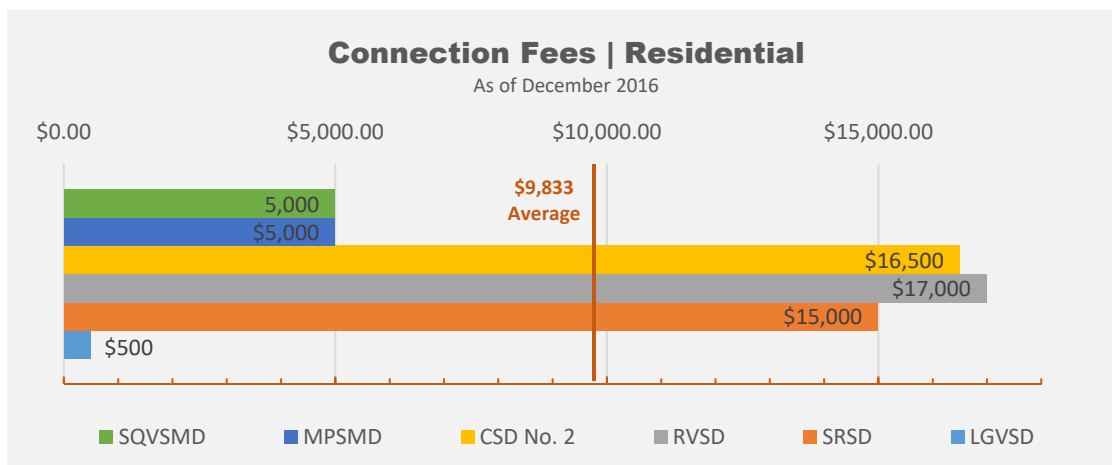


Figure 3.9

### 3.2 Indirect Costs to Customers | Property Taxes

All six affected agencies directly subject to the Commission’s regulatory oversight – and as such excludes CMSA – receive a portion of property tax generated from landowners within their respective jurisdictional boundaries. Revenues generated from property taxes are used as general purpose income with no statutory restrictions. The average property tax distribution rate among the six referenced agencies – which is a stagnant portion of the overall 1.0% levied and collected on all real property (land and improvements) as provided under Proposition 13 (Assembly Bill 8) – is 1.93%. Significant discrepancies, however, exist with respect to individual agency shares of the 1.0% of property tax collected within the six affected agencies boundaries. Most notably, RVSD receives the highest property tax distribution rate at 7.79% and is more than four times greater than the next highest of 1.47% by SRSD. The lowest property tax distribution rate is SQVSMD at 0.03%.

All six affected agencies directly subject to the Commission (excludes CMSA) in providing wastewater services in the region receive a portion of property taxes. The average distribution rate is 1.9% of the 1.0% annually collected. RVSD has the highest distribution rate at 7.79%.

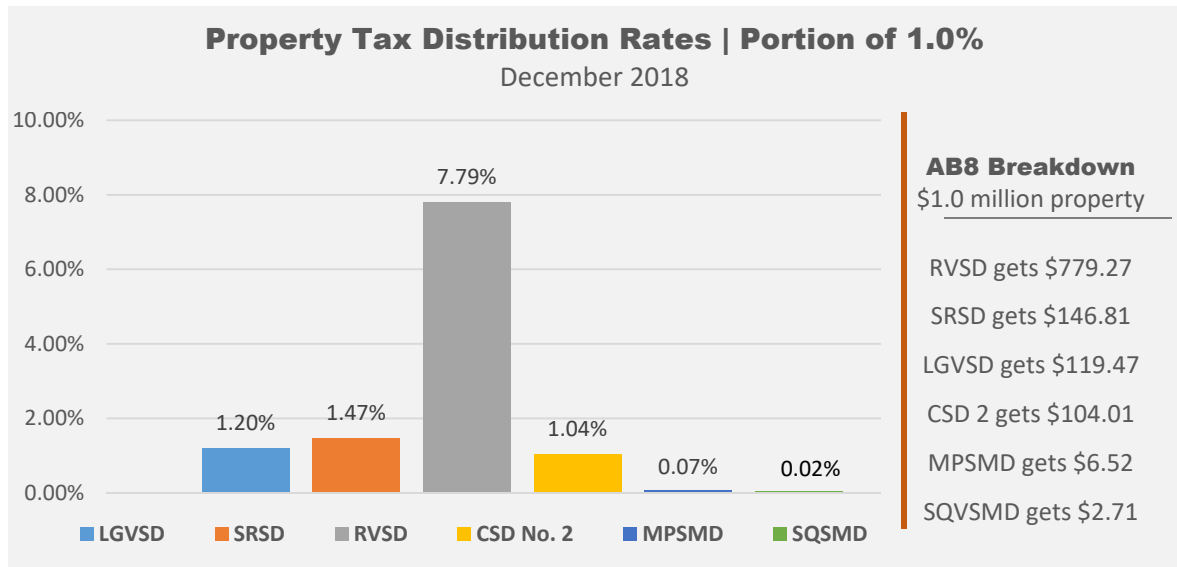
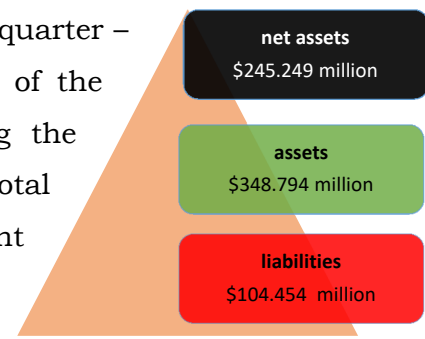


Figure 3.10

### 3.3 Net Assets | Unrestricted Fund Balances

Overall five of the seven affected agencies providing public wastewater services in the region and included in this report have produced audited financial statements covering the study period. The two exceptions involve MPSMD and SQVSD. Accordingly, all references to “affected agencies” in this section shall mean only LGVSD, SRSD, RVSD, CSD No. 2, and CMSA.

Overall the affected agencies finished the study period with a combined net asset or equity total of \$245.249 million. Slightly more than one-quarter – or 27% – of this amount has been categorized as part of the agencies’ unrestricted fund balances. Trends covering the preceding 48-month period show the collective net asset total among the agencies having increased by 13%; an amount that translates to an annual rate of 3.25%.<sup>32</sup> This annual average increase is more than one-half greater than the corresponding inflation rate for the San Francisco Bay Region as determined by the



<sup>32</sup> Audited statements covering FY2010 were not readily available for review and as such the referenced data reflects net assets between FY11 and FY14.

Department of Labor.<sup>33</sup> Three of the agencies – RVSD, SRSD, and LGVSD – experienced significant gains in their overall financial standing by no less than 24% as measured by total net assets or equity during the course of the preceding 48-month period. The remaining agencies – CSD No. 2 and CMSA – have experienced relatively minor decreases in their total net assets over the same period in the amounts of (5%) and (1%), respectively. Collective totals among the affected agencies at the end of the study period with respect to assets, liabilities, and net assets follow.

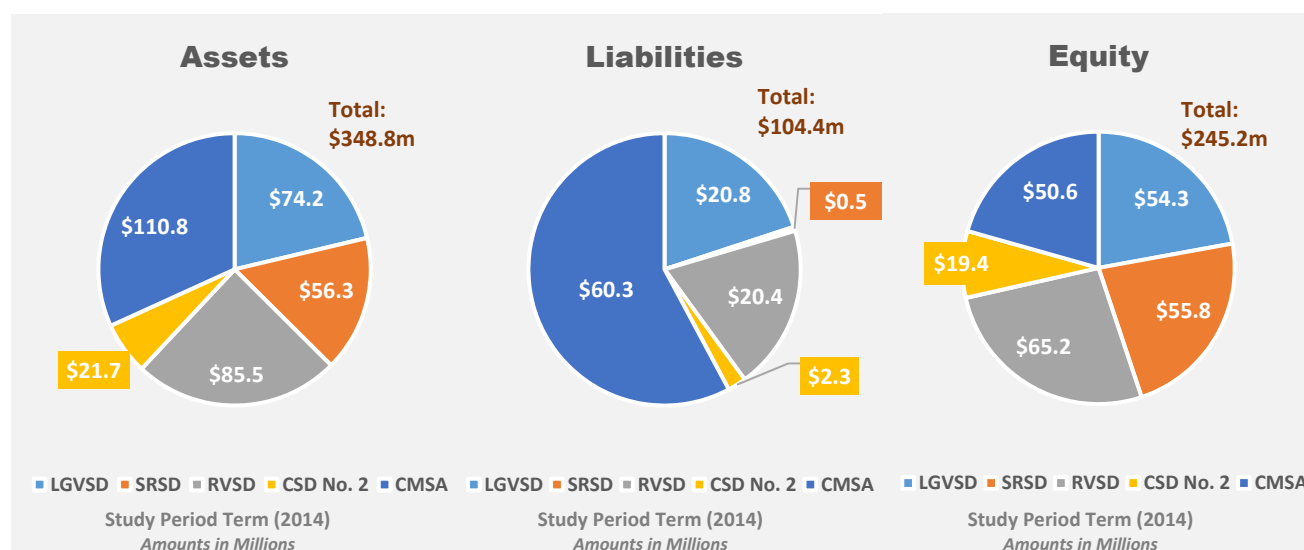


Figure 3.11

Overall unrestricted fund balances for the affected agencies at the end of the study term tallies \$66.0 million and produces a corresponding per capita ratio of \$300.95. The overall amount in unrestricted fund balances has increased over the preceding 48-month period among the affected agencies by nearly two-thirds or 65%.<sup>34</sup> LGVSD has experienced the largest percentage increase in unrestricted fund balances at 132% followed in order by RVSD at 94%, SRSD at 78%, CMSA at 23%, and CSD No. 2 at (16%).

Overall unrestricted fund balances as of the study term for the five affected agencies that have issued year-end financial statements collectively tallies \$66.0 million and represents a per capita share of \$301.

<sup>33</sup> The average annual inflation index for the San Francisco Bay Area Region between FY11 to FY14 tallied 2.04%.

<sup>34</sup> The overall percentage change tracks net assets from 2011 to 2014. Audited statements for 2010 were not readily available for two of the five agencies, SRSD and CMSA.

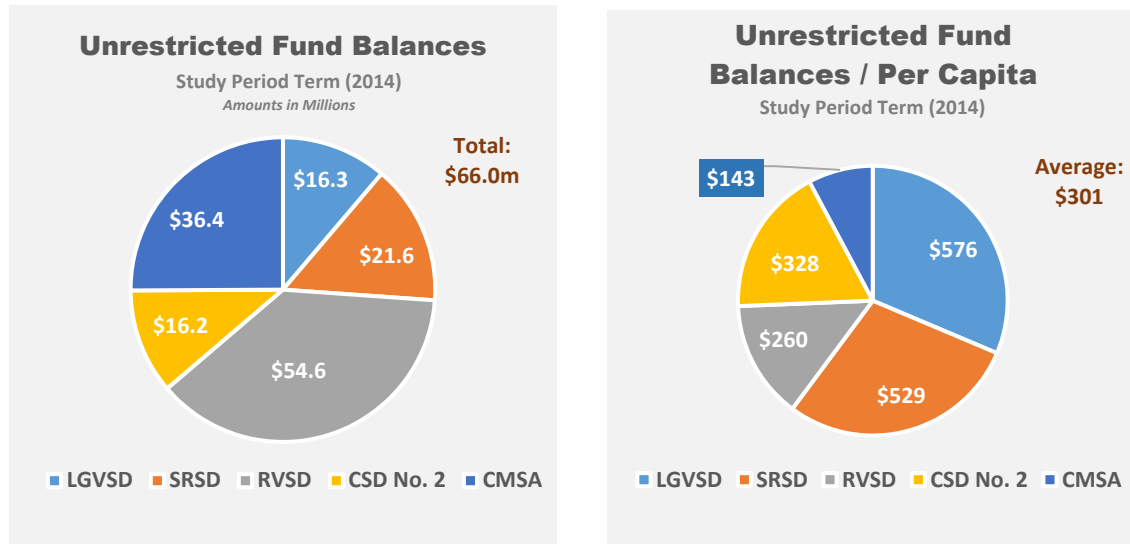


Figure 3.12

### 3.4 Liquidity, Capital, and Profitability

A review of the financial statements issued by five of the seven affected agencies providing wastewater services in the region – and excluding the aforementioned MPSMD and SQVSMD – through the study period generally shows relatively strong ending positions with respect to liquidity and the ability to address short-term obligations. This includes noting all of the affected agencies finished the study period with no less than 315 days’ cash on hand to

All of the affected agencies that have issued year-end financial statements finished the study period with no less than 315 days’ cash on hand.

cover budgeted operating expenses less depreciation and highlighted with LGVSD finishing the term at 1,298. The combined average days’ cash among the five agencies totaled 678 and sufficient to cover over 22 months of operations. Current ratios – i.e., the amount of available cash and cash equivalents to cover immediate obligations due – also finished in the positive for all of the agencies with a combine average of 12 to 1 and bookend by CSD No. 2 at 2.3 to 1 and SRSD at 41 to 1.

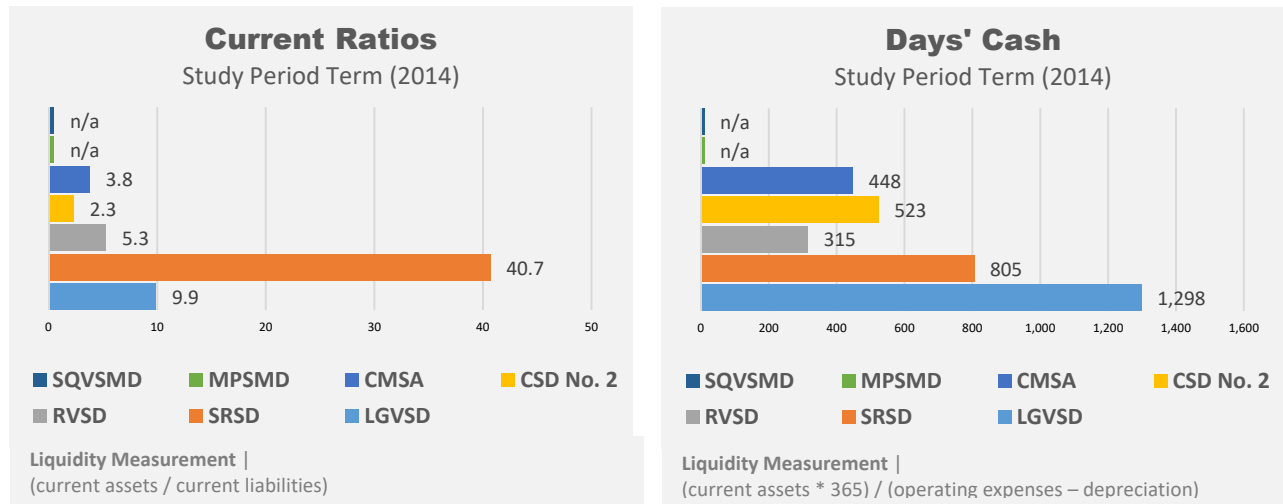


Figure 3.13

All of the affected agencies finished the study period with relatively good to strong capital standing as measured by their debt-to-net assets calculation. (This excludes MPSMD and SQVSMD for aforementioned reasons.) This measurement – which matches up long-term debt as a percentage relative to overall equity – produces a shared tally among the affected agencies as of the study term equaling 24.4%. CMSA finished the study period with the highest measurement of long-term debt at 50.7% and followed in order by LGVSD and RVSD at 25.5% and 20.9%, respectively. The two remaining agencies – CSD No. 2 and SRSD – finished without any long-term debt. Markedly, the combined percentage of long-term debt among the agencies has increased by 9.3% over the preceding 48-month period.<sup>35</sup>

All of the affected agencies finished the study period with no more than 51% of long-term debt relative to overall equity as of the term of the study period. Long-term debt has collectively increased among the agencies by more than 9% over the preceding 48-month period.

<sup>35</sup> The overall percentage change tracks net assets from 2011 to 2014. Audited statements for 2010 were not readily available for two of the five agencies, SRSD and CMSD.

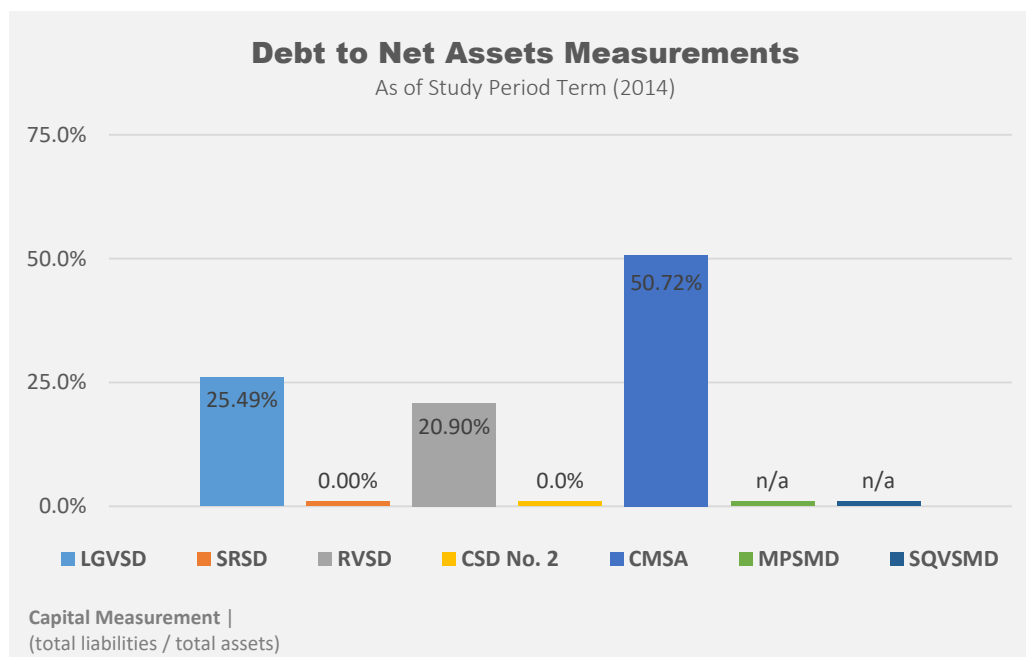


Figure 3.14

Year-end profit levels among the affected agencies as measured by total margin – the net difference between all revenues less all expenses and includes depreciation – largely stayed positive with a combined study period average tallying 13.58%.<sup>36</sup> The average is bookended among the affected agencies by a low of (2.50%) by CMSA and a high of 30.30% by LGVSD. The referenced

Profit levels among the affected agencies over the study period have varied with one constant: the combined average trend during the study period in both total and operating margins experienced sizable decreases.

average in total margin, however, has been declining over the study period among all of the affected agencies and producing a collective and downward trend of (135.88%). The combined operating margin – the net difference of normal and reoccurring revenues versus expenses tied to service provision and importantly excludes depreciation as a booked expenditure – also stayed largely positive among the affected agencies, albeit at generally lower profit rates. Operating margins also showed more and divergent variance among the affected agencies with a combined tallying of (3.18%). This average is bookended among the affected agencies by a low of (65.36%) by CSD No. 2 and a high of 26.72% by LGVSD with an overall and shared study period change of (14.36%).

<sup>36</sup> Analysis incorporates a four-year period for CSD No. 2 and SRSD given audited statements for FY 2010 were not available for review as of date.

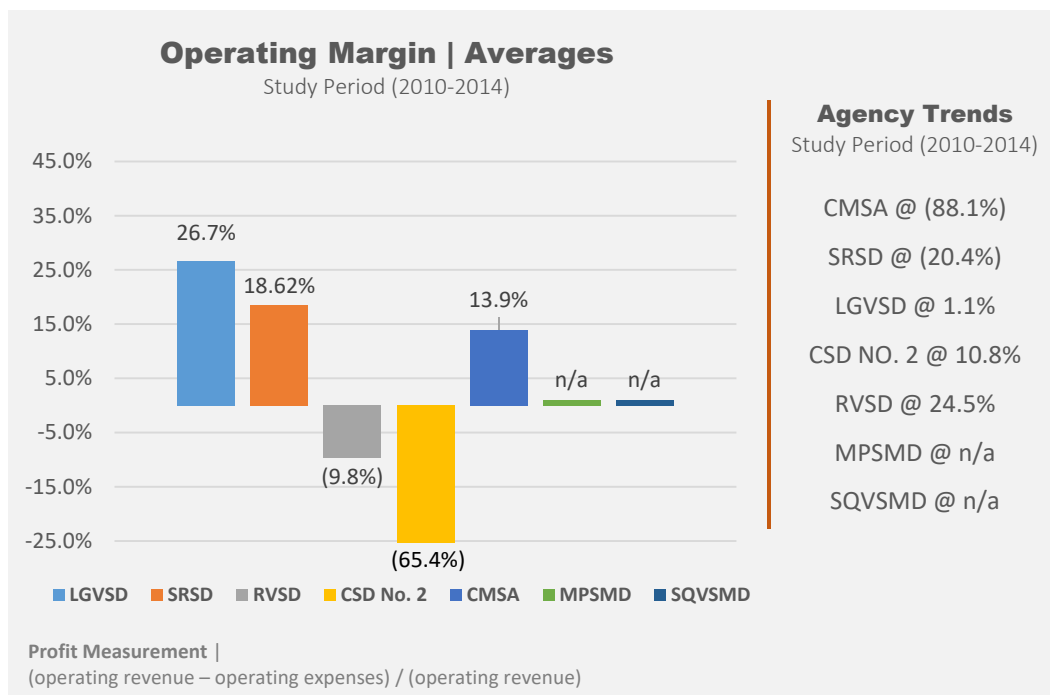
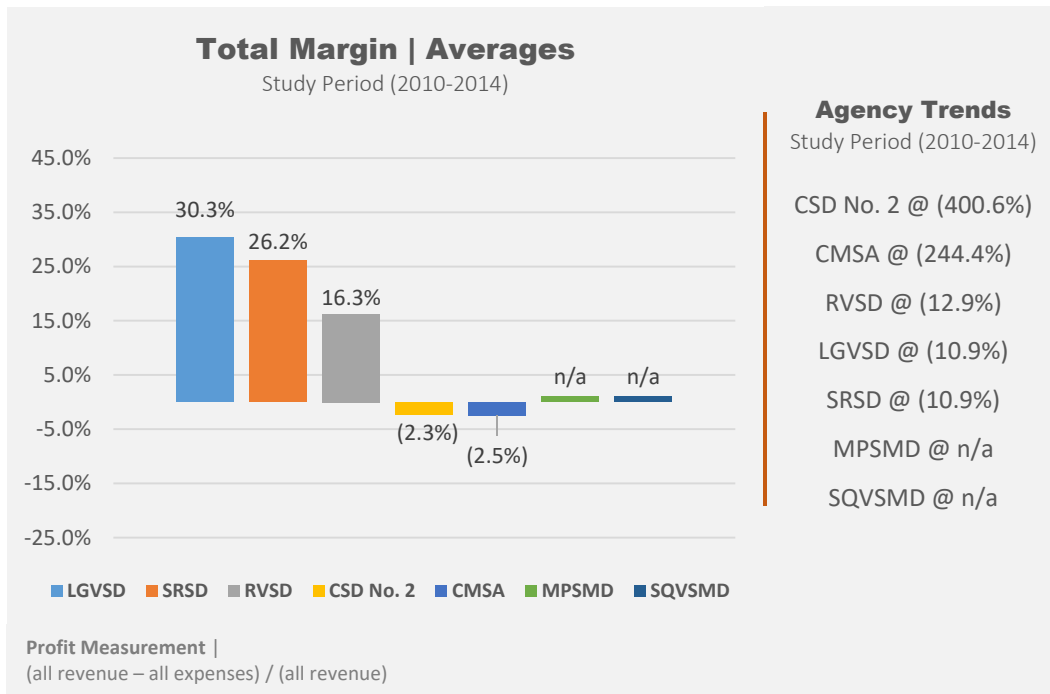


Figure 3.15

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## A. LAS GALLINAS VALLEY SANITARY DISTRICT

### 1.0 OVERVIEW

Las Gallinas Valley Sanitary District (LGVSD) was formed in 1954 and encompasses an approximate 9.4 square mile jurisdictional boundary within east-central Marin County.<sup>1</sup> Governance is provided by an independent five-member Board of Directors whose members are elected at-large to staggered four-year terms. Three local land use authorities overlap LGVSD's jurisdictional boundary. The County of Marin is the single largest land use authority in terms of acreage with an estimated 63% of all LGVSD's lands lying within the unincorporated area and marked by the unincorporated communities of Marinwood and Santa Venetia. Another 36% of the jurisdictional boundary falls under the land use jurisdiction of the City of San Rafael and generally encompasses the Terra Linda area.<sup>2</sup> The remainder of the jurisdictional boundary – 1% of the total – extends into the City of Novato and specific to the Marin Valley Mobile Home Park and an adjacent open-space property. LGVSD lies within two adjacent watersheds, Miller Creek and Gallinas Creek.



LGVSD is currently organized as a limited-purpose agency with municipal operations restricted to wastewater, recycled water, and solid-waste collection. It is also empowered – subject to LAFCO approval – to provide storm drainage services. Wastewater services are provided through LGVSD's own approximate 112-mile collection system that conveys wastewater to the District's own treatment facility before discharge into Miller Creek or used for beneficial purposes through a recycled water program.<sup>3</sup> LGVSD's adopted operating budget at the term of the study period was \$5.347 million and with funding dedicated for the equivalent of 24 fulltime employees. The unrestricted fund balance was \$18.263 million with an associated days-cash ratio totaling 1,298; i.e., the amount of

<sup>1</sup> The jurisdictional-boundary estimates are based on digital mapping records maintained by Marin LAFCO.

<sup>2</sup> The City of San Rafael includes 65% of all existing residential units within LGVSD.

<sup>3</sup> LGVSD's bio-solids are stored temporarily in lagoons and later disposed of at LGVSD's dedicated land disposal site, a process known as surface disposal.

cash on hand to cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within LGVSD totals 28,475 as of the term of the study period (2014). It is also projected LGVSD’s population growth rate over the five-year study period totals 0.92% or 0.19% annually with the underlying change primarily attributed to the estimated increase of 263 new and occupied housing

<b>Las Gallinas Valley Sanitary District</b>	
Formation Date:	1954
Principal Act:	Health and Safety Sections 6400-6982
Service Categories:	Wastewater Recycled Water Solid Waste Collection
Service Population	28,475
Governance Type	Independent

units that – and among other items – absorbed a corresponding projected deintensification of household sizes. The substantive result of these Commission estimates is the projected addition of 261 residents in LGVSD between 2010 and 2014. Overall it is also estimated nearly 65% of the jurisdictional boundary has already been developed and/or improved – though not necessarily at the highest density. Consequently, it is estimated 34% of the jurisdictional boundary remains entirely undeveloped, and this includes 151 existing unbuilt and privately owned parcels that are zoned for some type of urban use.<sup>4</sup>

## 2.0 BACKGROUND

### 2.1 Community Development

Records show the modern day development of the LGVSD service area began in the form of cattle ranching in the 1840s with the first formal homestead established as a result of a Mexican land grant to Timothy Murphy, one of Marin County’s first western settlers. The grant included three distinct ranchos - “San Pedro”, “Santa Margarita” and “Las Gallinas” - totaling over 21,000 acres and spanned east to west from present-day Point San Pedro to Big Rock Ridge in Lucas Valley. The majority of lands within Las Gallinas Valley were kept in cattle ranching through the time of Murphy’s death in the early 1850s. Murphy’s death and subsequent decision to leave most of the lands to his nephew

<sup>4</sup> Additional analysis is needed to assess the actual development potential of these 151 unbuilt lots.

John Lucas proved pertinent in the gradual transition of the community towards more varied uses. Records show it was Lucas that began dividing and selling lots to outside parties, and as such began a slow process to intensify the lands to include more residential and supporting commercial uses. This included selling a large lot to the immigrant Portuguese Manuel T. Freitas whose family established a homestead in what is now present-day Terra Linda.<sup>5</sup> Markedly, Santa Venetia – which ultimately served as LGVSD’s initial service area several decades later – was built on a marshland filled in the 1910s and originally envisioned as a planned luxury development after Venice, Italy set with canals and an artificial lake. The Great Depression ended these plans from real estate developer Mabry McMahan and the area remained largely undeveloped through the first half of the 20<sup>th</sup> Century.

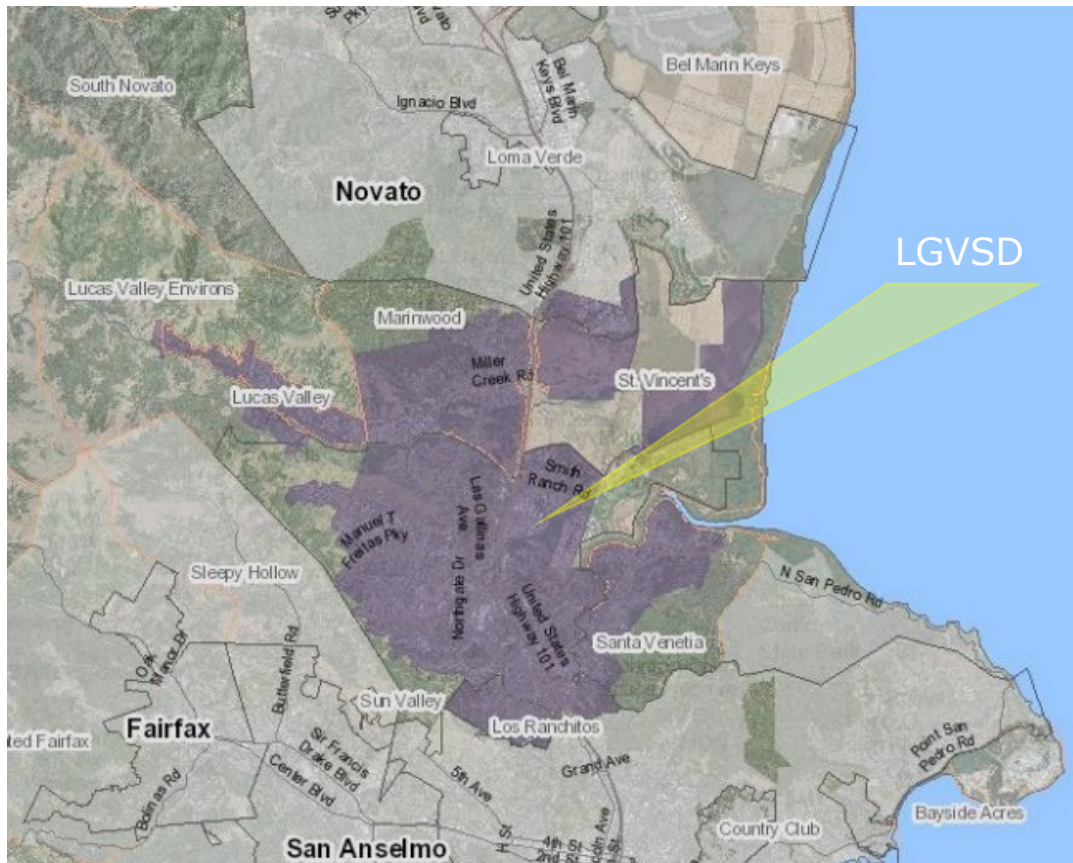


Figure 4.1

<sup>5</sup> Historical archives show a portion of the Terra Linda territory was originally operated as a dairy farm, and is now the site of St. Isabella’s Catholic Church and School. Two gold mines were also operated in the hillside of Santa Venetia between 1884 and 1889 on North San Pedro Road, with heavy logging in the area for the lumber mills located throughout the county to supply wood for the nearby development of San Francisco.

As in the case for many areas of California, the end of World War II generated significant growth pressures outside of existing urban centers, and in Marin County this resulted in the development of several unincorporated fringe communities immediately north of San Rafael in the Las Gallinas Valley. Santa Venetia was the first of these communities to be systematically developed with several subdivisions – and utilizing the subdivision map first penned decades earlier by Mabry McMahan – getting constructed by the late 1940s and early 1950s. The intensity of Santa Venetia’s development, however, proved taxing to the underlying soils with the County beginning to suspend additional new construction approvals in lieu of establishing a community wastewater system.

## **2.2 Formation Proceedings**

LGVSD’s formation was petitioned by area landowners and ultimately approved in 1954 by way of the County of Marin’s Boundary Change Commission and upon a successful vote. Formation proceedings, notably, appear premised on the desire of area landowners to remain independent of nearby San Rafael and its surrogate wastewater provider, San Rafael Sanitation District, which had been formed only a few years earlier in 1947. Topography also played an integral role in the District’s formation as creating an independent treatment facility proved cost-effective for residents and future growth in the area.

## **2.3 Post-Formation Activities**

A summary of notable activities undertaken by LGVSD and/or affecting the District’s service area following formation in 1954 is provided below.

- LGVSD completed construction on its first wastewater treatment facility in 1955. Major expansions were completed in 1958, 1972, and most recently in 1984.
- From 1955 to 1965, architect Joseph Eichler, known for his contemporary-styled homes, built roughly 900 single-family residences in Terra Linda and Marinwood.
- By 1962, Northgate Industrial Park was under development and Northgate Mall began construction in 1963.

- By 1972, the unincorporated area of Terra Linda was annexed to the City of San Rafael and much of its development was complete as well as the other communities in LGVSD’s service area. New growth thereafter shifted primarily to the east of U.S Highway 101.
- In 1982, the City of San Rafael adopted the Northgate Activity Center Plan to identify more detailed land uses for vacant sites in the area, as well as needed circulation improvement.
- In 1985, LGVSD purchased and developed 383 acres of land for wastewater disposal adjacent to its wastewater treatment facility.
- In 1989, LGVSD entered into an agreement with Marin Municipal Water District (MMWD) to provide reclaimed water supplies for landscape irrigation and other uses within LGVSD’s boundary.
- In 2004, LGVSD installed an 81-kilowatt photovoltaic system to provide green power for its reclamation area.
- In 2006, LGVSD installed an 850,000 kwh/year photovoltaic system to power its treatment plant facilities with green power.
- In 2011, LGVSD entered into an agreement with North Marin Water District (NMWD) to provide fully treated recycled water supplies for distribution in the Novato and surrounding communities.

### 3.0 BOUNDARIES

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#### 3.1 Jurisdictional Boundary

LGVSD’s jurisdictional boundary spans approximately 9.4 square miles in size and covers 6,026 total acres (parcels and right-of-ways). There are three land use authorities overlapping the jurisdictional boundary. The County of Marin is the single largest land use authority in terms of acreage

LGVSD’s jurisdictional boundary spans 9.4 square miles and overlaps three land use authorities with the County of Marin being the largest with the unincorporated area covering 63% of all District lands.

with an estimated 63% of all LGVSD’s lying within the unincorporated d area and highlighted by the unincorporated communities of Santa Venetia and Marinwood. Another 36% of the jurisdictional boundary falls under the land use jurisdiction of the City of San Rafael and generally encompasses the City’s Terra Linda area. (San Rafael conversely includes 65% of all existing residential units within LGVSD.) The remaining 1% of the jurisdictional boundary falls under the land use authority of the City of Novato and specific to the Marin Valley Mobile Home Park and an adjacent open-space property.

Total assessed value (land and structure) within LGVSD is calculated at \$5.8 billion and translates to a per acre value ratio of \$962,020. This former amount – \$5.8 billion – further represents a per capita value of \$0.203 million based on the estimated service population of 28,475. LGVSD’s set annual allocation of – i.e., its share of the 1% of property tax proceeds – is 1.195%.

Assessed land values in LGVSD totals \$5.8 billion, and based on receiving 1.195% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$0.693 million.

<b>LGVSD Boundary Breakdown: Land Use Authorities</b>					
Table 4.1   Source: Marin LAFCO					
Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units	
County of Marin	2,622	62.1%	4,269	4,256	
San Rafael	1,542	36.5%	6,152	7,790	
Novato	58	1.4%	22	19	
	<b>4,222</b>	<b>100</b>	<b>10,443</b>	<b>12,065</b>	

As provided in the preceding table there are overall 10,443 assessor parcels currently within LGVSD and collectively add up to 4,222 acres as of June 2016.<sup>6</sup> Close to two-thirds – or 65% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 12,065 residential units

Almost two-thirds of LGVSD’s jurisdictional boundary has already been developed/improved – though not necessarily at the highest allowable density. This means one-third of the boundary remains entirely undeveloped, and this includes 151 un-built and privately owned parcels zoned for some type of urban use.

<sup>6</sup> The remaining 1,805 jurisdictional acreage within LGVSD are tied to public right-of-ways and waterways.

and divided between single-family and multi-family on a 78.4% to 21.6% split.<sup>7</sup> The remaining one-third – or 34% – of the current assessor parcel acreage within LGVSD is undeveloped/unimproved. This includes 151 un-built and privately owned assessor parcels that combine to total 197 acres.<sup>8</sup> (Additional analysis is needed to assess the actual development potential of these unbuilt parcels.) The remaining undeveloped/unimproved assessor acreage within LGVSD – or 1,280 acres – is publicly owned and generally dedicated to municipal or open space uses.

LGVSD Boundary Breakdown: Land Use Features				
Table 4.2   Source: Marin LAFCO				
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
65.4	12,065	77.3	151	197

### 3.2 Sphere of Influence

LGVSD’s sphere of influence was initially established by the Commission in 1985 and last reviewed and updated in 2006. The sphere spans approximately 7,993 acres or 12.5 square miles in size. The sphere is exactly one-third – or 33% – larger than LGVSD’s jurisdictional boundary. This

LGVSD’s sphere of influence is one-third larger than the District jurisdictional boundary. This includes 1,967 total acres that are immediately eligible for annexation and or outside service extensions and primarily located within the Lucas Valley and Silvera/St. Anthony areas.

includes approximately 1,967 non-jurisdictional total acres (parcels and right-of-ways) in the sphere that are immediately eligible for either annexation or outside service extension subject to Commission approval. Among the total includes 48 assessor parcels that collectively add up to approximately 1,355 acres. Further, and among this latter sum, 29 of the assessor parcels equaling 722 acres are privately owned with the majority within the Lucas Valley and the Silvera/St. Vincent areas.

<sup>7</sup> Residential unit total is based on by digital mapping records maintained by the County of Marin Assessor’s Office

<sup>8</sup> Existing zoning divides the 151 un-built assessor parcels in LGVSD between residential (118), commercial (27) and industrial (6).

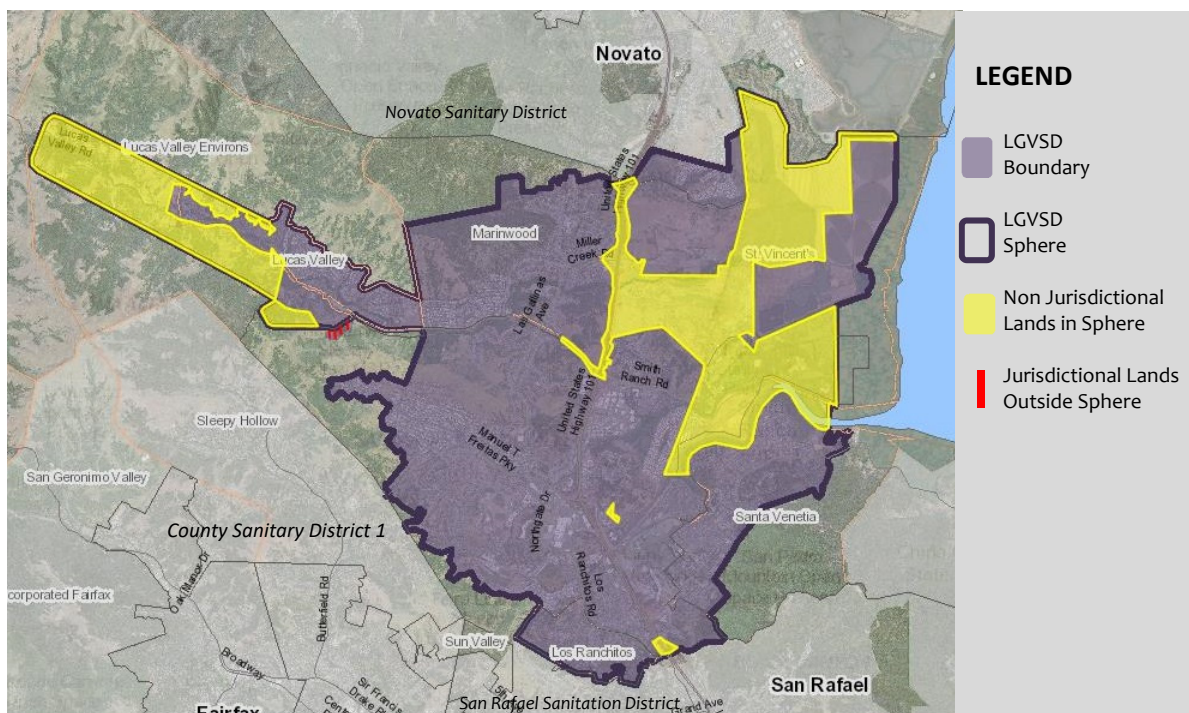


Figure 4.2

## 4.0 DEMOGRAPHICS

### 4.1 Population and Housing

LGVSD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 28,475 as of the term of the study period (2014). This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 10.9% of the estimated countywide population.<sup>9</sup> It is also projected

LAFCO estimates there are 28,475 total residents within LGVSD that are explicitly served by the District’s wastewater collection and treatment system as of the term of the study. It is further estimated LGVSD has experienced an overall population increase of 261 over the preceding five-year period, resulting in an annual growth rate of 0.186%. New and occupied housing units over the same period within LGVSD totaled 263 with a net change in persons per household – i.e., an intensity measurement – of (1.2%).

<sup>9</sup> Marin LAFCO’s resident service population for LGVSD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the four affected census tracts in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to LGVSD over the study period include a weighted annual housing unit change of 0.44% and a



LGVSD has experienced an overall growth rate of 0.92% over the preceding five-year period, or 0.186% annually, all of which generated an estimated net add of 261 persons. This projected increase has been generated by the addition of an estimated 263 new and occupied housing units within the jurisdictional boundary and despite a deintensification of household sizes over the span of the five-year period, starting at 2.50 in 2010 and ending at 2.47 in 2014; the latter being a net intensity decrease of (1.2%). Overall projected growth within LGVSD falls well below the concurrent annual change estimated for the entire county – 0.60%.<sup>10</sup>

<b>LGVSD Resident Population: Past and Current Estimates</b>					
Table 4.3   Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
a) Total Housing Units	11,749	11,801	11,853	11,906	11,959
b) Local Occupancy Rate	96.40	95.8	95.8	94.7	95.9
c) Occupied Housing Units	11,265	11,180	11,353	11,403	11,528
d) Projected Household Size	2.50	2.50	2.49	2.48	2.47
<b>Estimated Population</b>	<b>28,214</b>	<b>27,904</b>	<b>28,237</b>	<b>28,264</b>	<b>28,475</b>

\* rounded for reporting purposes

With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate within LGVSD will generally match the preceding five-year period with an overall yearly population change of 0.186%. The substantive result of this assumption would be an overall increase in LGVSD’s resident population of 531, producing a total population of 29,005 by 2024. This growth rate, similarly, would generate the addition of 134 new and occupied housing units within LGVSD through 2024 assuming the preceding five-year average ratio of 2.49 persons for every one occupied housing unit holds. These collective projections are summarized below.

<b>LGVSD Resident Population: Future Estimates</b>						
Table 4.4   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
<b>Estimated Population</b>	<b>28,475</b>	<b>28,580</b>	<b>28,686</b>	<b>28,792</b>	<b>28,898</b>	<b>29,005</b>
Occupied Housing Units	11,528	11,490	11,533	11,576	11,619	11,662
- residents per housing unit	2.47	2.49	2.49	2.49	2.49	2.49

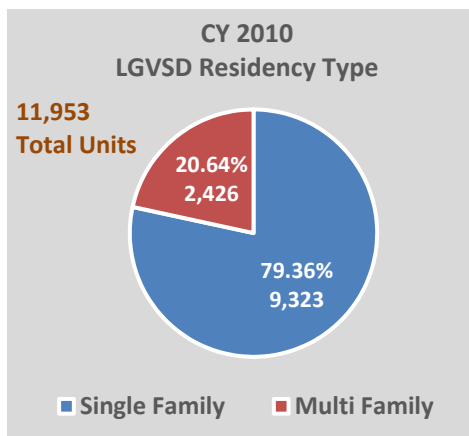
Baseline

weighted annual household size change of (0.35%). The annual weighted population change is 0.186%.

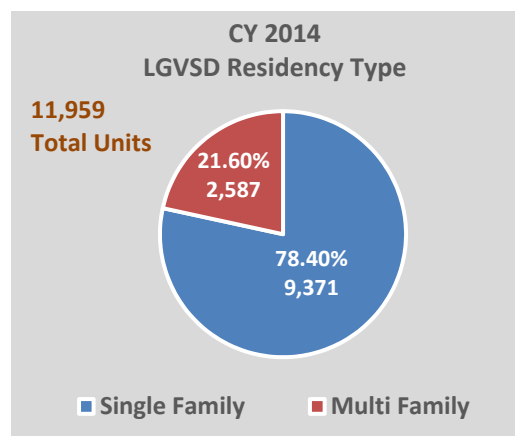
<sup>10</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,294 based on information published by the State of California’s Department of Finance and marks a 3.12% increase over the preceding five-year period.

## 4.2 Residency Type

The Commission projects LGVSD’s residential unit total (occupied and unoccupied) of 11,959 as of the study term is divided between single family and multi-family use at a 78.4% (9,371) to 21.6% (2,587) split, respectively. These totals produce an estimated ratio of 3.62 single-family units for every 1 multi-family unit. The overall stock of housing type has experienced a significant inverting change with single-family unit totals decreasing by (1.25%) while multi-family unit totals increasing by 4.80% over the corresponding 60-month period. The substantive change in residency type (i.e., single-family to multi-family units) has been (5.77%) from 3.85 to 1 in 2010.



Single Family to Multi Family:  
3.85 to 1



Single Family to Multi Family: Figure 4.3  
3.62 to 1

## 4.3 Social and Economic Indicators

A review of recent demographic information covering the LGVSD jurisdictional boundary for the study period indicates fulltime residents are generally in better economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 that shows area residents’ household income, unemployment rate, and poverty rate are at advantageous levels compared to countywide totals. Many of these economic indicators also improved for LGVSD residents over the

LGVSD’s fulltime residents are moderately and increasingly more affluent than most of the county populace and highlighted by a median household income average over the study period of \$96,602. Also of note there has been relative stability in LGVSD in terms of household tenure with 19% having been in place since the enactment of Proposition 13 in 1979; a ratio that is almost 50% higher than the countywide average.

preceding five-year period, highlighted with the median household income rising by over one-fourth from \$75,322 to \$96,602. Notable social indicators show LGVSD residents have relatively high levels of formal education with over one-half having at least earned a bachelor degree along with a statistically high percentage of residents – 11% – working at home; the latter of which is five times greater than the countywide average for the same period. LGVSD residents are also relative long-timers to the community with an average 18.60% of occupied households having arrived before Proposition 13 in 1979. This amount exceeds the countywide average of 12.80%.

<b>LGVSD: Resident Trends in Social and Economic Indicators</b>				
Table 4.5   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$75,322</b>	<b>\$96,602</b>	<b>28.25%</b>	<b>\$91,529</b>
Median Age	45.74	46.16	0.41%	45.10
Prime Working Age (25-64)	51.71%	52.66%	1.84%	55.28%
Unemployment Rate (Labor Force)	3.66%	3.14%	(0.52%)	4.70%
Persons Living Below Poverty Rate	6.72%	7.49%	11.41%	8.80%
Mean Travel to Work	26.6 min	28.6 min	7.66%	29.4 min
Working at Home (Labor Force)	7.26%	11.43%	57.59%	2.50%
Adults with Bachelor Degrees or Higher	51.17%	50.39%	(1.52%)	30.80%
Non English Speaking	23.05%	23.95%	3.91%	23.50%
Householder Pre Proposition 13 (1979)	20.29%	18.60%	(8.34%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all four census tracts underlying LGVSD.

## 5.0 ORGANIZATIONAL STRUCTURE

### 5.1 Governance

LGVSD’s governance authority is established under the Sanitary District Act of 1923 (“principal act”) and codified under Public Health and Safety Code Sections 6400-6982. This principal act empowers LGVSD to provide a moderate range of municipal services upon approval by LAFCO. As of date, LGVSD is authorized to provide three municipal services: (a) wastewater (b) recycled water (c) solid waste; collection. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before LGVSD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing its two active services, LGVSD would also need to seek LAFCO approval. A list comparing LGVSD’s active and latent powers follows.

**Active Service Powers**

Wastewater  
Recycled Water  
Solid Waste; Collection Allowed

**Latent Service Powers**

Storm Drainage

LGVSD has been governed since its formation in 1954 as an independent special district with registered voters comprising a five-member governing board. Members are either elected or appointed in lieu of a consented election to staggered four-year terms with a rotating president system and receive a \$252 meeting per diem. The Board regularly meets on the second and fourth Thursday each month at the LGVSD Administrative Office located at 300 Smith Ranch Road in San Rafael. A current listing of LGVSD Board of Directors along with respective backgrounds and years served with the District follows.



<b>LGVSD Current Board Roster</b>			
Table 4.6   Source: LGVSD			
Member	Position	Background	Years on Board
Judy Schriebman	President	Zoologist	9
Russ Greenfield	Vice President	Utility Supervisor	15
Megan Clark	Member	Computer Programmer	9
Rabi Elias	Member	Civil Engineer	3
Craig K. Murray	Member	Housing / Redevelopment	9
<b>Average Years of Board Experience</b>			<b>10.0</b>

**5.2 Administration**

LGVSD appoints an at-will General Manager to oversee all District operations. The current General Manager – Mark Williams – was appointed by the Board in 2007 and is fulltime. The General Manager presently oversees 20 other full-time employees, which includes four senior management support positions: Administrative Services Manager; Collection System Manager; District Engineer; and Treatment Facility Manager. LGVSD contracts for legal services with Byers/Richardson (San Rafael).

**LGVSD Administrative Offices**  
300 Smith Ranch Road  
San Rafael, California 94903



Courtesy: LGVSD

## 6.0 WASTEWATER SERVICES

### 6.1 System Structure

LGVS D provides wastewater collection and treatment services through its own infrastructure supported by an approximate 112-mile collection system with 28 pump stations leading to an advanced secondary-level treatment facility. The collection system is divided between 105 miles of gravity lines and 7 miles of force mains. LGVS D reports the average age of the collection system dates between 40 to 50 years with an expected lifespan of up to 70 years. The treatment facility was initially constructed in 1955 and last substantively upgraded in 2008.<sup>11</sup> Treated effluent is discharged, stored or further processed by LGVS D’s recycled water facility. As of the study term LGVS D’s equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – is 19 years with a (11%) trend over the corresponding 60-month period.<sup>12</sup>

LGVS D’s equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 19 years.

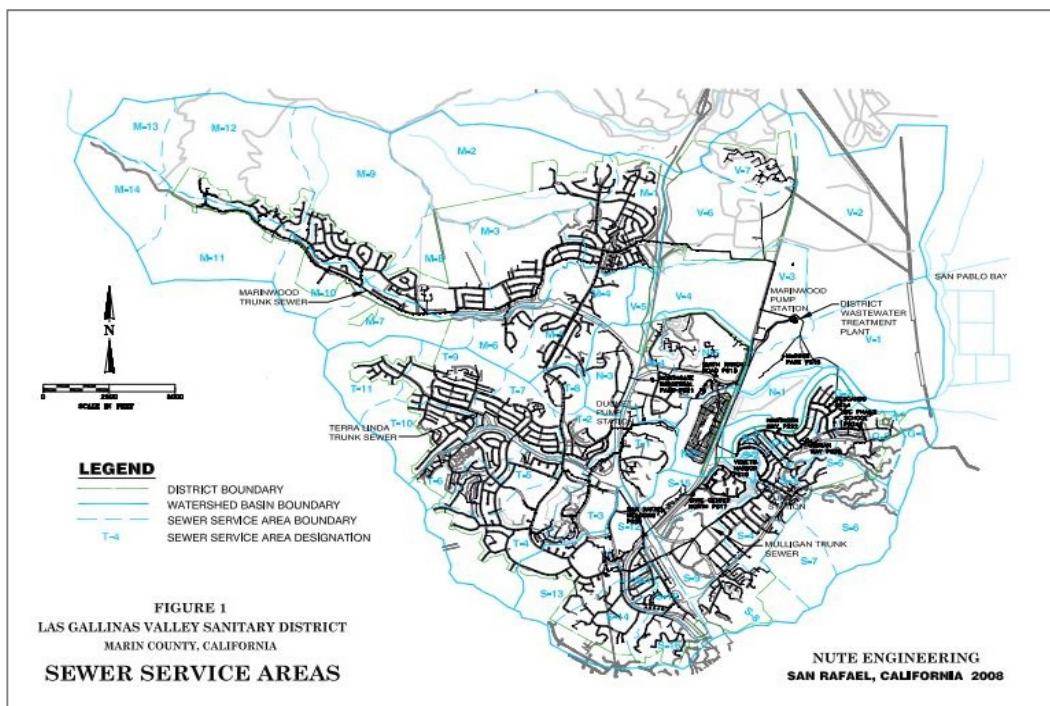


Figure 4.4

<sup>11</sup> The treatment facility upgrade in 2008 was incremental, affecting specific processes. A project completed in 2012 resulted in a major upgrade of Primary clarifiers #2 and #3.

<sup>12</sup> The equipment replacement ratio has been calculated by LAFCO and drawn from LGVS D’s 2013-2014 audit.

## 6.2 Wastewater Demands

### Generators | Service Connections and Resident Population

LGVSD reports service to 9,752 active wastewater service connections as of the term of the study period. This connection total is divided among two billing categories: (a) residential at 96.7% and (b) commercial at 3.3%. The connections totals have remained stable within the five-year study period with a 0.92% increase. Overall, residential connections have consistently comprised no less than 96% of the total in any year. A breakdown of reported service connection types over the study period follows:

Service connection totals within LGVSD have remained relatively consistent over the study period and tally 9,752 at the term. Residential users on average have accounted for 96.7% of all active connections.

LGVSD: Service Connection Type Breakdown			
Table 4.7   Source: LGVSD			
Category	Residential	Commercial	Net
2010	9,343	320	9,663
2011	9,422	321	9,743
2012	9,423	322	9,745
2013	9,425	323	9,748
2014	<b>9,429</b>	<b>323</b>	<b>9,752</b>
<b>Overall Change</b>	<b>0.92%</b>	<b>0.93%</b>	<b>0.92%</b>

As detailed in the preceding section the Commission independently estimates LGVSD’s total resident service population at 28,475 as of the study period term. The substantive result when aligning the two demand generators – service connections and resident population – is an average ratio of 2.93 persons for every residential connection. The ratio at the end of the study term tallied 3.02. Recent service connection to resident population ratios follows.

LGVSD’s current resident to residential connection ratio is 3.02 as of the term date of this study.

<b>LGVS D: Resident to Connection Ratio Breakdown</b>				
Table 4.8   Source: Marin LAFCO				
Category	Residential Connection	Estimated Resident Population	Resident to Connection Ratios	
2010	9,343	28,214	3.02	
2011	9,422	27,904	2.96	
2012	9,423	28,237	2.99	
2013	9,425	28,264	2.99	
<b>2014</b>	<b>9,429</b>	<b>28,475</b>	<b>3.02</b>	
<b>Overall Change</b>	<b>0.92%</b>	<b>0.93%</b>	<b>0%</b>	

### Recent Measurements | Wastewater Collection System Flows

LGVS D’s average annual wastewater collection demand generated for the current term based on information provided by the District and for ultimate treatment and disposal by its treatment facility have been approximately 998.6 million gallons. This average amount, which serves as a macro overview of system demands, represents a daily average flow of 2.7 million gallons. The average amount also translates to an estimated 97 gallons per day for each resident or 241 gallons per day each occupied housing unit; it also represents 281 gallons for every service connection.

Average day wastewater flows generated in LGVS D during the study period have totaled 2.7 million gallons, and translates to daily use ratios of 97 and 241 gallons for every person and occupied housing unit, respectively.

With respect to trends, annual demands within the five-year study period have shown an overall and steady (20.91%) decrease in flows over the span of the corresponding 60 months. The high year demand point for the collection system during the study period occurred in 2010 with total flows equaling 1.161 billion gallons for an average of 3.2 million gallons each day.

Annual wastewater flows within LGVS D have steadily decreased by one-fifth over the study period’s 60-month point-to-point index; a difference of 242.7 million gallons.

A breakdown of annual and daily wastewater flows over the study period in relation to population and housing is shown below.

**LGVS D: Recent Annual and Average Daily Flows Breakdown**

Table 4.9 | Source: Marin LAFCO and LGVS D

	2010	2011	2012	2013	2014	Average	Trend
Annual Flow	1.160 bg	1.038 bg	1.026 bg	850.5 mg	918.0 mg	998.6 mg	(20.91%)
Daily Average	3.2 mg	2.9 mg	2.8 mg	2.3 mg	2.5 mg	2.7 mg	(20.91%)
- Daily Resident	112.7	102.0	100.0	82.4	88.3	97.0	(21.64%)
- Daily Per Housing Unit	282.3	254.5	247.5	204.3	218.2	241.4	(22.72%)
- Daily Per Connection	329.1	292.0	288.4	239.0	257.9	281.3	(21.63%)

“bg” refers to billion gallons

“mg” refers to millions gallons

Per resident as estimated by the Commission

Per housing unit refers to occupied status as estimated by the Commission

Along with average annual wastewater flow three other more micro measurements are tracked with respect to LGVS D’s collection system and provide additional context to assessing demand. These measurements are (a) dry weather flow, (b) wet-weather flow, and (c) peak-day flow, and are summarized below.

**Dry-Weather Day Flows**

Average dry-weather wastewater flows over the study period have been 2.3 million gallons. This flow typically is recorded between May and October and most recently tallied 2.0 million gallons as of the study term. The overall average dry-weather tally translates over the study period to 79.8 gallons for every resident or 189.9 gallons for every occupied housing unit; it also translates to 231.3 gallons per service connection. This measurement has decreased overall during the study period by nearly one-fifth or (17.07%). A breakdown of recent dry-weather flows follows.

**LGVS D: Recent Dry Weather Day Flows**

Table 4.10 | Source: Marin LAFCO and LGVS D

Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	2.5 mg	87.2	209.4	254.6
2011	2.4 mg	84.6	199.9	242.2
2012	2.2 mg	77.6	184.8	224.7
2013	2.2 mg	71.8	184.8	225.7
2014	2.0 mg	71.6	170.6	209.2
<b>Average</b>	<b>2.3 mg</b>	<b>79.8</b>	<b>189.9</b>	<b>231.3</b>
<b>Trend</b>	<b>(17.07%)</b>	<b>(17.83%)</b>	<b>(18.53%)</b>	<b>(17.83%)</b>

“mg” refers to million gallons



### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period have been 3.22 million gallons. This flow typically is recorded between November and April and most recently tallied 3.0 million gallons during the study term. The overall average wet-weather day tally translates over the study period to 114.2 gallons for every resident or 272.0 gallons for every occupied housing unit; it also translates to 331.3 gallons per service connection. This measurement has decreased during the study period by almost one-fourth or (23.33%). A breakdown of recent wet-weather flows follows.

<b>LGVS D: Recent Wet Weather Day Flows</b>				
Table 4.11   Source: Marin LAFCO and LGVS D				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	3.9 mg	138.2	331.9	403.6
2011	3.3 mg	119.3	282.2	341.8
2012	3.4 mg	121.5	289.4	351.9
2013	2.5 mg	87.0	206.6	252.4
2014	3.0 mg	105.0	250.0	306.6
<b>Average Trend</b>	<b>3.2 mg (23.33%)</b>	<b>114.2 (24.04%)</b>	<b>272.0 (24.68%)</b>	<b>331.3 (24.03%)</b>

*“mg” refers to million gallons*

### Peak-Day Flows

Average peak-day wastewater flows over the study period have been 10.0 million gallons producing a peak-factor relative to average day totals of 4.5. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 13.7 million gallons as of the study term. The average wet-weather peak day tally translates over the study period to 354.3 gallons for every resident or 843.9 gallons for every occupied housing unit; it also translates to 1,028.1 gallons per connection. This measurement has increased overall during the study period by one-fourth or 25.53%. A breakdown of peak-day flows during the study period follows.

<b>LGVSD: Recent Peak-Day Flows</b>					
Table 4.12   Source: Marin LAFCO and LGVSD					
Year	Peak-Day System Total	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	System Peaking Factor
2010	10.9 mg	385.9	926.9	1,126.9	4.4
2011	10.2 mg	363.8	860.1	1,041.8	4.3
2012	11.7 mg	415.4	989.6	1,203.7	5.4
2013	3.6 mg	126.3	299.9	366.2	1.6
2014	13.7 mg	480.1	1,143.1	1,401.8	6.7
<b>Average</b>	<b>10.0 mg</b>	<b>354.3</b>	<b>843.9</b>	<b>1,028.1</b>	<b>4.5</b>
<b>Trend</b>	<b>25.53%</b>	<b>24.38%</b>	<b>23.32%</b>	<b>24.38%</b>	<b>33.94%</b>

“mg” refers to million gallons per day

### 6.3 Wastewater Capacities

#### Projected Measurements | Wastewater Collection System Flows to Treatment Facility

Going forward – and specifically for purposes of this study – it appears reasonable to assume LGVSD’s wastewater flows will generally follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent year-end totals, the system will ultimately experience a continued decrease in annual wastewater flows of 108.2 million gallons over the succeeding 10-year period finishing in 2024; a difference of (11.8%) or (1.18%) annually. This projection continues LGVSD’s overall annual flows decrease incurred during the study period, albeit at a deintensified rate of over three-fold. It is also estimated through regression analysis the system’s peak-day flows will ultimately decrease over the succeeding 10-year period by 0.74 million gallons or (5.43%) and resulting in a peaking factor of 5.8; the latter representing a rise in peak day flows relative to average day amounts by one-fourth. The following table summarizes these and related projection flows through 2024.

The Commission independently estimates LGVSD’s annual wastewater demands will continue to decrease over the succeeding 10-year period at an average rate of (1.2%). This will result in the average day demand equaling 2.22 million gallons in 2024.

<b>LGVSD: Projected Wastewater Flows</b>						
Table 4.13   Source: Marin LAFCO						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	1,160 mg	2.85 mg	2.04 mg	3.00 mg	13.7 mg	
2015	924.3 mg	2.53 mg	2.08 mg	3.01 mg	11.2 mg	
2016	911.6 mg	2.50 mg	2.05 mg	2.97 mg	11.4 mg	
2017	899.0 mg	2.46 mg	2.02 mg	2.94 mg	11.6 mg	
2018	886.3 mg	2.43 mg	1.99 mg	2.90 mg	11.8 mg	
2019	873.6 mg	2.39 mg	1.96 mg	2.87 mg	12.0 mg	
2020	860.8 mg	2.36 mg	1.93 mg	2.83 mg	12.2 mg	
2021	848.1 mg	2.32 mg	1.90 mg	2.79 mg	12.4 mg	
2022	835.3 mg	2.29 mg	1.87 mg	2.76 mg	12.6 mg	
2023	822.5 mg	2.25 mg	1.84 mg	2.72 mg	12.8 mg	
2024	809.7 mg	2.22 mg	1.81 mg	2.68 mg	13.0 mg	
<b>Average Trend</b>	<b>867.1 mg (11.79%)</b>	<b>2.38 mg (11.79%)</b>	<b>1.95 mg (11.13%)</b>	<b>2.85 mg (10.56%)</b>	<b>12.1 mg (5.43%)</b>	

### Constraints | Contractual Provisions

LGVSD operates under the permit provisions of the California Regional Water Quality Control Board – San Francisco Bay Region (RWQCB) with respect to discharge allowances. This permit was most recently updated on July 1, 2015 and extends through June 30, 2020.<sup>13</sup> It authorizes LGVSD to discharge treated wastewater into San Pablo Bay by way of two points along Miller Creek between November 1<sup>st</sup> and May 31<sup>st</sup>.<sup>14</sup> The permit allows influent above 8.0 million gallons per day to bypass secondary treatment and recombine the bypassed flows with secondary-treated flow to be disinfected and subsequently discharged into Miller Creek.<sup>15</sup> The permit prohibits discharge into San Pablo Bay between June 1<sup>st</sup> and October 31<sup>st</sup> unless an advanced request is made and approved by RWQCB. The permit also stipulates that the treatment facility shall not exceed 2.92 million gallons per day in average dry weather flow.

LGVSD is allowed to discharge into Miller Creek between November and May. No discharges into San Pablo Bay are allowed during the remainder of the year without special approval. Average dry-weather flow through the treatment plant in excess of 2.92 million gallons is prohibited.

<sup>13</sup> Reference to RWQCB National Pollutant Discharge Elimination System Permit No. CA0037851, Order R2-2015-0021.  
<sup>14</sup> The permit does allow for discharge into San Pablo Bay between November 1<sup>st</sup> and May 31<sup>st</sup> to avoid overflows and upon advance notice/concurrence of RWQCB.  
<sup>15</sup> The permit recognizes that full secondary treatment is provided for flows up to approximately 8 million gallons per day, and above that flow, the discharge consists of “blended” primary plus secondary treated wastewater.

## Constraints | Infrastructure and Facilities

LGVSD’s collection system is approximately 112 miles in total length and divided between 105 and 7 miles of gravity and force mains, respectively. The percentage of force mains to gravity flow pipelines has remained stagnant throughout the study period. The majority of the gravity lines are between 6 and 30 inches in diameter and supported by 28 strategically placed public pump stations. LGVSD’s three principal trunk sewer lines, which serve as the main arteries of the wastewater collection system, convey flows to its treatment plant. The peak day collection system capacity during the entire 60-month study period as reported by LGVSD totals 25.0 million gallons per day. For purposes of this review this reported amount – 25.0 million gallons – is deemed the maximum daily capacity of the collection system.

LGVSD’s collection system’s daily capacity to convey flows to the District’s treatment facility is estimated at 25.0 million gallons.

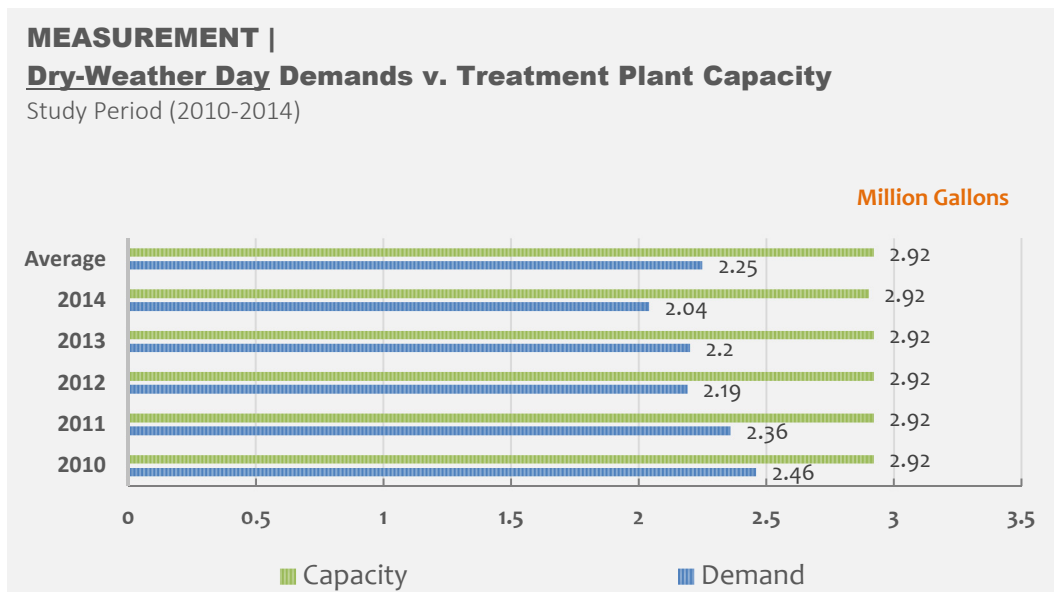
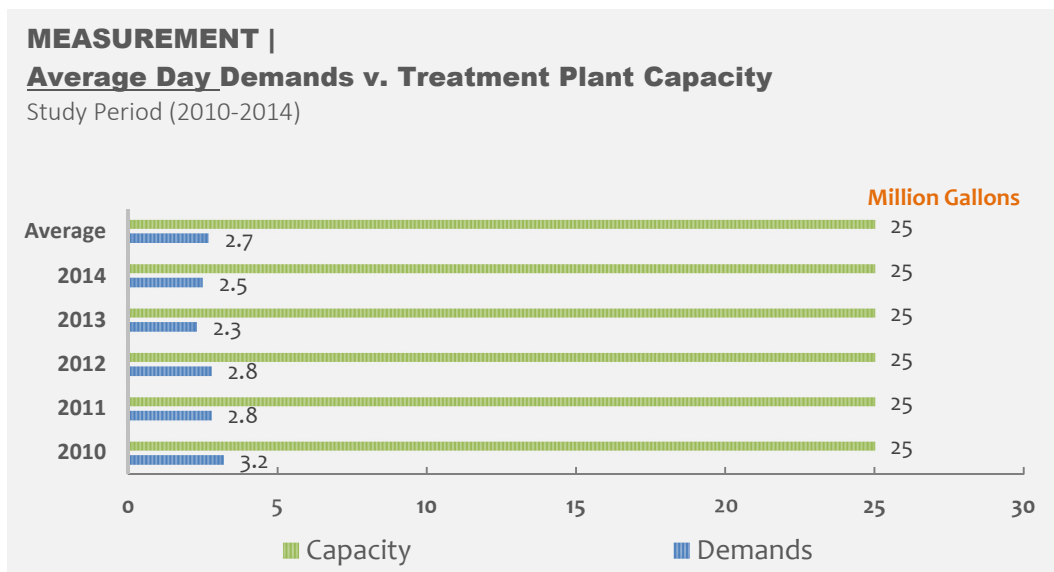
LGVSD’s treatment facility has a daily engineer design capacity of 25.0 million gallons, and as such fully matches the referenced capacity of the District’s collection system. However, and taking into account the referenced permit limitations, the maximum daily capacity of the treatment facility is reduced to a maximum average day flow of 2.92 million gallons during dry months (June 1<sup>st</sup> and October 31<sup>st</sup>). The capacity allows for “blended” flows during wet-months (November 1<sup>st</sup> and May 31<sup>st</sup>) once 8.0 million gallons have been processed and treated.<sup>16</sup>

LGVSD’s treatment facility has a daily design capacity to process up to 25.0 million gallons. Permit requirements lower the daily capacity to no more than a 2.92 million gallons average during dry months for land disposal.

<sup>16</sup> Excess flows generated during storm events are controlled through automated valves, in which flows above 8.0 million gallons receive primary treatment and bypass secondary treatment to be recombined or blended with treated effluent in step with being discharged into San Pablo Bay.

## 6.4 Demand to Capacity Relationships

Study period flows averages show LGVSD has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 10.8% of the collection system capacity and projected to decrease to 8.9% by 2024. Average dry-weather demands during the same period represent the biggest tax on the system and tally 77.1% of the capacity in step with the permit with RWQCB and expected to decrease to 67.8% by 2024. Average peak-day demands over the study period equal 40% of capacity and expected to rise to 52.0% by 2024.



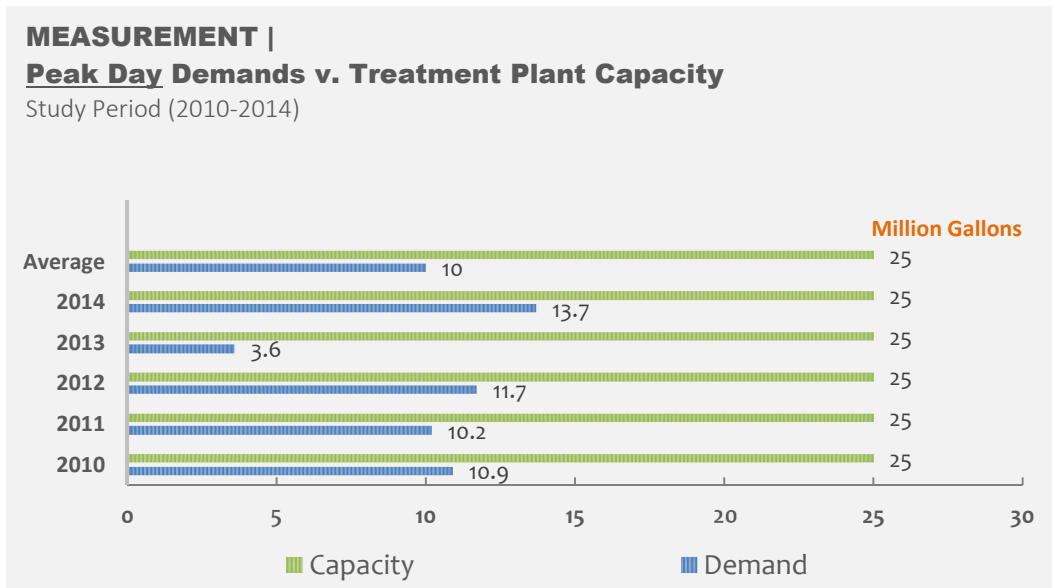


Figure 4.5

## 6.5 Performance

### Measurement | Sanitary Sewer Overflows

The State Water Resources Control Board (SWRCB) requires all public agencies that own or operate sanitary collection systems that are one mile or more in length and convey to a public owned treatment facility comply with the reporting requirements codified in Order No. 2006-0003. This Order mandates all subject agencies to develop and implement a system-specific sewer system management plan (SSMP) that includes a spill response plan as well as requiring immediately reporting to the SWRCB of all sanitary sewer overflows, or SSOs. The ultimate purpose of the SSO reporting process is to provide a uniform means to evaluate system reliability, source control, and operation and maintenance of wastewater systems in California. SSOs are defined as any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system, and include any of the following occurrences:

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;
- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States

- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

Total number of SSOs recorded by LGVSD during the study period was 18 with an overall spillage volume of 59,802 gal. The most recent year experienced 3 SSOs. The majority of the SSOs were classified by the SWRCB as a Category 1 at 55% of the total for the period, and accounted for spills of 58,862 gal to reach the surface

LGVSD experienced 18 total SSOs during the five-year study period, and involved the unauthorized overflow of 0.058 million gallons.

water resulting in the potential for environmental and human health impacts. The average response time to SSOs during the study period was 31 minutes. LGVSD’s adopted response time requirement is a two-hour period that starts upon the notification of an incident. The response time did not exceed the 2 hours throughout the period. The longest response time noted was in 2011 and 2012, tallying at 42 minutes. A review of each accompanying report incident claimed the main causes of SSOs were caused by roots at 55.5% of total causes. Debris and other issues amounted to 33.4% percent of the total with structural and fats, oils and grease (FOG) at 11%. LGVSD reports two SSOs that were repeat occurrences and attributed to roots and debris.<sup>17</sup>

<b>LGVSD: Sanitary Sewer Overflows</b>								
Table 4.14   Source: SWRCB								
Year	Category 1		Category 2		Category 3		Total	
	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons
2010	0	0	0	0	2	225	2	225
2011	2	2,200	0	0	0	0	2	2,200
2012	5	55,580	0	0	3	610	8	56,190
2013	2	1,067	0	0	1	6	3	1,073
2014	1	15	0	0	2	99	3	114
	<b>10</b>	<b>58,862</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>940</b>	<b>18</b>	<b>59,802</b>

“gallons” are listed in millions

<sup>17</sup> LGVSD refers to its Emergency Response Plan for SSO notification and reporting. Notifications of SSOs may be reported by telephone, in person at District offices, or to police and/or sheriff departments. Calls are directed to the Collection System Manager during business hours (from 6:30 AM to 3:00 PM) who in turn contacts the field crew. Calls to District offices are automatically routed to an answering service during non-business hours and notifications are made to the District staff of essential information. The on-call staff person decides the resources needed, coordinates the response plan and calls the Collection Systems Manager. LGVSD’s line crew are to be the first responders for SSOs and follow the procedures outlined in LGVSD’s *Sewer Overflow Response Manual*. LGVSD noted for SSOs that may substantially impact environmental and human health, water quality monitoring of surface waters should be performed (except for spills greater than 50,000 gallons which reach surface water, for which monitoring is required by Order 2006-003). The District directs the field crew to exercise best judgment in deciding whether to conduct monitoring and consult with the Collection System Manager, Plant Manager, or General Manager.

## Measurement | System Maintenance

System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault, so an asset can be restored to its operational condition. Preventative maintenance, conversely, is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

### Corrective Maintenance

LGVSD’s corrective maintenance is noted in the number of service calls received to resolve, correct or assist a particular situation. During the entire 60-month study period, LGVSD received 39 service calls with 53.8% of these attributed to a public SSO notification and the remaining to odor complaints. LGVSD did not experience any pump station failures for the period. The following table shows all service calls by category type over the study period.

<b>LGVSD: Number of District Service Calls</b>					
Table 4.15   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General	0	0	0	0	0
Public SSO	2	2	8	3	6
Private SSO	0	0	0	0	0
Odor Complaints	5	2	6	4	1
Noise Complaints	0	0	0	0	0
Pump Station Alarms	0	0	0	0	0
Non-District Incidents	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>4</b>	<b>14</b>	<b>7</b>	<b>7</b>

### Preventive Maintenance

LGVSD’s preventative maintenance was reported in its actual cleaning activities during the 60-month study period which amounted to 2,738,069 feet of sewer lines cleaned. According to LGVSD, inspections on equipment are overseen by staff and include rodding, flushing, and CCTV (Closed-circuit television) cameras. LGVSD operates a preventative maintenance program designed to maintain the integrity of the system, reduce the frequency of SSOs and reduce inflow/infiltration (I/I). The database issues a monthly schedule that specifies preventative maintenance



activities for the month. The maintenance of the system’s larger pump stations is performed by LGVSD’s treatment facility operators and are inspected three times per week. LGVSD has established goals for inspecting the entire collection system over a four-year period. The agency also has a joint ongoing program with CMSA to reduce FOGs by distributing a quarterly newsletter to property owners indicating the proper disposal techniques for FOGs to prevent blockages and SSOs, and provides educational outreach to contractors and plumbers working on private systems. Proper procedures when cleaning laterals are provided so as not to cause an SSO or structural issue. LGVSD does not track the number of blocked sewer pipes separately from SSOs.

LGVSD has completed and added future rehabilitation and replacement projects during the study period. In 2012, LGVSD completed a \$4.2 million-dollar upgrade to its primary clarifiers in its treatment plant. Additional projects to update the treatment plant have been budgeted including replacing its grit classifier and upgrading its biogas digester system. A Predesign Report was reviewed for the upgrade and expansion of the treatment plant to provide full secondary treatment during wet weather events for peak flows up to 25 million gallons per day. During the entire study period, LGVSD accounted for 19,025 feet of sewer line replacement. According to LGVSD, line replacements are capital projects and are not performed on a work order basis.

PLANNED <u>CLEANING</u> ACTIVITIES COMPLETED			PLANNED <u>LINE REPLACEMENT</u> COMPLETED		
Year	Planned Feet	Actual Feet	Year	Planned Feet	Actual Feet
2010	n/a	538,127	2010	-	-
2011	n/a	535,844	2011	8,112	8,112
2012	n/a	596,551	2012	-	-
2013	n/a	561,940	2013	8,000	8,000
2014	n/a	505,607	2014	-	-
<b>TOTAL</b>	n/a	2,738,069		16,112	16,112
<b>Planned Work Orders Completed</b>		<b>n/a</b>	<b>Planned Work Orders Completed</b>		<b>n/a</b>

Figure 4.6

## 6.6 User Charges and Fees

LGVSD bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and treatment/disposal

Most single-family customers in LGVSD currently pay \$835 a year for wastewater services.

expenses. Rates are divided between residential and non-residential customers. Residential users are currently charged \$835 for every dwelling unit (2016). Non-residential users are currently charged based on a calculation of water use and strength factor as determined by LGVSD staff. There are no voter-approved special assessments.

## 7.0 AGENCY FINANCES

### 7.1 Financial Statements

LGVSD contracts with an outside accounting firm to prepare an annual audit for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting LGVSD’s statements with respect to verifying overall assets, liabilities, and equity. These audited statements provide the Commission with quantitative measurements in assessing LGVSD’s short and long-term fiscal health with specific focus on delivering wastewater services.

LGVSD’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and positive change over the prior fiscal year as its overall equity or fund

End of Study Term Financial Statements	
Assets	\$74.229 m
Liabilities	\$20.875 m
Equity	\$54.263 m

balance increased by 1.96% from \$53.222 to \$54.263 million. Underlying this most recent change in equity standing is the result of rises in current assets. A summary of year-end totals and trends therein drawn from the audited statements over the study period follows with the qualifier LGVSD has indicated some of the numbers were subject to a subsequent reissuance.

## Agency Assets

LGVSD’s audited assets at the end of 2013-2014 totaled \$74.229 million; more than 13% higher than the average sum - \$65.420 million - generated over the course of the five-year study period. As of the study term, assets classified as current with the expectation they could be liquidated within a year, represented more than one-fourth of the total amount and tied to cash and investments, rising by 87% over the 60-month period. Assets classified as non-current make up the remaining three-fourths of the total as of the study term. The single-largest capital asset source is tied to treatment/disposal facilities at 66% less depreciation. Overall capital assets have increased by 35% over the 60-month period.

LGVSD Assets   Study Period							
Table 4.16   Source: LGVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	10.374	18.699	15.335	18.716	19.409	87.09%	16.506
Non-Current	40.485	41.266	54.609	53.390	54.820	35.41%	48.914
	<b>50.859</b>	<b>59.965</b>	<b>69.944</b>	<b>72.106</b>	<b>74.229</b>	<b>45.95%</b>	<b>65.420</b>

*Amounts in Millions*

## Agency Liabilities

LGVSD’s audited liabilities at the end of 2013-2014 totaled \$20.875 million; an amount that is more than 20% higher than the average sum – \$16.884 million – generated over the course of the study period’s five-year period. As of the study term liabilities classified as current representing obligations owed in the near-term equaled nearly one-tenth of the total and largely tied to accounts payable and pending debt payments. Current liabilities overall have increased by 10% through the study period. Non-current liabilities represent the remaining nine-tenths of the total and have increased by 134% over the study period, and the result of two loans booked in 2012-2013 tied to construction of a recycled water treatment facility.

LGVSD Liabilities   Study Period							
Table 4.17   Source: LGVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	1.777	2.695	8.399	1.877	1.956	10.07%	3.340
Non-Current	8.099	12.138	11.556	17.007	18.919	133.6%	13.543
	<b>9.876</b>	<b>14.883</b>	<b>19.955</b>	<b>18.884</b>	<b>20.875</b>	<b>111.4%</b>	<b>16.884</b>

*Amounts in Millions*

### Agency Equity | Net Assets

LGVSD’s audited equity or net assets at the end of 2013-2014 totaled \$54.263 million and represent the difference between the District’s total assets and total liabilities. This amount has increased by 32% over the five-year study period and primarily attributed to rises in non-current assets and the referenced construction of recycling facilities. The unrestricted portion of the net assets as of the study term totals \$16.394 million and marks an overall decrease over the 60-month period of (51%) and attributed to capital investment. This latter amount also translates to a per capita reserve ratio of \$576 within LGVSD based on a corresponding and projected resident total of 28,475.

LGVSD’s net assets have increased by 32% over the five-year period and largely driven by a rise in non-current assets generated from the establishment of recycled water facilities. The unrestricted fund balance as of the study term total of \$16.394 million equates to a per capita reserve ratio of \$576.

LGVSD Net Assets   Study Period							
Table 4.18   Source: LGVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	33.232	7.071	11.351	17.580	16.394	(50.7%)	17.125
Restricted	7.751	38.061	38.638	35.642	37.869	388.6%	31.592
	40.983	45.132	49.989	53.222	54.263	32.4%	48.717

Amounts in Millions

## 7.2 Measurements Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by LGVSD covering the study period shows the District finished the term with a relatively high and improving liquidity. This includes noting LGVSD finished the study term with a current ratio of nearly 10 to 1 as well as over three years – or 1,298 days – of cash on hand to cover operating expenses. These measurements also improved by no less than 39% over the 60-month period. LGVSD also finished the study term with moderate and stable levels of capital with less than 25% of its net assets being tied to long-term debt financing. LGVSD also finished each year with positive total and operating margins with the former and latter averaging 26% and 23%, respectively. The referenced operating profits are also reflected

in LGVSD’s average earned income ratio – i.e., the percent of direct service fees relative to annual revenues – of 85% for the 60-month period. A summary of year-end liquidity, capital, margin, and structure ratios follow.

<b>LGVSD: Financial Measurements   Study Period</b>						
Table 4.19   Source: LGVSD Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	5.84	932	15.92%	29.06%	23.00%	86.37%
2010-2011	6.94	1,608	20.24%	35.42%	31.16%	83.57%
2011-2012	1.83	1,246	16.52%	35.83%	31.80%	80.13%
2012-2013	9.97	1,275	23.59%	25.29%	24.39%	87.12%
2013-2014	9.92	1,298	25.49%	25.90%	23.24%	88.84%
<b>Average</b>	<b>6.90</b>	<b>1,272</b>	<b>20.35%</b>	<b>30.30%</b>	<b>26.72%</b>	<b>85.21%</b>
<b>Trend</b>	<b>69.9%</b>	<b>39.2%</b>	<b>60.05%</b>	<b>(10.87%)</b>	<b>1.08%</b>	<b>2.86%</b>

█  
Liquidity

█  
Capital

█  
Margin

█  
Structure

**Notes**

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and reoccurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from fees for services. Higher is better for enterprise agencies.

### 7.3 Pension Obligations

LGVSD provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems



(CalPERS). This pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed “Category One” while employees hired afterwards are termed “Category Two.” Additional details of the pension program based on actuarial valuations issued by CalPERS follows.

## Participants | Pension Formulas

As of the study period's term (2014) there are a total of 51 participants within LGVSD's pension program. This total amount – which represents an overall increase of 6% in participants since 2012 – is further divided between enrollee type (i.e., active, separated,

Most LGVSD employees receive one of two types of defined pensions based on either a 2.7 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

transferred, retired) and marked by a worker-to-retiree ratio of 0.9 to 1 as of the study term. Category One participants represent 94% – or 48 – of the total program enrollees and are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest one year salary beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest one year salary beginning at age 55 and continuing each year thereafter. Category Two participants account for the remaining 6% – or 3 – of the total program enrollee amount as of the study period's term and are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and continuing annually thereafter.

<b>LGVSD's Pension Enrollee Information</b>					
Table 4.20   Source: CalPERS and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	n/a	n/a	19	18	20
Transferred	n/a	n/a	2	3	4
Separated	n/a	n/a	4	4	4
Retired	n/a	n/a	20	21	23
<b>Total Enrollees</b>	<b>n/a</b>	<b>n/a</b>	<b>45</b>	<b>46</b>	<b>51</b>
<b>Worker-to-Retiree Ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>0.95 to 1</b>	<b>0.86 to 1</b>	<b>0.87 to 1</b>

### Annual Contributions

LGVSD’s total annual pension contributions as of the study period’s term tallied \$0.399 million. This amount represents an overall increase over the five-year study period of 20% and is two-fold greater than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>18</sup>

LGVSD’s pension contributions have increased by 20% over the five-year study period, and as of 2013-2014 account for 18% of total payroll.

The most recent annual pension contribution by LGVSD for the study period marked 18% of the District’s total annual payroll for the corresponding year (2013-2014).<sup>19</sup>

LGVSD’s Pension Contributions				
Table 4.21   Source: CalPERS and Marin LAFCO				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$283,055	\$327,304	\$403,005	\$411,624	\$339,757
<b>Average</b>				<b>\$352,757</b>
<b>Trend</b>				<b>20.03%</b>

### Funded Status

LGVSD’s unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$1.801 million and as such represents 9.9% of the District’s unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 83% based on market value. It also reflects an overall improvement in the funded ratio of 15% over the preceding four-year period.<sup>20</sup>

LGVSD’s unfunded pension liability has decreased over the last four years of the study period by (20%) and ended the term at \$1.801 million; the equivalent of a 83% funded ratio.

LGVSD’s Pension Trends		
Table 4.22   Source: CalPERS and Marin LAFCO		
	Unfunded Liability	Funded Ratio
2009-2010	n/a	n/a
2010-2011	\$2,261,743	71.63%
2011-2012	\$2,742,701	68.06%
2012-2013	\$2,523,650	72.49%
2013-2014	\$1,801,307	82.71%
<b>Average</b>	<b>\$2,332,350</b>	<b>73.72%</b>
<b>Trend</b>	<b>(20.36%)</b>	<b>15.46%</b>

<sup>18</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.

<sup>19</sup> LGVSD’s covered annual payroll in 2013-2014 totaled \$1.874 million.

<sup>20</sup> Pension information for 2009-2010 is not available.

*Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).*

## 7.4 Revenue to Expense Trends

A review of LGVSD’s overall actual revenues and expenses during the study period as shown in the audited financial statements and specific to 2009-2010 to 2013-2014 shows revenue surpluses in each year ranging in value from 25% to 42%. Overall actual revenues averaged \$10.810 million over the 60-month period compared to \$7.274 million in actual expenses; a difference of nearly one-half or 49%. The referenced separation, however, has been narrowing with the growth rate of expenses at 38% outpacing the growth rate of revenues at 31% over the 60-month period.

LGVSD’s overall revenues have outgained overall expenses – including booked depreciation – in each of the five years comprising the study period with an average monetary separation of \$3.536 million – or 49%. This separation, however, has narrowed over the same period with expenses outpacing revenues by more than one-fifth. Removing depreciation as a booked expense produces a higher positive revenue over expense average for LGVSD over the 60-months at 98%.

LGVSD’s revenue ledger consists of 10 distinct categories with sewer service charges accounting on average for 85% of the total. Another 10% of the revenue average has been drawn from property taxes. The remaining revenue total has been drawn and in proportional magnitude from intergovernmental proceeds, connection fees, interest earnings, other, franchise fees, recycled water, and asset disposal. LGVSD’s expense ledger also consists of 10

Top Revenue Categories:  
1) Sewer Charges @ 85%  
2) Property Taxes @ 10%

Top Expense Categories  
1) Depreciation @ 28%  
2) Administration @ 24%

distinct categories with depreciation accounting for the single largest resource demand and on average over the 60 months tallying 28% of the total. Other prominent expenses have been tied to administration, treatment, and collection and on average have accounted for 24%, 17%, and 13%, respectively. The remaining expense total have been drawn and in proportional magnitude from interest expense, lab, engineering, and recycled water activities.



### LGVSD Actual Revenue Trends | Study Period

Table 4.23 | Source: LGVSD Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
Sewer Charges	7.604	8.835	9.233	10.069	10.157	33.57%	9.179	84.91
Miscellaneous	0.041	0.032	0.054	0.034	0.046	12.20%	0.041	0.38
Recycled Water	-	-	-	0.037	0.075	-	0.022	0.21
Intergovernmental	0.005	0.005	0.005	0.005	0.005	0.0%	0.005	0.05
Franchise Fees	0.025	0.025	0.025	0.025	0.25	0.0%	0.025	0.23
Property Taxes	1.054	1.009	1.005	0.983	1.118	6.07%	1.033	9.56
Asset Disposal	0.007	0.006	-	-	-	-	0.002	0.002
Interest	0.076	0.093	0.065	0.046	0.047	(38.16%)	0.065	0.60
Grants	-	0.075	1.107	0.386	-	-	0.313	2.90
Connection Fees	(0.008)	0.530	0.028	0.015	0.044	(650.0%)	0.122	1.13
<b>Totals</b>	<b>8.804</b>	<b>10.610</b>	<b>11.522</b>	<b>11.600</b>	<b>11.517</b>	<b>30.82%</b>	<b>10.810</b>	<b>100.00</b>

amounts in millions

### LGVSD Actual Expense Trends | Study Period

Table 4.24 | Source: LGVSD Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
Collection	1.009	0.854	0.937	0.951	1.089	7.93%	0.968	13.31
Treatment	1.088	1.138	1.295	1.312	1.519	39.61%	1.270	17.46
Disposal	0.085	0.143	0.147	0.267	0.340	300.0%	0.196	2.70
Lab/Testing	0.313	0.353	0.387	0.377	0.402	28.43%	0.366	5.04
Administration	1.564	1.756	1.726	2.093	1.692	8.18%	1.766	24.28
Engineering	-	-	-	0.296	0.325	-	0.124	1.71
Depreciation *	1.828	1.756	1.726	2.093	1.692	33.04%	2.054	28.25
Recycled Water	-	-	-	0.060	0.090	-	0.030	0.41
Loss of Disposal	-	-	-	0.048	0.002	-	0.010	0.14
Interest Expense	0.364	0.357	0.331	0.652	0.735	102.14%	0.487	6.71
<b>Totals</b>	<b>6.251</b>	<b>6.416</b>	<b>6.665</b>	<b>8.367</b>	<b>8.626</b>	<b>38.01%</b>	<b>7.274</b>	<b>100.00</b>
<b>... Less Depreciation</b>	<b>4.423</b>	<b>4.660</b>	<b>4.939</b>	<b>6.274</b>	<b>6.934</b>	<b>56.77%</b>	<b>5.446</b>	<b>100.00</b>

amounts in millions

#### Net with Depreciation

Year Ending	\$2.553	\$4.149	\$4.857	\$3.233	\$2.890
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#### Net without Depreciation

Year Ending	\$4.381	\$5.950	\$6.583	\$5.326	\$4.583
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\* Please note depreciation is shown as an operating expense in the financial statements in step with generally accepted government accounting standards, and as such impacts – and often negatively – gross profit or total margin. Depreciation takes into account the wear and tear on physical infrastructure, such as sewer lines, pumps, and other capital equipment. Government accounting standards direct agencies to spread out the costs of replacing these assets over the long term, which generates the term depreciation or amortization. The “charge” for using these assets during the period is a fraction of the original cost of the assets based on the expected life of the assets and presumably is rolled into the agencies’ fund balance at the end of the fiscal year and as part of the restricted reserve.

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## B. SAN RAFAEL SANITATION DISTRICT

### 1.0 OVERVIEW

The San Rafael Sanitation District (SRSD) was formed in 1947 and encompasses an approximate 13-square mile jurisdictional boundary in east-central Marin County. Governance is provided dependently by a three-member board whose members are appointed to staggered four-year terms with two drawn from the San Rafael City Council



and a third drawn from the County of Marin Board of Supervisors. Three local land use authorities overlap SRSD's jurisdictional boundary and headlined by the aforementioned City of San Rafael, which presently accounts for three-fifths – or 58% – of the subject lands. The rest of SRSD's jurisdictional boundary is divided between the County of Marin's unincorporated area – including the island communities of Country Club and Bay View – at 42% with a small remainder in the City of San Anselmo.

SRSD is currently organized as a single-purpose agency with municipal operations limited to wastewater collection though it is empowered – subject to LAFCO approval – to provide three other distinct services: water (potable and non-potable); garbage transfer/disposal; and street cleaning/sweeping services. Wastewater service activities directly performed by SRSD focuses on engineering aspects of the District's approximate 146 mile collection system along with cost-recovery through the setting and collection of charges and fees. SRSD also provides routine and emergency cleaning and maintenance of the collection system. SRSD – and as a signatory – utilizes Central Main Sanitation Agency (CMSA) for wastewater treatment and disposal services. SRSD's adopted operating budget at the term of the study period was \$17.1 million with funding dedicated for the equivalent of 15 fulltime employees. The unrestricted fund balance was \$21.5 million with an associated days-cash ratio totaling 805; i.e., the amount of cash on hand to cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within SRSD is 40,744 as of the term of this study period (2014). It is also projected SRSD’s population growth rate over the five-year study period has averaged 0.69% annually and primarily tied to an increase in

San Rafael Sanitation District	
Formation Date:	1947
Principal Act:	Health and Safety Sections 4700 et seq.
Service Categories:	Wastewater Collection
Service Population	40,744
Governance Type:	Dependent

occupancy levels; the substantive result being the net addition of 1,363 persons. Overall it is also estimated by the Commission nearly two-thirds of the jurisdictional boundary has been developed and or improved – though not necessarily at the highest density. This means one-third of the boundary area remains entirely undeveloped, and this includes 638 existing unbuilt and privately owned parcels that are zoned for some type of urban use by the respective land use authority.<sup>21</sup>

## 2.0 BACKGROUND

### 2.1 Community Development

SRSD’s central service area – San Rafael – began its present-day development at the start of the 19th century with the establishment of the Mission San Rafael. Originally constructed to treat sick Native Americans whom fell ill at the Mission Dolores in San Francisco, the San Rafael Mission expanded its residency to nearly 1,000 by 1830 due to its agricultural activities and its function as a commerce site for the region. Development of the area further advanced in 1844 as three contiguous ranchos – “Las Gallinas,” “Santa Margarita,” and “San Pedro” – totaling over 21,000 acres were granted by Mexico to Irish settler, Timothy Murphy. Murphy kept the majority of the ranchos in cattle grazing through the time of his death in the early 1850s before leaving most of the lands to nephew John Lucas who subsequently began selling lots while retaining a homestead in present-day Terra Linda. John Lucas’ decision to begin selling pieces of his newfound holdings, notably, coincided with outside developer interest in the region.

<sup>21</sup> Additional analysis is needed to assess the actual development potential of the 638 unbuilt parcels.

This interest was led by the establishment of the ferry and railroad service byway of San Quentin Point, connecting San Rafael to San Francisco by 1860.

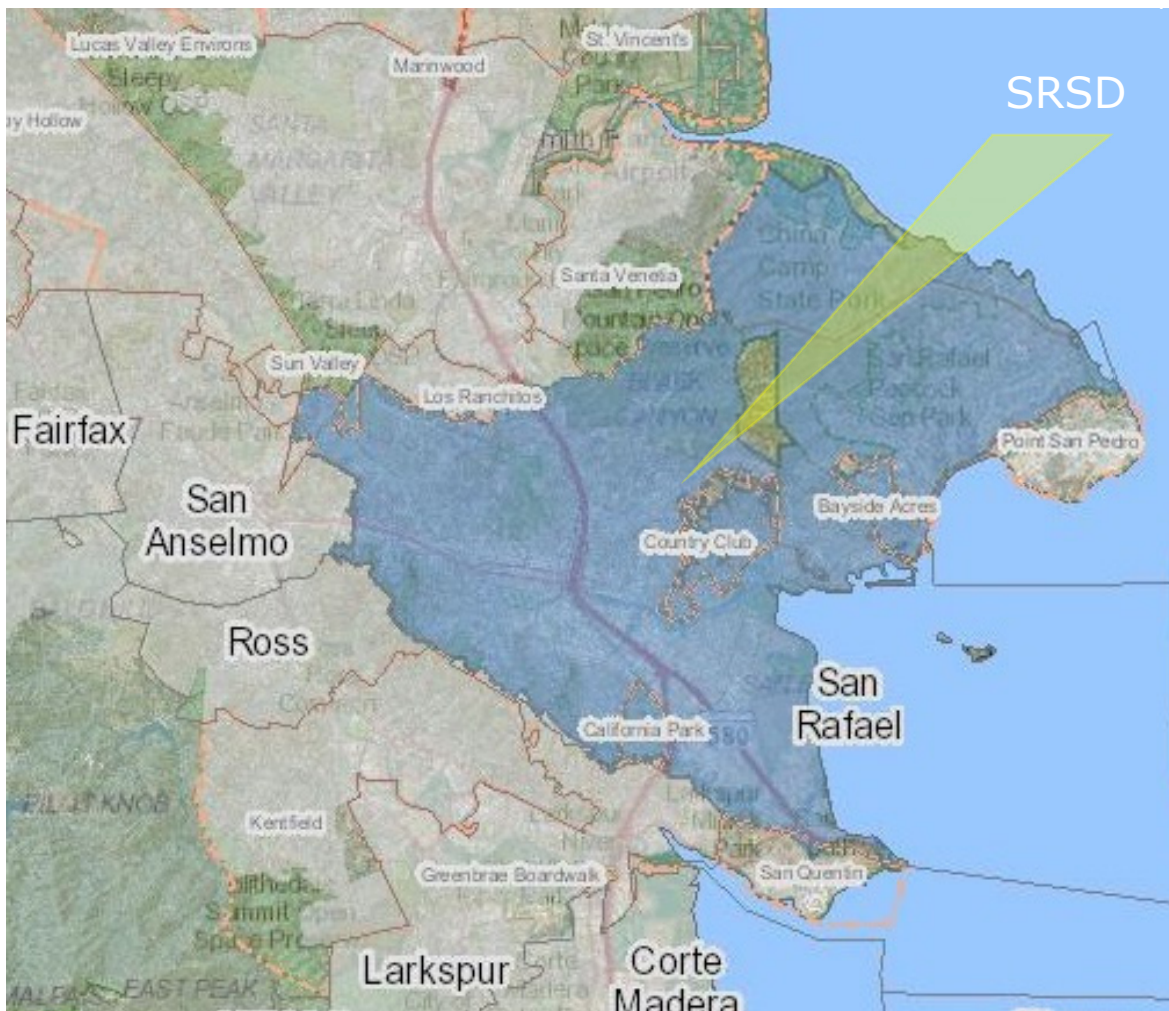


Figure 4.7

Following in the footsteps of Timothy Murphy and his nephew John Lucas the next seminal phase in San Rafael's urban development is accredited to mining merchant William Tell Coleman. In the late 1860s Coleman purchased 1,100 acres of land east of the Mission site he named Magnolia Valley. He landscaped the property for the inclusion of a 12-acre nursery, filled with a variety of trees and hired Hall Hammond of Golden Gate Park to subdivide the land into smaller lots for purchase. Coleman helped facilitate lot sales in Magnolia Valley – subsequently termed Dominican – by securing an adequate water supply through the creation of the Marin County Water Company in 1871. The Marin Water Company proceeded to immediately purchase the neighboring San Rafael Water Company and its water rights to Lagunitas Creek. It also began providing basic

sanitary services, such as sewage flushing and constructing drainage systems conveying waste into San Rafael Bay byway of San Rafael and Erwin Creeks.

Coleman's investment in Magnolia Valley proved successful as lots were sold and developed that – and among other outcomes – contributed to an influx of new landowners and their successful efforts to incorporate San Rafael in 1874 with an initial resident count of 840. Coleman transitioned his focus thereafter on commercial and public-use projects in and around the mission site – now the downtown area – and marked by building the County of Marin's first courthouse and later Hotel Rafael. These and other projects, including the development of Gerstle Park, aided an early population surge for San Rafael as its resident base increased by nearly 500% over the next twenty five years and reached 3,879 by 1900; an amount representing one-fourth of the countywide total at the time. Another population surge occurred after the end of World War I with resident totals increasing from 5,512 in 1920 to 8,022 in 1930; a 10-year difference of nearly 50% and marked by the development of the Montecito area.

## **2.2 Formation Proceedings**

The formation of SRSD was completed in 1947 with the County of Marin's Boundary Change Commission approving the official service area of the District in conjunction with the voter approval. The original boundaries included the then-incorporated boundary of the City of San Rafael along with adjacent unincorporated lands to the east towards Bayside Acres and south to California Park.

## **2.3 Post Formation Activities**

A summary of notable activities undertaken SRSD and/or affecting the District's service area following formation in 1947 is provided below.

- Upon formation SRSD owned and operated two treatment plants.
- The population within SRSD's core service area - San Rafael - reaches 13,848 in 1950. It expands ten years later to 20,460 by 1960.

- SRSD became an original signatory in the creation of CMSA in 1979; a joint powers authority created for the purposes of planning, constructing, and operating wastewater treatment and disposal services for its member-agencies with the latter achieved through a deep-water outfall to the San Francisco Bay.
- CSMA completed construction and initiated operation of a wastewater treatment facility on the north side of Point San Quentin Point in 1985; SRSD flows are redirected accordingly.

### 3.0 BOUNDARIES

#### 3.1 Jurisdictional Boundary

SRSD’s jurisdictional boundary spans approximately 12.8 square miles in size and covers 8,184 total acres (parcels and right-of-ways). Three land use authorities overlap the jurisdictional boundary. And in terms of acreage the City of San Rafael is the predominant land use authority with an estimated 58% of all SRSD lands lying with the City. Another 42% of the jurisdictional lands fall under the land use jurisdiction of the County of Marin and include the unincorporated island communities of Country Club and Bayview. The remaining amount – or 0.1 % – lies within the City of San Anselmo and specific to eight properties located on or near Spring Grove Avenue.

SRSD’s jurisdictional boundary spans 12.8 square miles and overlaps three land use authorities with San Rafael being the largest with the City covering 58% of all District lands.

Total assessed value (land and structure) within SRSD is calculated at \$8.196 billion and translates to a per acre value ratio of \$1.0 million. This former amount – \$8.196 billion – further represents a per capita value of \$0.201 million based on the estimated service population of 40,744. SRSD’s set allocation of property tax proceeds – i.e., its share of the 1% – is 1.47%.

Assessed land values in SRSD totals \$8.2 billion, and based on receiving 1.47% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$1.204 million.

### SRSD Boundary Breakdown: Land Use Authorities

Table 4.25 | Source: Marin LAFCO

Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
San Rafael	3,153	58.1%	10,628	15,414
County of Marin	2,268	41.8%	1,577	621
San Anselmo	8	0.1%	16	15
	<b>5,429</b>	<b>100</b>	<b>12,221</b>	<b>16,050</b>

As provided in the preceding table there are overall 12,221 assessor parcels currently within SRSD and collectively add up to 5,429 acres as of June 2016.<sup>22</sup> Close to two-thirds – or 64% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 16,050 residential units and divided between single-family and multi-family on a 55% to 45% split. The remaining one-third plus – or 36% – of the current assessor parcel acreage is undeveloped/unimproved. This includes 638 un-built and privately owned assessor parcels that combine to total 480 acres.<sup>23</sup> (Additional analysis would be needed to assess actual development potential of these unbuilt parcels.) The remaining undeveloped/unimproved assessor acreage within SRSD – or 1,459 acres – is publicly owned and generally dedicated to open space uses.

Almost two-thirds of SRSD’s jurisdictional boundary has already been developed or improved – though not necessarily at its maximum density. This means almost one-third of the boundary remains entirely undeveloped. This includes 638 un-built and privately owned parcels zoned for some type of urban use.

### SRSD Boundary Breakdown: Land Use Features

Table 4.26 | Source: Marin LAFCO

% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
64.3	16,050	54.9	638	480

<sup>22</sup> The remaining 2,755 jurisdictional acreage within SRSD are tied to public right-of-ways and waterways.

<sup>23</sup> Existing zoning divides the 638 un-built assessor parcels in SRSD between residential (509), commercial (109) and industrial (20) sites.



### 3.2 Sphere of Influence

SRSD’s sphere of influence was initially established by the Commission in 1984 and last reviewed and updated in 2006. The sphere spans approximately 7,434 acres or 11.6 square miles in size. The sphere is nearly one-tenth – or 9% – smaller than SRSD’s jurisdictional boundary. Most notably, there are two distinct areas within SRSD that lie outside the sphere – North San Pedro Road and Loch Lomond Marina – and collectively add up to 943 acres. Non-jurisdictional lands included in SRSD’s sphere total approximately 119 acres (parcels and right-of-ways) and as such are immediately eligible for annexation or outside service extension subject to Commission approval. This includes 102 assessor parcels with nine-tenths – or 89% – privately owned and zoned for an urban type use.

SRSD’s sphere of influence includes two unique features. First, the sphere excludes 943 jurisdictional lands concentrated in two unincorporated areas: North San Pedro Road and the Loch Lomond Marina. Second, the sphere includes 119 acres of non-jurisdictional land – including nearly a dozen parcels located within County Sanitary District 1. The majority of the non-jurisdictional lands are located within County Club.

North San Pedro Road and Loch Lomond Marina – and collectively add up to 943 acres. Non-jurisdictional lands included in SRSD’s sphere total approximately 119 acres (parcels and right-of-ways) and as such are immediately eligible for annexation or outside service extension subject to Commission approval. This includes 102 assessor parcels with nine-tenths – or 89% – privately owned and zoned for an urban type use.

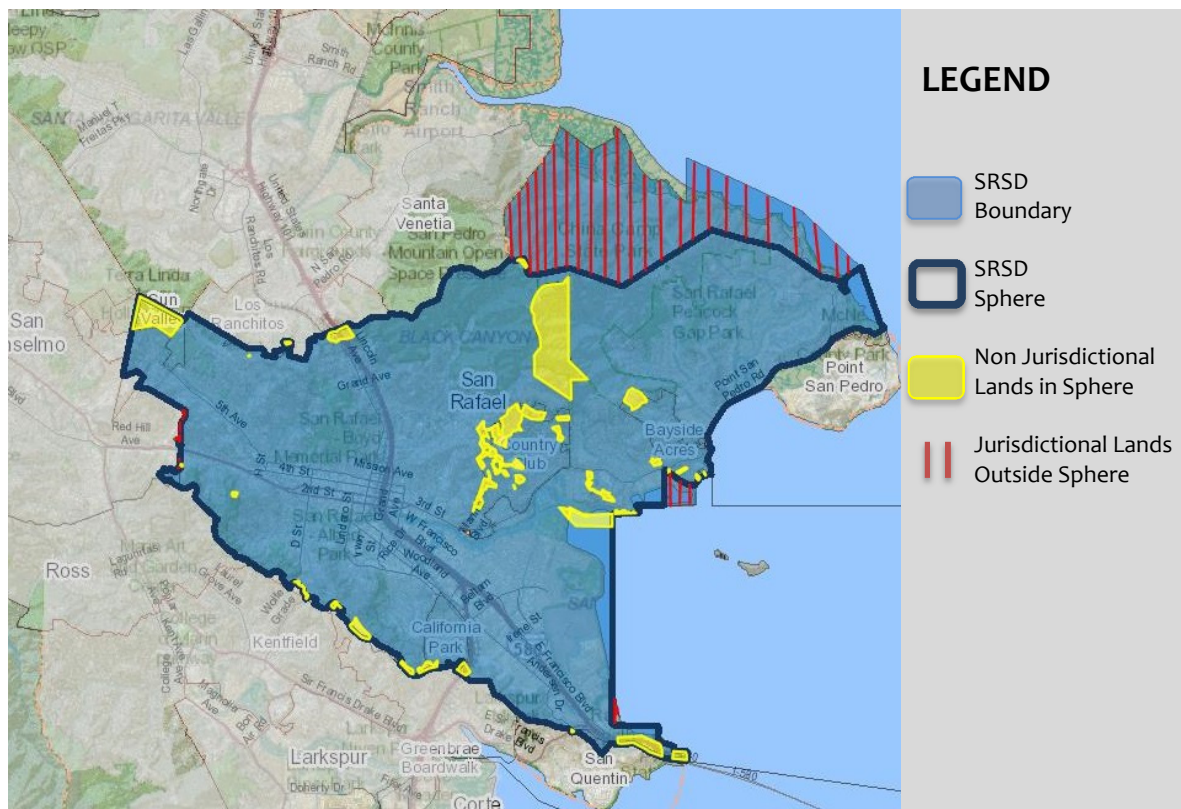


Figure 4.8

## 4.0 DEMOGRAPHICS

### 4.1 Population Estimates

SRSD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 40,744 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 15.6% of the estimated countywide population.<sup>24</sup> It is also projected SRSD has experienced an overall growth rate of 3.46%

LAFCO estimates there are 40,744 total residents within SRSD that are explicitly served by the District’s wastewater collection system as of the term of the study. It is further estimated SRSD has experienced an overall population increase of 1,363 over the preceding five-year period, resulting in an annual growth rate of 0.692%. New and occupied housing units over the same period within SRSD totaled 153 with a net change in persons per household – i.e., an intensity measurement – of 2.69%.

over the preceding five-year period or 0.692% annually; all of which produces an estimated net add of 1,363 persons. This projected increase has been generated by the addition of an estimated 153 new occupied housing units within the jurisdictional boundary and aided by an intensification of household sizes over the span of the five-year period starting at 2.60 in 2010 and ending at 2.67 in 2014; the latter being a net intensity increase of 2.69%. Overall projected growth within SRSD falls above the concurrent annual change estimated for the entire county – 0.62%.<sup>25</sup>

SRSD Resident Population: Past and Current Estimates					
Table 4.27   Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
a) Total Housing Units	15,938	15,957	15,975	15,994	16,013
b) Local Occupancy Rate	94.78	93.66	94.68	94.68	95.30
c) Occupied Housing Units	15,107	14,945	15,126	15,144	15,260
d) Projected Household Size	2.60	2.62	2.64	2.65	2.67
<b>Estimated Population</b>	<b>39,381</b>	<b>39,191</b>	<b>39,906</b>	<b>40,192</b>	<b>40,744</b>

<sup>24</sup> Marin LAFCO’s resident service population for SRSD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the nine affected census tracts in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to SRSD over the study period include a weighted annual housing unit change of 0.116% and a weighted annual household size change of 0.598%. The annual weighted population change is 0.692%.

<sup>25</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,750 based on information published by the United States Census and marks a 3.01% increase over the preceding five-year period.

With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with SRSD will generally match the preceding five-year period with an overall yearly population change of 0.692%. The substantive result of this assumption would be an overall increase in SRSD’s resident population of 2,911 and produce a total of 43,655 by 2024. This growth rate, similarly, would generate the addition of 1,288 new and occupied housing units within SRSD through 2024 assuming the preceding five-year average ratio of 2.63 persons for every one occupied housing unit holds. These collective projections going forward are summarized below.

<b>SRSD Resident Population: Future Estimates</b>						
Table 4.28   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
<b>Estimated Population</b>	<b>40,744</b>	<b>41,311</b>	<b>41,885</b>	<b>42,467</b>	<b>43,057</b>	<b>43,655</b>
Occupied Housing Units	15,260	15,689	15,877	16,098	16,321	16,548
- residents to housing units	2.67	2.64	2.64	2.64	2.64	2.64

baseline

## 4.2 Residency Type

The Commission projects SRSD’s residential unit total (occupied and unoccupied) of 16,013 as of the study term is divided between single family and multi-family use at 53.37% (8,546) and 46.63% (7,467), respectively. These totals produce an estimated ratio of 1.14 to 1 with respect to single-family to multi-family units within the jurisdictional boundary. The overall stock of housing type has experienced a significant inversing change with single-family unit totals decreasing by (2.51%) while multi-family unit totals increasing by 3.03% over the corresponding 60-month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (5.37%) from 1.21 to 1 in 2010.

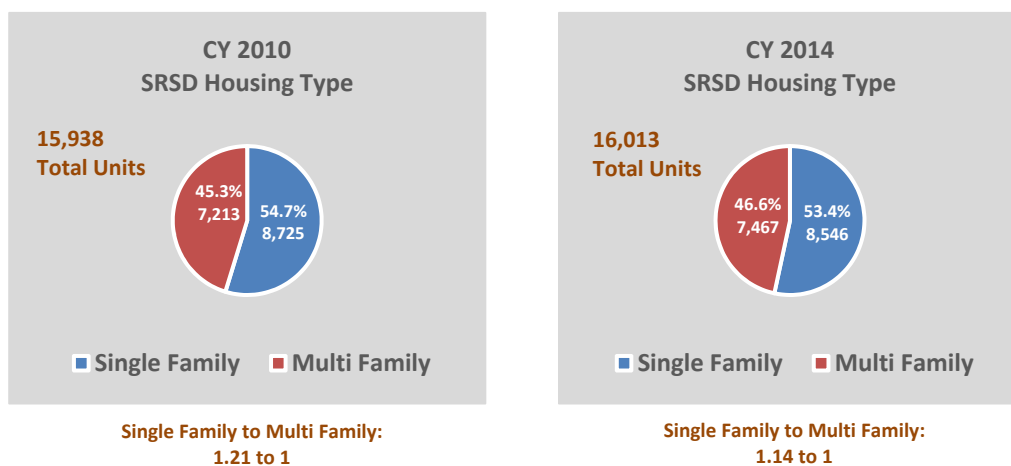


Figure 4.8

### 4.3 Social and Economic Indicators

A review of recent demographic information covering the SRSD jurisdictional boundary for the study period shows fulltime residents are relatively younger and with less economic standing compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income of \$75,046 is close to one-fifth below the countywide amount. Comparisons also show SRSD residents have significantly higher average unemployment and poverty rates compared to countywide amounts and have significantly increased over the preceding five-year data collection period. SRSD residents are also close to being one-tenth younger with a median age of 40.6. Notable social indicators show SRSD residents are more ethnically diverse with 42.4% being non-native speakers and is nearly double the countywide rate. SRSD residents are also relative newcomers to the community with an average of 10.66% of occupied households arriving before Proposition 13 in 1979. This amount is nearly one-fifth below the countywide average of 12.80%.

SRSD's fulltime residents are generally younger and less affluent than most of the county populace and highlighted by a median household income average over the study period of \$75,046; which is one-fifth below the county average. Also of note there has been sizeable amount of transition in SRSD over the last 40 years with only 11% of household owners have resided in their homes before the enactment of Proposition 13 in 1979.

<b>SRSD: Resident Trends in Social and Economic Indicators</b>				
Table 4.29   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$76,534</b>	<b>\$75,046</b>	<b>(1.94%)</b>	<b>\$91,529</b>
Median Age	39.45	40.64	3.04%	45.10
Prime Working Age (25-64)	58.17%	64.59%	11.02%	55.28%
Unemployment Rate (Labor Force)	3.61%	6.09%	68.43%	4.70%
Persons Living Below Poverty Rate	9.67%	19.08%	97.40%	8.80%
Mean Travel to Work	25.25 min	26.68 min	5.53%	29.4 min
Working at Home (Labor Force)	7.4%	6.1%	(16.48%)	2.50%
Adults with Bachelor Degrees or Higher	45.25%	41.07%	(9.23%)	30.80%
Non English Speaking	39.66%	42.40%	6.91%	23.50%
Householder Pre Proposition 13 (1979)	12.86%	10.66%	(17.14%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all nine census tracts underlying SRSD.

## 5.0 ORGANIZATIONAL STRUCTURE

### 5.1 Governance

SRSD’s governance authority is established under the County Sanitation District Act of 1923 (“principal act”) and codified under Public Health and Safety Code Sections 4700-4858. This principal act – which was enacted concurrently with an update to the similar provisions of the California Sanitary District Act – empowers SRSD to provide a moderate range of municipal services upon approval by LAFCO. As of date, SRSD is authorized to provide only one municipal service: (a) wastewater. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before SRSD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing wastewater services, SRSD would also need to seek LAFCO approval. A list of active and latent powers for SRSD follows.

#### Active Service Powers

Wastewater

#### Latent Service Powers

Solid Waste; Not Collection  
Recycled Water  
Storm Drainage  
Street Cleaning/Sweeping

SRSD has been governed since its formation in 1947 as a dependent special district with three appointments to its Board of Directors with two made by the San Rafael City Council and the third by the County Board of Supervisors. Appointees’ serve staggered four-year terms and receive a \$100 meeting per diem. The Board currently meets on the 4th Friday each month at 9:00 a.m. at the San Rafael City Hall located at 1400 Fifth Avenue in San Rafael. A current listing of SRSD Board of Directors along with respective backgrounds and years served follows.



#### Current SRSD Board Roster

Table 4.30 | Source: SRSD

Member	Position	Background	Years on Board
Gary O. Phillips   San Rafael	Chair	Certified Public Accountant	n/a
Maribeth Bushy   San Rafael	Director	Administrative Law Judge	n/a
Katie Rice   County of Marin	Director	Local Government Employee	n/a

## 5.2 Administration

SRSD appoints an at-will General Manager to oversee all District operations. The current District Manager – Doris Toy – was appointed by the Board in 2009 and is fulltime. The General Manager oversees 14 other full-time employees and this includes two senior management support positions: Senior Civil Engineer and Sewer Maintenance Superintendent. SRSD contracts with San Rafael for a variety of staff support

**SRSD Administrative Offices**  
111 Morphew Street  
San Rafael, California 94901



services ranging in scope from accounting with Maher Accountancy to information technology. SRSD also contracts with the County for legal through County Counsel.

## 6.0 WASTEWATER SERVICES

### 6.1 System Structure

SRSD directly provides wastewater collection services through its own infrastructure headlined by an approximate 146-mile collection system and 32 pump stations. The current infrastructure dates back to 1947 with the collection system divided between 133

SRSD's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 20 years.

miles of gravity lines and 13 miles of force mains. SRSD reports the average of its collection system ranges between 20 years for its force mains to 57 years for its gravity lines with an overall expected lifespan of 80 years for the entire system. Other integral aspects of wastewater service – and specifically treatment and disposal – are provided by contract to SRSD by CMSA and separately reviewed as part of this study.

## 6.2 Wastewater Demands

### Generators | Service Connections and Resident Population

SRSD reports service to 10,913 active wastewater service connections as of the term of the study period. This connection total is divided among three billing categories: (a) residential at 89.4% connections; (b) commercial at 7.7% connections and (c) other at 2.9% (industrial, public, etc.). The connections totals have experienced have remained stable within the five-year study period with only a 0.12% increase. Overall, the residential connections have consistently comprised no less than 89% of the total in any year. A breakdown of reported service connection types over the study period follows.

Service connection totals within SRSD have remained relatively consistent over the study period and 10,913 at the term. Residential users on average have accounted for 89.43% of all active connections.

SRSD: Service Connection Type Breakdown				
Table 4.31   Source: SRSD				
Category	Residential	Commercial	Other	Net
2010	9,757	836	307	10,900
2011	9,761	846	310	10,917
2012	9,763	842	314	10,919
2013	9,761	842	312	10,915
<b>2014</b>	<b>9,758</b>	<b>840</b>	<b>315</b>	<b>10,913</b>
<b>Overall Change</b>	<b>0.01%</b>	<b>0.48%</b>	<b>2.61%</b>	<b>0.12%</b>

As detailed in the preceding section the Commission independently estimates SRSD’s total resident service population at 40,744. The substantive result when aligning the two demand generators – service connections and resident population – is an average ratio of 4.09 persons for every residential connection. The ratio at the study term tallied 4.18. A breakdown of this ratio over the entire study period follows.

SRSD’s current resident to residential connection ratio is 4.18 as of the term date of this study.

<b>SRSD: Resident to Connection Ratio Breakdown</b>				
Table 4.32   Source: Marin LAFCO				
Category	Residential Connection	Estimated Resident Population	Resident to Connection Ratios	
2010	9,757	39,381	4.04	
2011	9,761	39,191	4.02	
2012	9,763	39,906	4.09	
2013	9,761	40,192	4.12	
<b>2014</b>	<b>9,758</b>	<b>40,744</b>	<b>4.18</b>	
<b>Overall Change</b>	<b>0.01%</b>	<b>3.46%</b>	<b>3.47%</b>	

### Recent Measurements | Wastewater Collection System Flows

SRSD’s average annual wastewater collection demand generated over the study period as reported by the District and for ultimate treatment and disposal by CMSA has been approximately 1.591 billion gallons. This average amount, which serves as a macro overview of system demands, represents a daily average flow of 4.4 million gallons. It also translates over the study period to an estimated 109.4 gallons per day for each resident or 288.4 gallons per day for each occupied housing unit; it also translates to 400.0 gallons for every service connection.

Average annual wastewater flows generated within SRSD during the study period have produced the daily equivalent of 4.4 million gallons; an amount that further translates to 109 and 288 daily gallons for every person and occupied housing unit.

With respect to trends, annual demands within the five-year study period have shown an overall and steady (12.0%) decrease in flows over the span of the affected 60 months. The high annual demand point for the collection system occurred in 2010 with annual flow equaling 1.825 billion gallons. This high demand year translates over the study period to an estimated 127.0 gallons per day for each resident or 331.0 gallons per day of each occupied housing; it also translates to 458.7 gallons per day for each service connection. A breakdown of annual and daily wastewater flows over the study period in relation to population and housing follows.

Annual wastewater flows within SRSD have decreased by (12%) over the study period’s 60-month point-to-point index; a difference of 219 million gallons.



### SRSD: Recent Annual and Average Daily Flows Breakdown

Table 4.33 | Source: Marin LAFCO and SRSD

	2010	2011	2012	2013	2014	Average	Trend
<b>Annual Flow Totals</b>	<b>1.825 bg</b>	<b>1.606 bg</b>	<b>1.643 bg</b>	<b>1.278 bg</b>	<b>1.606 bg</b>	<b>1.591 bg</b>	<b>(12.0%)</b>
Daily Average	5.0 mg	4.4 mg	4.5 mg	3.5 mg	4.4 mg	4.4 mg	(12.0%)
- Daily Per Resident	127.0	112.3	112.8	87.1	108.0	109.4	(14.9%)
- Daily Per Housing Unit	331.0	294.4	297.5	231.1	288.3	288.5	(12.9%)
- Daily Per Connection	458.7	403.0	412.1	320.7	403.2	400.0	(12.1%)

“bg” refers to billions gallons

“mg” refers to millions gallons per day

Per resident as estimated by the Commission

Per housing unit refers to occupied status as estimated by the Commission

Along with average annual wastewater flow three other more micro measurements are tracked with respect to SRSD’s collection system and provide additional context to assessing demand. These measurements are (a) dry weather flow, (b) wet-weather flow, and (c) peak-day flow and summarized below.

#### Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period have been 3.3 million gallons. This flow typically is recorded between May and October and most recently tallied 3.1 million gallons as of the study term. The overall average dry-weather tally translates during the study period to 82.8 gallons for every resident or 206.7 gallons for every occupied housing unit; it also translates to 302.4 gallons per service connection. This measurement has decreased overall during the study period by (11.42%). A breakdown of flows during the study period follows.

### SRSD: Recent Dry Weather Day Flows

Table 4.34 | Source: Marin LAFCO and SRSD

Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	3.5 mg	88.9	219.6	321.1
2011	3.4 mg	86.8	213.1	311.4
2012	3.3 mg	82.7	206.6	302.2
2013	3.2 mg	79.6	200.7	293.2
<b>2014</b>	<b>3.1 mg</b>	<b>76.1</b>	<b>193.6</b>	<b>284.1</b>
<b>Average</b>	<b>3.3 mg</b>	<b>82.8</b>	<b>206.7</b>	<b>302.4</b>
<b>Trend</b>	<b>(11.42%)</b>	<b>(15.35%)</b>	<b>(11.84%)</b>	<b>(11.52%)</b>

“mg” refers to million gallons

### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period has been 5.42 million gallons. This flow typically is recorded between November and April and most recently tallied 5.7 million gallons at the study term. The overall average translates over the study period to 136 gallons for every resident or 339.5 gallons for every occupied housing unit; it also translates to 469.7 gallons for every service connection. This measurement has decreased overall during the study period by (12.31%). A breakdown of flows during the study period follows.

<b>SRSD: Recent Wet Weather Day Flows</b>				
Table 4.35   Source: Marin LAFCO and SRSD				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	6.5 mg	165.1	407.8	596.3
2011	5.4 mg	137.8	338.4	494.6
2012	5.7 mg	142.8	356.8	522.0
2013	3.8 mg	94.6	238.3	348.1
<b>2014</b>	<b>5.7 mg</b>	<b>139.9</b>	<b>356.0</b>	<b>522.3</b>
<b>Average Trend</b>	<b>5.42 mg (12.31%)</b>	<b>136.0 (0.51%)</b>	<b>339.5 (12.70%)</b>	<b>469.7 (12.41%)</b>

“mg” refers to million gallons

### Peak-Day Flows

Average peak-day wastewater flows over the study period has been 19.14 million gallons producing a peak-factor relative to average day totals of 4.35. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 26.7 million gallons as of the study term. The average wet-weather peak day tally translates to 479.7 for every resident or 1,198.3 gallons for every occupied housing unit; it also translates to 1,754 gallons for every service connection during the affected 60 months. This measurement has increased overall during the study period by 32.18%. A breakdown of flows during the study period follows.

<b>SRSD: Recent Peak Day Flows</b>					
Table 4.36   Source: Marin LAFCO and SRSD					
Year	Peak Day System Total	Gallon Per Resident	Gallons Per Housing Unit	Gallons Per Connection	Peaking Factor
2010	20.2 mg	512.9	1,267.4	1,853.2	5.8
2011	18.0 mg	459.3	1,128.0	1,648.8	5.3
2012	24.8 mg	621.5	1,552.4	2,271.3	7.5
2013	6.0 mg	149.3	376.3	549.7	1.9
<b>2014</b>	<b>26.7 mg</b>	<b>655.3</b>	<b>1,667.4</b>	<b>2,446.6</b>	<b>8.6</b>
<b>Average</b>	<b>19.14 mg</b>	<b>479.7</b>	<b>1,198.3</b>	<b>1,754.0</b>	<b>5.8</b>
<b>Trend</b>	<b>32.18%</b>	<b>27.76%</b>	<b>31.56%</b>	<b>32.02%</b>	<b>49.23%</b>

“mg” refers to million gallons

### Projected Measurements | Wastewater Collection System Flows

Going forward – and specifically for purposes of this study – it appears reasonable to assume SRSD’s wastewater flows will generally follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall decrease in annual wastewater flows of 521.3 million gallons over the succeeding 10-year period finishing in 2024; a difference of (48.05%) or (4.81%) annually. This projection continues SRSD’s overall annual flows decrease incurred during the study period, albeit at a deintensified rate of two-fold. It is also estimated – in using regression analysis - the system’s peak-day flows will ultimately decrease over the succeeding 10-year period by 0.74 million gallons or (2.48%) and resulting in a peaking factor of 8.7. The following table summarizes these and related projection flows through 2024.

The Commission independently estimates SRSD’s annual wastewater demands will continue to decrease over the succeeding 10-year period at an average rate of (4.81%). This will result in the average day demand equaling 1.084 billion gallons in 2024.

<b>SRSD: Projected Wastewater Flows</b>						
Table 4.37   Source: Marin LAFCO and SRSD						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	1.825 bg	4.40 mg	3.10 mg	5.70 mg	26.7 mg	
2015	1.438 bg	3.94 mg	3.03 mg	4.85 mg	21.2 mg	
2016	1.400 bg	3.83 mg	2.96 mg	4.71 mg	21.7 mg	
2017	1.361 bg	3.73 mg	2.89 mg	4.57 mg	22.2 mg	
2018	1.323 bg	3.62 mg	2.82 mg	4.42 mg	22.8 mg	
2019	1.284 bg	3.52 mg	2.78 mg	4.28 mg	23.3 mg	
2020	1.244 bg	3.41 mg	2.69 mg	4.13 mg	23.8 mg	
2021	1.205 bg	3.30 mg	2.62 mg	3.99 mg	24.3 mg	
2022	1.165 bg	3.19 mg	2.55 mg	3.84 mg	24.9 mg	
2023	1.125 bg	3.08 mg	2.47 mg	3.69 mg	25.4 mg	
2024	1.085 bg	2.97 mg	2.40 mg	3.54 mg	26.0 mg	
<b>Average Trend</b>	<b>1.263 bg (48.05%)</b>	<b>3.46 mg (48.05%)</b>	<b>2.72 mg (28.98%)</b>	<b>4.20 mg (61.00%)</b>	<b>23.6 mg (2.48%)</b>	

“bg” refers to billion gallons  
“mg” refers to million gallons

### 6.3 Wastewater Capacity

#### Constraints | Contractual Provisions

As referenced, SRSD utilizes CMSA to provide treatment and disposal services for all collected wastewater services generated within the District. This contract was established in 1979 with CMSA’s treatment facility going online in 1984. The current contract does not establish any limitations or related constraints on total volume of wastewater conveyed to CMSA by SRSD or any of the other member agencies.

SRSD is under no contractual constraints with respect the volume of wastewater the District conveys to CMSA for treatment and disposal.

#### Constraints | Infrastructure and Facilities

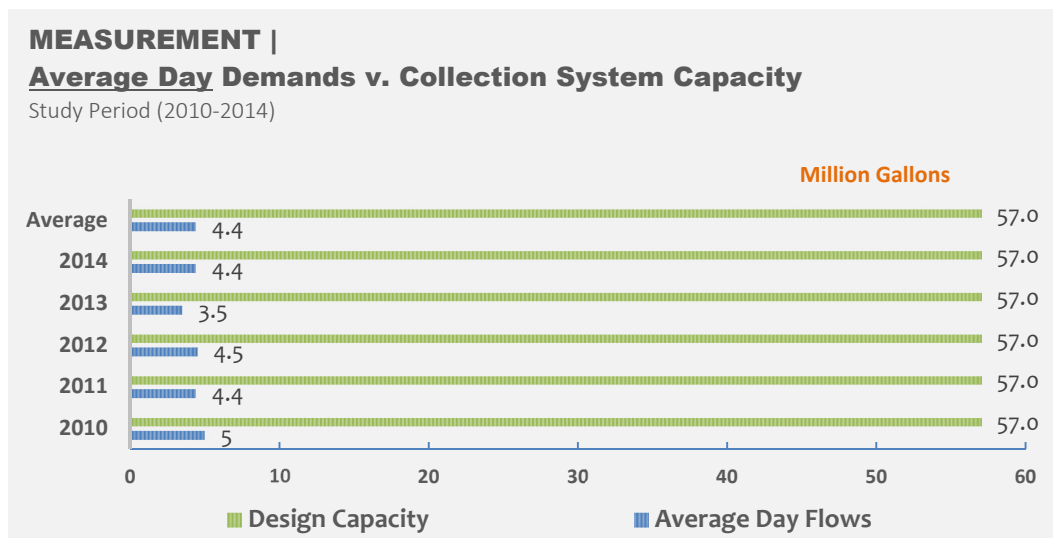
SRSD’s collection system is approximately 146-miles in total length and divided between 133 and 13 miles of gravity and force lines, respectively. The percentage of forced mains to gravity flow pipelines has remained at 10% throughout the study period. The majority of the gravity lines are between 4 and 45 inches in diameter and supported by 32 strategically placed public pump stations that ultimately convey flows to CMSA. SRSD has two force main lines that direct flows

SRSD’s collection system’s daily capacity to convey flows to CMSA is estimated at 40.3 million gallons.

to CMSA. One force main flows from the South Francisco Pump Station with a design pump capacity of 1,800 gallons per minute or 2.592 million gallons a day and collects flows from the southern service area. The other force main known as the North Francisco Pump Station is located along Andersen Drive and collects from several pump stations. It is the largest pump station, which has a design capacity of 28,600 gallons per minute or 40.320 million gallons per day, and takes flows from Central San Rafael. The Anderson Drive Force Main also collects flows from East San Rafael to CSMA. For purposes of this review this latter reported amount – 5 million gallons – is deemed the maximum daily capacity of the collection system.

### 6.4 Demand to Capacity Relationships

Study period flows averages show SRSD has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 7.7% of the collection system capacity. Average dry-weather demands during the same period tally 5.4% of the collection system capacity. Average peak-day demands represent the biggest tax on the collection system and account over the study period to equal 33.6% of the collection system capacity. None of the capacity ratios are expected to significantly and adversely change over the succeeding 10-year period.



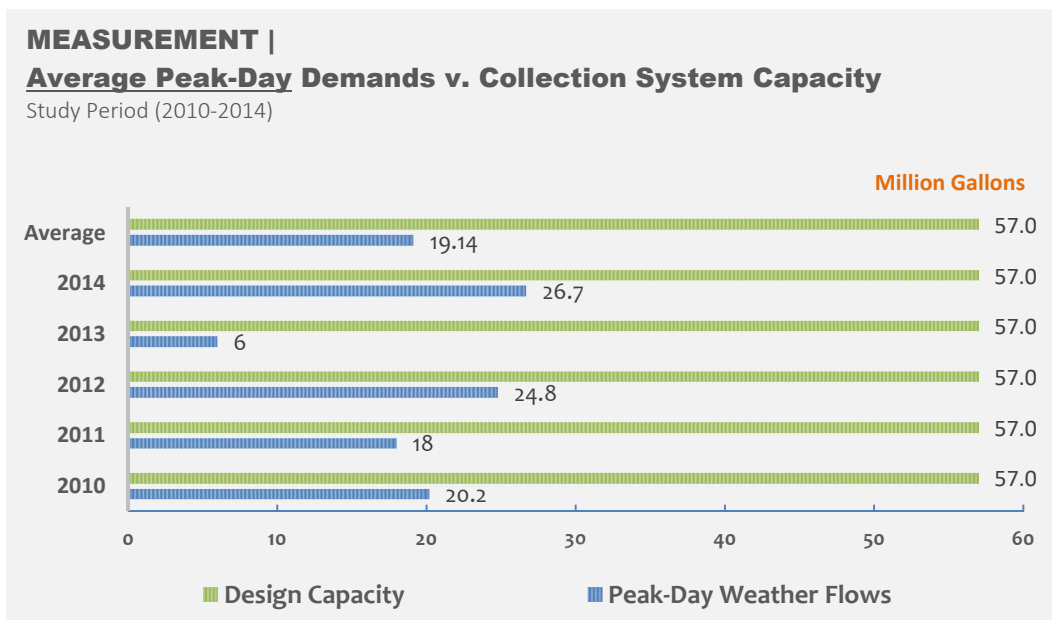
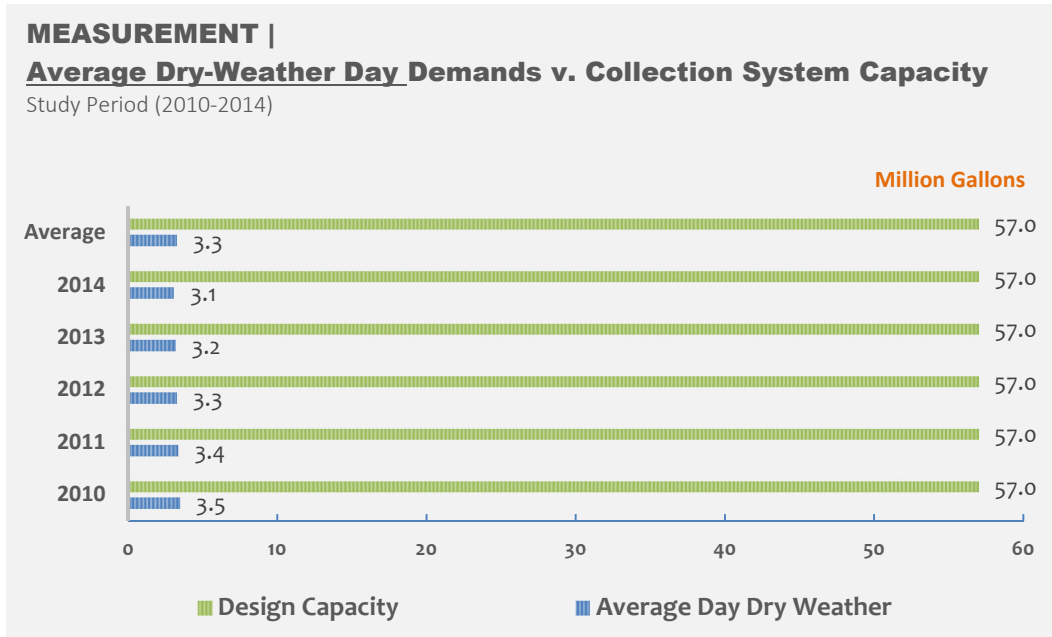


Figure 4.9

## 6.5 Performance

### Measurement | Sanitary Sewer Overflows

The State Water Resources Control Board (SWRCB) requires all public agencies that own or operate sanitary collection systems that are one mile or more in length and convey to a public owned treatment facility comply with the reporting requirements codified in Order No. 2006-0003. This order mandates all subject agencies to develop and implement a system-specific sewer system management plan that includes a spill response plan as well as requiring immediately reporting to the SWRCB of all sanitary sewer overflows, or SSOs. The ultimate purpose of the SSO reporting process is to provide a uniform means to evaluate system reliability, source control, and operation and maintenance of wastewater systems in California. SSOs are defined as any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system, and include any of the following occurrences:

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;
- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States; and
- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

Total number of SSOs recorded by SRSD during the study period was 119 with an overall spillage volume of 23,403 gal. The most recent year experienced 30 SSOs. The majority of the SSOs, a total of 130, were classified by the SWRCB as a Category 3, a spill of less than 1,000 gallons to not reach the

SRSD experienced 119 total SSOs during the five-year study period, and involved the unauthorized overflow of 0.025 million gallons.

surface water. SRSD experienced 11 SSOs classified as a Category 1 in which wastewater reached the surface water threatening public safety and environmental health. The average response time for SSOs during the study period was 27 minutes. A review of

each accompanying report incident suggests the main factors resulting in discharges were caused by the disturbance of roots, suggesting maintenance is needed to prevent future spillage and maintain system flows. According to SRSD, the District only accounted for 1 SSO that was a repeat occurrence and was attributed to roots.<sup>26</sup>

SRSD: Sanitary Sewer Overflows								
Table 4.38   Source: SWRQB								
Year	Category 1		Category 2		Category 3		Total	
	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons
2010	2	600	1	1,825	20	1,851	23	4,276
2011	1	200	1	1,125	22	1,070	24	2,395
2012	3	510	0	0	26	1,056	3	1,566
2013	3	3,258	1	2,735	35	3,643	39	9,636
2014	3	1,575	0	0	27	3,955	30	5,530
	<b>11</b>	<b>6,143</b>	<b>3</b>	<b>5,685</b>	<b>130</b>	<b>11,575</b>	<b>119</b>	<b>23,403</b>

## Measurement | System Maintenance

System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault so that an asset can be restored to its operational condition. Preventative maintenance, conversely, is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

### Corrective Maintenance

SRSD’s corrective maintenance is noted in the number of service calls received to resolve, correct, or assist a particular situation. Through the entire 60-month study period the total number of service calls equaled 1,392, and produces an annual average sum 278. Close to two-thirds of all calls were tied to pump station alarms or non-District incidents at 34% and 32%, respectively. Another one-fifth involved public and private calls notifying sewer overflows at 10% and 12%, respectively.

<sup>26</sup> SRSD’s has identified a chain of communication for reporting SSOs. The District’s sewer maintenance staff are responsible for responding to SSOs. When an SSO is observed during normal business hours, it is expected to be reported to the sewer maintenance staff and during non-business hours the SSO is alerted to an on-call contractor to respond. The sewer maintenance staff assess and document the SSO, and provide the necessary information to the Maintenance Supervisor for mitigation, reporting and cleanup.



<b>SRSD: Number of District Service Calls</b>							
Table 4.39   Source: Marin LAFCO							
Factor	2010	2011	2012	2013	2014	Total	% of Total
General	26	2	26	28	37	117	8.4%
Public SSO	22	24	29	39	30	144	10.3%
Private SSO	11	37	28	36	48	160	11.5%
Odor Complaints	4	6	9	7	12	38	2.7%
Noise Complaints	3	2	3	8	7	23	1.7%
Pump Station Alarms	139	103	111	71	47	471	33.8%
Non-District Incidents	106	89	67	76	101	439	31.5%
	<b>311</b>	<b>261</b>	<b>273</b>	<b>265</b>	<b>282</b>	<b>1,392</b>	<b>100%</b>

### Preventive Maintenance

SRSD’s preventative maintenance was reported in its planned cleaning activities during the 60-month study period, which accounted for 731-miles. According to SRSD, all gravity sewer pipes are scheduled to be cleaned at least once every three years. Scheduled cleaning of gravity lines is based on list of maintained sewer lines, with some lines receiving frequent cleaning that are at a high risk of an SSO. SRSD cleans gravity sewer lines with high occurrences of fats, oils and grease (FOG) more regularly with a hydro flusher and cleans these areas at a minimum of twice per year. SRSD also has a system in place for pump stations to be checked 3 times per week. During the 60-month period, SRSD experienced (0) pump station failures.

SRSD does not record soft blockages that are relieved through regular maintenance, only SSOs. The agency utilizes a map application for tracking maintenance activities. SRSD implements closed-circuit televising (CCTV) inspection for the District’s sewer mains that experience frequent backup and has a history of overflows. The District contracts most work for CCTV inspection, but utilizes a small lateral camera for shorter sections, and aims to perform CCTV inspection on ten percent of its sewer mains within 750 feet of surface water for the next five years. The District has performed outreach to plumbers and building contractors on its standard specifications and has reached out to the public for preventing blockages in private laterals. SRSD’s rehabilitation and replacement plan calls to address the risk of collapsed pipes and frequent blockages due to defects and capacity issues. SRSD expects to meet preventative maintenance goals to replace all of its gravity sewer lines on an 80-year cycle. The level of infrastructure reinvestment the District achieved

during the entire study period came in at 89% byway completing 18,845 feet of the planned 21,125 feet of line replacement.

## 6.6 User Charges and Fees

SRSD bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted treatment/disposal expenses. Residential customers pay \$828 each year for every dwelling unit.<sup>27</sup> Non-residential customers pay a rate based on estimated flows. There are no voter-approved special assessments.<sup>28</sup>

Most single-family customers in SRSD currently pay \$828 a year for wastewater services.

## 7.0 AGENCY FINANCES

### 7.1 Financial Statements

SRSD contracts with an outside accounting firm (Vavrinek, Trine, Day and Company) to prepare an annual report for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting SRSD’s statements with respect to verifying overall assets, liabilities, and equity. These audited statements provide the Commission with quantitative measurements in assessing SRSD’s short and long-term fiscal health.

SRSD’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a relatively sizable and positive change over the prior fiscal year as its overall equity or fund balance increased by 7.46% from \$51.916 to \$55.789 million. Underlying this most recent change in equity standing is the result of

End of Study Period Financial Statements	
Assets	\$56.332 m
Liabilities	\$0.543 m
Equity	\$55.789 m

<sup>27</sup> Rates are subject to change each year. The rate listed is for Fiscal Year 2016-2017.

<sup>28</sup> SRSD also collects a dual connection fee in step with initiating new services. The connection fee for residential uses presently totals \$9,290 for each dwelling unit and incorporates the buy-in charge for both collection (SRSD) and treatment/disposal (CMSA). Non-residential users’ connection charges are based on the number of plumbing fixtures.

a notable rise in current assets and aided by a sharp increase in connection fees and sewer charges in 2013-2014. A summary of year-end totals and trends therein over the study period follows.

### Agency Assets

SRSD’s audited assets at the end of 2013-2014 totaled \$56.332 million; more than 10% higher than the average sum generated over the course of the study period’s prior four years (2009-2010 was not reviewed). As of the study term, assets classified as current with the expectation they could be liquidated within a year, represented approximately two-fifths of total assets tied to cash and investments and have risen by 60.70% over the 48-month period. Assets classified as non-current make up the remaining three-fifths of the asset total as of the study term and predominately comprise capital infrastructure with 66% less depreciation tied to sewer lines and have increased by 2.69% over the preceding 48 months.

SRSD Assets   Study Period							
Table 4.40   Source: SRSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	13.758	14.793	19.078	22.109	60.70%	17.434
Non-Current	n/a	33.328	34.110	33.340	34.223	2.69%	33.750
	n/a	47.086	48.904	52.419	56.332	19.64%	51.185

amounts in millions

### Agency Liabilities

SRSD’s audited liabilities at the end of 2013-2014 totaled \$0.543 million; close to three fifths lower than the average sum generated over the course of the study period’s prior four years. As of the study term liabilities classified as current representing obligations owed in the near-term represented the entire amount and tied to accounts payable and have overall decreased by (74.11%) over the preceding 48 months. SRSD booked no long-term liabilities throughout the 48 month period.

SRSD Liabilities   Study Period							
Table 4.41   Source: SRSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	2.097	0.491	0.503	0.543	(74.11%)	0.908
Non-Current	n/a	0.0	0.0	0.0	0.0	0.0%	0.0
	n/a	2.097	0.491	0.503	0.543	(74.11%)	0.908

amounts in millions

## Agency Equity | Net Assets

SRSD’s audited equity / net assets at the end of 2013-2014 totaled \$55.789 million and represent the difference between the District’s total assets and total liabilities. This amount has increased by 24.01% over the prior four years and primarily attributed to rises in current assets and aided therein by consistent operating surpluses. The unrestricted portion of the net assets as of the study term totals \$21.566 million and translates to a per capita reserve ratio of \$529 based on a corresponding and projected resident total of 40,744.

SRSD’s net assets have increased by 24.01% over the prior four year period and largely driven by a rise in current assets generated by profit gains. The unrestricted fund balance as of the study term total of \$21.566 million equates to a per capita reserve ratio of \$529.

SRSD Net Assets   Study Period							
Table 4.42   Source: SRSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	n/a	12.143	14.302	18.575	21.566	77.59%	16.646
Restricted	n/a	32.845	34.110	33.340	34.223	4.20%	33.629
	n/a	44.988	48.412	51.916	55.789	24.01%	50.276

amounts in millions

## 7.2 Measurements | Liquidity, Capital, Margin, and Structure

A review of the audited financial statements issued by SRSD covering the study period’s last four years and specifically 2010-2011 through 2013-2014 shows the District finished the term with high and improving liquidity. This includes noting SRSD’s current ratio finished the term with a current ratio of over 40 to 1 as well as over two years – or 805 days – of cash on hand to cover operating expenses. Both of these measurements also improved by no less than 35% over the preceding 48 month period. SRSD also finished the study term with high and stable levels of available capital and did not incur any long-term debt over the 48-month period. SRSD also finished each year with positive total and operating margins with the former and latter averaging 26.17% and 18.59%, respectively. The referenced operating profits are also reflected in SRSD’s average earned income ratio – i.e., the percent of direct service fees relative to annual revenues – of 90.54% for the 48 month period. A summary of year-end liquidity, capital, margin, and

structure ratios are shown in the following table.

<b>SRSD: Financial Measurements   Study Period</b>						
Table 4.43   Source: SRSD Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	n/a	n/a	n/a	n/a	n/a	n/a
2010-2011	6.559 to 1	593.63	0.0%	28.51%	21.47%	90.50%
2011-2012	30.083 to 1	609.60	0.0%	25.16%	17.65%	90.85%
2012-2013	37.911 to 1	787.38	0.0%	25.63%	18.08%	90.79%
2013-2014	40.706 to 1	805.16	0.0%	25.40%	17.15%	90.04%
<b>Average</b>	<b>28.815 to 1</b>	<b>698.94</b>	<b>0.0%</b>	<b>26.17%</b>	<b>18.59%</b>	<b>90.54%</b>
<b>Trend</b>	<b>520.58%</b>	<b>35.63%</b>	<b>0.0%</b>	<b>(10.91%)</b>	<b>(20.14%)</b>	<b>(0.50%)</b>

Liquidity

Capital

Margin

Structure

**Notes**

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and recurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from fees for services. Higher is better for enterprise agencies.

### 7.3 Pension Obligations

SRSD through the City of San Rafael provides a defined benefit plan to its employees through an investment risk-pool contract with the Marin County Employees' Retirement Association (MCERA).



This pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed "Category One" while employees hired afterwards are termed "Category Two." Additional details of the pension program based on actuarial valuations issued by MCERA follows.

## Participants | Pension Formulas

As of the study period's term (2014) there are a total of 623 participants within San Rafael's miscellaneous pension program (i.e., non-public safety). This total amount – which represents an overall increase of 6.1% in participants since 2010

Most San Rafael employees receive one of two types of defined pensions based on either a 2.7 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

– is further divided between enrollee type (i.e., active, separated, transferred, retired) and marked by a worker-to-retiree ratio of 1.03 to 1 as of the study term; meaning there is effectively one active member contributing to the retirement program for everyone one retiree. Category One participants are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest one year of salary beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest one year of salary beginning at age 55 and continuing each year thereafter. Category Two participants are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and continuing annually thereafter.

San Rafael's Pension Enrollee Information   Miscellaneous					
Table 4.44   Source: MCERA and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	233	240	217	220	217
Transferred	67	64	57	55	56
Separated / Other	114	112	131	132	139
Retired	173	178	195	202	211
<b>Total Enrollees</b>	<b>587</b>	<b>594</b>	<b>600</b>	<b>609</b>	<b>623</b>
<b>Worker-to-Retiree Ratio</b>	<b>1.35</b>	<b>1.35 to 1</b>	<b>1.11 to 1</b>	<b>1.09 to 1</b>	<b>1.03 to 1</b>

### Annual Contributions

San Rafael’s total annual pension contributions as of the study period’s term tallied \$17.576 million. This amount represents an overall increase over the five-year study period of 38% and is almost four-fold greater than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>29</sup> The most recent annual pension contribution by San Rafael for the study period equaled 56% of the City’s total annual payroll for the corresponding fiscal year (2013-2014).<sup>30</sup>

San Rafael’s pension contributions have increased by 38% over the five-year study period, and as of 2013-2014 account for 56% of total payroll.

San Rafael’s Pension Contributions				
Table 4.45   Source: MCERA and Marin LAFCO				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$12,745,613	\$15,409,519	\$14,627,709	\$15,522,832	\$17,576,796
<b>Five-Year Average</b>				<b>\$15,176,493</b>
<b>Five-Year Trend</b>				<b>37.90%</b>

### Funded Status

San Rafael’s unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$136.200 million and as such represents 112.1% of the City’s unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 72% based on market value. It also reflects an overall improvement of 13% in the funded ratio over the preceding four-year period.<sup>31</sup>

San Rafael’s unfunded pension liability has decreased over the last four years of the study period by (8%) and ended the term at \$136.200 million; the equivalent of a 72% funded ratio (market).

<sup>29</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.

<sup>30</sup> San Rafael’s covered annual payroll in 2013-2014 totaled \$31.4 million.

<sup>31</sup> Pension information for 2009-2010 is not available.

<b>San Rafael's Pension Trends</b>		
<b>Table 4.46   Source: MCERA and Marin LAFCO</b>		
	<b>Unfunded Liability</b>	<b>Funded Ratio</b>
2009-2010	n/a	n/a
2010-2011	\$148,300,000	64.07%
2011-2012	\$169,300,000	61.33%
2012-2013	\$143,241,000	68.00%
2013-2014	\$136,200,000	72.36%
<b>Four-Year Average</b>	<b>\$149,260,250</b>	<b>66.44%</b>
<b>Four-Year Trend</b>	<b>(8.16%)</b>	<b>12.94%</b>

Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).

### 7.4 Revenue to Expense Trends

A review of SRSD’s overall actual revenues and expenses as shown in the audited financial statements during the last four years of the study period and specific to 2010-2011 to 2013-2014 shows operating surpluses in each year. Overall actual revenues averaged \$14.010 million over the 48 month period compared to \$10.353 million in actual expenses; a difference of more than one-third or 35.32%. The referenced separation, however, has been narrowing with the growth rate of expenses at 17.57% outpacing the growth rate of revenues at 12.94% over the 48 month period.

SRSD’s overall revenues have outgained overall expenses – including booked depreciation – in each of the last four years of the study period with an average monetary separation of \$3.656 million – or 35%. Nonetheless, this separation has narrowed over the same period with expenses outpacing revenues by more than one-third. Removing depreciation as a booked expense produces a higher positive revenue over expense average for SRSD over the 48-months at 55%.

SRSD’s revenue ledger consists of five distinct categories with sewer service charges accounting on average for 90.53% of the total. Another 8.80% of the revenue average has been drawn from property taxes. The remaining revenue total – 0.67% – has been drawn and in proportional magnitude from investment earnings, connection fees, and intergovernmental contributions. SRSD’s expense ledger also consists of five distinct

- Top Revenue Categories:
- 1) Sewer Charges @ 90.5%
  - 2) Property Taxes @ 8.8%

- Top Expense Categories
- 1) CMSA Contract @ 54.2%
  - 2) Collection System @ 34.4%

categories with contract costs with CMSA for treatment and disposal services accounting for the single largest resource demand and on average over the 48 months tallying



54.15% of the total. Operation and maintenance of the collection system on average has tallied another 30.36% of the resource demand total and followed in magnitude by capital depreciation, general administration, and interest expenses at 12.43%, 2.85%, and 0.21%, respectively.

SRSD Actual Revenue Trends   Study Period								
Table 4.47   Source: SRSD Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	% of
	2010	2011	2012	2013	2014			
Sewer Charges	n/a	12.220	12.368	12.413	13.732	12.37%	12.683	90.53
Property Taxes	n/a	1.214	1.192	1.177	1.345	10.74%	1.232	8.80
Intergovernmental	n/a	0.006	0.006	0.056	0.022	240.44%	0.023	0.17
Interest	n/a	0.59	0.24	0.17	0.23	(59.97%)	0.031	0.22
Connection Fees	n/a	0.002	0.018	0.007	0.128	>1000%	0.039	0.28
<b>Total</b>	<b>n/a</b>	<b>13.504</b>	<b>13.614</b>	<b>13.672</b>	<b>15.251</b>	<b>12.94%</b>	<b>14.010</b>	<b>100.00</b>

amounts in millions

SRSD Actual Expense Trends   Study Period								
Table 4.48   Source: SRSD Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	% of
	2010	2011	2012	2013	2014			
Collection System	n/a	2.978	3.010	3.12	3.460	16.18%	3.143	30.36
CMSA Contract	n/a	5.228	5.567	5.395	6.234	19.26%	5.606	54.15
Depreciation *	n/a	1.137	1.327	1.325	1.355	19.14%	1.286	12.43
Administration	n/a	0.252	0.280	0.322	0.326	29.45%	0.295	2.85
Interest Expenses	n/a	0.080	0.005	0	0	100.00%	0.021	0.21%
<b>Total</b>	<b>n/a</b>	<b>9.677</b>	<b>10.190</b>	<b>10.169</b>	<b>11.378</b>	<b>17.57%</b>	<b>10.353</b>	<b>100.00</b>
<b>... Less Depreciation</b>	<b>n/a</b>	<b>8.540</b>	<b>8.863</b>	<b>8.844</b>	<b>10.023</b>	<b>17.37%</b>	<b>9.068</b>	<b>100.00</b>

amounts in millions

Net with Depreciation					
Year Ending	n/a	\$3.826	\$3.423	\$3.503	\$3.873

Net without Depreciation					
Year Ending	n/a	\$4.964	\$4.751	\$4.828	\$5.228

\* Please note depreciation is shown as an operating expense in the financial statements in step with generally accepted government accounting standards, and as such impacts – and often negatively – gross profit or total margin. Depreciation takes into account the wear and tear on physical infrastructure, such as sewer lines, pumps, and other capital equipment. Government accounting standards direct agencies to spread out the costs of replacing these assets over the long term, which generates the term depreciation or amortization. The “charge” for using these assets during the period is a fraction of the original cost of the assets based on the expected life of the assets and presumably is rolled into the agencies’ fund balance at the end of the fiscal year and as part of the restricted reserve.

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## C. ROSS VALLEY SANITARY DISTRICT

### 1.0 OVERVIEW

County Sanitary District No. 1 or the Ross Valley Sanitary District (RVSD) as it is more commonly known was established in 1899 and encompasses an approximate 19.7 square mile jurisdictional boundary within east-central Marin County. Governance is provided by an independent five-member Board of Directors whose members are elected at-large to staggered four-year terms. Seven local land use authorities overlap RVSD’s



jurisdictional boundary and headlined by the County of Marin, which covers 41% of all jurisdictional lands and includes the unincorporated communities of Greenbrae, Kentfield, and Sleepy Hollow. The rest of RVSD’s jurisdictional boundary is divided between the City of San Anselmo at 26%, Town of Fairfax at 20%, Town of Ross at 7%; City of Larkspur at 5%; and Cities of San Rafael Mill Valley with each less than 1%.

RVSD is currently organized as a single-purpose agency with municipal operations limited to wastewater collection though it is empowered – subject to LAFCO approval – to provide solid waste (including collection), recycled water, and storm drainage services. RVSD maintains an approximate 202-mile

Ross Valley Sanitary District	
Formation Date:	1899
Principal Act:	Health and Safety Sections 6400-6982
Service Categories:	Wastewater Collection
Service Population	40,809
Governance Type	Independent

collection system with its own personnel while contracting – and as a signatory – with the Central Marin Sanitation Agency (CSMA) for wastewater treatment and disposal services. RVSD’s adopted operating budget at the term of the study period was set at \$14.4 million and with funding dedicated for the equivalent of 38 fulltime employees. The year-end unrestricted fund balance was \$10.6 million with an associated days-cash ratio totaling 315; i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within RVSD totals 40,809 as of the term of this study period (2014). It is also projected RVSD's population growth rate over the five-year study period totaled 3.4% or 0.69% annually with the underlying change primarily attributed to the projected increase of 630 new housing units. The substantive result of these Commission estimates is the projected addition of 1,356 residents in RVSD between 2010 and 2014. Overall it is also estimated by the Commission nearly 73% of the jurisdictional boundary has already been developed and or improved – though not necessarily at the highest density. This means 27% of the jurisdictional boundary remains entirely undeveloped, and this includes 827 existing unbuilt and privately owned parcels that are zoned for some type of urban use.<sup>32</sup>

## 2.0 BACKGROUND

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### 2.1 Community Development

It appears RVSD's central service area – Ross Valley – began its present-day development in the mid-1800s when Mexican land grants were established in California following Mexico's independence from Spain in 1821. During this period, records show that Ross Valley was a small agrarian community of loggers and ranchers. Ross Valley's footprint began to change away from agrarian uses in 1840 when the area was gifted by Mexico to Englishman John Rodgers Cooper as part of an approximate 9,000 land grant known as the "Rancho Punta de Quentin Canada de San Anselmo." Cooper subsequently became a Mexican citizen, married a sister of General Mariano Vallejo, and changed his name to Juan Bautista Cooper. In 1857, James Ross purchased a large segment of the Cooper land grant for \$50,000. Originally from Scotland, Ross ventured to California in 1849 and ran a wholesale wine and liquor business in San Francisco until his purchase of the rancho. Upon Ross' death in 1862, large portions of his land holdings were sold off as new landowners settled in what was to be known as "Ross Valley."

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<sup>32</sup> Additional analysis is needed to assess the actual development potential of these 827 unbuilt parcels.



Figure 4.10

The advancement of urban development in Ross Valley arose upon the completion of the North Pacific Railroad (NPC) in 1875 and its arterial rail-line connecting Sausalito and San Rafael. It was estimated at the time of the NPC opening rail service that Ross Valley had less than 1,000 in total population. The railroad hub, referred to as the Junction, was located in the heart of Ross Valley in San Anselmo and allowed riders to reach San Francisco by way of ferry from the station within an hour. As a result of the new passage, an incoming flux of inhabitants settled in Ross Valley as more lots were subdivided due to the new accessibility of the area and spurring the establishment of the communities of San Anselmo and Ross followed later by Fairfax.

Towards the end of the 1890s the continued transition of Ross Valley from agrarian to urban uses and marked by an estimated population of nearly 2,000 proved overwhelming for local creeks to handle the resulting wastewater runoff. Dry months became particularly problematic as water quality worsened and – among other considerations – began to adversely affect the San Anselmo Creek, which had recently become a supply

source for the region's expanding water provider, Marin County Water Company.<sup>33</sup> These discussions ultimately led community leaders to the Legislature and make use of a relatively new law established almost 10 years earlier to facilitate a planned development in Fresno County known as the Sanitary District Act of 1891.

## 2.2 Formation Proceedings

RVSD's formation was petitioned by area landowners directly to the State Legislature and subsequently confirmed by voters in 1899. Formation proceedings preceded RVSD constructing a public sewer main to collect and convey raw wastewater generated from private and community conduits from Fairfax to Greenbrae and into the opening slough of the Corte Madera Creek.

## 2.3 Post Formation Activities

A summary of notable activities undertaken by RVSD and/or affecting the District's service area following formation in 1899 is provided below.

- The City of San Anselmo was incorporated in April 1907.
- The Town of Ross was incorporated in August 1908.
- RVSD constructs its first wastewater facility in 1922 in Greenbrae to provide basic screening of wastewater before discharging into Corte Madera Creek.
- The Town of Fairfax was incorporated in March 1931.
- RVSD constructs a second wastewater facility in 1945 at the Larkspur Landing in partnership with the City of Larkspur and County Sanitary District No. 2 to provide secondary treatment before discharging into Corte Madera estuary.

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<sup>33</sup> The Marin County Water Company and its water rights were purchased in conjunction with the formation of the Marin Municipal Water District in 1912.

- In 1979 – and following the enactment of the Clean Water Quality Act and associated regulations with discharges into open water bodies – RVSD becomes a signatory member in creating CMSA with County Sanitary District No. 2, City of Larkspur, and the San Rafael Sanitation District.
- RVSD deactivates the Larkspur Landing facility in 1984 in conjunction with redirecting all wastewater flows to CMSA’s new wastewater facility.
- RVSD requests and receives approval by the Commission in 1993 to annex the City of Larkspur and assumes wastewater collection responsibilities thereafter.

### 3.0 BOUNDARIES

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#### 3.1 Jurisdictional Boundary

RVSD’s jurisdictional boundary spans approximately 19.7 square miles in size and covers 12,627 total acres (parcels and right-of-ways). There are seven land use authorities overlapping the jurisdictional boundary. The County of Marin is the single largest land use authority in terms of acreage with an estimated 41% of all RVSD lands lying in the unincorporated area and headlined by the inclusion of the Kentfield and Greenbrae communities. Another 26% and 20% of RVSD lands fall under the land use authorities of the City of San Anselmo and Town of Fairfax, respectively. The remaining portion of RVSD lands are distributed under the land use authorities of Town of Ross at 7%, City of Larkspur at 5%, City of San Rafael at 0.4%, and City of Mill Valley at 0.1%.

RVSD’s jurisdictional boundary spans 20 square miles and overlaps seven land use authorities with the County of Marin being the largest with the unincorporated area covering 41% of all District lands.

Total assessed value (land and structure) in RVSD is currently calculated at \$13.4 billion and translates to a per acre value of \$1.1 million. This former amount – \$13.4 billion – further represents a per capita value of \$0.328 million based on an estimated service population of 40,809. RVSD’s set allocation of property tax proceeds – i.e., its share of the 1% – is 7.79%.

Assessed land values in RVSD totals \$13.4 billion, and based on receiving 7.79% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$10.438 million.

<b>RVSD Boundary Breakdown: Land Use Authorities</b>					
Table 4.49   Source: Marin LAFCO					
Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units	
County of Marin	3,850	40.9%	5,128	5,253	
Town San Anselmo	2,436	25.9%	5,466	6,264	
Town of Fairfax	1,904	20.2%	3,173	3,900	
Town of Ross	676	7.2%	847	883	
City of Larkspur	511	5.4%	2,418	3,486	
City of San Rafael	35	0.4%	44	40	
City of Mill Valley	1	0.1%	1	0	
	<b>9,415</b>	<b>100</b>	<b>17,077</b>	<b>19,826</b>	

As provided in the preceding table there are 17,077 overall assessor parcels currently within RVSD and collectively add up to 9,415 acres as of June 2016.<sup>34</sup> Almost three-fourths – or 73% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density.<sup>35</sup> This existing development is highlighted by the standing construction of 19,826 residential units and divided between single-family and multi-family on a 75 to 25% split. The remaining one-fourth plus – or 27% – of the current assessor parcel acreage within RVSD is undeveloped/unimproved. This includes 827 un-built and privately owned assessor parcels that combine to total 790 acres. (Additional analysis would be needed to determine the actual development potential of these unbuilt

Almost three-fourths of RVSD’s jurisdictional boundary has already been developed/improved – though not necessarily at the highest allowable density. This means one-fourth of the boundary remains entirely undeveloped, and this includes 827 un-built and privately owned parcels zoned for some type of urban use.

<sup>34</sup> The remaining 3,212 jurisdictional acreage within RVSD are tied to public right-of-ways and waterways.

<sup>35</sup> This portion of developed acreage includes parcels dedicated as common areas.



assessor parcels.) The remaining undeveloped/unimproved assessor acreage within RVSD – or 1,756 acres – is publicly owned and generally dedicated to municipal or open space uses.

RVSD Boundary Breakdown: Land Use Features				
Table 4.50   Source: Marin LAFCO				
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
73.0	19,826	74.8	827	790

### 3.2 Sphere of Influence

RVSD’s sphere of influence was initially established by the Commission in 1985 and last reviewed and updated in 2006. The sphere spans approximately 8,774 acres or 13.7 square miles in size. The sphere is nearly one-third – or 30% – smaller than RVSD’s actual jurisdictional boundary. Most notably, there are three distinct areas within RVSD that lie outside the sphere – south Larkspur, unincorporated Fairfax, and north Sleepy Hollow – and collectively tally 3,853 acres. There are also non-jurisdictional lands that are included in the sphere totaling 56 acres (parcels and right-of-ways) and as such are immediately eligible for annexation or outside service extension subject to Commission approval. This includes 112 assessor parcels with 100% being privately owned and zoned for some type of urban use with the majority lying in Murray Park.

RVSD’s sphere of influence includes two unique features. First, the sphere excludes almost one-third of the jurisdictional boundary covering 3,853 acres concentrated in three areas: south Larkspur, unincorporated Fairfax, and north Sleepy Hollow. Second, the sphere includes 56 acres of non-jurisdictional land – including all parcels located within the Murray Park and San Quentin Sewer Maintenance Districts.

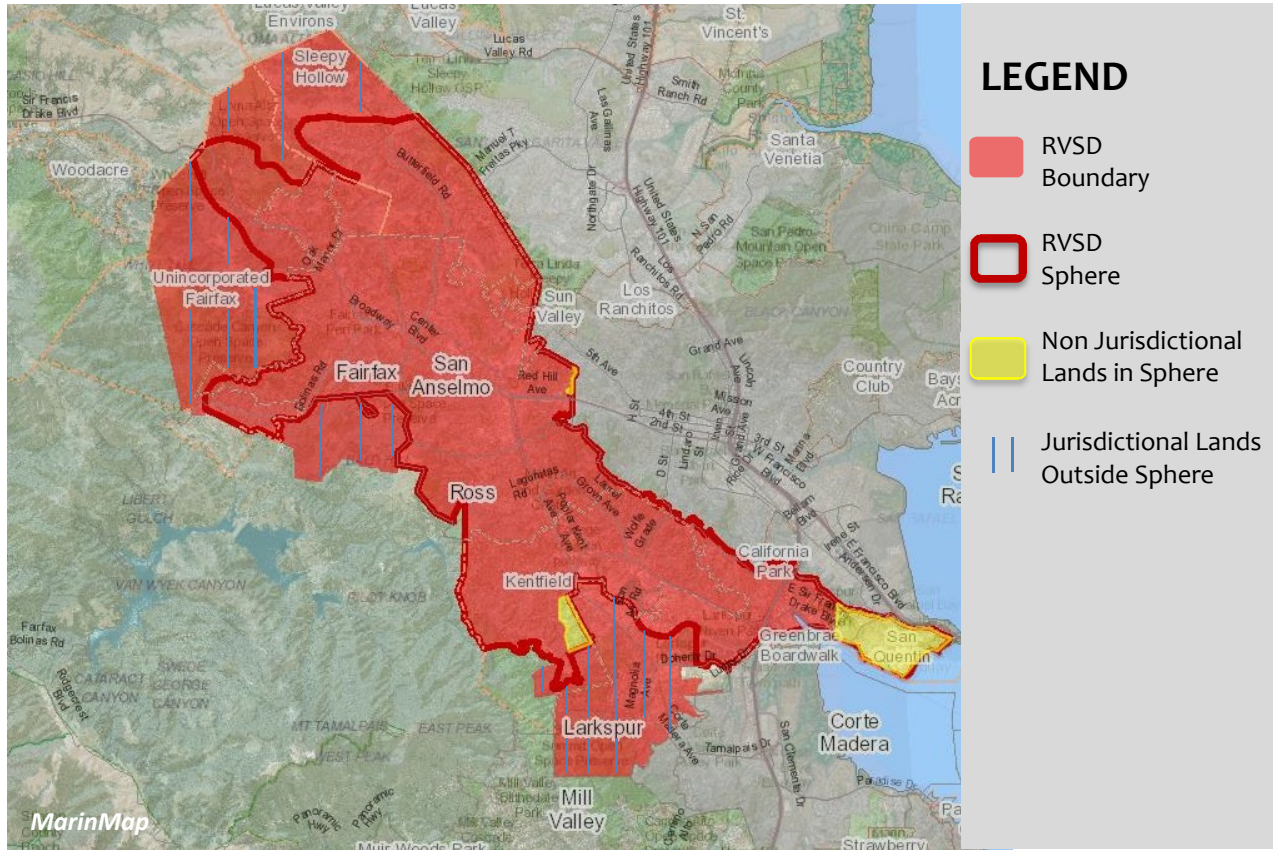


Figure 4.11

## 4.0 DEMOGRAPHICS

### 4.1 Population Estimates

RVSD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 40,809 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents

LAFCO estimates there are 40,809 total residents within RVSD that are explicitly served by the District’s wastewater collection system as of the term of the study. It is further estimated RVSD has experienced an overall population increase of 1,356 over the preceding five-year period, resulting in an annual growth rate of 0.69%. New and occupied housing units over the same period within RVSD totaled 694 with a net change in persons per household – i.e., an intensity measurement – of (4.5%).

15.7% of the estimated countywide population.<sup>36</sup> It is also projected RVSD has experienced an overall population growth rate of 3.44% over the preceding five-year period or 0.69% annually. The net effect of the population change in RVSD over the study period is the addition of an estimated 1,356 persons. Underlying this projected increase is the addition of an estimated 694 new and occupied housing units within the jurisdictional boundary despite a corresponding deintensification of household sizes over the span of the five-year period starting at 2.22 in 2010 and ending at 2.21 in 2014; the latter being a net intensity decrease of (4.5%). Overall projected growth within RVSD during the study period is one-tenth above the concurrent annual change estimated for the entire county – 0.62%.<sup>37</sup>

<b>RVSD Resident Population: Past and Current Estimates</b>					
Table 4.51   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
b) Total Housing Units	18,873	19,029	19,186	19,344	19,503
b) Local Occupancy Rate	94.39	93.27	94.29	94.29	94.90
e) Occupied Housing Units	17,814	17,745	18,089	18,238	18,508
f) Projected Household Size	2.215	2.212	2.210	2.207	2.205
<b>Estimated Population</b>	<b>39,454</b>	<b>39,261</b>	<b>39,974</b>	<b>40,259</b>	<b>40,809</b>

\* rounded for reporting purposes

With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with RVSD will generally match the preceding five-year period with an overall yearly population change of 0.687%. The substantive result of this assumption would be an overall increase in RVSD’s resident population of 2,893 and produce a net total of 43,702 by 2024. This growth rate, similarly, would generate the addition of 1,268 new and occupied housing units within RVSD through 2024 assuming the preceding five-year average ratio of 2.21 persons for every one occupied housing unit holds. These collective projections going forward are summarized below.

<sup>36</sup> Marin LAFCO’s resident service population for RVSD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the seven affected census tracts in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to RVSD over the study period include a weighted annual housing unit change of 0.818% and a weighted annual household size change of (0.111%). The annual weighted population change is 0.687%.

<sup>37</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,750 based on information published by the United States Census and marks a 3.01% increase over the preceding five-year period.

<b>RVSD Resident Population: Future Estimates</b>						
Table 4.52   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	40,809	41,372	41,943	42,521	43,108	43,702
Occupied Housing Units	18,508	18,772	18,980	19,242	19,507	19,776
- residents to housing units	2.20	2.21	2.21	2.21	2.21	2.21

baseline  
year

## 4.2 Residency Type

The Commission projects RVSD’s residential unit total of 19,503 (occupied and unoccupied) as of the study term being divided between single family and multi-family use at 69.67% (13,588) and 30.33% (5,915), respectively. These totals produce an estimated ratio of 2.30 to 1 with respect to the number of single-family units for each one multi-family unit within the jurisdictional boundary. The overall stock of housing type has experienced an inversing change with single-family unit totals decreasing by (0.78%) while multi-family unit totals increasing by 1.83% over the corresponding 60-month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (2.56%) from 2.36 to 1 in 2010.

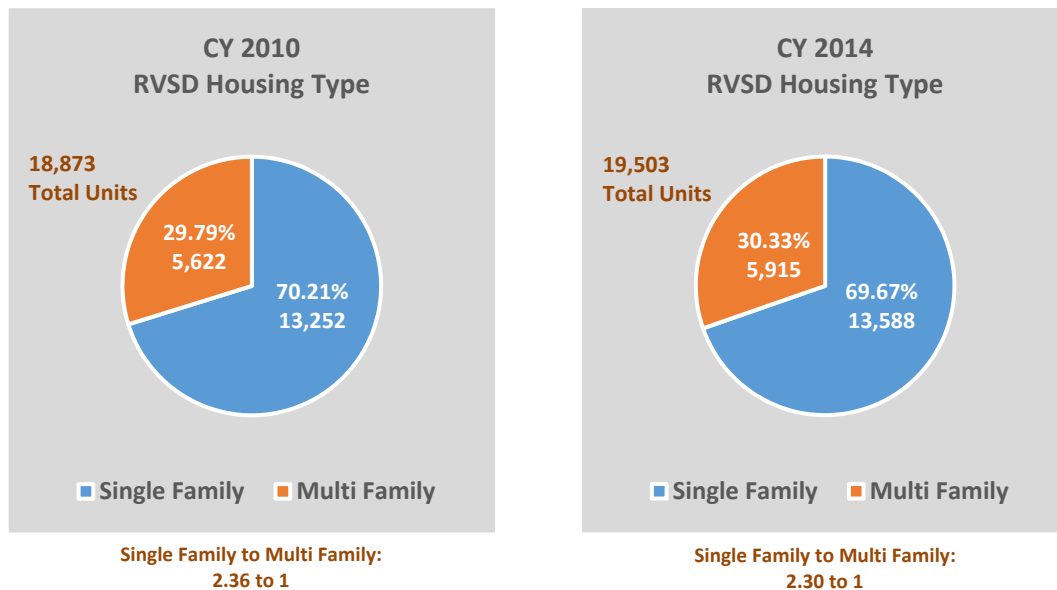


Figure 4.12

### 4.3 Social and Economic Indicators

A review of recent demographic information covering the RVSD jurisdictional boundary for the study period shows fulltime residents are relatively in better economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income is close to one-fifth above the countywide amount of \$91,529 at \$108,510. Area resident averages also fall measurably below countywide amounts with respect to unemployment and poverty rates. (Albeit the former referenced category – unemployment – did

RVSD's fulltime residents are generally more affluent than most of the county populace and highlighted by a median household income average over the study period of \$108,510. Also of note there has been sizeable amount of transition in RVSD over the last 40 years with only 12% of RVSD household owners having resided in their homes before the enactment of Proposition 13 in 1979.

experience a 50% increase over the preceding five-year data collection period and presumably helps to explain the dual increase in mean travel time to work - 7% - and decrease in prime working age – (10%). Notable social indicators show RVSD residents have significantly higher levels of formal education with 65.8% possessing a bachelor's degree and is more than double the countywide rate. Also recent averages show RVSD residents are less ethnically diverse with 13.8% being non-native speakers and is nearly double less the countywide rate.

<b>RVSD: Resident Trends in Social and Economic Indicators</b>				
Table 4.53   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$105,455</b>	<b>\$108,510</b>	<b>2.9%</b>	<b>\$91,529</b>
Median Age	45.36	46.27	2.0%	45.10
Prime Working Age (25-64)	58.10	52.12	(10.30%)	55.28%
Unemployment Rate (Labor Force)	3.20%	4.79%	49.5%	4.70%
Persons Living Below Poverty Rate	6.24%	6.45%	3.40%	8.80%
Mean Travel to Work	29.02 min	31.05 min	7.0%	29.4 min
Working at Home (Labor Force)	10.3%	11.0%	6.7%	2.50%
Adults with Bachelor Degrees or Higher	61.48%	65.80%	7.0%	30.80%
Non English Speaking	14.56%	13.82%	5.1%	23.50%
Householder Pre Proposition 13 (1979)	17.32%	12.37%	(28.60%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all seven census tracts underlying RVSD.

## 5.0 ORGANIZATIONAL STRUCTURE

### 5.1 Governance

RVSD’s governance authority is established under the Sanitary District Act of 1923 (“principal act”) and codified under Public Health and Safety Code Sections 6400-6982. This principal act was originally enacted in 1891 and empowers RVSD to provide a moderate range of municipal services upon approval by LAFCO. As of date, RVSD is authorized to provide only one municipal service: (a) wastewater. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before RVSD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing wastewater services, RVSD would also need to seek LAFCO approval. A list comparing RVSD’s active and latent powers follows.

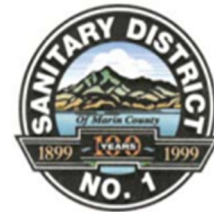
#### Active Service Powers

Wastewater

#### Latent Service Powers

Solid Waste (Includes Collection)  
Recycled Water  
Storm Drainage

RVSD has been governed since its formation in 1899 as an independent special district with registered voters comprising a five-member governing board. Members are either elected or appointed in lieu of consented elections to staggered four-year terms with a rotating president system. Members receive a \$314 meeting per diem. The Board regularly meets on the third Wednesday each month at the Central Marin Police Authority’s Community Room located at 250 Doherty Drive in Larkspur. A current listing of RVSD Board of Directors along with respective backgrounds and years served on the District follows.



#### Current RVSD Board Roster

Table 4.54 | Source: RVSD

Member	Position	Background	Years on Board
Mary Sylla	President	Public Health	4
Thomas Gaffney	Treasurer	Finance Consultant	2
Michael Boorstein	Secretary	Computer Engineer	2
Doug Kelly	Member	Business	1
Pamela Meigs	Member	Nurse	6
<b>Average Years of Board Experience</b>			<b>3.0</b>

## 5.2 Administration

RVSD appoints an at-will General Manager to oversee all District operations. The current General Manager – Greg Norby – was appointed by the Board in 2013 and is fulltime. The General Manager oversees 37 other full-time employees and this includes three senior management support positions: Operations and Maintenance Manager; Infrastructure Assets Manager; and Business and Administrative Services Manager.

RVSD contracts for human resources and legal services with Regional Government Services Authority (Carmel Valley) and Downey Brand (Sacramento), respectively.

### RVSD Administrative Offices

2960 Kerner Boulevard  
San Rafael, California 94901



Courtesy: RVSD

## 6.0 WASTEWATER SERVICES

### 6.1 System Structure

RVSD directly provides wastewater collection services through its own infrastructure headlined by an approximate 202 mile collection system that includes 19 pump stations. The collection system is divided between 194 miles of gravity lines and 8 miles of force mains. RVSD reports the average of

RVSD's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 30 years.

the entire collection system is around 60 years old with an expected service life between 50 to 75 years. As of the study term RVSD's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – is 30 years and represents a 20% improvement over the corresponding 60-month period.<sup>38</sup> Other integral aspects of wastewater service – and specifically treatment and disposal – are provided by contract to RVSD by CMSA and separately reviewed as part of this study.

<sup>38</sup> The equipment replacement ratio has been calculated by LAFCO and drawn from RVSD's 2013-2014 audit.

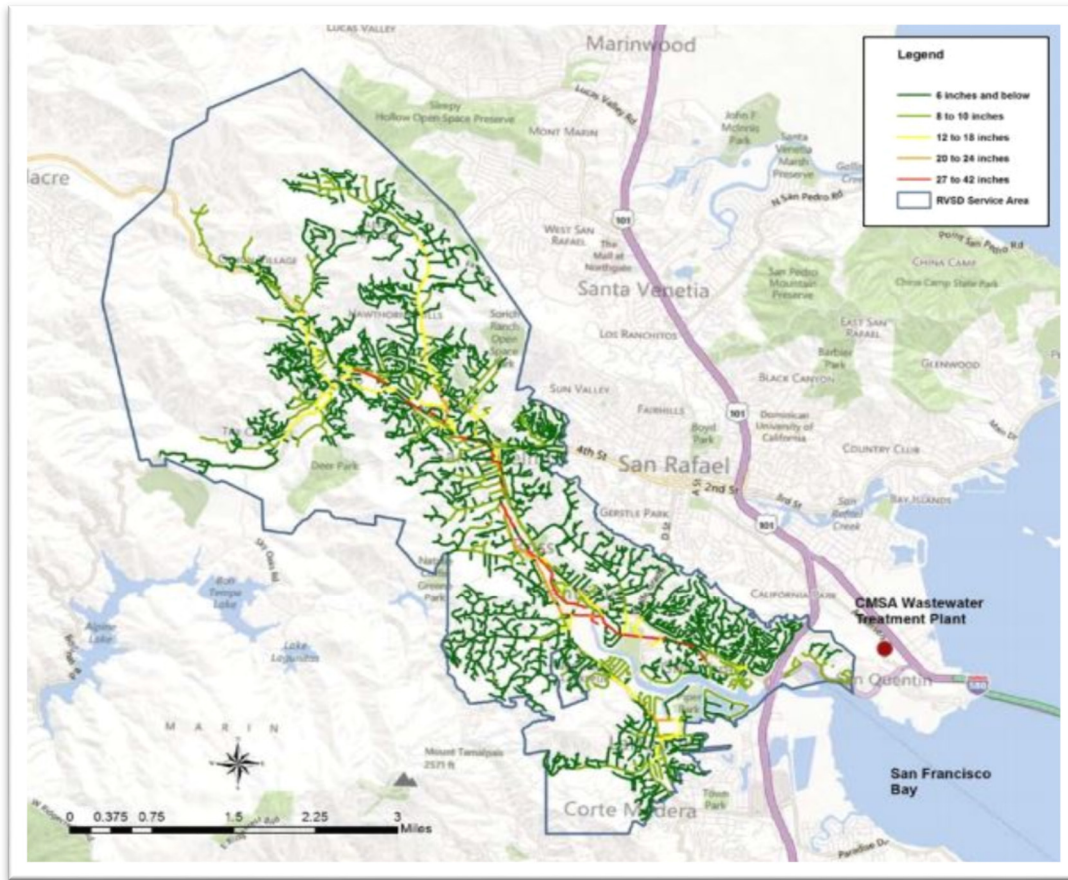


Figure 4.13

## 6.2 Wastewater Demands

### Generators | Service Connections and Resident Population

RVSD reports service to 15,324 active wastewater service connections as of the term of the study period. This connection total is divided into two billing categories: (a) residential at 97.2%; (b) and commercial at 2.8% connections. The connection totals have experienced a relative increase of 0.38% within the five-year study period with relatively noticeable fluctuations between the years 2012 and 2014 and attributed to residential billing updates that have resulted in the removal of discontinued/merged accounts. Overall, residential connections for RVSD have consistently comprised no less than 95% of the total in any year during the study period as shown below.

Service connection totals within RVSD have remained relatively unchanging over the study period and total 15,324 at the term. Residential users on average have accounted for 97.1% of all active connections.



<b>RVSD: Service Connection Type Breakdown</b>			
Table 4.55   Source: RVSD			
Category	Residential	Commercial	Net
2010	14,821	445	15,266
2011	14,656	440	15,096
2012	14,656	452	15,085
2013	14,951	410	15,361
2014	14,900	424	15,324
<b>Overall Change</b>	<b>0.53%</b>	<b>(4.72%)</b>	<b>0.38%</b>

As detailed in the preceding section the Commission independently estimates RVSD’s total resident service population at 40,809 as of the study term. This estimate – which is based on a weighted factor of occupied housing units within the affected census tracts and multiplied by a projected household size – produces a population growth rate for RVSD of 3.44% during the five-year study period. The substantive result when aligning the two demand generators – service connections and resident population – is an average ratio of 2.70 persons for every residential connection. The ratio at the study term tallied 2.75. A breakdown of this ratio over the entire study period follows.

RVSD’s current resident to residential connection ratio is 2.75 as of the term date of this study.

<b>RVSD: Resident to Connection Ratio Breakdown</b>			
Table 4.56   Source: Marin LAFCO			
Year	Residential Connection	Estimated Resident Population	Resident to Connection Ratios
2010	14,821	39,454	2.66
2011	14,656	39,261	2.68
2012	14,656	39,974	2.73
2013	14,951	40,259	2.69
2014	14,821	40,809	2.75
<b>Overall Change</b>	<b>(0%)</b>	<b>3.43%</b>	<b>3.38%</b>

## Recent Measurements | Wastewater Collection System Flows

RVSD’s average annual wastewater collection demand generated over the study period as reported in the current term by the District and for ultimate treatment and disposal by CMSA has totaled approximately 1.602 billion gallons. This average amount, which serves as a macro overview of system demands and includes flows from Murray Park Sewer Maintenance District (MPSMD), represents a daily average flow of 5.5 million gallons. It also translates to an estimated 136.0 gallons per day for each resident or 284.4 gallons per day for each occupied housing unit; it also translates to 355.9 gallons per day for each service connection projected within MPSMD.

Average annual wastewater flows generated within RVSD during the study period have produced the daily equivalent of totaled 5.5 million gallons; and amount that further translates to 135 and 284.4 daily gallons for every person and occupied housing unit. Amounts include flows collected on behalf of the Murray Parks Sewer Maintenance District.

With respect to trends, annual demands within the five-year study period have fluctuated each year and capped with a 23.2% decrease over the span of the affected 60 months. The high demand point for the collection system during the study period occurred in 2010 with annual flow equaling 2.281 billion gallons. This high

Annual wastewater flows within RVSD have decreased by slightly one-fourth over the study period’s 60-month point-to-point index; a difference of 529.3 million gallons.

demand year translates to an estimated 157.7 gallons per day for every resident or 331.2 gallons per day for every housing unit; it also translates to 407.0 gallons per day for each service connection. A breakdown of annual and daily wastewater collection flows over the study period in relation to population and housing is shown below.

### RVSD: Recent Annual and Average Daily Flows Breakdown

Table 4.57 | Source: Marin LAFCO and RVSD

	2010	2011	2012	2013	2014	Average	Trend
Annual Flow Totals	2.281 bg	2.135 bg	1.843 bg	1.935 bg	1.752 bg	1.602 bg	(23.2%)
Daily Average	6.3 mg	5.9 mg	5.1 mg	5.3 mg	4.8 mg	5.5 mg	(23.2%)
- Daily Per Resident	157.7	148.3	125.7	131.0	117.1	136.0	(25.8%)
- Daily Per Housing Unit	331.2	307.4	263.2	274.0	246.1	284.4	(25.7%)
- Daily Per Connection	407.0	385.3	332.8	343.0	311.4	355.9	(23.5%)

*Table includes flows and related data for Murray Park Sewer Maintenance District  
“bg” refers to billion gallons per day  
“mg” refers to millions gallons per day  
Per resident as estimated by the Commission  
Per housing unit refers to occupied status as estimated by the Commission*

Along with average annual wastewater flow three other more micro measurements are tracked with respect to RVSD’s collection system and provide additional context to assessing demand. These measurements are (a) dry weather flow, (b) wet-weather flow, and (c) peak-day flow and summarized below.

### Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period have totaled 3.8 million gallons. This flow is recorded between May and October and most recently tallied 3.8 million gallons as of the study term. The overall average dry-weather tally translates to 94.2 gallons per day for every resident or 197 gallons per day for every occupied housing unit; it also translates to 246.8 gallons per connection during the affected 60 months. This measurement has decreased by (2.56%) during the term. A breakdown of dry-weather flows during the study period follows.

<b>RVSD: Recent Dry Weather Day Flows</b>					
Table 4.58   Source: Marin LAFCO and RVSD					
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	
2010	3.9 mg	98.4	206.6	254.0	
2011	3.4 mg	86.2	178.7	223.9	
2012	3.9 mg	97.1	203.3	257.0	
2013	3.9 mg	96.4	201.6	252.4	
2014	3.8 mg	92.7	194.8	246.6	
<b>Average Trend</b>	<b>3.78 mg (2.56%)</b>	<b>94.2 (5.82%)</b>	<b>197.0 (5.71%)</b>	<b>246.8 (2.93%)</b>	

*Incorporates flows and related data from the Murray Park Sewer Maintenance District  
“mg” refers to million gallons*

### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period have totaled 7.1 million gallons. This flow typically is recorded between November and April and most recently tallied 5.8 million gallons during the study term. The overall average wet-weather day tally translates to 177.8 gallons per day for every resident or 371.8 gallons for every housing unit; it also translates to 465.1 gallons for every service

connection during the affected 60 months. This measurement has decreased overall during the study period by (32.6%) A breakdown of wet-weather flows during the study period follows.

<b>RVSD: Recent Wet Weather Day Flows</b>				
Table 4.59   Source: Marin LAFCO and RVSD				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	8.6 mg	217.0	455.7	560.1
2011	8.3 mg	210.4	436.2	546.6
2012	6.2 mg	154.4	323.2	408.6
2013	6.7 mg	165.6	346.4	433.7
2014	5.8 mg	141.4	297.4	376.3
<b>Average Trend</b>	<b>7.1 mg (32.6%)</b>	<b>177.8 (34.8%)</b>	<b>371.8 (34.7%)</b>	<b>465.1 (32.8%)</b>

*Incorporates flows and related data from the Murray Park Sewer Maintenance District  
“mg” refers to million gallons*

### Peak-Day Flows

Average peak-day wastewater flows over the study period amounts have totaled 45.7 million, and as such translates to a peaking factor relative to average day totals of 12 to 1. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 35.7 million gallons as of the study term. The overall average wet-weather peak day tally translates to 1,139.6 gallons per day for every resident or 2,384.2 gallons per day for every housing unit; it also translates to 2,983.0 per day gallons for each service connection during the corresponding 60 months. This measurement has decreased overall during the study period by (33.0%). A breakdown of peak-day flows during the study period follows.

<b>RVSD: Recent Peak Day Flows</b>					
Table 4.60   Source: Marin LAFCO and RVSD					
Year	Peak Day System Total	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	System Peaking Factor
2010	53.3 mg	1,344.7	2,824.1	3,471.2	13.7
2011	42.5 mg	1,077.4	2,233.4	2,798.8	12.5
2012	42.9 mg	1,068.1	2,236.0	2,827.2	11.0
2013	54.1 mg	1,337.3	2,796.7	3,501.6	13.9
2014	35.7 mg	870.6	1,830.5	2,316.2	9.4
<b>Average Trend</b>	<b>45.7 mg (33.0%)</b>	<b>1,139.6 (35.3%)</b>	<b>2,384.2 (35.2%)</b>	<b>2,983.1 (33.3%)</b>	<b>12.1 (31.3%)</b>

*Incorporates flows and related data from the Murray Park Sewer Maintenance District  
“mg” refers to million gallons per day*

### Projected Measurements | Wastewater Collection System Flows

Going forward – and specifically for purposes of this study – it appears reasonable to assume RVSD’s wastewater flows will generally follow trends over the study period. (This includes flows generated from MPSMD.) It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall decrease in annual wastewater flows of 0.896 billion gallons over the succeeding 10-year period finishing in 2024; a difference of (51.13%) or (5.11%) annually. This projection continues RVSD’s overall annual flows reduction incurred during the study period at a similar rate. It is also estimated – in using regression analysis relative to recent recording - the system’s peak-day flows will ultimately decrease over the succeeding 10-year period by 8.4 million gallons or (23.5%) and resulting in a peaking factor of 6.2. The following table summarizes these and related projections through 2024.

The Commission independently estimates RVSD’s annual wastewater demands will continue to decrease over the succeeding 10-year period at an average rate of 10.8 based on regression analysis performed on recorded rates during the study period.

<b>RVSD: Projected Wastewater Flows</b>						
Table 4.61   Source: Marin LAFCO						
Year	Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	1,752 bg	4.8 mg	3.8 mg	5.8 mg	35.7 mg	
2015	1,645 bg	4.5 mg	4.0 mg	5.0 mg	40.1 mg	
2016	1,560 bg	4.3 mg	4.0 mg	4.5 mg	38.7 mg	
2017	1,474 bg	4.0 mg	4.1 mg	4.0 mg	37.3 mg	
2018	1,387 bg	3.8 mg	4.1 mg	3.5 mg	35.9 mg	
2019	1,301 bg	3.6 mg	4.2 mg	3.0 mg	34.5 mg	
2020	1,213 bg	3.3 mg	4.2 mg	2.4 mg	33.1 mg	
2021	1,125 bg	3.1 mg	4.3 mg	1.9 mg	31.7 mg	
2022	1,036 bg	2.8 mg	4.3 mg	1.4 mg	30.2 mg	
2023	0,946 bg	2.6 mg	4.4 mg	0.828 mg	28.7 mg	
2024	0,856 bg	2.3 mg	4.4 mg	0.285 mg	27.3 mg	
<b>Average Trend</b>	<b>1.254 bg (51.13%)</b>	<b>3.4 mg (51.13%)</b>	<b>4.2 mg 15.95%</b>	<b>2.7 mg (95.08%)</b>	<b>33.8 mg (23.53%)</b>	

*Incorporates flows and related data from the Murray Park Sewer Maintenance District  
“bg” refers to billion gallons per day  
“mg” refers to million gallons per day*

## 6.3 Wastewater Capacities

### Constraints | Contractual Provisions

As referenced, RVSD contracts with CMSA to provide treatment and disposal services for all collected wastewater services generated within the District. This contract was established in 1979 with CMSA's treatment facility going online in 1984. The current contract does not establish any limitations or related constraints on total volume of wastewater conveyed to CMSA of its member agencies.

RVSD is under no contractual constraints with respect the volume of wastewater the District conveys to CMSA for treatment and disposal.

### Constraints | Infrastructure and Facilities

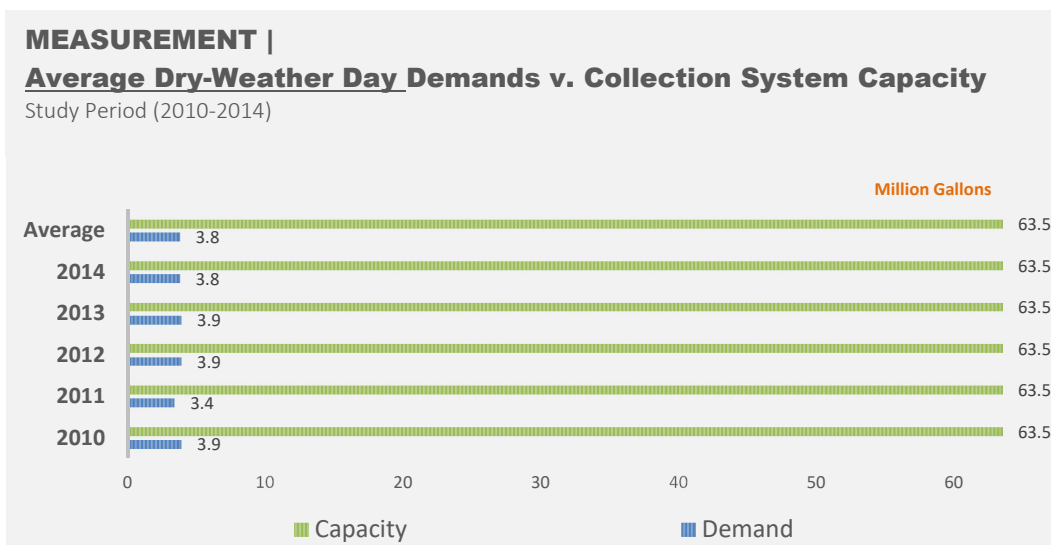
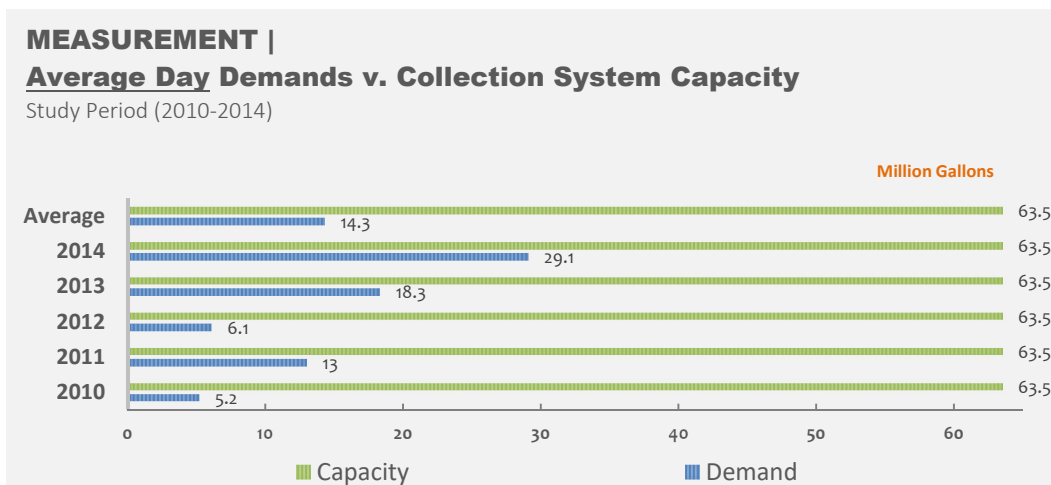
RVSD's collection system is approximately 202 miles in total length and divided between 194 and 8 miles of gravity and force lines, respectively. The percentage of gravity line to force mains is 4.3% and increased by 0.13% during the 60-month study period. The majority of the gravity lines are between 4 and 42 inches in diameter and supported by 19 strategically placed public pump stations that ultimately convey flows north to directly connect RVSD to CMSA. RVSD's largest pump serving the central trunk line connecting District flows to CMSA can reportedly handle up to 63.2 million gallons per day. For purposes of this review this reported amount – 63.2 million gallons – is deemed the maximum daily capacity of the RVSD collection system.<sup>39</sup>

RVSD's collection system's daily capacity to convey flows to CMSA is estimated at 63.2 million gallons.

<sup>39</sup> As context RVSD's Sanitary Sewer Hydraulic Evaluation and Capacity Assurance Plan of 2006 evaluated the capacity of the collection system with respect to a design storm event given that the District's increase in peak flows were mainly attributed to infiltration and inflow (I/I) of storm water runoff and groundwater into the system. The model determined the system would have high peak demands under an intense wet weather event possibly resulting in overflows. The model also examined that all of RVSD's pump stations have sufficient capacity to handle the predicted 5-year design storm peak demand event during normal pump operation, but faced the potential for SSOs during large storm events.

## 6.4 Demand to Capacity Relationships

Study period flows averages show RVSD has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 22.5% of the collection system capacity. Average dry-weather demands during the same period tally 6.0% of the collection system capacity. Average peak-day demands represent the biggest tax on the collection system and account over the study period to equal 57.3% of the collection system capacity.<sup>40</sup> None of the capacity ratios are expected to significantly and adversely change over the succeeding 10-year period with the exception that average day demands are projected to rise to 69.6% of capacity by 2024.



<sup>40</sup> Amount based on the average peak-day demand collected between 2010, 2011, 2012, and 2014.

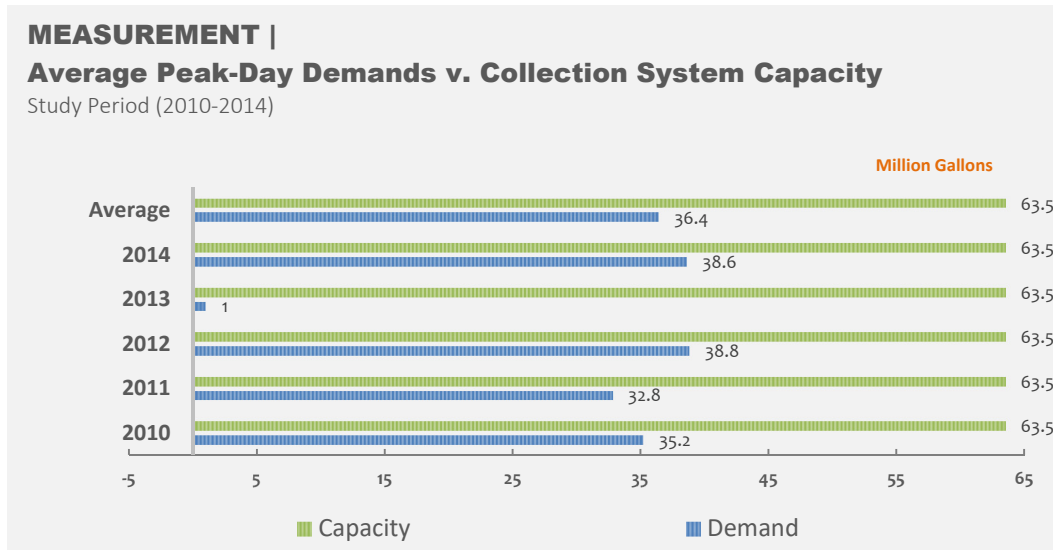


Figure 4.14

## 6.5 Performance

### Measurement | Sanitary Sewer Overflows

The State Water Resources Control Board (SWRCB) requires all public agencies that own or operate sanitary collection systems that are one mile or more in length and convey to a public owned treatment facility comply with the reporting requirements codified in Order No. 2006-0003. This order mandates all subject agencies to develop and implement a system-specific sewer system management plan that includes a spill response plan as well as requiring immediately reporting to the SWRCB of all sanitary sewer overflows, or SSOs. The ultimate purpose of the SSO reporting process is to provide a uniform means to evaluate system reliability, source control, and operation and maintenance of wastewater systems in California. SSOs are defined as any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system, and include any of the following occurrences:

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;
- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States; and



- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

The total number of SSOs recorded by RVSD during the study period was 172 with an overall spillage volume of 3.35 million gallons. The most recent year experienced 29 SSOs. The majority of the SSOs, a total of 108, were classified by the SWRCB as a Category 3, a spill of less than 1,000 gallons to not reach the surface water. RVSD

RVSD experienced 172 total SSOs during the five-year study period, and involved the unauthorized overflow of 3.35 million gallons.

experienced 54 SSOs classified as a Category 1 in which wastewater reached the surface water threatening public safety and environmental health. The average response time for SSOs during the study period was 45 minutes with the longest response time noted at 1 hour in 2011. A review of each accompanying report incident suggests the main factors resulting in discharges were structural, indicating system repairs and planned maintenance are needed in the future to prevent spillage and maintain system flows. The majority of SSOs that were repeat occurrences could be attributed to roots, debris and structural issues, signifying more system maintenance is needed.<sup>41</sup>

RVSD: Sanitary Sewer Overflows								
Table 4.62   Source: SWRQB								
Year	Category 1		Category 2		Category 3		Total	
	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons
2010	6	0.002	1	0.001	27	0.004	34	0.008
2011	20	2.986	3	0.008	34	0.003	57	2.998
2012	4	0.010	2	0.002	17	0.003	23	0.015
2013	13	0.179	2	0.017	14	0.001	29	0.198
2014	11	0.123	2	0.003	16	0.004	29	0.130
	<b>54</b>	<b>3.302</b>	<b>10</b>	<b>0.032</b>	<b>108</b>	<b>0.017</b>	<b>172</b>	<b>3.351</b>

*“gallons” are listed in millions*

<sup>41</sup> As related context RVSD’s Sewer System Management Plan of 2014 has established the following process in order for the District to be notified of the occurrence of an SSO; (1) observation by the public (2) receipt of an alarm and (3) Observation by District staff during the normal course of their work. Once notification of an SSO is received, calls are routed to either Senior Supervisor during business hours or to a standby service in which employees will be alerted by phone or employee pager. If needed, a dispatch collections crew is called and is instructed to follow protocols as well as outline how to respond and communicate with the customer. In the event of pump failure, an alarm will sound and either wastewater will be pumped into a vacuum truck for disposal in a nearby manhole or pumped into the wastewater system to prevent overflows.

## Measurement | System Maintenance

System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault, so an asset can be restored to its operational condition. Preventative maintenance, conversely, is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

### Corrective Maintenance

RVSD’s corrective maintenance is reflected in the number of service calls received to resolve, correct, or assist a particular situation. During the 60-month study period this number totaled 335, in which the majority being attributed to a public SSO. The number of service calls spiked 523% during the last year of the study period, indicating either more volumes in service issues or a better notification system.

<b>RVSD: Number of District Service Calls</b>					
Table 4.63   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General	n/a	n/a	n/a	n/a	44
Public SSO	34	57	28	29	29
Private SSO	n/a	n/a	n/a	n/a	72
Odor Complaints	n/a	n/a	n/a	n/a	18
Noise Complaints	n/a	n/a	n/a	n/a	7
Pump Station Alarms	n/a	n/a	n/a	n/a	24
Non-District Incidents	n/a	n/a	n/a	n/a	18
	<b>34</b>	<b>57</b>	<b>23</b>	<b>29</b>	<b>212</b>

### Preventive Maintenance

RVSD’s preventative maintenance was reported in its planned cleaning activities during the 60-month study period, which averaged to 100% of all planned work orders completed. According to RVSD, maintenance is prioritized by the cleaning of high frequency sewer issues such as blockages or SSOs. The District cleans the entire sewer system approximately every 12 to 18<sup>th</sup> months and cleans specific portion with known problems on a more frequent basis. RVSD uses staff to clean out the system. RVSD schedules to clean on a preventative maintenance timetable in 6 to 12 month

intervals, depending on the history of the individual line segment. During the 60-month study period, Marin LAFCO is unable to determine the number of blocked sewer pipes per 100 miles RVSD encountered. During the same period, RVSD did experience 1 pump station failure in 2011.

RVSD uses a database to keep records of service calls and generates automatic work orders for regular and 6-month maintenance schedules. RVSD’s mainline sewer condition assessment program includes closed-circuit televising (CCTV) inspection of main line pipes to determine cleaning issues. RVSD notes, if an SSO resulted from a structural deficiency, repairs or replacements are made within one month of the reported SSO to prevent future overflows. The District has initiated during the study period a trunk line cleaning program and quality assurance and quality control (QA/QC) protocol to measure the effectiveness of cleaning operations.

RVSD is currently working on developing a rehabilitation and replacement plan to identify and prioritize rehabilitation efforts to address system deficiencies. RVSD has based the priority of rehabilitation projects on the number and nature of pipeline defects and if they are expected to be replaced by segments, lining, or full pipe replacement. At the end of the study year, RVSD identified rehabilitation projects that account for over 20 miles of main line sewer pipelines and are estimated a total costs of \$24.8 million. During the study period, RVSD’s entire collection system was CCTV inspected. The level of infrastructure reinvestment the District achieved during the entire study period came in at 52% byway completing 47,357 feet of the planned 90,234 feet of line replacement.

PLANNED <u>CLEANING</u> ACTIVITIES COMPLETED			PLANNED <u>LINE REPLACEMENT</u> COMPLETED		
Year	Planned Feet	Actual Feet	Year	Planned Feet	Actual Feet
2010	n/a	774,581	2010	3,600	156
2011	n/a	824,738	2011	19,000	16,089
2012	1,000,000	1,243,453	2012	22,300	7,305
2013	1,295,463	1,301,197	2013	13,900	0
2014	1,485,220	1,485,220	2014	17,424	17,645
<b>TOTAL</b>	<b>3,780,683</b>	<b>5,629,189</b>	<b>TOTAL</b>	<b>90,324</b>	<b>47,357</b>
<b>Planned Work Orders Completed</b>		<b>100%</b>	<b>Planned Work Orders Completed</b>		<b>52%</b>

Figure 4.15

## 6.6 User Charges and Fees

RVSD bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted treatment/disposal expenses. The service charge

Most single-family customers in RVSD currently pay \$797 a year for wastewater services. Customers in Larkspur pay one-third more due to a zone adjustment at \$1,067 a year.

is also filtered through two billing zones to account for different revenue outlays: a) Larkspur and b) Ross Valley; with the latter comprising more than nine-tenths of all District customers. Single-family residential customers currently pay \$797 in Ross Valley and \$1,067 in Larkspur per unit. Multi-family customers pay slightly less than single-family users in both zones with Ross Valley billed at \$714 and Larkspur billed at \$955.<sup>42</sup> There are no voter-approved special assessments.<sup>43</sup>

## 7.0 AGENCY FINANCES

### 7.1 Financial Statements

RVSD contracts with an outside accounting firm (Moss, Levy and Hartzheim) to prepare an annual report for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting RVSD’s statements with respect to verifying overall assets, liabilities, and equity. These audited statements provide the Commission with quantitative measurements in assessing RVSD’s short and long-term fiscal health.

<sup>42</sup> Commercial users in Ross Valley and Larkspur are annually billed \$797 and \$1,067, respectively for each equivalent dwelling unit as determined by RVSD.

<sup>43</sup> A dual connection fee is also collected by RVSD in step with initiating new services. The connection fee presently totals \$10,798 for each connection. The total service operating and capital costs are divided between 81% to cover the buy-in costs to the collection system and 19% to cover the capital costs therein.

RVSD’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and positive change over the prior fiscal year as its overall equity or fund balance increased by 4.84% from \$62.192 to \$65.204

End of Study Term Financial Statements	
Assets	\$85.566 m
Liabilities	\$20.362 m
Equity	\$65.204 m

million. Underlying this most recent change in equity standing is the result of a sizeable rise in current assets and aided by a sharp increase in connection and inspection fees in 2013-2014. A summary of year-end totals and trends over the study period follows.

### Agency Assets

RVSD’s audited assets at the end of 2013-2014 totaled \$85.566 million; more than 15% higher than the five-year average sum generated over the course of the study period. As of the study term assets classified as current with the expectation they could be liquidated within a year represented less than one-fifth of the total amount and tied to cash and investments and have drawn down by (36.52%) over the 60 month period. Assets classified as non-current make up the remaining four-fifths of the asset total as of the study term, and predominately comprise of capital infrastructure with 65% of depreciation tied to sewer lines, which has increased by 52.93% over the preceding 60 months.

RVSD Assets   Study Period							
Table 4.64   Source: RVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	20.571	10.865	6.9000	7.278	13.059	(36.52%)	11.735
Non-Current	47.412	59.657	67.002	65.634	72.506	52.93%	62.442
	67.983	70.522	73.902	72.912	72.912	25.86%	74.177

amounts in millions

## Agency Liabilities

RVSD’s audited liabilities at the end of 2013-2014 totaled \$20.362 million; close to 30% higher than the five-year average sum generated over the course of the study period. As of the study term liabilities classified as current representing obligations owed in the near-term represented slightly more than one-tenth and tied to accounts payable and have overall decreased by (62.20%) over the preceding 60 months. Liabilities classified as non-current make up the remaining and approximate four-fifths of the sum and predominately attributed to the sale of 30-year revenue bonds in 2013 totaling \$17.780 million to fund sewer line replacements and underlie the 79.36% increase over the 60 month period.

RVSD Liabilities   Study Period							
Table 4.65   Source: RVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	6.548	4.564	5.325	1.893	2.475	(62.20%)	4.161
Non-Current	9.972	11.140	9.932	8.826	17.886	79.36%	11.551
	16.520	15.704	15.258	10.720	20.362	23.25%	15.713

amounts in millions

## Agency Equity / Net Assets

RVSD’s audited equity / net assets at the end of 2013-2014 totaled \$65.204 million and represent the difference between the District’s total assets and total liabilities. This amount has increased by 26.70% over the study period and primarily attributed to capital investments. The unrestricted portion of the net assets as of the study term totals \$10.610 million and translates to a per capita reserve ratio of \$260 based on a corresponding and projected resident total of 40,809.

RVSD’s net assets have increased by 26.70% over the study period and largely driven by capital investments. The unrestricted fund balance as of the study term total of \$10.610 million equates to a per capita reserve ratio of \$260.


RVSD Net Assets   Study Period							
Table 4.66   Source: RVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	12.543	5.475	1.202	5.664	10.610	(15.41%)	7.099
Restricted	38.919	49.341	57.483	56.527	54.593	40.27%	51.373
	51.463	54.817	58.685	62.192	65.204	26.70%	58.472

amounts in millions


## 7.2 Measurements | Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by RVSD covering the study period and specifically fiscal years 2009-2010 through 2013-2014 shows the District finished the term with relatively good liquidity. This includes noting RVSD’s current ratio finished the term with a ratio of over 5 to 1 as well as over ten months – or 315 days – of cash on hand to cover operating expenses. RVSD also finished the study term with relatively good and stable levels of available capital with less than one-fifth of its net assets being tied to long-term debt financing. RVSD also generated positive total margins in all five subject years with an average net income of 16.25%. However, and in contrast, operating margins finished each year in a deficit with a study period average of (4.76%) along with trending higher and reflect the dependency on non-service related revenues to fund the wastewater system. This latter statement is reflected in RVSD’s earned income ratio average – i.e., the percent of direct service fees relative to annual revenues – of 73.46% for the study period. A summary of year-end liquidity, capital, margin, and structure ratios are show in the following table.


<b>RVSD: Financial Measurements   Study Period</b>						
Table 4.67   Source: RVSD Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	3.14	480.73	14.67%	16.22%	(11.28%)	73.56%
2010-2011	2.38	253.88	15.80%	16.17%	(9.28%)	74.46%
2011-2012	1.29	153.39	13.44%	17.51%	(5.96%)	75.34%
2012-2013	3.84	184.95	12.11%	17.24%	(8.35%)	73.59%
2013-2014	5.27	315.19	20.90%	14.13%	(14.04%)	70.36%
<b>Average</b>	<b>3.187</b>	<b>277.62</b>	<b>15.38%</b>	<b>16.25%</b>	<b>(9.78%)</b>	<b>73.46%</b>
<b>Trend</b>	<b>67.93%</b>	<b>(34.44%)</b>	<b>42.50</b>	<b>(12.89%)</b>	<b>24.52%</b>	<b>(4.34%)</b>




**Liquidity**



**Capital**



**Margin**



**Structure**

**Notes**

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and reoccurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from fees for services. Higher is better for enterprise agencies.

### 7.3 Pension Obligations

RVSD provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed “Category One” while employees hired afterwards are termed “Category Two.” Additional details of the pension program based on actuarial valuations issued by CalPERS follows.



#### Participants | Pension Formulas

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As of the study period’s term (2014) there are a total of 74 participants within RVSD’s pension program. This total amount – which represents an overall increase of 6% in participants since 2012 – is further divided between enrollee type (i.e., active, separated, transferred, retired) and

Most RVSD employees receive one of two types of defined pensions based on either a 2.7 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

marked by a worker-to-retiree ratio of 1.8 to 1 as of the study term. Category One participants represent 93% – or 69 – of the total program enrollees and are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest three years of salary beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 55 and continuing each year thereafter. Category Two participants account for the remaining 7% – or 5 – of the total program enrollee amount as of the study period’s term and are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and continuing annually thereafter.



<b>RVSD's Pension Enrollee Information</b>					
Table 4.68   Source: CalPERS and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	n/a	n/a	34	36	35
Transferred	n/a	n/a	7	8	8
Separated	n/a	n/a	11	9	12
Retired	n/a	n/a	18	19	19
<b>Total Enrollees</b>	<b>n/a</b>	<b>n/a</b>	<b>70</b>	<b>72</b>	<b>74</b>
<b>Worker-to-Retiree Ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>1.8 to 1</b>	<b>1.9 to 1</b>	<b>1.8 to 1</b>

### Annual Contributions

RVSD's total annual pension contributions as of the study period's term tallied \$0.796 million. This amount represents an overall increase over the five-year study period of 78% and is more seven-fold greater than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>44</sup> The most recent annual pension contribution by RVSD for the study period marked 24% of the District's total annual payroll for the corresponding fiscal year (2013-2014).<sup>45</sup>

RVSD's pension contributions have increased by 78% over the five-year study period, and as of 2013-2014 account for 24% of total payroll.

<b>RVSD's Pension Contributions</b>				
Table 4.69   Source: CalPERS and Marin LAFCO				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$448,391	\$547,918	\$702,054	\$778,004	\$796,725
<b>Average Trend</b>				<b>\$654,618</b> <b>77.68%</b>

### Funded Status

RVSD's unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$3.990 million and as such represented 37.6% of the District's unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 78% based on market value. It also reflects an

RVSD's unfunded pension liability has increased over the last four years of the study period by 7% and ended the term at \$3.990 million; the equivalent of a 77.5% funded ratio.

<sup>44</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.

<sup>45</sup> RVSD's covered annual payroll in 2013-2014 totaled \$3.287million.

overall improvement of 7% over the preceding four-year period.<sup>46</sup>

<b>RVSD's Pension Trends</b>			
Table 4.70   Source: CalPERS and Marin LAFCO			
	<b>Unfunded Liability</b>		<b>Funded Ratio</b>
2009-2010	n/a		n/a
2010-2011	\$3,895,131		72.3%
2011-2012	\$4,672,282		68.5%
2012-2013	\$4,308,867		73.0%
2013-2014	\$3,990,836		77.5%
	<b>Average</b>	<b>\$4,216,779</b>	<b>72.8%</b>
	<b>Trend</b>	<b>2.45%</b>	<b>7.1%</b>

Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).

### 7.4 Revenue to Expense Trends

A review of RVSD's overall actual revenues and expenses during the study period as shown in the audited financial statements and specific to fiscal years 2009-2010 to 2013-2014 shows revenue surpluses in each year. Overall actual revenues averaged \$21.018 million over the study period compared to \$17.602 million in actual expenses; a difference of nearly one-fifth or 19.4%. The referenced gap, however, has been decreasing with the growth rate of expenses at 6.2% nearly doubling the growth rate of revenues at 3.6% over the 60-month period.

RVSD's overall revenues have outgained overall expenses – including booked depreciation – in all five years of the study period with an average monetary separation of \$3.415 million – or 19.4%. This separation is narrowing, however, with recent expenses outpacing revenues by nearly double. Removing depreciation as a booked expense produces a larger positive revenue over expense average over the 60-months at 30.9%

RVSD's revenue ledger consists of six distinct categories with sewer service charges accounting on average for 73.2% of the total. Another 25.2% of the revenue average is drawn from property taxes. The remaining average revenue collection – specifically 1.5% - is derived from investment earnings, connection fees, and other miscellaneous sources. Comparatively RVSD's expense ledger consists of eight

Top Revenue Categories:  
1) Sewer Charges @ 73.2%  
2) Property Taxes @ 25.2%

Top Expense Categories  
1) Operations @ 27.9%  
2) CMSA Contract @ 25.0%

<sup>46</sup> Pension information for 2009-2010 is not available.

distinct categories with operation and maintenance costs accounting for the single largest resource demand and on average tallying 27.9% of the total. Contract costs with CMSA for treatment and disposal services represents on average RVSD's second largest expense, and on average, consumed another 25.0% of the outlay total. The remaining average expenses – specifically 47.1% – is derived in magnitude from administrative, debt service, depreciation, interest expense, and miscellaneous.

RVSD Actual Revenue Trends   Study Period								
Table 4.71   Source: RVSD Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
Sewer Charges	15.116	15.418	16.615	14.926	14.884	(1.54%)	15.392	73.23
Inspection Fees	0.025	0.032	0.031	0.039	0.118	374.17%	0.049	0.24
Other	0.038	0.008	0.140	0.008	0.008	(78.32%)	0.040	0.19
Property Taxes	5.221	5.139	2.174	2.236	5.771	10.54%	5.303	25.23
Investments	0.157	0.130	0.121	0.103	0.085	(45.99%)	0.119	0.57
Connection Fees	0.024	0.020	0.040	0.023	0.453	>1000%	0.112	0.53
<b>Totals</b>	<b>20.584</b>	<b>20.749</b>	<b>22.097</b>	<b>20.338</b>	<b>21.321</b>	<b>3.58%</b>	<b>21.018</b>	<b>100.00</b>

*amounts in millions*

RVSD Actual Expense Trends   Study Period								
Table 4.72   Source: RVSD Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
CMSA	4.749	4.854	4.270	4.180	3.951	(16.79%)	4.401	25.00
Debt Service	3.139	3.137	2.897	2.511	2.504	(20.21%)	2.838	16.12
O/M	3.119	5.144	5.020	5.255	6.000	92.39%	4.908	27.88
Administration	4.612	2.483	4.229	2.416	2.666	(42.18%)	3.281	18.64
Depreciation *	1.272	1.272	1.369	1.860	1.995	56.79%	1.554	8.83
Disposal of Capital	0	0	0	0.180	0.004	-	0.037	0.21
Bond Issue Costs	0	0	0	0	.350	-	.070	0.40
Interest Expenses	0.354	0.502	0.440	0.426	0.835	135.82%	0.511	2.91
<b>Totals</b>	<b>17.246</b>	<b>17.395</b>	<b>18.228</b>	<b>16.831</b>	<b>18.309</b>	<b>6.17%</b>	<b>17.602</b>	<b>100.00</b>
<b>.. Less Depreciation</b>	<b>15.974</b>	<b>16.123</b>	<b>16.859</b>	<b>14.971</b>	<b>16.314</b>	<b>2.13%</b>	<b>16.048</b>	<b>100.00</b>

*amounts in millions*

Net with Depreciation					
Year Ending	\$3.338	\$3.354	\$3.868	\$3.506	\$3.011

Net without Depreciation					
Year Ending	\$4.610	\$4.626	\$5.238	\$5.367	\$5.007

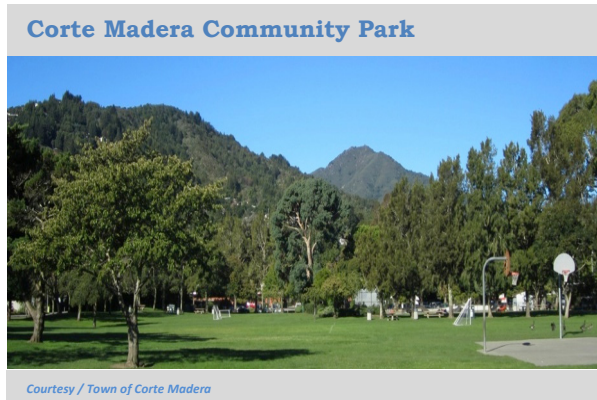
\* Please note depreciation is shown as an operating expense in the financial statements in step with generally accepted government accounting standards, and as such impacts – and often negatively – gross profit or total margin. Depreciation takes into account the wear and tear on physical infrastructure, such as sewer lines, pumps, and other capital equipment. Government accounting standards direct agencies to spread out the costs of replacing these assets over the long term, which generates the term depreciation or amortization. The “charge” for using these assets during the period is a fraction of the original cost of the assets based on the expected life of the assets and presumably is rolled into the agencies’ fund balance at the end of the fiscal year and as part of the restricted reserve.

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## D. COUNTY SANITARY DISTRICT NO. 2

### 1.0 OVERVIEW

County Sanitary District No. 2 (CSD No. 2) was formed in 1901 and encompasses an approximate 3.8 square mile jurisdictional boundary in east-central Marin County. Governance is provided dependently by the Town of Corte Madera's Town Council whose members are elected at-large to staggered four year-terms. This governance



relationship was established in 1969 when CSD No. 2 was officially reorganized into a subsidiary agency of the Town of Corte Madera as allowed under State law given – and among other qualifications – the Town included 70% of both the District's jurisdictional boundary and registered voters. Four local land use authorities overlap CSD No. 2's jurisdictional boundary and headlined by Corte Madera, which presently accounts for three-fifths – or 56% – of the subject lands. The rest of CSD No. 2's jurisdictional boundary is divided between the County of Marin's unincorporated area – and marked by Greenbrae – at 23%, Town of Tiburon at 19% and City of Larkspur at 2%.

CSD No. 2 is currently organized as a single-purpose agency with municipal operations limited to wastewater collection though it is empowered – subject to LAFCO approval – to provide solid waste, recycled water, and storm drainage services. Service activities directly performed by CSD No. 2 and byway of Corte Madera's Public Works Department focus on engineering aspects of the District's approximate 49-mile collection system along with cost-recovery through the setting and collection of charges and fees. Public Works also provides routine and emergency cleaning and maintenance of the collection system, and design and construction of capital improvements to the gravity and force mains and pump stations. CSD No. 2 – and as a signatory – contracts with the Central Marin Sanitation Agency (CMSA) for wastewater treatment and disposal services; a secondary contract with CSMA also provides maintenance for CSD No. 2's pump stations

located throughout the District’s jurisdictional boundary. CSD No. 2’s adopted operating budget at the term of the study period was \$7.102 million and with funding dedicated for the equivalent of three fulltime employees. The unrestricted fund balance was \$3.235 million with an associated days-cash ratio totaling 524; i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within CSD No. 2 is 9,874 as of the term of this study period (2014). It is also projected CSD No. 2’s population growth rate over the five-year study period has averaged 0.175% annually and primarily tied to an increase in occupancy

County Sanitary District No. 2	
Formation Date:	1901
Principal Act:	Health and Safety Sections 6400-6982
Service Categories:	Wastewater Collection
Service Population	9,874
Governance Type:	Dependent

levels; the substantive result being the net addition of 86 persons. Overall it is also estimated by the Commission nearly four-fifths of the jurisdictional boundary has already been developed and or improved – though not necessarily at the highest density. This means one-fifth of the boundary area remains entirely undeveloped, and this includes 138 existing unbuilt and privately owned parcels that are zoned for some type of urban use.<sup>47</sup>

## 2.0 OVERVIEW

### 2.1 Community Development

It appears CSD No. 2’s present day service area began its development in 1834 with the land grant of Rancho Corte Madera del Presidio to early California European settler, John Reed, by Mexican Governor Jose Figueroa, totaling 7,845 acres or 12.2 square miles. Reed proceeded with renaming the area Corte Madera, meaning in Spanish “to chop wood,” and constructed a sawmill to produce lumber out of redwood trees supplying the ongoing construction of San Francisco and by way of transporting through Corte Madera Creek. Cattle grazing and orchard farming followed as the area took an agrarian form

<sup>47</sup> Additional analysis is needed to assess actual development potential of the 138 unbuilt parcels within CSD No. 2.

towards mid-century. Once California joined the Union in 1850 a nominal number of settlers were recorded living in Corte Madera by the time of the first census. Ten years later in 1860 and in step with the State’s second official census only a few dozen residents were reportedly residing in the area.<sup>48</sup>



Figure 4.16

Seminal to Corte Madera’s present day development was the completion of the North Pacific Coast Railroad in 1875 and its allowance

for San Franciscans to reach Sausalito by ferries and continue their travels north and throughout Marin County by rail. This included the placement of a railroad along current-day Montecito Drive with the construction of a train station near the intersection of Tamalpais Drive by 1885. A commercial area, accordingly, began to develop around the train station – later termed “Old Downtown” – with the construction of nearby residences to house shopkeepers as well as an emerging group of day-laborers who would travel into San Francisco.

<sup>48</sup> Census data reports Marin County’s entire population in 1860 at 3,334; the second lowest total among the nine Bay Area counties and only higher than San Mateo at 3,214.

Corte Madera's development accelerated in the 1890s when Emma Catherine Pixley - widowed sister-in-law of New England lawyer Frank Pixley and later publisher of the magazine the *Argonaut* - received a 136-acre parcel from her late husband's family estate. Ms. Pixley and her sons, notably, began subdividing and selling small undeveloped tracts of lots from her 136-acre parcel of land and marketed in local newspapers as summer residences for San Franciscans given the area's warmer climate. The lots were located on the northern slope of the Corte Madera Ridge near the railroad station and subsequently known as Christmas Tree Hill with starting prices at \$50; the adjusted equivalent of \$1,200 in 2016. Sales proved successful and by the end of the century Corte Madera began its steadfast transition from agrarian to residential with a population reaching a reported 300 by 1900.

## **2.2 Formation Proceedings**

CSD No. 2's formation was petitioned by area landowners to manage and coordinate the collection and disposal of raw sewage flows from Old Downtown and the Christmas Tree Hill development. Proceedings were influenced by the establishment two years earlier of neighboring County Sanitary District No. 1 - also known as the Ross Valley Sanitary District - and led to a successful election and formation therein of CSD No. 2 in 1901 as an independent governmental agency with its own directly elected five-person board.

## **2.3 Post Formation Activities**

A summary of notable activities undertaken by CSD No. 2 and/or affecting the District's service area following formation in 1901 is provided below.

- The City of Larkspur was incorporated in March 1908.
- The Town of Corte Madera was incorporated in June 1916.
- In 1969 CSD No. 2 was reorganized into a dependent subsidiary district of the Town of Corte Madera with LAFCO approval as a means to formalize the Town's existing - albeit informal - management of the District.



- CSD No. 2 became an original signatory in the creation of CMSA in 1979; a joint powers authority created for the purposes of planning, constructing, and operating wastewater treatment and disposal services for its member-agencies with the latter achieved through a deep-water outfall to the San Francisco Bay.
- CSMA completed construction and initiated operation of a wastewater treatment facility on the north side of Point San Quentin Point in 1985.
- CSD No. 2 prepared its first formal Sewer System Master Plan in 2008. This document was most recently updated in 2013.

### 3.0 BOUNDARIES

#### 3.1 Jurisdictional Boundary

CSD No. 2's jurisdictional boundary spans approximately 3.8 square miles in size and covers 2,435 total acres (parcels and right-of-ways). There are four land use authorities overlapping the jurisdictional boundary. Corte Madera is the single largest land use authority in terms of acreage with an estimated 56% of all CSD No. 2's assessor lands lying in the Town.

CSD No. 2's jurisdictional boundary spans 3.8 square miles and overlaps four land use authorities with Corte Madera being the largest with the Town covering 56% of all District lands.

Another 23% and 19% of jurisdictional lands fall under the land use authorities of the County – and most notably portions of Kentfield – and Tiburon respectively. The remaining portion of CSD No. 2 lands – which total 2% of the District total – are located within Larkspur and specifically in and around the Cost Plus Plaza.

The total assessed value (land and structure) within CSD No. 2 is currently calculated at \$3.6 billion and translates to a per acre value of \$1.4 million. This former amount – \$3.6 billion – further represents a per capita value of \$0.365

Assessed land values in CSD No. 2 totals \$3.6 billion, and based on receiving 1.47% of the 1% annual property tax the District's allocated share of the total less deductions and other exchanges is \$0.528 million.

million based on an estimated service population of 9,874. CSD No. 2's set allocation of property tax proceeds – i.e., its share of the 1% taxed on property owners – is 1.468%.

<b>CSD No. 2 Boundary Breakdown: Land Use Authorities</b>				
Table 4.73   Source: Marin LAFCO				
Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
Corte Madera	896.9	56.1	3,390	3,910
County of Marin	372.6	23.3	398	125
Tiburon	298.9	18.7	442	435
Larkspur	31.0	1.9	104	94
	<b>1,599.4</b>	<b>100</b>	<b>4,334</b>	<b>4,564</b>

As provided in the preceding table there are 4,334 overall assessor parcels currently within CSD No. 2 and collectively add up to 1,599 acres as of June 2016.<sup>49</sup> Almost four-fifths – or 79% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density.<sup>50</sup> This existing development is highlighted by the standing construction of 4,564 residential units and divided between single-family and multi-family on an 82% to 18% split. The remainder – or 21% – of the current assessor parcel acreage in CSD No. 2 is undeveloped/unimproved. This includes 131 un-built and privately owned assessor parcels that combine to total 68 acres. The remaining undeveloped/unimproved assessor acreage in CSD No. 2 – or 268 acres – is publicly owned and generally dedicated to municipal or open space uses.

Almost four-fifths of CSD No. 2's jurisdictional boundary has already been developed/improved – though not necessarily at the highest allowable density. This means one-fifth of the boundary remains entirely undeveloped. This includes 138 un-built and privately owned parcels zoned for some type of urban use.

<b>CSD No. 2 Boundary Breakdown: Land Use Features</b>				
Table 4.74   Source: Marin LAFCO				
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
79.0	4,564	81.5	131	68

<sup>49</sup> The remaining 836 jurisdictional acreage within CSD No. 2 are tied to public right-of-ways and waterways.

<sup>50</sup> This portion of developed acreage includes parcels dedicated as common areas.

### 3.2 Sphere of Influence

CSD No. 2’s sphere of influence was initially established by the Commission in 1983 and last reviewed and updated in 2006. The sphere spans approximately 2,471 acres or 3.8 square miles in size. The sphere is close to matching – or 98% – equal to CSD No. 2’s jurisdictional boundary net size although with several notable deviations therein. This includes excluding approximately 44 acres – or 2% – of CSD No. 2 jurisdictional lands and highlighted by the omission of District territory

CSD No. 2’s sphere of influence nearly matches its jurisdictional boundary with two notable exceptions. First, the sphere excludes approximately 44 acres of the jurisdictional boundary in south Larkspur and north Tiburon. Second, the sphere includes 80 acres on non-jurisdictional lands with the majority located in the unincorporated community of Paradise Cay.

in north Tiburon and south Larkspur. Non-jurisdictional lands included in the sphere total approximately 80 acres (parcels and right-of-ways) and as such are immediately eligible for annexation or outside service extension subject to Commission approval. This includes 37 assessor parcels with 90% – or 33 – being privately owned and zoned for some type of urban use with the majority lying within unincorporated Paradise Cay.

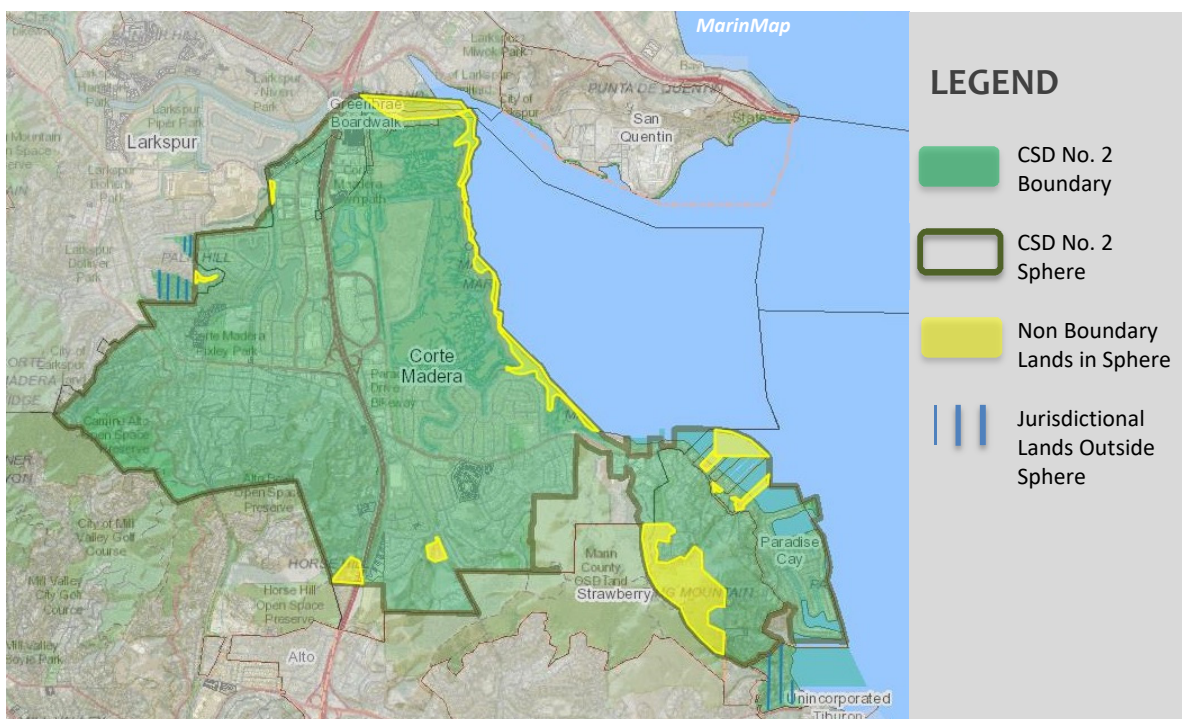


Figure 4.17

## 4.0 DEMOGRAPHICS

### 4.1 Population Estimates

CSD No. 2's resident population within its jurisdictional boundary is independently estimated by the Commission at 9,874 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 3.8% of the estimated countywide population.<sup>51</sup> It is also

LAFCO estimates there are 9,874 total residents within CSD No. 2 that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated CSD No. 2 has experienced an overall population increase of 86 over the preceding five-year period, resulting in an annual growth rate of 0.175%.

projected CSD No. 2 has experienced an overall population growth rate of 0.88% over the preceding five-year period or 0.175% annually. The net effect of the population change in CSD No. 2 over the study period is the addition of an estimated 86 persons. This projected increase in population has been generated by the addition of an estimated 87 new and occupied housing units within the jurisdictional boundary while also taking into account a deintensification of household sizes over the span of the five-year period starting at 2.25 in 2010 and ending at 2.20 in 2014; the latter being a net intensity decrease of (11.1%). Overall projected growth within CSD No. 2 falls more than three times below the concurrent annual change estimated for the entire county – 0.62% –.<sup>52</sup>

#### CSD No. 2 Resident Population: Past and Current Estimates

Table 4.75 | Source: Marin LAFCO

Factor	2010	2011	2012	2013	2014
a) Total Housing Units	4,466	4,482	4,499	4,545	4,531
b) Local Occupancy Rate	97.63	96.47	97.52	97.52	98.16
g) Occupied Housing Units	1,360	4,324	4,387	4,403	4,448
h) Projected Household Size	2.245	2.239	2.232	2.226	2.220
<b>Estimated Population</b>	<b>9,788</b>	<b>9,678</b>	<b>9,794</b>	<b>9,802</b>	<b>9,874</b>

\* rounded for reporting purposes

<sup>51</sup> Marin LAFCO's resident service population for CSD No. 2 is independently calculated and premised on occupied housing driving resident estimates based on data collected within the four affected census tracts in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to CSD No. 2 over the study period include a weighted annual housing unit change of 0.361% and a weighted annual household size change of (0.279%). The annual weighted population change is 0.175%.

<sup>52</sup> Marin County's estimated population as of January 1, 2014 totaled 260,750 based on information published by the United States Census and marks a 3.01% increase over the preceding five-year period.

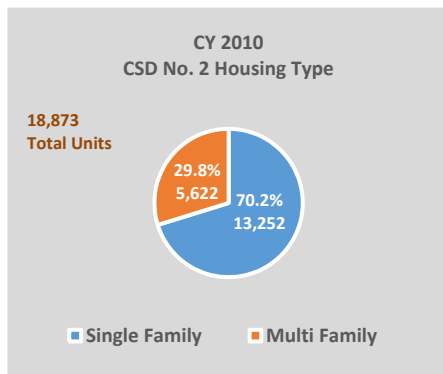
With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with CSD No. 2 will generally match the preceding five-year period with an overall yearly population change of 0.175%. The substantive result of this assumption would be an overall increase in CSD No. 2's resident population of 174 and produce a total of 10,048 by 2024. This growth rate would similarly presume to generate the addition of 53 new and occupied housing units within CSD No. 2 through 2024 assuming the preceding five-year average ratio of 2.232 persons for every one occupied housing unit holds. These collective projections going forward are summarized below.

<b>CSD No. 2 Resident Population: Future Estimates</b>						
Table 4.76   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	9,874	9,909	9,943	9,978	10,013	10,048
Occupied Housing Units	4,448	4,439	4,454	4,470	4,485	4,501
- residents to housing units	2.220	2.232	2.232	2.232	2.232	2.232

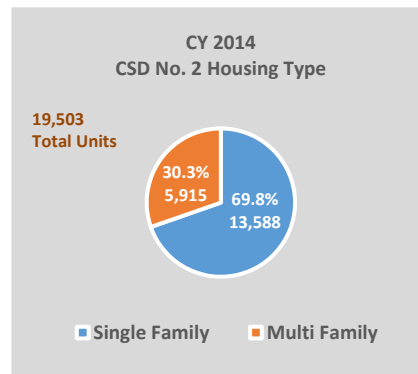
Baseline

#### 4.2 Residency Type

The Commission projects CSD No. 2's residential unit total (occupied and unoccupied) of 4,531 as of the study term is divided between single family and multi-family uses at 74.43% (3,373) and 25.57% (1,159), respectively. These totals produce an estimated ratio of 2.91 to 1 with respect to single-family to multi-family units. The overall stock of housing type has experienced a subtle change with single-family unit totals decreasing by (0.43%) while multi-family unit totals increasing by 1.28% over the corresponding 60 month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (1.69%) from 2.96 to 1 in 2010.



Single Family to Multi Family:  
2.96 to 1



Single Family to Multi Family:  
2.91 to 1

Figure 4.18

### 4.3 Social and Economic Indicators

A review of recent demographic information covering the CSD No. 2 jurisdictional boundary for the study period shows fulltime residents are relatively in better economic positions compared to countywide averages and marked by high incomes and low unemployment and poverty rates. This information is drawn from census data collected between 2010 and 2014 and shows

CSD No. 2's fulltime residents are generally more affluent than most of the county populace and highlighted by a median household income average over the study period of \$108,934. Also there has been sizeable amount of transition with only 13% of household owners having resided in their homes before Proposition 13 in 1979.

area residents' average median household income is close to one-fifth above the countywide amount of \$91,529 at \$108,934. Area resident averages – and similar to RVSD – also fall measurably below countywide amounts with respect to unemployment and poverty rates, albeit both measurements have significantly increased compared to the preceding five-year average data collection. Notable social indicators show CSD No. 2 residents have significantly higher levels of formal education with 65.7% possessing a bachelor's degree and is more than double the countywide rate. Also notably – and compared to its immediate neighbor to the east with similar economic factors in RVSD – CSD No. 2 is far more ethnically diverse with non-native speakers equally 21.3% and close to the countywide amount.

<b>CSD No. 2: Resident Trends in Social and Economic Indicators</b>				
Table 4.77   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$100,121</b>	<b>\$108,934</b>	<b>8.80%</b>	<b>\$91,529</b>
Median Age	44.78	44.98	0.46%	45.10
Prime Working Age (25-64)	58.07%	52.93%	(8.84%)	55.28%
Unemployment Rate (Labor Force)	2.44%	3.66%	50.20%	4.70%
Persons Living Below Poverty Rate	2.49%	4.80%	92.60%	8.80%
Mean Travel to Work	27.78 min	30.40 min	8.12%	29.4 min
Working at Home (Labor Force)	6.40%	9.40%	47.91%	2.50%
Adults with Bachelor Degrees or Higher	62.45%	65.70%	5.21%	30.80%
Non English Speaking	23.28%	21.13%	(9.23%)	23.50%
Householder Pre Proposition 13 (1979)	16.82%	12.90%	(8.84%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all four census tracts underlying CSD No. 2.

## 5.0 ORGANIZATIONAL STRUCTURE

### 5.1 Governance

CSD No. 2’s governance authority is established under the Sanitary District Act of 1923 (“principal act”) and codified under Public Health and Safety Code Sections 6400-6982. This principal act was originally enacted in 1891 and empowers CSD No. 2 to provide a moderate range of municipal services upon approval by LAFCO. As of date, CSD No. 2 is authorized to provide only one municipal service: (a) wastewater. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before CSD No. 2 would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing wastewater services, CSD No. 2 would also need to seek LAFCO approval. A list of active and latent powers under the principal act follows

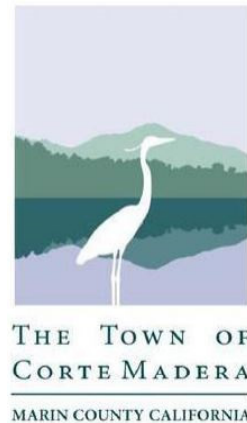
#### Active Service Powers

Wastewater

#### Latent Service Powers

Solid Waste; Including Collection  
Recycled Water  
Storm Drainage

CSD No. 2 was initially formed as an independent sanitary district in 1901 with its own directly elected five-member board of directors among registered voters residing with the District. CSD No. 2 was governed accordingly in this manner until 1969 when the Town of Corte Madera successfully proposed reorganization of the District as a subsidiary to the Town.<sup>53</sup> As a result of the reorganization, the Corte Madera Town Council acts as *ex officio* of the CSD No. 2 Board and incorporates the District’s business as part of the Town’s regular meeting schedule. The Town Council’s members are elected at large to staggered four-year terms with a rotating mayor appointment process – hold regular meetings every first and third Tuesdays of each month at 7:30 P.M. at Town Hall, 300 Tamalpais Drive, Corte Madera. A current listing of CSD No. 2 Board of Directors along with respective backgrounds and years served on the District follows.



<sup>53</sup> As added context the reorganization was allowed under State law given Corte Madera represented no less than 70% of both the District’s total boundary and registered voters at the time of the proceedings.

<b>Current CSD No. 2 Board Roster</b>			
Table 4.78   Source: CSD No. 2			
Member	Position	Background	Years on Board
Sloan Baily	President	Attorney	n/a
Diane Furst	Vice President	Accounting/Finance	n/a
James Andrews	Director	Financial Analyst	n/a
Carla Condon	Director	Government	n/a
Michael Lappert	Director	Business Owner	n/a

## 5.2 Administration

Under Town Ordinance Corte Madera’s Town Manager serves as General Manager for CSD No. 2 and as such oversees all District activities with primary delegation to the Public Works Director. The current General Manager – Todd Cusimano – assumed administrative oversight of CSD No. 2 in September 2016. Service activities directly performed by CSD No. 2 and byway of Public Works staff focuses on engineering aspects of the District’s approximate 49 mile collection system along with cost-recovery through the setting and collection of charges and fees.<sup>54</sup> Legal services for CSD No. 2 are provided by contract with the Renne Sloan Holtzman Sakai Law Group (San Francisco).

**CSD No. 2 Administrative Offices**  
300 Tamalpais Drive  
Corte Madera, California 94925



Courtesy / Town of Corte Madera

## 6.0 WASTEWATER SERVICES

### 6.1 System Structure

CSD No. 2 directly provides wastewater collection services through its own infrastructure headlined by an approximate 49 mile collection system and 19 public pump stations. The current infrastructure dates back as early as 1923 with the collection system divided between 44 and 5 miles of gravity and force lines, respectively. CSD No. 2 reports close

<sup>54</sup> Public Works also provides routine and emergency cleaning and maintenance of the collection system with a budgeted allocation of three fulltime equivalent employees to perform on behalf of CSD No. 2 for the study term. All other services – including maintaining CSD’s No. 2’s pump stations as well as treatment and disposal services – are provided to the District byway of CMSA through a standing joint-powers agreement initially established in 1979.



to 60% of the collection system is less than 50 years in service.

As of the study term CSD No. 2's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – is 12 years and represents a 14% negative change over the corresponding 60 month period.<sup>55</sup> Other key aspects of wastewater service – and specifically treatment and disposal – are provided by contract to CSD No. 2 by CMSA and separately reviewed as part of this study.

CSD No. 2's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 12 years.

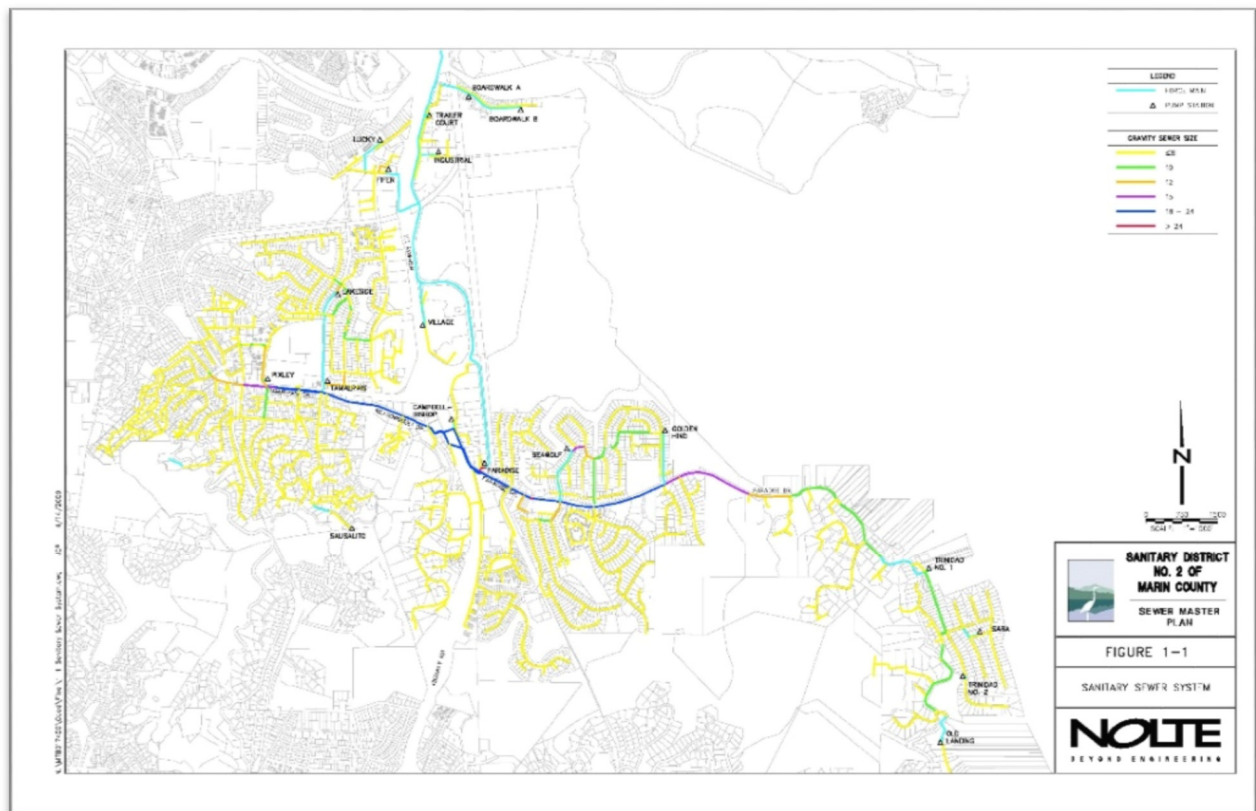


Figure 4.19

<sup>55</sup> The equipment replacement ratio has been calculated by LAFCO and drawn from CSD No. 2's 2013-2014 audit.

## 6.2 Wastewater Demands

### Generators | Service Connections and Resident Population

CSD No. 2 reports service to 3,934 active wastewater service connections as of the term of the study period. This connection total is divided into three broad billing categories: (a) residential at 95.6%; (b) commercial at 3.61%; and (c) other at 0.76% (e.g. industrial, public, etc.). The connection totals have experienced small fluctuations within the five-year study period and attributed to residential billing updates that have resulted in the removal of discontinued/merged accounts. This activity helps to explain the overall 0.58% decrease in service connections over the past five year period; a net loss of (23). Nevertheless, residential connections have consistently comprised no less than 96% of the total in any year as shown below.

Service connection totals within CSD No. 2 have remained relatively stagnant over the study period and total 3,934 at the term. Residential users on average have accounted for 95.76% of all active connections.

CSD No. 2: Service Connection Type Breakdown				
Table 4.79   Source: CSD No. 2				
Category	Residential	Commercial	Other	Net
2010	3,781	147	29	3,957
2011	3,798	144	15	3,957
2012	3,763	137	20	3,920
2013	3,758	140	31	3,929
<b>2014</b>	<b>3,762</b>	<b>142</b>	<b>30</b>	<b>3,934</b>
<b>Overall Change</b>	<b>(0.50%)</b>	<b>3.40%</b>	<b>3.45%</b>	<b>(0.58%)</b>

As detailed in the preceding section the Commission independently estimates CSD No. 2's total resident service population at 9,874. The substantive result when aligning the two demand generators – service connections and resident population – is an average ratio of 2.59 persons for every residential connection. The ratio at the study term tallied 2.62. A breakdown of service connection to resident population ratios over the study period follows.

CSD No. 2's current resident to residential connection ratio is 2.62 as of the term date of this study.

<b>CSD No. 2: Resident to Connection Ratio Breakdown</b>			
Table 4.80   Source: Marin LAFCO			
Year	Residential Connection	Estimated Resident Population	Resident to Connection Ratios
2010	3,781	9,788	2.56
2011	3,798	9,678	2.55
2012	3,763	9,794	2.60
2013	3,758	9,802	2.60
<b>2014</b>	<b>3,762</b>	<b>9,874</b>	<b>2.62</b>
<b>Overall Change</b>	<b>(0.50%)</b>	<b>0.86%</b>	<b>2.34%</b>

### Recent Measurements | Wastewater Collection System Flows

CSD No. 2’s average annual wastewater collection demand generated over the study period as reported by the District and for ultimate treatment and disposal by CMSA has been approximately 426.3 million gallons. This average amount – which serves as a macro overview of system demands – represents a daily average flow of 1.17 million gallons. It also translates to an estimated 119.3 gallons per day for each resident or 266.4 gallons per day for each occupied housing unit projected within CSD No. 2, and 260.1 gallons for each service connection.

Average daily wastewater flows generated within CSD No. 2 during the study period totaled 1.17 million gallons and translates to use ratio of 119 and 266 daily gallons for every person and occupied housing unit, respectively, within the District.

With respect to trends, annual flows within the five-year study period have remained relatively consistent each year and ultimately produced a (0.80%) decrease over the span of the affected 60 months. The high demand point for the collection system during the study period occurred in 2010 with annual flow equaling 456.3 million gallons. This high demand year translates to an estimated 127.7 gallons per day for each resident or 286.7 gallons per day for each occupied housing unit; it also translates to 315.9 gallons per day for each service connection. A breakdown of annual and daily wastewater flows follows.

Annual wastewater flows within CSD No. 2 have decreased by less than (5%) over the study period’s 60 month point-to-point index; a difference of 23.1 million gallons.

**CSD No. 2: Annual and Average Daily Flows Breakdown**

Table 4.81 | Source: Marin LAFCO and CSD No. 2

	2010	2011	2012	2013	2014	Average	Trend
Annual Flow	456.3 mg	407.0 mg	449.0 mg	366.8 mg	452.6 mg	426.3 mg	(0.80%)
Daily Average	1.3 mg	1.1 mg	1.2 mg	1.0 mg	1.2 mg	1.2 mg	(0.80%)
- Daily Per Resident	127.7	115.2	125.6	102.5	125.6	119.3	(1.66%)
- Daily Per Housing Unit	286.7	257.9	280.4	228.3	278.8	266.4	(2.72%)
- Service Connection	315.9	281.8	132.0	256.0	315.2	260.1	(0.22%)

“mg” refers to million gallons  
Per resident as estimated by the Commission  
Per housing unit refers to occupied status as estimated by the Commission

Along with average annual wastewater flow three other more micro measurements are tracked with respect to CSD No. 2’s collection system and provide additional context to assessing demand. These measurements are (a) dry weather flow, (b) wet-weather flow, and (c) peak-day flow and summarized below.

**Dry-Weather Day Flows**

Average dry-weather day wastewater flows over the study period have totaled 0.94 million gallons. This flow is recorded between May 1<sup>st</sup> and October 31<sup>st</sup> and most recently tallied 0.93 million gallons as of the study term. The overall average dry-weather day tally translates to 96 gallons for every resident and 214 gallons for every occupied housing unit during the affected 60 months. This measurement has increased overall during the study period by 6.90%. A breakdown of dry-weather flows during the study period follows.

**CSD No. 2: Dry Weather Day Flows**

Table 4.82 | Source: Marin LAFCO and CSD No. 2

Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit
2010	0.87 mg	88.9	199.5
2011	0.93 mg	96.1	215.1
2012	0.98 mg	100.1	223.4
2013	0.99 mg	101.0	224.8
2014	0.93 mg	94.2	209.1
<b>Average</b>	<b>0.94 mg</b>	<b>96.0</b>	<b>214.4</b>
<b>Trend</b>	<b>6.90%</b>	<b>5.96%</b>	<b>4.81%</b>

“mg” refers to million gallons

### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period have totaled 1.39 million gallons. This flow is recorded between November 1<sup>st</sup> and April 30<sup>th</sup> and most recently tallied 1.55 million gallons as of the study term. The overall average wet-weather day tally translates to 143 gallons for every resident and 4,664 gallons for every occupied housing unit during the affected 60 months. This measurement has decreased overall during the study period by (4.91%). A breakdown of wet-weather flows during the study period follows.

<b>CSD No. 2: Wet Weather Day Flows</b>				
Table 4.83   Source: Marin LAFCO and CSD No. 2				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	
2010	1.63 mg	166.5		199.5
2011	1.30 mg	134.3		215.1
2012	1.48 mg	151.1		337.3
2013	1.02 mg	104.1		300.6
2014	1.55 mg	156.9		373.8
<b>Average Trend</b>	<b>1.39 mg (4.91%)</b>	<b>142.6 (5.16%)</b>		<b>318.4 87.37%</b>

*“mg” refers to million gallons*

### Peak-Day Flows

Average peak-day wastewater flows over the study period have totaled 5.192 million gallons producing a peak-factor relative to average day totals of 5.6. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 8.85 million gallons as of the study term. The overall average peak-weather day tally translates to 530 gallons for every resident and 1,182 gallons for every occupied housing unit during the affected 60 months. This measurement has increased overall during the study period by 64.80%. A full breakdown of peak-day flows follows.

<b>CSD No. 2: Peak Day Flows</b>				
Table 4.84   Source: Marin LAFCO and CSD No. 2				
Year	Peak Day System Total	Gallon Per Resident	Gallon Per Housing Unit	Peaking Factor
2010	5.37 mg	548.6	1,231.6	6.2
2011	4.41 mg	455.6	1,019.9	4.7
2012	5.53 mg	564.6	1,260.5	5.6
2013	1.80 mg	183.6	408.8	1.8
2014	8.85 mg	896.3	1,989.8	9.5
<b>Average Trend</b>	<b>5.19 mg 64.80%</b>	<b>529.8 63.43%</b>	<b>1,182.1 61.56%</b>	<b>5.6 54.17%</b>

*“mg” refers to million gallons*

### Projected Measurements | Wastewater Collection System Flows

Going forward – and specifically for purposes of this study – it appears reasonable to assume CSD No. 2’s wastewater flows will follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall increase in annual wastewater flows of 21.0 million gallons over the succeeding 10-year period finishing in 2024; a difference of 4.64% or 0.46% annually.

The Commission independently estimates CSD No. 2’s annual wastewater demands will reserve course and increase over the succeeding 10-year period at an average rate of 0.46%. This will result in the average day demand equaling 1.3 million gallons in 2024.

This projection differs from CSD No. 2’s overall annual flows decrease incurred during the study period. It is also estimated – in using regression analysis - the system’s peak-day flows will ultimately increase over the succeeding 10-year period by 1.04 million gallons or 11.79% and resulting in a peaking factor of 7.6; the latter representing a rise in peak day flows relative to average day amounts by one-fourth. The following table summarizes these and related projection flows through 2024.

<b>CSD No. 2: Projected Wastewater Flows</b>						
Table 4.85   Source: Marin LAFCO and CSD No. 2						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	452.6 mg	1.25 mg	0.93 mg	1.55 mg	8.9 mg	
2015	445.6 mg	1.22 mg	0.95 mg	1.50 mg	7.1 mg	
2016	448.7 mg	1.23 mg	0.95 mg	1.51 mg	7.4 mg	
2017	451.8 mg	1.24 mg	0.95 mg	1.53 mg	7.7 mg	
2018	454.9 mg	1.25 mg	0.95 mg	1.55 mg	8.0 mg	
2019	458.0 mg	1.25 mg	0.95 mg	1.56 mg	8.3 mg	
2020	461.1 mg	1.26 mg	0.95 mg	1.58 mg	8.6 mg	
2021	464.2 mg	1.27 mg	0.95 mg	1.60 mg	8.9 mg	
2022	467.3 mg	1.28 mg	0.95 mg	1.61 mg	9.3 mg	
2023	470.5 mg	1.29 mg	0.95 mg	1.63 mg	9.6 mg	
2024	473.6 mg	1.30 mg	0.96 mg	1.65 mg	9.9 mg	
<b>Average Trend</b>	<b>459.6 mg 4.64%</b>	<b>1.26 mg 4.64%</b>	<b>0.95 mg 2.75%</b>	<b>1.57 mg 6.33%</b>	<b>8.5 mg 11.79%</b>	

## 6.3 Wastewater Capacity

### Constraints | Contractual Provisions

As referenced, CSD No. 2 contracts with CMSA to provide treatment and disposal services for all collected wastewater services generated within the District. This contract was established in 1979 with CMSA’s treatment facility going online in 1984. The current contract does not establish any limitations or related constraints on total volume of wastewater conveyed to CMSA by CSD No. 2 or any of the other members.

CSD No. 2 is under no contractual constraints with respect to the volume of wastewater the District conveys to CMSA for treatment and disposal.

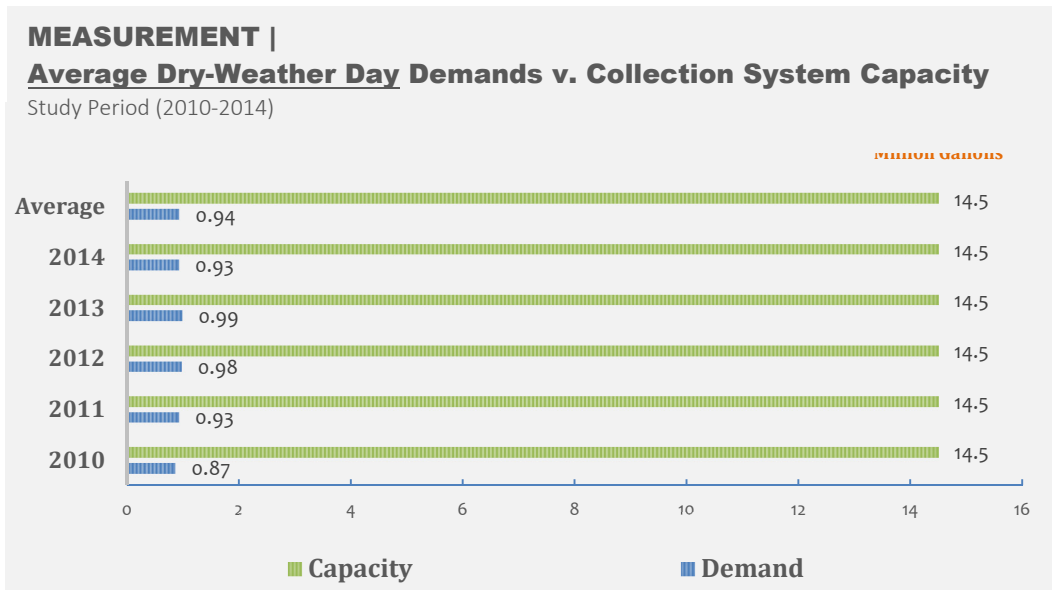
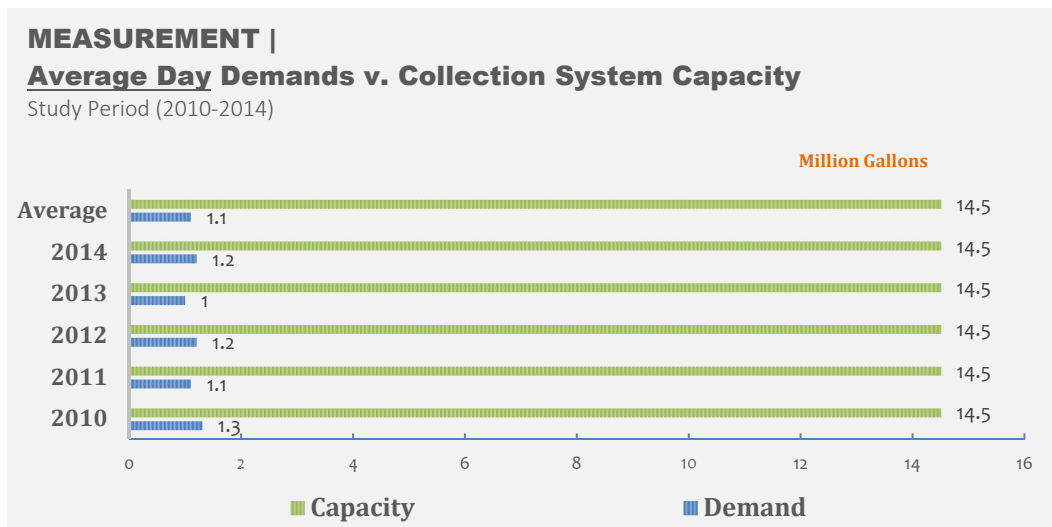
### Constraints | Infrastructure and Facilities

Capacity within CSD No. 2 is premised on an approximate 49-mile collection system divided between 44 and 5 miles of gravity and force lines, respectively. The percentage of force mains to gravity flow pipelines for the most recent study period year was at 12%, and increased by 33.3% from the start of the period. CSD No. 2 has 14 lift stations and 5 force mains. The majority of the gravity lines are less than eight inches in size and supported by 19 strategically placed public pump stations that ultimately convey flows north to the Paradise Force Main, which is 22 inches in size and continues through to the 54-inch Ross Valley Interceptor for subsequent treatment and disposal services. This central force main is directly supported by its own pump station (Paradise) that is powered by five pumps with design capacities ranging from 1,500 (two pumps) to 4,250 (three pumps) gallons per minute. The operational capacity within the central force main is set at 14.5 million gallons per day and is estimated on the peak capacity of the Paradise Pump Station. For purposes of this review, this reported amount – 14.5 million gallons – is deemed the maximum daily capacity of the collection system.

CSD No. 2’s collection system’s daily capacity to convey flows to CMSA is estimated at 14.5 million gallons.

## 6.4 Demand to Capacity Relationships

Study period flows averages show CSD No. 2 has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 7.6% of the collection system capacity. Average dry-weather demands during the same period tally 6.5% of the collection system capacity. Average peak-day demands represent the biggest tax on the collection system and account over the study period to equal 35.8% of the collection system capacity. None of the ratios are expected to significantly and adversely change over the succeeding 10-year period with the quasi exception of peak-day demands, which are projected to reach 58.6% capacity by 2024.





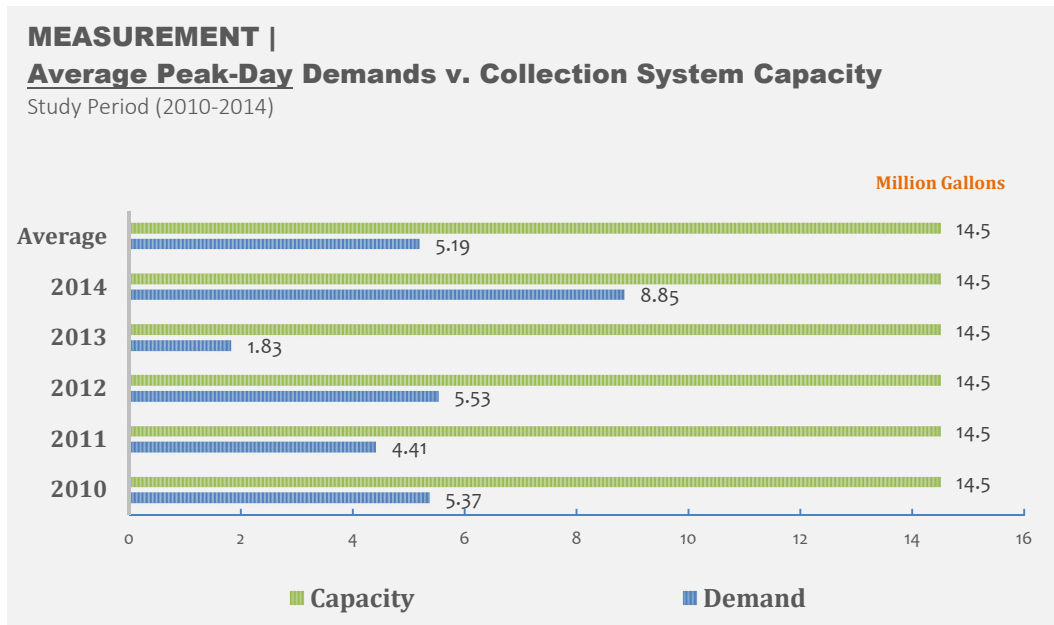


Figure 4.20

## 6.4 Performance

### Measurement | Sanitary Sewer Overflows

The State Water Resources Control Board (SWRCB) requires all public agencies that own or operate sanitary collection systems that are one mile or more in length and convey to a public owned treatment facility comply with the reporting requirements codified in Order No. 2006-0003. This order mandates all subject agencies to develop and implement a system-specific sewer system management plan that includes a spill response plan as well as requiring immediately reporting to the SWRCB of all sanitary sewer overflows, or SSOs. The ultimate purpose of the SSO reporting process is to provide a uniform means to evaluate system reliability, source control, and operation and maintenance of wastewater systems in California. SSOs are defined as any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system, and include any of the following occurrences:

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;

- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States; and
- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

CSD No. 2 experience relatively few SSOs during the study period with the actual total tallying eight with an associated spill volume of 222 gallons. The majority of the SSOs during the study period were classified by the SWRCB as a Category 3, a spill of less than 1,000 gallons to not reach the surface water. CSD No. 2 experienced two SSOs classified as a Category 1 in which wastewater reached the surface water with the potential of threatening public safety and environmental health. The average response time for SSOs during the study period was less than 30 minutes and as fast as seven-minutes, providing adequate time for appropriate response actions, based on the District’s policies. A review of each accompanying report incident suggests the main factors resulting in discharges were from roots and debris, with 6.7% of SSOs caused by fats, oil and grease (FOG) and 13.3% due to structural issues. There were no repeat SSO occurrences.

CSD No. 2 experienced 8 total SSOs during the five-year study period, and involved the unauthorized overflow of 222 gallons.

<b>CSD No. 2: Sanitary Sewer Overflows</b>								
Table 4.86   Source: SWRQB								
Year	Category 1		Category 2		Category 3		Total	
	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons
FY 2009-10	0	0	0	0	5	170	5	170
FY 2010-11	0	0	0	0	1	15	1	15
FY 2011-12	0	0	0	0	1	5	1	5
FY 2012-13	2	22	0	0	0	0	2	22
FY 2013-14	0	0	0	0	0	0	0	0
	<b>2</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>190</b>	<b>8</b>	<b>222</b>

**Measurement | System Maintenance**

System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault, so an asset can be restored to its operational condition. Preventative maintenance, conversely,

is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

### Corrective Maintenance

CSD No. 2’s corrective maintenance is noted in the number of district service calls received to resolve, correct or assist a particular situation. During the entire 60-month study period this number was 9. The District reported no service calls for the last term (2014). According to CSD No. 2, all of the 9 calls reported were placed to notify the District of a public SSO.

<b>CSD No. 2: Number of District Service Calls</b>					
Table 4.87   Source: Marin LAFCO					
Factor	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2013-2014
General	0	0	0	0	0
Public SSO	5	1	1	2	0
Private SSO	0	0	0	0	0
Odor Complaints	0	0	0	0	0
Noise Complaints	0	0	0	0	0
Pump Station Alarms	0	0	0	0	0
Non-District Incidents	0	0	0	0	0
	<b>5</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>

### Preventive Maintenance

CSD No. 2’s preventative maintenance was reported in its planned cleaning activities during the 60-month study period, which averaged 91% of all planned work orders completed. CSD No. 2 reports inspections are overseen by outside contractors and follow the protocols specified by the National Association of Sewer Service Companies Pipeline Assessment & Certification Program. The District attempts to clean the entire 44-mile gravity sewer system every 18-24 months, with specific portions of the system cleaned between 3 to 6 month intervals. CSD No. 2 reports all pump stations are checked daily and emergency or routine repairs are performed by staff or a contractor. No pump stations failed during the 60-month study period.

CSD No. 2 uses a database of recurrent grease buildups in which a three-month priority maintenance schedule is implemented for flushing or rodding the sewer lines. CSD No. 2 utilizes closed-circuit televising (CCTV) to verify causes of grease problems as part of its rehabilitation plan, and modifications are made once information on the causes are received to make repairs and minimize grease-related SSOs. CSD No. 2 provides public outreach in the form of flyers or newsletters to inform its service customers to keep FOGs out of the sewer system. Overall, the agency experienced a total of 30 blocked sewer pipes every 100 miles during the study period in which none were repeats. CSD No. 2 is currently working on developing a rehabilitation and replacement plan to identify and prioritize rehabilitation efforts to address system deficiencies, which would include TV inspections, conditional ranking of sewer lines, and rehabilitation scheduling that focuses on at risk or frequently blocked pipes. The level of infrastructure reinvestment the District achieved during the entire study period came in at 100% byway completing all of the 24,073 feet of the planned line replacement.

PLANNED <u>CLEANING</u> ACTIVITIES COMPLETED		
Year	Planned Feet	Actual Feet
FY 2009-2010	141,801	130,918
FY 2010-2011	125,311	121,635
FY 2011-2012	136,825	132,176
FY 2012-2013	133,595	130,060
FY 2013-2014	128,194	129,758
<b>TOTAL</b>	<b>665,726</b>	<b>664,547</b>
<b>Planned Work Orders Completed</b>		<b>96%</b>

PLANNED <u>LINE REPLACEMENT</u> COMPLETED		
Year	Planned Feet	Actual Feet
FY 2009-2010	14,000	14,000
FY 2010-2011	4,220	4,220
FY 2011-2012	1,210	1,210
FY 2012-2013	4,643	4,643
FY 2013-2014	0	0
<b>TOTAL</b>	<b>24,073</b>	<b>24,073</b>
<b>Planned Work Orders Completed</b>		<b>100%</b>

Figure 4.21

## 6.6 User Charges and Fees

CSD No. 2 bills one fee to its customers in recovering the District’s wastewater service costs. The fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted treatment and disposal expenses. All residential customers are billed \$500 for each unit.<sup>56</sup>

Most single-family customers in CSD No. 2 currently pay \$500 a year for wastewater services. An additional \$500 charge applies for every additional unit.

Non-residential users are charged a user fee based on an estimated flow usage. The user fee was last updated in 2015. There are no voter approved special assessments.<sup>57</sup>

## 7.0 AGENCY FINANCES

### 7.1 Financial Statements

CSD No. 2 contracts with an outside accounting firm (Cropper Accountancy Corporation) to prepare an annual report for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting CSD No. 2’s statements with respect to verifying overall assets, liabilities, and equity as stated in a balance sheet. These audited statements provide the Commission with provide quantitative measurements in assessing CSD No. 2’s short and long-term fiscal health.

CSD No. 2’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and downturn change over the prior fiscal year as its overall equity or fund balance decreased by (8.04)% from \$21.137 to \$19.438 million. Underlying this most recent change is the result of CSD No. 2 booking a legal

End of Study Term Financial Statements	
Assets	\$21.785 m
Liabilities	\$2.346 m
Equity	\$19.438 m

<sup>56</sup> This includes a \$2.00 processing fee.

<sup>57</sup> A dual connection fee is also collected in step with initiating new services. The connection fee presently totals \$7,966 for each residential connection and divided between 26% (\$2,103) going to cover the buy-in costs to the collection system and 74% (\$5,863) to cover the buy-in costs to the treatment/disposal facilities operated by CMSA. The connection fee for non-residential users may also include additional charges tallying up to \$1,224 per connection.

settlement with a private property owner over a sewer spill. A summary of year-end totals and trends therein over the study period less 2009-2010 follows.

### Agency Assets

CSD No. 2’s audited assets at the end of 2013-2014 totaled \$21.785 million; an amount more than 4% higher than the average sum generated over the course of the study period’s prior four years (2009-2010 was not reviewed). Assets classified as current with the expectation they could be liquidated within a year represented nearly one-fourth of the total amount with the majority tied to cash and investments, and have increased by 26.41% over the corresponding 48 months. Assets classified as non-current represented the remaining three-fourths with the largest portion associated with utility infrastructure and have decreased by (1.21%).

CSD No. 2 Assets   Study Period							
Table 4.88   Source: CSD No. 2							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	4.207	4.526	5.109	5.317	26.41%	4.790
Non-Current	n/a	16.669	16.141	16.292	16.467	(1.21%)	16.392
	n/a	20.876	20.668	21.401	21.785	4.35%	21.183

amounts in millions

### Agency Liabilities

CSD No. 2’s audited liabilities at the end of 2013-2014 totaled \$2.346 million; an amount that represents a collective increase of more than four-fold – or 482.98% – over the study period’s 48 month period. Current liabilities representing obligations owed in the near-term account for the entire amount and generally tied as of the study term to a legal settlement payment with the remainder involving accounts payable. CSD No. 2 booked no long-term liabilities throughout the 48 month period.

CSD No. 2 Liabilities   Study Period							
Table 4.89   Source: CSD No. 2							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	0.402	0.471	0.264	2.346	482.98%	0.871
Non-Current	n/a	0.0	0.0	0.0	0.0	0.0	0.0
		0.402	0.471	0.264	2.346	482.98%	0.871

amounts in millions

### Agency Equity | Net Assets

CSD No. 2's audited equity / net assets at the end of 2013-2014 totaled \$19.438 million and represent the difference between the District's total assets and total liabilities. This referenced amount has decreased by (5.06%) over the 48 month period and primarily attributed to margin losses and highlighted therein in the most recent term year. The ending equity amount includes \$3.235 million in unrestricted funds and translates to a per capita reserve ratio of \$328 based on an estimated resident population of 9,874.

CSD No. 2's net assets have decreased by (5.06%) over the study period. The unrestricted fund balance as of the study term total of \$3.235 million equates to a per capita reserve ratio of \$328.

CSD No. 2 Equity   Study Period							
Table 4.90   Source: CSD No. 2							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	n/a	3.843	4.093	4.883	3.235	(15.82%)	4.013
Restricted (Capital)	n/a	16.630	16.103	16.254	16.202	(2.57%)	16.297
<b>Total:</b>	<b>n/a</b>	<b>20.473</b>	<b>20.196</b>	<b>21.137</b>	<b>19.438</b>	<b>(5.06%)</b>	<b>20.311</b>

### 7.2 Measurements | Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by CSD No. 2 covering four of the five years comprising the study period and specifically fiscal years 2010-11 through 2013-2014 shows the District finished each year in relatively good health with respect to liquidity and capital. This includes CSD No. 2 finishing the study period with an estimated current ratio of over 2 to 1 and the net effect of having more than double the amount of available cash resources to cover near-term debt. Similarly CSD No. 2 finished the study period with over 17 months – or 524 days – of cash on hand to cover daily operating expenses. CSD No. 2 also finished the study term with high and stable levels of available capital and did not incur any long-term debt over the 48-month period. Conversely margin measurements show CSD No. 2 have generally fallen short with respect to achieving profit. Total margin – i.e., all revenues and expenses – experienced an average loss of (2.34%) over the study period while operating margin – i.e., only operational revenues and expenses – averaged a larger loss of (65.36%). Last, and with respect to structure, CSD No. 2's earned income ratio averaged a relatively low 54.80%,

and as such shows almost half of the District’s annual revenue is tied to things other than direct service fees. A summary of year-end liquidity, capital, margin, and structure ratios are show in the following table.

<b>CSD No. 2: Financial Measurements   Study Period</b>						
Table 4.91   Source: CSD No. 2 Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	n/a	n/a	n/a	n/a	n/a	n/a
2010-2011	10.45 to 1	422.96	0.0%	10.20%	(58.58%)	56.45%
2011-2012	9.60 to 1	378.05	0.0%	(5.20%)	(85.96%)	56.23%
2012-2013	19.35 to 1	550.50	0.0%	16.29%	(51.97%)	52.73%
2013-2014	2.27 to 1	523.80	0.0%	(30.65%)	(64.93%)	53.81%
<b>Average</b>	<b>10.41 to 1</b>	<b>468.83</b>	<b>0.0%</b>	<b>(2.34%)</b>	<b>(65.36%)</b>	<b>54.80%</b>
<b>Trend</b>	<b>(78.32%)</b>	<b>23.84%</b>	<b>0.0%</b>	<b>(400.35%)</b>	<b>10.83%</b>	<b>(4.67%)</b>

Liquidity
Capital
Margin
Structure

**Notes**

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and reoccurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from user fees for services. Higher is better for enterprise agencies.

### 7.3 Pension Obligations

CSD No. 2 through the Town of Corte Madera provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed “Category One” while employees hired afterwards are termed “Category Two.” Additional details of the pension program based on actuarial valuations issued by CalPERS follows.





## Participants | Pension Formulas

As of the study period’s term (2014) there are a total of 149 participants within Corte Madera’s miscellaneous (non-public safety) pension program. This total amount – which represents an overall decrease of (1%) in participants since 2012 – is further divided between enrollee type (i.e., active, separated, transferred, retired) and marked by a worker-to-retiree ratio of 0.4 to 1 as of the study term. Category One participants represent 99% – or 148 – of the total program enrollees and are eligible to receive one of two types of retirement payments. Category One is based on a 2.5 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 50% of their highest one year of salary beginning at age 55 and continuing each year thereafter.

Most Corte Madera employees receive one of two types of defined pensions based on either a 2.5 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

Corte Madera’s Pension Enrollee Information   Miscellaneous					
Table 4.92   Source: CalPERS and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	n/a	n/a	33	30	31
Transferred	n/a	n/a	23	18	17
Separated	n/a	n/a	16	18	16
Retired	n/a	n/a	79	83	85
<b>Total Enrollees</b>	<b>n/a</b>	<b>n/a</b>	<b>151</b>	<b>149</b>	<b>149</b>
<b>Worker-to-Retiree Ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>0.42 to 1</b>	<b>0.36 to 1</b>	<b>0.36 to 1</b>

## Annual Contributions

Corte Madera’s total annual pension contributions as of the study period’s term tallied \$1.591 million. This amount represents an overall increase over the five-year study period of 1% and is significantly less than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>58</sup> The most recent annual pension contribution by Corte Madera for the study period marked 64% of the Town’s total annual payroll for the corresponding fiscal year (2013-2014).<sup>59</sup>

Corte Madera’s pension contributions have increased by 1% over the five-year study period, and as of 2013-2014 account for 64% of total payroll.

<sup>58</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.  
<sup>59</sup> Corte Madera’s covered annual payroll in 2013-2014 totaled \$2.488 million.

<b>Corte Madera's Pension Contributions</b>				
Table 4.93   Source: CalPERS and Marin LAFCO				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$1,577,757	\$1,502,381	\$1,734,141	\$1,420,037	\$1,591,599
<b>Five-Year Average</b>				<b>\$1,565,183</b>
<b>Five-Year Trend</b>				<b>0.88%</b>

### Funded Status

Corte Madera's unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$6.083 million and as such represented 188% of the Town's unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 76% based on market value. It also reflects an overall improvement of 7% over the preceding four-year period.<sup>60</sup>

Corte Madera's unfunded pension liability has decreased over the last four years of the study period by (2%) and ended the term at \$6.083 million; the equivalent of a 76.44% funded ratio.

<b>Corte Madera's Pension Trends</b>		
Table 4.94   Source: CalPERS and Marin LAFCO		
	Unfunded Liability	Funded Ratio
2009-2010	n/a	n/a
2010-2011	\$6,191,083	71.52%
2011-2012	\$7,233,572	67.72%
2012-2013	\$6,495,434	72.24%
2013-2014	\$6,083,058	76.44%
<b>Four-Year Average</b>	<b>\$6,500,786</b>	<b>71.98%</b>
<b>Four-Year Trend</b>	<b>(1.74%)</b>	<b>6.88%</b>

Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).

<sup>60</sup> Pension information for 2009-2010 is not available.

## 7.4 Revenue to Expense Trends

A review of CSD No. 2's actual revenues and expenses during the study period as shown in the audited financial statements and specific to fiscal years 2010-11 to 2013-2014 shows a fluctuating budget structure in which significant surpluses and deficits were generated each year. Overall actual expenses outpaced actual revenues over the 48 month period by (2.2%) with the former averaging \$5.608 million compared to the latter averaging \$5.484 million. The referenced budget gap has also been widening with the growth rate of actual expenses increasing 10 to 1 over the growth rate of actual revenues with maintenance costs leading the overall rise.

On average CSD No. 2's annual revenue totals have fallen short of annual expense totals – including booked depreciation – by (2.2%) over the last four years of the study period. This gap is also increasing relative to the last 48 months on a 10 to 1 ratio. However, removing depreciation as a booked expense produces a positive revenue over expense average for CSD No. 2 over the 48-months at 25.0%

CSD No. 2's annual budget reflects six distinct categories within both its revenue and expense ledgers. With respect to revenue categories sewer service charges and property taxes collectively average nearly all CSD No. 2 income totals for the 48 month period at 54.8% and 42.5%, respectively. The remaining amount is generally tied to collection fees and interest earned on investments. Comparatively – and with respect to expenses – payment to CMSA for treatment and disposal services and CSD No. 2's own costs to maintain the collection system make up more than one-half of all expenditures with period averages at 28.6% and 25.9%, respectively. The remainder have been drawn from depreciation (accounting expense), administration, and pump station costs.

Top Revenue Categories:  
1) Sewer Charges @ 54.8%  
2) Property Taxes @ 42.5%

Top Expense Categories  
1) CMSA Contract @ 28.6%  
2) Collection System @ 25.9%

### CSD No. 2 Actual Revenue Trends | Study Period

Table 4.95 | Source: CSD No. 2 Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
Sewer Charges	n/a	2.983	2.998	3.044	2.983	0.01%	3.002	54.75%
Property Taxes	n/a	2.260	2.282	2.307	2.469	9.25%	2.329	42.48%
Connection Fees	n/a	0.002	8.412	0.361	0.042	>1000%	0.103	1.89%
Interest Earnings	n/a	0.014	0.009	0.021	0.009	(33.24%)	0.013	0.25%
Other	n/a	0.024	0.033	0.038	0.039	62.50%	0.033	0.63%
<b>Totals</b>	<b>n/a</b>	<b>5.285</b>	<b>5.332</b>	<b>5.773</b>	<b>5.544</b>	<b>4.91%</b>	<b>5.484</b>	<b>100%</b>

amounts in millions

### CSD No. 2 Actual Expense Trends | Study Period

Table 4.96 | Source: CSD No. 2 Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
CMSA	n/a	1.617	1.696	1.568	1.531	(5.29%)	1.603	28.60%
Collection System	n/a	1.293	1.924	1.106	1.473	13.90%	1.449	25.85%
Depreciation *	n/a	1.113	1.238	1.275	1.256	12.89%	1.221	21.77%
Administration	n/a	0.404	0.452	0.567	0.421	4.10%	0.461	8.23%
Pump Stations	n/a	0.314	0.296	0.314	0.279	(11.34%)	0.301	5.37%
Other	n/a	0.002	0.001	0.0	2.281	>1000%	0.571	10.18%
<b>Totals</b>	<b>n/a</b>	<b>4.745</b>	<b>5.609</b>	<b>4.833</b>	<b>7.243</b>	<b>52.63%</b>	<b>5.608</b>	<b>100%</b>
<b>... Less Depreciation</b>	<b>n/a</b>	<b>3.632</b>	<b>4.371</b>	<b>3.558</b>	<b>5.987</b>	<b>64.84%</b>	<b>4.387</b>	<b>100%</b>

amounts in millions

#### Net with Depreciation

Year Ending	n/a	\$0.539	(\$0.277)	\$0.940	(\$1.699)
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#### Net without Depreciation

Year Ending	n/a	\$1.652	\$0.961	\$2.215	(\$0.443)
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\* Please note depreciation is included as an operating expense in the financial statements in step with generally accepted government accounting standards, and as such impacts – and often negatively – gross profit or total margin. Depreciation takes into account the wear and tear on physical infrastructure, such as sewer lines, pumps, and other capital equipment. Government accounting standards direct agencies to spread out the costs of replacing these assets over the long term, which generates the term depreciation or amortization. The “charge” for using these assets during the period is a fraction of the original cost of the assets based on the expected life of the assets and presumably is rolled into the agencies’ fund balance at the end of the fiscal year and as part of the restricted reserve.

## E. MURRAY PARK SEWER MAINTENANCE DISTRICT

### 1.0 OVERVIEW

The Murray Park Sewer Maintenance District (MPSMD) was formed in 1949 and encompasses an approximate 0.1 square mile jurisdictional boundary within east-central Marin County. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors. MPSMD is entirely located within an unincorporated area and part of the Kentfield community. MPSMD is also part on the Ross Valley Watershed.

Murray Lane | Murray Park



Courtesy / Google Maps

MPSMD is organized as a limited-purpose agency with municipal operations statutorily limited to wastewater services; no other service powers are permissible under the principal act. Beginning in 1975, MPSMD has contracted collection and routine maintenance of the District's

#### Murray Park Sewer Maintenance District

Formation Date:	1949
Principal Act:	Health and Safety Sections 4860-4927
Service Categories:	Wastewater
Service Population	191
Governance Type	Dependent

approximate 5,500 foot collection system to outside agencies; first with the City of Larkspur and more recently County Sanitary District No. 1 ("Ross Valley Sanitary"). MPSMD retains responsibility to fund capital improvements as well as setting service charges and authorizing new connections. MPSMD's adopted operating budget at the term of the study period was \$0.096 million; all of which was dedicated to services and supplies. The unrestricted fund balance was \$0.018 million with an associated days-cash ratio totaling 129; i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within MPSMD totals 191 as of the term of this study period (2014). It is also projected MPSMD's population growth rate over the five-year study period totaled 9.0% or 1.8% annually with the underlying change primarily attributed to the addition of one new occupied housing unit coupled with an intensification of household sizes. The substantive result of these estimates is the projected addition of 16 residents in MPSMD between 2010 and 2014. Overall it is also estimated 68% of the jurisdictional boundary has already been developed and or improved – though not necessarily at the highest density. This means 32% of the jurisdictional boundary remains entirely undeveloped, and this includes 15 existing unbuilt and privately owned parcels that are zoned for some type of urban use under the County General Plan.

## 2.0 BACKGROUND

### 2.1 Community Development

Records show MPSMD's current development began in the late 1910s with the construction of several small residences along Fern Road and to the immediate west of the City of Larkspur. This initial development – which incrementally tallied up to one dozen lots by 1940 – transitioned towards more planned growth by the mid-1940s as the County of Marin began approving a series of one-quarter lot subdivisions along Murray Lane and Briar Road. This latter development led to the construction of nearly 30 residential lots by the end of the 1940s with an estimated population of 75.



Figure 4.22

## 2.2 Formation Proceedings

MPSMD’s formation was approved by the County of Marin’s Board of Supervisors in 1949 and as a means for landowners to self-tax themselves for purposes of constructing and operating a community wastewater collection system. Records show an initial collection system for MPSMD was constructed by early 1951 with the County Public Works Department overseeing all operational and maintenance activities therein.

## 2.3 Post Formation Activities

A summary of notable activities undertaken by MPSMD and/or affecting the District’s service area following formation in 1949 is provided below.

- MPSMD entered into a service agreement with the City of Larkspur in March 1975. This service agreement transferred operational management of MPSMD’s collection system and wastewater flows therein to Larkspur and in exchange for an annual service fee based on the number of dwelling units within the District. The agreement was subsequently amended in 1978 and 1980.
- RVSD became successor to the City of Larkspur’s agreement to provide operational management of MPSMD’s collection system and wastewater flows therein in August 1993. This transfer was the result of RVSD annexing and assuming management of Larkspur’s collection system earlier that same year.

## 3.0 BOUNDARIES

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### 3.1 Jurisdictional Boundary

MPSMD’s jurisdictional boundary spans approximately 0.1 square miles in size and covers 59 total acres (parcels and right-of-ways). The jurisdictional boundary is entirely in the land use authority of the County of Marin and part of the unincorporated community of Kentfield.

MPSMD’s jurisdictional boundary spans 0.1 square miles and is entirely overlapped by the County of Marin’s land use authority.

Total assessed value (land and structure) within MPSMD is calculated at \$79.7 million and translates to a per acre value ratio of \$1.350 million. This former amount – \$79.7 million – further represents a per capita value of \$0.417 million based on the estimated service population of 191. MPSMD’s set allocation of property tax proceeds – i.e., its share of the 1% collected on all assessor parcels by-way of Proposition 13 – is 0.615%.

Assessed land values in MPSMWD totals \$79.7 million, and based on receiving 0.6% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$0.004 million.

**MPSMD Boundary Breakdown: Land Use Authorities**

Table 4.97 | Source: Marin LAFCO

Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
County of Marin	35	100%	107	92
	<b>34</b>	<b>100%</b>	<b>107</b>	<b>92</b>

As provided in the preceding table there are overall 107 assessor parcels currently within MPSMD and collectively add up to 35 acres as of June 2016.<sup>61</sup> Close to three-fourths – or 71% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density.<sup>62</sup> This existing development is highlighted by the standing construction of 92 residential units and divided between single-family and multi-family on a 96% to 4% split. The remainder – or 29% – of the current assessor parcel acreage within MPSMD is undeveloped/unimproved. This includes 15 un-built and privately owned assessor parcels designated for an urban-type use.<sup>63</sup> Additional analysis would be needed to more fully assess actual development potential among these unbuilt assessor parcels.

Almost three-fourths of MPSMD’s jurisdictional boundary has already been developed/improved – though not necessarily at the highest allowable density. This means approximately one-fourth – or 10 acres – of the assessor acreage in the boundary remains entirely undeveloped, and this includes 15 un-built and privately owned parcels zoned for some type of urban use.

<sup>61</sup> The remaining 24 jurisdictional acreage within MPSMD are tied to right-of-ways and related public dedications.

<sup>62</sup> This portion of developed acreage includes parcels dedicated as common areas.

<sup>63</sup> All 15 unbuilt and privately owned assessor parcels are zoned for residential uses. Seven of the subject lots are at least 0.15 acres in size with one of these lots being 5.0 acres.



### MPSMD Boundary Breakdown: Land Use Features

Table 4.98 | Source: Marin LAFCO

% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
71.2	92	97.8	15	10.2

### 3.2 Sphere of Influence

The Commission has not established a sphere of influence designation for MPSMD. It appears – though not substantiated in any identified document – this is the result of an earlier determination that MPSMD falls outside the Commission’s authority. Commission staff has revisited this matter as part of this study and concludes MPSMD and more specifically sewer maintenance districts formed under Public Health and Safety Code Section 4860-4927 are subject to LAFCO, and as such a sphere designation is ultimately needed for the District.<sup>64</sup>

MPSMD does not have an established sphere of influence from the Commission at this time.

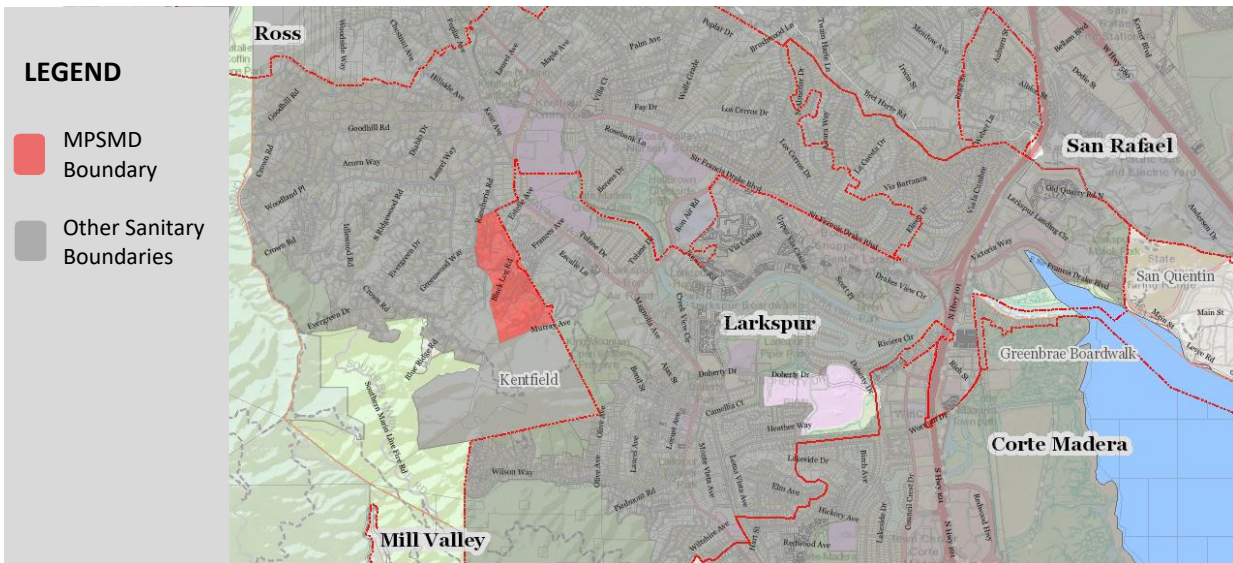


Figure 4.23

<sup>64</sup> Reference to State of California Attorney General Opinion 64-130.

## 4.0 DEMOGRAPHICS

### 4.1 Population and Housing

MPSMD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 191 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 0.07% of the estimated countywide population.<sup>65</sup> It is also projected MPSMD has experienced an overall growth rate of 9.03% over the preceding five-year period or 1.81% annually; all of which generated an estimated net add of 16 persons.

LAFCO estimates there are 191 total residents within MPSMD that are explicitly served by the District’s wastewater collection as of the term of the study. It is further estimated MPSMD has experienced an overall population increase of 16 over the preceding five-year period, resulting in an annual growth rate of 1.8%. Underlying this increase is a projected rise in persons per household – i.e., an intensity measurement – of 7.1%.

This projected increase has been generated by the addition of an estimated one new and occupied housing unit within the jurisdictional boundary paired – and most notably – with an intensification of household sizes over the span of the five-year period starting at 2.023 in 2010 and ending at 2.170 in 2014; the latter being a net intensity increase of 7.09%. Overall projected growth within MPSMD lies significantly above the concurrent annual change estimated for the entire county – 0.60%.<sup>66</sup>

<b>MPSMD Resident Population: Past and Current Estimates</b>					
Table 4.99   Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
c) Total Housing Units	90	91	91	91	92
b) Local Occupancy Rate	95.58	94.44	95.48	95.48	96.10
i) Occupied Housing Units	87	86	87	87	88
j) Projected Household Size	2.023	2.058	2.095	2.132	2.170
<b>Estimated Population</b>	<b>175</b>	<b>176</b>	<b>182</b>	<b>186</b>	<b>191</b>

Baseline  
Year

<sup>65</sup> Marin LAFCO’s resident service population for MPSMD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the single census tract in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to MPSMD – and again drawing from its associated census tract – over the study period include a weighted annual housing unit change of 0.268% and a weighted annual household size change of 1.74%. The annual weighted population change is 1.807%.

<sup>66</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,294 based on information published by the State of California’s Department of Finance and marks a 3.12% increase over the preceding five-year period.

With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with MPSMD will generally match the preceding five-year period with an overall yearly population change of 1.81%. The substantive result of this assumption would be an overall increase in MPSMD’s resident population of 37 and produce a total of 228 by 2024. This growth rate, similarly, would generate the addition of 21 new and occupied housing units within MPSMD through 2024 assuming the preceding five-year average ratio of 2.094 persons for every one occupied housing unit holds. These collective projections going forward are summarized below.

<b>MPSMPD Resident Population: Future Estimates</b>						
Table 4.100   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	191	198	205	212	220	228
Occupied Housing Units	88	94	98	101	105	109
- residents to housing units	2.170	2.094	2.094	2.094	2.094	2.094

Baseline  
Year

## 4.2 Residency Type

The Commission projects MPSMD’s residential unit total of 92 as of the study term is divided between single family and multi-family use at 63.30% (58) and 36.70% (34), respectively. These totals produce an estimated ratio of 1.72 with respect to single-family to multi-family units within the jurisdictional boundary. The overall stock of housing type has experienced an inverse change with single-family unit totals decreasing by (4.13%) while multi-family unit totals increasing by 8.02% over the corresponding 60 month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (11.24%) from 1.94 to 1 in 2010.

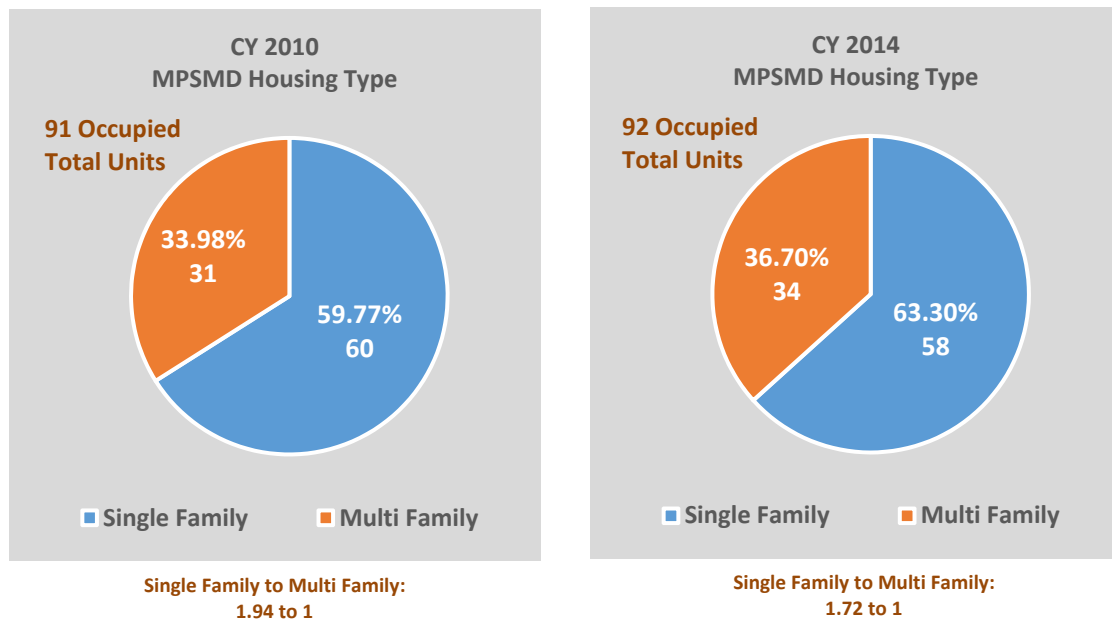


Figure 4.24

### 4.3 Social and Economic Indicators

A review of recent demographic information covering the MPSMD jurisdictional boundary for the study period shows fulltime residents are relatively in better economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income is close to one-tenth above the countywide amount of \$91,529 at \$100,441. Area resident averages also fall measurably below countywide amounts with respect to unemployment and poverty rates, albeit the former has almost doubled compared to the preceding five-year average data collection. Notable social indicators show MPSMD residents have significantly higher levels of formal education with 68.7% possessing a bachelor's degree and is more than double the countywide rate. MPSMD residents are also relative newcomers to the community with an average of only 8.20% of occupied households arriving before Proposition 13 in 1979. This amount contrasts with the countywide average of 12.80%.

MPSMD's fulltime residents are generally more affluent than most of the county populace and highlighted by a median household income average over the study period of \$100,441. Separately and relative to countywide conditions there has been a sizeable amount of turnover in the community in terms of household tenure with only 8% having been in place since the enactment of Proposition 13 in 1979; a ratio that is 56% lower than the countywide average.

<b>MPSMD: Resident Trends in Social and Economic Indicators</b>				
Table 4.101   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$90,605</b>	<b>\$100,441</b>	<b>10.86%</b>	<b>\$91,529</b>
Median Age	46.5	48.4	4.09%	45.10
Prime Working Age (25-64)	60.05%	52.90%	(11.91%)	55.28%
Unemployment Rate (Labor Force)	2.70%	5.20%	92.59%	4.70%
Persons Living Below Poverty Rate	4.00%	3.00%	(25.00%)	8.80%
Mean Travel to Work	26.80 min	29.10 min	8.58%	29.4 min
Working at Home (Labor Force)	11.0%	11.60%	0.60%	2.50%
Adults with Bachelor Degrees or Higher	60.70%	68.70%	8.00%	30.80%
Non English Speaking	14.70%	18.50%	8.00%	23.50%
Householder Pre Proposition 13 (1979)	15.60%	8.20%	(11.91%)	12.80%

\* Amounts represent the result of a weighted calculation by population performed by Marin LAFCO taking into proportional account of the single census tract (1200) underlying MPSMD.

## 5.0 ORGANIZATIONAL STRUCTURE

### 5.1 Governance

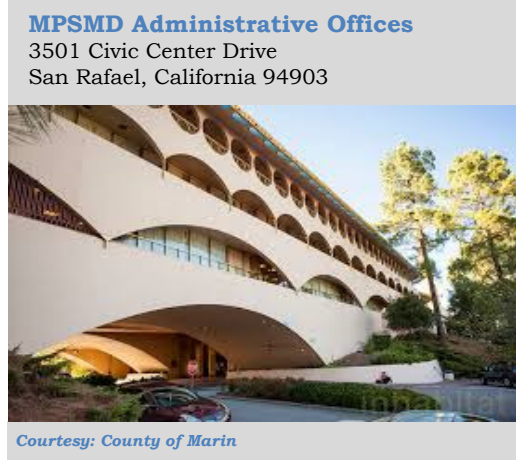
MPSMD’s governance authority is established under the Sewer Maintenance District Act of 1933 and codified under Public Health and Safety Code Sections 4860-4927. This principal act empowers MPSMD to provide only one wastewater services, and specifically as it relates to handling, gathering, and disposing of sewage. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors that are elected by supervisorial district to staggered four-year terms. MPSMD holds meetings as needed and as part of regular meetings held by Supervisors. A current listing of Board of Supervisors along with respective backgrounds follows.



<b>Current MPSMD Board Roster</b>			
Table 4.102   Source: County of Marin			
Member	Position	Background	Years on Board
Judy Arnold	President	Local/State Government	11
Damon Connolly	Member	Attorney	2
Katie Rice	Member	Local Government	6
Dennis J. Rodoni	Member	Contractor	1
Kathrin Sears	Member	Attorney	6
<b>Average Years of Board Experience</b>			<b>5.2</b>

## 5.2 Administration

The County Board of Supervisors assigns the Public Works Director to serve as the MPSMD District Engineer as provided under Public Health and Safety Code Section 4887. Key duties of Public Works performed on behalf of MPSMD includes proposing an annual budget, recommending changes to the fee schedule, and overseeing capital improvements. Day-to-day operation of MPSMD and its collection system is managed contractually by RVSD and highlighted by performing routine maintenance. Legal services are provided by County Counsel.



<b>MPSMD Administration</b>	
Table 4.103   Source: County of Marin	
District Engineer.....	Raul M. Rojas
Legal Counsel.....	Brian E. Washington

## 6.0 WASTEWATER SERVICES

### 6.1 System Structure

MPSMD provides wastewater collection services through its own infrastructure headlined by an approximate 5,550 foot collection system with lines ranging in size from four to eight inches. The current infrastructure dates back to the early 1950s and is entirely gravity fed; there are no public pump stations. Through its contract with RVSD all wastewater generated from the collection system is conveyed for treatment to the Central Marin Sanitation Agency (CMSA). As of the study term there are 89 service connections with all but one serving residential uses. There have been no changes in the number of service connections in MPSMD over the preceding 6-month review period.

MPSMD does not independently track wastewater flows generated within its jurisdictional boundary. Effluent generated within MPSMD is incorporated directly into RVSD's system totals with no available means to quantify at this time.

All wastewater flows generated within MPSMD are collected and conveyed by RVSD. No independent data specific to MPSMD is available.

## 6.2 User Charges and Fees

MPSMD bills one fee to its customers in recovering the District's wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted costs with RVSD for maintenance that includes treatment through CMSA. Residential customers currently pay \$472 each year for every dwelling unit. Non-residential customers pay a rate based on estimated flows. There are no voter-approved special assessments.

Most single-family customers in MPSMD currently pay \$472 a year for wastewater services.

## 7.0 AGENCY FINANCES

### 7.1 Financial Statements

### 7.2 Pension Obligations

### 7.3 Revenue to Expense Trends

An abbreviated review of MPSMD's actual revenues and expenses during the study period and specific to fiscal years 2010-11 to 2013-2014 shows a fluctuating budget structure in which budgeted expenses range from a low of \$0.095 million to a high of \$0.159 million. Actual expenses consistency fell moderately to significantly below budgeted amounts during the 48-month period. Specific expense and revenue details are not available as of the draft report date. Additional analysis pending.

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## F. SAN QUENTIN VILLAGE SEWER MAINTENANCE DISTRICT

### 1.0 OVERVIEW

The San Quentin Village Sewer Maintenance District (SQVSMD) was formed in 1962 and encompasses an approximate 0.01 square mile jurisdictional boundary within east-central Marin County. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors. SQVSMD is entirely located within the unincorporated area and serves a small residential community located immediately adjacent to the San Quentin State Prison. SQVSMD is also part on the Ross Valley Watershed.



SQVSMD is organized as a limited-purpose agency with municipal operations statutorily limited to wastewater services; no other service powers are permissible under the principal act.<sup>67</sup> SQVSMD contracts with the State of California to direct wastewater generated within the community into San Quentin’s adjacent sewer collection system, which in turn pumps directly to the nearby Central Marin Sanitation Agency (CMSA) for treatment and disposal. As part of this arraignment CSMSA also provides routine maintenance on the SQVSMD collection system. SQVSMD retains responsibility to fund capital improvements as well as setting service charges and authorizing new connections within the community. SQVSMD’s adopted operating budget at the term of the study period was \$0.068 million; all of which was dedicated to services and supplies. The unrestricted fund balance at the term of the study period was \$0.029 million with an associated days-cash ratio of 156 days, i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

<sup>67</sup> SQVSMD is one of two sewer maintenance districts in Marin County; the other serving the Murray Park community.

The Commission independently estimates the resident service population within SQVSMD totals 89 as of the term of this study period (2014). It is also projected SQVSMD’s population growth rate over the five-year study period totaled (8.8%) or (1.8%) annually. This projected growth

San Quentin Sewer Maintenance District	
Formation Date:	1962
Principal Act:	Health and Safety Sections 4860-4927
Service Categories:	Wastewater
Service Population	89
Governance Type	Dependent

decrease has been generated by a net-zero addition in occupied housing units coupled with a de-intensification of household sizes over the span of the five-year period. The substantive result of these estimates is the projected loss of 6 residents in SQVSMD between 2010 and 2014. Overall it is also estimated 100% of the jurisdictional boundary in terms of existing assessor parcels has already been developed and or improved – though not necessarily at the highest density.

## 2.0 BACKGROUND

### 2.1 Community Development

Records show SQVSMD’s current development began in the 1870s with the construction of a small number of permanent residences located along Main Street. The construction of these residences supplemented and ultimately replaced temporary housing that had been previously established and in step with accommodating workers at the adjacent San Quentin State Prison.<sup>68</sup> The referenced transition from temporary to permanent housing incrementally continued thereafter and led to the construction of two dozen plus residences in the now-termed “San Quentin Village” by the end of the 1940s with an estimated fulltime population of 55.

<sup>68</sup> The San Quentin State Prison was opened in 1854.



Figure 4.25

## 2.2 Formation Proceedings

SQVSM’s formation was approved by the County of Marin’s Board of Supervisors in 1962 and as a means for landowners to self-tax themselves for purposes of constructing and operating a community wastewater collection system. Records show an initial collection system for SQVSM was constructed by 1965 with the County Public Works Department overseeing all operational and maintenance activities therein.

## 2.3 Post Formation Activities

A summary of notable activities undertaken by SQVSM and/or affecting the District’s service area following formation in 1962 is provided below.

- SQVSM entered into a contract with the State of California in 1964 to direct wastewater flows directly into the adjacent State Prison’s collection system for subsequent treatment and disposal.

- SQVSMD entered into an agreement with CMSA in May 2012 to directly oversee the day-to-day management of the District’s collection system.

### 3.0 BOUNDARIES

#### 3.1 Jurisdictional Boundary

SQVSMD’s jurisdictional boundary spans approximately 0.01 square miles in size and covers eight total acres (parcels and right-of-ways). The jurisdictional boundary is entirely within the land use authority of the County of Marin and comprises the unincorporated community of San Quentin Village.

SQVSMD’s jurisdictional boundary spans 0.01 square miles and is entirely overlapped by the County of Marin’s land use authority.

Total assessed value (land and structure) within SQVSMD is calculated at \$15.7 million and translates to a per acre value ratio of \$1.962 million. This former amount – \$15.7 million – further represents a per capita value of \$0.176 million based on the estimated service population

Assessed land values in SQVSMD totals \$15.7 million, and based on receiving 0.3% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$424.

of 89. SQVSMD’s set allocation of property tax proceeds – i.e., its share of the 1% collected on all assessor parcels under Proposition 13 – is 0.27%.

SQVSMD Boundary Breakdown: Land Use Authorities					
Table 4.104   Source: Marin LAFCO					
Agency	Assessor Parcel Acres	Assessor Parcel Acres	% of Total	Total Assessor Parcels	Total Residential Units
County of Marin	4		100%	41	45
	4		100%	41	45

As provided in the preceding table there are overall 41 assessor parcels currently within SQVSMD and collectively add up to 4.1 acres as of June 2016.<sup>69</sup> The entirety – 100% – of the current assessor parcel acreage has already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 45 residential units and divided between single-family and multi-family on a 71% to 29% split.

SQVSMD’s jurisdictional boundary with respect to existing assessor parcels is 100% built-out, albeit not necessarily at the highest zoning density. This includes the standing construction of 45 living units.

SQVSMD Boundary Breakdown: Land Use Features				
Table 4.105   Source: Marin LAFCO				
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
100.0	45	71.1	0	0

### 3.2 Sphere of Influence

The Commission has not established a sphere of influence designation for SQVSMD. It appears – though not substantiated in any identified document – this is the result of an earlier determination that SQVSMD falls outside the Commission’s authority. Commission staff has revisited this matter as part of this study and concludes SQVMSD and more specifically sewer maintenance districts formed under Public Health and Safety Code Section 4860-4927 are subject to LAFCO, and as such a sphere designation is ultimately needed.<sup>70</sup>

SQVSMD does not have an established sphere of influence from the Commission at this time.

<sup>69</sup> The remaining 4 jurisdictional acreage within SQVSMD are tied to right-of-ways and related public dedications.

<sup>70</sup> Reference to State of California Attorney General Opinion 64-130.

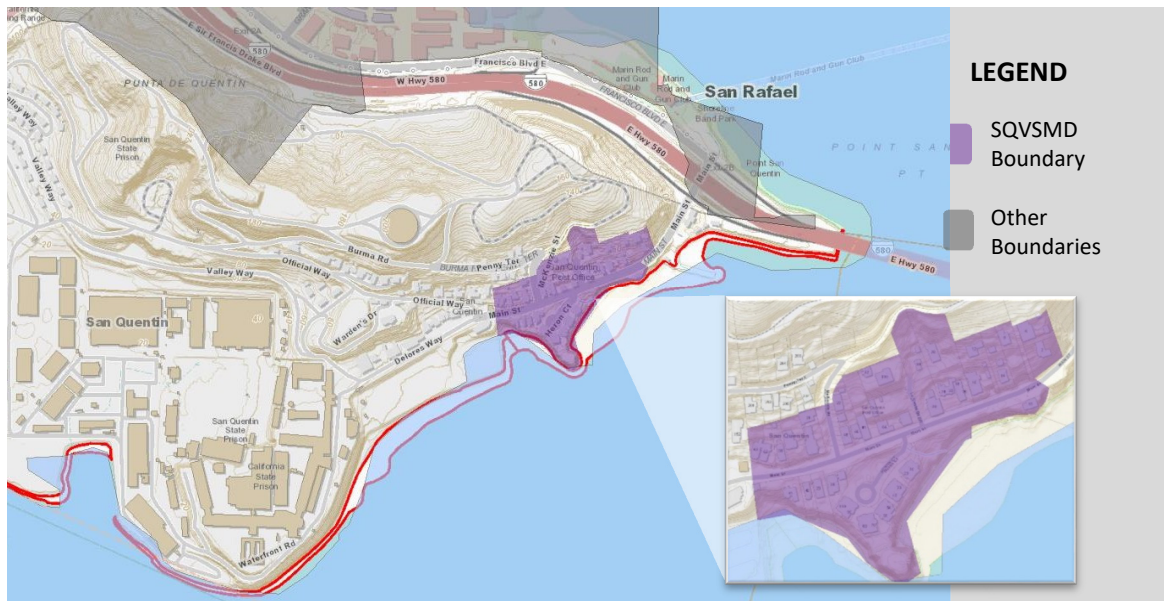


Figure 4.26

## 4.0 DEMOGRAPHICS

### 4.1 Population and Housing

SQVSMD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 89 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 0.03% of the estimated countywide population.<sup>71</sup> It is also projected SQVSMD has experienced an

LAFCO estimates there are 89 total residents within SQVSMD that are explicitly served by the District’s wastewater collection as of the term of the study. It is further estimated SQVSMD has experienced an overall population decrease of six persons over the preceding five-year period, resulting in an annual growth rate of (1.8%).

overall growth rate of (8.84%) over the preceding five-year period or (1.77%) annually; all of which generated an estimated net loss of six persons. This projected decrease has been generated by a net-zero addition in occupied housing units coupled with a

<sup>71</sup> Marin LAFCO’s resident service population for SQVSMD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the single census tract in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to SQVSMD over the study period include a weighted annual housing unit change of (0.16%) and a weighted annual household size change of (2.32%). The annual weighted population change is (1.77%).

deintensification of household sizes over the span of the five-year period starting at 2.368 in 2010 and ending at 2.160 in 2014; the latter being a net intensity decrease of (8.78%). Overall projected growth within SQVSMD lies significantly below the concurrent annual change estimated for the entire county – 0.60.<sup>72</sup>

<b>SQVSMD Resident Population: Past and Current Estimates</b>					
Table 4.106   Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
d) Total Housing Units	45	45	45	45	45
b) Local Occupancy Rate	90.31	89.23	90.21	90.21	90.80
k) Occupied Housing Units	41	40	41	41	41
l) Projected Household Size	2.368	2.312	2.261	2.210	2.160
<b>Estimated Population</b>	<b>97</b>	<b>94</b>	<b>92</b>	<b>90</b>	<b>89</b>

With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with SQVSMD will generally match the preceding five-year period with an overall yearly population change of (1.77%). The substantive result of this assumption would be an overall decrease in SQVSMD’s resident population of (14) and produce a total of 74 by 2024. This growth rate, similarly, would generate the loss of 33 occupied housing units within SQVSMD through 2024 assuming the preceding five-year average ratio of 2.260 persons for every one occupied housing unit holds.

<b>SQVSMD Resident Population: Future Estimates</b>						
Table 4.107   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
<b>Estimated Population</b>	<b>89</b>	<b>85</b>	<b>82</b>	<b>80</b>	<b>77</b>	<b>74</b>
Occupied Housing Units	41	38	36	35	34	33
- residents to housing units	2.160	2.260	2.260	2.260	2.260	2.260

## 4.2 Residency Type

The Commission projects SQVSMD’s residential unit total (occupied and unoccupied) of 45 as of the study term is divided between single family and multi-family use at 63.20% (29) and 36.84% (17), respectively. These totals produce an estimated ratio of 1.72 with respect to single-family to multi-family units within the jurisdictional boundary. The overall stock of housing type in SQVSMD has aided this ratio with single-family unit

<sup>72</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,294 based on information published by the State of California’s Department of Finance and marks a 3.12% increase over the preceding five-year period.

totals increasing by 5.95% while multi-family unit totals increasing by (8.78%) over the corresponding 60 month period. The substantive result of this trend is a ratio increase (i.e., single-family to multi-family units) of 16.15% from 1.48 to 1 in 2010.

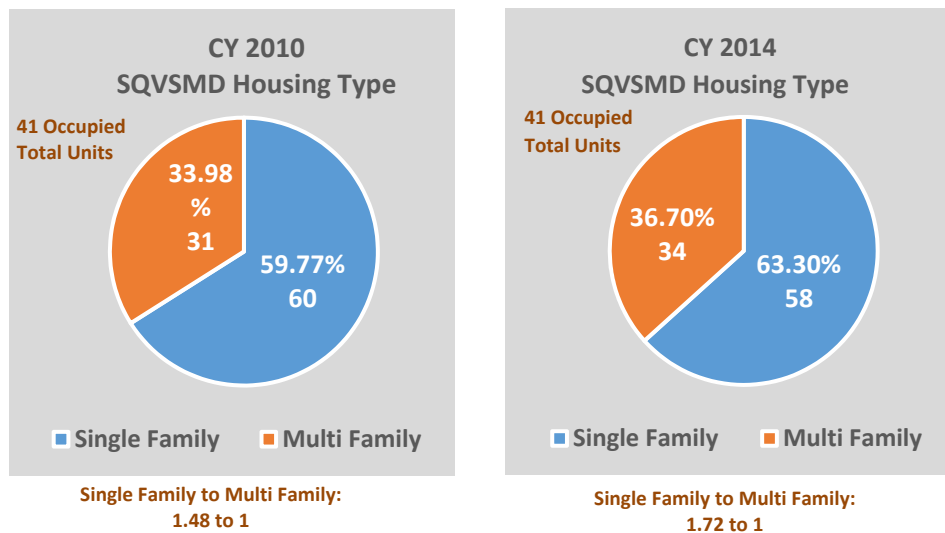


Figure 4.27

### 4.3 Social and Economic Indicators

A review of recent demographic information covering the SQVSMD jurisdictional boundary for the study period shows fulltime residents are relatively in less advantageous economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income is close to one-tenth below the countywide amount of \$91,529 at \$84,065. SQVSMD residents also experienced a widening of this economic gap over the preceding five -year collection period with respect to both median household income – which decreased by 6.7% – and a two-fold rise in unemployment from 1.80% to

SQVSMD's fulltime residents are generally less affluent than most of the county populace and highlighted by a median household income average over the study period of \$84,065; an amount that is nearly one-tenth lower than the county average. Separately there has been a sizeable and increasing rate of turnover in the community in terms of household tenure with only 8% having been in place since the enactment of Proposition 13 in 1979; a ratio that is 56% lower than the countywide average.

6.30%, which is over one-third higher than the countywide amount. Notable social indicators show SQVSMD residents are generally younger with more formal education



compared to countywide averages with the latter category being nearly double the county rate. SQVSMD residents are also relative newcomers to the community with an average of only 8.40% of occupied households arriving before Proposition 13 in 1979. This contrasts with the countywide average of 12.80%.

<b>SQVSMD: Resident Trends in Social and Economic Indicators</b>				
Table 4.108   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$90,053</b>	<b>\$84,065</b>	<b>(6.65%)</b>	<b>\$91,529</b>
Median Age	42.40%	42.30%	(0.24%)	45.10
Prime Working Age (25-64)	63.40%	56.20%	(11.44%)	55.28%
Unemployment Rate (Labor Force)	1.80%	6.30%	250.00%	4.70%
Persons Living Below Poverty Rate	2.50%	5.80%	132.00%	8.80%
Mean Travel to Work	27.60 min	29.00 min	1.40%	29.4 min
Working at Home (Labor Force)	8.80%	5.10%	(3.7%)	2.50%
Adults with Bachelor Degrees or Higher	50.30%	60.40%	10.10%	30.80%
Non English Speaking	29.60%	24.80%	(4.80%)	23.50%
Householder Pre Proposition 13 (1979)	16.30%	8.40%	(48.47%)	12.80%

\* Amounts represent the result of a weighted calculation by population performed by Marin LAFCO taking into proportional account of the single census tract (1212) underlying SQVSMD.

## 5.0 ORGANIZATIONAL STRUCTURE

### 5.1 Governance

SQVSMD’s governance authority is established under the Sewer Maintenance District Act of 1933 and codified under Public Health and Safety Code Sections 4860-4927. This principal act empowers SQVSMD to provide only one wastewater services, and specifically as it relates to handling, gathering, and disposing of sewage. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors that are elected by supervisorial district to staggered four-year terms. SQVSMD holds meetings as needed and as part of regular meetings held by the Board of Supervisors. A current listing of Board of Supervisors along with respective backgrounds follows.



<b>SQVSMD Current Board Roster</b>			
Table 4.109   Source: County of Marin			
Member	Position	Background	Years on Board
Judy Arnold	President	Local/State Government	11
Damon Connolly	Member	Attorney	2
Katie Rice	Member	Local Government	6
Dennis J. Rodoni	Member	Contractor	1
Kathrin Sears	Member	Attorney	6
<b>Average Years of Board Experience</b>			<b>5.2</b>

## 5.2 Administration

The County Board of Supervisors assigns the Public Works Director to serve as the SQVSMD District Engineer as provided under Public Health and Safety Code Section 4887. Key duties of Public Works performed on behalf of SQVSMD includes proposing an annual budget, recommending changes to the fee schedule, and overseeing capital improvements. Day-to-day operation of SQVSMD and its collection system is managed contractually by CMSA and highlighted



by performing routine maintenance. Legal services are provided by County Counsel.

<b>SQVSMD Administration</b>	
Table 4.110   Source: SQVSMD	
District Engineer.....	Raul M. Rojas
Legal Counsel.....	Brian E. Washington

## 6.0 WASTEWATER SERVICES

### 6.1 System Structure

SQVSMD provides wastewater collection services through its own infrastructure headlined by an approximate 1,500 foot collection system. The current infrastructure dates back to the mid-1960s and largely gravity fed with the exception of one pump station to convey flows to the State Prison. As of the study term there are 37 service connections that are divided between 32 residential and 5 non-residential. There have been no changes in the number of service connections in SQVSMD over the preceding 60-month review period.

SQVSMD does not independently track wastewater flows generated within its jurisdictional boundary. Wastewater generated within SQVSMD is incorporated directly into the State Prison's collection system before directed to CMSA for treatment and disposal.

All wastewater flows generated within SQVSMD are collected and conveyed with State Prison sewer by CMSA. No independent data specific to SQVSMD is available.

### 6.2 User Charges and Fees

SQVSMD bills one fee to its customers in recovering the District's wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted costs with CMSA. Residential customers currently pay \$472 each year for every dwelling unit. Non-residential customers pay a rate based on estimated flows. There are no voter-approved special assessments.

Most single-family customers in SQVSMD currently pay \$472 a year for wastewater services.

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## **7.0 AGENCY FINANCES**

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### **7.1 Financial Statements**

### **7.2 Pension Obligations**

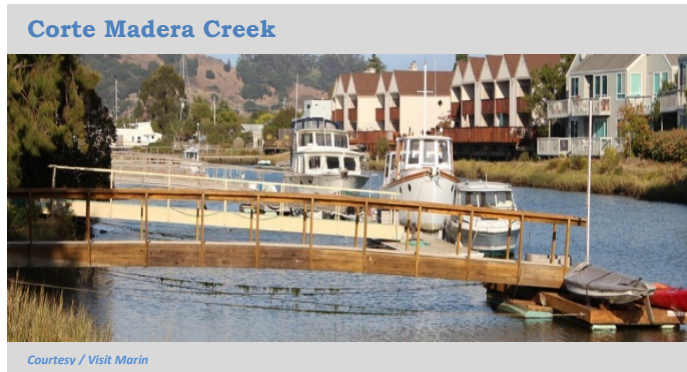
### **7.3 Revenue to Expense Trends**

An abbreviated review of SQVSMD's actual revenues and expenses during the study period and specific to fiscal years 2010-11 to 2013-2014 shows a fluctuating budget structure in which budgeted expenses range from a low of \$0.057 million to a high of \$0.138 million. Actual expenses consistency fell moderately to significantly below budgeted amounts during the 48-month period. Specific expense and revenue details are not available as of the draft report date. Additional analysis pending.

## G. CENTRAL MARIN SANITATION AGENCY

### 1.0 OVERVIEW

The Central Marin Sanitation Agency (CMSA) formed in 1979 to provide wastewater treatment and disposal services on behalf of its four-member agencies located in east-central Marin County. The four-member agencies are County Sanitation District No. 1, County Sanitation



District No. 2, San Rafael Sanitation District, and City of Larkspur. Governance is provided by a six-person commission whose members are appointed and serve at the discretion of the appointing member agency. CMSA's contracted service area – which is the sum of its four-member agencies' jurisdictional boundaries – spans approximately 36.3 square miles and overlaps nine land use authorities with the County of Marin's unincorporated area accounting for 40% of all acreage. The remainder of CSMA's contracted service area in terms of land use authorities is divided by the City of San Rafael at 19%, City of San Anselmo at 15%, Town of Fairfax at 12%, Town of Cortes Madera at 6%, Town of Ross at 4%, City of Larkspur at 3%, Town of Tiburon at 2%, and the City of Mill Valley at less than 1%.

CMSA is organized as a legally autonomous joint-powers authority (JPA) with the delegated powers from its four-member agencies to collect, treat, reclaim, and dispose of wastewater generated within the contracted service area. CSMA may provide additional municipal services so long as the subject services are authorized active powers of each of the member agencies and delegated therein limited by the Sanitary District Act of 1923. CMSA maintains its own employees with responsibilities headlined by managing a wastewater treatment and disposal facilities located in San Rafael along the North San Quentin Point. CMSA is also contracted by the State of California to treat and dispose wastewater received from nearby San Quentin State and therein also from the San

Quentin Village Sewer Maintenance District. CMSA’s adopted operating budget was \$10.082 million and with funding dedicated for the equivalent of 41 employees as of the study term (2014). The unrestricted fund balance was \$14.201 million with an associated days-cash ratio totaling 448; i.e., the amount of cash on hand to cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within CMSA’s contracted service area is 95,428 as of the term of the study term.<sup>73</sup> It is also projected CMSA’s contracted service area population growth rate over the five-year study period has averaged 0.61% annually. Overall it is also estimated by the

<b>Central Marin Sanitary Agency</b>	
Formation Date:	1979
Principal Act:	Government Code Sections 6500 et seq.
Service Categories:	Wastewater Treatment and Disposal
Service Population	95,428 (all) 4,088 (direct customers)
Governance Type:	Dependent

Commission that nearly three-fourths of the contracted service boundary within the four member-agencies has been developed and or improved – though not necessarily at the highest density. This means the remaining one-fourth of the contracted service area remains entirely undeveloped with 1,596 existing unbuilt and privately owned parcels zoned for some type of urban use by one of the land use authorities.<sup>74</sup>

## 2.0 BACKGROUND

### 2.1 Community Development

CMSA’s contracted service area began its collective transition from agrarian to urban development starting in the late 1800s and most intensely experienced in San Rafael. This transition was marked by the population within the affected communities nearly doubling from 6,274 in 1900 to 10,993 in 1920; a net change of 75% or 3.76% annually over the 20-year period. Increasing accessibility to the region as a result of transportation investments coupled with comparatively cheap land prices maintained

<sup>73</sup> The resident estimate includes the design housing capacity at San Quentin State Prison of 4,000.

<sup>74</sup> Additional analysis is needed to assess the actual development potential of the 1,596 unbuilt parcels.

and advanced the development of the affected communities heading towards mid-century with the estimated combined population reaching 20,968 by 1940; a net change of 92% or 4.59 annually over the preceding 20-year period.

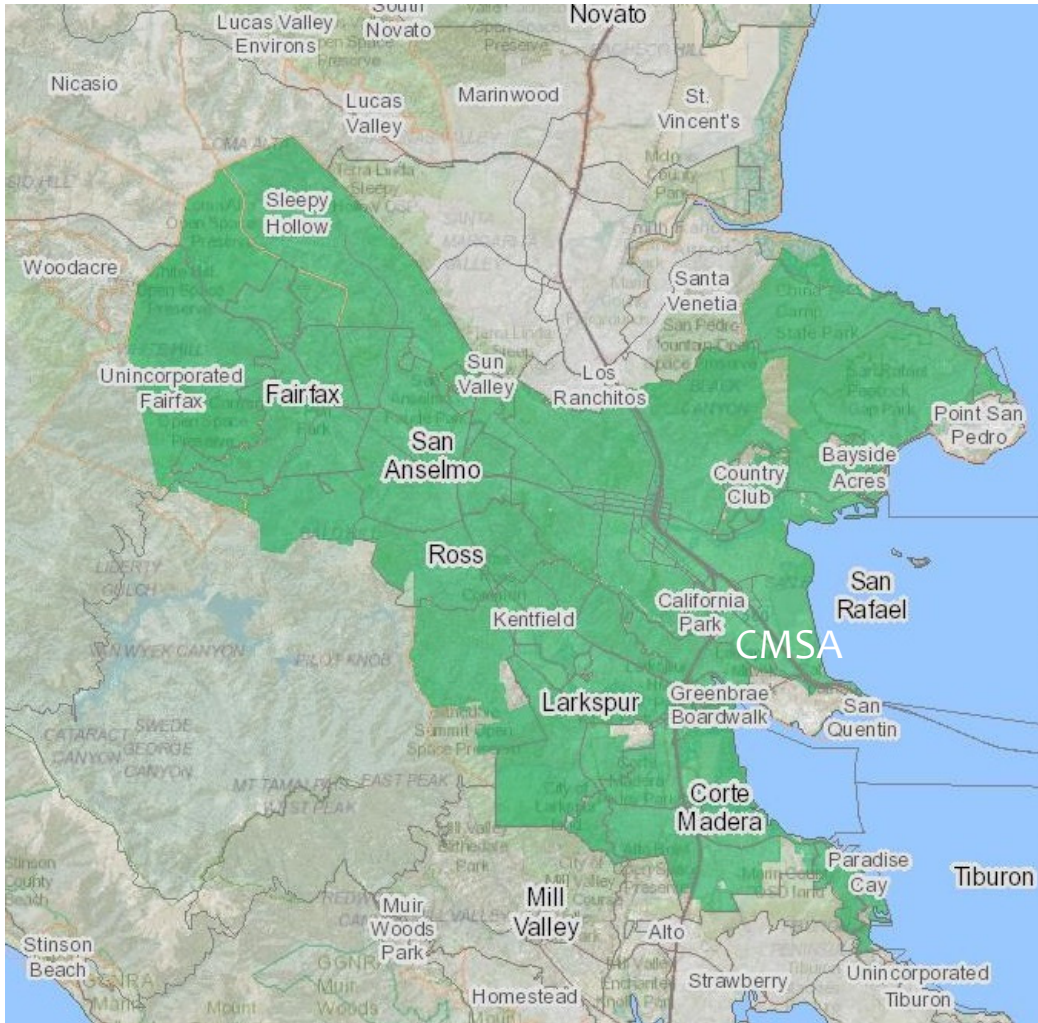


Figure 4.28

In step with the ongoing development of the east-central region heading into the 1950s four separate wastewater agencies had been formed to handle the collection and disposal of sanitary flows for the affected communities. These four agencies – County Sanitary District No. 1, County Sanitary District No. 2, San Rafael Sanitation District, and the City of Larkspur – were all operating their own collection systems. Two of these agencies – County Sanitary District No. 2 and City of Larkspur contracted with County Sanitary District No. 1 to provide treatment and disposal of wastewater at the latter agency’s

Larkspur Landing Facility. San Rafael Sanitation District owned and operated its own two treatment plants.

CSMA's future service area experienced a new level of growth and development following the transition into the second half of the 20<sup>th</sup> Century as the estimated population within the affected communities more than tripled between 1940 and 1970 with the latter amount tallying an estimated 81,362 and representing an average annual change of 9.60% over the preceding 30-year period. This surge in new growth coupled with increasing regulatory controls on wastewater discharges into open water bodies beginning in the late 1960s and into the early 1970s proved seminal in leading to the eventual creation of CSMA. Markedly, these new regulations included the Clean Water Act of 1972 and the resulting permit program known as the National Pollutant Discharge Elimination System (NPDES) aimed at regulating the treatment of wastewater discharges into surface waters. This legislation also – and in support of California's own legislative version – provided a funding mechanism for local agencies to receive monies to construct the necessary facilities in fulfilling the new regulations and highlighted by requiring all discharges meet enhanced secondary standards.

## **2.2 Formation Proceedings**

The formation of CMSA was established in 1979 and upon the approving resolutions enacted by all four member agencies' boards/councils: County Sanitary District No. 1; County Sanitary District No. 2; San Rafael Sanitation District, and the City of Larkspur. The formation proceedings immediately preceded CSMA applying and receiving grant money that was reimbursed to construct and operate a new regional wastewater treatment facility on the north side of San Quentin Point along with its Central Marin Wastewater Improvements.

## **2.3 Post Formation Activities**

A summary of notable activities undertaken by CSMA and/or affecting the agency's contracted service area following formation in 1979 is provided below.



- CSMA completes construction on a new regional wastewater treatment facility and begins receiving sanitary flows from its member agencies in January 1985. The facility was constructed at a cost of \$84 million with approximately 87.5% being funded by federal and state grant monies.
- CMSA completed a planned expansion of the treatment facility to expand the total daily capacity during wet-month periods from 90 to 125 million gallons in 2010.

### 3.0 BOUNDARIES

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#### 3.1 Boundary Type | Contracted Service Area

The Commission has not established a jurisdictional boundary or sphere of influence to CSMA given the agency’s formation as a JPA; only cities, towns, and special districts are directly overseen by LAFCOs under current State law. As such, CMSA’s service area is statutorily tied to matching its four-member agencies’ jurisdictional boundaries, and as such spans approximately 36.3 square miles in size and covers 23,246 total acres (parcels, right-of-ways, water bodies). Nine land use authorities overlap the service area. The County of Marin is the predominant land use authority and accounts for an estimated 40% of CMSA’s service area. Another 19% of the service area falls under the land use authority of the City of Rafael. The remainder of the service area is divided among the land use authorities of San Anselmo at 15%, Fairfax at 12%, Corte Madera at 6%, Ross at 4%, Larkspur at 3%, Tiburon at 2%, and Mill Valley at less than 1%.

CMSA’s contracted service area spans 36.3 square miles and overlaps nine land use authorities with the County of Marin being the largest with the unincorporated area covering 40%.

Total assessed value (land and structure) within CMSA is calculated at \$25.196 billion and translates to a per acre value ratio of \$1.083 million. This former amount – \$25.196 billion – further represents a per capita value of \$0.264 million based on the estimated service population of 95,428. CMSA does not receive any property tax proceeds.

Assessed land values in CMSA’s contracted service area totals \$25.196 billion, and equates to a per capita share of \$0.264 million based on a service population of 95,428.

**CMSA Contracted Service Area Breakdown: Land Use Authorities**  
Table 4.111 | Source: Marin LAFCO

Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
County of Marin	6,491	39.5	7,103	5,999
San Rafael	3,188	19.4	10,672	15,454
San Anselmo	2,440	14.9	5,482	6,279
Fairfax	1,904	11.6	3,173	3,900
Corte Madera	897	5.5	3,390	3,910
Ross	676	4.1	847	883
Larkspur	542	3.3	2,522	3,580
Tiburon	299	1.8	442	435
Mill Valley	1	0.0	1	0
	<b>16,441</b>	<b>100</b>	<b>33,632</b>	<b>40,440</b>

As provided in the preceding table there are overall 16,441 assessor parcels currently within CMSA’s contracted service area and collectively add up to 33,632 acres as of June 2016. Close to three-fourths – or 72% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 40,400 residential units and divided between single-family and multi-family on a 68% to 32% split. The remaining one-fourth plus – or 28% – of the current assessor parcel acreage is undeveloped/unimproved. This includes 1,596 un-built and privately owned assessor parcels that are zoned for some type of urban use by the subject land use authority.

Almost three-fourths of CMSA’s contracted service area has already been developed or improved – though not necessarily at its maximum density. This means the remaining one-fourth of the service area remains entirely undeveloped. This includes 1,596 un-built and privately owned parcels zoned for some type of urban use by the subject land use authority.

### CMSA Boundary Breakdown: Land Use Features

Table 4.112 | Source: Marin LAFCO

% Parcel Acres Already Developed	Residential Built Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
71.9	40,400	67.9	1,596	9,450

## 4.0 DEMOGRAPHICS

### 4.1 Population and Housing

CMSA’s resident population within its contracted service area is independently estimated by the Commission at 95,428 as of the term of the study. This projection – which is the sum of individual calculations performed for the member agencies along with taking into account San Quentin State Prison – represents 36.6% of the estimated countywide population. It is also projected CMSA has experienced an overall growth rate of 3.03%

LAFCO estimates there are 95,428 total residents within CMSA’s contracted service area that are explicitly served by the District’s wastewater treatment system as of the term of the study. It is further estimated CMSA has experienced an overall population increase of 2,805 over the preceding five-year period.

over the preceding five-year period or 0.61% annually; all of which generated an estimated net add of 2,805 persons. This projected increase has been generated by the addition of an estimated 934 new occupied housing units within the contracted service area as well as aided by an intensification of household sizes over the span of the five-year period starting at 2.39 in 2010 and ending at 2.41 in 2014; the latter being a net intensity increase of 0.89%.

### CMSA Resident Population: Past and Current Estimates

Table 4.113 | Source: Marin LAFCO

Factor	2010	2011	2012	2013	2014
e) San Rafael Sanitation	39,381	39,191	39,906	40,192	40,744
b) County Sanitary District No. 1	39,454	39,261	39,974	40,259	40,809
c) County Sanitary District No. 2	9,788	9,680	9,794	9,802	9,874
d) San Quentin State Prison	4,000	4,000	4,000	4,000	4,000
<b>Estimated Population</b>	<b>92,623</b>	<b>92,132</b>	<b>93,674</b>	<b>94,253</b>	<b>95,428</b>

\* rounded for reporting purposes

\* County Sanitary District No. 1 and 2 collectively account for the City of Larkspur

With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate among CMSA’s member-agencies will generally match the preceding five-year period and produce an overall yearly population change of 0.61%. The substantive result of this assumption would be an overall increase in CMSA’s resident population of 5,977 and produce a total of 101,405 by 2024. This growth rate, similarly, would generate the addition of 2,569 new and occupied housing units within CMSA through 2024 assuming the preceding five-year average ratio of 2.41 persons for every one occupied housing unit holds. These collective projections are summarized below.

<b>CMSA Resident Population: Future Estimates</b>						
Table 4.114   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	95,428	96,592	97,771	98,966	100,178	101,405
Occupied Housing Units	38,256	38,900	39,311	39,810	40,313	40,825
- residents to housing units	2.39	2.38	2.39	2.39	2.39	2.39

*\* Estimated population totals include a flat 4,000 assignment each year for the San Quentin State Prison; this addition is excluded in calculating the residents to housing units’ ratio*

## 4.2 Residency Type

The Commission projects CMSA’s residential unit total (occupied and unoccupied) of 40,440 as of the study term is divided between single family and multi-family use at 67.9% (27,439) and 32.1% (13,001), respectively. These totals produce an estimated ratio of 2.1 to 1 with respect to single-family to multi-family units.

### 4.3 Social and Economic Indicators

A review of recent demographic information covering the CMSA contracted service boundary for the study period shows fulltime residents’ economic and social standing generally matches countywide averages with certain notable exceptions. These exceptions include higher levels of unemployment and poverty rates within CMSA with both measurements having increased over the study period by more than 50%. CMSA residents were also more than three times more likely to work at home compared to countywide averages during the 60-month period. Nonetheless, the median household income as of the study period totaled \$93,647 and slightly above the countywide amount of \$91,529. Median age, commute time, and household tenure relative to Proposition 13 (1979) within CMSA all finished within comparable countywide amounts.

CMSA’s fulltime residents generally match countywide averages with respect most measured social and economic indicators, and highlighted by a similar median household income rate of \$93,647 generated during the study period. Nevertheless, certain distinctions exist and this includes CMSA experiencing increasingly higher rates of unemployment and poverty levels within its contracted service boundary with both referenced measurements increasing by more than one-half over the study period.

<b>CMSA: Resident Trends in Social and Economic Indicators</b>				
Table 4.115   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$92,009</b>	<b>\$93,647.63</b>	1.78%	<b>\$91,529</b>
Median Age	42.63	43.59	2.25%	45.10
Prime Working Age (25-64)	58.14%	57.75%	(0.66%)	55.28%
Unemployment Rate (Labor Force)	3.30%	5.25%	59.26%	4.70%
Persons Living Below Poverty Rate	7.34%	11.88%	61.84%	8.80%
Mean Travel to Work	27.21 min	29.03 min	6.71%	29.4 min
Working at Home (Labor Force)	8.59%	8.65%	0.71%	2.50%
Adults with Bachelor Degrees or Higher	54.38%	54.80%	0.77%	30.80%
Non English Speaking	26.66%	27.33%	2.51%	23.50%
Householder Pre Proposition 13 (1979)	15.28%	11.65%	(23.75%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all census tracts underlying CMSA.

## 5.0 ORGANIZATIONAL STRUCTURE

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### 5.1 Governance

CMSA’s governance authority is established under the Joint Exercise of Powers Act and codified under Government Code Section 6500 et seq. This legislation was functionally established in 1922 and authorizes two kinds of JPA arrangements: (a) two or more public agencies that jointly contract to exercise common service powers or (b) two or more public agencies that jointly contract to form a separate legal entity to provide common service powers.<sup>75</sup> CMSA has been formed under the latter category as a legally autonomous agency with the explicit delegation by its four-member agencies to construct and operate a new regional wastewater treatment facility on the north side of San Quentin Point. Further, and as provided under the enabling legislation, CMSA is authorized to do all of the following: make and enter contracts; employ agents and employees; acquire, construct, manage, maintain, or operate any buildings, works, or improvements; acquire, hold, or dispose of real properties; incur debts, liabilities, or obligations; and sue or be sued.

Governance of CMSA is provided by a six-member Commission whose members are appointed and serve at the discretion of the appointing member agency as provided under the JPA agreement. The largest members – County Sanitary District No. 1 and San Rafael Sanitation District – appoint two members each. County Sanitary District No. 2 and Larkspur appoint one member each. The Commission holds regular meetings on the 2<sup>nd</sup> Tuesday of each month at 7:00 p.m. at the CMSA Administrative Office located at 1301 Anderson Drive in San Rafael. Commissioners currently receive a meeting stipend of \$100. A current listing of CMSA Commissioners along with appointing authority follows.



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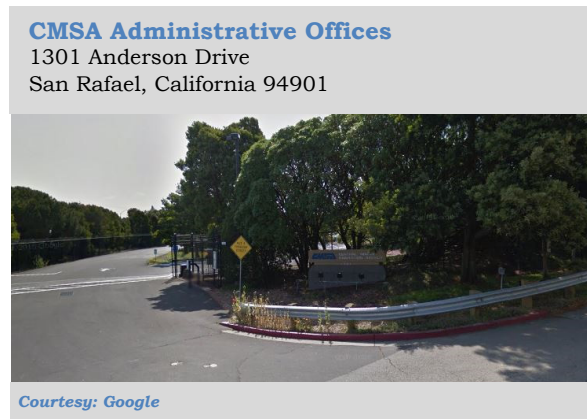
<sup>75</sup> The legislation defines “public agency” broadly to include all of the following: federal government and including any department or agency therein; State government or any department or agency therein; counties; county boards of education; county superintendents of schools; cities; public districts; public corporations; regional transportation commissions; federally recognized Indian tribes; private nonprofit hospitals; mutual water companies; and any joint-power authorities.

<b>CMSA Current Commission Roster</b>			
Table 4.116   Source: CMSA			
Member	Position	Appointing Authority	Years on Board
Kathy Hartzell	Chair	City of Larkspur	6
Diane Furst	Vice Chair	County Sanitary District No. 2	2
Michael Boorstein	Commissioner	County Sanitary District No. 1	1
Al Boro	Commissioner	San Rafael Sanitation District	26
Maribeth Bushy	Commissioner	San Rafael Sanitation District	2
Thomas Gaffney	Commissioner	County Sanitary District No. 1	1
<b>Average Years of Commission Service</b>			<b>6.3</b>

## 5.2 Administration

CMSA appoints an at-will General Manager to oversee all agency operations. The current General Manager – Jason Dow – was appointed by the Commission in 2002 and is fulltime. The General Manager presently oversees 43 other full-time employees and this includes three senior management support positions:

Administrative Services Manager; Technical Services Manager; and Treatment Plant Manager. CMSA contracts with the County for legal services through County Counsel.



## 6.0 WASTEWATER SERVICES

### 6.1 System Structure

CMSA provides treatment service for its four member agencies (RVSD, CSD No. 2, SRSD and City of Larkspur) as well as San Quentin State Prison and San Quentin Village. CMSA reports the average age of the treatment system is around 30 years and the expected lifespan of the current infrastructure is

CMSA's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 23.6 years.

approximately 25 years less subsequent improvements are made. The treatment facility was initially constructed in 1985 with most recent updates completed in 2014. Treated effluent is discharged into the San Francisco Bay through an approximate two-mile outfall pipeline. As of the study term CMSA's equipment replacement ratio – i.e., the

number of years it would take the Agency to fully fund its depreciable capital asset inventory – is 23.6 years and has risen by 4.2% over the corresponding 60-month period.

## 6.2 Wastewater Demands

### Recent Measurements | Wastewater Treatment System Flows

CMSA’s average annual wastewater treatment demand generated over the study period as reported by the Agency has been approximately 4.321 billion gallons. This average amount, which serves as a macro overview of system demands, represents a daily average flow of 11.8 million gallons. It also translates to an estimated 126.2 gallons per day for each resident of its member agencies or 314.2 gallons per day for each occupied housing unit; it also represents 393.6 gallons per day for each service connection.

Average annual wastewater flows generated within CMSA during the study period have produced the daily equivalent of 11.8 million gallons; an amount that accounts for flows received from the JPA’s member agencies plus direct contract flows from the San Quentin area (State Prison and Village).

With respect to trends, annual demands within the five-year study period have shown an overall (15.83%) decrease in flows over the span of the affected 60-months. The high demand point for the treatment system during the study period occurred in 2010 with annual volume equaling 5.074 billion gallons. The high demand year translates to an estimated 149.6 gallons per day for each resident of its member agencies or 371.6 gallons per day for each occupied housing unit; and it also translates to 461.4 gallons per day for each service connection. A breakdown of annual and daily wastewater flows over the study period in relation to population and housing is shown below.

#### CMSA: Recent Annual and Average Daily Treatment Flows Breakdown

Table 4.117 | Source: Marin LAFCO and CMSA

	2010	2011	2012	2013	2014	Average	Trend
Annual Flow	5.074 bg	4.599 bg	3.778 bg	3.887 bg	4.271 bg	4.322 bg	(15.83%)
Daily Average	13.9 mg	12.6 mg	10.4 mg	10.7 mg	11.7 mg	11.8 mg	(15.83%)
- Daily Avg Per Resident	149.6	136.4	110.2	112.7	122.2	126.2	(18.30%)
- Daily Avg Per Housing Unit	371.6	339.2	274.3	280.9	305.1	314.2	(17.88%)
- Daily Avg Per Connection	461.4	420.4	345.9	352.6	387.8	393.6	(15.96%)



*“bg” refers to billions gallons per day  
“mg” refers to millions gallons per day  
Per resident as estimated by the Commission  
Per housing unit refers to occupied status as estimated by the Commission*

Along with average annual wastewater flow three other more micro measurements are tracked with respect to CMSA’s treatment system and provide additional context to assessing demand. These measurements are (a) dry-weather flow, (b) wet-weather flow, and (c) peak-day flow and summarized below.

### Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period has been 8.84 million gallons. This flow is typically recorded between July and September and most recently tallied 8.5 million gallons as of the study term. The overall average dry-weather tally translates to 94.2 gallons for every resident or 234.5 gallons for every occupied housing unit and 293.9 gallons per service connection during the affected 60 months. This measurement has decreased overall during the study period by (7.61%). A breakdown of dry-weather flows during the study period follows.

<b>CMSA: Recent Dry Weather Day Flows</b>					
Table 4.118   Source: Marin LAFCO and CMSA					
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	
2010	9.2 mg	99.0 gallons	245.9 gallons	305.4 gallons	
2011	9.3 mg	100.7 gallons	250.4 gallons	310.3 gallons	
2012	8.6 mg	91.5 gallons	227.9 gallons	287.4 gallons	
2013	8.6 mg	91.0 gallons	226.8 gallons	284.7 gallons	
2014	8.5 mg	88.8 gallons	221.7 gallons	281.7 gallons	
<b>Average Trend</b>	<b>8.8 mg (7.61%)</b>	<b>94.2 gallons (10.32%)</b>	<b>234.6 gallons (9.86%)</b>	<b>293.9 gallons (7.76%)</b>	

*“mg” refers to million gallons*

### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period has been 14.8 million gallons. This flow typically is recorded between October and January and most recently tallied at 14.9 million gallons during the study term. The overall average wet-weather day tally translates to 158.2 gallons for every resident or 393.9 gallons for every occupied housing unit and 493.3 gallons for every service connection during the affected 60 months. This measurement has decreased during the study period by

(19.9%). A breakdown of recent wet-weather flows follow.

<b>CMSA: Recent Wet Weather Day Flows</b>				
Table 4.119   Source: Marin LAFCO and CMSA				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	18.6 mg	200.2 gallons	497.2 gallons	617.5 gallons
2011	15.9 mg	172.1 gallons	428.1 gallons	530.5 gallons
2012	12.1 mg	128.8 gallons	320.7 gallons	404.4 gallons
2013	12.7 mg	134.4 gallons	335.0 gallons	420.5 gallons
2014	14.9 mg	155.7 gallons	388.6 gallons	493.9 gallons
<b>Average Trend</b>	<b>14.8 mg (19.9%)</b>	<b>158.2 gallons (22.3%)</b>	<b>393.9 gallons (21.9%)</b>	<b>493.9 gallons (20.0%)</b>

### Peak- Day Flows

Average peak-day wastewater flows over the study period has been 94.5 million gallons producing a peak-factor relative to average day totals of 10.7. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 98.3 million gallons as of the study term. The average wet-weather peak day tally translates to 1,027.1 gallons for every resident or 2,563.6 gallons for every occupied housing unit; it also translates to 3,258.1 gallons for every service connection during the affected 60 months. This measurement has increased overall during the study period by 6.50%. A breakdown of peak-day flows during the study period follows.

<b>CMSA: Recent Peak Day Flows</b>					
Table 4.120   Source: Marin LAFCO and CMSA					
Year	Peak Day Total	Gallon Per Resident	Gallon Per Housing Unit	Gallon Per Connection	Peaking Factor
2010	92.3 mg	993.6	2,467.3	3,064.1	10.0
2011	86.9 mg	940.5	2,339.7	2,899.6	9.3
2012	85.1 mg	905.8	2,255.5	2,843.9	9.9
2013	109.8 mg	1,161.6	2,896.1	3,635.2	12.8
2014	98.3 mg	1,027.1	2,563.6	3,258.1	11.6
<b>Average Trend</b>	<b>94.5 mg 6.5%</b>	<b>1,005.7 3.4%</b>	<b>2,504.4 3.9%</b>	<b>3,140.2 6.3%</b>	<b>10.7 15.3%</b>

## Projected Measurements | Wastewater Collection System Flows to Treatment Facility

Going forward – and specifically for purposes of this study – it appears reasonable to assume CMSA’s wastewater collection system flows will generally follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall decrease in annual wastewater flows of 356.6 million gallons over the succeeding 10-year period finishing in 2024; a difference of (8.60%) or (0.86%) annually. This projection continues CMSA’s overall annual flows decrease incurred during the study period, albeit at a deintensified rate relative to the study period over three-fold. It is also estimated – in using regression analysis - the system’s peak-day flows will ultimately increase over the succeeding 10-year period by 9.42 million gallons or 9.58% and resulting in a peaking factor of 9.9; the latter representing a rise in peak day flows relative to average day amounts by one-fifteenth. The following table summarizes these and related projection flows through 2024.

The Commission independently estimates CMSA’s annual wastewater demands will continue to decrease over the succeeding 10-year period at an average rate of (0.86%). This will result in the average day demand equaling 3.8 billion gallons in 2024; a net difference of 500.0 million gallons relative to the baseline year (2014).

<b>CMSA: Projected Wastewater Flows</b>						
Table 4.121   Source: Marin LAFCO						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	4.271 bg	11.7 mg	8.5 mg	14.9 mg	98.3 mg	
2015	3.965 bg	11.0 mg	8.2 mg	13.7 mg	99.6 mg	
2016	3.943 bg	10.9 mg	8.0 mg	13.8 mg	101.8 mg	
2017	3.929 bg	10.9 mg	7.9 mg	13.9 mg	103.2 mg	
2018	3.907 bg	10.9 mg	7.7 mg	14.0 mg	105.4 mg	
2019	3.893 bg	10.8 mg	7.6 mg	14.1 mg	106.8 mg	
2020	3.870 bg	10.8 mg	7.4 mg	14.2 mg	109.1 mg	
2021	3.856 bg	10.8 mg	7.3 mg	14.2 mg	110.5 mg	
2022	3.833 bg	10.7 mg	7.1 mg	14.3 mg	112.8 mg	
2023	3.818 bg	10.7 mg	6.9 mg	14.4 mg	114.3 mg	
2024	3.826 bg	10.7 mg	7.0 mg	14.3 mg	113.5 mg	
<b>Average Trend</b>	<b>3.884 bg (9.04%)</b>	<b>10.8 mg (7.49%)</b>	<b>7.50 mg (11.75%)</b>	<b>14.1 mg (5.41%)</b>	<b>107.7 mg 9.58%</b>	

“bg” refers to billions gallons per day  
“mg” refers to millions gallons per day

## Constraints | Contractual Provisions

CMSA operates under the permit provisions of the California Regional Water Quality Control Board – San Francisco Bay Region (RWQCB) with respect to discharge allowances. This permit was most recently renewed on June 13, 2012 and extends through July 31, 2017.<sup>76</sup> It authorizes CMSA to discharge secondary treated wastewater into San Francisco Bay byway of the Agency’s submerged outfall pipeline with a multi-port diffuser year round and up to 10.0 million gallons a day during the driest three months of the year.<sup>77</sup> The permit allows influent above 30 million gallons per day to blend with secondary treatment for the portion of the flow above 30 million gallons and recombine the blended flows with secondary-treated flow to be disinfected and subsequently discharged into San Francisco Bay. The permit also stipulates CMSA shall not exceed 10.0 million gallons per day in average dry weather flow through the treatment facility.

CMSA is prohibited from discharging more than 10.0 million gallons a day into San Francisco Bay during driest three-month period.

### 6.3 Wastewater Capacities

CMSA’s treatment facility has a hydraulic capacity of 155 million gallons and a treatment capacity of 125 million gallons, and fully meets the referenced capacity of the Agency’s associated member agencies’ tributary collection systems. When flows exceed 30 million gallons per day of the treatment capacity for the Agency’s secondary system, CMSA blends partially-treated effluent during wet-weather events as allowed by its NPDES permit. CMSA also retains an effluent storage pond with the ability to hold 7.2 million gallons of disinfected wastewater due to maintenance or other emergency type conditions. CMSA has not had an NPDES permit exceedance in

CMSA treatment system’s daily capacity is 125 million gallons with the emergency ability to accommodate an additional 7.2 million gallons through storage facilities.

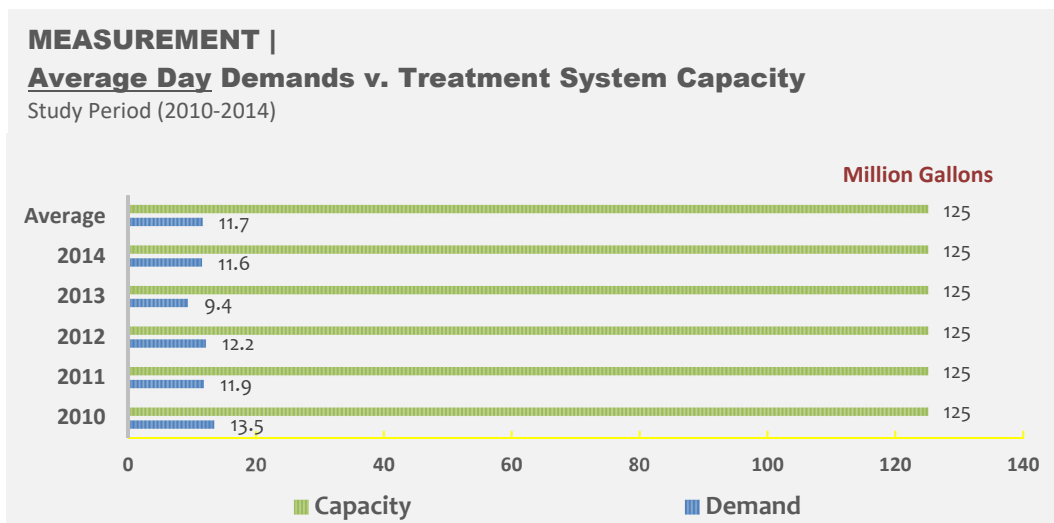
<sup>76</sup> Reference to RWQCB National Pollutant Discharge Elimination System Permit No. CA0038628.

<sup>77</sup> The permit does allow for limited blending of the referenced 10.0 million gallons limitation on discharge into Central San Francisco Bay to avoid overflows and upon advance notice/concurrence of RWQCB.

over 10 years.<sup>78</sup>

## 6.4 Demand to Capacity Relationships

Study period flows averages show CMSA has sufficient available capacities within its treatment system to accommodate current and projected demands over the succeeding 10-year period with some qualifiers as detailed. Average annual demands over the study period equal 9.4% of the treatment system capacity with minimal changes expected over the succeeding 10-year period. Average dry-weather demands over the study period represent the biggest tax on the treatment facility given permit restrictions by RWQCB and tally 60.0% of the treatment system capacity and expected to reach 70% by 2024. Average peak-day demands over the study period equal 40.0% of capacity and expected to rise up to 90% by 2024.



<sup>78</sup> CMSA notes that as of 12/31/2016 the Agency has not had an NPDES permit exceedance in 12 years.

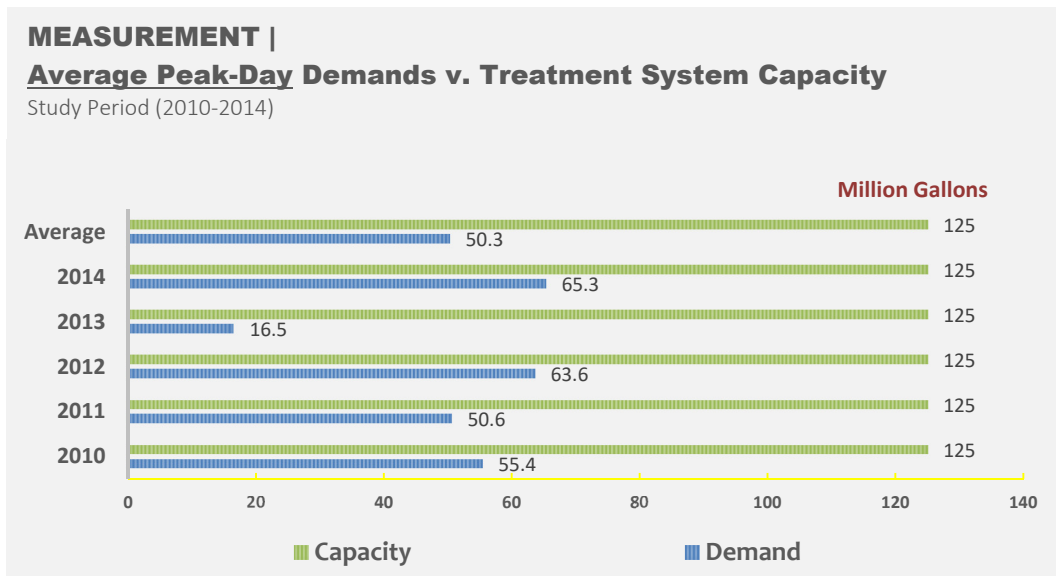
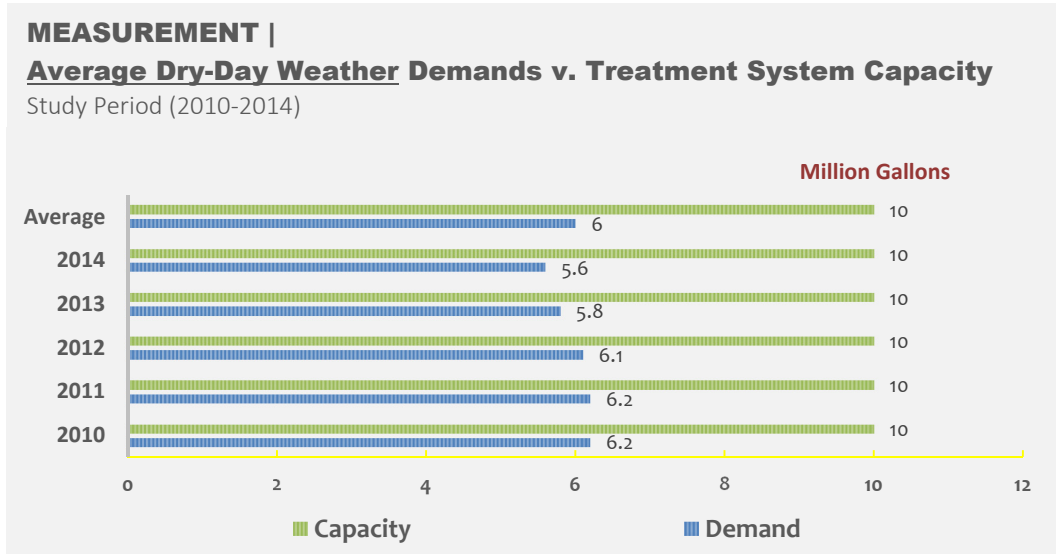


Figure 4.29

## 6.5 Performance

### Measurement | Treatment Facility Overflows

CMSA did not experience overflows from its treatment facility during the study term. If an overflow occurs in CMSA's treatment facility it cannot generally be pumped back into the treatment plant.<sup>79</sup> The agency has established protocols required by the Regional Water Board in the event of a treatment overflow. CMSA must contact the Regional Water Board within 2 hours a spill has been identified and then notify the County Environmental Health Services, along with the Office of Emergency Services. If spillage has potentially reached the Bay, the Coast Guard must be included in the notification process. Final effluent exceedances of compounds specified in the agency's NPDES permit must be followed by a notification to RWQCB within 24 hours of discovery. Samples must also be collected to quantify any environmental and safety impacts. CMSA did not experience any exceedances of its NPDES permit during the study period.

### Measurement | System Maintenance

System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault, so an asset can be restored to its operational condition. Preventative maintenance, conversely, is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

#### Corrective Maintenance

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CMSA's corrective maintenance is noted in the number of service calls received to resolve, correct or assist a particular situation. During the entire 60-month study period, CMSA received 19 service calls all attributed to odor complaints. CMSA does operate and maintain pump stations for CSD No. 2 and SQVSMD but had not received any calls during the study period attributed to overflows or potential environmental and health impacts. The following table shows all service calls by category type over

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<sup>79</sup> CMSA reports under certain limited conditions SSOs can be pumped back under some conditions.

the study period.

<b>CMSA: Number of District Service Calls</b>					
Table 4.122   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General	0	0	0	0	0
Public SSO	0	0	0	0	0
Private SSO	0	0	0	0	0
Odor Complaints	1	14	1	2	1
Noise Complaints	0	0	0	0	0
Pump Station Alarms	0	0	0	0	0
Non-District Incidents	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>2</b>	<b>1</b>

### Preventative Maintenance

CMSA’s preventative maintenance is designed to protect and preserve its wastewater treatment plant in a cost effective manner. The agency uses several approaches to determine when assets need to be replaced, expanded, modified or new equipment to be purchased. Energy reduction, process optimization, GHG reduction, and operational efficiency evaluations can lead to procurement of new or modifications of existing systems and equipment. Changes in water quality regulations may result in construction of new facilities or modifications to current facilities or operational practices. CMSA’s completion in 2010 to expand treatment and storage facilities to accommodate intense wet weather events was a response to significant I/I during wet weather periods and increased system capacity at a cost of \$58 million. CMSA has also provided a blending reduction analysis and found the best alternative is to develop an on-site storage of primary effluent, a parallel pumping system and new flocculation units for additional secondary clarification capacity with an estimated cost at \$27 million. The agency has also additionally established a fat, oil, and grease (FOG) program to support member agencies in reducing these organic liquids in preventing blockages and SSOs in the tributary collection systems.



## 6.6 User Charges and Fees

CMSA bills its member agencies and San Quentin State Prison an annual sewer service charge, debt service charge, amounting to a total of \$8,671,932 for the most recent study year to contribute to CMSA’s operation and maintenance of its treatment system. Service charges are measured on wastewater flows and strength based on a three-year period of its member agencies. The service operating costs totaled to \$13.3 million, with service charges contributing 65.1% to operating and capital costs. The user fee was last updated in 2012 from \$169.74 per sewer service charge, \$106.08 per debt service charge and \$275.82 per annual service charge.

## 7.0 AGENCY FINANCES

### 7.1 Financial Statements

CMSA contracts with an outside accounting firm (Chavan and Associates) to prepare an annual report for each fiscal year to review the agency’s financial statements in accordance with established governmental accounting standards. This includes vetting CMSA’s statements with respect to verifying overall assets, liabilities, and equity as stated in a balance sheet. These audited statements provide the Commission with quantitative measurements in assessing CMSA’s short and long-term fiscal health.

CMSA’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and downturn change over the prior fiscal year as its overall equity or fund balance decreased by (2.7%)% from \$51.9 to \$50.5 million.

End of Study Term Financial Statements	
Assets	\$110.8 m
Liabilities	\$60.3 m
Equity	\$50.5 m

Underlying this most recent change in equity standing is the result of CMSA reducing restricted cash in making capital improvements. A summary of year-end totals and trends over the study period follows.

### Agency Assets

CMSA’s audited assets at the end of 2013-2014 totaled \$110.881 million; an amount more than (5%) lower than the average sum generated over the course of the study period’s 60 months. Assets classified as current with the expectation they could be liquidated within a year represented slightly more than one-tenth of the total amount with the majority tied to cash and investments and have decreased by (50.5%) over the corresponding 60 months. Assets classified as non-current represented the remaining nine-tenth plus total with the largest portion associated with utility infrastructure and have increased over the 60 month period by 7.8%.

CMSA Assets   Study Period							
Table 4.123   Source: CMSA							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	31.680	30.740	26.352	15.938	15.675	(50.5%)	24.077
Non-Current	88.418	87.230	90.520	99.565	95.206	7.7%	92.188
	<b>120.098</b>	<b>117.971</b>	<b>116.873</b>	<b>115.504</b>	<b>110.881</b>	<b>(7.7%)</b>	<b>116.265</b>

amounts in millions

### Agency Liabilities

CMSA’s audited liabilities at the end of 2013-2014 totaled \$60.327 million; an amount that represents a collective decrease of more than one-tenth – or (12.5%) – over the study period’s 60 month period. Current liabilities representing obligations owed in the near-term account for less than one-tenth and generally tied as of the study term to owed debt payments with the remainder involving accrued employee benefits. The majority of liabilities representing more than nine-tenth of the total are booked as non-current and highlighted by outstanding debt tied to a 2006 Revenue Bond used to finance improvements to the wastewater treatment facility.

CMSA Liabilities   Study Period							
Table 4.124   Source: CSMA							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	4.240	4.267	4.652	5.120	4.091	(3.5%)	4.474
Non-Current	64.681	62.766	60.553	58.453	56.235	(13.1%)	60.537
	<b>68.921</b>	<b>67.033</b>	<b>65.206</b>	<b>63.573</b>	<b>60.327</b>	<b>(12.5%)</b>	<b>65.012</b>

amounts in millions

### Agency Equity / Net Assets

CMSA’s audited equity or net assets at the end of 2013-2014 totaled \$50.554 million and represent the difference between the agency’s total assets and total liabilities. This referenced amount has decreased by (1.2%) over the 60 month period and primarily attributed to drawing down cash equivalents in making capital improvements. The ending equity amount includes \$14.201 million in unrestricted funds and translates to a per capita reserve ratio of \$148 based on an estimated resident population of 95,428.

CMSA’s net assets have decreased by (1.2%) over the study period. The unrestricted fund balance as of the study term total of \$14.2 million equates to a per capita reserve ratio of \$148.

CMSA Equity   Study Period								
Table 4.125   Source: CMSA								
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average	
Unrestricted	10.264	11.513	12.651	13.337	14.201	38.7%	12.393	
Restricted (Capital)	40.913	39.424	39.015	38.592	36.352	(11.2%)	38.859	
	<b>51.117</b>	<b>50.938</b>	<b>51.666</b>	<b>51.930</b>	<b>50.554</b>	<b>(1.2%)</b>	<b>51.253</b>	

amounts in millions

### 7.2 Measurements / Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by CMSA covering the five years comprising the study period and specifically fiscal years 2009-2010 through 2013-2014 shows the agency finished each year in relatively good health with respect to liquidity and – though to a less extent – capital. This includes CMSA finishing the study period with an estimated current ratio of over 3 to 1 and the net effect of having more than triple the amount of available cash resources to cover near-term debts. Similarly, CMSA finished the study period with over 14 months – or 448 days – of cash on hand to cover daily operating expenses. Separately CMSA finished the study period with a debt ratio of more than one-half at 50.7%; an amount that is somewhat on the higher end but has advantageously decreased over the 60 months by (5.8%). Conversely margin measurements show increasingly profit-challenges over the 60 month period. Total margin – i.e., all revenues and expenses – experienced a sizeable and escalating decrease over the study period at (244.4%). Operating margin – i.e., only operational revenues and expenses – also experienced an escalating decrease – albeit at a lower level – at

(88.1%). Last, and with respect to structure, CMSA’s earned income ratio averaged exceeding high at 98.9%, and as such shows nearly all of the agency’s annual revenues are tied to direct service fees. A summary of year-end liquidity, capital, margin, and structure ratios are show in the following table.

<b>CMSA: Financial Measurements   Study Period</b>						
Table 4.126   Source: CMSA Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	7.47 to 1	890.49	53.86%	8.28%	24.99%	97.89
2010-2011	7.20 to 1	950.03	53.20%	(2.01%)	15.26%	99.22%
2011-2012	5.66 to 1	840.23	51.81%	(3.41%)	13.41%	98.94%
2012-2013	3.11 to 1	480.62	50.61%	(3.38%)	12.99%	99.05%
2013-2014	3.83 to 1	448.02	50.72%	(11.96%)	2.97%	99.46%
<b>Average</b>	<b>5.46 to 1</b>	<b>721.88</b>	<b>52.04%</b>	<b>(2.50%)</b>	<b>13.92%</b>	<b>98.91%</b>
<b>Trend</b>	<b>(48.7%)</b>	<b>(49.69%)</b>	<b>(5.83%)</b>	<b>(244.36%)</b>	<b>(88.10%)</b>	<b>1.61%</b>

Liquidity

Capital

Margin

Structure

**Notes**

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and reoccurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from user fees for services. Higher is better for enterprise agencies.

### 7.3 Pension Obligations

CMSA provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This



pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed “Category One” while employees hired afterwards are termed “Category Two.” Additional details of the pension program

based on actuarial valuations issued by CalPERS follows.

### Participants | Pension Formulas

As of the study period's term (2014) there are a total of 95 participants within CMSA's pension program. This total amount – which represents an overall increase of 3% in participants since 2012 – is further divided between enrollee type (i.e., active, separated, transferred, retired) and

Most CMSA employees receive defined pensions based on a 2.7 @ 55 formula. Employees hired before January 1, 2013 were also brought into the pension formula a 2.0 @ 60 pension formula.

marked by a worker-to-retiree ratio of 0.9 to 1 as of the study term. Category One participants represent 98% – or 93 – of the total program enrollees and are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest one year of salary beginning at age 55 and continuing each year thereafter. Category Two participants account for the remaining 2% of the total program enrollee amount as of the study period's term and are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 60 and continuing annually thereafter.

<b>CMSA's Pension Enrollee Information</b>					
Table 4.127   Source: CalPERS and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	n/a	n/a	40	41	38
Transferred	n/a	n/a	9	10	8
Separated	n/a	n/a	6	5	6
Retired	n/a	n/a	37	38	43
<b>Total Enrollees</b>	<b>n/a</b>	<b>n/a</b>	<b>92</b>	<b>93</b>	<b>95</b>
<b>Worker-to-Retiree Ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>1.1 to 1</b>	<b>1.1 to 1</b>	<b>0.9 to 1</b>

### Annual Contributions

CMSA’s total annual pension contributions as of the study period’s term tallied \$1.170 million. This amount represents an overall increase over the five-year study period of 9% and is slightly less than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>80</sup> The most recent annual pension contribution by CMSA for the study period marked 28% of the District’s total annual payroll for the corresponding fiscal year (2013-2014).<sup>81</sup>

CMSA’s pension contributions have increased by 9% over the five-year study period, and as of 2013-2014 account for 28% of total payroll.

#### CMSA’s Pension Contributions

Table 4.128 | Source: CalPERS and Marin LAFCO

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$1,071,270	\$1,097,126	\$1,130,352	\$1,202,050	\$1,170,254
<b>Five-Year Average</b>				<b>\$1,134,210</b>
<b>Five-Year Trend</b>				<b>9.24%</b>

### Funded Status

CMSA’s unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$6.445 million and as such represented 45.4% of the District’s unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 82% based on market value. It also reflects an overall improvement of 15% over the preceding four-year period.<sup>82</sup>

CMSA’s unfunded pension liability has decreased over the last four years of the study period by (21%) and ended the term at \$6.445 million; the equivalent of an 82.0% funded ratio.

#### CMSA’s Pension Trends

Table 4.129 | Source: CalPERS and Marin LAFCO

	Unfunded Liability	Funded Ratio
2009-2010	n/a	n/a
2010-2011	\$8,103,016	71.28%
2011-2012	\$9,660,173	67.97%
2012-2013	\$8,765,885	72.66%
2013-2014	\$6,445,664	81.98%
<b>Four-Year Average</b>	<b>\$8,243,685</b>	<b>73.47%</b>
<b>Four-Year Trend</b>	<b>(20.5%)</b>	<b>10.70%</b>

<sup>80</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.

<sup>81</sup> CMSA’s covered annual payroll in 2013-2014 totaled \$4.173 million.

<sup>82</sup> Pension information for 2009-2010 is not available.

*Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).*

## 7.4 Revenue to Expense Trends

A review of CMSA’s actual revenues and expenses during the study period as shown in the audited financial statements and specific to fiscal years 2009-2010 to 2013-2014 shows the agency experiencing net losses in four of the five years. Overall actual expenses – which include outlays for depreciation – outpaced actual revenues over the 60 month period by (2.8%) with the former averaging \$15.707 million compared to the latter averaging \$16.115 million. Moreover, the referenced budget gap has been widening with the growth rate of actual expenses increasing more than 4 to 1 over the growth rate of actual revenues

On average CMSA’s annual revenue totals have fallen short of annual expense totals – which including booked depreciation – by (2.8%) over the study period. This gap has also increased during the 60 months on a 4 to 1 ratio. However, removing depreciation as a booked expense produces a positive revenue over expense average for CMSA over the 60-months at 22.9%.

CMSA’s annual budget reflects five distinct categories within its revenue ledger. Sewer treatment service charges to the member-agencies accounted on average for 92.5% of all revenues during the study period. The remaining revenues – which account for 7.5% of the average total – were largely drawn from maintenance contract fees and investment interest. CMSA books 10 distinct categories within its expense ledger. Over the study period salaries and benefits tallied the largest average expense for CMSA at 42.5% of the total. The next highest average expense tally was drawn from depreciation and accounted for 20.6%.

Top Average Revenues:

- 1) Treatment Charges @ 92.5%
- 2) Contract Maintenance @ 4.2%

Top Average Expenses:

- 1) CMSA Contract @ 28.6%
- 2) Collection System @ 25.9%

### CMSA Actual Revenue Trends | Study Period

Table 4.130 | Source: CMSA Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	Share of Average
	2010	2011	2012	2013	2014			
Sewer Treatment Charges	14.587	14.851	14.396	14.095	14.722	0.9%	14.530	92.5%
Contract Maintenance Fees	0.351	0.314	0.296	1.112	1.226	248.79%	0.660	4.20%
Other Operating	0.309	0.250	0.388	0.403	0.384	24.19%	0.347	2.21%
Investment Earnings	0.133	0.090	0.065	0.102	0.040	(69.49%)	0.086	0.55%
Other Non-Operating	0.195	0.030	0.95	0.46	0.047	(75.72%)	0.083	0.53%
<b>Totals</b>	<b>15.578</b>	<b>15.537</b>	<b>15.242</b>	<b>15.760</b>	<b>16.421</b>	<b>5.42%</b>	<b>15.707</b>	<b>100%</b>

amounts in millions

### CMSA Actual Expense Trends | Study Period

Table 4.131 | Source: CMSA Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	Share of Average
	2010	2011	2012	2013	2014			
Salaries and Benefits	6.107	6.520	6.340	6.722	8.585	40.59%	6.855	42.54%
Treatment Plant	1.268	1.195	1.317	1.300	1.340	5.65%	1.284	7.97%
Repairs and Maintenance	0.545	0.581	0.593	0.917	1.175	115.48%	0.762	4.73%
Permit Testing	0.089	0.087	0.090	0.107	0.110	23.08%	0.097	0.60%
Depreciation *	2.263	3.605	3.663	3.506	3.562	57.38%	3.314	20.57%
Insurance	0.090	0.084	0.096	0.098	0.097	7.80%	0.092	0.58%
Utilities	0.379	0.364	0.383	0.431	0.471	24.40%	0.406	2.52%
General Administration	0.694	0.624	0.604	0.498	0.504	(27.37%)	0.585	3.63%
Interest Expense	2.849	2.781	2.703	2.702	2.536	(10.97%)	2.714	16.84%
Other Non-Operating	0.000	0.004	0.000	0.007	0.001	335.82%	0.002	0.002%
<b>Totals</b>	<b>14.287</b>	<b>15.850</b>	<b>15.762</b>	<b>16.292</b>	<b>18.386</b>	<b>28.69%</b>	<b>16.155</b>	<b>100%</b>
<b>... Less Depreciation</b>	<b>12.024</b>	<b>12.245</b>	<b>12.009</b>	<b>12.786</b>	<b>14.824</b>	<b>23.29%</b>	<b>12.778</b>	<b>100%</b>

amounts in millions

#### Net with Depreciation

Year Ending            \$1.290    (\$0.312)    (\$0.520)    (\$0.532)    (\$1.964)

#### Net without Depreciation

Year Ending            \$3.554    \$3.292    \$3.233    \$2.974    \$1.597

\* Please note depreciation is shown as an operating expense in the financial statements in step with generally accepted government accounting standards, and as such impacts – and often negatively – gross profit or total margin. Depreciation takes into account the wear and tear on physical infrastructure, such as sewer lines, pumps, and other capital equipment. Government accounting standards direct agencies to spread out the costs of replacing these assets over the long term, which generates the term depreciation or amortization. The “charge” for using these assets during the period is a fraction of the original cost of the assets based on the expected life of the assets and presumably is rolled into the agencies’ fund balance at the end of the fiscal year and as part of the restricted reserve.



### CENTRAL MARIN WASTEWATER STUDY | GLOSSARY OF COMMON TERMS AND ACRONYMS

**“Agricultural lands”** under LAFCO law means land currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotational program, or land enrolled in an agricultural subsidy or set-aside program.

**“Annexation”** means the inclusion, attachment, or addition of territory to a city/town or special district.

**“Annual Flow”** is the average flow for an individual year.

**“Average Day Flow”** is the amount of wastewater used every day within a specific period of time.

**“Assessor acreage”** is defined as the total acreage of a parcel for local property assessment and taxation purposes, less any part of the parcel subject to a “public way.”

**“Assessor parcel”** is a number assigned to parcels of property by the tax assessor of a particular jurisdiction for purposes of identification and record-keeping.

**“Association of Bay Area Governments”** or **“ABAG”** is the designated council of government agency for the nine county Bay Area region and tasked with regional land use planning and research.

**“Buildout”** refers to a designated area’s – individual community, region, or county – ultimate development and population based on adopted plans or policies. Buildout estimates generally adjust – and typically upwards – as adopted plans and policies are revisited and amended.

**“California Coastal Commission”** is a subdivision of the State of California tasked with overseeing development, uses, and access along the state’s coast.

**“California Environmental Quality Act”** or **“CEQA”** prescribes standards for State and local agencies to identify, disclose, and mitigate potential project impacts on the environment.

**“California Public Employees’ Retirement System”** or **“CalPERS”** is an agency of the State of California that manages retiree pension and health benefits for the State and contracting local agencies.

**“California Regional Water Quality Control Board”** or **“RWQCB”** is comprised of nine regional boards based on watersheds and water quality requirements that makes critical water quality decisions for its region, including setting standards, issuing permits (waste discharge requirements), determining compliance with those requirements and taking appropriate enforcement action.

**“Central Marin Sanitation Agency”** or **“CMSA”** is a Joint Powers of Authority (JPA) formed in 1979 to provide wastewater treatment and disposal services on behalf of its four-member agencies (RVSD, CSD No. 2, SRSD, City of Larkspur) to an estimated service population of 95,428 as of the term of this study period within Central Marin.

**“Certificate of completion”** is the document issued by LAFCO that confirms a change of organization or reorganization has been approved and ordered.

**“Change of organization”** means any of the following:

- city/town incorporation
- special district formation
- annexation to a city/town or special district
- detachment from a city/town or special district
- disincorporation of a city/town
- dissolution of a special district
- consolidation of cities/towns
- consolidation of special districts
- merger of a special district into a city/town
- establishment of a subsidiary special district
- exercising new services or divesting existing services for a special district

**“Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000”** or **“CKH”** refers to the statute governing LAFCOs’ authority, powers, and duties.

**“Coastal plan”** is a local plan prepared by cities and counties lying within the coastal zone. Until the local coastal plans are certified, the California Coastal Commission issues coastal development permits.

**“Commissioner”** means an appointed member on LAFCO.

**“Community plan”** is a focused planning policy document that is part of a city/town or county general plan. The community plan addresses a particular region within the overall planning area of an agency and is adopted in the same manner as a general plan. Also called area plan.

**“Consolidation”** means the uniting or joining of two or more cities/towns located in the same county into a single new successor city/town or two or more special districts into a single new successor special district.

**“Corrective maintenance”** is a maintenance task performed when signals indicate a fault so that an asset can be restored to its operational condition.

**“County Sanitary District No. 1”** or **“RVSD”** is a wastewater collection system agency formed in 1899 to provide services to an estimated service population of 40,809 as of the term of this study period within Central Marin.

**“County Sanitary District No. 2”** or **“CSD No. 2”** is a wastewater collection system agency formed in 1901 to provide services to an estimated service population of 9,874 as of the term of this study period within Central Marin.

**“Current ratio”** is a financial measurement of an organization’s liquidity in meeting short-term obligations, such as payroll. A ratio of 1.00 or higher is desirable.

**“Debt to net assets”** is a financial measurement of an organization’s capital in terms of existing long-term debt load. The lower the percentage the better.

**“Dependent special district”** under LAFCO law means a special district whose board of directors are directly appointed by another legislative body, such as a city/town council or board of supervisors.

**“Detachment”** means the exclusion, deletion, or removal from a city/town or special district of any portion of the territory of that city/town or special district.

**“Disadvantaged Unincorporated Community”** or **“DUC”** is defined as an area of inhabited territory located within an unincorporated area of a County in which the annual median household income is less than 80 percent of the statewide median household income.

**“Diseconomies of scale”** is an economic concept when increase in output results in production of goods and services at increased per-unit-costs.

**“Disincorporation”** means the dissolution, extinguishment, or termination of the existence of a city/town and the cessation of its corporate powers, except for the purpose of drawing down the affairs of the city/town.

**“Dissolution”** means the disincorporation, extinguishment, or termination of the existence of a special district and the cessation of all its corporate powers, except as LAFCO may otherwise provide for the purpose of drawing down the affairs of the special district.

**“Dry-weather flow”** means the flows in a wastewater system during periods of dry weather in which the system is under minimum influence of inflow and infiltration.

**“Earned Income”** means the income derived from active participation in relation to a trade or business including service revenue, wages, salary, commissions and bonuses.

**“Executive Officer”** means the person appointed by LAFCO to oversee the day-to-day business of the commission.

**“Equipment Replacement Ratio”** means the number of years it would take an agency to fully fund its depreciable capital asset inventory.

**“Fats, oils and grease”** or **“FOG”** is any substance such as vegetable or animal product that is used in, or is a byproduct of, the cooking or food preparation process, and that turns or may turn viscous or solidifies with a change in temperature or other conditions and often times the cause of blockages for wastewater collection and treatment systems.

**“Formation”** means the creation of a special district.

**“Fund Balance”** is the difference between assets and liabilities in a governmental fund.

**“Greywater”** refers to wastewater from clothes washing machines, showers, bathtubs, hand washing, lavatories and sinks.

**“Groundwater”** is water stored underground in rock crevices.

**“Housing element”** by law is every city and county in California must adopt a Housing Element as part of its General Plan.

**“Incorporation”** means the creation or establishment of a city/town.

**“Independent special district”** under LAFCO law means any special district having a legislative body all of whose members are elected by registered voters or landowners within the district.

**“Inflow and Infiltration”** or **“I/I”** means storm and or groundwater that enters wastewater systems through cracked pipes, leaky manholes or improperly connected storm drains. Most inflow comes from storm water and most infiltration comes from groundwater.

**“Inhabited territory”** under LAFCO law means territory where there reside 12 or more registered voters.

**“Island”** under LAFCO law is unincorporated territory entirely or substantially surrounded by a city, or territory surrounded by a city on one or more sides and the Pacific Ocean on the remaining sides.

**“Joint Powers Authority”** or **“JPA”** is an entity permitted under the laws of some U.S. states, whereby two or more public authorities (e.g. local governments, or utility or transport districts), not necessarily located in the same state, may jointly exercise any power common to all of them.

**“Jurisdictional Boundary”** is a geographic area in which an agency may provide its service(s).

**“Las Gallinas Valley Sanitary District”** or **“LGVSD”** is a wastewater collection system agency formed in 1954 to provide services to an estimated service population of 28,475 as of the term of this study period within Central Marin.

**“Local agency formation commission”** or **“LAFCO”** is a subdivision of the State of California tasked with overseeing the establishment, expansion, and organization of cities/towns and special districts in all 58 counties.

**“Latent service”** means those services, facilities, functions, or powers authorized by the principal act under which the special district is formed, but that are not being exercised as determined by LAFCO.

**“Marin Municipal Water District”** or **“MMWD”** is an independent special district that provides potable water service to an estimated service population of 186,048 as of the term of this study period within the central and southern urban corridor in East Marin.

**“Merger”** means the termination of the existence of a special district when the responsibility for the functions, services, assets, and liabilities of that district are assumed by a city/town.

**“Million gallons per day”** or **“MGD”** is the rate of flow of wastewater equal to 3.1 acre-feet per day.

**“Municipal service review”** or **“MSR”** refers to a LAFCO study that evaluates the availability, performance, and need of governmental services within a designated geographic area of one or more counties and culminates with making a series of mandated determinations. These studies are required to be prepared by all LAFCOs every five years as of January 1, 2008.

**“Murry Park Sewer Maintenance District”** or **“MPSMD”** is a wastewater collection system agency formed in 1949 to provide services to an estimated service population of 191 as of the term of this study period within Central Marin.

**“North Marin Water District”** or **“NMWD”** is an independent special district that provides potable water service to the northern urban corridor in East Marin with an estimated service population of 62,891 as of the study period term. NMWD also operates a potable water system in the Point Reyes Station area in West Marin with an estimated service population of 1,954.

**“Operating margin”** is a financial measurement of an organization’s profitability with respect to net income.

**“Organic matter”** refers to plant and animal residues made by living organisms and commonly present in untreated water.

**“Outside service extension”** means the delivery of new or extended municipal service by contract or agreement between a city/town or special district with a landowner beyond the agency’s jurisdictional boundary as approved by LAFCO.

**“Peak-day flow”** refers to the single highest production tally or total for a wastewater system during a 24-hour period.

**“Per capita flow”** refers to the average amount of wastewater used per person during a standard time period, generally per day, month, or year.

**“Potable water”** refers to water that can be directly consumed by humans.

**“Rezoning”** is a city/town’s primary instrument for implementing the general plan. Rezoning divides a community into districts or zones that specify the permitted/prohibited land uses for territory outside a city/town's corporate limits. Rezoning has no regulatory effect until the property is annexed.

**“Prime agricultural land”** under LAFCO law generally means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and meets certain criteria under statute.

**“Preventative maintenance”** is a maintenance task performed according to a predetermined schedule rather than in response to a system failure.

**“Principal act”** refers to the section of State law under which a special district’s authority, governance, powers, and duties are codified.

**“Proposition 13”** passed by nearly two-thirds of California voters in 1978 that declared property taxes were to be assessed by their 1975 value and restricted annual increases of the tax to an inflation factor, not to exceed 2% per year. A reassessment of the property tax can only be made a) when the property ownership changes or b) there is construction done.

**“Proposition 218”** is a constitutional amendment passed by voters in 1996 that protects taxpayers by limiting the methods by which local governments can create or increase taxes, fees and charges without taxpayer consent.

**“Recycled water”** refers to treated wastewater used for non-potable uses, such as irrigation and industrial plumbing.

**“Reorganization”** means two or more changes of organization, such as a concurrent annexation and detachment, contained in a single proposal.

**“Reservoir”** is a pond, lake, or basin, either natural or artificial, for the storage, regulation, and control of water.

**“San Quentin Village Sewer Maintenance District”** or **“SQVSMD”** is a wastewater collection system agency formed in 1962 to provide services to an estimated service population of 89 as of the term of this study period within Central Marin.

**“San Rafael Sanitation Agency”** or **“SRSD”** is a wastewater collection system agency formed in 1947 to provide services to an estimated service population of 40,744 as of the term of this study period within Central Marin.

**“Sanitary Sewer Overflow”** or **“SSO”** is a condition in which untreated sewage is discharged from a sanitary sewer into the environment prior to reaching sewage treatment facilities.

**“Senate Bill 244”** requires cities and counties to address the infrastructure needs of unincorporated disadvantaged communities in city and county general plans and LAFCO Municipal Service Reviews (MSRs) and annexation decisions.

**“Senate Bill 375”** directs the California Air Resources Board to set regional targets for reducing greenhouse gas emissions.

**“Sewer System Management Plan”** or **“SSMP”** is a document that describes the activities your agency uses to manage your wastewater collection system effectively.

**“Sphere of influence”** or **“SOI”** means a plan for the probable physical boundaries and service areas of a city/town or district as determined by LAFCO. All boundary changes, such as annexations, must be consistent the agencies’ SOI within limited exceptions.

**“State Water Resources Control Board”** or **“SWRCB”** was created by the State Legislature in 1967 and protects water quality by setting statewide policy, coordinating and supporting the Regional Water Board efforts, and reviewing petitions that contest Regional Board actions. Together with the Regional Boards, the State Board is authorized to implement the federal Clean Water Act in California. The State Board also is solely responsible for allocating surface water rights.

**“Study period”** in this study refers to the five-year period between 2010 and 2014 in which data was collected and analyzed.

**“Subsidiary district”** means a special district in which a city/town council is designated as, and empowered to act as, the ex officio board of directors of that district.

**“Total assessed value”** is the value of a residence for tax purposes and takes comparable home sales and inspections into consideration. It is the price placed on a home by the corresponding government municipality to calculate property taxes.

**“Total margin”** is a ratio to determine the fiscal health of an organization by dividing net income by total revenues to analyze its total profitability.

**“Uninhabited territory”** under LAFCO law means territory where there reside less than 12 registered voters.

**“Unrestricted fund balance”** is a part of the governmental fund that are free from any external restrictions and available for general use.

**“Urban limit line”** is a planning boundary established by a city/town or county that shows the limits of urban development as defined by the agency. Also referred to as urban development area, urban development boundary, etc.

**“Watershed”** refers to the land area that drains water to a particular stream, creek, river, or lake.

**“Wet-weather flow”** is a wastewater flow during wet-weather seasons with substantial concentrations of inflow/infiltration into the wastewater system.

**“Zoning”** is the primary instrument for cities/towns and counties to implement a general plan. Zoning divides a community into districts or zones that specify the permitted/prohibited land uses.





## SUPPLMENTAL REPORT

July 24, 2017

**TO:** Marin Commissioners

**FROM:** Rachel Jones, Administrative Analyst

**SUBJECT: Central Marin Wastewater Study |  
Comments on Draft Report and Staff Reponses**

The Commission will review written comments received on the draft report prepared as part of the Central Marin Wastewater Study. Staff responses to the written comments are also provided for Commission review.

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The Marin Local Agency Formation Commission (LAFCO) received seven written comment submittals on the draft report prepared as part of the Central Marin Wastewater Study during the 75-day review period initiated after the April 13<sup>th</sup> meeting. These submittals were received in order of date from the following persons or agencies:

1. Judy Schriebman
2. County Sanitary District No. 2 (Ross Valley)
3. County Sanitary District No. 2 (Corte Madera)
4. San Rafael Sanitation District
5. Murray Park and San Quentin Village Sewer Maintenance Districts (joint)
6. Pamela Meigs
7. Central Marin Sanitation Agency

Copies of the comment letters follow and are accompanied by staff responses that note – and among other items – when corresponding changes are reflected in the final report.

Attachments: as stated

May 26, 2017

Marin LAFCO  
1401 Los Gamos Drive, Suite 220  
San Rafael, CA 94903

Attn: Keene Simmons

RE: Comments on LAFCO Waste Water Study draft report:

Dear LAFCO Board:

I want to make clear at the outset that the following comments are my personal comments as a private citizen, member of the community and taxpayer and do not reflect the official response of the Board of Directors of the Las Gallinas Valley Sanitary District. However, my position as a Director on the LGVSD board has certainly informed some of these opinions.

I appreciate the amount of work done by LAFCO staff in a subject that is not part of their everyday duties and may be somewhat opaque to them in their capacity primarily as planners. It is a massive document into which staff has attempted to concisely put a great deal of information. As such, staff is to be congratulated for undertaking such a project with so few people to do the work.

There are a number of errors of fact that should be corrected that are simple fixes. However, there are also some more serious errors ~~which that~~ should also be corrected.

The Executive Summary for example is extremely problematic. While this is clearly a LAFCO document, for LAFCO purposes, these reports need to be understandable and clear to the average citizen reader in order to be useful in a broader capacity. In my comments, I have tried to point out where unclear or bureaucratic language interferes with clarity and understanding.

1-1 More troubling, however, is the heavy planning bias shown in some of the conclusions. This is demonstrated through the use of planning terminology (language usage bias; unclear language or bureaucratese vs clear English) and unfamiliarity with the work of the sewage agencies, real world site constraints and daily operations.

The Conclusions section is also troubling. Forced generalities and a misunderstanding of how wastewater utilities operate form the core of my complaints. The report seems to be guided to highlight problems while ignoring the contributions, collaborations and work of our agency, for one, in meeting Climate change goals, adapting to Sea Level Rise, work on Recycled water, waste to energy work, and collaborative partnerships with NBWA, NBWRA, and our support via CASA, WERF, WaterReuse, and other state groups. This unfairly portrays our District, and perhaps other Districts, by lumping together very different agencies to attempt some generalizations.

**Specific comments on the Executive Summary:**

1.2 #2.4— “At buildout” is a moving target and not a fixed number. These projections and numbers change with each new GP/CWP update. I think this statement needs to be qualified or specifically range dated in order to know what this actually means. As a non-planner, I thought “Buildout” meant “We are done; there is no more land to do anything with.” Now I know that this perception is

incorrect and I assume that I am not alone in this assumption. Later in the document, Point #3 even says that “buildout estimates will change and increase in future” but this point that buildout is not a fixed number needs to be made clear here.

## 5.1 Conclusions

1.3 # 1—Agencies can accommodate more growth only by increasing capacity, which is very expensive. Land resources are also quite limited. Onsite or satellite treatment facilities may help, but this needs coordination with city and county planning as we await State Regulations, which are in process. “Accommodation” of growth, like magic, comes with a price. Sewage agencies neither inhibit nor encourage growth; we exist to serve. The language of “significant influence” seems to imply an agenda at sewage agencies that we don’t have. We are more influenced by other agencies, such as the City of San Rafael and the County of Marin, who are in turn influenced by the State and Regional agencies, than influencers in this regard.

1-4 # 2—Language: “outperforming” should be replaced by “exceeding.” This language seems to imply that growth is always good; all growth, all of the time. That is not my experience. Cancer is all growth, all of the time.

1-5 # 3—“Diseconomies of Scale.” As non-planner or economist, I have no idea what this means. Can there be a simpler, clearer wording to describe this? I also disagree with the statement made, that “...during the study period with the combined increases in operating expenses outpacing operating revenues by more than three-fold.” Revenues do not exceed operating expenses. We don’t run at a deficit. We do, like most capital projects, have to borrow for capital infrastructure, much like homeowners take out a loan. The loans are paid off with projected revenue, and we have a 5 year budget process to make sure they do. Can this statement please be clarified or corrected?

1-6 # 4— “...with favor assigned to independent agencies”? The word “public” or “publically elected boards” needs to be added to this phrase after “independent”, otherwise this is unclear. Both Ross Valley and LGVSD are governed by a *publically* elected board of Directors rather than a JPA (like CMSA), or other structure, and this is what the public seems to favor by your analysis.

1-7 # 7—Since wastewater demand is predicated on potable water demand, there should be language linking the drought, increasing water rates, etc. with decreasing wastewater (WW) usage. Grey water systems that resupply the garden with shower and washer water also lead to less WW, and again are drought, citizen action, and water rate dependent. I would avoid the term “normal conditions” unless these are spelled out. With Climate Change, there may be a new “normal,” or no normal at all. Perhaps “historical” or “the norm for this study period” could be used.

1-8 # 12—“Affected agencies should explore...”; we agree and we are doing this, in active partnership with county of Marin and independently in our own planning. I suggest the following, “Affected agencies which are not already exploring these issues, should explore and implement...” I think you’ll find that many of us in this study are very aware of this issue and are taking pro-active steps. The way this is worded implies the opposite, which is incorrect.

## 5.2 Recommendations

1-9 # 1—I have trouble understanding #1 re: DACs. We offer the same service to all. We have to by law. I think this is true for all Sewage agencies. No DACs getting worse service. This seems like boilerplate from some other report.

1-10 # 8—If the public holds an elected board as better governance than the JPA management (Conclusion #4), then any consolidation must incorporate an elected board as the governing structure. Please add this.

1-11 #9—Septic systems, when well run, do the job efficiently, and homeowners are less likely to put toxic products down into them, unlike sewer systems. They also replenish groundwater, which in drought times is highly useful. “Well managed” is the point here. Education goes a long way in helping residents understand the care and feeding of their septic system. Septic systems should be evaluated on a case-by-case basis here, not with a broad brush bias.

## 6.2 Location and Characteristics of Any DAC Comments

1-12 #2. —“Proximity” only exists on a flat world, non-topographic map. The unincorporated community of Nicasio lies on the other side of a high ridge, miles away from LGVSD, down a steep and narrow canyon. It would require pumping uphill from each property and laying miles of new pipe to the district; very expensive and wasteful given the energy cost of pumping sewage. This is not in keeping with Climate Change goals. There are local solutions that are much more efficient, including properly maintained septic systems. This suggestion seems to be ignoring topography as well as other onsite, local solutions that are being developed at a rapid pace. Changing the regulations on permitting of composting toilets would be far cheaper than extending a pipeline to a far away centralized sewage treatment system for this rural area. These points need to be added, otherwise this point looks as if LGVSD could easily or cheaply accommodate treating Nicasio’s sewage.

## 6.3 Capacity Comments

1-13 #1—I am not sure why putting all the districts into an “Average” is helpful or useful information, as each is independently run, managed and regulated. The independent reports are useful. This paints a picture and draws conclusions that are not very accurate given the individual characteristics of each agency. Well-performing agencies are being lumped in with ones having older and more problematic infrastructure or other historical issues. Also, LGVSD was put into “Central Marin” for the purposes of this study, and for political (District 1) partially shared boundary reasons, but I find this confusing given that Central Marin Sanitation is a specific agency with a specific boundary that is different from LGVSD’s. We also treat the WW of the Miller Creek Watershed and a small part of Hamilton (Novato); this should be corrected. We are usually associated with Northern, not Central, Marin.

## 6.4 Agencies’ Financial Ability Comments

1-14 #3—is partially incorrect. We do not need a 2/3 vote. We are special districts and come under Proposition 218 law for rate increases. This should be corrected.

1-15 #6 and #7—Wouldn’t comparing our industry to comparable industries (e.g. other sewage agencies) in the Bay Area be more useful than comparing us to a general corresponding inflation rate? Our infrastructure puts us into a quite specific Industrial category. Again, this text seems to be implying poor management or excessive rates without taking into account that these facilities were

run well, for many decades, and are now nearing their end of life, which requires a substantial capital investment to bring up to modern standards.

### 6.5 Status and Opportunities Comments

1-16 # 3. —“...relatively limited engagement between LGVSD and remaining affected agencies.” This statement demands retraction. We coordinate with CMSA on our FOG program; we do joint education outreach via the monthly managers meeting; we have joint emergency agreements with other Marin Sanitation agencies, and we are constructing an Operations Control Center with an educational area to serve the entire Marin County water and wastewater agencies area. We also coordinate with other California sewage agencies via CASA, including an annual Legislative visit day in Sacramento. We are members of NBWA (with 5 county members and many North Bay cities), have joint MOU’s with MMWD and NMWD, and are aligned with the North Bay in securing recycled water money via NBWRA (North Bay Water Reuse Association) and the bay area IRWMP. If anything, other southern Marin sewage agencies have failed to join in with all we are doing for the benefit of our ratepayers. We are also actively working with a private consultant on a sewer lateral ordinance for all of Marin so that each jurisdiction has similar requirements and plumbers won’t have to consult a map when laying in a lateral. There is much more cooperation and sharing of information and skills than is recognized by this #3. This point should either be stricken OR reworked to show how much cooperation actually exists among Marin sewer agencies. Again, I feel this shows a planning bias towards consolidation rather than a fair look at how much cooperation actually occurs.

1-17 # 4—LGVSD also has recycled water agreements with North Marin Water District because our recycled water plant was closer—and more cost effective—to the Hamilton area than Novato Sanitary was. This is an additional partnership. Our collaborative and cooperative efforts are significant. Recycled water *distribution* within our jurisdiction, however, is the responsibility of Marin’s water agencies (MMWD and NMWD). The District has proactively constructed a recycled water plant that can reuse all of the District’s effluent provided there is sufficient demand and storage. We are suppliers of recycled water, not purveyors.

### 6.7 & 6.8 Matters of Local Interest

1-18 #1, #2—We agree that there is merit for connectivity but this Summary ignores the longstanding work of the North Bay Watershed Association (NBWA) formed and supported by MMWD, LGVSD, Novato Sanitary, County of Marin, Napa, Sonoma, Solano counties and their water and wastewater agencies some 20 years ago. That other Marin Sanitation agencies have not joined this highly successful collaborative effort is unfortunate. NBWA has effectively leveraged this cooperation to secure IRWMP funds and to form the NBWRA (North Bay Water Reuse Association) group, going after Federal dollars for our recycled water efforts. While LGVSD may share jurisdictional areas due to the city of San Rafael overlap, we are much more aligned with North Bay, Novato and County of Marin interests. We are thrilled that outreach has brought the City of San Rafael back to the NBWA table and that Ross Valley recently joined. Given the period of this report (ending in 2014) it does not acknowledge our collaboration with County Parks Dept. on the McInnis marsh project, to help protect against SLR, as well as our BERS project (biogas to energy), upgraded Recycled water facility and our very large photovoltaic system. These projects all help to decrease our carbon footprint and help promote community resiliency in the face of Climate Change.

1-19 These statements in this summary are useless because they ignore specifics in order to make generalizations that paint a false picture or identify holes where none exist.

**A. LGVSD Portion of report (p77)**

1-20 P80—I find this statement to be strange: that “landowners wanted to remain independent of nearby San Rafael Sanitation.” San Rafael Sanitary is on the other side of Puerto Suello Hill. It is better (cheaper) to rely on gravity for sewage collection, rather than pumping up over a hill, with the cost and the amount of pipeline needing to be lain. And, with anticipated growth in this valley, a separate treatment system made much more sense. I would like to see the basis for this statement. It seems to misunderstand topography again and how sewage treatment plants were located in Marin and operated both historically and today. Given the later development of this 94903 area, it was a good decision to create an independent sanitation agency and treatment plant. Again, topography was dictating a lot of land use policy, and for good reasons.

1-21 P81—“ estimated 63% of all LGVSD’s lying within the unincorporated area and paced by the unincorporated communities of Santa Venetia and Marinwood.” What does “paced by” mean?

1-22 P81&82—No mention of Commercial properties, acreage or numbers. Shouldn’t this be included here as well?

1-23 P81—Do these acreage numbers include or exclude land in open space that is protected and not developable? The map does show them as excluded.

1-24 P83—“Silveira/St. Anthony” should be “Silveira/St. Vincent’s”. The sidebar quote also contains this spelling and place name error.

1-25 P87—“This principal act empowers LGVSD to provide a moderate range of municipal services upon approval by LAFCO. “ I think this 1923 legislative act well precedes the formation of LAFCO (LAFCOs were established in 1963.) This statement seems to give authority over to LAFCO for our operations, which seems incorrect. The second statement I also question: “All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before LGVSD would be allowed to initiate.” Please clarify.

1-26 P88: Russ Greenfield has been on the board longer than Megan Clark. That number needs correcting.

1-27 P91—“The average amount also translates to an estimated 97 gallons per day for each resident.” This “average amount” per day also includes usage by multiple schools, a major hospital, several nursing homes/senior living centers, the Northgate Mall, commercial office buildings, Guide Dogs for the Blind campus, etc. It seems a bit crazy to put that into a “per capita” for residents only. A more accurate picture might be able to be derived from residential winter water usage figures that reflect a more accurate residential per capita usage. MMWD can provide this information.

1-28

P91—"High demand year" does not factor in I&I. The District has been taking steps for years to bring I&I down by tightening connections and requiring homeowner lateral fixes. Even Dry Weather Flows have been affected by I&I, as sewer lines lie below other utilities underground and water seeps in. These figures need to be analyzed bearing this in mind. It appears these per capita measures are not very accurate.

1-29

P96—"Treatment Facility Capacity" is a maximum value, derived from a peak day collection system capacity of 25MGD (which is due to a huge rain event; given that average daily summer flows are around 2 MGD). This treatment capacity in reality relies on "blending" primarily treated sewage with secondarily treated before discharge; not our favorite thing to do and increasingly frowned upon by regulators and Bay Advocates. Again, our actual "good" (non-blending) capacity is 8MGD; still more than needed for average daily summer needs but not nearly 25MGD. When the new plant is fully operational, we should have nearly 20 MGD maximum capacity, without blending. These numbers should be corrected. In addition, I believe the low bars on the graph are showing the results of the drought and homeowner's conservation measures as well as our advocacy in tightening up collection lines while high bars show the effects of storm water I&I in our system.

1-30

P101—LGVSD also has a shared FOG (Fats, Oils & Grease) monitoring program with Central Marin Sanitation overseeing restaurants, cafeterias, etc. where grease traps are used in order to prevent blocked pipes and sewage spills. Please add.

Thank you for considering my comments and corrections. I hope these will help make this report even more valuable, accurate and useful.

Sincerely,

Judy Schriebman  
LGVSD Board Member

## **1.0 Response to Comments | Judy Schriebman, Member of the Public**

### **Comment 1-1**

Ms. Judy Schriebman cites general concerns with the draft report’s approach to group all seven affected agencies into one region and as part of a single study. Schriebman adds the draft report focuses more on agency problems and less on agency accomplishments.

Staff believes the regional grouping approach incorporated into the report to cover seven wastewater agencies operating within three adjacent watersheds is appropriate. Most notably, this approach is consistent with the municipal service review statute in terms of emphasizing a specific geographic area as opposed to individual agencies. The emphasis on a geographic area also provides appropriate context in assessing the availability and performance of similar services within a common area as defined by the Commission (G.C. Section 56430). Accomplishments covering all affected agencies are documented as appropriate.

### **Comment 1-2**

Schriebman makes a general statement the draft report should be amended to more clearly define the use of the term “buildout” and specifically as it relates to time horizons.

Staff agrees with the suggestion and has revised the final report – and in particular within the Executive Summary and Regional Characteristics sections – accordingly to clarify “buildout” is specific to projections drawn from current housing elements adopted by the land use authorities in the region.

### **Comment 1-3**

Schriebman cites concerns with the draft report’s conclusion in the Executive Summary section that the affected agencies collectively have significant influence in growth and development in Marin County. Schriebman asserts the phrase “significant influence” implies the affected agencies have an “agenda” as it relates to dictating land use authorities’ development activities.

Staff notes the underlying intent of the conclusion – which is supported by population projections independently made by Marin LAFCO and reflected in the draft report – is to highlight the integral role the affected agencies have in collectively accommodating development in Marin County. (As noted in the report the affected agencies currently accommodate nearly 50% of all Marin County residents.) This conclusion is further substantiated by noting the direct relationship between existing growth and the availability of public wastewater in the region; i.e. relatively limited development currently exists and/or is planned going forward in the region without connection to one of the agencies’ collection systems. Should any of the agencies’ collection or treatment facilities falter and become subject to a cease and desist order prohibiting new connections this would effectively and immediately curb new growth and development within their sphere of influence. Nonetheless, staff appreciates the word choice “influence” generates an unintended inference, and as such the final



| report has been revised to emphasize the agencies' substantive role in accommodating (as opposed to influencing) new growth in Marin County.

**Comment 1-4**

Schriebman suggests the draft report's conclusion in the Executive Summary section stating recent growth trends in the region have exceeded earlier estimates be amended. Schriebman specifically suggests the text replace the use of "exceed" with "outperform" to avoid the inference all growth is good.

| Staff agrees with this suggestion and has revised the final report accordingly.

**Comment 1-5**

Schriebman makes two distinct comments relating to the draft report's conclusions in the Executive Summary section regarding the increasing diseconomies of scale in operating wastewater systems in the region during the study period. The first comment addresses ambiguity with respect to the meaning of diseconomies of scale and suggests a different term be used. The second comment takes issue with the draft report stating the combined operating expenses exceeded combined operating revenues by three-fold. Schriebman notes this conclusion does not apply to LGVSD.

| Staff believes diseconomies of scale is a common and appropriate term for use in the report. Staff also notes the conclusion applies collectively to the region and not to any one specific affected agency.

**Comment 1-6**

Schriebman calls attention to the draft report's conclusion in the Executive Summary section citing variation in civic engagement in the region and specifically the stated correlation between board type and responsiveness with favor assigned to independent agencies. Schriebman suggests this conclusion also highlight the importance of independent agencies having their own directly elected board.

| Staff agrees with this suggestion and has revised the final report accordingly.

**Comment 1-7**

Schriebman provides a general comment the draft report should be amended to include additional analysis in connecting documented decreases in wastewater demands during the study period with the drought. It is also suggested the report analyze the impact of grey water systems on reducing wastewater demands in the region.

| Staff believes the report appropriately addresses the relationship between wastewater demands and the drought during the study period and relative to the data readily available. Expanding the analysis to address the impacts of grey water systems in the region would require additional and substantive resources beyond the approved scope of the study.

**Comment 1-8**

Schriebman supports the draft report's conclusion in the Executive Summary section stating all of the affected agencies should further explore strategies to reduce the impacts of climate change as part of future wastewater planning projects.

| Comment noted.

**Comment 1-9**

Schriebman notes the draft report's recommendation in the Executive Summary section for the Commission to work with the local agencies in developing a definition of a disadvantaged unincorporated community (DUC) is unnecessary given agencies do not make service distinctions based on residents' economic status.

| Staff believes the recommendation is appropriate to include the report and directly responds to direction from the Legislature to proactively identify and address municipal service issues within DUCs as locally defined (G.C. Section 56430 (a)(1)).

**Comment 1-10**

Schriebman notes the draft report's recommendation in the Executive Summary section for the Commission to prepare an addendum to fully evaluate options to consolidate public wastewater services in the region should also emphasize the importance of directly elected boards.

| Comment noted.

**Comment 1-11**

Schriebman comments on the draft report's recommendation in the Executive Summary section for the affected agencies to proactively work to identify and remove septic systems in their jurisdictions. Schriebman counters and outlines benefits to well-run septic systems and suggests the recommendation be amended.

| Staff acknowledges the potential attributes of well-run septic systems as described, but defers to the Legislature's ongoing direction to LAFCOs to proactively match urban development with urban services - like wastewater - whenever possible.

**Comment 1-12**

Schriebman references the draft report's determination in the Executive Summary section identifying LGVSD as the closest public wastewater service provider for Nicasio; the latter of which previously qualified as a DUC under a statewide definition. Schriebman outlines several service challenges associated with LGVSD potentially extending wastewater services to Nicasio and highlighted by cost.

| Comment noted. Staff adds the determination addresses a specific requirement of Marin LAFCO in identifying any potential service providers to adjacent DUCs as part of the municipal service review process. No other intentions are implied.

**Comment 1-13**

Schriebman questions the usefulness of the draft report's determination in the Executive Summary section citing changes in combined annual wastewater flow averages in the region during the study period.

Staff believes documenting combined annual wastewater flow averages and changes therein provide helpful context now and going forward and supplement information provided on individual agencies. This includes providing aggregate information on total demand exhibited during the study period throughout the region; the latter of which may prove helpful in the future should a consolidation be further explored as recommended.

**Comment 1-14**

Schriebman asserts the draft report's determination in the Executive Summary section citing that local financing opportunities to raise rates and establish new assessments are externally constrained under State law requires correction. Schriebman notes the determination incorrectly states user rates and assessments specific to wastewater utilities require two-thirds approval when only a simple majority is needed under Proposition 218.

Staff agrees with the suggested correction and the final report has been revised accordingly.

**Comment 1-15**

Schriebman comments the draft report determination in the Executive Summary section utilizing the consumer price index as a measurement in evaluating changes in the affected agencies' net assets during the study period provides limited value. Schriebman suggests a more appropriate measurement would involve comparing changes in net assets among sewer agencies throughout the greater Bay Area.

Staff believes the consumer price index is a useful tool to help understand and contextualize changes in local agencies' financial standing. Staff agrees the suggested analysis to compare changes among the affected agencies against other wastewater providers in the greater Bay Area would be useful, but would require additional and substantive resources beyond the approved scope of the study.

**Comment 1-16**

Schriebman takes issue with the draft report's determination in the Executive Summary section stating there is relatively limited engagement between LGVSD and the remaining agencies in the study. Schriebman notes several examples of joint projects with other agencies and request the referenced determination be retracted.

Staff notes the underlying intent of the determination is to highlight an observed distinction existing with the region between LGVDS and the other six affected agencies as it relates sharing resources as well as other social and economic communities of interests. Examples provided by Schriebman are noteworthy, but generally involve other agencies outside of the region.

**Comment 1-17**

Schriebman provides additional information regarding the draft report's determination in the Executive Summary section commending LGVSD in taking a leadership role involving recycled water in the region and in partnership with Marin Municipal Water District. This includes noting LGVSD has also partnered with the North Marin Water District.

| Staff appreciates the additional information provided and has revised the final report accordingly.

**Comment 1-18**

Schriebman makes note of the draft report's determinations in the Executive Summary section addressing matters of local interest and highlights the role and importance of the North Bay Watershed.

| Staff agrees the work of the North Bay Water Association merits recognition and the final report has been revised to include a new determination accordingly.

**Comment 1-19**

Schriebman expresses concern with the draft report's determinations in the Executive Summary section in addressing matters of local interest by noting they offer broad generalizations rather than specifics, and as such are "useless."

Comment noted.

**Comment 1-20**

Schriebman comments the draft report's background summary for LGVSD in the Agency Profile section should be expanded to document the importance of topography in the decision to form the District.

| Staff agrees with the suggestion and has amended the final report accordingly.

**Comment 1-21**

Schriebman requests editing the draft report's jurisdictional boundary summary of LGVSD in the Agency Profile section by replacing the word "paced" in describing historical growth patterns due to its uncertain meaning.

| Staff agrees with the suggested edit and has revised the final report to replace "paced" with "highlighted."

**Comment 1-22**

Schriebman comments the draft report's jurisdictional boundary summary of LGVSD in the Agency Profile section makes no mention of the extent (number, size, etc.) of commercial properties.

| Staff notes information on commercial and other non-residential property information within LGVSD is provided as part of the accompanying footnote.

**Comment 1-23**

Schriebman requests clarification in the draft report’s jurisdictional boundary summary of LGVSD in the Agency Profile section regarding the breakdown of developed versus open space lands within the District’s jurisdictional acreage total.

Staff notes there is approximately 1,281 acres of public open space lands within LGVSD’s jurisdictional boundary; an amount that represents 30.3% of the total District boundary. A revision to the final report more clearly notes this information.

**Comment 1-24**

Schriebman suggests a grammatical correction is needed in the draft report’s sphere of influence summary on LGVSD in the Agency Profile section to properly cite the “Silveria/St. Vincent” area.

Staff agrees with the suggested correction and has revised the final report accordingly.

**Comment 1-25**

Schriebman seeks clarification regarding the draft report’s governance summary of LGVSD in the Agency Profile section and specifically the statement the District needs LAFCO approval to activate any latent powers.

State law was amended in 2008 to establish G.C. Section 56824.10 to make it explicit the activation of any latent powers or divestiture of any existing powers by special districts must receive LAFCO approval. Any LAFCO approvals are also subject to standard protest proceedings.

**Comment 1-26**

Schriebman notes a correction is warranted in the draft report’s governance summary on LGVSD in the Agency Profile section regarding board tenure involving member Russ Greenfield and Megan Clark.

Staff agrees with the suggested correction and has revised the report accordingly.

**Comment 1-27**

Schriebman comments the draft report’s wastewater service summaries for all of the affected agencies in the Agency Profile section inaccurately project per capita usage by not excluding flows generated from non-residential users.

Staff notes the per capita measurement is one of several tools used in the report to quantify demand and uniformly applied to all of the affected agencies, and as such serves as a useful comparison given the underlying similarities in the land uses in the region. Incorporating non-residential wastewater flows into per-capita measurements also does not undermine its value in contextualizing demands, and is similarly performed in analyzing other municipal services, like public safety calls. This is because it is reasonable to assume there is a causal relationship that a certain number of residents will generate a corresponding demand for non-residential uses (commercial, retail, etc.) within their communities. It is also unclear whether any

| of the affected agencies could readily extract non-residential wastewater flows for purposes of more precisely isolating just residential uses.

**Comment 1-28**

Schriebman comments the draft report's wastewater service summary on LGVSD in the Agency Profile section does not incorporate inflow and infiltration.

| Staff notes inflow and infiltration flows are accounted in the projections.

**Comment 1-29**

Schriebman comments the draft report's wastewater service summary on LGVSD in the Agency Profile section incorrectly identifies the District's daily treatment capacity at 25.0 million gallons. Schriebman comments the true daily treatment capacity is 2.0 million gallons once blending practices are removed.

| Staff notes the practice of discharging partially treated effluent is allowed by the State, and as such the 25.0 million gallon treatment capacity for LGVSD is appropriately cited.

**Comment 1-30**

Schriebman requests the draft report's wastewater service summary on LGVSD in the Agency Profile section and specific to preventative maintenance document the District's ongoing program with CMSA in reducing Fats, Oils and Grease (FOG).

| Staff agrees with this suggestion and has revised the final report accordingly.



# ROSS VALLEY SANITARY DISTRICT

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June 27, 2017

Keene Simonds  
Executive Officer  
Marin Local Agency Formation Commission  
1401 Los Gamos Drive, Suite 220  
San Rafael, CA 94903

Dear Mr. Simonds:

The Ross Valley Sanitary District (RVSD or District) Board has reviewed the draft *Central Marin Wastewater Municipal Services Review* (draft MSR), issued by Marin LAFCO in April 2017. RVSD appreciates the opportunity to review and provide feedback on this report. We look forward to working with the five other local governments providing wastewater utility service within the study area, to address the policy and planning issues highlighted by the draft MSR. The RVSD response is organized along the following categories of comments:

- General editorial and report organization
- Comments on the draft MSR Themes
- Comments on the draft MSR Recommendations
- Comments on the RVSD Agency Profile

## General Editorial and Report Organization

The draft MSR Summary uses terms such as “Conclusions,” “Themes,” “Recommendations,” “Determinations,” and “Findings.” The report should more clearly define and maintain consistent use of these terms, as they currently mix factual statements, analytic conclusions, and speculative or declarative statements. Common word usage in various areas of the report would be helpful for the report’s diverse audience. Examples include “de-intensifying,” “diseconomies of scale,” and “notional sense.” The agency names should match the related organizing law. For example, San Rafael Sanitation District was formed under California Health and Safety Code 6600 et seq. Sanitary Districts No. 1 and 2 were formed under California Health and Safety Code 6400 et seq. These agencies should not be referred to as “County sanitary districts,” which occurs throughout the report.

2-1

## Themes

RVSD has the following responses to each theme statement.

- 2-2 • *No.1 Agencies Have Substantive Influence on Growth in Marin County:* RVSD disagrees with this statement. Wastewater utility agencies are not land use agencies and have no authority over land use and development decisions. RVSD exists to provide wastewater utility service to the Ross Valley service area. The five local land use authorities (County, Fairfax, Ross, San Anselmo, and Larkspur) have authority and responsibility over land use, planning, and community growth decisions. The draft MSR presents no evidence of factors related to wastewater utility service having influenced past or current land use, development, and growth decisions. No information is provided to support the assertion that wastewater utility service availability or utility agencies' policies or practices are a significant factor on future growth in the service areas. The draft MSR notes that both the RVSD service area and the entire MSR study area are close to full buildout based on approved land use and general plans, with approximately four percent (4%) total net new growth anticipated. If this is correct, and future growth will be minimal, there will simply not be substantial future growth to influence in the service areas.
- 2-3 • *No. 2 Service Areas are Nearing Buildout, Growth Exceeding Earlier Estimates:* RVSD agrees with this statement.
- 2-4 • *No. 3 Increasing Diseconomies of Scale:* RVSD disagrees with this statement. The scale of a wastewater utility, in terms of service population or similar measure, is not well correlated with financial health as reflected in such measures as independent bond ratings. The statement is also not supported by the relationship between rates (cost of service) and utility size. All of the agencies face increasing infrastructure replacement costs, similar to most infrastructure-intensive public agencies. The influence of service area size with how efficiently the service is provided, and the resulting cost structures for O&M and capital, is not explained sufficiently to support the Theme.
- 2-5 • *No. 4. Variation in Civic Engagement; Board Type Matters:* RVSD acknowledges this statement, but does not have a basis for evaluating further.
- 2-6 • *No. 5 Immediate Merit to Reorganize MPSMD and SQVSMD:* RVSD agrees with this statement, and would be willing to engage with local government, community stakeholders, and affected customers if a decision is made by the responsible local governments to consider dissolving these sewer maintenance districts and annexing the service areas into the RVSD service area. A notable challenge will be the large difference in current wastewater utility service rates between RVSD and the two county-administered maintenance districts. RVSD's rates are currently approximately twice the rates within MPSMD and SQVSMD.
- 2-7 • *No. 6 Additional Merit to Explore Regional Consolidation:* RVSD agrees with this statement, and in fact commissioned a study of the issue in 2012, but also recognizes the significant organizational and political challenges. The central Marin area has discussed consolidation several times over the past decade, with no substantial changes. As an interim step, there may be merit in exploring more readily achievable "functional consolidation" actions that produce measurable public benefits. Examples of these actions include common contracting of shared outside services, pooling of fleet and specialty equipment resources, provision of technical and O&M services between the public agencies, adopting consistent facility design/construction standards, adopting standard customer Level of Service objectives, and coordinating standard requirements for maintaining and replacing private sewer laterals.



- 2-8 • *No. 7 Wastewater Demands Deintensifying During Normal Conditions:* RVSD recommends changing the word “deintensifying” to “decreasing.” RVSD agrees with the facts behind the statement, but cautions against drawing long-term conclusions from any five-year historic period. Dry weather flows have decreased during the most recent five years of drought, reflecting both lower wastewater generation (water use) by Marin Municipal Water District customers and decreasing local groundwater levels’ influence on dry weather infiltration. Future variables such as annual precipitation and tide level patterns driven by climate change, and increased population density through redevelopment and new housing trends (e.g., Accessory Dwelling Units), may influence future “normal condition” flows.
- 2-9 • *No. 8 Wastewater Demands Intensifying During Peak Day Conditions; Increasing Impacts from I&I:* RVSD agrees with this statement, but cautions against developing long-term projections based on recent trends. Peak day conditions are driven by rainfall events and tide levels, and the resulting Infiltration & Inflow (I&I) through damaged or defective infrastructure. Climate change is impacting long-term rainfall patterns and tide level trends, with indeterminate local-scale outcomes. I&I rates will also be impacted by the extent of public sewer infrastructure upgrades and private lateral/property upgrades. RVSD is making significant capital investments to reduce both public and private sources of I&I to lower future I&I rates and resulting peak day flows.
- 2-10 • *No. 9 Collection System Capacities are Sufficient:* RVSD agrees with this statement, but would emphasize that the continued sufficiency of capacity is dependent on effective infrastructure asset management and re-investment in the aging wastewater system. The determination of “sufficient capacity” should include specifically defined flow conditions such as dry weather, average wet weather daily flow, and peak hour wet weather hourly flow.
- 2-11 • *No. 10 Treatment Systems Capacity are Sufficient to Accommodate Demands Now and Projected Over the Next 10 Years with Some Stress:* RVSD acknowledges this statement, but defers to the evaluation and response provided by Central Marin Sanitation Authority (CMSA), as the agency responsible for assessing demands and capacity factors for the WWTP.
- 2-12 • *No. 11 Near Term Finances are in Good Shape and Highlighted by Liquidity and Capital:* RVSD acknowledges this statement but notes the statement is based on three-year-old financial data that is no longer reflective of current RVSD financial metrics.
- 2-13 • *No. 12 Climate Change Requires Resiliency in Wastewater Planning:* RVSD agrees with this statement. RVSD’s 2016 Strategic Plan specifically includes a policy-level goal to “*plan and mitigate for long-term impacts of sea level rise on RVSD in infrastructure and operations.*” RVSD participated in the development of the *2017 Marin County Sea Level Rise Vulnerability Assessment*, and supports inter-agency coordination and planning for the impacts of climate.

Recommendations

The draft MSR presents eleven recommendations. RVSD offers the following responses to those recommendations directly relevant to RVSD. Recommendations 1, 3, 5, and 10 are not directly relevant to RVSD and therefore are intentionally not addressed.

- 2-14 • *No. 2 CMSA Should Allocate Treatment Capacity Among Member Agencies:* RVSD disagrees with this recommendation for the reasons noted under Theme 1. There is no demonstrated benefit from attempting to allocate treatment capacity by service area.
- 2-15 • *No. 4 CMSA Should Reorganize its Governing Board Structure to Limit or Remove the Larkspur Representative:* RVSD agrees with this recommendation. The City of Larkspur has not had financial, regulatory or functional responsibility for wastewater utility service since 1993. Steps to consider this change should be undertaken with the engagement of both the CMSA Board and the Larkspur City Council. The other JPA agencies should seek to provide reasonable assurance to the Larkspur Council that the quality of governance and management of the JPA can be relied upon to meet the utility service interests that its citizens share with the rest of the JPA service area population.
- 2-16 • *No. 6 Corrective Action is needed to Amend Jurisdictional Boundaries Between Ross Valley and San Rafael Creek Watersheds:* RVSD agrees with this recommendation, and is currently working with SRSD and LAFCO to determine the detailed changes needed.
- 2-17 • *No. 7 Dissolution and Annexation of the MPSMD and SQVSMD into RVSD:* RVSD agrees with this recommendation. The large difference in rates between the two County districts and RVSD should be considered in the planning and evaluation of a future consolidation effort.
- 2-18 • *No. 8 Consider Authorizing an Evaluation of Consolidation of Wastewater Services Between RVSD and SRSD:* RVSD acknowledges this recommendation, and the potential public benefits. The same concerns expressed under Theme No. 6 apply to this recommendation.
- 2-19 • *No. 9 Septic Systems:* RVSD agrees with this Recommendation.
- 2-20 • *No. 11 Agencies Should Coordinate on Resiliency Planning for Climate Change:* RVSD agrees with this Recommendation.

Comments on the RVSD Agency Profile

The Agency Profile section of the draft MSR was previously reviewed by RVSD staff, and a response provided in the April 5, 2017, letter to Marin LAFCO. Although the updated draft MSR made a number of factual corrections, the report’s evaluation of the study period flows and future flow projections raise the same concerns expressed in the April 5 letter. In summary:

- 2-21 • The analysis of flow data and demand projections should more rigorously separate out municipal wastewater flows from rainfall and tidal-dependent I&I flows.
- 2-22 • The stochastic (random) nature of annual wet weather storms and seasonal total precipitation limit the extent to which conclusions for future flows over the next 10 years can be made from 5 years of recent climate (rainfall) patterns.
- 2-23 • Conclusions about system capacity versus wastewater service demand under future forecasts should reflect the preceding two comments, and should include consistent, defined terms for flow conditions. The defined flow conditions should include both a *rate* and a *duration* of the flow condition. An example is the statement that RVSD’s conveyance system has a “capacity of 63.5 MGD.” This value represents a transient hourly peak with the critical infrastructure operating at maximum capacity, and not one that the system could sustain over an extended 24-hour period.

In closing, RVSD appreciates the work by Marin LAFCO to complete this important municipal services review. The Board and management of RVSD look forward to working with Marin LAFCO and our local government partners in the CMSA JPA to pursue those recommendations that have consensus support and clear value towards improved efficiency of wastewater utility service to the Central Marin service areas.

Sincerely,

A handwritten signature in black ink, appearing to read 'M Sylla', with a long horizontal flourish extending to the right.

Mary Sylla  
President, Board of Directors  
Ross Valley Sanitary District

## 2.0 Response to Comments | Ross Valley Sanitary District (RVSD)

### Comment 2-1

RVSD makes a general comment that terms used in the draft report and specifically within the Executive Summary section, such as “conclusions,” “themes,” and “determinations,” leads to confusion for readers and should be more clearly defined. RVSD also comments the draft report incorrectly refers to County Sanitary District No. 1 and County Sanitary District No. 2 as “County Sewer Districts.”

Staff agrees with the suggestion for more language consistency, and as appropriate staff has revised the final report to provide more clear and uniform terminology throughout the document to further improve its readability to both technical and layman users. However, staff notes – and in response to the commenter’s specific example – the Executive Summary purposely distinguishes between “conclusions” (general policy takeaways), “determinations” (address specific legislative factors), and “recommendations” (specific actions drawn from the determinations) consistent with the municipal service review statute.

Staff separately did not identify any instances in the report in which either County Sanitary Districts No. 1 or No. 2 were referenced as County Sewer Districts.

### Comment 2-2

RVSD disagrees with the draft report’s conclusion in the Executive Summary section stating the affected agencies have significant influence on growth in Marin County. RVSD asserts the District exists to only provide wastewater service to the Ross Valley service area and has no authority over land use and development decisions. RVSD also notes Marin LAFCO’s own projection that the affected agencies’ service areas are nearing their planned residential buildout diminishes the role/influence of future growth in the region.

Staff notes the underlying intent of the conclusion – which is supported by population projections independently made by Marin LAFCO and reflected in the draft report – is to highlight the integral role the affected agencies have in collectively accommodating development in Marin County. (As noted in the report the affected agencies currently accommodate nearly 50% of all Marin County residents.) This conclusion is further substantiated by noting the direct relationship between existing growth and the availability of public wastewater in the region; i.e. relatively limited development currently exists and/or is planned going forward in the region without connection to one of the agencies’ collection systems. Should any of the agencies’ collection or treatment facilities falter and become subject to a cease and desist order prohibiting any new connections this would effectively and immediately curb new growth and development in the service area. Nonetheless, staff appreciates the word choice “influence” generates an unintended inference, and as such the final report has been revised to emphasize the agencies’ substantive role in accommodating (and as opposed to influencing) new growth in Marin County.

Staff separately notes the term “buildout” as calculated and used in the report is dynamic and changes in step with updates in the land use authorities’ housing elements. Accordingly, it is equally reasonable for the final report to conclude the region is approaching its current buildout projection while also anticipating growth will ultimately exceed this near-term threshold as land use policies are updated.

**Comment 2-3**

RVSD agrees with the draft report’s conclusion in the Executive Summary section stating the affected agencies’ service areas are nearing their current planned buildout and recent growth exceeds earlier estimates.

| Comment noted.

**Comment 2-4**

RVSD disagrees with the draft report’s conclusion in the Executive Summary section noting increasing diseconomies of scale for wastewater services in the region. RVSD states this conclusion does not reflect other financial measurements, such as independent bond ratings, and discounts the relationship between rates and service area.

Staff believes there is sufficient justification provided in the report in substantiating the referenced conclusion. Most notably this includes citing the combined change and increase in operating expenses among the affected agencies during the study period exceeded the combined change and increase in operating revenues by over three hundred percent. Further, the report relies on independent calculations performed by Marin LAFCO based on audited financial statements issued by the affected agencies. The report does not incorporate information generated by credit rating agencies given unfamiliarity in how the ratings are calculated and/or their accuracy.

**Comment 2-5**

RVSD acknowledges the draft report’s conclusion in the Executive Summary section regarding observed variation in civic engagement among the affected agencies and specifically the stated correlation between board type and responsiveness with favor assigned to independent agencies.

| Comment noted.

**Comment 2-6**

RVSD agrees with the draft report’s conclusion in the Executive Summary section stating the immediate merit to reorganize and consolidate MPSMD and SQVSMD into the District. RVSD also notes the difference in rates could pose as a challenge in implementing the reorganization.

| Comment noted. Staff also appreciates RVSD’s willingness to actively participate in community outreach going forward in proceeding with implementing the recommendation.

**Comment 2-7**

RVSD agrees with the draft report's conclusion in the Executive Summary section stating there is additional merit for Marin LAFCO to more fully explore consolidation opportunities in the region.

| Comment noted.

**Comment 2-8**

RVSD recommends a grammatical change to the draft report's conclusion in the Executive Summary section in describing overall demand trends in the region during the study period to transition from "de-intensifying" to "decreasing."

| Staff notes the draft report purposefully uses "de-intensifying" to describe wastewater flow trends during the study period. Staff believes this term appropriately denotes the duality in which (a) average flow volume decreased in nearly all categories despite a concurrent (b) increase in residential growth. Comments on the changing criteria to describe "normal conditions" is noted.

**Comment 2-9**

RVSD agrees with the draft report's conclusion in the Executive Summary section stating wastewater demands are intensifying during peak day conditions with increasing impacts from inflow and infiltration. RVSD, however, also cautions against developing long-term projections based on these recent trends given climate change and infrastructure improvements.

| Comment noted, and staff agrees climate change represents a significant variable going forward in addressing inflow and infiltration and should be further explored by Marin LAFCO in subsequent municipal service reviews.

**Comment 2-10**

RVSD agrees with the draft report's conclusion in the Executive Summary section stating collection system capacities within the region are sufficient to meet current and projected demands through 2024.

| Comment noted.

**Comment 2-11**

RVSD acknowledges the draft report's conclusion in the Executive Summary section stating treatment system capacities within the region are sufficient to accommodate current projected demands through 2024 with some system stresses. RVSD adds it defers any further evaluation and response on this conclusion to CMSA. .

| Comment noted.

**Comment 2-12**

RVSD acknowledges the draft report's conclusion in the Executive Summary section stating near-term finances among the affected agencies are in relatively good shape highlighted by liquidity and capital. However, RVSD also comments this conclusion is based on financial data that is three-years old and may no longer reflect current RVSD's financial status.

Comment noted. Staff adds the financial data collected between 2010 and 2014 provides a sufficient snapshot in evaluating the affected agencies' financial standing and management practices therein. It also provides the Commission with an appropriate baseline to be updated and expanded as part of future municipal service reviews.

**Comment 2-13**

RVSD agrees with the draft report's conclusion in the Executive Summary section calling for additional work by the affected agencies in incorporating climate change resiliency in their wastewater planning. RVSD also notes its 2016 Strategic Plan includes a policy goal to reduce impacts attributed to sea-level rise as well as its participation in the 2017 Marin County Sea Level Rise Vulnerability Assessment.

Comment noted.

**Comment 2-14**

RVSD disagrees with the draft report's recommendation in the Executive Summary section that CMSA should develop a plan to allocate remaining treatment capacity among member agencies to enhance regional growth management. RVSD adds the District does not believe such an action would be beneficial given the lack of anticipated new growth and development.

Staff believes it would be beneficial to land use authorities and the general public for CMSA to establish an allocation system. More specifically, staff believes an allocation system would help inform decision-making in accommodating additional growth – which will inevitably occur given the State's commitment to ensuring an appropriate job to housing balance – now and as opposed to when circumstances may change. This comment is importantly premised on the presumption that growth will continue in the region, albeit slowly, and eventually it is reasonable to assume more competition/need will emerge for the remaining treatment capacity at CMSA.

**Comment 2-15**

RVSD agrees with the draft report's recommendation in the Executive Summary section that CMSA should reorganize its governing board structure to limit or remove the Larkspur representative.

Comment noted.

**Comment 2-16**

RVSD agrees with the draft report’s recommendation in the Executive Summary section that corrective action is needed to amend and rationalize jurisdictional boundaries within the Ross Valley and San Rafael Creek Watersheds.

| Comment noted.

**Comment 2-17**

RVSD agrees with the draft report’s recommendation in the Executive Summary section for MPSMD and SQVSMD to be reorganized and annexed therein into the District.

| Comment noted.

**Comment 2-18**

RVSD agrees with the draft report’s recommendation in the Executive Summary section for Marin LAFCO to more fully evaluate consolidation opportunities in the region and specifically within the Ross Valley and San Rafael Creek Watersheds.

| Comment noted.

**Comment 2-19**

RVSD agrees with the draft report’s recommendation in the Executive Summary section for the affected agencies to proactively identify and eliminate septic systems within their service areas.

Comment noted.

**Comment 2-20**

RVSD agrees with the draft report’s recommendation in the Executive Summary section calling for additional work by the affected agencies in incorporating climate change resiliency in their wastewater planning.

| Comment noted.

**Comments 2-21 through 223**

RVSD makes several related comments regarding the draft report’s wastewater service summary on the District in the Agency Profile section. This includes suggesting the draft report provide more detail in dividing and analyzing wastewater demand trends.

| Staff believes the level and scope of analysis specific to evaluating the affected agencies’ wastewater systems appropriately reflects a macro planning review relative to the Commission’s regional growth management interests as prescribed by the Legislature. A more micro review of the wastewater collection and treatment facilities – while an option – would require Commission approval to amend the scope of work for the study. Staff also notes the macro approach is appropriate for the specific benefit of developing baseline information with the added option going forward to provide greater detail in subsequent municipal service reviews. Staff has revised the final report to more clearly define flow conditions in the document as requested.





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June 20, 2017

Mr. Keene Simonds  
Marin Local Agency Formation Commission  
1401 Los Gamos Drive, Suite 220  
San Rafael, California 94903

**Subject:** Comments on Central Marin Wastewater Study

Dear Keene,

The Board of Directors of Sanitary District No. 2 (SD2 or the District) has supported Marin County Local Agency Formation Commission's preparation of a Central Marin Wastewater Municipal Service Review (MSR), and has reviewed the Final Report which was released for public review on April 17, 2017. The public review of Sanitary District No. 2 profile was released for formal public review on December 20, 2016. The District provided comments on January 30, 2017, and LAFCO staff met with the Sanitary District 2 Senior Civil Engineer, Ms. Patel, on March 28<sup>th</sup> to discuss the District's comments on our profile. The District Board appreciated LAFCO staff meeting with Ms. Patel to review and discuss comments, and understands that some comments were addressed in the revised Draft Central Marin Wastewater Services Study dated April 2017.

Upon review of the Wastewater Study, Ms. Patel and I noted that there were still instances of inaccurate or unclear information, and a few areas that we believe need to be considered in the District's profile before the final draft of the study is accepted. In addition, the District has some comments on other sections of the report. Below, we have referenced statements in the study, followed by our comments.

1.) *The period for collecting data to inform the Commission's analysis....has been set to cover the five year period from 2010 to 2014. (p. 2-2)*

3-1 A study term through 2016 is more appropriate so that the information presented in the MSR and its analysis is reasonably current and accurate. If the LAFCO Commission is agreeable with extending the term, District staff will provide the necessary 2015 and 2016 data.

2.) *Benchmarking Pension Obligations (p. 2-4)*

3-2 Sanitary District No. 2 is included in reference to pension obligations. SD2 does not make PERS pension contributions or have pension liability. It does not have any employees. Town employees perform work

on behalf of SD2. The District pays a portion of Corte Madera staff costs.

3-3

- 3.) *Increasing Diseconomies of Scale- “While buildout estimates will change and increase in the future in step with general plan updates, it is reasonable to assume the underlying constraints towards new growth in Central Marin will persist given community preferences, limiting opportunities going forward to spread out costs among a greater pool of ratepayers. The net effect is a diseconomies (sic) of scale in which the affected agencies’ costs to maintain wastewater infrastructure will continue to exceed associated revenues as evident during the study period with the combined increases in operating expenses outpacing operating revenues by more than three-fold.” (p. 2-7)*

This conclusion is troublesome for several reasons. First, it appears that LAFCO is incorrectly referencing the economic concept of "diseconomies of scale". Diseconomies of scale refers to situations in which marginal costs increase as output increases. Applying this concept to sewer services, would describe a situation where the number of ratepayers served increases while costs per ratepayer are also increasing. What LAFCO apparently is attempting to describe in this section is that future limited growth in the number of ratepayers served will not allow agencies to take advantage of economies of scale to reduce marginal costs. This argument is not backed up by any data that shows economies of scale have been realized in the recent past, nor how they might be realized with future growth.

Additionally, this conclusion apparently assumes that because in certain years costs exceed revenues, that trend is both troublesome and will continue into the future. The nature of infrastructure-heavy services such as wastewater treatment and collection is that there are certain times when large investments are made in capital maintenance or improvements, and those investments often show up in financial statements as large expenditures in certain years, while in other years relatively little is spent. These fluctuations are a normal part of capital planning and should not be assumed to indicate a financial problem nor indicate a long-term trend.

3-4

- 4.) *Variations in Civic Engagement; Board Type Matters- The level and effectiveness of engagement between agency and customer in Central Marin, nonetheless, appears expressively highest among LGVSD and RVSD, and demonstrates a direct correlation between board type and responsiveness with favor assigned to independent agencies. (p. 2-7)*

It is unclear on what this conclusion is based, as there does not appear to be any objective data related to civic engagement in the report. In addition, there are several problems with the assumptions upon which this conclusion is apparently based. First, LAFCO appears to assume that higher levels of civic engagement is a positive thing, when any local official will recognize that high levels of engagement are often directly related to high levels of dissatisfaction among local residents. For example, it is possible that the many past news stories about RVSD governance and legal issues had a direct effect on the level of local ratepayers’ interest in and engagement with the agency in recent years. Second, with the phrase “Board Type Matters” LAFCO apparently conflates correlation with causation by concluding that because LGVSD and RVSD have higher rates of engagement (though no data illustrating this is presented), it is the type of governance which accounts for the difference. This is a leap of logic that is not supported by the information presented.

3-5

- 5.) *Additional Merit to Explore Regional Consolidation- Information collected and analyzed in this study provides sufficient merit for the Commission to evaluate options and merits to reorganize and consolidate public wastewater services in Central Marin and **most pertinently** among agencies in the Ross Valley and San Rafael Creek Watersheds. This topic... responds to Marin*

*LAFCO's directive to independently assess the notional sense affirmed in this study that consolidation would appear primed to produce greater accountability and efficiency within the combined watershed. The topic should be premised on identifying merits/demerits of regionalization in improving costs, accountability, and efficiency while being sufficiently fair to all agencies and their ratepayers in terms of shared control. (p. 2-8, similar statements on p. 2-12 and 2-24)*

LAFCO does not discount SD2 in its consideration for further study of consolidation with other Districts. LAFCO should define which agencies are included in the Ross Valley Watershed and the San Rafael Creek watershed. These watersheds are not matching with the tables throughout the study, ie. p. 3-3.

LAFCO states that the information in the study provides merit to evaluate potential reorganization or consolidation, yet in no way explains how that conclusion is reached except to cite some undefined "notional sense" that it would be beneficial to pursue. In addition, LAFCO states that that "notional sense" that consolidation may produce "greater accountability and efficiency" yet fails to point to any information in the study which shows how and where such improvements might be gained. These types of vague, undefined conclusions should not be included in a study of local agencies. This section is also problematic as it states that any future consideration of consolidation should be "sufficiently fair to all agencies and their ratepayers in terms of shared control," yet does not address fairness in terms of other things such as assets. For example, the study shows varied levels of investment, and age of sewer lines and related capital equipment among the wastewater collection agencies. Any future study of consolidation must address how these prior investments using ratepayer funds will be accounted fairly in any reorganization or consolidation. This is of particular concern for SD2 as it appears that our sanitary district has been particularly consistent in maintaining its infrastructure over the years. Any future consolidation that either puts that investment in jeopardy or results in SD2's reserves "borrowed" to fund infrastructure in another district at the expense of maintaining SD2's infrastructure would be unfair to SD2 ratepayers. In addition, since SD2 consolidated with the Town of Corte Madera many years ago in order to improve efficiency and achieve cost savings, any discussion of consolidation in the Ross Valley must address how a deconsolidation of SD2 and the Town of Corte Madera and then subsequent consolidation of Ross Valley agencies will affect SD2 ratepayers and the operations of the Town of Corte Madera.

- 3-6 6.) *Year-end profit levels as measured by total margin – the net difference between all revenues less all expenses – largely stayed positive with a combined study period average of 14% with the notable exception CSD No. 2 and CMSA both finished the study period with slight losses. (p. 2-10)*

SD2 would not be considered to have losses if depreciation was not included as an expense. A calculation of the net difference between revenues less expenses is not a great way to show the financial situation of the District.

- 3-7 7.) *CMSA should develop a plan to allocate treatment capacity among its member agencies to enhance regional growth management. This plan would appropriately inform each member agency as well as local land use authorities with more certainty with respect to their ability to forecast and accommodate new development within their jurisdictional boundaries going forward. (p. 2-11)*

It is unclear whether a capacity allocation would in any way be beneficial in planning for new growth or forecasting, or would instead be a useless bureaucratic exercise. Many cities in Marin base their housing growth largely on the Regional Housing Needs Allocation issued by regional agencies (specifically, ABAG and MTC). Unless those regional agencies will consider wastewater collection and treatment capacity limitations in developing their quotas, we do not see how an exercise in allocating capacity will be of much help in land use planning.

- 3-8 8.) *CSD No. 2 should make additional efforts to distinguish itself as a stand-alone governmental entity separate from the Town of Corte Madera. An example herein would include developing stand-alone contracting arrangements with Corte Madera outlining specific services and costs therein with respect to the existing use of Town staff, supplies, and resources in carrying out District duties. (p. 2-11; similar statements on p. 2-23)*

This LAFCO recommendation is accompanied by absolutely no information to support it, so we are therefore unable to adequately analyze whether such separation from the Town of Corte Madera would in any way be beneficial. Many years ago SD2 was effectively merged with the Town (as a component unit), and ever since then the ratepayers have benefitted by sharing costs of overhead (including administration, accounting, et al). Reversing this or in some way accounting differently for shared costs is unclear.

- 3-9 9.) *CMSA should reorganize its governing board structure to limit and or remove the City of Larkspur's presence within the joint powers authority to better align and weight governance with vested participation among member agencies. (p. 2-11)*

Revision of the Joint Powers Authority (JPA) Agreement should address this. Perhaps it makes sense for the JPA Ad hoc and District Manager working group to discuss and make a decision on this.

- 3-10 10.) *Should residential buildout plans proceed as contemplated by the County of Marin and other overlapping land use authorities, the housing stock in Central Marin will increase by 3,352 and result in the estimated addition of 8,268 residents; a net increase of 6.7% over the end of the study period. (p. 2-14; similar comment on p. 3-1)*

The net increase is actually from the end of 2014 to 2024. In addition we find it beneficial for LAFCO to provide an explanation of how this growth was calculated. The study is unclear how the provided numbers were calculated/ forecasted.

- 3-11 11.) *The Commission estimates the average total daily flow of wastewater collected by the seven affected agencies....Additional wastewater flow tallies collectively generated over the 60 month period follow. a.) Average dry-day wastewater flows during the study period tallies 11.1 million gallons, or 91 gallons for every person...c.) Average peak-day wastewater flows generated over 24 hours during the study period tallies 102 million gallons, or 855 gallons for every person (p. 2-18).*

It would be more accurate to not include flows from commercial sites to determine the sanitary sewer generation from each person in the region. A per person comparison for agencies is like comparing apples and oranges because the number of commercial users varies from agency to agency.

- 3-12 12.) *Opportunities to increase direct revenues among all the seven affected agencies in Central Marin in support of their respective public wastewater systems is substantively constrained given two*

*external factors...Second, opportunities to raise rates and or establish assessments are constrained under State law to require two-thirds voter approval. (p. 2-20)*

This determination is not substantiated by the facts and is inaccurate. First, the assumption is made that adding new customers would provide opportunities to “spread-out costs” among a greater number of ratepayers. It is unclear if per-ratepayer costs would actually decline or perhaps increase in the event of new growth. It could be that the costs to expand the wastewater collection and treatment systems would exceed the revenue collected from new development fees and additional ratepayers. LAFCO should refrain from jumping to such conclusions without adequate analysis. Also, it is better stated “to raise rates and or establish assessments are constrained under State law to require two thirds property owner **written protest**”.

3-13

*13.) Four of the five affected agencies – LGVSD, RVSD, CSD No. 2, and CMSA – with pension obligations finished the study period with funded status ratios near or above 80%; the standard... The remaining agency – SRSD – ended the study period with a funded status – SRSD – ended the study period with a funded status of 72%. (p. 2-22)*

SD2 should not be included in this discussion as it does not have any employees, and therefore does not have pension obligations.

3-14

*14.) Estimated resident growth within the remaining four affected agencies accounts for the remaining 3% of the net over the study period and paced numerically by CSD No. 2 at 88. The other three affected agencies in the region – MPSMD, SQVSM, and CMSA – collectively account for a net increase of 8 over the preceding 60 month period. (p. 3-2)*

This statement and succeeding tables do not seem to make sense. We suggest revising the language.

*15.) Table 3.6 (p.3-8)*

SD2 staff calculates a different amount of Assessor Parcel Acres % of Total, Total Assessor Parcels, and Residential Units.

3-16

*16.) Current ratios- i.e., the amount of available cash and cash equivalents to cover immediate obligations due also finished in the positive for all of the agencies with a combine average of 12 to 1 and bookend by CSD No. 2 at 2 to 1 and SRSD at 41 to 1. (p. 3-24)*

It is unclear how these ratios were calculated. If depreciation was included as an expense, this could affect the calculation of the ratios.

3-17

*17.) Liquidity, Capital, and Profitability (p. 3-24 - 3-27)*

This section discusses indebtedness of the agencies. A measurement of 10.8% for long term debt was given for SD2. SD2 does not have any debt.

3-18

*18.) Preventative Maintenance- Planned Lien Replacement Completed Table (p.4-124)*

The information provided in the study does not match up with the information provided to LAFCO by the District. The actual feet should be as indicated below:

Year	Actual Feet
2010	14000
2011	4220
2012	1210
2013	4693
2014	0

19.)1.0 Overview (p. 4-101)

3-19 District staff is unsure of how LAFCO determined the agencies in the District and the percentages of the area of the District that they incorporate. It appears the provided information in the study is incorrect. District staff determined that Corte Madera accounts for 78% of the District land area, unincorporated County of Marin (including Greenbrae) is 7%, Tiburon covers 12%, and the City of Larkspur is 3% of the area.

20.)3.1 Jurisdictional Boundary (p. 4-105)

3-20 Kentfield is not within the boundary of Sanitary District No. 2.

21.)Peak Day Flows: This measurement has increased overall during the study period by 64.80%. (p. 4-117)

3-21 The average peak weather day flows vary based on the intensity of a storm event experienced during the calendar year. Calculating the increase of peak days flows over five years does not provide meaningful information. The amounts of rain can vary significantly from year to year.

3-22 22.)Table 4.87 Projected Wastewater Flows (p. 4-118)

Please include an explanation of the linear regression calculation of the estimated flows presented and the drop in flows in 2015 as we were unable to verify the figures provided.

3-23 23.)Capacity Tables (p. 4-120 and 4-121)

These tables compare to the average day and average dry-weather day flows to the maximum hydraulic capacity of the of the collection system. A better comparison to show would be the maximum peak hourly and five minute peak flow rates versus the collection system capacity. These comparisons show a false sense of available or unused capacity.

24.)Performance (p. 4-121 - 4-123)

3-24 The information provided for these tables was over fiscal years as originally requested. Marin LAFCO reported the information in the report by calendar year, and the information is inaccurate.

25.)Agency Finances (p. 4-125 - 4-128)

3-25 It appears that depreciation was included as an operating expense, thereby reducing our net asset amount. SD2 does not fund depreciation. It is included in our audited financial statement because it is required for accounting purposes.

3-26 26.)Pension Obligations (p.4-128, information also provided on p. 2-21)

SD2 does not make pension contribution, nor does it have any pension obligations for retired or separated employees. Any reference to pension contributions or liability is not applicable to the SD2.

LAFCO has apparently used the figures for the entire Miscellaneous staff for the Town of Corte Madera for this report. This seems excessive and inaccurate, as only a portion of the Town's staff works on SD2. In addition, much of the maintenance work for SD2 is contracted out to CMSA or private contractors in order to more efficiently operate the sewer collection system. Using the total costs for the entire Town of Corte Madera Miscellaneous employee group is inaccurate and misleading.

3-27 27.) *The first and predominate tier within Category One is based on a 2.5 at 55 formula, and as such provides eligible retirees with...The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest one year of salary beginning at age 55 and continuing each year thereafter.*

The Town of Corte Madera has only two retirement tiers. The first one is for "classic" employees and is 2.5% at 55 years of age. The second one, for those that are not "classic" employees, aligns with the CA Public Employees' Pension Reform Act (PEPRA) formula which is 2.0% at 62. Discussing Town of Corte Madera retirement formulas does not pertain to SD2 since we do not have employees of our own.

3-28 28.) *Revenue to Expense Trend, and Tables 4.97 and 4.98*

Depreciation should not be considered a real cash expense.

We thank LAFCO in advance for their time and effort in reviewing and considering the comments presented. Please do not hesitate to contact the Agency's General Manager to discuss any of the comments.

Sincerely,



Diane Furst  
President, Sanitary District No. 2

### **3.0 Response to Comments | County Sanitary District (CSD) No. 2**

#### **Comment 3-1**

CSD No. 2 makes a general comment that it would be appropriate to extend the draft report's study period term from 2014 to 2016 to reflect more current and accurate information.

Staff believes the five-year data window used in preparing the draft report covering 2010 to 2014 appropriately informs the Commission in analyzing trends and making informed deductions therein with respect to addressing the prescribed population, service, financial, and governance factors required under statute. It is also noted the selected five-year window purposefully aligns with the start of the study's data collection in late 2015 and ensured all agencies' completed audit reports – which typically run one to two years in the rear – were completed. Further, given the report emphasizes averages, extending the study period by two years would not likely substantively impact the resulting analysis.

#### **Comment 3-2**

CSD No. 2 makes a general comment it does not make CalPERS pension contributions or have pension liability, and therefore it is inappropriate for the draft report to incorporate Corte Madera's pension information when reviewing the District.

Staff believes it is appropriate to include a review of Corte Madera's pension obligations in step with analyzing CSD No. 2 given the District is a legal subsidiary, and as such is integrated with the legislative, legal, and administrative functions of the Town. This approach, markedly, is consistent with Corte Madera's own financial audit reports for the study period, which incorporate CSD No. 2's assets, liabilities, and equity into the Town's basic financial statements. Additionally, should staffing operations for CSD No. 2 be contracted to another separate legal entity it would be appropriate for Marin LAFCO to amend its analysis accordingly as part of future municipal service reviews.

#### **Comment 3-3**

CSD No. 2 disagrees with the draft report's conclusion in the Executive Summary section noting increasing diseconomies of scale for wastewater services in the region. CSD No. 2 comments that there is insufficient information provided to justify the conclusion, and adds fluctuations between costs and revenues are normal in terms of capital planning and should not be indicative of financial issues or long-term trends. CSD No. 2 adds the term "diseconomies of scale" is misused.

Staff believes the term "diseconomies of scale" – which is a general term used in the report to describe financial efficiencies – is appropriately applied in assessing the overall and combined relationship between operating costs and operating revenues among the affected agencies in the region. This comment is substantiated in the report by noting the combined change and increase in operating expenses among the affected agencies during the study period exceeded the combined change and increase in operating revenues by over three hundred percent. Staff agrees this



and other deductions in the report drawn from the 2010 and 2014 period should not be considered absolute, but rather used to inform short-term projections that will be updated – and revised and corrected as warranted – in subsequent municipal service reviews undertaken by Marin LAFCO.

**Comment 3-4**

CSD No. 2 takes issue with the draft report’s conclusion in the Executive Summary section stating there are variations in civic engagement among the affected agencies in the region and specifically the stated correlation between board type and responsiveness with favor assigned to independent agencies. CSD No. 2 states this conclusion is subjective and not based on facts. CSD No. 2 also states higher levels of civic engagement are often directly related to high levels of dissatisfaction among local residents.

Staff agrees the conclusion is qualitative in nature, and as such is consistent with Marin LAFCO’s quasi-legislative function to make informed recommendations and determinations regarding – and among other prescribed items – civic engagement. Staff is also not aware of a uniformly accepted metric to qualitatively assess civic engagement.

**Comment 3-5**

CSD No. 2 comments on the draft report’s conclusion in the Executive Summary section stating there is sufficient merit for Marin LAFCO to more fully explore regional consolidation opportunities in the region and specifically within the Ross Valley and San Rafael Watersheds. CSD No. 2 asserts the report fails to appropriately justify the need to further explore consolidation opportunities. CSD No. 2 also notes the report should clearly define which agencies are included in the Ross Valley and San Rafael Creek Watersheds.

Staff believes – and as provided in the draft report – there is sufficient justification for Marin LAFCO to prepare a future addendum to fully explore consolidation opportunities within the region and specifically for the five agencies collectively serving the Ross Valley and San Rafael Watersheds (RVSD, CSD No. 2, CMSA, SQVSMD, and MPSMD). Staff refers to this justification in the report as “notional” given – and as the commenter correctly addresses – no specific quantitative analysis or facts have been generated to date by Marin LAFCO; the latter of which would require additional resources in staff and budget to sufficiently address beyond the approved scope of work for the study. Nonetheless, and consistent with the Legislature’s explicit direction to LAFCOs to explore streamlining and eliminate redundancy in local government whenever possible, there remains notional or theoretical justification to explore consolidation given the existence of four separate and adjacent collection agencies that flow into a fifth agency’s treatment facility. Staff agrees any addendum reviewing consolidation prioritize fairness to ratepayers in recognizing investments infrastructure to date. Staff also agrees and has revised the final report to more clearly identify those affected agencies lying within the Ross Valley and San Rafael Watersheds.

**Comment 3-6**

CSD No. 2 provides comments on the draft report's conclusion in the Executive Summary section stating – and among other items – all of the affected agencies finished the study period with positive profit levels as measured by total margin with the exception of CSD No. 2 and CSMA. CSD No. 2 notes the conclusion's reliance on total margin and incorporation therein of depreciation is not an effective tool in measuring financial solvency.

Staff notes total margin is one of several metrics used in the draft report to objectively evaluate financial standing and more specifically profitability for wastewater enterprises. Staff agrees depreciation impacts – and often negatively – total margin ratios. Further, and given wastewater agencies' investment and reliance on depreciable physical infrastructure, depreciation is an appropriate expense to consider in evaluating an agency's revenue-to-expense relationship. Nonetheless and in deference to the comment, the final report has been revised throughout to more clearly distinguish the role and impact of depreciation when analyzing the affected agencies' revenue and expense trends through the study period.

**Comment 3-7**

CSD No. 2 comments on the draft report's recommendation in the Executive Summary section stating CMSA should develop a plan to allocate available treatment capacity among its member agencies to enhance regional growth management. CSD No. 2 comments it is unclear whether such an allocation would prove beneficial in planning or forecasting new growth, and instead may be a “useless bureaucratic exercise.”

Staff believes it would be beneficial to land use authorities and the general public for CMSA to establish an allocation system. More specifically, staff believes an allocation system would help inform decision-making in accommodating additional growth – which will inevitably occur given the State's commitment to ensuring an appropriate job to housing balance – now and as opposed to when circumstances may change. This comment is importantly premised on the presumption that growth will continue in the region, albeit slowly, and eventually it is reasonable to assume more competition/need will emerge for the remaining treatment capacity at CMSA.

**Comment 3-8**

CSD No. 2 disagrees with the draft report's recommendation in the Executive Summary section stating the District should make additional efforts to distinguish itself as a stand-alone governmental entity. CSD No. 2 finds the recommendation is not sufficiently supported by facts. CSD No. 2 adds the current relationship between the District and the Town of Corte Madera has proved beneficial over the years through cost-sharing and a separation now would be counterproductive.

Staff notes and clarifies the recommendation is for CSD No. 2 to take measures to distinguish itself as a stand-alone governmental entity with the singular task of providing wastewater collection services within its incorporated and unincorporated boundary; it is not a recommendation to reorganize the District as a dependent or independent entity with a different governing board. Staff agrees the function of CSD No. 2 as a subsidiary provides benefits to the ratepayers in terms of streamlining governance decisions with the majority land use authority, Corte

Madera. However, the subsidiary relationship does not waive the Legislature’s expectation exercised through Marin LAFCO that the District take reasonable measures in distinguishing and formalizing its operations apart from Corte Madera for the benefit – among others – of those ratepayers lying outside the Town boundary.

**Comment 3-9**

CSD No. 2 comments on the draft report’s determination in the Executive Summary section stating CMSA should explore reorganizing its governing board structure to limit and or remove the City of Larkspur. CSD No. 2 affirmatively responds and states this option should be explored by CMSA through a working group organized through the General Manager.

Comment noted.

**Comment 3-10**

CSD No. 2 comments on the draft report’s determination in the Executive Summary section projecting the overall population in the region will increase by 6.7% through the end of the study term. CSD No. 2 requests LAFCO provide an explanation of how this projection was calculated.

Staff notes the draft report summarizes how population and related housing projections (past and future) are calculated in Chapter Two (Executive Summary) under Section 2.3. Specific factors underlying the population and housing projections made for CSD No. 2 are outlined in Chapter Four (Agency Profile) and detailed in Footnote No. 51.

**Comment 3-11**

CSD No. 2 comments the draft report’s determination in the Executive Summary section addressing per capita use trends in the region during the study period incorrectly incorporates both residential and non-residential demands. CSD No. 2 adds this calculation should be modified and focus only on residential usage.

Staff notes the per capita measurement is one of several tools used in the report to quantify demand and uniformly applied to all of the affected agencies, and as such serves as a useful comparison given the underlying similarities in the land uses in the region. Incorporating non-residential wastewater flows into per-capita measurements also does not undermine its value in contextualizing demands, and is similarly performed in analyzing other municipal service functions, like public safety calls. This is because it is reasonable to assume there is a causal relationship that a certain number of residents will generate a corresponding demand for non-residential uses (commercial, retail, etc.) within their communities. It is also unclear whether any of the affected agencies could readily extract non-residential wastewater flows for purposes of more precisely isolating just residential uses.

**Comment 3-12**

CSD No. 2 comments the draft report’s determination in the Executive Summary section stating there are external constraints on the affected agencies in increasing direct revenues is not sufficiently supported by facts. CSD No. 2 separately provides grammatical suggestions to improve readability.

Staff believes sufficient information and analysis supports the referenced determination. Staff separately agrees with the suggested grammatical edits and the final report has been revised accordingly.

**Comment 3-13**

CSD No. 2 comments the draft report’s determination in the Executive Summary section identifying pension funding status among the affected agencies should exclude the District give it has no direct employees.

See Comment No. 3-2.

**Comment 3-14**

CSD No. 2 comments the draft report’s analysis of the region’s residential growth in the Regional Characteristics section and succeeding tables do not correctly align specific to the District.

Staff agrees and has revised the final report to correctly note the projected change in CSD No. 2’s resident population during the five-year study period is 86. (The draft report incorrectly showed the change as 88.)

**Comment 3-15**

CSD No. 2 notes the draft report’s analysis of the affected agencies’ jurisdictional boundaries in the Regional Characteristics section calculates assessor parcel acres, total assessor parcels, and residential units for the District that differ from the District’s own estimates.

Staff notes all boundary and assessor parcel information – including totals, uses, residential units, and land use authorities – presented in the draft report have been generated based on digital records established and maintained by MarinMap; a joint-powers exercise that includes – and among others – Marin LAFCO and Corte Madera. It is recommended CSD No. 2 and through Corte Madera inquiry with MarinMap should they believe any corrections are needed.

**Comment 3-16**

CSD No. 2 comments the draft report’s analysis of the affected agencies’ fiscal standing in the Regional Characteristics section is unclear how current ratios are calculated and whether depreciation is included.

Staff notes the calculation used in calculating current ratios is based on dividing current assets against current liabilities; neither of which include depreciation. The final report has been revised to more prominently show this calculation when cited. The report has also been revised to correctly read CSD No. 2 ended the study period with a current ratio of 2.3 and not 2.1. (The correct amount is shown in the associated chart.)

### **Response to Comment 3-17**

CSD No. 2 states there is an error in the regional section of the draft report that discusses liquidity, capital and profitability. CSD No. 2 notes a measurement in this section which shows the agency has long-term debt, and maintains that the District does not carry any debt.

Staff has revised the final report to include updated calculations for all of the affected agencies with respect to calculating their debt to net asset ratios. This correction shows CSD No. 2 finished the study period without any long-term debt as noted identified by the District.

### **Comment 3-18**

CSD No. 2 comments the draft report's wastewater service summary on the District in the Agency Profile section does not accurately show actual annual line replacement totals made during the study period.

Staff has revised the final report to show the actual feet of line replacement undertaken by CSD No. 2 as attested by the District.

### **Comments 3-19 and 3-20**

CSD No. 2 comments the draft report's jurisdictional boundary summary on the District in the Agency Profile section shows a breakdown of land use authority percentages that differs from the calculation made by the District. This includes noting the draft report shows Corte Madera representing 56% of CSD No. 2's jurisdictional acreage while the District independently calculates this amount at 78%. CSD No. 2 similarly states the draft report incorrectly lists Kentfield as part of the District's jurisdictional boundary.

See Comment No. 3-15.

### **Comment 3-21**

CSD No. 2 comments the draft report's wastewater services summary on the District in the Agency Profile section reporting on average peak-weather day flows is not meaningful when calculated over a five-year period.

Comment noted.

### **Comment 3-22**

CSD No. 2 requests the draft report's wastewater services summary on the District in the Agency Profile section provide additional details on the linear regression calculation of the estimated flows going forward.

Staff has revised the final report to include an appendix showing all regression analysis incorporated into projecting future demands.

### **Comment 3-23**

CSD No. 2 suggests the draft report's wastewater services summary on the District in the Agency Profile section could be improved with the inclusion of peak hourly flow and five-minute peak flow rates as it relates to comparing against collection system capacity. (The draft report focuses peak demands based on 24 hour totals.)

Staff believes the level and scope of analysis specific to evaluating the affected agencies' wastewater systems appropriately reflects a macro planning review relative to Marin LAFCO's regional growth management interests as prescribed by the Legislature. A more micro review of the wastewater collection and treatment facilities – while an option – would require Commission approval to amend the scope of work for the study. Staff also notes the macro approach is appropriate for the specific benefit of developing baseline information with the added option going forward to provide greater detail in subsequent municipal service reviews. Staff has revised the final report to more clearly define flow conditions in the document as requested.

**Comment 3-24**

CSD No. 2 seeks clarification in the draft report's wastewater services summary on the District in the Agency Profile section as it relates to confirming whether reported overflows and service calls are in calendar or fiscal year.

Staff notes the information presented on reported sewer overflows and service calls are shown in fiscal years. The final report has been revised to clarify this distinction.

**Comment 3-25**

CSD No. 2 comments the draft report's financial summary on the District in the Agency Profile section shows depreciation as an operating expense. CSD No. 2 notes it does not fund depreciation and it is only included in its audited financial statements.

Staff believes it is appropriate to show depreciation as an operating expense in step with the practice to rely on the third party audited financial statements of each agency in documenting and analyzing financial standing. This includes, importantly, documenting assets, liabilities, and net equity as well as revenues and expenses as booked by the agency and reflected in the basic financial statements. This approach results in depreciation being shown as an operating expense.

**Comment 3-26**

CSD No. 2 comments the draft report's financial summary on the District in the Agency Profile section incorrectly shows pension obligation belonging to Corte Madera.

See Comment No. 3-2.

**Comment 3-27**

CSD No. 2 comments the draft report's financial summary on the District in the Agency Profile section requires correction to show the Town of Corte Madera has only two retirement tiers.

Staff has revised the final report accordingly.

**Comment 3-28**

CSD No. 2 comments the draft report's financial summary on the District in the Agency Profile section should be revised to remove depreciation as a cash expense.

See Comment No. 3-25.



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**District Manager/District Engineer**  
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June 30, 2017

Mr. Keene Simonds, Executive Officer  
Marin Local Agency Formation Commission  
1401 Los Gamos Drive, Suite 220  
San Rafael, CA 94903

RE: Central Marin Wastewater Study, April 2017 Draft Report

Dear Mr. Simonds:

The San Rafael Sanitation District has reviewed the Central Marin Wastewater Study Draft Report and appreciates the opportunity to participate in the study through the Technical Advisory Committee and to provide its comments. The District has comments in regard to the following Recommendations stated in the Executive Summary portion of the report.

*Recommendation #2: CMSA should develop a plan to allocate treatment capacity among its member agencies to enhance regional growth management. This plan would appropriately inform each member agency as well as local land use authorities with more certainty with respect to their ability to forecast and accommodate new development within their jurisdictional boundaries going forward.*

4-1

SRSD disagrees. Wastewater agencies are not land use authorities and do not have any decision making authority on land use and growth. The local land use authorities are the County of Marin and City of San Rafael. SRSD works with the County, City, and developers to provide the capacity for the new developments.

*Recommendation #4: CMSA should reorganize its governing board structure to limit and or remove the City of Larkspur's presence within the joint powers authority to better align and weight governance with vested participation.*

4-2

CMSA and its JPA member agencies are currently reviewing the Joint Powers Agreement, which includes the CMSA governing board structure. The City of Larkspur's presence will be addressed through this review process.

*Recommendation #5: SRSD should designate the lone board seat statutorily dedicated to a member of the County of Marin to the incumbent holding Supervisor District 1 given it covers nearly all of the District's jurisdictional boundary. This designation would provide a more logical and direct match between SRSD voters and their appointed representatives.*

4-3

SRSD disagrees. The SRSD jurisdictional boundary includes Supervisor Districts 1, 2, and 4. Although District 1 has more coverage of SRSD, one can also say that the ratepayers in District 1 are double represented since the other two SRSD Board members are from the City Council. Also, by allowing the Supervisor from either District 1, 2, or 4 to sit on the SRSD Board, it offers the Board of Supervisors more flexibility in their appointment to the SRSD Board.

*Recommendation #6: 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 subregion does not match up with assigned jurisdictional boundaries.*

4-4

SRSD agrees.

*Recommendation #8: The Commission should consider authorizing an addendum to fully evaluate options to reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley and San Rafael Creek Watersheds. This topic – which has been previously reviewed by the agencies specific to assessing cost-savings but not the Commission - responds to Marin LAFCO’s directive to independently assess the notional sense affirmed in this study that a consolidation would appear primed to produce greater accountability and efficiency within the combined watershed.*

4-5

SRSD agrees and is in favor of performing a consolidation study. Several years ago, SRSD asked LAFCO to consider evaluating available alternative government structure options involving wastewater services within the region. SRSD is interested in the report findings and its determination of efficiency and best operations.

*Recommendation #9: Septic Systems are increasingly problematic in urban and or developing areas in Central Marin and pose a public safety threat to the health and environment of the agencies’ service areas. The affected agencies should work to identify all septic systems within their respective areas in step with resiliency planning and determining future system risks.*

4-6

SRSD agrees and plans to work with the County’s Environmental Health Services Department.

*Recommendation #11: The affected agencies in Central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services. This includes resiliency planning with respect to droughts, storm events, raising water tables as well as future demands.*

4-7

SRSD agrees. SRSD is currently working with the County of Marin on its Marin Shoreline Sea Level Rise Vulnerability Assessment (also known as the BayWAVE study) and the City of San Rafael’s Local Hazard Mitigation Plan.

The District also has the following general comments on the draft report.



4-8

Wastewater Flow as a unit of measurement. The report compares daily-average flows, dry-weather-day flows, and peak-day flows and breaks them down to the amount of flow per resident, per occupied housing unit, and per service connection. This can be misleading and misrepresented for the following reasons: 1) the flow data includes all flow from residents, commercial, industrial, and inflow/infiltration; 2) our District has more commercial facilities, i.e. restaurants, than other agencies in Central Marin; and 3) during wet weather, the amount of rain varies throughout the City and County as well as from year to year.

4-9

Pension Obligations. The report discusses the City of San Rafael's pension obligations. The District represents approximately 3.3% of the City of San Rafael's total unfunded liability. This liability is reported in the District's Financial Statements. The City's unfunded liability, as a percentage of its unrestricted fund balance, is not relevant to the District's financial position. The operating structure of the City and District are not the same; thus, the City, which has a much higher percentage of personnel costs to total expenditures than the District, will have a much higher pension contribution as a percentage of payroll than will the District.

Please see the attached Executive Summary, Regional Characteristics & Comparisons, and the District's Agency Profile (Chapters 2, 3, and 4) with additional comments.

The District would like to thank LAFCO for its time and effort in reviewing and considering our comments. We look forward to working with LAFCO and the other Central Marin and local agencies to pursue the recommendations and improve efficiencies and operations in wastewater services. If you have any questions, please contact Doris Toy, District Manager.

Sincerely,

Katie Rice  
Director, San Rafael Sanitation District Board

Attachments

## 4.0 Response to Comments | San Rafael Sanitation District

### Comment 4-1

SRSD disagrees with the draft report's recommendation in the Executive Summary section stating CMSA should develop a plan to allocate treatment capacity among its member agencies to enhance regional growth management. SRSD asserts an allocation system is not needed given the wastewater agencies are not land-use authorities and already effectively coordinate the delivery of new wastewater services as needed.

Staff believes it would be beneficial to land use authorities and the general public for CMSA to establish an allocation system. More specifically, staff believes an allocation system would help inform and formalize decision-making in accommodating additional growth – which will inevitably occur given the State's commitment to ensuring an appropriate job to housing balance – now and as opposed to when circumstances may change. This comment is importantly premised on the presumption that growth will continue in the region, albeit slowly, and eventually it is reasonable to assume more competition/need will emerge for the remaining treatment capacity at CMSA.

### Comment 4-2

SRSD comments the draft report's recommendation in the Executive Summary section stating CMSA should reorganize its board structure to remove or limit the City of Larkspur's involvement will be addressed as part of ongoing review of the agreement by the members.

| Comment noted.

### Comment 4-3

SRSD disagrees with the draft report's recommendation in the Executive Summary section starting the District should designate the lone board seat statutorily dedicated to a member of the County of Marin to the incumbent holding Supervisor District 1. SRSD states while District 1 has more coverage of SRSD, it can also be said ratepayers in District 1 are double represented since the other two SRSD Board members are from the City Council. SRSD adds the existing baseline provides the County with more flexibility in their appointment to the District Board.

| Commented noted. Staff adds that Marin LAFCO estimates close to 70% of the projected *unincorporated* population within SRSD lies within Supervisor District 1 (emphasis added).

### Comment 4-4

SRSD agrees with the draft report's recommendation in the Executive Summary section stating corrective action is needed to amend and rationalize jurisdictional boundaries within the Ross Valley and San Rafael Creek Watersheds.

| Comment noted.

**Comment 4-5**

SRSD agrees with the draft report's recommendation in the Executive Summary section stating there is additional merit for Marin LAFCO to further explore consolidation opportunities in the region. SRSD adds it is in favor of performing a consolidation study and has requested several years ago for Marin LAFCO to prepare a municipal service review within the region for this specific purpose.

Comment noted, and staff acknowledges SRSD's patience with Marin LAFCO in proceeding with a full consolidation review of the region as earlier requested by the District

**Comment 4-6**

SRSD agrees with the draft report's recommendation in the Executive Summary section for the affected agencies to proactively work to identify and remove septic systems within their jurisdictions. SRSD adds they plan to work the County's Environmental Health Services Department to implement this recommendation.

Comment noted. Staff also extends its interest and assistance in any related outreach or mapping should it prove helpful to SRSD.

**Comment 4-7**

SRSD agrees with the draft report's recommendation in the Executive Summary section stating the affected agencies should coordinate efforts in mitigating climate change effects. SRSD states it is currently working with the County of Marin on the Marin Shoreline Sea Level Rise Vulnerability Assessment as well with the City of San Rafael in its Local Hazard Mitigation Plan.

Comment noted.

**Comment 4-8**

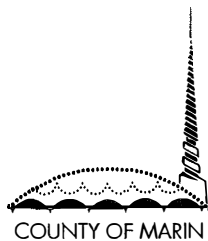
SRSD makes a general comment on the draft report's calculation and use therein on per capita flows. SRSD notes the report incorporates non-residential flows into calculating per-capita demands and believes this to be misleading and particularly notable for the District given it has more commercial facilities than the other affected agencies in the region.

Staff notes the per capita measurement is one of several tools used in the report to quantify demand and uniformly applied to all of the affected agencies, and as such serves as a useful comparison given the underlying similarities in the land uses in the region. Incorporating non-residential wastewater flows into per-capita measurements also do not undermine its value in contextualizing demands, and is similarly performed in analyzing other municipal services, like public safety calls. This is because it is reasonable to assume there is a causal relationship that a certain number of residents will generate a corresponding demand for non-residential uses (commercial, retail, etc.) within their communities. It is also unclear whether any of the affected agencies could readily extract non-residential wastewater flows for purposes of more precisely isolating just residential uses.

**Comment 4-9**

SRSD makes a general comment on the draft report showing the City of San Rafael's pension obligation as it relates to the District. SRSD notes it represents approximately 3.3% of San Rafael's unfunded liability and believes this percentage is not relevant to the District's financial position.

Staff believes it is appropriate to include a review of San Rafael's pension obligations in step with analyzing SRSD given the District is integrally connected with the City through a long-standing staff support services agreement. Should staffing operations for SRSD be contracted to another separate legal entity it would be appropriate for Marin LAFCO to amend its analysis accordingly as part of future municipal service reviews.



DEPARTMENT OF PUBLIC WORKS

Quality, Excellence, Innovation

Raúl M. Rojas
DIRECTOR

Date: June 27, 2017

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To: Rachel Jones
Administrative Analyst
Marin Local Agency Formation Commission
1401 Los Gamos, Suite 220
San Rafael, CA 94903

From: Betsy Swenerton
Capital Planning & Project Manager
Capital Projects Division

Accounting

Airport

Re: Comments of Draft Report - Central Marin Wastewater Study

Building Maintenance

Rachel,

Capital Projects

Certified Unified Program
Agency (CUPA)

Please find itemized below a list of comments prepared by the County of Marin, Department of Public Works on behalf of the San Quentin Village and Murray Park Sewer Maintenance Districts. These comments are similar to those submitted by Eric Steger earlier this year. Please find attached documents that support these comments, including the County's Comprehensive Audit Financial Reports for the Sewer Maintenance Districts, as well as Special District budget information. Also attached is an e-mail from Eric Steger that lists the vacant lots in Murray Park. This information is in support of the County's comment that the development potential in Murray Park is overstated in the Draft Report.

Communications
Maintenance

County Garage

Disability Access

Summary of Comments – MPSMD Agency Profile:

Engineering & Survey

- 5-1 1. MPSMD's adopted operating budget at the term of the study period was \$0.096 million.
5-2 2. LAFCO to review data provided on development potential provided by the County of Marin.
5-3 3. Section 5.2 Administration – change General Manager to District Engineer (two instances).
5-4 4. Delete Pat Echols as District Engineer. Only list Raul Rojas.
5-5 5. Section 6.1 System Structure – change feet to inches (in reference to sewer line size).
5-6 6. Section 7.0 Agency Finances – Update profile with financial information provided by the County of Marin.

Flood Control &
Water Resources

Land Development

Purchasing

Real Estate

Reprographic Services

Road Maintenance

Stormwater Program

Transportation &
Traffic Operations

Waste Management

**Summary of Comments – SQVSMD Agency Profile:**

- 5-7 1. SQVSMD's adopted operating budget at the term of the study period was \$0.068 million.
- 5-8 2. The unrestricted fund balance is \$0.029 million.
- 5-9 3. Section 3.2 Sphere of Influence – Change MPSMD to SQVSMD.
- 5-10 4. Section 5.2 Administration – change General Manager to District Engineer (two instances).
- 5-11 5. Delete Pat Echols as District Engineer. Only list Raul Rojas.
- 5-12 6. Section 7.0 Agency Finances – Update profile with financial information provided by the County of Marin.

Please contact Betsy Swenerton at (415) 473-6680 or Eric Steger at (415) 473-2754 with any questions regarding these comments.

## **5.0 Response to Comments | Murray Park Sewer Maintenance District and San Quentin Village Sewer Maintenance District**

### **Comment 5-1**

MPSMD comments the draft report's financial summary on the District in the Agency Profile section should be amended to show the adopted operating budget at the term of the study period was \$0.096 million.

| Staff has revised the final report accordingly.

### **Comment 5-2**

MPSMD comments the draft report's jurisdictional boundary summary on the District in the Agency Profile section regarding buildout potential is unlikely to occur.

| Comment noted.

### **Comment 5-3**

MPSMD requests the draft report's administrative summary on the District in the Agency Profile be amended to replace reference to General Manager to District Manager.

| Staff has revised the final report accordingly.

### **Comment 5-4**

MPSMD requests the draft report's administrative summary on the District in the Agency Profile be amended to list Raul Rojas as the District Engineer.

| Staff has revised the final report accordingly.

### **Comment 5-5**

MPSMD requests the draft report's wastewater system summary on the District in the Agency Profile section be amended to change feet to inches in reference to sewer line size.

| Staff has revised the final report accordingly.

### **Comment 5-6**

MPSMD requests the draft report's financial summary on the District in the Agency Profile section be updated to show corrected amounts as presented.

| Staff has revised the final report accordingly.

### **Comment 5-7**

SQVSM comments the draft report's overview summary on the District in the Agency Profile section should be amended to show the adopted operating budget at the end of the study term at \$0.068.

| Staff has revised the final report accordingly.

**Comment 5-8**

SQVSMD comments the draft report’s overview summary on the District in the Agency Profile section should be amended to show the unrestricted fund balance at the end of the study term at \$0.029 million.

| Staff has revised the final report accordingly.

**Comment 5-9**

SQVSMD notes the draft report should be amended throughout to ensure the correct abbreviation is provided for the District.

| Staff has revised the final report accordingly.

**Comment 5-10**

SQVSMD requests the draft report’s administrative summary on the District in the Agency Profile be amended to replace reference to General Manager to District Manager.

| Staff has revised the final report accordingly.

**Comment 5-11**

SQVSMD requests the draft report’s administrative summary on the District in the Agency Profile be amended to list Raul Rojas as the District Engineer.

| Staff has revised the final report accordingly.

**Comment 5-12**

SQVSMD requests the draft report’s financial summary on the District in the Agency Profile section be updated to show corrected amounts as presented.

| Staff has revised the final report accordingly.



**SANITARY DISTRICT NO. 1 OF MARIN COUNTY  
SPECIAL BOARD MEETING MINUTES**

Monday, May 9, 2011  
6:00 p.m.

300 A Drake's Landing Road.  
Greenbrae, CA

Members Present    Marcia Johnson, President  
                          Peter Sullivan, Secretary  
                          Patrick Guasco  
                          Pam Meigs  
                          Frank Egger

Members Absent:    None

Staff Present:        Wendy Martin-Miller, Acting General Manager  
                          Jolie Houston, District Counsel  
                          John Clark, Chief of Operations  
                          Randell Ishii, District Engineer  
                          Eva Waskell, Recording Secretary  
                          ADSI Security Guard

Public Present:     The names reflected are those who signed in on the attendance sheet:  
                          Paul M. Davis; Jeffrey Blanchfield; Barbara Heller; Kathy Hartzell; Len  
                          Rifkind. However, there were seven (7) additional members of the public  
                          present.

**Item #1-ORDER**    The meeting was called to order by President Johnson at 6:02 p.m.  
President Johnson then led the Pledge of Allegiance. Roll call was taken and a quorum was  
present.

**Item #2-APPROVAL OF AGENDA** M/S Sullivan/Egger to approve the Agenda as submitted.  
The motion carried unanimously.

**Item #3-OPEN TIME FOR COMMENTS FROM THE PUBLIC** There were no comments  
from the public.

6-1

**Item #4-LAFCO WORKSHOP – PRESENTATION BY MR. PETER BANNING, EXECUTIVE  
OFFICER OF THE MARIN LAFCO WITH A QUESTION AND ANSWER PERIOD** Mr. Banning  
said that his discussion with General Manger Richards about his talk tonight set out a pretty  
straightforward presentation on what LAFCO is and how it works. He will be including some  
information on special district consolidation but he will not be talking very much on the  
specifics of consolidation that would involve Ross Valley Sanitary District or other members  
of CMSA, regardless of how this session was described in yesterday's *Marin Independent  
Journal*. They didn't get that information from us and that wasn't what we intended to do.

LAFCOs have been in California since 1963. They followed a statewide effort to get a grip on  
the rapid growth in the post-war period that created a lot of pre-mature conversion of

agriculture and open space land, i.e. urban sprawl. There was also a lot of confusion and disorder with respect to the way that local governments were formed and how their boundaries operated. There were 3 or 4 separate processes by which cities could incorporate, for example. So the state legislature decided that someone needed to take charge of this. Rather than set up a department of state government in Sacramento, the legislature decided to set up LAFCOs in each county of California.

The enabling legislation under which LAFCO operates is Section 56001 of the Government Code, which is the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. LAFCO's primary mandates are to encourage orderly growth, to provide for the logical formation and determination of local government boundaries, discourage urban sprawl and preserve agriculture. Mr. Banning noted that the handout includes the additional language contained in this particular section of the Government Code.

LAFCO has a total of 7 members: 2 members of the county board of supervisors appointed by the county board of supervisors; 2 members of the city councils appointed by the council of mayors; and the presiding officers of the special districts determine which 2 members of their boards will serve as special district members on LAFCO. These 6 members together appoint a public member who is a registered voter in the county and *not* be a member of any board of any special district or county. Mr. Banning listed the names of the current LAFCO members, which were listed on a handout.

Several features of LAFCO are worth noting, he said. 1) Members of LAFCO are appointed and not elected. So it's not a status assignment but pretty much of a thankless task. 2) It's a *state* agency but *locally* implemented. There's no central oversight watching over all 58 counties, only the 58 LAFCOs. 3) As a state agency, LAFCO's decisions are *not* subject to local initiative or referendum. 4) The major powers and duties of LAFCO, described in a handout, are to perform special studies of local government services and local government agencies; to adopt spheres of influence, which are boundary plans for each city and special district; and to process proposals for changes of organization when they're brought to LAFCO by resolution of local government agencies or by citizens by petition.

Since 1993 LAFCOs have also had the authority to initiate the consolidation of special districts. LAFCO can *initiate* the process and have the public hearing but is *not* able to necessarily carry it through to the end as a rule. There's a protest phase at the end of the process that stays in place. LAFCO may attach terms and conditions of approval to the boundary changes that it approves. There are, of course, limits to LAFCO's authority. Decisions made by LAFCO are in *almost* every case subject to the protest of voters and landowners within the area affected by the boundary change. LAFCOs are also specifically prohibited from messing with contracts with local government agencies. We can't reach into a Joint Powers Agreement and change it around at all. LAFCO is also prohibited from setting terms and conditions on a boundary change that would determine the zoning or the land use in the area affected by that decision. And sometimes LAFCO's decisions are subject to election. In other words, LAFCO's decisions are quasi legislative; they're *not judicial*. Their decisions are required to take into account a fairly extensive list of factors. These factors are listed on a handout and they are *subject areas and not rigid standards, definitions or thresholds* because every local government and every service issue in the entire state has unique aspects. LAFCO considers this list of factors, its own studies, public testimony, and

any other information it deems relevant and it makes a decision. LAFCO's decisions are not appeal-able to a higher level. And although they conceivably could be subject to civil litigation, they would be judged by the more lenient standard of *legislative* activity as long as they're based on information on the record, conform to the Cortese-Knox Act and LAFCO's own policies, and they're not arbitrary and capricious.

Mr. Banning said he was going to talk about how LAFCO carries out a boundary change because he spoke with the District's General Manger and officials from the county department of pubic works who are interested in the annexation of Murray Park and San Quentin Village to Ross Valley Sanitary District. Mr. Banning noted that a fair amount of the activity of the boundary change process happens *before* the application and it has to do with the process for the exchange of property taxes between the agency that *did* provide the service and the agency that's *going to* provide the service. With respect to special district boundary changes, in most cases it's the county that determines what that property tax exchange is going to be, unless there is some interceding on your part. Under the *county's* normal policies and the way they do things, especially where an enterprise district is concerned, there will be *no* property tax dollars transferred from the county to the annexed special district. This might make a difference to you because if you're *not* going to get any property tax, you might want to consider a rate zone or some other way to differentiate the rates in that area from the rates elsewhere in your district. He doesn't have a clue about this but the subject did come up with District staff.

Director Sullivan remarked that it actually came up a couple of years ago. Mr. Banning said that from discussions with District staff and county staff, it wasn't clear to him who *exactly* is going to be the applicant here. But there are some alternatives. The application could come to LAFCO by a resolution of the Marin County Board of Supervisors or by a resolution of the RVSD Board. Or best of all it could come from substantially similar resolutions from both boards at the same time. He clarified that "best" means it's easiest for him and his staffers. He also explained that the applicant is the one who gets to determine the exact nature of the application, i.e. what the boundaries of the annexing area will be, and what terms and conditions of approval will at least be proposed to be approved. The application packet also has to contain a plan for providing service. What service are we talking about? Where is it going to be provided? How is it going to be paid for? If you need to set up a rate zone, you might want to ask LAFCO to install this as a condition of approval.

Mr. Banning said that LAFCO gets a proposal, staff analyzes it and refers copies to various county departments and to other agencies whose jurisdictions overlaps yours. We write a staff report, make a recommendation and set up a public hearing. This will definitely require a 21-day notice of public hearing before LAFCO and probably *not* an individual mailed notice, but it's possible. It depends on how many people we're talking about. Any one wishing to speak about the issues needs to be heard by the Commission, within reason. LAFCO can approve or deny the proposal or approve it with conditions or amendments, including the ability to amend the boundary of a proposal if it finds reason to do so. After the proposal is approved by LAFCO in some form, there's a protest hearing unless there's been 100% consent among all the property owners in the affected area.

That would not apply to Murray Park or San Quentin Village. You'll *never* get them, so there will be a protest hearing. It's an administrative hearing by staff, by him. He has to open that

hearing by summarizing what LAFCO has done in its resolution of approval. He invites anyone who's attending the hearing that wants to to speak. But there's no discretion here. What Mr. Banning says or what people say at the meeting makes no difference. The only thing that makes a difference is the number of signatures on the protest petition at the end of that hearing. If the total number of signatures on that protest petition are less than 25% of the total number of registered voters in the affected area, Murray Park in this case, then the annexation will proceed to completion. There are a few exceptions to that answer but not in this type of proposal. If the total protesters approved are between 25-50%, then we have to call an election. If the total number is greater than 50%, we know how that election is going to turn out. If it survives protest, there's some final paper work that involves a lot of notification to the State Board of Equalization, the counties, the mapmakers, the affected agencies, and other agencies whose jurisdictions overlap with yours. The boundary change become effective on the date we record the completed papers with the county recorder unless a different date has been specified.

Regarding the statewide interest in the consolidation of special districts and cities, Mr. Banning said it was the natural outgrowth of difficult economic times and the public interest in efficiently provided services. Marin LAFCO's *policies* generally favor consolidation of small single-purpose local agencies, as seen in the handouts, but it favors consolidations initiated and supported by the consolidating agencies themselves. With respect to the consolidation going on in southern Marin, in 1999 when Mr. Banning became executive officer, the proceedings for the consolidation of Tamalpais and the Alto Richardson Bay Fire Protection Districts were just winding down. The In 2005, the City of Belvedere was annexed to the Tiburon Sanitary District and it was initiated by both of those agencies. It isn't a consolidation was initiated by the districts themselves and has been very successful. There's a report on the cost-savings achieved by doing this.

consolidation of special districts but it's a form of consolidation of local agencies. Belvedere had received treatment services from the Tiburon Sanitary District on a contractual basis for many years through which they simply paid a cash sum every year, but they did not have a seat on the board of the district. So the annexation of the city to the district enabled the residents of the City of Belvedere to run for election on the district board. There were terms and conditions. There is a rate zone and the residents of Belvedere pay substantially higher fees than the residents of the rest of the district.

The proposed annexation of the City Sausalito to the Southern Marin Fire District is now ongoing. In this case, the cost savings are a serious issue. The city is a single station fire agency, and the escalating requirements of CalOSHA and the other laws that govern how fire protection is provided mean that all of the costs of administration have been increased substantially in the last few years. If those costs aren't spread over a large organization, they become very cumbersome to a single-station operator. In this case, Sausalito has had a contract with the Southern Marin Fire District for those administrative services for about 5 years now. But the agreement is not exactly equitable to the district. They're not getting a fair share under the contract for the costs of providing that service. They're getting marginal, not proportional costs. So Sausalito is currently faced with the prospect of re-establishing headquarters' operations for its fire department and re-establishing itself as an independent

entity before annexing to the district. It's much cheaper to annex the organization than enlarge the organization. The city will be transferring responsibility for fire service from their fire department to a separate authority and responsibility of the fire district. This will be an interesting issue for the voters in Sausalito in the fall.

In general, the process of consolidation of special districts follows the same outline as the annexation process. There's the pre-application phase, the application, the report and recommendation, the notice of public hearing, and the protest phase. However, there are a few things that distinguish special district consolidation from other types of boundary changes. First, terms and conditions are *crucial* in determining how the consolidation will be implemented. And implementation is really everything—starting with the composition of the governing board of the consolidated district. Who sits on that board and how many seats are there? What happens to district employees? What's the status of labor contracts that were adopted by the predecessor agencies? Is there a need for rate zones? If so, what is their nature? What will be the disposition of the reserves and other assets of the predecessor agencies? What property will exchange hands exactly how and to whom? What is the effective date of consolidation? It usually falls on July 1 just for administrative convenience and bookkeeping. And finally, his personal favorite permitted term and condition, i.e. any other term and condition that's necessary to affect the quality of consolidation.

Another thing to remember about the consolidation of special districts is that the protest phase is measured *separately* within the jurisdiction of each of the consolidating agencies. If the vote is *against* the consolidation in one of the consolidating areas, the thing goes down in flames. During this time when your District has been receiving a lot of public criticism and he's been getting questions about various ways of reorganizing sewer service in Ross Valley, what Mr. Banning has been needing to tell people in some of these conversations is that any consolidation proposal that comes to us has to make sense and stand on its own. LAFCO's interest lies in the *structure* of local agencies, not so much in how the agencies are *managed* or the particular decisions that the agency boards are making about the structure and the relationships here and how the services are provided. A proposal that attempts to use LAFCO and reorganization of special districts *only* to achieve something that could not be achieved at the ballot box is not really going to pass muster here.

Mr. Banning said he would be happy to explain AB 1232, a bill that applies to consolidation of the member agency districts of only the Sewage Agency of Southern Marin (SAMA), and the options it allows Marin LAFCO, but not necessarily to defend its approach. Maybe the best you can say here is that the legislature defines, and sometimes redefines, what local government authorities would be both for LAFCO *and* for all special districts. Marin LAFCO did not take a position on this bill when it was before the state legislature, but we must now determine what, if anything, LAFCO is going to do in response to the additional discretion the bill grants us. Under AB 1232, Marin LAFCO, and *only* Marin LAFCO, has the authority to initiate consolidation of SAMA member agencies and complete those proceedings *without* the protest phase. We are currently in the process of updating the studies of SASM agencies that were done in 2005 as a basis for deciding what, if anything, LAFCO will *do* with the additional authority. Staff has not yet completed this work. The Commission has made no decisions on what it will do here. Stay tuned until the summer and fall.

There are some next steps that the District would be interested in that would apply to Ross Valley agencies. Marin LAFCO last looked at the services in the Sphere of Influence of Ross Valley cities and special districts in 2007. At that time there were extensive consolidation studies underway in both sewer services and fire agencies. Unfortunately, neither one of these efforts reached a solid conclusion. We were very happy these studies were underway and we had no desire to duplicate them. We expected to learn a lot from their results. As a result we sat back on the study we did in 2007 and pretty much took a wait-and-see approach. We are required to review our determinations every 5 years. So sometime in the next year or 2 LAFCO will be setting out to do itself what could not be done in 2007 by the affected agencies themselves in the course of these studies. He expects this will come before the Commission as an *internal* matter when it considers its budget and work program for fiscal year 2012-13. This will be discussed and acted upon between January and May of next year. We will keep you informed and be in communication.

Mr. Banning clarified for President Johnson that the study that LAFCO ends up publishing every 5 years will probably be called something like a service review or the Sphere of Influence Update.

Director Sullivan observed that San Francisco has *twice* our population and *one* of everything, i.e. one police, one fire, one ambulance service, one sewer district, one water district And every 6 months Dick Spots wood writes about how many different agencies there are in Marin. Based on what Mr. Banning just said, why isn't LAFCO making us all into one?

Mr. Banning said he understood what Director Sullivan was saying and noted that this came up on a *very* much smaller scale when LAFCO was doing the fire study in 2007. The labor groups and the chiefs were largely in agreement that fire agencies in Ross Valley really needed to consolidate. They went through an extensive process, but the upshot of it was that in order to accomplish what they needed to accomplish, the thing needed to be done all at once. The solution had to be global to the Ross Valley at least, and so many different things had to be done to align the service levels that were provided by the different agencies, and deal with the different personnel and other issues among a *handful* of agencies, instead of a *pair* of agencies, that there was no way to make a consolidation *election coherent*. If you have a consolidation that involves maybe 5 different agencies and it goes down in one area, it's going to go down in all of them.

Director Sullivan said he doesn't see us ever doing this if any *one* small area can nix it. It will require either extreme pain on behalf of all the taxpayers or some organizing group at the county level to push it. Mr. Banning said that the best possibility is consensus.

Director Guasco wanted to know if there were examples of where the consolidation or transfer of services/agencies provided *benefits* to others who are not ratepayers or responsible for the funding of the service agency. Mr. Banning said he really wouldn't know what that would look like.

Director Guasco said suppose there are solid waste contracts and there's been some form of consolidation. Are there any examples of solid waste contracts that were consolidated and showed some sort of benefit to the ratepayers? Mr. Banning said he didn't know.

Director Guasco asked how LAFCO safeguards against various forms of corruption, political and otherwise. Let's say that consolidation is not in the best interest of everyone but it's in the interest of one particular group. Does LAFCO help protect against that? Mr. Banning said that's what LAFCO is for, i.e. to have a public process that's held to the daylight and where decisions are based on information in the record and can be challenged in public. It gets a lot of press and it's subject to protest. If LAFCO is hearing about corruption at a public hearing, it can simply deny the proposal.

Director Guasco asked if "hearing about" meant a protest from the local media and the public and individuals and city council members? All of the above, responded Mr. Banning. And the formal protest by the property owners and registered voters in the area that's affected. He further clarified that a large consensus of ratepayers would also carry weight.

In response to a question from President Johnson regarding the use of Murray Park and San Quentin Village as an example, Mr. Banning said he talked to District staff about the process that would be involved and he assumed the District was interested. He also talked to the county staff and the county is interested. They're currently responsible for sewage collection for Murray Park and San Quentin Village in a contract with the District to provide the service. But the instrument through which they're actually responsible are these 2 small sewage maintenance districts on the books that are the formal parties you have a contract with. The county doesn't see this as useful anymore, and so they want to formally annex these territories, to which you've provided services, to the District and dissolve the sewage maintenance districts. The county is no longer involved in this at all. He does not have an application. He just answered questions from District staff and county staff.

Director Meigs referred to Mr. Banning's earlier statement about LAFCO not reaching into a JPA agreement. But if consolidation does occur, she asked, doesn't that dissolve the JPA agreement? Mr. Banning noted that AB 1232 actually says LAFCO can consolidate SAMS, a JPA, and its member agencies. LAFCO didn't write this bill. A JPA is a contract between public agencies. Elsewhere in the Cortese-Knox Act, LAFCO is specifically prohibited from messing with the contract with public agencies. So we can't go there. His read of this is that LAFCO would be able to consolidate some of the *member* agencies in SASM. But SASM itself would still remain. The member agencies would then logically do something to change SASM. He clarified that AB 1232 is about LAFCO and SASM and its member agencies only.

Director Meigs recalled that a consolidation somewhere in the East Bay was appealed and it was revoked. Mr. Banning did not know the specific example she was referring to. Perhaps it was the protest phase she was thinking of, he remarked.

District Counsel Houston asked if a LAFCO decision is subject to validation by the voters or an interested person? Mr. Banning said it's subject to an election in *some* cases but not

necessarily. If the protest is between 25% and 50%, for example, it's subject to the validation Ms. Houston spoke of. Also, one of the terms and conditions of approval may require a financing mechanism. If the annexation of Sausalito to Southern Marin Fire Protection District requires that the *city* approve the parcel tax that's now charged by the district, that has to go to an election.

Director Meigs asked if Mr. Banning knew of any protest hearings that have been won on the vote recently in Marin or around the Bay Area. Mr. Banning said that hasn't happened while he's been here in Marin. But if he consulted his colleagues, he's sure he'd come up with something in the Bay Area. He clarified for President Johnson that the Ross Valley fire consolidation study never resulted in a proposal.

Director Meigs wanted to know why the rates went up really high after the Belvedere annexation. Mr. Banning said that Belvedere's rates were already high under the contract because Belvedere had something like 9 pump stations and the rest of Tiburon Sanitary District has none. In addition, Belvedere did not want to let go of any of its property tax when it annexed and so that had to be taken into account in the rate. These 2 things were written into the terms and conditions that LAFCO approved when the annexation took place. You might be thinking that the Tiburon Sanitary District raised the rates soon after the annexation was in place. In that case, there was a change in the general manager of the District and the new person thought they didn't get a very good deal because some costs in the Belvedere rate zone hadn't been properly accounted for. So the board took action to raise rates in that rate zone, i.e. the City of Belvedere. The city had *no members* on that district board.

Director Egger said he has seen consolidation done in 2 different ways. One where governmental agencies come to an agreement, sign a JPA and form a consolidated operation, and another where the consolidation is accomplished with voter approval. He wanted to know if this could work either way. Mr. Banning noted that Director Egger was referring to 2 slightly different topics. Functional consolidation occurs when there's a contract or JPA between existing local agencies to work together more efficiently to provide a service. In a political consolidation the nature of the agencies themselves is changed. For example, if you have 2 predecessor districts and each of them has a 5-member board, there is now *one* governing body that has 5 or 7 members. The authority has changed and the composition of the organization itself has changed. Political consolidation is a LAFCO process. Functional consolidation, the formation of JPAs and so forth, is a separate matter that happens between those agencies, and LAFCO doesn't really have any authority over that.

Director Egger gave 2 examples of consolidations in the area that went to the voters and 1 example that didn't. He asked if a legal consolidation of agencies in the central Marin area could be done via voter approval rather than having each agency approve a JPA? Mr. Banning said he would need a more detailed conversation about the proposal Director Egger described. But it would probably have to go to the voters because there would certainly be some financing mechanism that was required to make it run. That's one way for it to get to the voters. If it *didn't*, it might be possible for whoever proposed it to simply request that LAFCO require an election as a term and condition of approval. He would have to check that with the attorneys.



Ms. Houston said if you're going to consolidate, and even if you get voter approval, you would still have to go through some part of LAFCO to start moving boundaries. Mr. Banning said if what Director Egger is proposing is a big JPA, then no. Director Egger clarified that he's proposing a big voter approved district. Then that would have to go through LAFCO, said Mr. Banning. He further clarified that there's no provision in the enabling statute for sanitary districts that provides for election of the board by districts.

In response to questions from Director Egger, Mr. Banning said that the question of a consolidation between RVSD and MMWD has been *raised*, not discussed. He doesn't know how logical it is and LAFCO hasn't looked at it. He clarified that the legislature could dis-incorporate a special district, and noted that dis-incorporation is just the reverse of incorporating a new city and that's a LAFCO decision. It's the same process with a reserve result.

Ms. Houston pointed out that LAFCO is a state agency but implemented locally. One of the questions that's been raised several times is, Can the local pre-empt or get around the LAFCO process by going straight to the voters? She doesn't think that would be allowed. You want to make a district and make it go to the voters and that seems that it would be a logical thing to do. But once you start moving those boundary lines around, LAFCO comes in because they want it to be done their way or orderly or not to leaves islands or pockets. Mr. Banning agreed with this assessment.

President Johnson said that SASM got in trouble from some perspective because they did not increase rates and did not work on their infrastructure improvements. As a result, they had a catastrophic event and then we had AB 1232. So if we're getting some message from a component of our public saying they don't want us to increase rates, which would then prevent us from doing pipe rehabilitation, which is the same thing that got SASM in trouble, if we are to vote for a rate increase against what some members of the public are saying, are we going against the public interest or are we really preserving the public interest because the public interest is in having the infrastructure done.

Mr. Banning said this is the Board's decision; it's your challenge to communicate with the public about what's at stake here.

Director Guasco asked if LAFCO has received any application to change the boundaries of Ross Valley Sanitary District. If so, who's controlling it and who submitted it? Mr. Banning said LAFCO doesn't have any applications currently. The last time there were boundary changes of the District was 5 years ago.

Director Guasco asked if the 2007 Sphere of Influence report, like the one for Ross Valley, was important to LAFCO right now? Yes, replied Mr. Banning. We take our own reports seriously. But the thing about the 2007 study as it regards RVSD was that we sat back because a much more complete and ambitious study was underway at that time. We expected to learn a great deal from the studies you were participating in at the time. That never came to completion. So now we're faced with reviewing what we've done and we'll

need to undertake that work because it's obviously a matter of public concern. It's a big job and it's not a simple issue. He didn't even know what all the alternatives are for how a sewer service could be organized in Ross Valley. And it's spilling over the ridge to San Rafael, of course.

President Johnson noted that the Sphere of Influence Report mentioned that the Larkspur vote on the CMSA Board was obsolete. Did that mean there should be one less voting position on that board or that that vote should be a Ross Valley Sanitary District vote on that board? Mr. Banning said that LAFCO can't reach into the JPAs so we have no authority with respect to who gets to vote for what on the JPA board. It's a matter for the members of the JPA to decide. Mr. Banning's dim recollection is that Larkspur is no longer involved in providing sewer service. Yet they maintain a seat on that board. What's that about?

Ms. Houston asked Mr. Banning if that was a term and condition of the annexation. No, replied Mr. Banning. Absolutely not. Director Sullivan pointed out that there were all kinds of legal stuff going back and forth during that annexation regarding this seat. So before you say yes or no you have to look at all the letters that went back and forth and the legal opinions. President Johnson added that it might have been part of the amendment to the annexation that *they* didn't get involved in. Director Sullivan said that Larkspur had a vested interest in the attorney, and they originally said they weren't going to keep the seat. The attorney said you can't do that. You're the city, it's your seat, and you have to do it this way. There was a lot of correspondence back and forth. The packet is 5-6 inches thick. Ms. Houston said that if it was in the LAFCO application in the terms and conditions, it was a condition of the process.

Director Guasco asked how LAFCO gathers the information used in the Sphere of Influence Report and how long it takes. Mr. Banning said we usually ask for it from each agency we're updating. That's the majority of it. It's *our* process and the length of time it takes to do this varies enormously from one study to another, from one place to another, and what is under study. Sometimes we use consultants; sometimes we don't. Sometimes it's perfunctory; sometimes it's detailed and expensive.

President Johnson referred to the \$1.4 million that was proposed for us to spend in central Marin, which is one of the reasons the study fell apart, i.e. the extreme cost, and noted that LAFCO's budget isn't even that much in a year. Mr. Banning said that LAFCO's budget is more like \$330,000. President Johnson observed that LAFCO would be able to produce an update on the 2007 Sphere of Influence Report for a much more reasonable cost. Mr. Banning stated that it hasn't been determined *what needs to be done*, and LAFCO does set its own budget. So the determination about the scope of the study and how we would *fund* it if it were more than we were used to spending—that's the serious question we'd have to ask. He clarified that LAFCO is also updating the Sphere of Influence Reports for other areas of the county on a continuing basis. Most often very little has changed from what we studied 5 years ago. So we're asking about what's happening with your general plan, and is there some reason why your ability to provide services or the method by which you provide service has *changed* since we were in your office last time. Generally, the answer is no, no, no. So maybe 8 times out of 10 we're not really doing a study or restudying anything because nothing has changed.

Director Egger asked if there was any way to guarantee that any future regional sanitary agency that may do collection and treatment has a directly elected board and not an appointed political board? Mr. Banning said you could make it a *sanitary* district rather than a *sanitation* district. Sanitation district means that board representation is keyed to appointed members from underlying agencies of different types. The board can't be elected at large. If you were a sanitation district, and not a sanitary district, your board members would be a member of the Fairfax City council, a member of the San Anselmo City Council, and a member of the Marin County Board of Supervisors.

President Johnson noted that the cost of treatment has gone up 20 times in the past 20 years or more. Se asked if, in the case of consolidating wastewater treatment and sewer collection, LAFCO looks at cost efficient services. Mr. Banning replied in the affirmative.

Director Sullivan said when he first came onto the Board, the Murray Park situation was being discussed. Both the District and the county knew that it would be *prohibitively* expensive to fix all of their antiquated pipes, which would have to essentially be done all at the same time. At that point we said that unless there's some reasonable way to pay for this, it doesn't seem right to ask the citizens of Larkspur, San Anselmo and Fairfax, who already paid a lot of money to have their pipes fixed in the last couple of years, to step in and put up a couple of million dollars to fix the pipes in Murray Park. How can this problem be addressed?

Mr. Banning said if the county has done a really rotten job of maintaining those pipes and he was sitting in your place, he would say that Murray Park is this *huge* liability for us. Why should we annex them? This is one of the specific situations where your District has the ability to say no. It's pretty much within your discretion whether or not this annexation takes place. He cited 2 instances where a city or a special district can say no. Mr. Banning also observed that a possibility in the case of Murray Park is to set up a rate zone and have the costs go to the people who would benefit from having those pipes fixed. He noted that the District would have to know the actual condition of those pipes. Director Sullivan pointed out that District staff is servicing those pipes and has sent televisions out there to look at them. Director Guasco said he didn't know if a damage severity index has been created for that system, and that would need to be done before the District could consider the cost involved. But t here was a stumbling block with the county on who would pay for that assessment.

Ms. Houston requested clarification regarding exactly who can vote and who can protest because she thought this would help the public. She also gets many questions about this. She wanted to know if the registered voters in the affected area have to be registered voters in the affected area that would be subject to the consolidation and also be *residing* in the district. So if you're just on the tax roll but you are *not living* in the area, you can't protest. Is that correct? Mr. Banning stated that the more complete answer is a little more arcane. A protest can actually be made by a person registered to vote as residing in the area that's affected by the boundary change. A protest can also be made by property owners within that area. The petition has to be one or the other. Property owners want to set up for areas where there are few people and the owners of the property are the ones who receive the services that are in question. So the protest can be mounted by either registered voters or property

owners. But if there are more than 12 registered voters, then the Commission determines that the area is inhabited and there's a protest. The election is 5 registered voters only. Ms. Houston commented that there *are* some very arcane sections when you really start looking at who can vote and who can protest.

Mr. Banning clarified for Director Egger that a protest has to be sufficient in percentage terms. So if you have 16 registered voters, it's inhabited. If 4 or fewer protest, it's going to happen. If 4 to 8 protest, there's going to be an election. If more than 8 protest, it's terminated.

Director Egger asked if LAFCO would look out to see that a particular group of ratepayers wasn't disadvantaged in a situation where there was consolidation among sanitary districts with different financial issues like a huge outstanding loan or bond, or a huge pension liability, or being almost broke, or having an infrastructure that's falling apart. Yes, absolutely, replied Mr. Banning. Mostly it's the interest in self-preservation of the predecessor districts that do the lion's share of the work. The issues Director Egger mentioned would be worked out and equalized in the terms and conditions. If the consolidation isn't equitable, LAFCO isn't going to go there.

Director Guasco said that the 2007 Sphere of Influence Report noted that there would be difficulties with merging San Rafael Sanitary District with RVSD. Did that mean governance issues only or were there other difficulties anticipated by LAFCO? Mr. Banning said while he did write the report, he didn't remember the reasons behind them. If Director Guasco gives him a chance to review that, he could go over this on the phone with him.

Mr. Banning clarified for President Johnson that the Cortese-Knox Act has been amended to allow the consolidation of dissimilar special districts that were *not* formed under the same enabling statute. With respect to *how* dissimilar they could be, that would depend on the individual case. He noted that there would be other ways to consolidate apart from consolidation of similar agencies, and he gave several examples.

The Board took a break from 7:22 p.m. to 7:36 p.m.

Myra Drotman of Sleepy Hollow wanted to know if flat rate systems were in LAFCO's ballpark. Mr. Banning said they were not. That's an operational issue the special districts make.

Director Meigs asked if CMSA can initiate an application. Mr. Banning explained that the general rule is that a JPA can exercise any *power* that all of its members hold in common. So San No.1 and San No. 2 could certainly do this, and so could San Rafael Sanitary District and CMSA. But CMSA can't participate in it as a JPA, observed Director Sullivan. The agreement would be between the other 3 groups. Mr. Banning agreed with this assessment and added that since all 3 members of CMSA all have the ability to initiate an application to LAFCO, theoretically the JPA itself could do it, too. But this is a very dissonant idea that he doesn't really get.

Ms. Houston said that the members of the JPA would have to vote on voting on that application. She asked if each agency would have to or the JPA? Mr. Banning said this is getting really theoretical, but the resolution of application just requires a majority vote of the board that adopts it. In response to a question from Director Sullivan with respect to what happens to the JPA in the later steps of the process when each agency has to deal with the application, Mr. Banning said he hadn't thought of that process and didn't know where that road would go.

In that case, asked Ms. Martin-Miller, who would be considered the population that could protest or approve, seeing that CMSA doesn't go directly to the voting population of Ross Valley or Corte Madera or San Rafael to do *any* action or get approval. Would it be the member agencies? Mr. Banning said that the applicant, whoever that is, is the one who defines what the application is, i.e. the area that the application affects. Ms. Martin-Miller said she is just saying that *legally* the members that CMSA serves are the member agencies and not the voting public. So would that 25% and 50% be based on what each agency votes? Mr. Banning said this is very hypothetical and he hasn't really considered the idea that the JPA could be an applicant to LAFCO. He will talk to LAFCO's lawyers and give it more thought.

Mr. Banning clarified for President Johnson that the most frequent applicant to LAFCO is a single property owner who has a bad septic tank and needs to connect to the sewer pipe in front of his house. The number of applicants per year varies a lot. When the economy is rocking and rolling we can get 25, but this entire fiscal year we've gotten 2 or 3.

Director Guasco wanted to know what constituted a small district—100 connections or 500 connections? Mr. Banning said he had no idea.

Director Guasco asked what empirical evidence demonstrates performance, or the lack of performance, needed to require a larger organization? Mr. Banning said there are no fixed criteria. There is a list of *factors* to be considered and they're many and diverse, as he mentioned earlier. The cases LAFCO deals with are never the same; they're almost always unique in every case. So there's no possibility of writing an objective performance standard for any of that stuff. President Johnson observed that this situation is unlike the legal system where legal precedent means something. Mr. Banning agreed and said there's also something else that needs to be considered. If LAFCO acts inconsistently with regard to cases that are somewhat similar and you can show that LAFCO has acted arbitrarily or capriciously, that's grounds for possible legal action.

Director Guasco asked the following 2 questions: What measurable factors delineate the difference between adequate and excellent service in a flat region, versus a highly saturated steep valley region? Does LAFCO have empirical measurable criteria, which demonstrate when an organization has become ineffective? Mr. Banning noted that he answered both those questions and Director Guasco agreed that he had.

Director Guasco asked if the criteria used for recommendations made in the Sphere of Influence Report are based on metrics other than financial? What *are* those metrics? Do they vary for different types of agencies and municipalities being examined and how so? Mr.

Banning said they vary a lot. There are really only 4 criteria in the *law* that determinations have to address: the general plan of the affected agencies; the demand for service; the ability to provide that service of the agency under study; and what the legislature calls communities of interest. If the Commission determines that communities of interest play a part in this particular decision, it gets really wonky. If you're talking about supermarket market areas, for example, or a school district boundary or anything that potentially ties the area already within a city or a special district to the area outside of it, it allows LAFCO to consider all kinds of things that might come into an individual unique case.

At the request of Director Guasco, Mr. Banning further clarified the concept of communities of interest. He said that for a long time Marin City was within the Sphere of Influence of the City of Sausalito. Nobody liked that and each side thought they had nothing to do with the other. But one of the main arguments for keeping Marin City within the Sphere of Influence of the City of Sausalito was that it's the same school district. That is the kind of community of interest commonality that that provision in the law is meant to address, i.e. to allow the *Commission* to address.

Director Egger asked if AB 1232 was going to work with an incorporated city like Mill Valley and some of these little special districts? How is LAFCO going to reconcile all of that? That's a good question, said Mr. Banning. What he's been saying consistently since the bill was passed is that he did *not* see a way for LAFCO to reach into the multi-functions of the City of Mill Valley or to the several functions of Tamalpais Community Services District and have a way to strip away *only* the sewer function and consolidate *that* with another agency. He simply doesn't see how that works. LAFCO's lawyers tell us we could find a way to do that but Mr. Banning is very leery of that. He doesn't think that the legal capability at the end of a lot of litigation is really a good reason to think that would be feasible or sensible. The bill was just drafted perhaps overly broad. He further clarified that he's still working on the studies that have to be put in front of LAFCO to help them make a decision about what they're going to do. The state is not paying for these studies. But it's not a huge study we're talking about. The pieces are mostly in place. It's about updating some information we got in 2005, discussing what we already know, and describing what's *happened* with those districts since 2005. At that time we all said that functional consolidation is the way to go and that's what we worked on. The other major thing that happened in 2008 was these spills. So updating the study involves *partly* the way the agencies were able to function together or *not* when they respond to this crisis.

Director Egger asked how long it would take to consolidate 2 cities or 2 fire districts or 2 sanitary districts if everybody said yes that's what we want to do, and all went really well? Mr. Banning said it varies but the *big* variable is if an election is required. If it is, you have to hit a certain election date and you have to have 88 days *prior* in order to set the date for that election. And even if there's a special election, it gets down to certain dates during the year.

President Johnson wanted to know when LAFOC would start looking at the update for the Ross Valley Sphere of Influence Report. Mr. Banning said that the Commission has its strategic plan meeting in late January of each year. During that time, we're doing prep work before the budget cycle starts. We look at our work program, what we got done in the last

year, what remains to be done, what's come up that we didn't know about at all, what applications we are likely to receive, and what resources we are going to need.

Director Guasco wanted to know how the consolidation of wastewater treatment services under the JPA of CMSA rate in terms of success? Is the cost of sewage treatment now *less* than it was for individual plants that existed under the prior arrangements? Are fewer employees, managers and board members around now as opposed to then? What specific metrics are used in forming LAFCO's rating of the level of success of consolidation? Mr. Banning said it's a JPA and we're simply not involved in this. He didn't think about this question at all. It doesn't concern us. We *do* look at the JPA and how it functions. We have to understand how services are provided. But we're not involved with the specific pieces mentioned in Director Guasco's questions.

Director Meigs noted that there was a LAFCO meeting on Thursday, May 12 at 7:00 p.m.

Board members thanked Mr. Banning for his time and agreed that his presentation was very informative. Mr. Banning said he was treated very well.

This study session was for discussion purposes only and no action was taken by the Board.

**Item #5-ADJOURN** The Board adjourned at 7:57 p.m.

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Peter Wm. Sullivan,  
Secretary of the Board

## **6.0 Response to Comments | Pam Meigs, Member of the Public**

### **Comment 6-1**

Ms. Pam Meigs submitted minutes from RVSD's Board meeting held on May 9, 2011 in which former Marin LAFCO Executive Officer Peter Banning made a presentation that covered – among other items – consolidation options involving the District.

Comment noted. Staff adds it appears the presentation made by Mr. Banning was part of the Executive Officer's ministerial duties to perform community outreach. It does not appear any formal discussion was subsequently held with the Commission regarding consolidation opportunities – including merits or demerits – thereafter.





June 29, 2017

Keene Simonds, Executive Director  
Marin Local Agency Formation Commission  
1401 Los Gamos, Suite 220  
San Rafael, California 94903

**Subject: Comments on the LAFCO Draft Central Marin Wastewater Services Study**

Dear Keene,

Thank you for attending the May 9, 2017, CMSA Board of Commissioners meeting to present the draft Central Marin Wastewater Study’s findings, recommendations, and determinations, and to receive Board member comments and answer their questions. After that meeting, Board members provided detailed comments to General Manager Jason Dow, and considered and approved consolidated and summary versions of those comments at their June 13 Board meeting. Over the past 18 months, General Manager Dow has kept the Board apprised of the Study’s development status, and his meetings with LAFCO staff to review comments on the initial and final draft agency profiles. The Board appreciates LAFCO staff meeting with GM Dow to review and discuss his comments, and understands many were incorporated in the draft Study’s agency profile section for CMSA.

GM Dow and I have reviewed and agree with the comments provided by the San Rafael Sanitation District (SRSD), Ross Valley Sanitary District (RVSD), and Sanitary District #2 (SD2). CMSA’s comments on the Study’s General Conclusions, Recommendations, and Agency Profile sections, as they pertain to CMSA, are presented below, and detailed comments on the CMSA profile section are shown in the attached document.

7-1

General Conclusion No.1 - Agencies Have Substantive Influence on Growth in Marin County

Comment: CMSA does not agree with this comment. Growth and development are determined and approved by land use planning agencies, local city and town councils and/or the County Board of Supervisors, who have that statutory authority. Sanitary Districts, Sanitation Districts, and JPA wastewater agencies do not have any decision-making authority on growth, and do not influence those planning and approval processes as they don’t possess any general planning powers under their respective enabling legislation. CMSA’s wastewater treatment facilities have adequate capacity for the projected future development in the Agency’s service area, and therefore, do not influence development decisions by the planning agencies.

7-2

General Conclusion No. 3 - Increasing Diseconomies of Scale

Comment: CMSA does not agree with the comment and believes there is no justification for this statement. In fact, a national rating agency, Standard and Poors (S&P), would also disagree. S&P has recently rated one wastewater agency in Central Marin "AAA" and others agencies "AA+" and "A+." These are extremely high credit ratings and are for bond issues with 25-to 30-year terms. The discussion that limited growth in Central Marin will cause future diseconomies of scale implies that bigger is better and less expensive. The discussion also ignores the fact that the CMSA treatment plant was itself a consolidation that eliminated four smaller and less efficient treatment plants with one facility with an excellent operating and regulatory compliance record. The real economies of scale are with treatment, not with collection systems.

General Conclusion No.7 - Wastewater Demands Deintensifying During Normal Conditions

General Conclusion No.8 - Wastewater Demands Intensifying During Peak-Day Conditions

7-3

Comment: CMSA generally agrees with these comments as they are derived from the flow data obtained during the Study period. If the Study's flow interpretations and projections are correct, dry-weather flows are declining because of water conservation and wet-weather flows will increase.

In 2015 and 2016, dry weather flows stabilized and wet weather flow did increase due to significant storm events resulting in increased rainwater and groundwater inflow and infiltration (I&I) into sanitary sewer systems. This I&I requires wastewater infrastructure and facilities to handle peak wet weather flows that are often ten times or greater than average dry weather flows; CMSA's peaking factor is approximately 16:1.

SRSD, RVSD, and SD2 are actively planning and implementing maintenance and capital projects to reduce I&I, and intend to devote considerable resources on these efforts in the future. CMSA believes, given these investments, I&I may decrease in the future as these collection agencies continue to replace and rehabilitate leaking gravity sewers, manholes, and sewer lateral pipelines. Additionally, new technology such as smart covers (manhole covers with flow sensing devices) allow the agencies to locate and correct major inflow sources.

Recommendation #2

*"CMSA should develop a plan to allocate treatment capacity among its member agencies to enhance regional growth management. This plan would appropriately inform each member agency as well as local land use authorities with more certainty with respect to their ability to forecast and accommodate new development within their jurisdictional boundaries going forward."*

7-4

Comment: CMSA does not agree with this recommendation, and believes there is no beneficial reason to allocate treatment capacity. A wastewater agency's core purpose is to provide service where it is needed. CMSA provides treatment of all wastewater flows from its service area that

are resultant from development actions of the cities and county areas served. The strength of CMSA is the regional ability to operate, improve, and finance treatment facilities in an economic and reliable manner.

LAFCO's recommendation is a model that has been used by some JPA wastewater treatment agencies that allocated capacity at the time of their creation. For some of those agencies, a problem resulted when one of their collection agencies ran out of its allotted capacity. The solution offered is that the agency could buy capacity from another agency that has remaining capacity. However, the other agencies either won't sell any capacity or if willing, they would charge the cost of providing future capacity. This means that any advantages from economies of scale would be lost, as the resources of only one agency would be used to fund future capacity. There are several examples of this situation.

Recommendation #4

*"CMSA should reorganize its governing board structure to limit and or remove the City of Larkspur's presence within the joint powers authority to better align and weight governance with vested participation among member agencies."*

Comment: CMSA is interested in LAFCO proposing alternative forms of a reorganized CMSA governing board structure given the recommendation, and the process to achieve the recommendation.

7-5

**Revised Agency Profile Comments:** Most previous comments have been incorporated into draft Study, and others that should be considered are shown as handwritten comments in the attached CMSA profile section. Significant remaining comments, similar to those presented in the Agency's December 2016 comment letter, are associated with the study term, the treatment demand versus capacity graphs, and using depreciation in financial metrics, as briefly described below.

7-6

Study Term: The current study term is from 2010 to 2014. CMSA believes a study term through 2016 is more appropriate, so the information presented in the Study and used in its various analyses are reasonably current and accurate. If the LAFCO Commission is agreeable with extending the term, staff will provide the necessary 2015 and 2016 data.

7-7

Peak Flow Demand vs. Capacity Graphs: This graph compares the maximum daily volume, in million gallons (MG), received during each year of the study period to CMSA's hydraulic capacity of 125 MG per day. Using only maximum day information represents that CMSA has a significant amount of underutilized hydraulic capacity, which is incorrect. Wastewater treatment plants are designed to provide adequate hydraulic capacity to prevent wastewater overflows from the treatment processes, and adequate treatment capacity to clean the wastewater to meet regulatory requirements. When assessing available hydraulic and treatment capacities, maximum peak hourly and 5-minute peak flow rates need to be considered, as these better represent available capacity during significant storm events. CMSA

suggests adding peak hourly and maximum peak wet weather flows, which will show volumes over 110 MG per day that are much closer to the Agency's maximum capacities.

Agency Finances Section: Financial information presented throughout this section is extracted from the Agency's audited financial statements. In several locations, LAFCO states CMSA's expenses exceed revenues resulting in an operating loss. On the basis of cash flow, budgetary, and financial management this is incorrect. Historically, CMSA's annual operating revenues exceed our annual operating expenses resulting in surplus funds for investment that are used to fund future capital activities. LAFCO includes depreciation as a cash expense, which is customary from an auditing perspective to determine net assets, but would most likely be misunderstood by the general public. Local agencies don't fund depreciation with revenues, as depreciation is not a real operating expense.

Please do not hesitate to contact General Manager Dow at 415-459-1455 or [jdow@cmsa.us](mailto:jdow@cmsa.us) to discuss any of the Agency's comments.

Respectfully,



Kathy Hartzell  
Commission Chair



Jason Dow  
General Manager

**Attachment**

- CMSA profile section with comments and suggested revisions

## **7.0 Response to Comments | Central Marin Sanitation Agency**

### **Comment 7-1**

CMSA disagrees with the draft report's conclusion in the Executive Summary section that the affected agencies have substantive influence on growth in the Marin County. CMSA notes none of the affected agencies have any decision-making authority on growth and with sufficient treatment capacity do not influence decision by the land use authorities.

Staff notes the underlying intent of the conclusion – which is supported by population projections independently made by Marin LAFCO and reflected in the draft report – is to highlight the integral role the affected agencies have in collectively accommodating development in Marin County. (As noted in the report the affected agencies currently accommodate nearly 50% of all Marin County residents.) This conclusion is further substantiated by noting the direct relationship between existing growth and the availability of public wastewater in the region; i.e. relatively limited development currently exists and/or is planned going forward in the region without connection to one of the agencies' collection systems. Should any of the agencies' collection or treatment facilities falter and become subject to a cease and desist order prohibiting any new connections this would effectively and immediately curb new growth and development in the service area. Nonetheless, staff appreciates the word choice "influence" generates an unintended inference, and as such the final report has been revised to emphasize the agencies' substantive role in accommodating (and as opposed to influencing) new growth in Marin County.

### **Comment 7-2**

CMSA disagrees with the draft report's conclusion in the Executive Summary section noting increasing diseconomies of scale for wastewater services in the region. CMSA states it has received high-bond credit ratings for bond issues with 25 to 30 years. CMSA adds the conclusion incorrectly infers bigger is better and less expensive.

Staff believes there is sufficient justification provided in the report in substantiating the referenced conclusion. Most notably this includes citing the combined change and increase in operating expenses among the affected agencies during the study period exceeded the combined change and increase in operating revenues by over three hundred percent. Further, the report relies on independent calculations performed by Marin LAFCO based on audited financial statements issued by the affected agencies. The report does not incorporate information generated by credit rating agencies given unfamiliarity in how the ratings are calculated and/or their accuracy.

### **Comment 7-3**

CMSA generally agrees with the draft report's conclusion in the Executive Summary section stating wastewater demands are de-intensifying during normal conditions. CMSA also provides additional and related information on inflow and infiltration involving 2015 and 2016.

Comment noted and the additional information noted by CMSA is appreciated and will further help inform future municipal service review updates.

**Comment 7-4**

CMSA does not agree with the draft report’s recommendation in the Executive Summary stating the Agency should develop a plan to allocate treatment capacity among its member agencies to enhance regional growth management. CSMA believes there is no beneficial reason to pursue this project.

Staff believes it would be beneficial to land use authorities and the general public for CMSA to establish an allocation system. More specifically, staff believes an allocation system would help inform and formalize decision-making in accommodating additional growth – which will inevitably occur given the State’s commitment to ensuring an appropriate job to housing balance – now and as opposed to when circumstances may change. This comment is importantly premised on the presumption that growth will continue in the region, albeit slowly, and eventually it is reasonable to assume more competition/need will emerge for the remaining treatment capacity at CMSA.

**Comment 7-5**

CMSA welcomes suggestions from Marin LAFCO with respect to the draft report’s recommendation in the Executive Summary section for CSMA to reorganize governing board structure to limit and or remove Larkspur.

Staff would be pleased to assist and offer suggestions for consideration by CMSA.

**Comment 7-6**

CMSA makes a general comment that it would be appropriate to extend the draft report’s study term from 2014 to 2016 to help ensure Marin LAFCO’s analyses are current and accurate.

Staff believes the five-year data window used in preparing the draft report covering 2010 to 2014 appropriately informs the Commission in analyzing trends and making informed deductions therein with respect to addressing the prescribed population, service, financial, and governance factors required under statute. It is also noted the selected five-year window purposefully aligns with the start of the study’s data collection in late 2015 and ensured all agencies’ completed audit reports – which typically run one to two years in the rear – were completed. Further, given the report emphasizes averages, extending the study period by two years would not likely substantively impact the resulting analysis.

**Comment 7-7**

CMSA makes a general comment regarding the analysis in the draft report relating to peak flow demands and capacities. CMSA suggests amending the report to add peak-hourly flow and maximum peak wet-weather flows would provide a more accurate assessment of performance relative to capacity.

Staff believes the level and scope of analysis specific to evaluating the affected agencies' wastewater systems appropriately reflects a macro planning review relative to Marin LAFCO's regional growth management interests as prescribed by the Legislature. A more micro review of the wastewater collection and treatment facilities – while an option – would require Commission approval to amend the scope of work for the study. Staff also notes the macro approach is appropriate for the specific benefit of developing baseline information with the added option going forward to provide greater detail in subsequent municipal service reviews. Staff has revised the final report to more clearly define flow conditions in the document as requested.

**Comment 7-8**

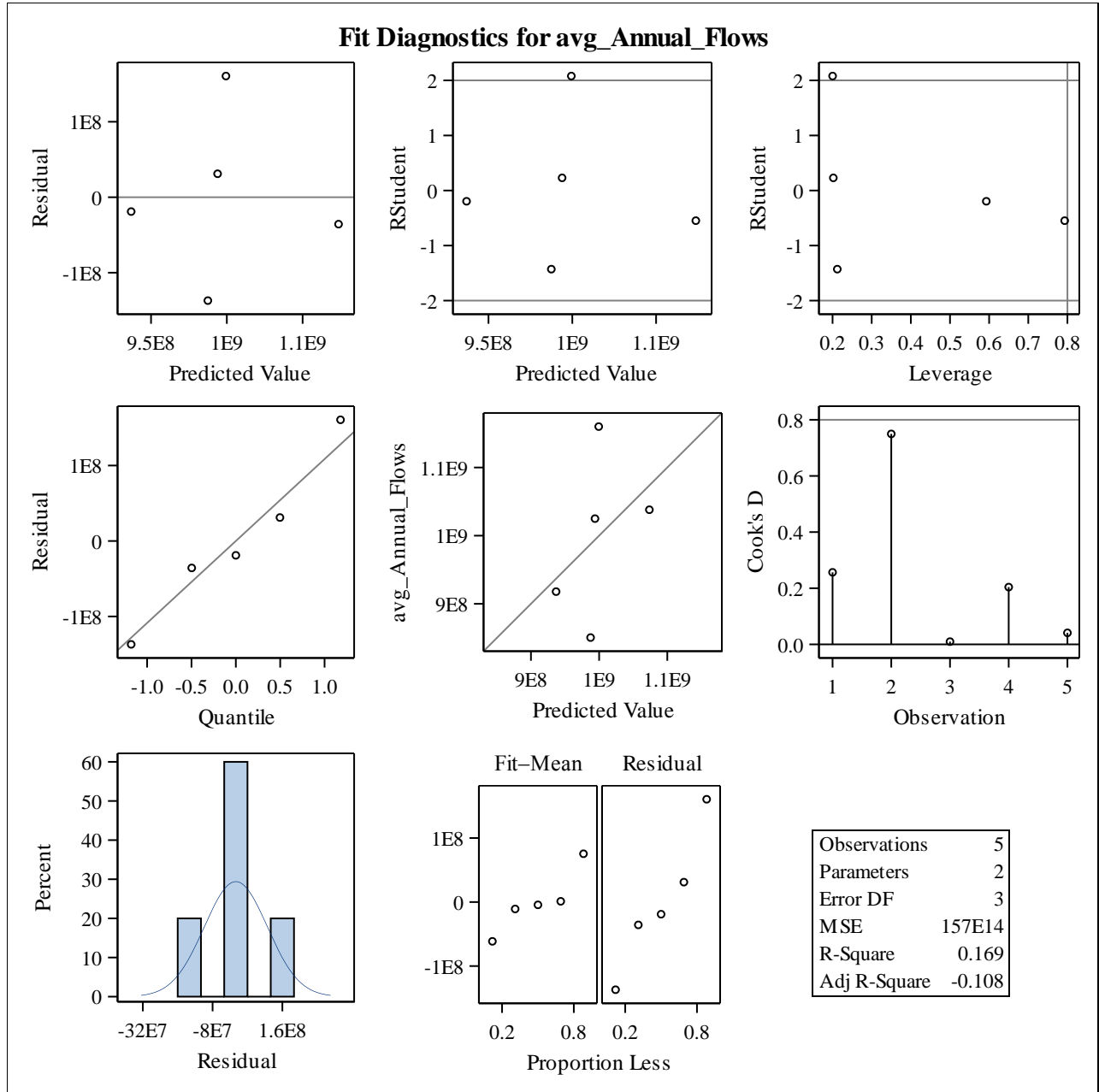
CMSA comments the draft report's financial summary on the Agency in the Agency Profile section incorrectly incorporates depreciation as a cash expense and in doing so unnecessarily show annual operating losses.

Staff believes it is appropriate to show depreciation as an operating expense in step with the practice to rely on the third party audited financial statements of each agency in documenting and analyzing financial standing. This includes, importantly, documenting assets, liabilities, and net equity as well as revenues and expenses as booked by the agency and reflected in the basic financial statements. This approach results in depreciation being shown as an operating expense. Nonetheless and in deference to the comment, the final report has been revised throughout to more clearly distinguish the role and impact of depreciation when analyzing the affected agencies' revenue and expense trends through the study period.

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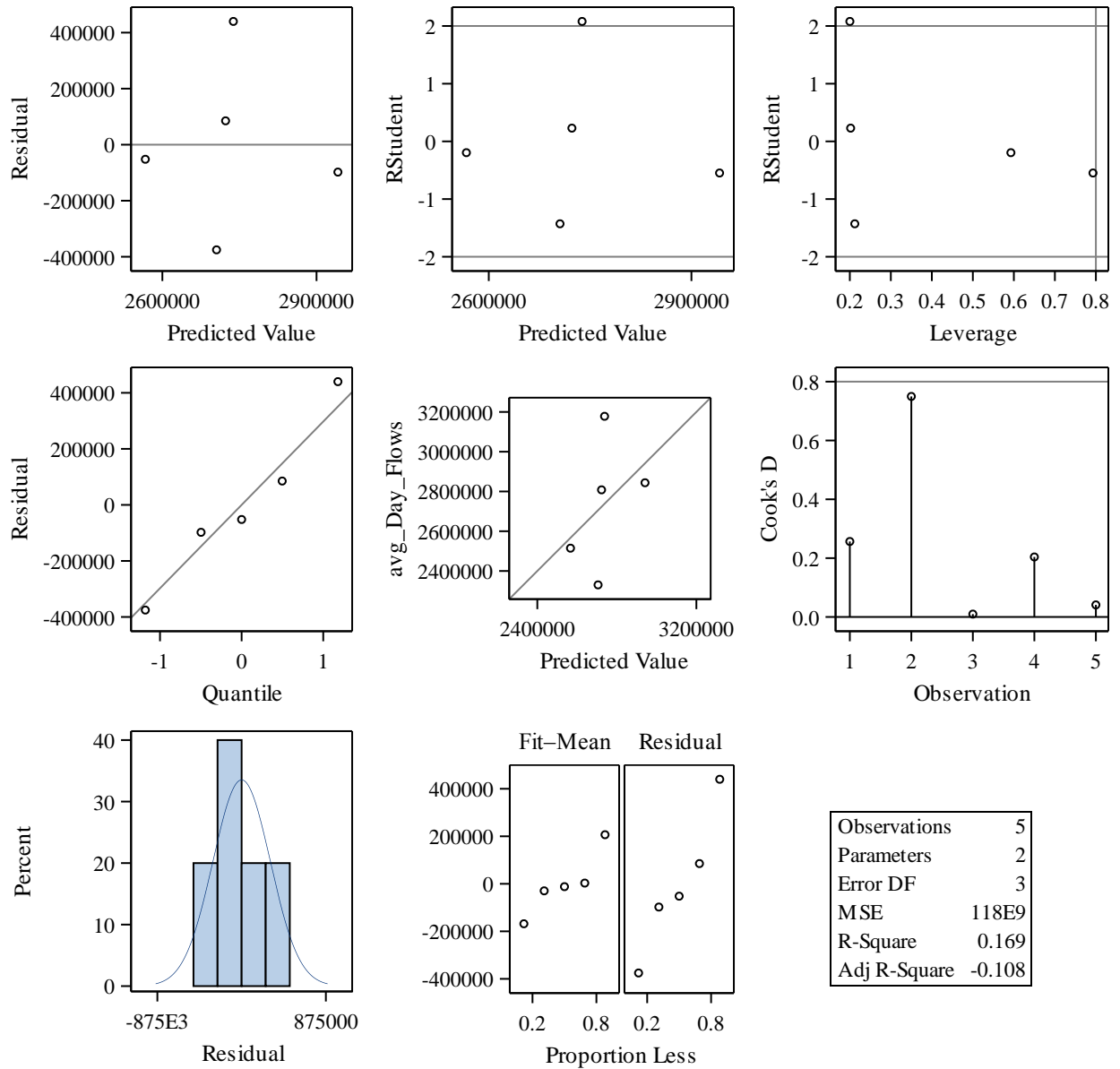


**APPENDIX C**



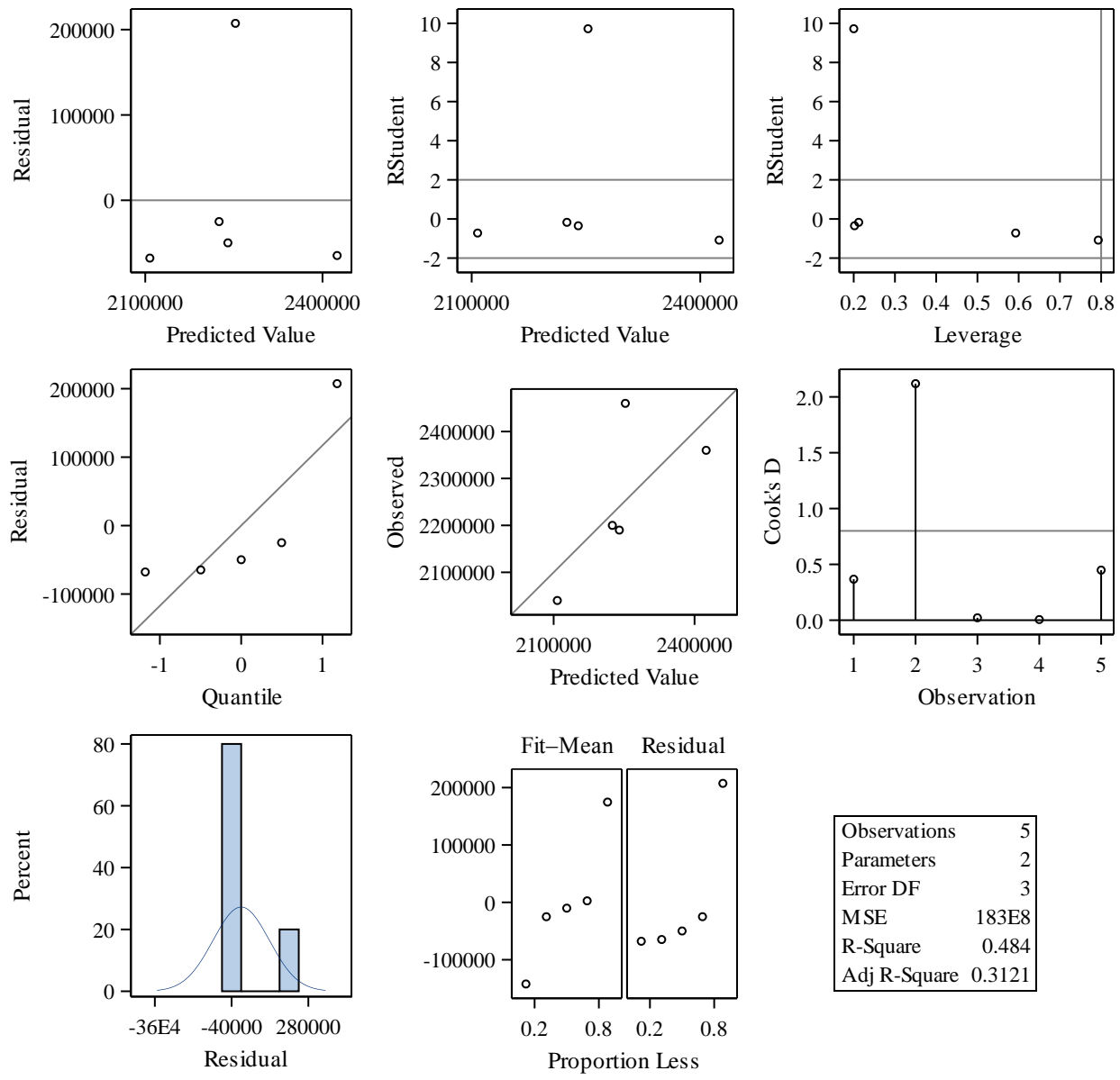
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<b>2</b>	2016	911637885.55
<b>3</b>	2017	898972424.19
<b>4</b>	2018	886282984.30
<b>5</b>	2019	873569565.87
<b>6</b>	2020	860834566.76
<b>7</b>	2021	848073191.26
<b>8</b>	2022	835290235.08
<b>9</b>	2023	822485698.23
<b>10</b>	2024	809654784.98

### Fit Diagnostics for avg\_Day\_Flows



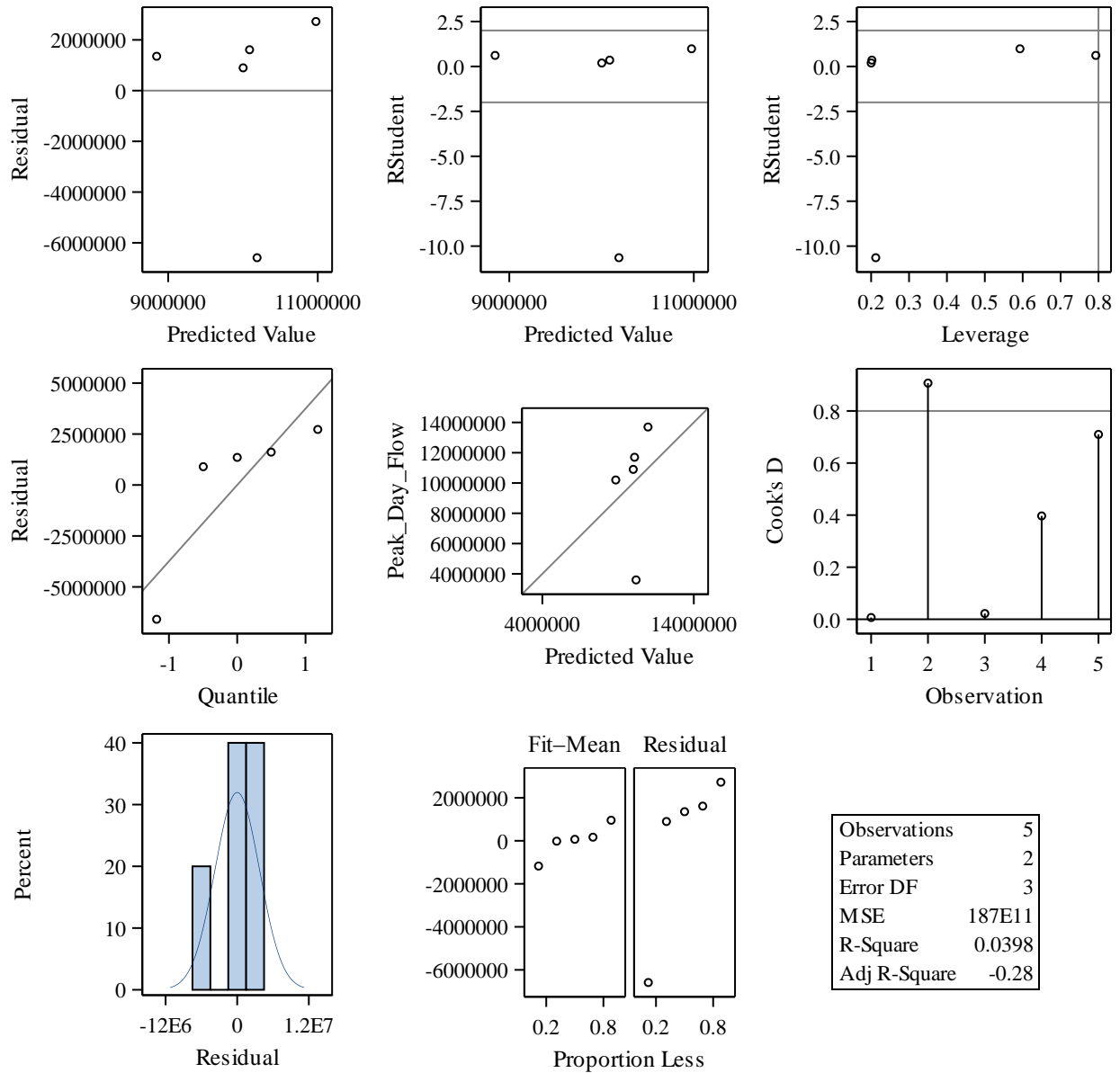
<b>Obs</b>	<b>Year</b>	<b>predavg_Day_Flows</b>
<b>1</b>	2015	2532272.24
<b>2</b>	2016	2497638.04
<b>3</b>	2017	2462938.15
<b>4</b>	2018	2428172.56
<b>5</b>	2019	2393341.27
<b>6</b>	2020	2358450.87
<b>7</b>	2021	2323488.19
<b>8</b>	2022	2288466.39
<b>9</b>	2023	2253385.47
<b>10</b>	2024	2218232.28

### Fit Diagnostics for avg\_Dry\_Weather\_Day\_Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Dry_Weather_Day_Flows</b>
<b>1</b>	2015	2078530.84
<b>2</b>	2016	2049238.86
<b>3</b>	2017	2019891.33
<b>4</b>	2018	1990488.23
<b>5</b>	2019	1961029.58
<b>6</b>	2020	1931520.91
<b>7</b>	2021	1901951.13
<b>8</b>	2022	1872331.35
<b>9</b>	2023	1842661.56
<b>10</b>	2024	1812930.65

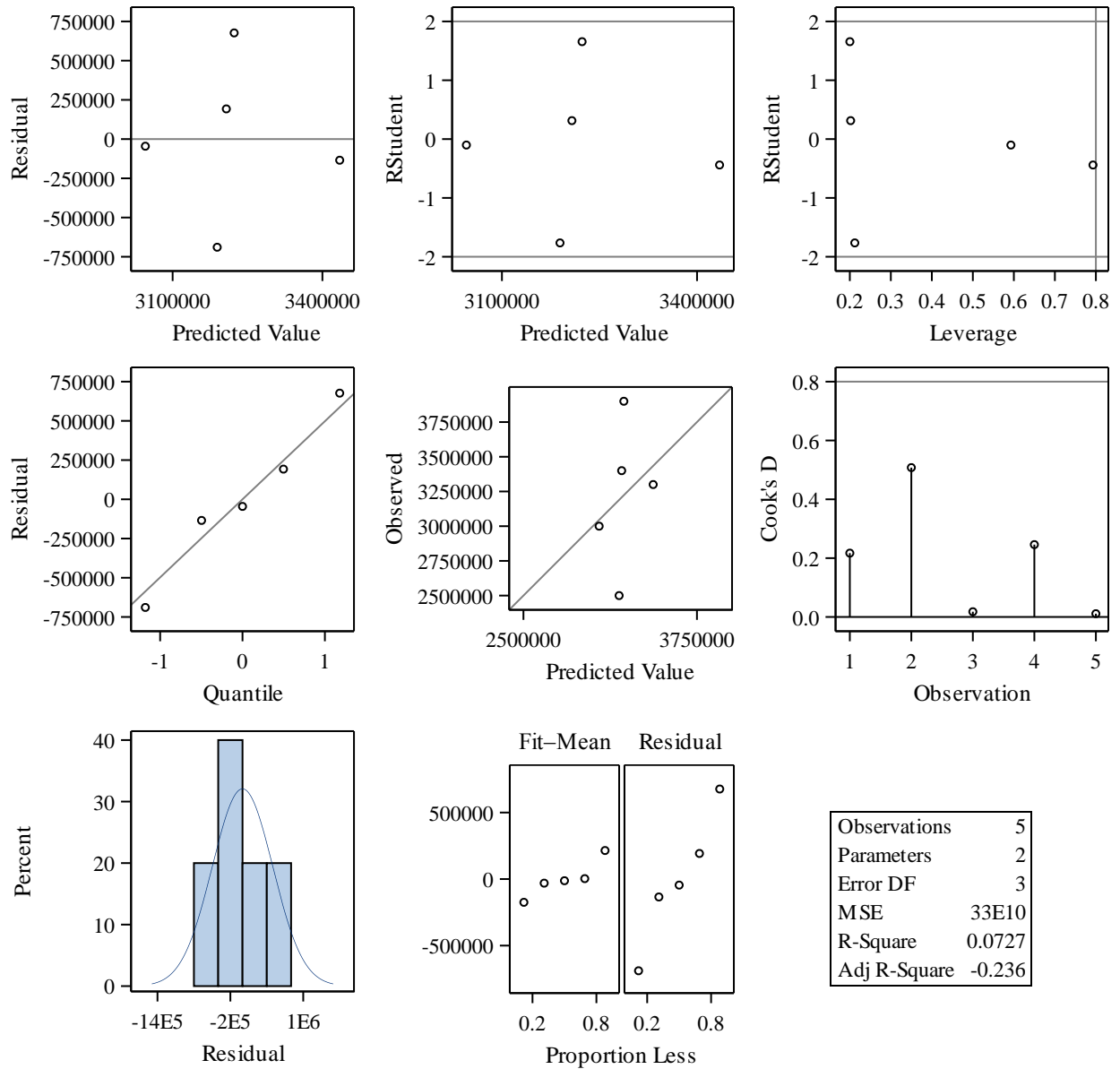
### Fit Diagnostics for Peak\_Day\_Flow



<b>Obs</b>	<b>Year</b>	<b>predPeak_Day_Flow</b>
<b>1</b>	2015	11171877.25
<b>2</b>	2016	11368651.74
<b>3</b>	2017	11565799.47
<b>4</b>	2018	11763320.45
<b>5</b>	2019	11961214.67
<b>6</b>	2020	12159444.81
<b>7</b>	2021	12358085.52
<b>8</b>	2022	12557062.15
<b>9</b>	2023	12756374.70
<b>10</b>	2024	12956097.82

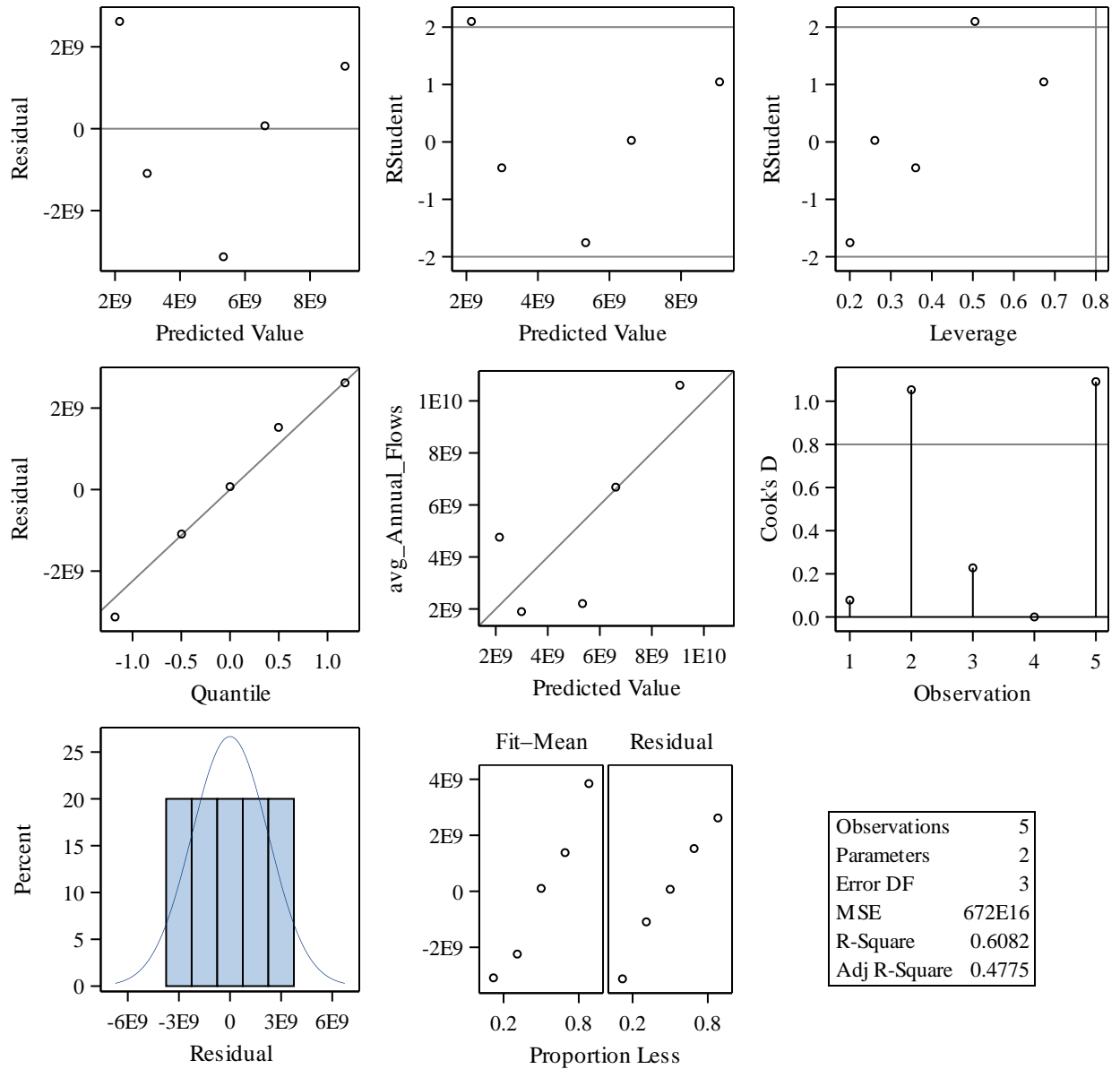


### Fit Diagnostics for avg\_Wet\_Weather\_Day\_Flows



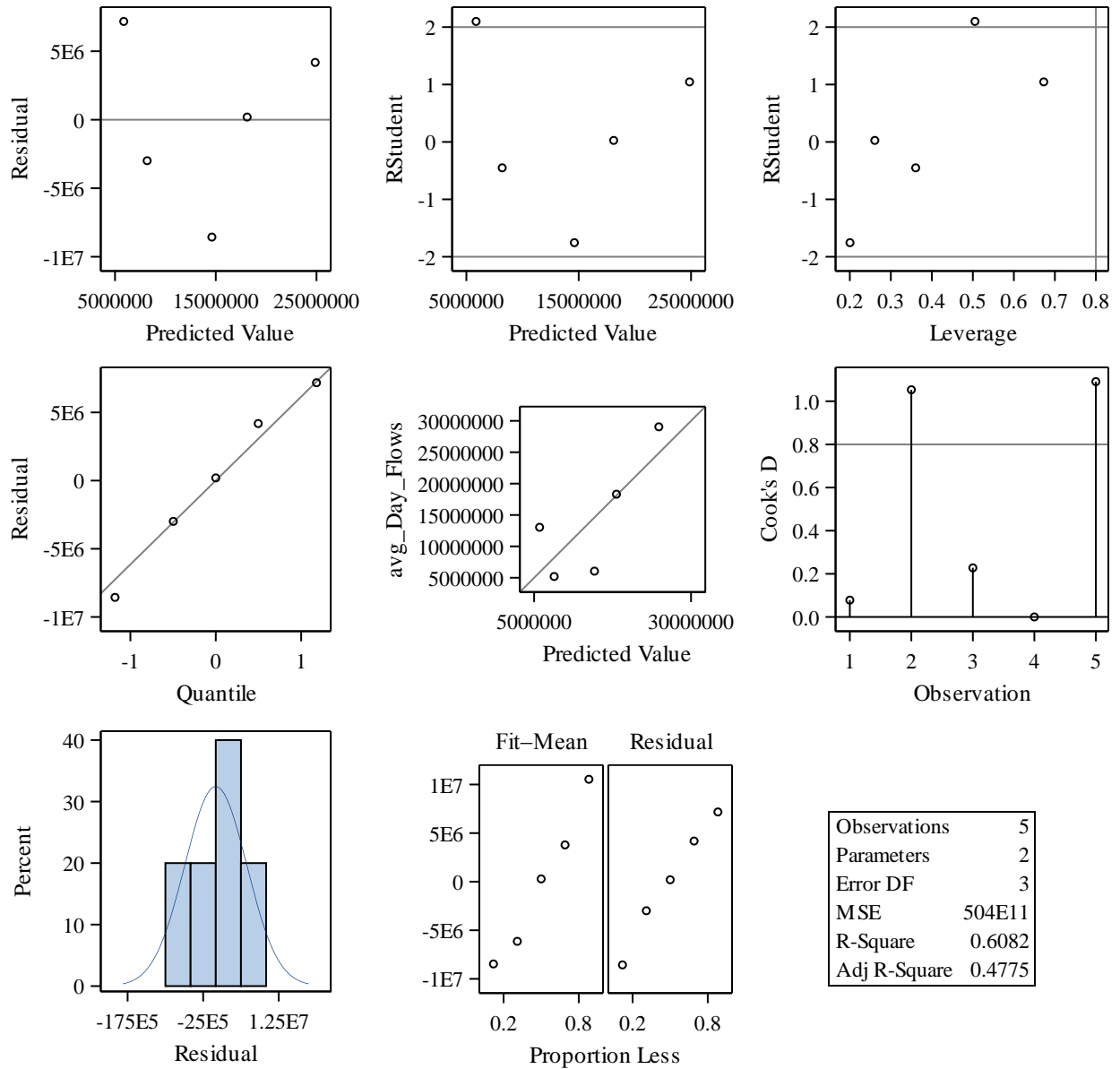
<b>Obs</b>	<b>Year</b>	<b>predavg_Wet_Weather_Day_Flows</b>
<b>1</b>	2015	3009400.12
<b>2</b>	2016	2973423.47
<b>3</b>	2017	2937378.58
<b>4</b>	2018	2901265.45
<b>5</b>	2019	2865084.08
<b>6</b>	2020	2828841.29
<b>7</b>	2021	2792523.44
<b>8</b>	2022	2756144.17
<b>9</b>	2023	2719703.48
<b>10</b>	2024	2683187.73

### Fit Diagnostics for avg\_Annual Flows



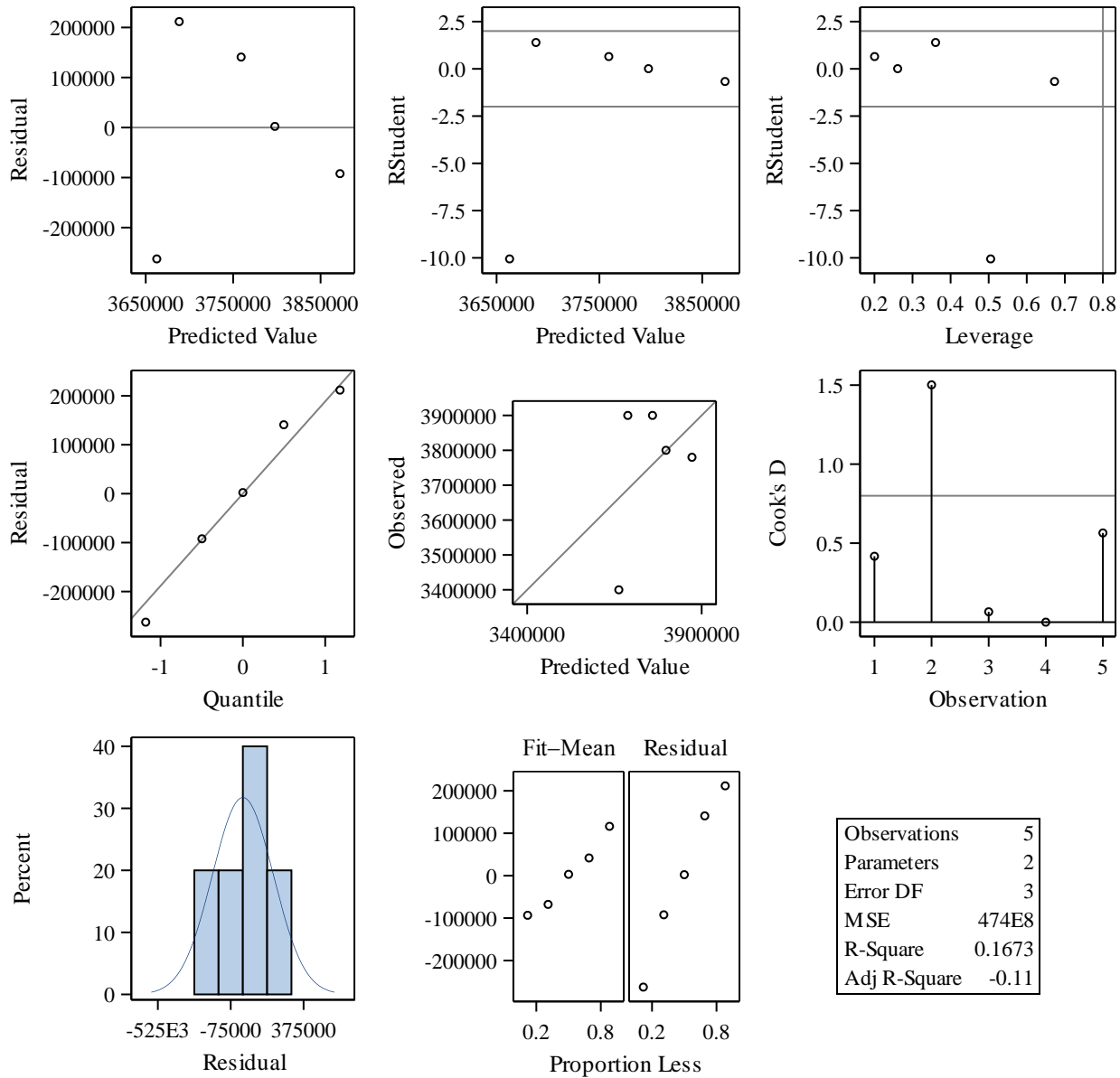
<b>Obs</b>	<b>Year</b>	<b>predavg_Annual_Flows</b>
<b>1</b>	2015	10338487164
<b>2</b>	2016	11607278432
<b>3</b>	2017	12884823681
<b>4</b>	2018	14171256901
<b>5</b>	2019	15466533427
<b>6</b>	2020	16770831914
<b>7</b>	2021	18084152360
<b>8</b>	2022	19406584093
<b>9</b>	2023	20738127112
<b>10</b>	2024	22078915406

### Fit Diagnostics for avg\_Day\_Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Day_Flows</b>
<b>1</b>	2015	28324622.37
<b>2</b>	2016	31800762.83
<b>3</b>	2017	35300886.80
<b>4</b>	2018	38825361.37
<b>5</b>	2019	42374064.18
<b>6</b>	2020	45947484.70
<b>7</b>	2021	49545622.90
<b>8</b>	2022	53168723.54
<b>9</b>	2023	56816786.61
<b>10</b>	2024	60490179.20

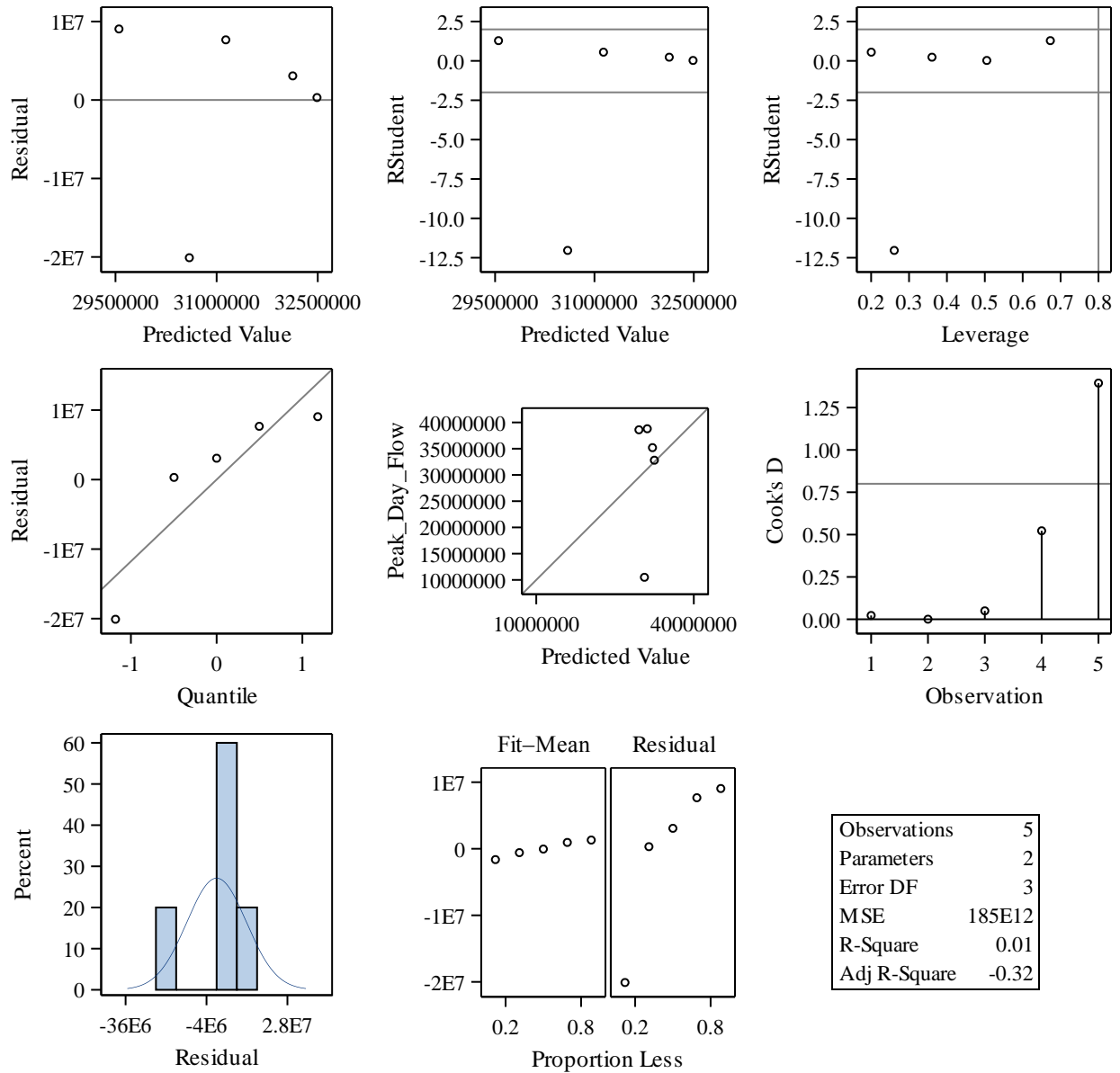
### Fit Diagnostics for avg\_Dry\_Weather\_Day\_Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Dry_Weather_Day_Flows</b>
<b>1</b>	2015	3910345.14
<b>2</b>	2016	3948683.11
<b>3</b>	2017	3987285.58
<b>4</b>	2018	4026156.62
<b>5</b>	2019	4065294.87
<b>6</b>	2020	4104705.73
<b>7</b>	2021	4144389.20
<b>8</b>	2022	4184347.97
<b>9</b>	2023	4224582.06
<b>10</b>	2024	4265095.50



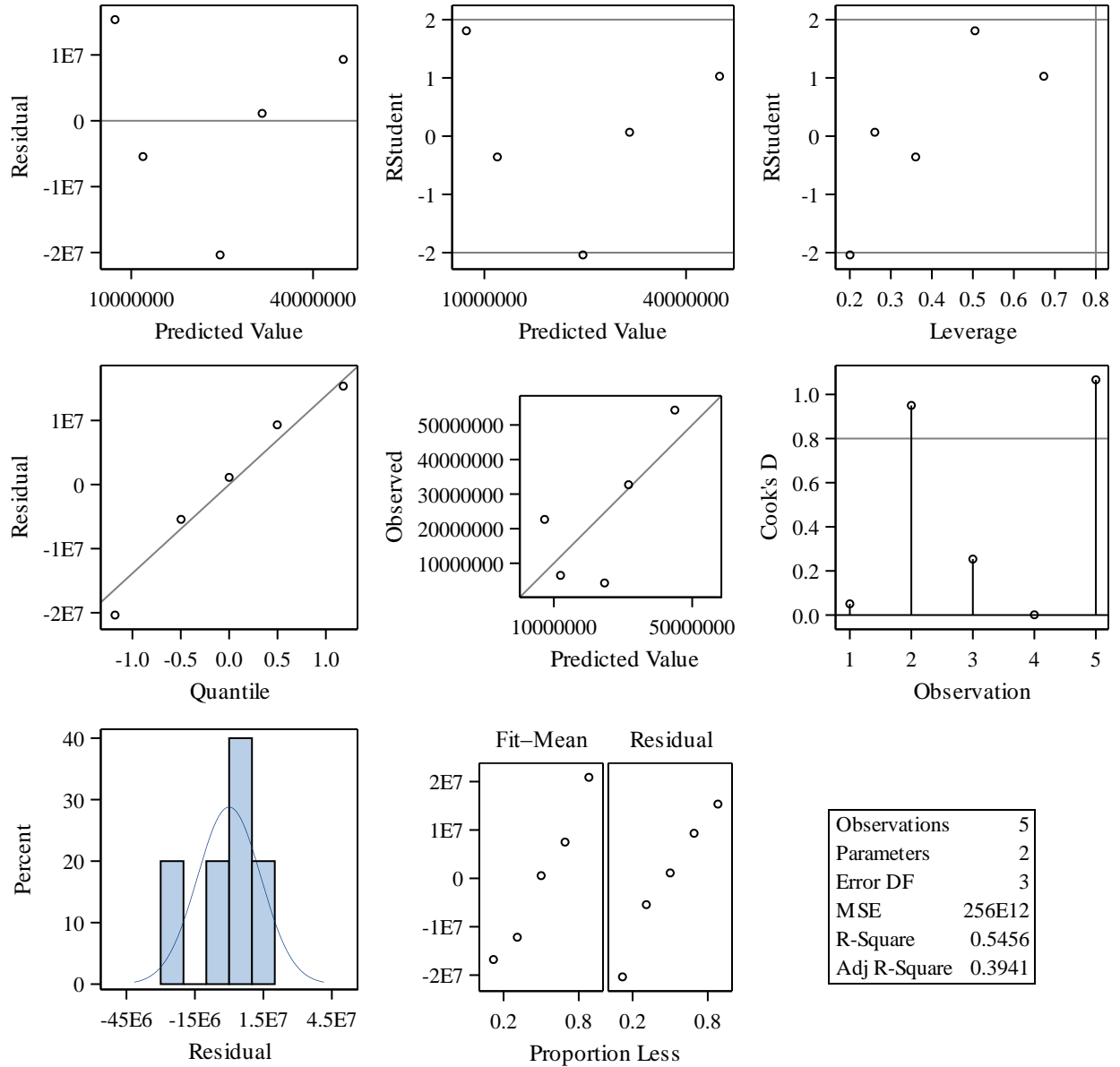
### Fit Diagnostics for Peak\_Day\_Flow



Observations	5
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Error DF	3
MSE	185E12
R-Square	0.01
Adj R-Square	-0.32

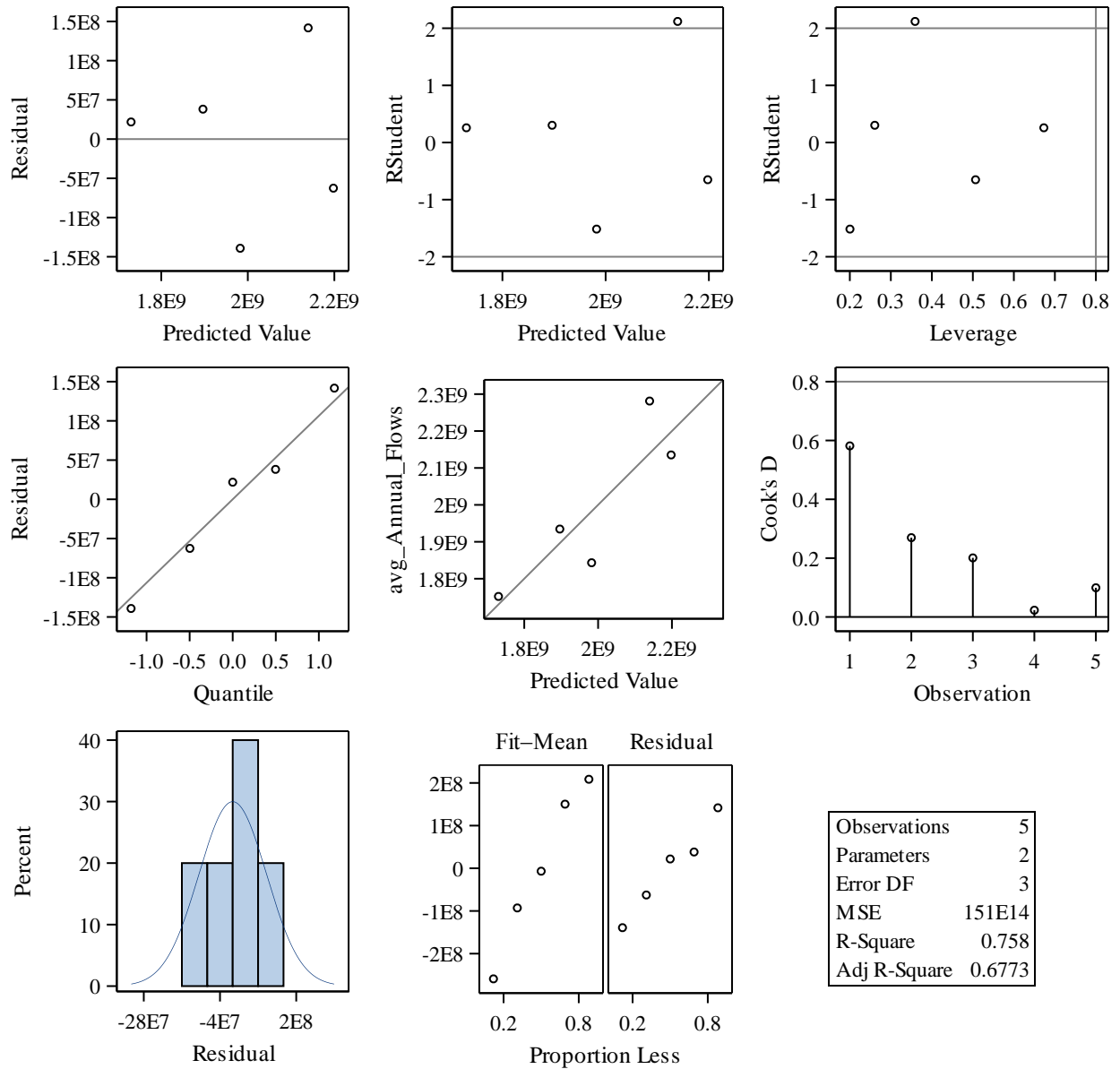
<b>Obs</b>	<b>Year</b>	<b>predPeak_Day_Flow</b>
<b>1</b>	2015	29017406.09
<b>2</b>	2016	28480236.88
<b>3</b>	2017	27939361.49
<b>4</b>	2018	27394723.20
<b>5</b>	2019	26846340.91
<b>6</b>	2020	26294138.98
<b>7</b>	2021	25738117.42
<b>8</b>	2022	25178238.40
<b>9</b>	2023	24614501.94
<b>10</b>	2024	24046851.29

### Fit Diagnostics for avg\_Wet\_Weather\_Day\_Flows



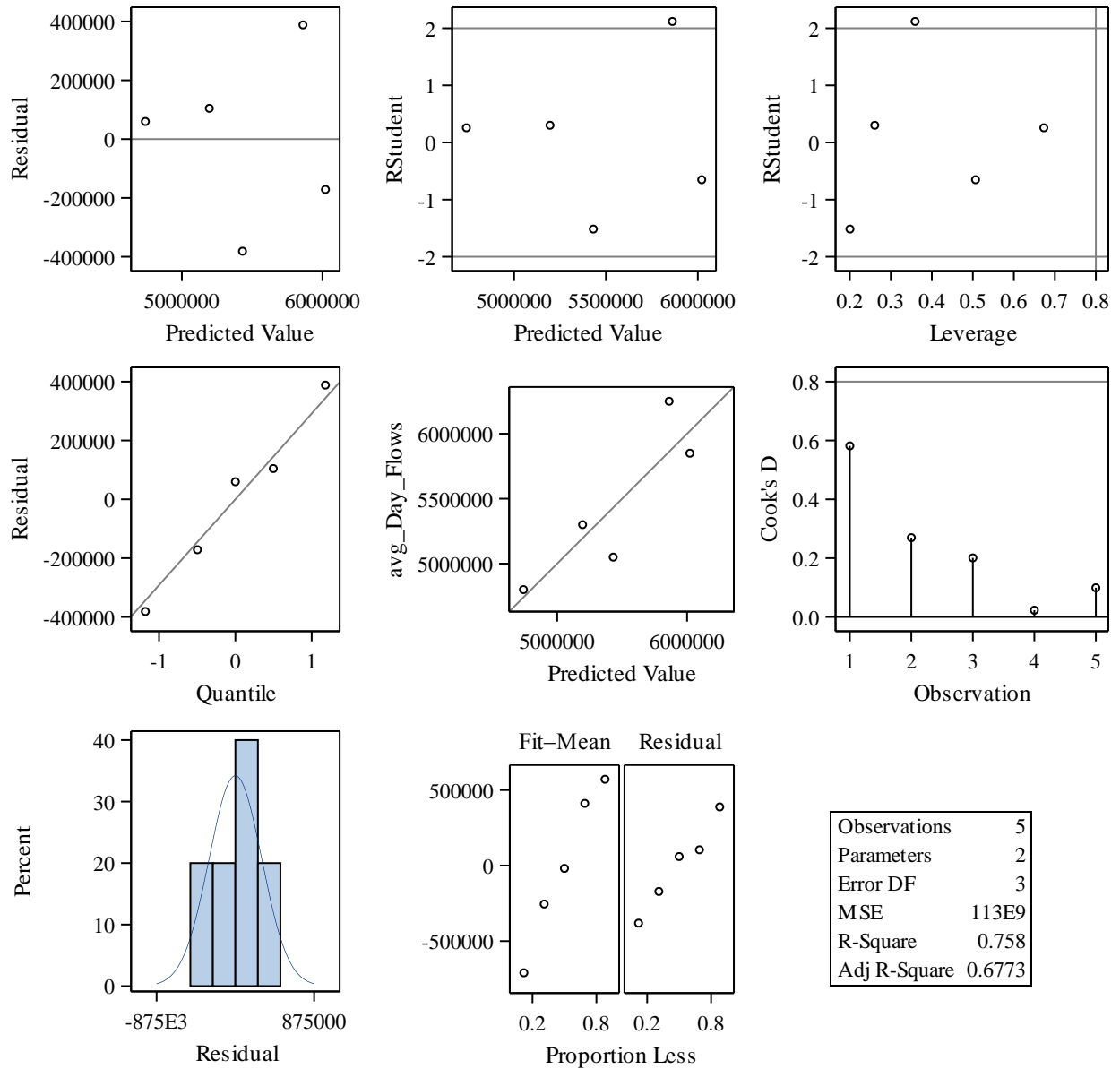
<b>Obs</b>	<b>Year</b>	<b>predavg_Wet_Weather_Day_Flows</b>
<b>1</b>	2015	51833801.77
<b>2</b>	2016	58722632.91
<b>3</b>	2017	65658993.31
<b>4</b>	2018	72643610.44
<b>5</b>	2019	79676241.82
<b>6</b>	2020	86757857.42
<b>7</b>	2021	93888457.24
<b>8</b>	2022	101068526.29
<b>9</b>	2023	108298064.55
<b>10</b>	2024	115577799.52

### Fit Diagnostics for avg\_Annual Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Annual_Flows</b>
<b>1</b>	2015	1645316917.39
<b>2</b>	2016	1560013344.45
<b>3</b>	2017	1474120700.16
<b>4</b>	2018	1387638984.52
<b>5</b>	2019	1300565176.65
<b>6</b>	2020	1212890213.93
<b>7</b>	2021	1124614096.33
<b>8</b>	2022	1035730782.12
<b>9</b>	2023	946237250.41
<b>10</b>	2024	856127459.45

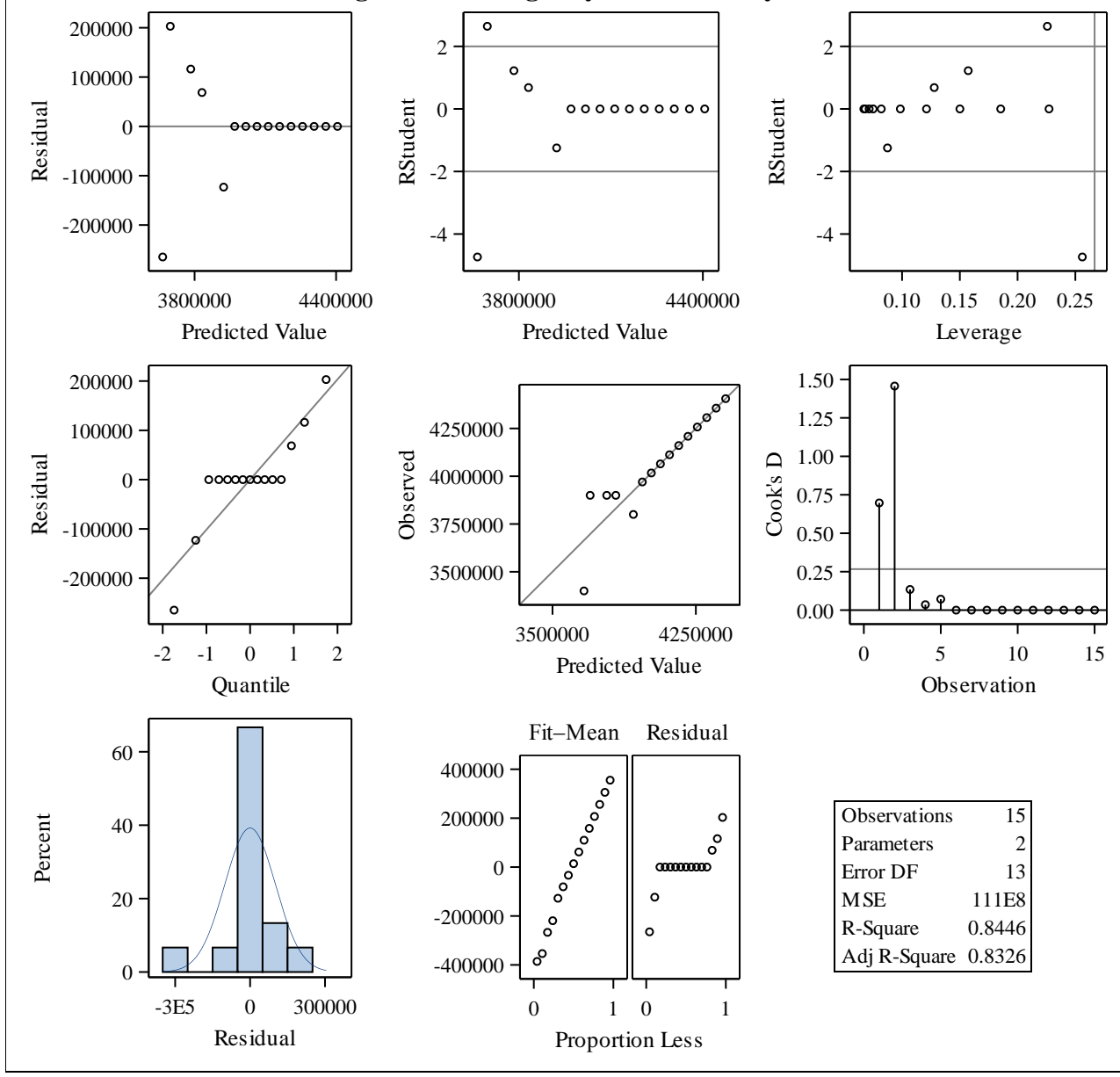
### Fit Diagnostics for avg\_Day\_Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Day_Flows</b>
<b>1</b>	2015	4507717.58
<b>2</b>	2016	4274009.16
<b>3</b>	2017	4038686.85
<b>4</b>	2018	3801750.64
<b>5</b>	2019	3563192.26
<b>6</b>	2020	3322986.89
<b>7</b>	2021	3081134.51
<b>8</b>	2022	2837618.58
<b>9</b>	2023	2592430.82
<b>10</b>	2024	2345554.68



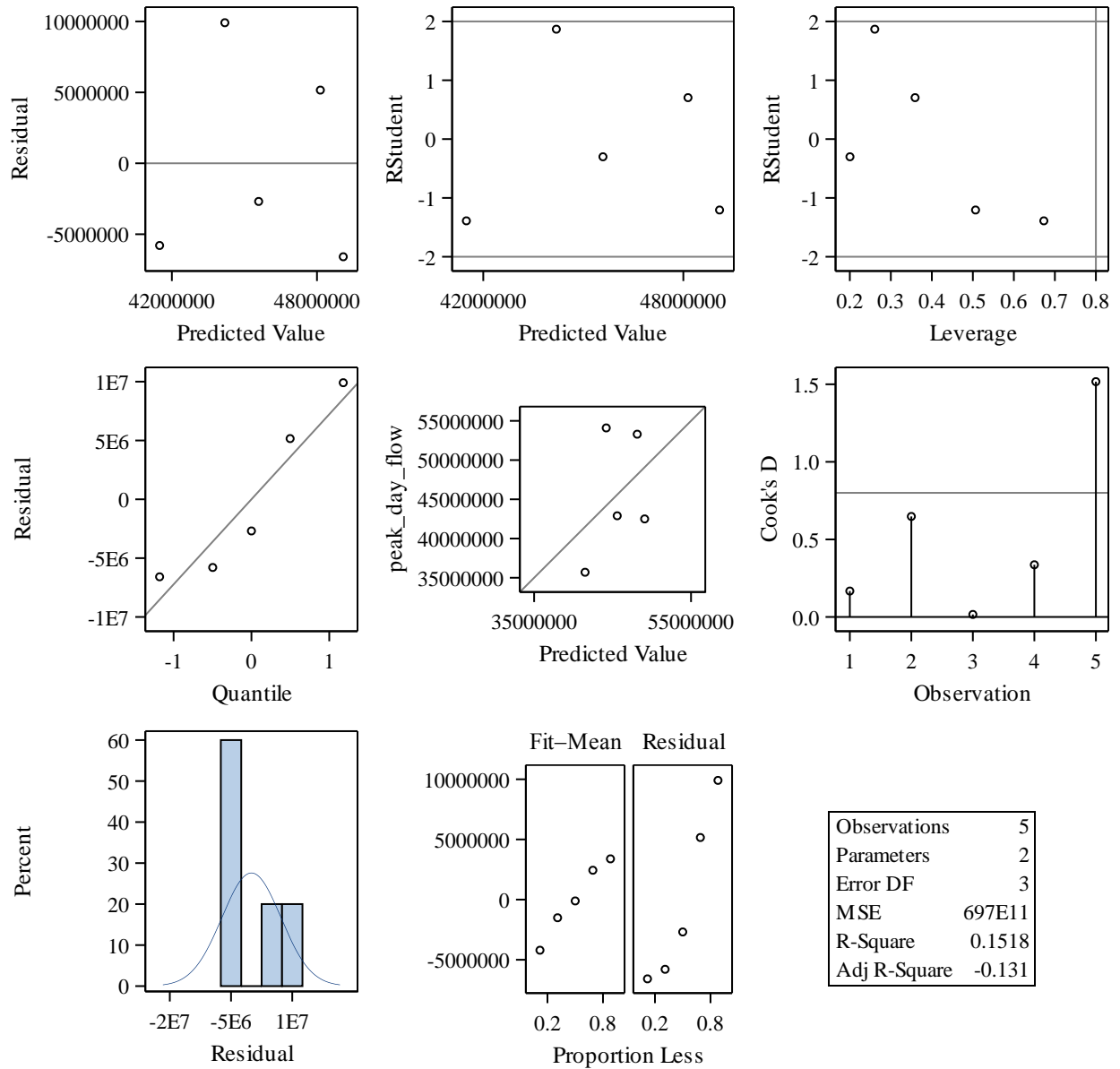
### Fit Diagnostics for avg\_Dry\_Weather\_Day\_Flows



Observations	15
Parameters	2
Error DF	13
MSE	111E8
R-Square	0.8446
Adj R-Square	0.8326

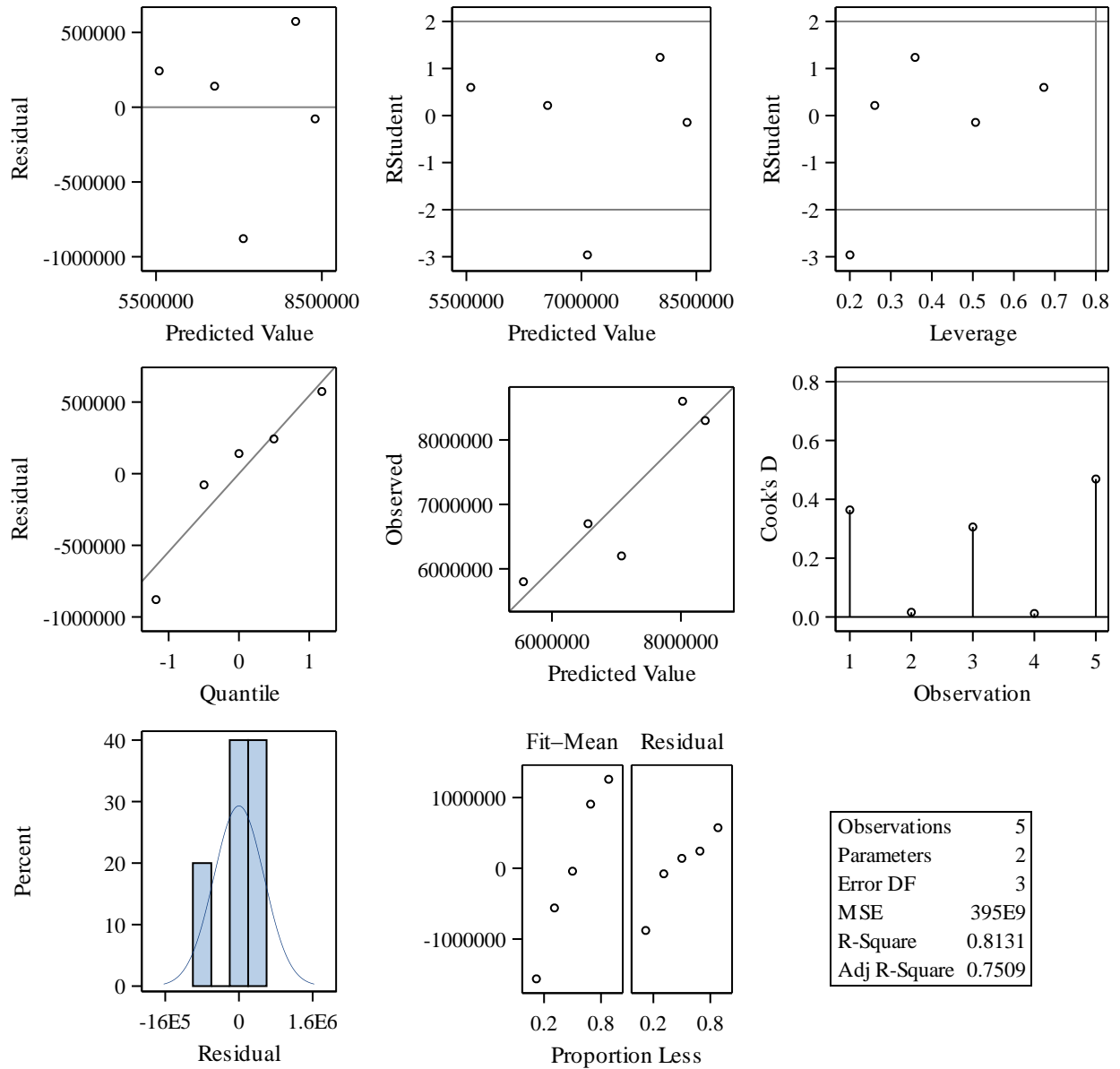
<b>Obs</b>	<b>Year</b>	<b>predavg_Dry_Weather_Day_Flows</b>
<b>1</b>	2015	3969994.37
<b>2</b>	2016	4017117.48
<b>3</b>	2017	4064566.01
<b>4</b>	2018	4112339.95
<b>5</b>	2019	4160440.97
<b>6</b>	2020	4208874.08
<b>7</b>	2021	4257639.28
<b>8</b>	2022	4306739.90
<b>9</b>	2023	4356177.62
<b>10</b>	2024	4405955.77

### Fit Diagnostics for peak\_day\_flow



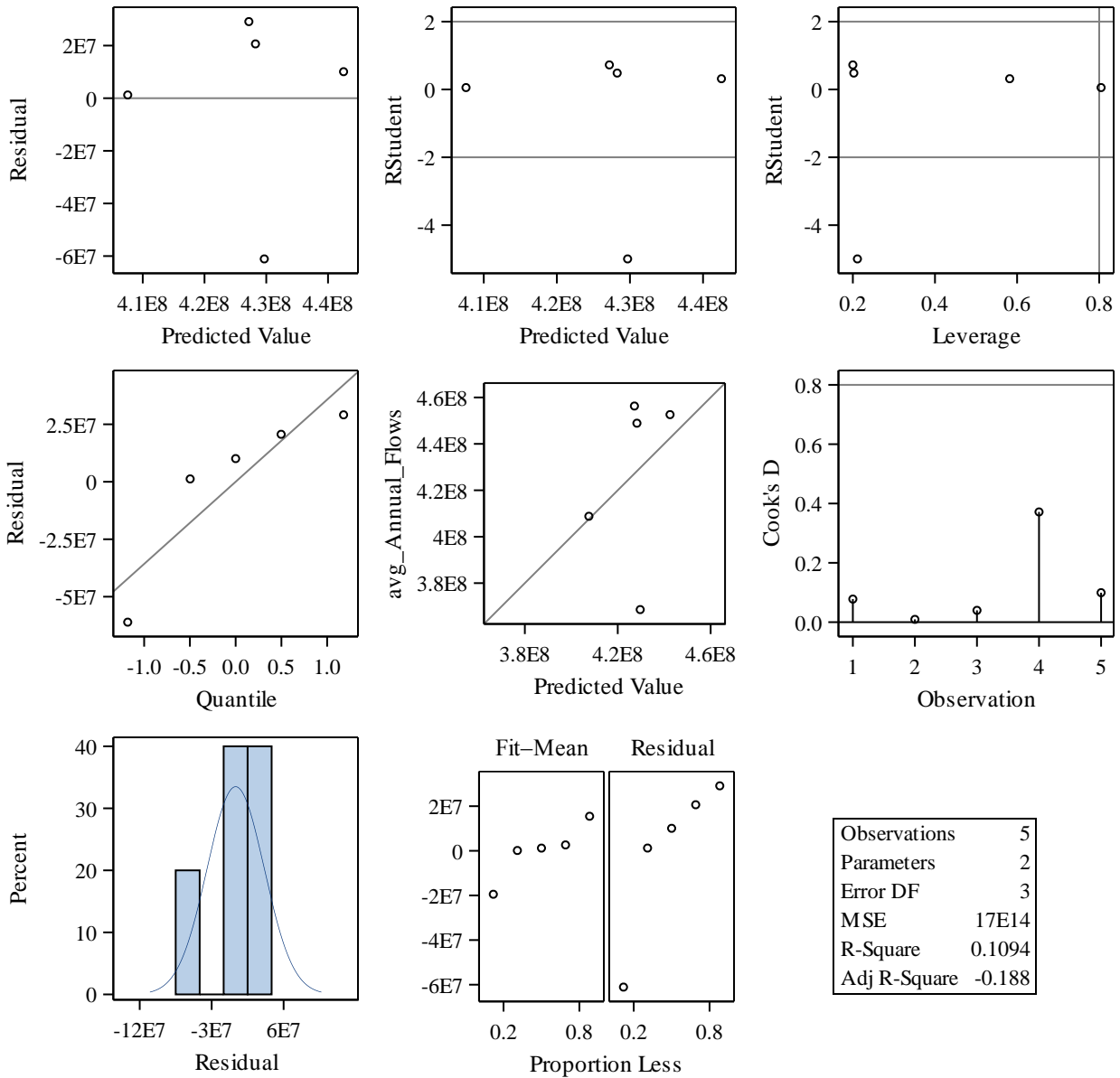
<b>Obs</b>	<b>Year</b>	<b>predPeak_Day_Flow</b>
<b>1</b>	2015	40114997.56
<b>2</b>	2016	38729784.32
<b>3</b>	2017	37335005.36
<b>4</b>	2018	35930660.68
<b>5</b>	2019	34516701.24
<b>6</b>	2020	33092979.87
<b>7</b>	2021	31659496.57
<b>8</b>	2022	30216153.22
<b>9</b>	2023	28762900.78
<b>10</b>	2024	27299641.13

### Fit Diagnostics for avg\_Wet\_Weather\_Day\_Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Wet_Weather_Day_Flows</b>
<b>1</b>	2015	5045440.80
<b>2</b>	2016	4530900.84
<b>3</b>	2017	4012807.69
<b>4</b>	2018	3491161.34
<b>5</b>	2019	2965943.56
<b>6</b>	2020	2437099.69
<b>7</b>	2021	1904629.74
<b>8</b>	2022	1368497.26
<b>9</b>	2023	828684.02
<b>10</b>	2024	285153.59

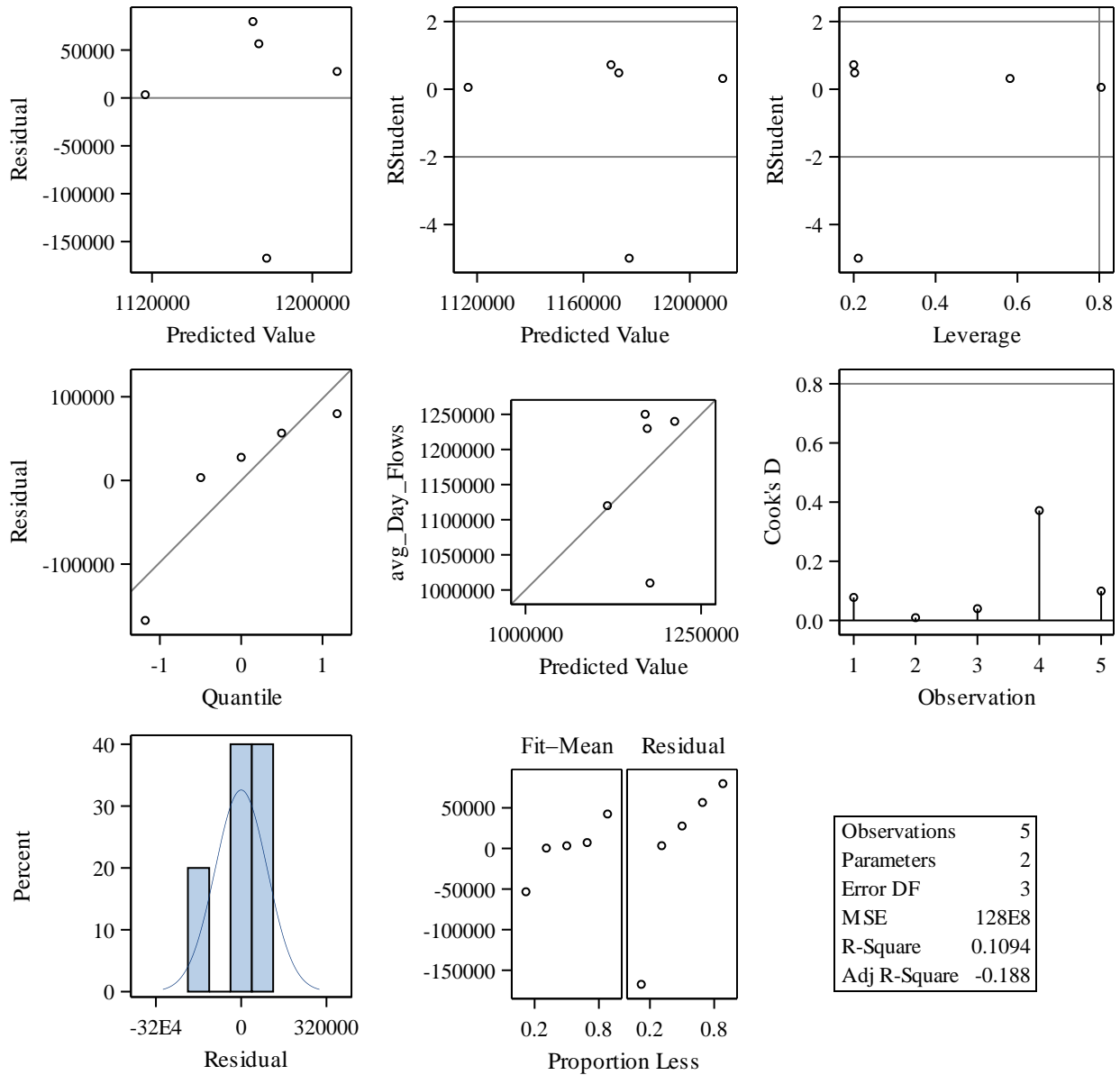
### Fit Diagnostics for avg\_Annual\_Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Annual_Flows</b>
<b>1</b>	2015	445607911.83
<b>2</b>	2016	448698402.72
<b>3</b>	2017	451792460.25
<b>4</b>	2018	454891867.74
<b>5</b>	2019	457996625.18
<b>6</b>	2020	461106732.58
<b>7</b>	2021	464223973.25
<b>8</b>	2022	467344780.56
<b>9</b>	2023	470470937.82
<b>10</b>	2024	473604228.36

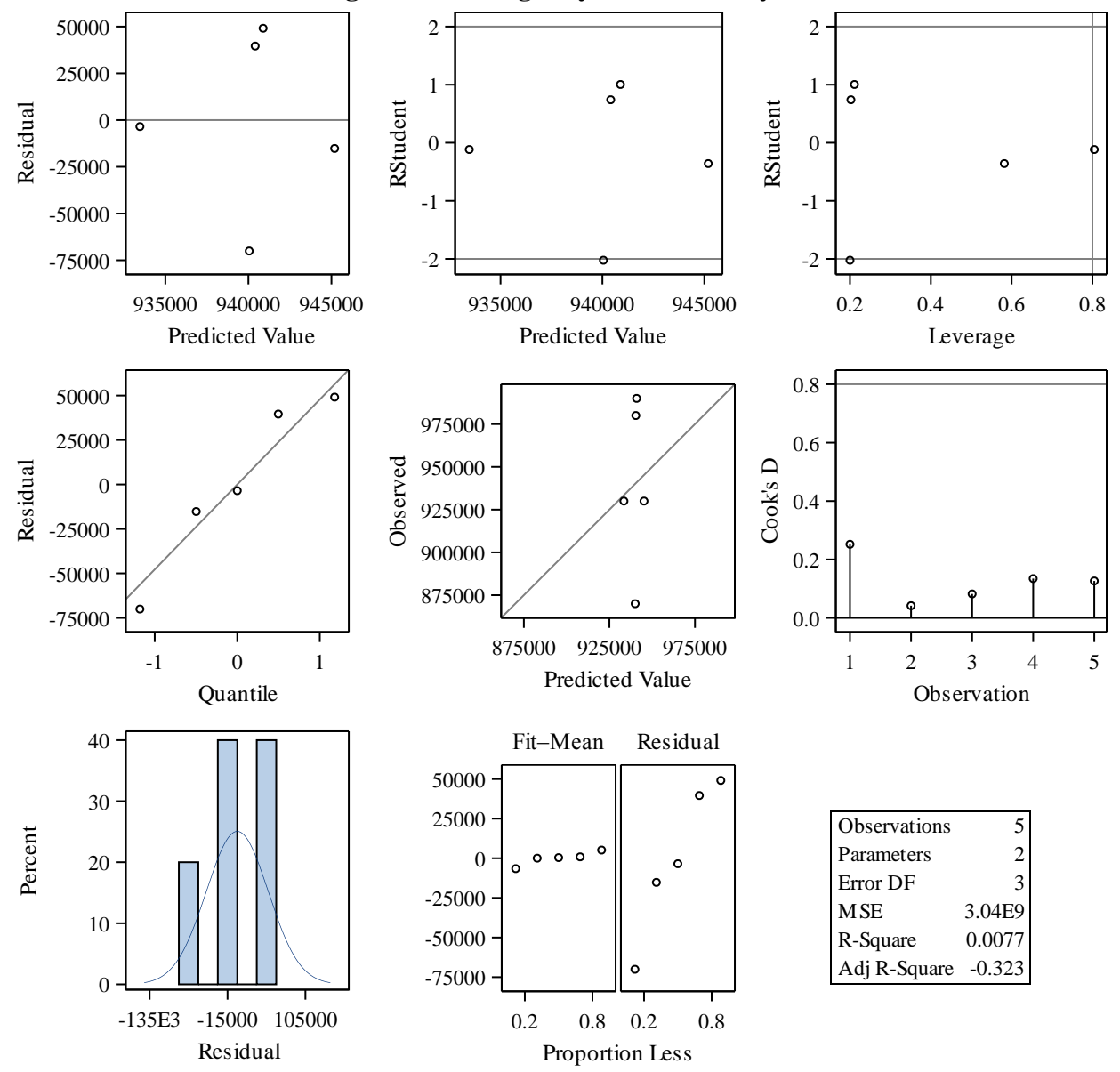


### Fit Diagnostics for avg\_Day\_Flows



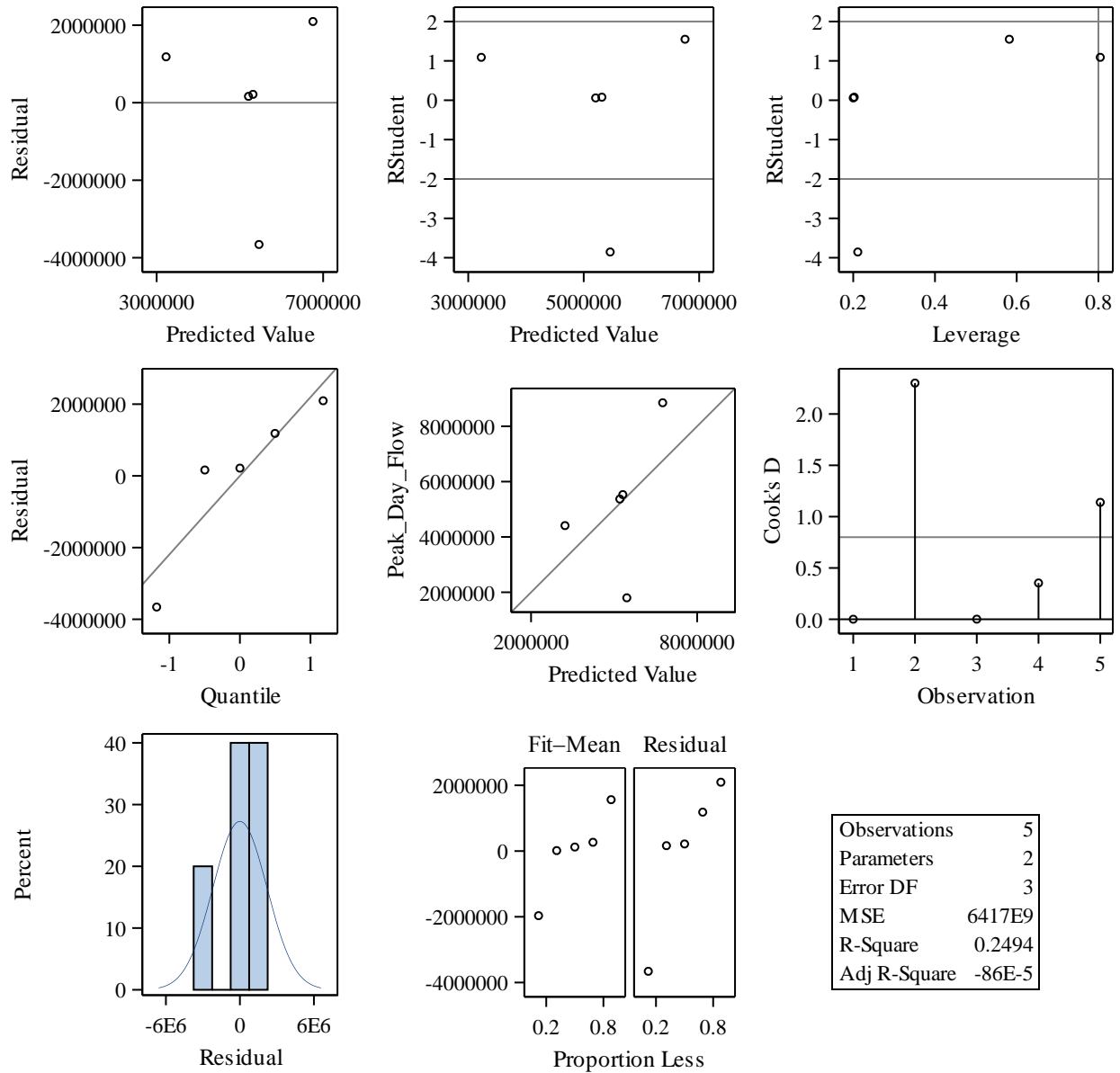
<b>Obs</b>	<b>Year</b>	<b>predavg_Day_Flows</b>
<b>1</b>	2015	1220843.59
<b>2</b>	2016	1229310.69
<b>3</b>	2017	1237787.56
<b>4</b>	2018	1246279.09
<b>5</b>	2019	1254785.27
<b>6</b>	2020	1263306.12
<b>7</b>	2021	1271846.50
<b>8</b>	2022	1280396.66
<b>9</b>	2023	1288961.47
<b>10</b>	2024	1297545.83

### Fit Diagnostics for avg\_Dry\_Weather\_Day\_Flows



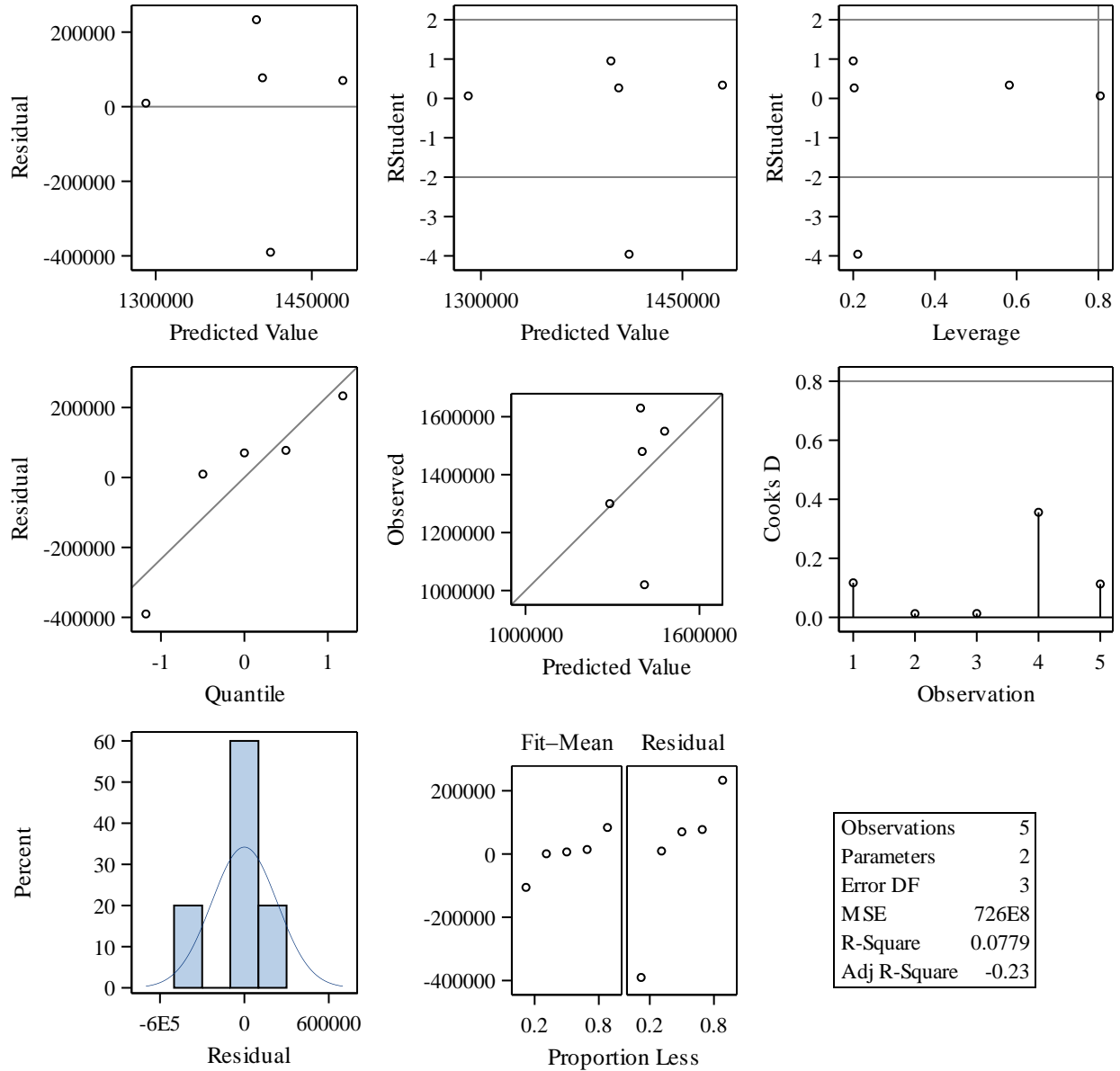
<b>Obs</b>	<b>Year</b>	<b>predavg_Dry_Weather_Day_Flows</b>
<b>1</b>	2015	946228.79
<b>2</b>	2016	947265.52
<b>3</b>	2017	948303.46
<b>4</b>	2018	949343.18
<b>5</b>	2019	950384.70
<b>6</b>	2020	951428.02
<b>7</b>	2021	952473.73
<b>8</b>	2022	953520.63
<b>9</b>	2023	954569.33
<b>10</b>	2024	955620.43

### Fit Diagnostics for Peak\_Day\_Flow



<b>Obs</b>	<b>Year</b>	<b>predPeak_Day_Flow</b>
<b>1</b>	2015	7066696.31
<b>2</b>	2016	7378725.57
<b>3</b>	2017	7691114.94
<b>4</b>	2018	8004044.46
<b>5</b>	2019	8317514.14
<b>6</b>	2020	8631523.97
<b>7</b>	2021	8946254.01
<b>8</b>	2022	9261344.15
<b>9</b>	2023	9576974.44
<b>10</b>	2024	9893324.95

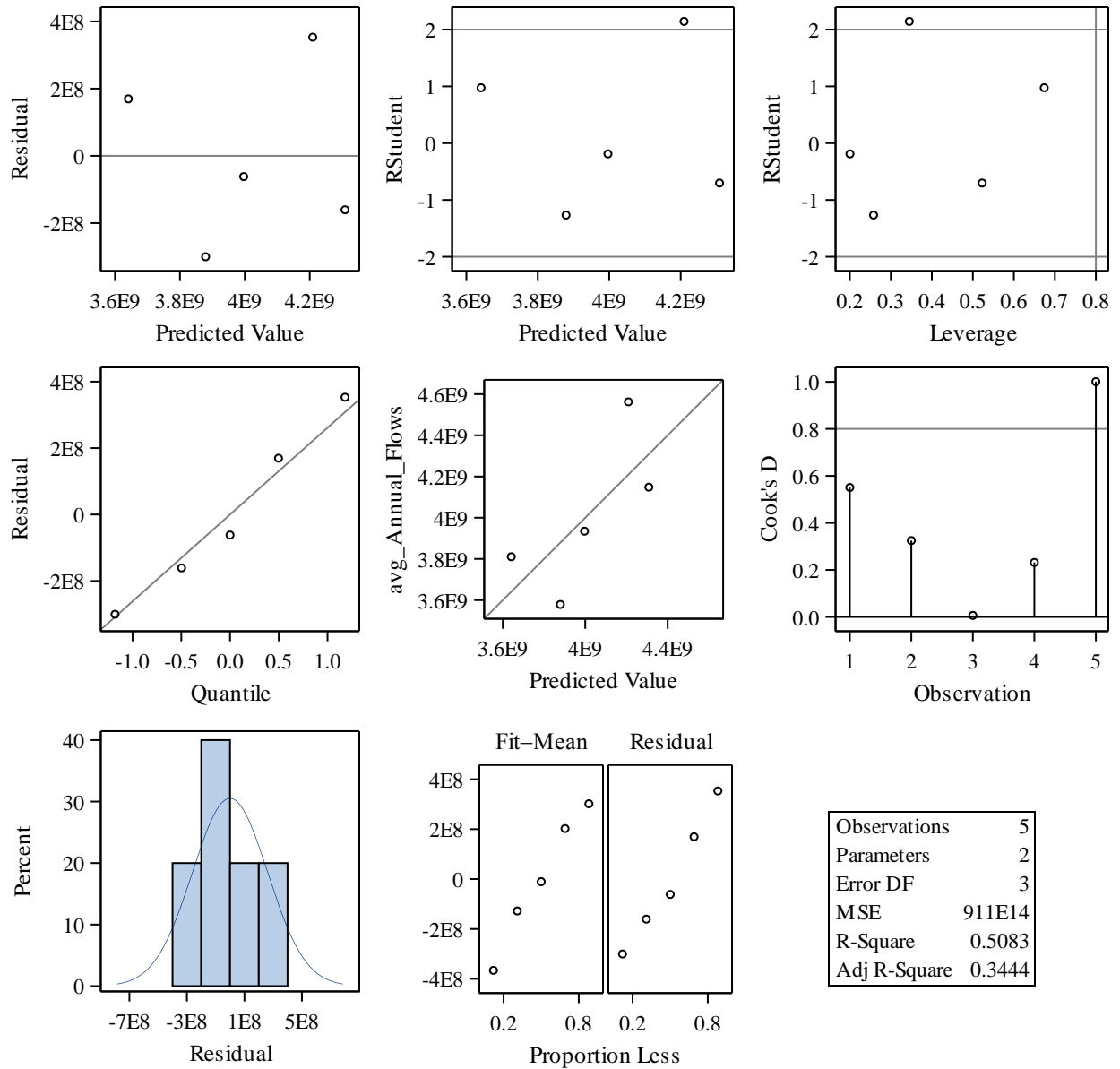
### Fit Diagnostics for avg\_Wet\_Weather\_Day\_Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Wet_Weather_Day_Flows</b>
<b>1</b>	2015	1496526.31
<b>2</b>	2016	1513258.16
<b>3</b>	2017	1530009.33
<b>4</b>	2018	1546789.46
<b>5</b>	2019	1563598.55
<b>6</b>	2020	1580436.61
<b>7</b>	2021	1597313.29
<b>8</b>	2022	1614209.28
<b>9</b>	2023	1631134.24
<b>10</b>	2024	1648097.81

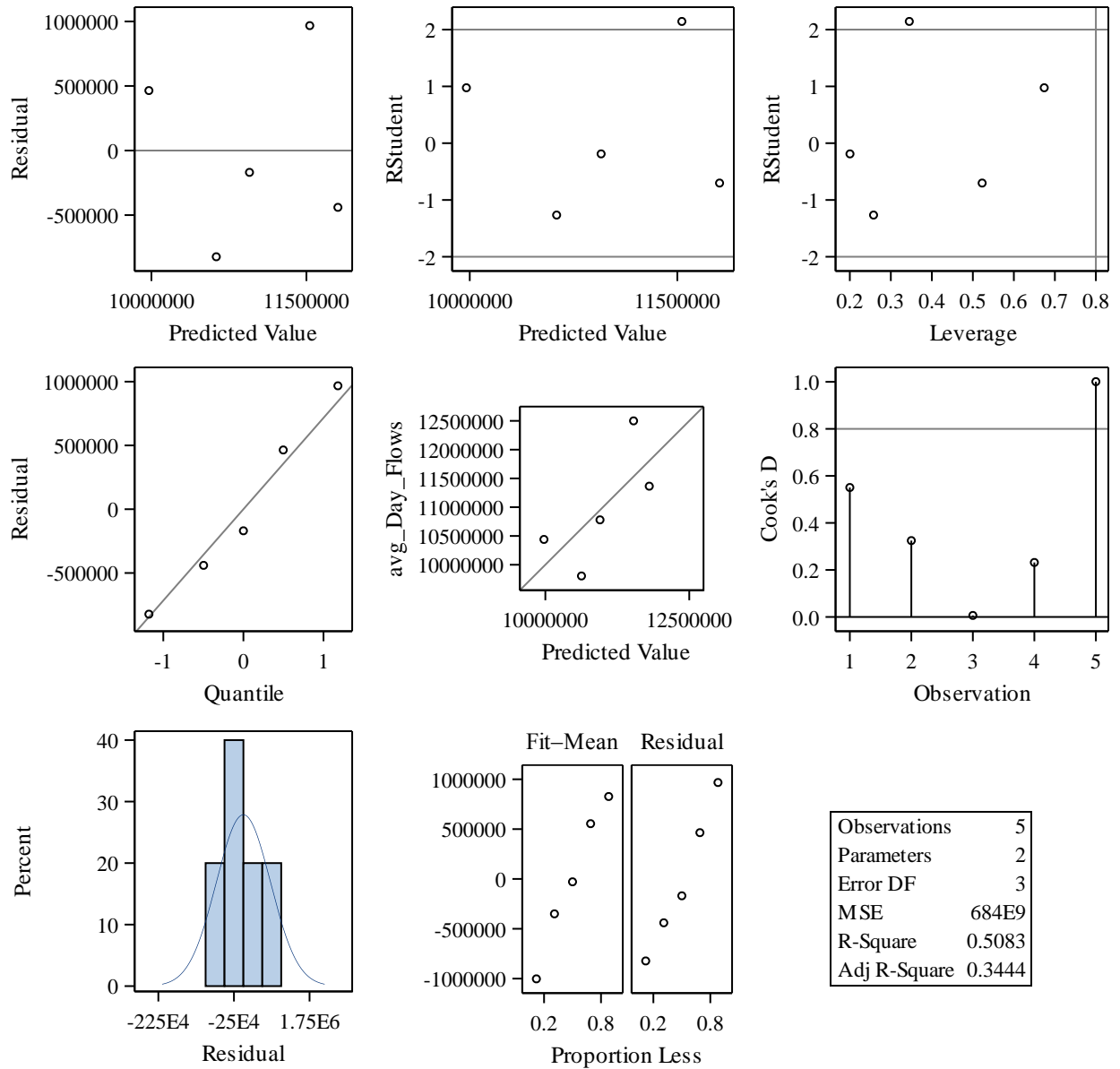


### Fit Diagnostics for avg\_Annual Flows



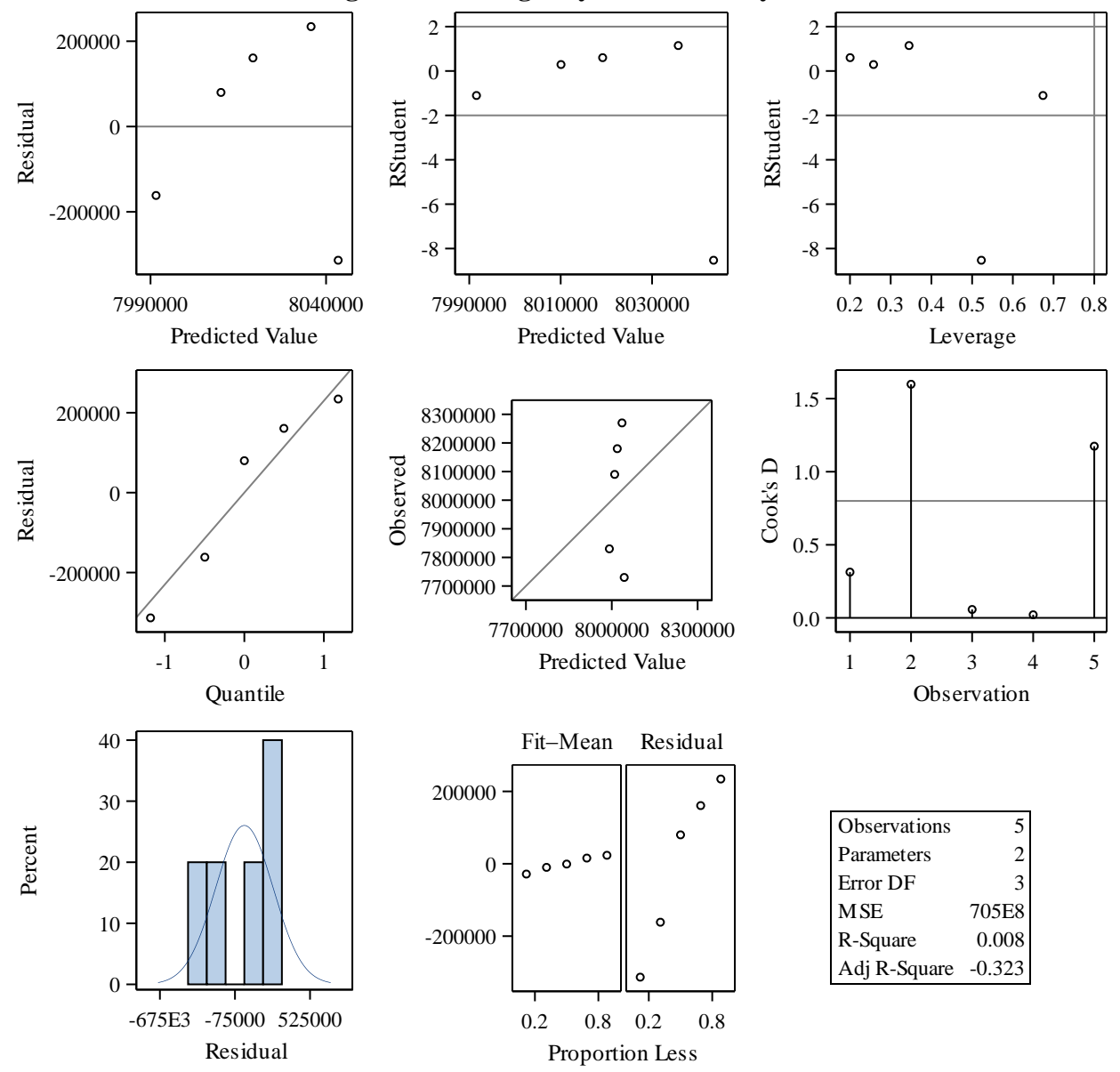
<b>Obs</b>	<b>Year</b>	<b>predavg_Annual_Flows</b>
<b>1</b>	2015	3466230378.2
<b>2</b>	2016	3347227147.1
<b>3</b>	2017	3227498607.7
<b>4</b>	2018	3107040708.1
<b>5</b>	2019	2985847370.2
<b>6</b>	2020	2863914542.1
<b>7</b>	2021	2741238171.7
<b>8</b>	2022	2617814207.0
<b>9</b>	2023	2493636570.0
<b>10</b>	2024	2368701208.7

### Fit Diagnostics for avg\_Day\_Flows



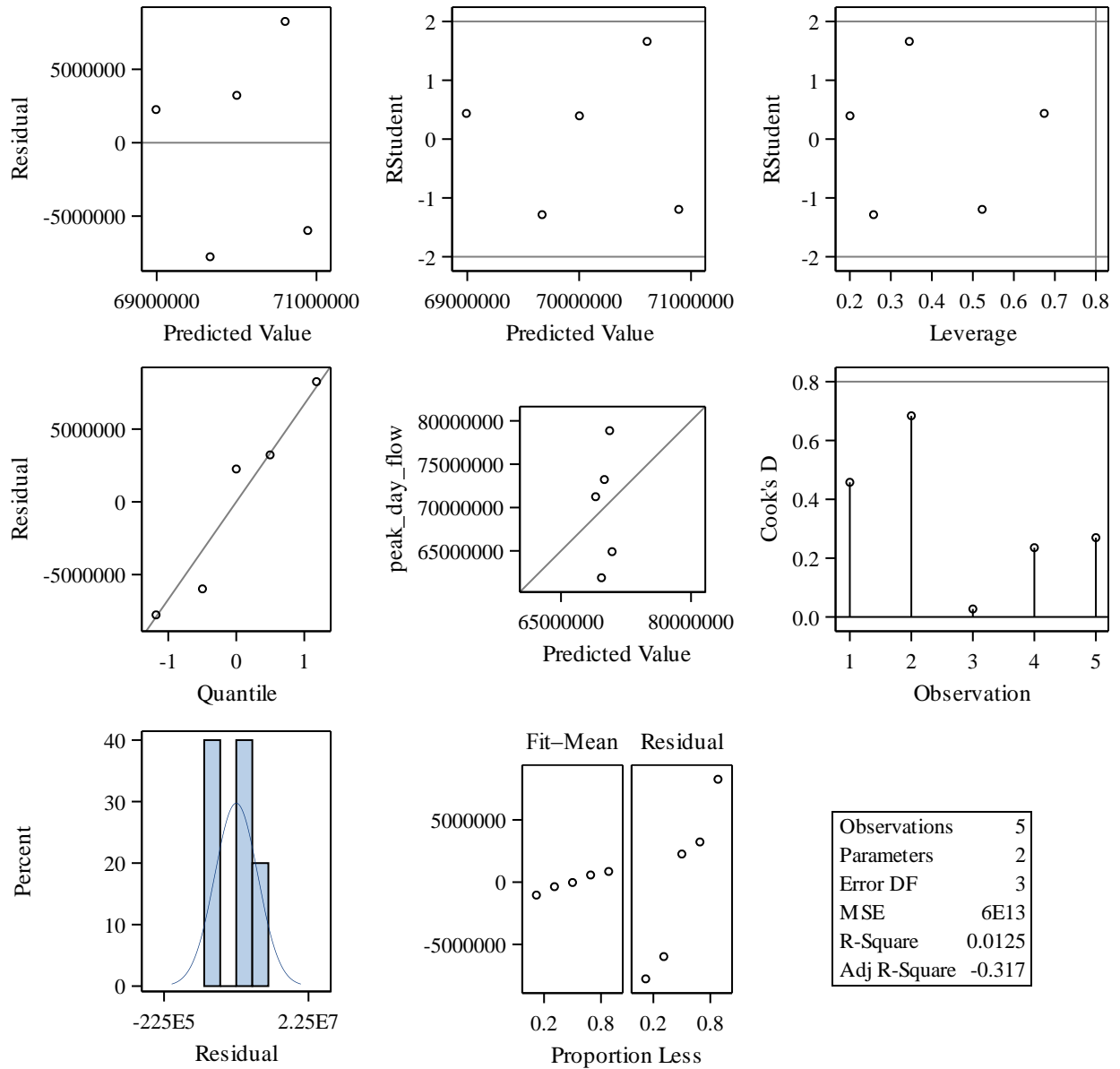
<b>Obs</b>	<b>Year</b>	<b>predavg_Day_Flows</b>
<b>1</b>	2015	9496521.58
<b>2</b>	2016	9170485.33
<b>3</b>	2017	8842461.94
<b>4</b>	2018	8512440.30
<b>5</b>	2019	8180403.75
<b>6</b>	2020	7846341.21
<b>7</b>	2021	7510241.57
<b>8</b>	2022	7172093.72
<b>9</b>	2023	6831881.01
<b>10</b>	2024	6489592.35

### Fit Diagnostics for avg\_Dry\_Weather\_Day\_Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Dry_Weather_Day_Flows</b>
<b>1</b>	2015	7977990.04
<b>2</b>	2016	7968744.74
<b>3</b>	2017	7959443.09
<b>4</b>	2018	7950084.77
<b>5</b>	2019	7940669.32
<b>6</b>	2020	7931196.42
<b>7</b>	2021	7921665.75
<b>8</b>	2022	7912077.00
<b>9</b>	2023	7902429.70
<b>10</b>	2024	7892723.53

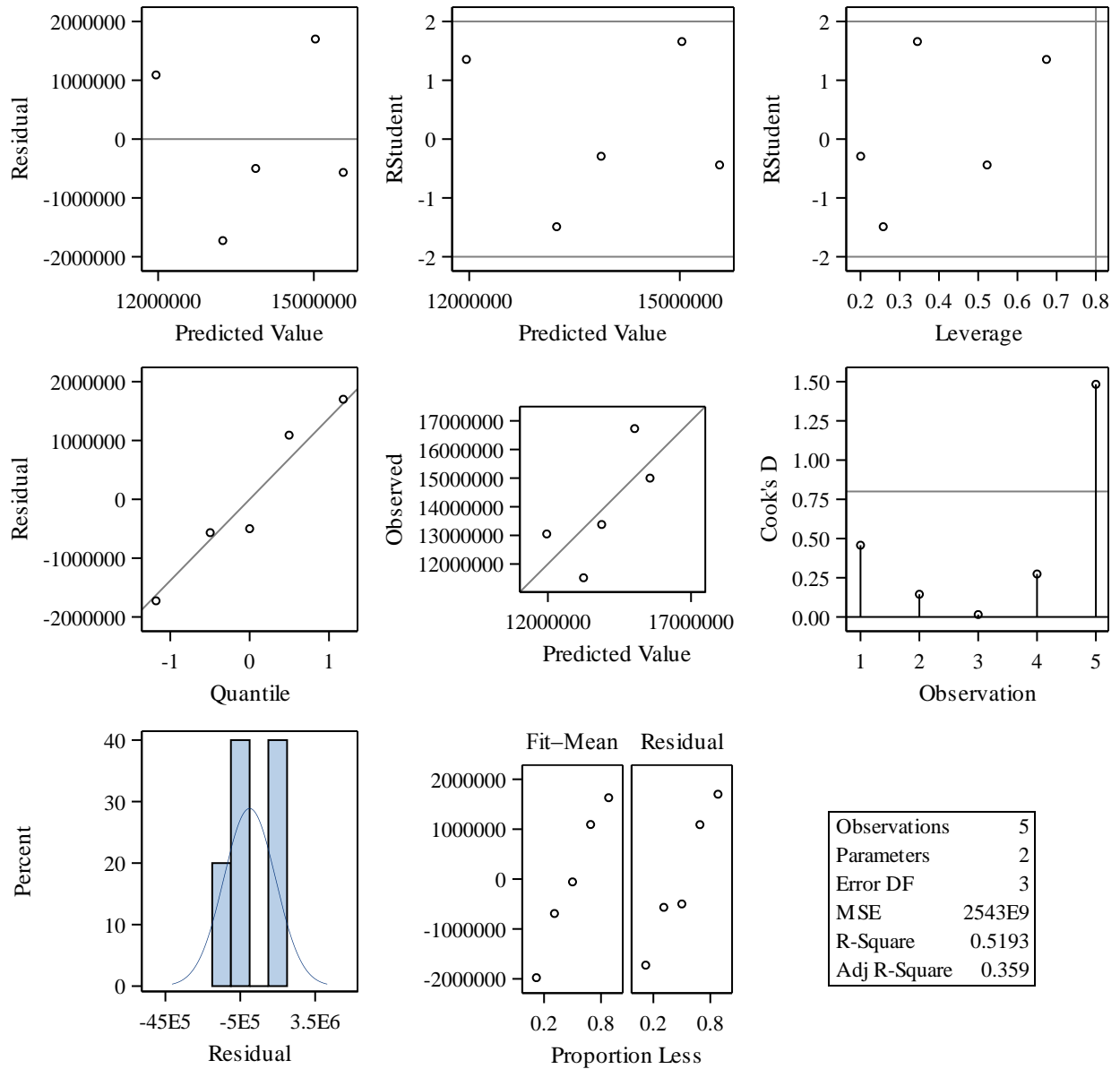
### Fit Diagnostics for peak\_day\_flow



<b>Obs</b>	<b>Year</b>	<b>predPeak_Day_Flow</b>
<b>1</b>	2015	68494866.21
<b>2</b>	2016	68156582.85
<b>3</b>	2017	67816237.71
<b>4</b>	2018	67473819.26
<b>5</b>	2019	67129310.23
<b>6</b>	2020	66782699.08
<b>7</b>	2021	66433974.32
<b>8</b>	2022	66083124.41
<b>9</b>	2023	65730132.09
<b>10</b>	2024	65374985.83



### Fit Diagnostics for avg\_Wet\_Weather\_Day\_Flows



<b>Obs</b>	<b>Year</b>	<b>predavg_Wet_Weather_Day_Flows</b>
<b>1</b>	2015	11015051.29
<b>2</b>	2016	10372226.11
<b>3</b>	2017	9725482.99
<b>4</b>	2018	9074800.05
<b>5</b>	2019	8420144.47
<b>6</b>	2020	7761494.34
<b>7</b>	2021	7098827.79
<b>8</b>	2022	6432122.93
<b>9</b>	2023	5761346.92
<b>10</b>	2024	5086477.87

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### Agency Contacts

Central Marin Sanitation Agency  
Jason Dow, General Manager

County Sanitary District No. 2  
Nisha Patel, Senior Civil Engineer

Las Gallinas Valley Sanitary District  
Mark Williams, General Manager

Murray Park Sewer Maintenance District  
Eric Steger, Assistant Director Public Works  
Betsy Swenerton, Capital Planning and Projects Manager

Ross Valley Sanitary District  
Greg Norby, General Manager Drew

San Quentin Sewer Maintenance District  
Eric Steger, Assistant Director Public Works  
Betsy Swenerton, Capital Planning and Projects Manager

San Rafael Sanitation District  
Doris Toy, District Manager

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**RESOLUTION NO.**

**RESOLUTION OF THE  
MARIN LOCAL AGENCY FORMATION COMMISSION  
MAKING DETERMINATIONS**

**MUNICIPAL SERVICE REVIEW  
CENTRAL MARIN WASTEWATER STUDY**

**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**, the Commission adopted a study schedule calendaring specific municipal service reviews in Marin County through 2017/2018; and

**WHEREAS**, the Executive Officer of the Commission, hereinafter referred to as the “Executive Officer”, prepared through staff a regional municipal service review on public wastewater services within an area known as “Central Marin” with recommendations pursuant to said study schedule; and

**WHEREAS**, the municipal service review includes an evaluation of the public wastewater services provided in incorporated and unincorporated areas within Central Marin by Las Gallinas Valley Sanitary District, San Rafael Sanitation District, County Sanitary District No.1 (aka Ross Valley Sanitary District), County Sanitary District No. 2 (aka as Corte Madera Sanitary District), Murray Park Sewer Maintenance District, San Quentin Village Sewer Maintenance District, and Central Marin Sanitation Agency, hereafter referred collectively as the “affected agencies”; and

**WHEREAS**, the Executive Officer’s written report on the municipal service review was presented to the Commission in a manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at public meetings concerning the municipal service review and most recently on April 13, 2017 and August 10, 2017; and

**WHEREAS**, as part of the 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 COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** 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 Code of Regulations Section 15306.

2. The Commission has duly considered the Executive Officer’s written report on the municipal service review and recommendations therein on the adequacy, performance, and need of public wastewater services in Central Marin County.
3. The Commission adopts the statement of written determinations generated from information presented in the Executive Officer’s written report on the municipal service review as set forth in Exhibit “A.”
4. The Commission refers the public to the Executive Officer’s 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.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on August 10, 2017 by the following vote:

AYES:	Commissioners	_____
NOES:	Commissioners	_____
ABSENT:	Commissioners	_____
ABSTAIN:	Commissioners	_____

ATTEST:

\_\_\_\_\_  
 KEENE SIMONDS  
 Executive Officer

\_\_\_\_\_  
 JEFFRY BLANCHFIELD  
 Chairperson

**EXHIBIT A**

**CENTRAL MARIN WASTEWATER STUDY**

**MUNICIPAL SERVICE REVIEW DETERMINATIONS  
GOVERNMENT CODE SECTION 56430**

\*\*\*

The following statements have been generated from the final report as part of a scheduled municipal service review on public wastewater services in Central Marin. Acronyms for the affected agencies are incorporated into the written statements for brevity and are defined as follows.

**CMSA** means the Central Marin Sanitation Agency  
**CMSD** means the Corte Madera Sanitary District (aka County Sanitary District 2)  
**LGVS**D means the Las Gallinas Valley Sanitary District  
**MPSMD** means the Murray Park Sewer Maintenance District  
**RVSD** means the Ross Valley Sanitary District (aka County Sanitary District 1)  
**SRSD** means the San Rafael Sanitation District  
**SQVSMD** means the San Quentin Village Sewer Maintenance District

\*\*\*

**1. With respect to growth and population projections for the affected areas as required under Section 56430(a)(1), the Commission independently determines the following.**

- a. The Commission estimates there are 124,182 total residents served by the seven affected agencies responsible for providing public wastewater services in Central Marin as of the end of the study period. It is also estimated the combined resident population has increased by 3,037 or 2.54% over the 60-month study period; the net effect resulting in a combined annual growth rate of 0.6%.
- b. The Commission estimates resident growth in Central Marin during the study period has been disproportionately concentrated within SRSD and RVSD. These two agencies collectively account for nearly nine-tenths of all new estimated growth in the region over the preceding 60-month period.
- c. Commission estimates the housing market has produced 1,199 new occupied units in Central Marin over the course of the five-year study period. This results in a corresponding ratio of 2.56 new residents for every new occupied housing unit added in the region.
- d. The RVSD accounts for 37% of all occupied housing units within the region as of the study period term; the most of any of the affected agencies. RVSD also experienced the largest increase in new occupied housing units during the study period tallying 694 or 3.9% overall.
- e. Should residential buildout plans proceed as currently contemplated by the County of Marin and other overlapping land use authorities the housing unit stock in Central Marin will increase by 3,352 and result in the estimated addition of 8,268 residents; a net increase of 6.7% through the end of 2024.

Exhibit A

- f. Current demographic information shows marked differences between SRSD and the other six affected agencies providing public wastewater services in Central Marin in both economic and social measurements. These differences include SRSD finishing the study period with significantly lower household incomes along with high poverty and unemployment rates. Distinctions among and within the other six affected agencies are less evident.
- g. The Commission estimates there are 28,475 total residents within LGVSD that are explicitly served by the District's wastewater collection and treatment system as of the term of the study. It is further estimated LGVSD has experienced an overall population increase of 261 over the preceding five-year period, resulting in an annual growth rate of 0.2%.
- h. The Commission estimates there are 40,744 total residents within SRSD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated SRSD has experienced an overall population increase of 1,363 over the preceding five-year period, resulting in an annual growth rate of 0.7%.
- i. The Commission estimates there are 40,809 total residents within RVSD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated RVSD has experienced an overall population increase of 1,356 over the preceding five-year period, resulting in an annual growth rate of 0.7%.
- j. The Commission estimates there are 9,874 total residents within CSD No. 2 that are explicitly served by the District's wastewater collection system as of the study term. It is further estimated CSD No. 2 has experienced an overall population increase of 86 over the preceding five-year period, resulting in an annual growth rate of 0.2%.
- k. The Commission estimates there are 191 total residents within MPSMD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated MPSMD has experienced an overall population increase of 16 over the preceding five-year period, resulting in an annual growth rate of 1.8%.
- l. The Commission estimates there are 89 total residents within SQVSMD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated SQVSMD has experienced an overall population decrease of six persons over the preceding five-year period, resulting in an annual growth rate of (1.8%).
- m. The Commission estimates there are 95,428 total residents within CMSA that are explicitly served by the District's treatment system as of the term of the study; an amount that includes inmates at San Quentin State Prison. It is also estimated CMSA has experienced an overall population increase of 1,356 over the preceding five-year period, resulting in an annual growth rate of 0.7%.

**2. With respect to the location and characteristics of disadvantaged unincorporated communities within the affected areas as required under Section 56430(a)(2), the Commission independently determines the following.**

- a) There are no unincorporated areas within Central Marin or immediately adjacent therein that presently qualify as disadvantaged under the statewide definition based on recent census information.
- b) The unincorporated community of Nicasio previously qualified as disadvantaged under the statewide definition before slightly exceeding the median household income threshold in the latest census. This community and its estimated population of 130 is in relative proximity to LGVSD – though outside the District’s present sphere of influence – and currently dependent on private septic systems.
- c) It is possible other unincorporated communities in or adjacent to Central Marin would qualify as “disadvantaged” upon completion of the Commission’s scheduled policy review to establish its own definition in implementing Senate Bill 244 (Wolk). The Commission should proactively work with other local agencies – and in particular water, wastewater, and fire providers – in developing a definition to meet the legislation’s intent to ensure an appropriate and equitable level of municipal services is available to all qualifying areas.

**3. With respect to the capacity of public facilities and infrastructure needs and deficiencies within the affected areas as required under Section 56430(a)(3), the Commission independently determines the following.**

- a) The Commission estimates total annual wastewater flows generated among the seven affected public agencies’ services areas in Central Marin have decreased overall by (17%) and results in a net daily demand savings of 2.7 million gallons.
- b) Changes in the affected agencies’ combined annual wastewater flow totals during the study period closely matches year-end rainfall counts for Central Marin and highlighted in 2013 – the apex of the parallel drought – when collected flows fell to a period low average of 12.8 million per day. This correlation indicates, albeit differently among the collection systems, the existence of excessive infiltration and inflow throughout the region.
- c) All of the affected agencies with collection systems and or treatment facilities in Central Marin are accounting and funding therein replacement of their capital infrastructure, albeit to different degrees and accordingly producing a sizable range in equipment age among the agencies. The average age of capital equipment among the affected agencies as of the study period term is 21 years and bookmarked by a low – or youngest – of 12 years within CSD No. 2 and a high – or oldest – of 30 years within RVSD.
- d) The combined average peaking-factor among the seven affected agencies’ service areas in Central Marin generated during the study period tallies 9.2. This amount further quantifies excessive amounts of runoff and or groundwater are entering the collection systems and – among other adverse impacts – contributing to the 317 reported sanitary overflows in the region during the 60-month period

- e) 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 exceed 72% of estimated capacity.
- f) LGVSD is the entity responsible for treating and disposing all wastewater generated within the Las Gallinas Watershed portion of Central Marin and has adequate capacity to accommodate current and projected flows through the 10-year timeframe of this study. This includes the Commission projection that no demand measurement will exceed 70% of capacity now and through 2024.
- g) CMSA is the entity responsible for treating and disposing all wastewater generated within the Ross Valley and San Rafael Creek Watersheds portion of Central Marin and has adequate – albeit more narrowly – capacity to accommodate current and projected flows through the 10-year timeframe of this study. The most pressing demand measurement within CMSA involves dry weather flows and highlighted by averages during the study period reaching 85% of the treatment facility's permitted capacity.

**4. With respect to the financial ability of agencies to provide services within the affected areas as required under Section 56430(a)(4), the Commission independently determines the following.**

- a) Approximately three-fourths of operational costs underlying public wastewater services in Central Marin are generated from direct revenues based on a combined earned income ratio generated during the study period of 76%.
- b) Resident accounts make up no less than 89% of any one affected agency's total wastewater service connections in Central Marin as of the study period term with the average annual residential charge – the principal source of direct revenue – tallying \$710 as of the study period term.
- c) Opportunities to increase direct revenues among all seven affected agencies in Central Marin in support of their respective public wastewater systems is substantively constrained given two external factors. First, opportunities to spread-out costs among additional customers is limited given community preferences – which are reflected in local land use policies – to limit new growth. Second, opportunities to raise rates and or establish assessments are constrained under State law to require majority landowner approval.
- d) The combined active-to-retiree ratio between the five subject agencies with pension obligation is 0.79 to 1.00; an amount meaning there are approximately four active employees contributing to the pension system for every five retired employees.
- e) Indirect revenues support the remaining and approximate one-fourth of operational costs underlying public wastewater services in Central Marin and largely derived from the distribution of property taxes. The average property tax distribution rate among the affected agencies - less CMSA as a joint-powers - is 1.9% of the 1.0% in total ad-valorem.

- f) Four of the five affected agencies – LGVSD, RVSD, CSD No. 2, and CMSA - with pension obligations finished the study period with funded status ratios near or above 80%; the standard threshold used in governmental accounting to identify relatively stable pension plans. The remaining agency – SRSD – ended the study period with a funded status of 72%.

**5. With respect to the status and opportunities therein for shared services within the affected areas as required under Section 56430(a)(5), the Commission independently determines the following.**

- a) Ratepayers within the Ross Valley and San Rafael Creek Watershed portion of Central Marin have benefited from the ongoing costs savings associated with the creation of CMSA and construction and operation therein of a single and jointly-owned wastewater treatment facility serving multiple jurisdictions.
- b) CMSA should develop a formal plan to dedicate remaining treatment capacity among its member agencies based on assigning an ultimate equivalent dwelling unit allocation. This plan would significantly enhance regional growth management by providing each member agency and all associated land use authorities more certainty in their ability to appropriately match wastewater provision with future development projects within their respective jurisdictions.
- c) There appears to be relatively limited engagement between LGVSD and the remaining affected agencies within Central Marin despite comparatively close service areas. Opportunities should be explored for the benefit of region ratepayers to establish more connectivity among all agencies in sharing costs and expertise commonly underlying the management and operation of public wastewater systems.
- d) LGVSD has taken a leadership role in investing resources to repurpose wastewater into recycled water supplies for beneficial use within its jurisdictional boundary and through an ongoing partnership with Marin Municipal Water District. LGVSD has more recently partnered with North Marin Water District to provide recycled water for irrigation and landscape purposes to the Hamilton area. Additional partnerships should be explored to expand the potential reach of repurposed wastewater throughout the rest of Central Marin
- e) Affected agencies should continue to participate in programs that focus on sustainability opportunities, such as the North Bay Watershed Association where member agencies (LGVSD, RVSD, CMSA) foster partnerships to promote, protect, and reuse regional resources for the collective benefit of their constituents.

**6. With respect to accountability and opportunities and merits therein for governance alternatives as required under Section 56430(a)(6), the Commission independently determines the following.**

- a) Residents throughout Central Marin similarly benefit from the aptitude and responsiveness of board and senior management within all seven affected agencies. These attributes create trust with ratepayers and help ensure their ongoing financial investment in the agencies' wastewater systems are appropriately safeguarded.

- b) There has been noticeable improvement in membership relations within CMSA during the course of the study period that ultimately benefits ratepayers. This improvement appears aided in large part to board and management change within RVSD and, among other benefits, contributed to the recent settlement of litigation within CMSA.
- c) Additional efforts should be taken by CSD No. 2 to distinguish its role as a stand-alone governmental entity separate from the Town of Corte Madera. This includes developing stand-alone contracting arrangements with Corte Madera outlining specific services and costs therein with respect to the existing use of Corte Madera staff, supplies, and resources in carrying out District duties.
- d) CMSA's governing structure appears outdated given the dedication of one of its six-member regular board seats to the City of Larkspur; an entity that ceased wastewater services in 1993 in step with the annexation of its service area to RVSD, and as such is no longer a funding contributor. Reorganization of the board, accordingly, appears appropriate to limit and or remove Larkspur's presence on CMSA to better align and weight governance with vested participation among member agencies.
- e) SRSD's dependent governance structure would be enhanced by formally designating the lone board seat dedicated to a member of the County of Marin to the incumbent holding Supervisor District 1 given it covers nearly all of the jurisdictional boundary and approximately 70% of all unincorporated ratepayers. This designation would provide a more logical and direct match between SRSD voters and their appointed representative.
- f) Two separate governance alternatives appear readily merited to improve local accountability and service efficiencies in Central Marin. This involves immediately proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD by annexation or consolidation. These reorganizations would eliminate two dependent special districts governed by the County of Marin subject and inhibited therein to antiquated statutes in favor of recognizing RVSD as the preferred and more capable service provider going forward.
- g) Irrespective of other determinations it appears appropriate for the Commission to evaluate options to potentially reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley and San Rafael Creek Watersheds. This topic – which has been previously reviewed by the agencies specific to assessing cost-savings but not the Commission – responds to Marin LAFCO's directive to independently assess the notional sense affirmed in this study that a consolidation would appear primed to produce greater accountability and efficiency within the combined watershed.
- h) The Commission should consider directing staff to prepare an addendum to this study with agency participation to assess the viability of any service and cost efficiencies tied to consolidating Marin Municipal Water District and North Marin Water District. The central objective of the addendum would be to inform the membership, agencies, and general public with respect to the merits/demerits of a potential consolidation and to justify any subsequent actions, including maintaining the status quo.



- i) 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 sub-region does not match up with assigned jurisdictional boundaries.

**7. With respect to the matters of local interest and specifically the relationship between services and land use policies as provided under Section 56430(a)(7), the Commission independently determines the following.**

- a) There is merit for more connectivity between planning wastewater services with land use policies of the local cities, towns, and County of Marin to manage future growth within Central Marin. A coordinated effort among municipalities could also promote better use of federal funds.
- b) Land use authorities in Central Marin should match the affected wastewater service provider in step with identifying potential development opportunities in preparing housing element updates as a means to connect growth with service
- c) The affected agencies in Central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services. This includes resiliency planning with respect to droughts, storm events, raising water tables as well as future demands.
- d) The Commission, affected agencies and the County of Marin's Environmental Health Services Department should work to identify all remaining septic systems – active and inactive – within Central Marin and proactively partner in connecting these properties with the appropriate public wastewater system.

Exhibit A

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**Marin Independent Journal**

4000 Civic Center Drive, Suite 301  
San Rafael, CA 94903  
415-382-7335  
legals@marinij.com  
2071569

MARIN LAFCO  
ATTN: CADICE BOZZARD  
1401 LOS GAMOS DR SUITE 220  
SAN RAFAEL, CA 94903-3698

**PROOF OF PUBLICATION  
(2015.5 C.C.P.)**

**STATE OF CALIFORNIA  
County of Marin**

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer of the MARIN INDEPENDENT JOURNAL, a newspaper of general circulation, printed and published daily in the County of Marin, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Marin, State of California, under date of FEBRUARY 7, 1955, CASE NUMBER 25566; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

**07/20/2017**

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated this 20th day of July, 2017.



Signature

**PROOF OF PUBLICATION**

Legal No. **0005994600**

**MARIN LOCAL AGENCY FORMATION  
COMMISSION**

**NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN THE MARIN LOCAL AGENCY FORMATION COMMISSION (LAFCO) will hold a regular meeting on Thursday, August 10, 2017 at 7:00 P.M. at Marin Clean Energy located at 1125 Tamalpais Avenue in San Rafael to consider - and among other items - the following matter:

**Central Marin Wastewater Study:  
Final Report and Determinations**

In accordance with Government Code Section 56430, Marin LAFCO will open a public hearing to consider the final report and recommendations therein prepared by staff as part of the agency's Central Marin Wastewater Study. The final report follows the earlier presentation and circulation of a draft report and focuses on independently assessing the availability, capacity, and performance of public wastewater services within an approximate 60 square mile study area in and around the City of San Rafael, Ross Valley, and Lucas Valley. The report is intended to serve as the source document in informing future actions of Marin LAFCO to update spheres of influence, approve boundary changes, and/or order reorganizations. Public agencies subject to the report are (a) Las Gallinas Valley Sanitary District, (b) San Rafael Sanitation District, (c) Ross Valley Sanitary District, (d) Corte Madera Sanitary District, (e) Murray Park Sewer Maintenance District, (f) San Quentin Village Sewer Maintenance District, and (g) Central Marin Sanitation Agency. The final report will be available for download at [www.marinlafco.org](http://www.marinlafco.org) approximately two weeks prior to the hearing date. You may also request a written copy of the associated staff report by contacting Marin LAFCO at 415-448-5877

Keene Simonds, Executive Officer  
Marin Local Agency Formation Commission  
July 18, 2017  
No. July 20, 2017

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 16 (Public Hearing)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: North Marin Water District |  
Final Report on Sphere of Influence Update and Associated Actions**

The Commission will consider taking two actions tied to its scheduled sphere of influence update on the North Municipal Water District. The first action is to receive and file a final report prepared by staff evaluating the current sphere designation and update recommendations therein relative to State law and Commission policies. The second action is to consider adopting a resolution updating the sphere consistent with the recommendations of the final report and headlined by making one immediate modification to include approximately 2,230 acres located off of State Highway 1 in the West Marin service area. Other recommendations focus on policy statements involving Dillion Beach and South Sonoma County to designate these areas as priority reviews ahead of the next scheduled update.

Local Agency Formation Commissions (LAFCOs) are required under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to establish, amend, and update spheres of influence for all cities and most special districts in California. Spheres serve to designate the territory LAFCOs independently believes represents the appropriate and probable future service areas and jurisdictional boundaries of the affected agencies. All jurisdictional changes and outside municipal service extensions must be consistent with the spheres of the affected local agencies with limited exceptions. LAFCOs must update all spheres every five years and in conjunction with preparing municipal service reviews to assess the level, range, and need of governmental services in the respective county.

### A. Background

#### Adopted Study Schedule | Countywide Water Study

Marin LAFCO’s (“Commission”) current five-year cycle for preparing municipal service reviews was adopted in June 2014 in step with establishing a formal study schedule. The purpose of the schedule is to methodically prepare municipal service reviews with respect to targeted services or regions in Marin County and ahead of the Commission’s legislative directive to perform individual agency sphere of influence updates and/or initiate reorganizations. Consistent with this schedule the Commission completed a countywide municipal service review on public water services (“water study”) that included an independent evaluation of the North Marin Water District (NMWD). The water study was

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Sashi McEntee, Regular  
City of Mill Valley  
Matthew Brown, Alternate  
Town of San Anselmo

Jack Baker, Regular  
North Marin Water District  
Craig K. Murray, Regular  
Las Gallinas Valley Sanitary  
Lew Kious, Alternate  
Almonte Sanitary

Jeffrey Blanchfield, Chair  
Public Member  
Chris Skelton, Alternate  
Public Member

completed in 2016 and culminated with the Commission adopting a series of written determinations addressing all of the administrative, service, and governance factors required for consideration under the directing legislation (Government Code 56430).

### **Adopted Work Plan | Scheduled Sphere Update on NMWD**

The Commission's adopted work plan for 2016-2017 directs staff to prepare a comprehensive sphere of influence update on NMWD. The scheduled update purposefully follows and draws on the recently completed water study and represents the first comprehensive review of the NMWD sphere since its establishment in the early 1980s.<sup>1</sup> The underlying objective of the update is for the Commission to independently ensure the NMWD sphere reflects the appropriate jurisdictional boundary and service area of the District over the next five to ten year period. This also includes – importantly – using the update process to formally signal the Commission's expectations in the appropriateness of future boundary changes and or outside service extensions.

### **Draft Report | Sphere Update on NMWD**

Staff presented a draft report on the scheduled sphere update on NMWD as part of a public hearing held on June 8, 2017. The presentation of the draft report immediately preceded the initiation of a 40-day public review and comment period and ahead of direction by the Commission to return with a final report and related actions for the August 10, 2017 meeting. To this end, and consistent with Commission direction, the following notices were provided on the draft report as well as the October 13<sup>th</sup> hearing:

- Notice was emailed to NMWD
- Notice was published in the Point Reyes Light
- Notice was published in the Marin Independent Journal
- Notice was mailed to individual landowners with Study Area A-1 <sup>2</sup>

## **B. Discussion**

This item is for the Commission to consider taking two distinct actions tied to its scheduled sphere update on NMWD. The first action is to formally receive and file a final report from staff evaluating the current sphere designation and recommendations therein relative to State law and Commission policies. The second action is to consider adopting a resolution updating the NMWD sphere consistent with the recommendations of the final report and subject to any desired changes as identified by the Commission. Copies of both documents – final report and resolution – are attached as Attachments One and Two. A summary of the specific recommendations and actions therein follows.

---

<sup>1</sup> A cursory update of the NMWD sphere specific to just the East Marin service area was performed by Marin LAFCO in 2002. No updates have been performed to date for the West Marin service area.

<sup>2</sup> As permissible under State law the noticing on the draft report and the scheduled August 10<sup>th</sup> hearing for the Commission to consider taking final actions on the NMWD sphere update was not directly provided to any landowner or resident within Study Areas B-1 and B-2. This decision was consistent with the staff recommendation and supplemented by Commission direction to limit direct noticing to only landowners within an area subject to a recommended change.

## **Final Report**

The final report returns to the Commission nearly intact from the draft version presented on June 8<sup>th</sup> and subsequently circulated for public review. Revisions reflected in the final report are considered non-substantive and generally address clarifications and related requests generated during the public review. No changes have been made to any of the recommendations. A supplemental report showing all written comments received on the draft along with staff responses – including when revisions have been made – is provided as an appendix in the final report.

## **Resolution**

Staff has prepared a resolution for Commission consideration to formally approve the recommendations – including making related policy statements – presented in the final report. Should the resolution be adopted a mandatory 30-day reconsideration period is initiated in which any member of the public may request a hearing to consider pertinent evidence that was not considered by the membership in taking the related action. Should no reconsideration be requested and/or approved the Executive Officer shall immediately update the Commission’s records to reflect the approved actions.

## **C. Analysis**

### **Sphere Update**

The final report and associated resolution continues to propose the Commission make one immediate modification to the NMWD sphere as part of this update. The proposed modification involves the addition of approximately 2,230 acres – including now all of the associated public right-of-way – located off of State Highway 1 in the West Marin service area and identified as A-1. This proposed expansion would recognize NMWD’s existing service commitments within A-1 as a result of pre CKH outside water service contracts reached by the District beginning in the late 1970s with the subject landowners; contracts that provide interruptible supplies and help mitigate against known low and poor groundwater in the region. Adding A-1 would also comport with a Commission interest – and specifically through memorializing water availability – in supporting agricultural uses in Marin County. The final report and associated resolution also continues to contemplate two additional modifications, albeit not for immediate action but for establishing priorities ahead of the next update. This involves the potential addition into the sphere of the remainder of the Village area within Dillion Beach (B-1) and unincorporated lands lying south of the City of Petaluma along Highway 101 in southern Sonoma County (B-2) given their existing and/or potential service relationships with NMWD.

### **Environmental Review**

The Commission serves as a lead agency for assessing the potential impacts associated with the sphere update on NMWD under the California Environmental Quality Act (CEQA). To this end, staff believes the proposed action to update the NMWD sphere and resulting changes therein qualify as a project under CEQA, but exempt from further review under the “general rule” provision pursuant to Regulations Section 15301(b)(3). This exemption applies to this action given it can be seen with reasonable certainty the

sphere is a planning policy of the Commission and any amendment to the NMWD sphere does not make any changes to the environment or authorize any new uses or services.

#### **D. Alternatives for Action**

The following alternatives are available to the Commission:

##### Alternative Action One (recommended):

1. Receive and file the attached final report prepared by staff as part of the Commission's scheduled sphere update on NMWD with direction to staff on any desired additions and or corrections; and
2. Adopt the attached resolution with its mandatory findings to update the NMWD sphere and make related policy statements as recommended in the final report with any changes identified by the majority of the membership.

##### Alternative Action Two:

1. Continue the item and request additional information from staff as needed.

#### **E. Recommendation**

It is recommended the Commission proceed with Alternative Action One as outlined in the preceding section.

#### **F. Procedures for Consideration**

This item has been agendized as part of a noticed public hearing. The following procedures are recommended in the Commission's consideration of this item:

- 1) Open the public hearing;
- 2) Invite comments from any interested audience members (mandatory);
- 3) Commission discussion; and
- 4) Consider closing the public hearing and taking action on the recommendation

Respectfully,



---

Keene Simonds  
Executive Officer

##### Attachments:

- 1) Final Report
- 2) Draft Resolution
- 3) Article from Point Reyes Light
- 4) Proof of Publication





**SPHERE OF INFLUENCE UPDATE |  
NORTH MARIN WATER DISTRICT**  
Government Code Section 56425

**Final Report** | August 2017  
Pending Formal Acceptance

**Project Manager**  
Keene Simonds  
Executive Officer

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## TABLE OF CONTENTS

SECTION	PAGE
<b>CHAPTER ONE:</b>	
<b>INTRODUCTION</b>	
<b>1.0 LOCAL AGENCY FORMATION COMMISSIONS (LAFCO)</b>	<b>1-1</b>
A. AUTHORITY AND OBJECTIVES	1-1
B. REGULATORY RESPONSIBILITIES	1-2
C. PLANNING RESPONSIBILITIES	1-3
D. LAFCO COMPOSITION / DECISION-MAKING	1-6
E. PRESCRIPTIVE FUNDING	1-6
<b>1.1 MARIN LAFCO</b>	<b>1-7</b>
A. ADOPTED POLICIES AND PROCEDURES	1-7
B. COMMISSION ROSTER	1-8
C. CONTACT INFORMATION	1-9
<b>CHAPTER TWO:</b>	
<b>DISCUSSION</b>	
<b>2.0 OVERVIEW</b>	<b>2-1</b>
A. REPORT OBJECTIVE	2-1
B. KEY ASSUMPTIONS AND PREMISES	2-1
<b>2.1 AGENCY PROFILE</b>	<b>2-3</b>
A. FORMATION AND ORGANIZATION	2-3
B. FINANCES	2-3
C. BOUNDARY MAP	2-4
D. SERVICE POPULATION AND DEVELOPMENT	2-4
E. SERVICE CAPACITIES AND DEMANDS	2-5
<b>2.2 SPHERE OF INFLUENCE</b>	<b>2-6</b>
A. ESTABLISHMENT	2-6
B. SUBSEQUENT COMMISSION UPDATES	2-6
C. CURRENT COMPOSITION	2-7
<b>CHAPTER THREE:</b>	
<b>ANALYSIS AND RECOMMENDATIONS</b>	
<b>3.0 ANALYSIS FOCUS</b>	<b>3-1</b>
<b>3.1 STUDY CATEGORIES</b>	<b>3-1</b>
A. SELECTION CRITERIA	3-1
B. MAP	3-2
<b>3.2 RECOMMENDATIONS</b>	<b>3-4</b>
A. SUMMARY	3-4
B. MANDATORY STATEMENTS	3-8
<b>APPENDICES :</b>	
<b>A. SUMMARY REVIEW OF WASTEWATER SERVICES IN OCEANA MARIN</b>	
<b>B. WRITTEN COMMENTS ON DRAFT REPORT</b>	
- NORTH MARIN WATER DISTRICT	
- SONOMA LAFCO	
- ROBERT JOHNSTON	

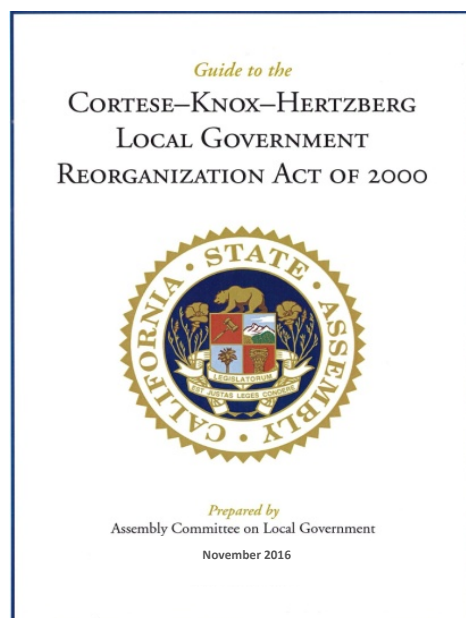
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## CHAPTER ONE INTRODUCTION

### 1.0 LOCAL AGENCY FORMATION COMMISSIONS

#### A. Authority and Objectives

Local Agency Formation Commissions (LAFCOs) were established in 1963 and are political subdivisions of the State of California responsible for providing regional growth management services in all 58 counties. LAFCOs' authority is currently codified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") with principal oversight provided by the Assembly Committee on Local Government.<sup>1</sup> LAFCOs' are comprised of locally elected and appointed officials with regulatory and planning powers delegated by the Legislature to coordinate and oversee the establishment, expansion, and organization of cities, towns, and special districts as well as their municipal service areas. LAFCOs' creation were engendered by Governor Edmund "Pat" Brown Sr. (1959-1967) to more effectively address the needs of California's growing and diversifying population with an emphasis on promoting governmental efficiencies. Towards this end, LAFCOs are commonly referred to as the Legislature's "watchdog" for local governance issues.<sup>2</sup>



Guiding LAFCOs' regulatory and planning powers is to fulfill specific purposes and objectives that collectively construct the Legislature's regional growth management priorities and are outlined under Government Code (G.C.) Section 56301. This statute presently reads as follows:

<sup>1</sup> Reference California Government Code Section 56000 et seq.

<sup>2</sup> In its ruling on *City of Ceres v. City of Modesto* the 5th District Court of Appeal referred to LAFCOs as the "watchdog" of the Legislature to "guard against the wasteful duplication of services." (July 1969)

*“Among the purposes of the commission are discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing governmental services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. One of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”*

LAFCO decisions are legislative in nature and therefore are not subject to an outside appeal process. LAFCOs also have broad powers with respect to conditioning regulatory and planning approvals so long as not establishing any terms that directly control land uses, densities, or subdivision requirements.

## **B. Regulatory Responsibilities**

LAFCOs’ principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California.<sup>3</sup> More recently, LAFCOs have been tasked with also overseeing the approval process

LAFCOs have been responsible since 1963 to oversee formation, expansion, reorganization, and dissolution actions involving cities, towns, and districts in California with limited exceptions.

for cities, towns, and districts to provide new or extended municipal services beyond their jurisdictional boundaries by contract. LAFCOs also must approve all district actions to activate a new service or divest an existing service. LAFCOs generally exercise their regulatory authority in response to applications submitted by the affected agencies, landowners, or registered voters. Recent amendments to CKH, however, now authorize and encourage LAFCOs to initiate on their own jurisdictional changes to form, consolidate, and dissolve districts consistent with current and future community needs. The following table provides a complete list of LAFCOs’ regulatory authority as of date.

<sup>3</sup> CKH defines “special district” to mean any agency of the State formed pursuant to general law or special act for the local performance of governmental or proprietary functions within limited boundaries. All special districts in California are subject to LAFCO with the following exceptions: school districts; community college districts; assessment districts; improvement districts; community facilities districts; and air pollution control districts.

### LAFCOs' Regulatory Powers

As of January 1, 2017

- City Incorporations / Disincorporations
- District Formations / Dissolutions
- City and District Consolidations
- City and District Outside Service Extensions
- City and District Annexations
- City and District Detachments
- Merge/Establish Subsidiary Districts
- District Service Activations / Divestitures

## C. Planning Responsibilities

LAFCOs inform their regulatory actions through two central planning responsibilities: (a) making sphere of influence (“sphere”) determinations and (b) preparing municipal service reviews. Sphere determinations have been a core planning function of LAFCOs since 1971 and effectively serve as the Legislature’s version of “urban growth boundaries” with regard to cumulatively

LAFCOs are tasked with planning the location of future urban development and services through two interrelated activities: (a) establish and update spheres and (b) prepare municipal service reviews to independently evaluate the availability and performance of governmental services relative to need.

delineating the appropriate interface between urban and non-urban uses within each county. Municipal service reviews, in contrast, are a relatively new planning responsibility enacted as part of CKH and are intended to inform – among other activities – sphere determinations. The Legislature mandates all sphere changes as of 2001 be accompanied by preceding municipal service reviews to help ensure LAFCOs are effectively aligning governmental services with current and anticipated community needs. An expanded summary of these two planning responsibilities follows.

### **Spheres of Influence**

LAFCOs establish, amend, and update spheres for all cities, towns, and most special districts in California to designate the territory LAFCO independently believes represents the appropriate and probable future service area and jurisdictional boundary of the affected agency. Importantly, all jurisdictional changes, such as annexations and detachments, must be consistent with the spheres of the affected local agencies with limited exceptions.<sup>4</sup> Further, an increasingly important role

<sup>4</sup> Exceptions in which jurisdictional boundary changes do not require consistency with the affected agencies’ spheres include annexations of State correctional facilities or annexations to cities involving city owned lands used for municipal purposes with the latter requiring automatic detachment if sold to a private interest.

involving sphere determinations relates to their use by regional councils of governments as planning areas in allocating housing need assignments for counties, cities, and towns and as part of the regular housing element cycle.

As of January 1, 2008, LAFCO must review and update as needed each local agency's sphere every five years. In making a sphere determination, LAFCO is required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest. The intent in preparing the written statements is to orient LAFCO in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. The five mandated planning factors are summarized in the following table.

Spheres serve as the Legislature's version of urban growth boundaries and – among other items – delineate where cities, towns, or districts may seek future annexation and outside service approvals with LAFCOs. All jurisdictional changes must be consistent with the affected agencies' spheres with limited exceptions.

#### Mandatory Determinations / Spheres of Influence (Government Code Section 56425)

1. Present and planned land uses in the affected area, including agricultural and open space.
2. Present and probable need for public facilities and services in the area.
3. Present capacity of public facilities and adequacy of public services the agency provides or is authorized to provide.
4. Existence of any social or economic communities of interest in the area if the commission determines they are relevant to the agency.
5. If the city or district provides water, sewer, or fire, the present and probable need for those services of any disadvantaged unincorporated communities within the existing sphere.



## Municipal Service Reviews

Municipal service reviews were a centerpiece to CKH’s enactment in 2001 and are comprehensive studies of the availability, range, and performance of governmental services provided within a defined geographic area. LAFCOs generally prepare municipal service reviews to explicitly inform subsequent sphere determinations. LAFCOs also prepare municipal service reviews irrespective of making any specific sphere determinations in order to obtain and furnish information to contribute to the overall orderly development of local communities. Municipal service reviews vary in scope and can focus on a particular agency or governmental service. LAFCOs may use the information generated from municipal service reviews to initiate other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies. All municipal service reviews – regardless of their intended use – culminate with LAFCOs preparing written statements addressing seven specific service factors listed under G.C. Section 56430. These mandated factors are summarized below.

Municipal service reviews serve to fulfill the Legislature’s interests in LAFCOs regularly assessing the adequacy and performance of local governmental services in order to inform possible future actions ranging from sphere determinations to reorganizations.

### Mandatory Determinations / Municipal Service Reviews (Government Code Section 56430)

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to affected spheres of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status and opportunities for shared facilities.
6. Accountability for community service needs, including structure and operational efficiencies.
7. Matters relating to effective or efficient service delivery as required by LAFCO policy.

## D. LAFCO Composition | Direction on Decision-Making

LAFCOs are generally governed by 11-member board comprising three county supervisors, three city councilmembers, three independent special district members, and two representatives of the general public.<sup>5</sup> Members are divided between “regulars” and “alternates” and must exercise their independent

State law directs all LAFCO members to independently discharge their responsibilities for the good of the region and irrespective of the interests of their local appointing authorities.

judgment on behalf of the interests of residents, landowners, and the public as a whole. LAFCO members are subject to standard disclosure requirements and must file annual statements of economic interests. LAFCOs have sole authority in administering their legislative responsibilities and its decisions are not subject to an outside appeal process. All LAFCOs are independent of local government with the majority employing their own staff; a small portion of LAFCOs, however, choose to contract with their local county government for staff support services. All LAFCOs must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the membership. All LAFCOs must also appoint their own legal counsel.

## E. Prescriptive Funding

CKH prescribes local agencies fully fund LAFCOs’ annual operating costs. Counties are generally responsible for funding one-third of LAFCO’s annual operating costs with the remainder one-third portions allocated to the cities and independent special districts.<sup>6</sup> Annual allocations to cities and special districts are calculated based on standard formula using tax revenues unless an alternative formula has been approved by a majority of the local agencies. LAFCOs are also authorized to collect applicant fees to offset local agency contributions.

<sup>5</sup> Approximately two-fifths of LAFCOs in California currently operate without special district representation based on local conditions. A limited number of LAFCOs also have additional seats through special legislation.

<sup>6</sup> Independent special districts have their own directly elected board members.

## 1.1 MARIN LAFCO

### A. Adopted Policies and Procedures | Sphere Updates and Municipal Service Reviews

The majority of Marin LAFCO’s (“Commission”) existing policies and procedures were comprehensively updated in June 2016. These policies and procedures collectively guide the Commission in implementing LAFCO law in Marin County in a manner consistent with regional growth management priorities as determined by the membership. This includes overarching policies and procedures to direct existing and new urban uses towards city-centers along the State Highway 101 corridor and maintaining restrictive allowances for the potential development and use therein of agricultural and open-space lands. The Commission has also established pertinent policies and procedures specific to preparing sphere updates and municipal service reviews as highlighted below.

- The Commission shall adopt a study schedule every five years to calendar sphere updates and the associated municipal services reviews at noticed public hearings. The adopted study schedule shall guide and prioritize the studies to be undertaken by the Commission over the five-year period paired with the ability to approve amendments as needed and or resources merit.
- The Commission shall generally defer requests made by applicants for individual sphere amendments for consideration as part of the next comprehensive update as determined in the adopted study schedule.
- The Commission shall orient the establishment and update of spheres to focus on community needs over the next 10 years.
- The Commission shall consider the plans and objectives contained within the adopted general plans of the local land use authorities in establishing and updating spheres.

- The Commission shall utilize municipal service reviews as the source document in informing all sphere determinations. The Commission shall only utilize municipal service reviews that are less than five years old in making sphere determinations unless specific circumstances warrant otherwise.
- The Commission shall generally assign three types of sphere designations for local agencies unless special circumstances warrant otherwise. A larger sphere denotes the Commission’s expectation the agency will annex certain lands in the near-future. A smaller sphere denotes an expectation the agency will detach certain lands in the near-future. A coterminous sphere denotes an expectation of no changes to the agency in the near future.
- The Commission shall assign a zero sphere encompassing no territory to signal the membership’s interest and intent to dissolve and or disincorporate the affected agency.
- The Commission shall assign a common sphere to include the territory served by two or more agencies to signal the membership’s interest and intent to consolidate and or merge the affected agencies.

## B. Commission Roster

The Commission’s current membership is provided below.

### Current Members

Name	Position	Agency Affiliation
Jeffrey Blanchfield, Chair	Public	Commission
Carla Condon, Vice Chair	City	Town of Corte Madera
Damon Connolly	County	County of Marin
Jack Baker	Special District	North Marin Water
Sashi McEntee	City	City of Mill Valley
Craig K. Murray	Special District	Las Gallinas Valley Sanitary
Dennis J. Rodoni	County	County of Marin
Judy Arnold, Alternate	County	County of Marin
Matthew Brown, Alternate	City	City of San Anselmo
Lew Kious, Alternate	Special District	Almonte Sanitary
Chris Skelton, Alternate	Public	Commission

### **C. Contact Information**

Marin LAFCO's administrative office is located at 1401 Los Gamos Drive in San Rafael (Terra Linda). Visitor parking is available. LAFCO is a small governmental agency and as a result the office is sometimes closed during normal business hours when staff is in the field. Accordingly, appointments to discuss proposals or other matters are strongly encouraged and can be scheduled by calling 415-448-5877. Communication by e-mail is also welcome and general questions or comments should be directed to [staff@marinlafco.org](mailto:staff@marinlafco.org). Additional information regarding Marin LAFCO's functions and activities is also available online by visiting [www.marinlafco.org](http://www.marinlafco.org).

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## CHAPTER TWO DISCUSSION

### 2.0 OVERVIEW

#### A. Report Objective

This report represents Marin LAFCO’s scheduled sphere of influence update for the North Marin Water District (NMWD). The report has been prepared by staff and considers whether any changes – additions and or subtractions – to NMWD’s current sphere are warranted in terms of consistency with the provisions of CKH as well as the adopted policies of the Commission. The report draws on information generated as part of the recently completed municipal service review on countywide public water service and intended to inform the Commission’s decision-making in independently aligning NMWD’s potable water and wastewater services with current and planned community needs as directed under State law. This also includes incorporating, as appropriate, information on adopted land use policies from affected land use authorities that are within and or adjacent to NMWD’s two distinct services areas: East and West Marin.

The underlying objective of this report is to inform the Commission’s decision making in independently aligning NMWD’s potable water and wastewater services with current and planned community needs in the East and West Marin service areas.

#### B. Key Assumptions and Premises

The report and its analysis is premised on reconciling current CKH directives and Commission policy preferences therein with updating NMWD’s sphere. Most notably, this includes incorporating new directives for LAFCOs subsequent to the last coordinated review of the NMWD sphere in the early 1980s that – and among other items – substantively expand the policy intent and application of sphere designations. A key and central example herein is the expanded definition of a sphere to demark not just the current and future jurisdictional boundary but also the agency’s

The central assumption is the explicit intention the sphere of influence represent – and through the Commission – the State’s designation of NMWD’s appropriate service area, and all future annexations and outside service extensions shall conform accordingly.

*service area* (emphasis added.) This definition expansion, importantly, follows legislative changes in LAFCOs' responsibilities to now also regulate the ability of cities, towns, and special districts to enter into contracts to provide municipal services outside their jurisdictional boundaries. Further, and pertinent to this update, this referenced new oversight limits LAFCOs' authority to approve these type of service arrangements – which in many instances previously worked to circumvent the annexation process – only to lands within the affected agencies' spheres with limited exceptions. Accordingly, a central assumption within the update is the explicit intention the sphere represent the State's formal designation – and byway of the Commission – of NMWD's appropriate service area, and all annexations and outside service extensions conform unless special circumstances warrant otherwise. Other pertinent assumptions and premises underlying the update and its analysis are summarized below.

- Analyses of potential changes to the NMWD sphere emphasize a 10-year horizon in which resulting boundary changes – annexations or detachments – and outside service extensions are expected.
- Non jurisdictional lands included in the NMWD sphere does not provide any guarantees the territory will be annexed or provided outside services. Jurisdictional changes and outside service extensions must be considered on their own merits with particular attention focused on assessing whether the *timing* of the request is appropriate (emphasis added).
- Potential changes identified and evaluated in this update shall be vetted with NMWD and any resulting comments – should there be any – will be incorporated into the final analysis prior to Commission action.



## 2.1 AGENCY PROFILE

### A. Formation and Organization

NMWD was formed in 1948 with the initial task of assuming potable water services from the Novato Water Company. Formation proceedings were approved by voters along with supporting tax measures and highlighted by providing funding for NMWD to establish a new stand-alone surface water supply by damming Novato Creek and therein creating Stafford Lake. NMWD's jurisdictional boundary has expanded since its formation and presently expands nearly 100 square miles and marked by two distinct service areas. The main service area – “East Marin” – includes the City of Novato and the adjacent unincorporated areas of Bel Marin Keys, Black Point, Loma Verde, Green Point, and Indian Valley. This main service area, notably, also extends into Sonoma County to include nearly three dozen unincorporated properties south of the City of Petaluma. The second service area – “West Marin” – is further divided between the unincorporated communities of Point Reyes Station/Olema and Dillon Beach.

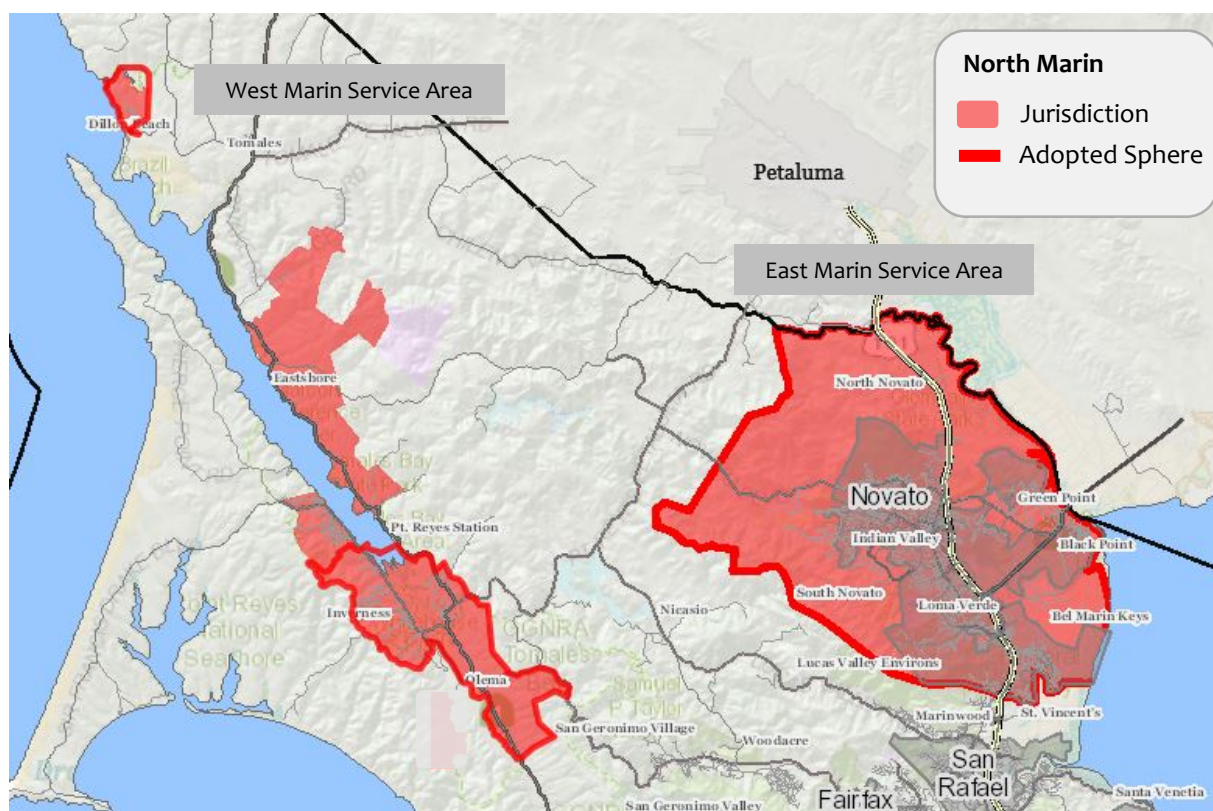
NMWD is organized as a limited-purpose agency and provides three services: (a) potable water; (b) non-potable water; and (c) wastewater with the latter limited to the Oceana Marin Subdivision in Dillon Beach. Governance is provided by a five-person board whose members are registered voters elected at-large to staggered four-year terms. NMWD appoints an at-will General Manager to oversee all District activities. The current General Manager – Drew McIntyre – was appointed by the Board in 2017 and oversees a present budgeted staff of 55 fulltime equivalent employees.

### B. Finances

NMWD most recently completed audit report covered the 2015-2016 fiscal year and showed the District finished the period with an overall net asset or equity sum of \$92.6 million. This amount – which represents the difference between total assets and liabilities – increased by approximately 5% over the prior fiscal year and 23% over the preceding 60-month period. The end of year equity amount includes \$5.0 million in unrestricted funds that can be used for any purposes and translates to an approximate per capita reserve ratio of \$76. Other notable measurements include NMWD finishing

the fiscal year with moderately high liquidity with more than double the amount of current assets compared to current liabilities; similarly the District ended with relatively low debt with non-current liabilities equaling less than one-third of non-current assets.

### C. Boundary Map



### D. Service Population and Development

The Commission independently estimates the overall resident service population within NMWD totals 65,479 and as detailed in the accompanying footnote.<sup>7</sup> The portion of the jurisdictional boundary under private ownership is largely developed – though not necessarily to maximum density – with 95% of the affected legal parcels assessed with improved structures. This existing development includes 24,228 total residential units with four-fifths – or 19,391 – of the amount lying within the City of Novato.

<sup>7</sup> The resident service population for NMWD is divided between two distinct estimates. The first estimate – calculated by Marin LAFCO as part of the recently completed countywide water study – tallies 65,079 and represents the service population of the NMWD water system. The second estimate – calculated by NMWD – tallies 400 and represents the service population of the District sewer system.

## E. Service Capacities and Demands

NMWD’s primary service function involves the retail delivery of potable water within both its East and West Marin service areas and was the focus of the recently completed municipal service review. Below is a summary of key analysis and conclusions generated as part of the municipal service review as it relates to the supply and demand of NMWD’s potable water within its two service areas. An abbreviated review of NMWD’s wastewater services specific to Dillion Beach in the West Marin service area was included in preparing this report and provided as an appendix.

### Supply and Demand | East Marin

NMWD’s potable water supplies for the East Marin service area are drawn from a combination of local and imported sources and collectively provide a maximum annual availability of 22,554 acre-feet. The primary supply is the Russian River and secured through a contract with the Sonoma County Water Agency. A secondary supply is drawn from Novato Creek, and secured through appropriative rights and impounded at Stafford Lake. Average annual demands within the East Marin service area over the municipal service review’s five-year timeframe (2009 to 2013) totaled 9,150 acre-feet and represents 41% of the maximum yield supply.<sup>8</sup> This ratio changes under projected single-dry conditions to 101% - or a (1%) deficit.

Average annual demands generated over the municipal service review’s 60 month study period within the East Marin service area equaled 41% of the maximum available supply.

### Supply and Demand | West Marin

NMWD’s potable water supplies for the West Marin service area are entirely drawn locally from Lagunitas Creek and collectively provide a maximum annual availability of 654 acre-feet based on appropriated rights. The primary access point to this local source is through two groundwater wells that capture underflow

Average annual demands generated over the municipal service review’s 60 month study period within the West Marin service area equaled 39% of the maximum available supply.

<sup>8</sup> Active connections in the East Marin service area as of the end of the study period totaled 20,492. Annual water demands increased by 3.8% during the five-year study period with an average daily per capita use of 127 gallons.

and located on land owned by the Coast Guard. Average annual demands within the West Marin service area over the municipal service review's five-year timeframe (2009 to 2013) totaled 257 acre-feet and represents 39% of the maximum yield supply.<sup>9</sup> This ratio changes under projected single-dry conditions to 45%.

## 2.2 SPHERE OF INFLUENCE

### A. Establishment

Records show the Commission established the NMWD sphere as part of two separate actions in the early 1980s. The first action occurred in 1982 and involved the establishment of a sphere specific to the East Marin service area to be entirely coterminous with the then-NMWD jurisdictional boundary. The second action occurred in 1984 and involved the establishment of a sphere specific to the West Marin Service area and also to coterminous with the then-NMWD jurisdictional boundary with a limited number of exceptions. Most notable among the exceptions was involved the exclusion of jurisdictional lands comprising all of the Marshall area as well as the portion of lands in the Inverness area overlapping the Inverness Public Utility District.

### B. Subsequent Commission Updates

The Commission performed a partial update on the NMWD sphere in 2002 as part of a regional study of the Novato region. The partial update resulted in the Commission formally affirming the NMWD sphere specific to the East Marin service area to be coterminous with the jurisdictional boundary. No previous update has been performed on the West Marin service area.

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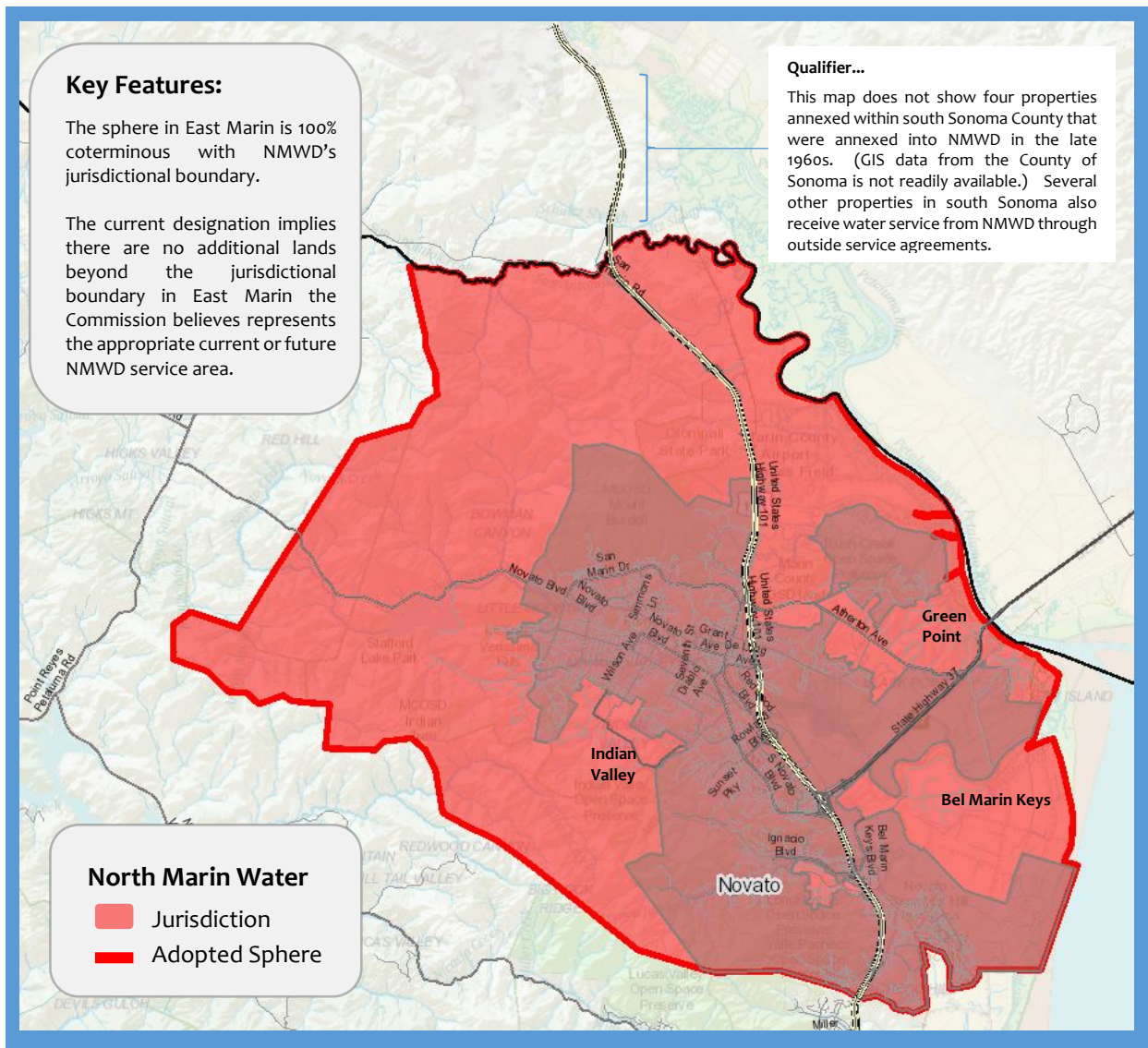
<sup>9</sup> Active connections in the West Marin service area as of the end of the study period totaled 776. Annual water demands decreased by (3.1%) during the five-year study with an average daily per capita use of 118 gallons.

### C. Current Composition

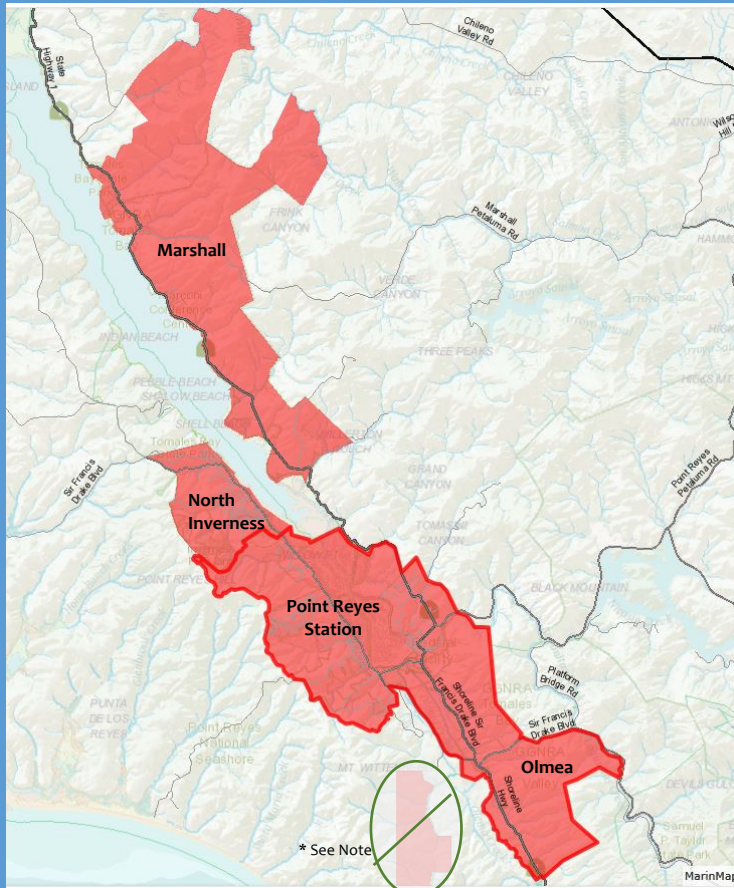
NMWD’s sphere presently spans approximately 55,329 acres or 87 square miles. As noted in the preceding paragraphs, the NMWD sphere is generally – but not entirely – coterminous with the jurisdictional boundary with the deviations specific to the West Marin service area. These deviations are reflected in the following maps and produces a sphere capturing only 86% of the jurisdictional boundary.

The NMWD sphere of influence captures 86% of the jurisdictional boundary with all deviations within the West Marin service area.

#### East Marin Service Area



## West Marin Service Area



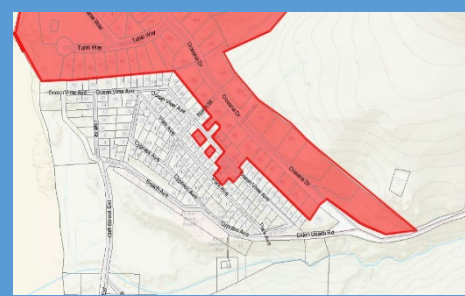
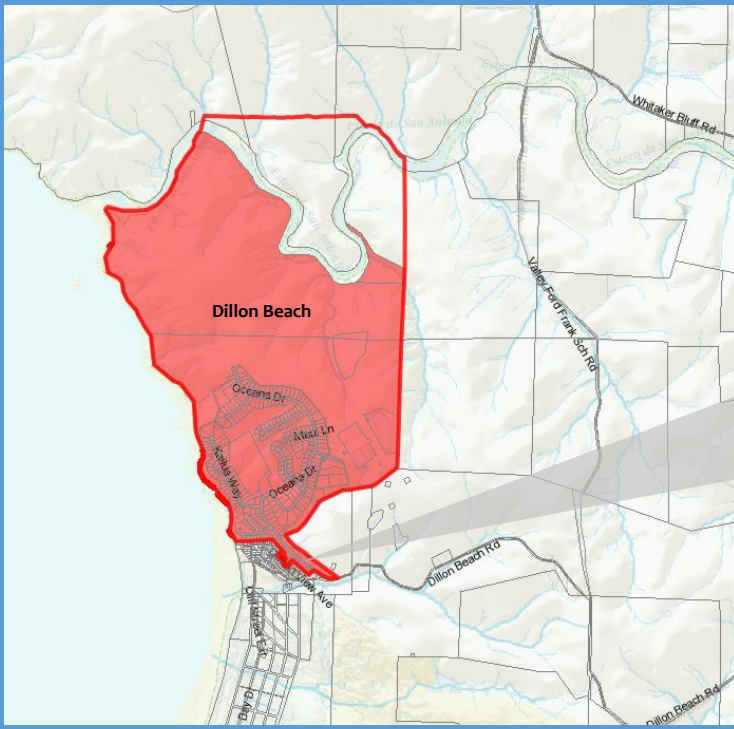
**Key Features:**

The sphere in West Marin captures 51% of NMWD’s jurisdictional boundary and marked by the notable exclusion of Marshall and North Inverness.

The standing exclusion of jurisdictional lands in Marshall and North Inverness from the NMWD sphere reflects the Commission’s policy expectation that the approximate 9,000 acres be detached.

The current inclusion of 190 acres of non-jurisdictional lands in Dillon Beach within the NMWD sphere reflects an expectation the lands be served by the District through annexation or an outside service extension.

\* GIS records presently shows an approximate 755 acre addition within the jurisdictional boundary. It appears this single parcel – which is owned by the US Coast Guard – was never legally annexed, and as such is assumed not to be part of NMWD pending formal confirmation.



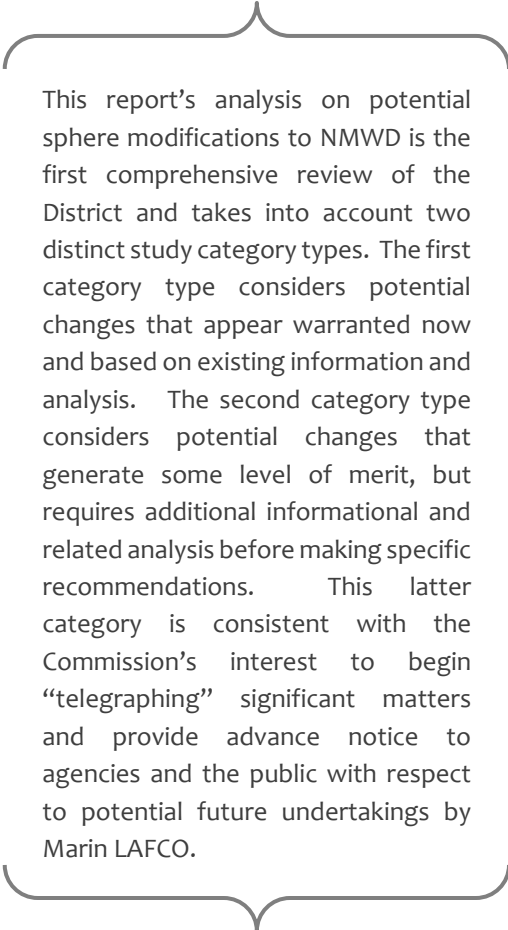
**North Marin Water**

- Jurisdiction
- Adopted Sphere

## CHAPTER THREE ANALYSIS & RECOMMENDATIONS

### 3.0 ANALYSIS FOCUS

Consistent with CKH the underlying purpose of this report is to provide context and related analysis in step with the Commission’s directive to review and update NMWD’s sphere with any appropriate modifications therein. To this end, staff has performed its own assessment of the current NMWD sphere designation with the premising interest to identify modifications that facilitate the District’s logical development relative to the factors prescribed by the Legislature and further defined under Commission policy. This includes – and consistent with earlier input from Commissioners – orienting this process to identify (a) modifications that appear merited now as well as those (b) changes that may be merited in the near future but require additional study and analysis. Markedly, this latter category responds to the Commission’s interests to “telegraph”



This report’s analysis on potential sphere modifications to NMWD is the first comprehensive review of the District and takes into account two distinct study category types. The first category type considers potential changes that appear warranted now and based on existing information and analysis. The second category type considers potential changes that generate some level of merit, but requires additional informational and related analysis before making specific recommendations. This latter category is consistent with the Commission’s interest to begin “telegraphing” significant matters and provide advance notice to agencies and the public with respect to potential future undertakings by Marin LAFCO.

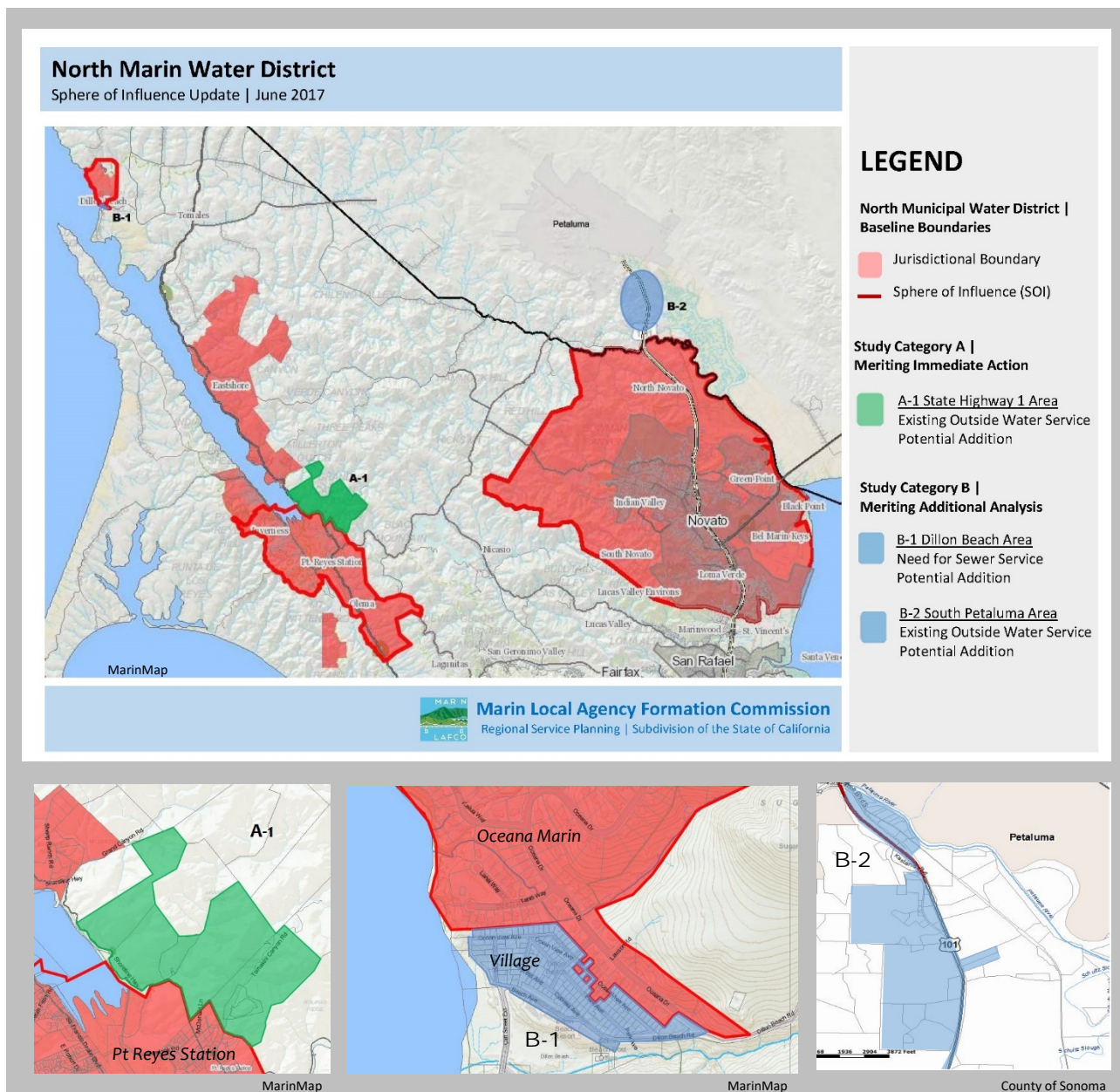
potential sphere modifications ahead of actual action with the goal of engaging the affected agency and communities with the expectation of returning to the topic with more information as part of the next five-year update.

### 3.1 STUDY CATEGORIES

#### A. Selection Criteria

As introduced in the preceding section the analysis on potential modifications to the NMWD sphere is the work of staff and divided into two categories. The first – Study Category “A” – represents those areas that existing information and analysis appears

sufficient in recommending an action (i.e., addition or subtraction from the sphere). The second – Study Category “B” – represents those areas that existing information and analysis suggests there may be merit for a modification, but given the scope of the potential change additional work is needed to reach a more informed recommendation before reaching any conclusions. An accounting of the areas selected and evaluated therein under both categories is shown in the following map and detailed in the succeeding sections.





## Study Category A | Areas Meriting Immediate Action

A review of the NMWD sphere with respect to potential modifications now based on existing information and analysis identifies one selection for Commission consideration. This selection is identified as A-1 and is detailed below.

- A-1 has been identified for immediate addition into the sphere and encompasses an approximate 2,230 acre unincorporated area located off of State Highway 1 in the West Marin service area. A-1 consists of eleven legal parcels that are all under private ownership and largely developed with commercial agricultural uses ranging from livestock to dairy operations. There are also seven residential units within A-1. The adjacent right-of-way along State Highway 1 is also included. The proposed modification would principally serve to recognize NMWD's existing service commitments within A-1 as a result of pre CKH outside water service contracts reached by the District beginning in the late 1970s with the subject landowners; contracts that provide interruptible supplies and help mitigate against known low and poor groundwater in the region. (NMWD provides service to eight of the eleven affected parcels through a master meter that connects to private and individual lateral lines. The addition of the three remaining parcels provides a more orderly sphere designation.) Adding A-1 would conform to the expanded State definition of spheres of influence to emphasize the current and future NMWD service area as well as comport with the Commission's interest – and specifically through memorializing water availability – in supporting agricultural uses in Marin County. Additional and

A-1 spans approximately 2,230 unincorporated acres in the West Marin service area off of State Highway 1 that includes 11 parcels largely under commercial agricultural uses along with 7 residential units. (It also includes the adjacent right-of-way along State Highway 1.) It appears appropriate to add A-1 to the NMWD sphere now as a means – and among other considerations – to recognize the existing service commitments to the majority of the affected lands as part of pre CKH outside service agreements. The other three parcels are included for continuity purposes in providing an updated sphere designation.

technical details – including assessor parcels and existing uses – relating to the lands comprising A-1 as selected by staff are provided as Appendix A.

### **Study Category B | Areas Meriting Additional Analysis**

A review of the NMWD sphere with respect to potential modifications that may be merited – and as such warrant identification in this update as a formal placeholder – but require additional information and analysis before making an informed recommendation identifies two selections for Commission consideration. These selections are identified as B-1 and B-2 and separately addressed below.

- B-1 has been identified as a placeholder for consideration in the future for possible inclusion into the sphere. It encompasses approximately 13.5 acres of unincorporated land located in Dillion Beach and within the West Marin service area. B-1 consists of 156 legal parcels that are nearly all under private ownership and largely developed with single-family residences as part of the original “Village” development and highlighted by the existing construction of 139 units. These parcels in B-1 represent the remaining portion of the Village area that are not already connected to NMWD’s public wastewater system for the Dillion Beach area, which was established in the 1970s in step with serving the Oceana Marin Subdivision.<sup>1</sup> Adding B-1 to the sphere, markedly, would formally

B-1 spans approximately 14 unincorporated acres in the West Marin service area and within the “Village” portion of Dillion Beach community. It includes 156 legal parcels that presently total 139 residential units. Adding B-1 to the sphere makes notional sense in ultimately expanding public sewer services in an existing high-density area, but merits more analysis to fully assess service and funding capabilities to make the necessary improvements. Accordingly, it appears appropriate to formally designate B-1 as a priority review ahead of the next schedule five-year sphere update and in doing so clearly signal Marin LAFCO’s intent to more fully explore options for purposes of generating proactive and informing discussions.

<sup>1</sup> The Oceana Subdivision was initially developed in the early 1970s. NMWD – and at the request of the County of Marin – proceeded to establish public wastewater services for the approximate 250-lot community in 1972. NMWD has also incrementally extended wastewater services into the older Village area – which is marked by small lots and narrow roads – to now include nearly one-dozen residential lots along Ocean View Avenue.

signal the Commission’s interest to NMWD to proceed with the infrastructure improvements necessary to extend public sewer to the remaining Village parcels and in doing so help remove the ongoing operation of private onsite septic systems within a high-density residential area along the coastline.<sup>2</sup> Adding B-1 to the sphere and the subsequent annexations, similarly, would help expand economies of scale necessary to improve community funding to cover the needed infrastructure improvements; the latter of which are attested by NMWD as significant constraints on the District’s ability to assume more service responsibilities outside of the Oceana Subdivision at this time. To this end, staff agrees more analysis is merited to assess actual service and funding capacities in B-1 in step with managing public expectations, as well as whether any further expansion into the remainder of the Village is ultimately warranted under CKH.

- B-2 has been identified as a placeholder for consideration in the future for possible inclusion into the sphere. It encompasses approximately 600 acres of unincorporated land located in southern Sonoma County and within the East Marin service area. B-2 consists of 30 legal parcels that are all under private ownership and largely developed with non-conforming residential uses immediately south of the City of Petaluma along State Highway 101. An exact number of dwelling units within B-2 is not presently available, but is reasonable to assume most of the 30 lots have at least one residence. All of these parcels have outside water service connections with NMWD with nearly all established pre

B-2 spans approximately 600 unincorporated acres in the East Marin service area south of the City of Petaluma in Sonoma County. It includes 30 legal parcels that are largely developed with residential uses, and are already served with water from NMWD byway of earlier outside service agreements. Adding B-2 to the sphere makes notional sense in matching the sphere to reflect current service commitments, but merits more analysis due to certain and detailed externalities. Accordingly, it appears appropriate to formally designate B-2 as a priority review ahead of the next schedule five-year sphere update and in doing so clearly signal LAFCO’s intent to more fully explore options for purposes of generating proactive and informing discussions.

<sup>2</sup> The majority of parcels comprising B-1 are less than 0.1 acres in size.

CKH.<sup>3</sup> Similar to the merits underlying A-1, the potential addition of B-2 into the sphere would recognize NMWD’s existing service commitments, and as such conform to the expanded State definition of spheres in emphasizing local agencies’ current and future service areas. However, and distinct from A-1, there exist uncertainty with respect to NMWD continuing to serve all of its existing outside water connections in B-2 beyond the near term. This uncertainty is tied to NMWD’s ongoing discussions with Petaluma for the City to ultimately assume direct service responsibility for some or all of the service connections in B-2. Should B-2 remain in NMWD’s service area going forward separate questions arise meriting additional analysis. This includes whether it would be appropriate to size the sphere to accommodate any new connections and what would be the impacts therein to local land use authorities in Sonoma County.

## 3.2 RECOMMENDATIONS

### A. Summary

The preceding analysis produces a staff recommendation for the Commission to make one modification to the NMWD sphere as part of this scheduled comprehensive update process. This recommended modification is to add all of the territory that comprises Study Category A-1 (State Highway 1) into the sphere. The addition of A-1 is consistent with CKH’s underlying objective for sphere designations to reflect the current and probable future jurisdictional boundary *and* service area of the subject agencies as determined by the Commission (emphasis added). A-1 has been part of NMWD’s service area in West Marin for several decades through the establishment of pre CKH

It is recommended the Commission make one change to the NMWD sphere as part of this update and this involves the addition of A-1 (State Highway 1) in West Marin. This addition would more accurately align the sphere to reflect NMWD’s existing water service area while also serving as a policy tool to support the economic vitality of agricultural uses in West Marin by encouraging the availability of a reliable water source to the affected lands.

<sup>3</sup> The Commission most recently approved two outside service connections involving 3367 and 3357 Petaluma Boulevard in southern Sonoma County at its November 4, 2015 meeting. The approval was made without conforming sphere amendments and premised on the Commission addressing a documented public safety threat as provided under Government Code Section 56133.

outside water service agreements with the majority of the landowners. The addition of A-1 would also comport with the Commission’s interest – and specifically through memorializing water availability – in supporting existing agriculture uses in West Marin.

Similarly the preceding analysis also produces staff recommendations for the Commission to formally encourage more discussion going forward regarding the potential merits of adding Study Areas B-1 (Dillon Beach) and B-2 (South Sonoma County) to the NMWD sphere. These discussions would be anticipation of revisiting the topics in greater detail – and potentially for action – in the next five-year update cycle for reasons provided. This includes addressing the notional interest of the Commission documented in this report to facilitate the expansion of NMWD’s public

It is also recommended the Commission formally designate B-1 (Oceana Marin in Dillion Beach) and B-2 (South Sonoma County) as priority reviews ahead of the next scheduled five-year sphere update and in doing so clearly signal LAFCO’s intent to more fully explore long-term options for purposes of generating proactive and informing discussions.

wastewater services into the rest of the Village area of Dillion Beach and memorializing existing District water service commitments south of the City of Petaluma. Deferring these topics in earnest to the next scheduled update process would also provide NMWD the opportunity to internally engage these matters as well as provide advance notice to the affected land use authorities: County of Marin (B-1) and County of Sonoma (B-2).

Implicit in the preceding analysis is the conclusion that no other areas within or outside the existing NMWD sphere warrant review for potential amendment at this time. This includes – most notably – determining it remains appropriate for the Commission to continue to exclude from the sphere the portions of the NMWD jurisdictional boundary in the West Marin service area comprising the North Inverness and Marshall areas. This report affirms these areas merit detachment from NMWD given

It is separately recommended NMWD proceed with filing one or more proposals with the Commission to detach the portion of its jurisdictional boundary comprising the North Inverness and Marshall communities. Accordingly, and given the lack of germane social and economic ties, these areas remain outside the recommended sphere update.

the lack of social and economic communities of interests, and furthermore the

Commission encourages the District to submit one or more proposals to facilitate the referenced changes.

## **B. Mandatory Statements**

The following statements have been prepared in support of the above recommendations on an updated NMWD sphere and address the Commission’s mandatory review factors required under CKH. The statements collectively address the NMWD sphere as a whole and assume the recommended modifications are enacted.

### **Factor No. 1 | Present and Planned Land Uses in the Area**

Lands in the updated NMWD sphere are predominately developed for urban type uses as planned for by the affected land use authorities that are separately subject to Commission review and oversight directly or indirectly. Less intensive uses – including rural residential, agricultural, and open-space – within the updated sphere are limited and their inclusion directly corresponds with local proximity and need to NMWD’s potable water system.

### **Factor No. 2 | Present and Probable Need for Public Facilities and Services in the Area**

Lands within the updated NMWD sphere reflect the appropriate current and future jurisdictional boundary and/or service area of the District as independently determined by the Commission.

### **Factor No. 3 | Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide**

The Commission’s recently completed municipal service review on countywide public water services indicates NMWD has established adequate administrative, service, and financial capacities to accommodate present and planned uses in the updated sphere. An abbreviated review of NMWD’s limited wastewater options in the Dillon Beach area has also been prepared with its analysis incorporated into this update.

**Factor No. 4 |  
Existence of any Social or Economic Communities of Interest in the Area if the  
Commission Determines they are Relevant**

Lands in the updated NMWD sphere have established social and economic interdependencies with the District that are distinct from neighboring areas and premised on the existing delivery of potable water or wastewater services. This update affirms and strengthens these ties.

**Factor No. 5 |  
Present and Probable Need for Public Facilities and Services of Any Disadvantaged  
Unincorporated Communities Within or Adjacent to the Sphere**

There are no known disadvantaged unincorporated communities (DUCs) within or immediately adjacent to the updated NMWD sphere based on the statewide definition provided under CKH. Should the Commission adopt its own local DUC definition additional analysis will be required to revisit whether any lands within or immediately adjacent to the updated NMWD sphere qualify.

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**SUPPLEMENTAL REPORT**

August 1, 2017

**TO:** Marin Commission  
**FROM:** Rachel Jones, Administrative Analyst  
**SUBJECT: North Marin Water District |  
Overview of Wastewater Services in Dillon Beach Area**

This supplemental report has been prepared as part of Marin LAFCO’s scheduled sphere of influence update on the North Marin Water District (NMWD) and is specific to providing an overview of existing District wastewater services in the Dillon Beach area.

**Geographic Setting**

The unincorporated community of Dillon Beach is located near the mouth of Tomales Bay in West Marin County. Dillon Beach is divided between two distinct developments. The Village represents the older part of the community and its present-day development began in the early 1910s. The Village is marked by narrow roads and approximately 170 residential lots with a majority being 0.07 acres or less in size. Additionally of note, most of the residences in the Village have transitioned over the last several decades from seasonal to year-round uses. The Oceana Marin Subdivision represents the newer part of the community and lies north of the Village. Oceana Marin’s development began in the 1960s and presently includes approximately 250 residential lots that are relatively larger than homes in the Village with most being no less than 0.15 acres in size.



**Collection and Treatment Facilities**

NMWD’s wastewater services in Dillon Beach are predominately limited to serving the Oceana Marin Subdivision. These services were established in the early 1970s at the request of the County of Marin given continual setbacks incurred by the developer in adequately maintaining a community wastewater system. The collection system consists of six to eight inch lines that move flows by gravity to a central pretreatment basin. Two pump stations convey flows through a grit/grease separator before reaching NMWD’s treatment facility located immediately east of Oceana Marin. Secondary treatment is provided with effluent being discharged into an adjacent storage pond that is now equipped with spray aerators.

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**Damon Connolly, Regular**  
County of Marin  
**Dennis J. Rodoni, Regular**  
County of Marin  
**Judy Arnold, Alternate**  
County of Marin

**Carla Condon, Vice Chair**  
Town of Corte Madera  
**Sashi McEntee, Regular**  
City of Mill Valley  
**Matthew Brown, Alternate**  
City of San Anselmo

**Jack Baker, Regular**  
North Marin Water District  
**Craig K. Murray, Regular**  
Las Gallinas Valley Sanitary  
**Lew Kious, Alternate**  
Almonte Sanitary District

**Jeffrey Blanchfield, Chair**  
Public Member  
**Chris Skelton, Alternate**  
Public Member

## Existing Connections

NMWD presently provides wastewater services to 229 connections throughout the Dillon Beach community. Of this amount 220 of these connections lie within Oceana Marin. The remaining nine connections to the collection system are located within the Village and the result of incremental service expansions authorized through annexations approved by the Commission; the most recent of which was completed in 2016. It is estimated the current resident service population within Dillon Beach totals 400.

## Wastewater Demands

NMWD reports the current average day wastewater flow within Dillon Beach and among its 229 service connections tallies 16,068 gallons and translates to an estimated daily per capita amount of 52 gallons. Demands are further broken down between the two common weather periods (dry-weather and wet-weather) as follows.

- Average dry-day weather flows over the five-year period between 2010-2015 total 6.81 million gallons.
- Average wet-day weather flows over the five-year period between 2010-2015 total 8.61 million gallons.

## Treatment Capacity

NMWD's wastewater treatment facility is estimated at 63,000 gallons per day. This estimate was last calculated by NMWD in 1995. The disposal capacity, however, was calculated based on actual operation at 29,600 gallons per day.

## Demand vs. Capacity

- Average demands under dry-weather flows indicate NMWD's wastewater system is at 63.0% capacity. At the projected buildout of Oceana Marin, NMWD estimates this capacity ratio will increase to 79.7%.
- Average demands under wet-weather flows indicate NMWD's wastewater system is at 72.3% capacity. At the projected buildout of Oceana Marin, NMWD estimates this capacity ratio will increase to 88.9%.



**SUPPLMENTAL REPORT**

July 31, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: North Marin Water District | Sphere of Influence Update  
Comments on Draft Report and Staff Reponses**

The Commission will review written comments received on the draft report prepared as part of the scheduled sphere of influence update on the North Marin Water District. Staff responses to the written comments are also provided for Commission review.

The Marin Local Agency Formation Commission (LAFCO) received three written comment letters on the draft report prepared as part of the sphere of influence update on the North Marin Water District. These comment letters were generated as part of the 30-day review period initiated after the draft report was presented to the Commission for initial discussion and feedback at the June 8<sup>th</sup> meeting. Comments were received by date from the following persons and agencies:

1. North Marin Water District
2. Sonoma LAFCO
3. Robert Johnston
4. City of Petaluma

Copies of the comment letters follow and accompanied by staff responses that note – and among other items – when corresponding changes are reflected in the final report.

Attachments: as stated

## **RESPONSE TO COMMENTS**

Prepared by the Executive Officer

### **1.0 Response to Comments | North Marin Water District**

#### **Comment 1-1**

NMWD offers an alternative to the population estimate provided in the report for the District of 61,300. (The estimate cited in the report tallies 65,479.)

Staff has revised the final report to include a new footnote identifying NMWD's alternative population estimate. The report also continues to outline the specific criteria used by staff in projecting LAFCO's own estimate.

#### **Comment 1-2**

NMWD requests the map in the report showing the District's East Service Area be revised to show the four properties previously annexed into the District that lie in south Sonoma County.

Staff is unable to access GIS information from the County of Sonoma at this time, and as such cannot accurately update the map as requested. However, staff has revised the final report and specifically the map showing NMWD's East Service Area to note the referenced exclusion of the south Sonoma County properties.

#### **Comment 1-3**

NMWD asserts the map in the report showing the District's West Service Area incorrectly shows non-jurisdictional land within the District sphere at the northeast corner of the Dillion Beach area.

Staff has verified the referenced area was purposefully included in the NMWD sphere at the time of its establishment in 1982 by Marin LAFCO.

#### **Comment 1-4**

NMWD notes the District serves eight of the eleven properties within Study Area A-1 as outlined in the report.

Comment noted.

#### **Comment 1-5**

NMWD notes all pipeline facilities in Study Area A-1 as defined in the report are privately owned and served through a master connection. NMWD adds existing (jurisdictional) District customers should not be expected to incur the costs to extend any municipal water service lines into A-1 should the lands be ultimately annexed.

Comment noted.

**Comment 1-6**

NMWD seeks clarification Marin LAFCO serves as lead agency under CEQA with respect to addressing any environmental impacts associated with the sphere update.

| Staff confirms Marin LAFCO serves as lead agency for the sphere update.

**Comment 1-7**

NMWD seeks revisions to the report to correct and further differentiate development and District service commitments therein within Dillion Beach (Study Area B-1).

| Staff has revised the final report as requested. This includes properly identifying the lands within B-1 as the Village portion of Dillon Beach as opposed to incorrectly citing as part of the Oceana Marin Subdivision.

**Comment 1-8**

NMWD notes it is in ongoing discussions with the City of Petaluma with respect to transferring some of the District’s customers in south Sonoma County (Study Area B-2). NMWD adds it would be appropriate to revisit potential sphere changes involving Study Area B-2 at a later date given these ongoing discussions.

| NMWD’s comment is consistent with the conclusions and related recommendations presented in the draft and final reports.

**2.0 Response to Comments |  
Sonoma LAFCO**

**Comment 2-1**

Sonoma LAFCO states it believes the ultimate service responsibility for current NMWD service commitments in south Sonoma County (Study Area B-2) should be a public agency in Sonoma County.

| Comment noted. Staff adds it is in general agreement and specifically it would appear ideal under LAFCO law for the City of Petaluma to directly serve Study Area B-1 and presumably through a corresponding change to its sphere of influence to include the subject lands.

**Comment 2-2**

Sonoma LAFCO notes it would be its policy preference for any new service connections within Study Area B-2 to be accomplished through outside service extensions in step with addressing documented public safety threats and as opposed to annexations.

| Comment noted. Staff adds this topic – and specifically the potential of accommodating new future connections in B-2 through outside service extensions versus annexations – merits additional dialogue.

**Comment 2-3**

Sonoma LAFCO states it does not believe there is benefit to the expansion of the NMWD sphere to include Study Area B-2.

| See response to 2-2.

**Comment 2-4**

Sonoma LAFCO notes – among other items – it may be appropriate for Marin LAFCO to cede authority in determining the District’s sphere in south Sonoma County to Sonoma LAFCO.

| Comment noted. Staff adds this option should be explored as part of the future discussions anticipated going forward and as recommended in the draft and final reports. (Staff also adds the comment seemingly contrasts with earlier input from Sonoma LAFCO and marked as recently in 2016 when it directed NMWD to seek an approval from Marin LAFCO in establishing a formal outside service connection for land within Study Area B-2 involving applicants’ Yee/Fonts.)

**3.0 Response to Comments | Robert Johnston**

**Comment 3-1**

Mr. Johnston suggests it would be appropriate for Marin LAFCO to condition the expansion of the NMWD sphere to include Study Area A-1 to require all landowners sign contracts committing all related water service for agricultural use only.

| Comment noted. Staff adds this type of condition – and specifically limiting water service for a specific purpose – would be best effectuated under Marin LAFCO’s authority as part of a corresponding outside service agreement or annexation involving the subject lands. Nonetheless, should the Commission wish to proactively telegraph expected outcomes and uses, it could establish policy statements in the approving resolution updating the sphere of influence.

**4.0 Response to Comments | City of Petaluma**

**Comment 4-1**

Petaluma states an agreement has been developed to transfer service responsibilities involving nine targeted outside service customers in Study Area B-2 from NMWD to the City. Petaluma notes these existing customers are immediately south of the City, and the agreement is expected to be considered by the City Council in the near future.

| Comment noted. Should the referenced agreement be finalized and the service transfer occur the merits to expand NMWD’s sphere of influence into Study Area B-2 to include the subject properties would be substantially muted.

#### **Comment 4-2**

Petaluma states should an agreement be finalized as noted in 4-1 the City anticipates discussing a larger transfer in Study Area B-2 to assume additional outside service customers as far south as Kastania Road; the approximate location where NMWD assumes ownership of the aqueduct that conveys treated water from SCWA. Petaluma adds it is possible it may eventually discuss an additional transfer further south to the county line to cover all of Study Area B-2.

Comment noted. Any formal transfer of NMWD's existing outside service commitments in Study Area B-2 to Petaluma would demerit the expansion of the District's sphere of influence to include any of the subject lands.

#### **Comment 4-3**

Petaluma states it would appear prudent to amend the City's sphere to capture any new service responsibilities it assumes within Study Area B-2 as part of a negotiated agreement with NMWD.

Comment noted.

#### **Comment 4-4**

Petaluma states it does not believe there is sufficient benefit to extend NMWD's sphere of influence into Study Area B-2. Petaluma adds a preferred alternative would be to classify B-2 as the City's own outside service agreement area.

Comment noted. Staff adds this option outlined by Petaluma merits review as part of the future discussions anticipated going forward and ahead of the next update as recommended in the draft and final reports.

#### **Comment 4-5**

Petaluma offers support for the recommendation in the draft report for discussions between all interested stakeholders in Study Area B-2 – and specifically the City and NMWD – to continue and in advance of Marin LAFCO revisiting the topic as part of a future update.

Comment noted. Staff adds the referenced recommendation remains intact as part of the final report.



999 Rush Creek Place  
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Via email at [ksimonds@marinlafco.org](mailto:ksimonds@marinlafco.org)

**PHONE**

415.897.4133

**EMAIL**

[info@nmwd.com](mailto:info@nmwd.com)

**WEB**

[www.nmwd.com](http://www.nmwd.com)

Keene Simmons, Executive Officer  
Marin Local Agency Formation Commission  
1401 Los Gamos Dr., Suite 220  
San Rafael, CA 94903

June 8, 2017

Re: Marin LAFCo Sphere of Influence Update-North Marin Water District (NMWD)

Dear Mr. Simmons:

Thank you for the opportunity to comment on the June 2017 Draft Sphere of Influence Update (Update). We understand that this draft report will be brought to the June 8<sup>th</sup> LAFCo Commission for discussion only followed by a formal public review and comment period with tentative final Commission action at the August 10<sup>th</sup> LAFCo meeting.

Comments to the draft report are provided as follows:

- **2.1 B (Page 16)**  
**1-1** NMWD's population for Novato is 61,300, West Marin is 1,700 and Oceana Marin is 400.
- **2.1 C (Page 17)**  
**1-2** The boundary map should be updated to show the four Sonoma parcels that are part of NMWD's service territory.
- **2.2 Sphere of Influence Part C – West Marin Service Area Map (Page 21)**  
**1-3** The current sphere boundary shown for the Oceana Marin service area is not correct. Specifically, the "adopted sphere" line is erroneously expanded in the north east corner of the sphere boundary.
- **3.1 A, Study Category A (Page 24)**  
**1-4** a. NMWD currently serves eight parcels outside of our West Marin service territory (immediately north of State Route 1 in Point Reyes Station). The report narrative addresses expanding our sphere of influence to incorporate nine subject parcels.  
**1-5** b. All pipeline facilities within the proposed expanded sphere of influence area are currently privately owned and maintained. Existing NMWD customers cannot be expected to incur the cost to extend any municipal water facilities in this expanded sphere of influence area.

DIRECTORS: JACK BAKER • RICK FRAITES • MICHAEL JOLY • STEPHEN PETTERLE • JOHN SCHOONOVER

OFFICERS: DREW MCINTYRE, General Manager • KATIE YOUNG, District Secretary • DAVID L. BENTLEY, Auditor-Controller • ROCKY VOGLER, Chief Engineer



**1-6**

c. It is our understanding that case law dictates that LAFCo would be required to serve as the lead agency and make any appropriate environmental determinations for any revisions to NMWD's sphere of influence.

- **3.8.1 Study Category B (Page 25)**

The Update identifies Category B areas B-1 (Dillon Beach) and B-2 (Sonoma county parcels along Hwy 101 corridor) as a formal place holder for future study in advance of the scheduled 2022 Update.

**1-7**

a. B-1 (Dillon Beach). The narrative needs to be revised to clearly differentiate between the older Dillon Beach community (circa 1910) and the Oceana Marin Subdivision (constructed in the early 1970's). There is no service relationship between NMWD and the older Dillon Beach area that is proposed as an expanded sphere of influence. There are many homes in the older Dillon Beach community and NMWD's Oceana Marin wastewater facilities do not have the reserve capacity to serve this expanded area. Furthermore, any discussion about service in this expanded area must occur community wide and not on a piece by piece basis.

**1-8**

b. B-2 (Sonoma Parcels along Hwy 101). NMWD and the city of Petaluma are in ongoing discussions regarding the transfer of some NMWD customers in the So. Petaluma Blvd Industrial Area to the city. Accordingly, any sphere of influence boundary changes should be discussed after said service transfers are completed.

Thank you for the opportunity to comment.

Sincerely,



Drew McIntyre  
General Manager

DM/kly

t:\gm\lafco\nmwd comments soi update 0617.doc

# SONOMA LOCAL AGENCY FORMATION COMMISSION

575 ADMINISTRATION DRIVE, ROOM 104A, SANTA ROSA, CA 95403

(707) 565-2577 FAX (707) 565-3778

www.sonomalafco.org

July 17, 2017

Mr. Keene Simonds, Executive Officer  
Marin Local Agency Formation Commission  
1401 Los Gamos Drive, Suite 220  
San Rafael, California 94903

## Re: **Comments Regarding North Marin Water District Municipal Service Review and Sphere of Influence Amendment**

Dear Mr. Simonds:

Thank you for the opportunity to comment on the draft Municipal Service Review your office has prepared for the North Marin Water District (NMWD).

The Sonoma Local Agency Formation Commission seeks to file comments on the report specifically related to the potential for further study of whether NMWD's sphere of influence should be extended to include territory in Sonoma County generally south of the City of Petaluma.

While we recognize that NMWD is serving a number of customers in this area from water transmission aqueducts owned by the Sonoma County Water Agency (SCWA) and NMWD, we believe that eventual responsibility for these customers and service connections (and any potential new connections) should properly be the responsibility of a public agency in Sonoma County. 2-1

### *Connections to SCWA Transmission Facilities*

For a variety of reasons, service connections to SCWA's transmission facilities (the aqueduct running south from Petaluma to the Kastania pumping station) have been granted in the past, usually in exchange for right-of-way agreements. Although these connections have not been governed by Outside Service Area Authorizations, we are of the belief that they are governed by agreements that typically limit water use (i.e. allowing one Equivalent Single Family Dwelling unit of consumption).

SCWA has identified this situation as problematic in at least two regards: SCWA is a wholesale service agency and, therefore, should not be serving retail customers; and SCWA does not have systems in place that a retail water agency does to serve customers directly.

Sonoma LAFCO would further note that SCWA is not regulated in terms of an agency territory boundary and sphere of influence and that granting service in largely rural areas of Sonoma County is inconsistent with LAFCO's mission and the goals of county land use planning. Simply stated, granting service access, even if only from transmission aqueducts, could enable development inconsistent with land use planning goals.

*Connections to NMWD Transmission Facilities*

From the Kastania pumping station south to the Marin/Sonoma border, NMWD owns and operates the aqueduct. The District serves many customers in Sonoma County directly from this portion of the line. Our research again indicates that there are service agreements in place for many of these connections that may limit development potential by limiting water supply.

*Proper Classification of Transmission System Connections*

Sonoma LAFCO has a strong preference for classifying any new connections to SCWA transmission facilities, and to the extent possible, all existing connections, as Outside Service Area Authorizations (OSAAs) authorized by the appropriate LAFCO. **2-2**

The primary criterion for granting a new connection would be a documented threat to public health and safety, with service provided for existing use and development only.

We do recognize that many existing service connections (if not all) were granted prior to LAFCO oversight and that reclassifying these connections as OSAAs may not be feasible. However, we do not believe that extending the sphere of influence or eventual boundaries of NMWD to cover any part of this area would provide any benefit. **2-3**

Rather, Sonoma LAFCO believes that the best governance option for this area is to classify connections to SCWA's facilities as OSAAs of the City of Petaluma, which has an interest in land use of territory surrounding the City and capabilities to manage retail service connections.

Governance of connections to NMWD's facilities in Sonoma County could be governed by Marin LAFCO, with referrals to Sonoma LAFCO, Permit Sonoma, and the City of Petaluma. Another option would be to cede authority for NMWD services in Sonoma County to Sonoma LAFCO. **2-4**

Regardless however, to reiterate, territory in Sonoma County should not be added to NMWD's Sphere of Influence, as any connections should be considered as OSAAs only, supporting only existing development and uses that have a threat to public health and safety.

Sonoma LAFCO would support any effort by NMWD, SCWA, and the City of Petaluma to broker an agreement regarding treatment of these and any future connections to aqueduct facilities, without extending territorial jurisdiction of NMWD within Sonoma County.

Yours sincerely,



Mark Bramfitt  
Executive Officer

cc: Teresa Barrett, Chair, Sonoma LAFCO  
Drew McIntyre, General Manager, NMWD

---

From: Johnston, Bob <rajohnston@  
Sent: Wednesday, July 19, 2017 6:03 PM  
To: Marin LAFCO Staff  
Cc: Johnston, Bob  
Subject: App. A for Item 15, Mtg. of June 8

Keene,

I can't find the Appendix A for the SOI for NMWD rept. I want to see who the ag owners are. Pls send it. Thanks.

It appears as though the upper Martinelli property has been purchased by the NPS.

**3-1** You have a dairy here (Giacomini) and a vineyard (Doughty). If these operations ever shut down, for any reason, or if the Regional WQ Control Bd ever shuts them down for WQ violations (Tomales Bay is nonattainment for nutrients and sediment), they might then try to convert to non-ag uses. So, I would condition the SOI annexation to require that NMWD adopt a binding provision that all of this water is for ag use only. I'd also require in the SOI annexation ordinance that all landowners will sign contracts saying this, also. You do not want your SOI annexation to be sprawl-inducing, one of the objectives of CKH, I believe.

Bob

Robert A. Johnston  
USPS: P.O. Box 579  
Point Reyes Station,  
CA 94956



# CITY OF PETALUMA

POST OFFICE BOX 61  
PETALUMA, CA 94953-0061

David Glass  
Mayor

July 26, 2017

Chris Albertson  
Teresa Barrett  
Mike Healy  
Gabe Kearney  
Dave King  
Kathy Miller  
Councilmembers

Mr. Keene Simonds, Executive Officer  
Marin Local Agency Formation Commission  
1401 Los Gamos Drive, Suite 220  
San Rafael, California 94903

Re: Comments Regarding Draft Report on the Comprehensive Sphere of Influence  
Update for the North Marin Water District

Dear Mr. Simonds:

We appreciate the opportunity to comment on the draft Municipal Service Review your office has prepared for the North Marin Water District (NMWD) as presented at your Commission at the meeting of June 8, 2017. We understand that the issue will be on the agenda for action at the Commission's August 10<sup>th</sup> meeting and would hope that our comments would be considered.

**Public Works & Utilities**

City Engineer  
11 English Street  
Petaluma, CA 94952  
Phone (707) 778-4303

**Environmental Services**

Ellis Creek Water  
Recycling Facility  
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Petaluma, CA 94954  
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**Parks & Facility  
Maintenance**

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**Transit Division**

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**Utilities & Field Operations**

202 N. McDowell Blvd.  
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E-Mail: [publicworks@ci.petaluma.ca.us](mailto:publicworks@ci.petaluma.ca.us)

The City of Petaluma's interest in the proposed action is focused on the area designated B-2 in the report and is specifically related to the potential for NMWD's sphere of influence or utility service area to extend northward to include the area of Sonoma County south of the city limits of Petaluma generally along the US Highway 101 and Marin Aqueduct alignments. NMWD is currently serving customers as an offshoot of developing the Marin Aqueduct project and acquiring right-of-way many years ago. Today this water transmission aqueduct is owned by the Sonoma County Water Agency (SCWA) to a point in the vicinity of Kastania Road and by NMWD south of that point.

An agreement has been developed between the City and NMWD for the transfer of ownership and service responsibilities to the City for the water facilities that serve nine customers in the area immediately south of the City limits within the northern portion of Area B-2. These customers are under outside service area authorizations (OSAA) with NMWD that would be transferred to the City once the agreement is finalized. This proposed agreement is expect to be acted upon by the City Council in the near future.

Upon consummation of that agreement, we expect to be in conversations with NMWD and SCWA to transfer to the City those facilities and connections south of this area to the point where NMWD assumes ownership of the aqueduct. Whether the City would pursue facilities and connection south of that point to the county line at San Antonio Creek is an open question. It would seem prudent to amend the SOI for the City, expand the City's water service area or require OSAA's for those properties that could easily be serviced from the SCWA owned portion of the Aqueduct. This should include those properties

4-1

4-2

4-3

that could physically be served by both ownership portions of the aqueduct. We believe that this plan would reasonably meet the goals of LAFCO to assure that County customers and service connections, including new connections, are best properly served by the nearest public retail water agency within the same County.

The City would support the concept of classifying any new connection to SCWA transmission facilities, and to the extent possible, all existing connections, as OSAA's authorized by LAFCO and managed by the nearest city or water district within the County. The primary criterion for granting a new connection should be a documented threat to public health and safety with service provided for existing use and development only.

In conclusion, we do not believe that extending the sphere of influence or eventual boundaries of NMWD into Area B-2 would be beneficial to all concerned and would suggest that the better water service option for this area would be to classify connections as OSAA's of the City of Petaluma. It should be noted that the City has an interest in the land use of the area to the south because it represents a gateway to the City, and that the City has capabilities to manage retail service connections in that area. **4-4**

The City would support continuing the efforts of NMWD, SCWA, and the City to develop consensus and agreements regarding service to existing customers and processing of future connections within the area serviced by aqueduct facilities within the Area B-2 without extending territorial jurisdiction of NMWD within Sonoma County. We believe this is consistent with the Marin LAFCO staff recommendation on the matter "...to formally encourage more discussion going forward regarding the potential merits of adding Study Areas B-1 (Dillon Beach) and B-2 (South Sonoma County) to the NMWD sphere. These discussions would be (in) anticipation of revisiting the topics in greater detail – and potentially for action – in the next five-year update cycle for reasons provided" (in the report). We look forward to engaging LAFCO and the water agencies involved in this process during the suggested planning window. **4-5**

Again, we appreciate the opportunity to comment and are available to answer questions or, if appropriate, to join you at the next Marin LAFCO meeting when this issue will be discussed.

Sincerely,



Dan St. John, F.ASCE  
Director of Public Works and Utilities

cc: Teresa Barrett, Chair, Sonoma LAFCO  
Drew McIntyre, General Manager, NMWD  
Tennis Wick, Director, Sonoma County PRMD  
John Brown, City Manager, City of Petaluma  
Grant Davis, General Manager, Sonoma County Water Agency  
Mark Bramfitt, Executive Officer, Sonoma LAFCO

## RESOLUTION NO. \_\_\_\_

**RESOLUTION OF THE  
MARIN LOCAL AGENCY FORMATION COMMISSION  
MAKING DETERMINATIONS**

**COMPREHENSIVE SPHERE OF INFLUENCE UPDATE  
NORTH MARIN WATER DISTRICT**

**WHEREAS**, the Marin Local Agency Formation Commission, hereinafter referred to as the “Commission”, is a political subdivision of the State of California with regional 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 delegated regional regulatory and planning oversight of all cities, towns, and special districts within Marin County less those non-districts that meet the criteria under Government Code Section 56036.6; and

**WHEREAS**, the Commission is responsible under Government Code Section 56425 to establish and therein regularly review and update each affected local agency’s sphere of influence every five years for purposes of proactively meeting its regional growth management duties; and

**WHEREAS**, the Commission completed a municipal service review on countywide public water services at a noticed public hearing held on February 11, 2016 that culminated in the membership adopting determinations on all service, governance, and financial matters as required under Government Code Section 56430; and

**WHEREAS**, the municipal service review on countywide public water services completed on February 11, 2016 serves as the informing document for the Commission in proceeding with a scheduled sphere of influence update on the North Marin Water District; and

**WHEREAS**, the Executive Officer of the Commission, hereinafter referred to as the “Executive Officer”, prepared a written report with recommendations as part of the sphere of influence update on North Marin Water District and presented it in a manner provided under law on June 8, 2017 and August 10, 2017; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at public hearings concerning the sphere of influence update on North Marin Water District and most recently on August 10, 2017; and

**WHEREAS**, as part of the sphere of influence update process for the North Marin Water District, the Commission is required pursuant to Government Code Section 56425(e) to make a statement of written determinations with regards to certain factors.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

1. The Commission determines the sphere of influence update on the North Marin Water District represents a project under the California Environmental Quality Act, but exempt from further review under the “general rule” provided under Regulations Code Section 15301(b)(3). This exemption applies to this project given the sphere of influence is a planning tool and it can be seen with certainty that any changes to the sphere of influence does not make any changes to the environment or authorize any new uses or services.
2. The Commission has duly considered the Executive Officer’s written report on the sphere of influence update on North Marin Water District and recommendations therein.
3. The Commission updates North Marin Water District’s existing sphere of influence to include one distinct change and this involves adding all territory shown as “A-1” in Exhibit “A.” No other changes to the sphere are approved.
4. The Commission establishes the following policy statements to guide additional and long term planning as it relates to North Marin Water District’s sphere of influence in Dillion Beach and South Sonoma County, which are shown as “B-1” and B-2” in Exhibit “A.”
  - a) It is recommended the Commission prioritize a review of available service options and sphere of influence scenarios therein for Dillon Beach and more specifically involving the Village area as part of the next five-year update for purposes of signaling intentions and generating informing discussions with – and among others – North Marin Water District and the community.
  - b) It is recommended the Commission prioritize a review of available service options and sphere of influence scenarios therein for South Sonoma County as part of the next five-year update for purposes of signaling intentions and generating informing discussions with – and among others - North Marin Water District and the community.
5. The Commission adopts the statement of written determinations generated from information presented in the Executive Officer’s written report on the sphere of influence update on North Water District as set forth in Exhibit “B.”
6. Consistent with Government Code Section 56425(i) the Commission determines North Marin Water District’s active and authorized service powers involve potable water, non-potable water, and wastewater. As such, any divesture of these active service powers or activation of any latent powers enumerated under North Marin Water District’s principal act requires Commission approval under Section 56824.10.



**PASSED AND ADOPTED** by the Marin Local Agency Formation Commission on August 10, 2017 by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

\_\_\_\_\_  
JEFFRY BLANCHFIELD, Chair

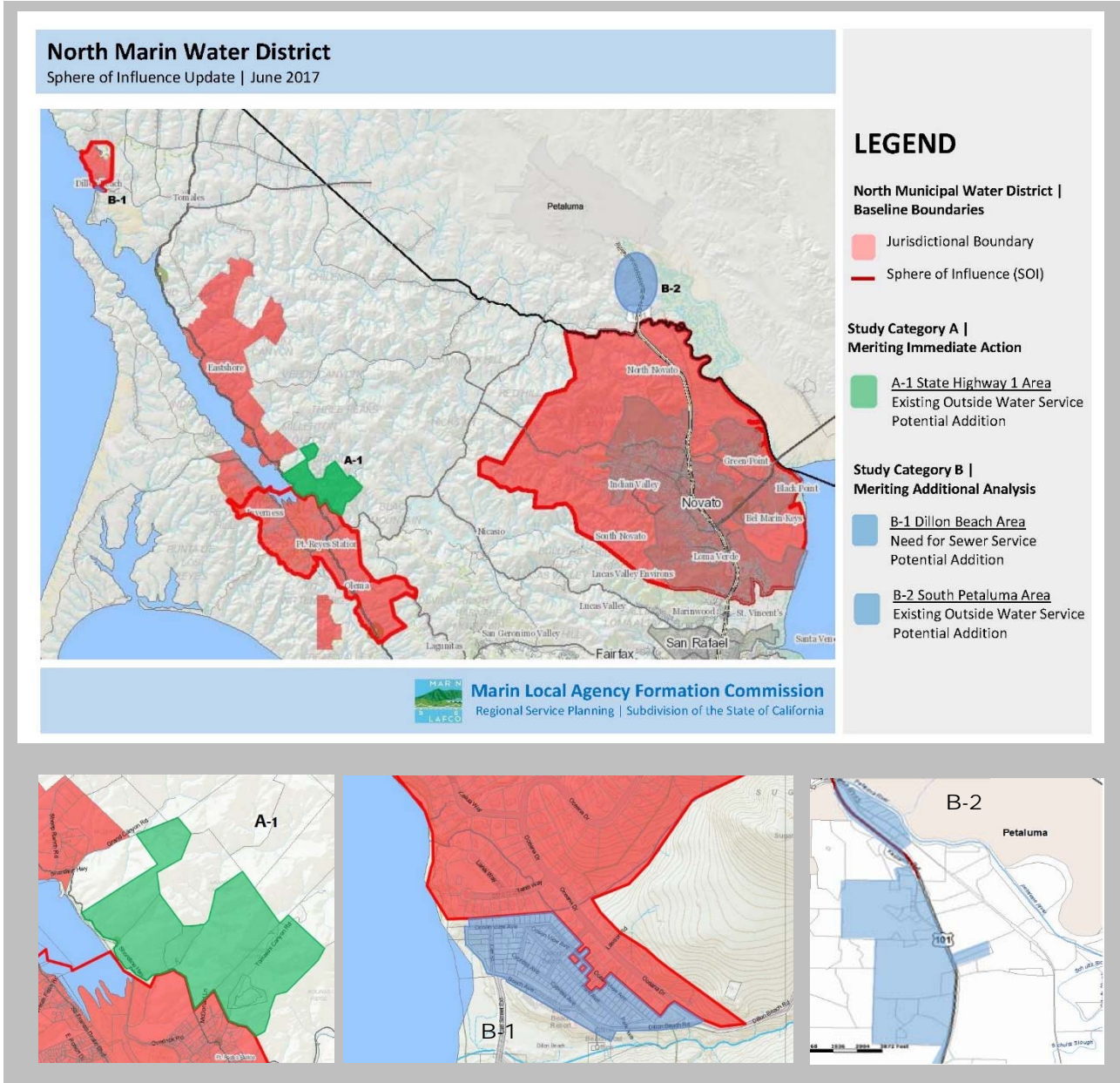
ATTEST:

\_\_\_\_\_  
KEENE SIMONDS, Executive Officer

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**EXHIBIT A**  
**COMPREHENSIVE SPHERE OF INFLUENCE UPDATE**  
**NORTH MARIN WATER DISTRICT**

**STUDY CATEGORIES**



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**EXHIBIT B**  
**COMPREHENSIVE SPHERE OF INFLUENCE UPDATE**  
**NORTH MARIN WATER DISTRICT**

**WRITTEN DETERMINATIONS**

The following determinative statements address the prescribed factors required for consideration anytime the Commission updates a sphere of influence under Government Code Section 56425(e). North Marin Water District is identified hereafter as NMWD.

**1. Present and Planned Land Uses in the Area**

Lands in the updated NMWD sphere are predominately developed for urban type uses as planned for by the affected land use authorities that are separately subject to Commission review and oversight directly or indirectly. Less intensive uses – including rural residential, agricultural, and open-space – within the updated sphere are limited and their inclusion directly corresponds with local proximity and need to NMWD’s potable water system.

**2. Present and Probable Need for Public Facilities and Services in the Area**

Lands within the updated NMWD sphere reflect the appropriate current and future jurisdictional boundary and/or service area of the District as independently determined by the Commission.

**3. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide**

The Commission’s recently completed municipal service review on countywide public water services indicates NMWD has established adequate administrative, service, and financial capacities to accommodate present and planned uses in the updated sphere. An abbreviated review of NMWD’s limited wastewater options in the Dillon Beach area has also been prepared with its analysis incorporated into this update.

**4. Existence of any Social or Economic Communities of Interest in the Area if the Commission Determines they are Relevant**

Lands in the updated NMWD sphere have established social and economic interdependencies with the District that are distinct from neighboring areas and premised on the existing delivery of potable water or wastewater services. This update affirms and strengthens these ties.

**5. Present and Probable Need for Public Facilities and Services of Any Disadvantaged Unincorporated Communities Within or Adjacent to the Sphere**

There are no known disadvantaged unincorporated communities (DUCs) within or immediately adjacent to the updated NMWD sphere based on the statewide definition provided under CKH. Should the Commission adopt its own local DUC definition additional analysis will be required to revisit whether any lands within or immediately adjacent to the updated NMWD sphere qualify.

# POINT REYES LIGHT

## Report says North Marin should serve all Dillon Beach

By Anna Guth  
07/12/2017

A draft report released last month by Marin's Local Agency Formation Commission, or LAFCO, which is now open for public comment, suggests that it may be advisable for the North Marin Water District to fold a last remaining part of Dillon Beach into its area of wastewater service.

The recent "sphere of influence report" for North Marin, which LAFCO releases every five years to suggest boundary changes for the water district, focuses on about 13 acres that include 156 private parcels. The report outlines the need for transitioning the parcels' septic systems to a public system, a move that would help expand the economies of scale necessary to improve community funding to cover future infrastructure improvements.

Dillon Beach is seeing more year-round residents in a historically seasonal village, where sea-level rise poses new threats, according to LAFCO's executive officer, Keene Simonds.

"The ongoing conversion of the homes from seasonal to more year-round uses suggests the onsite septic systems are becoming increasingly antiquated," Mr. Simonds said.

According to Mr. Simonds, sea-level rise will further stress septic systems through intrusion and corrosion. North Marin, which handles wastewater from the majority of the rest of Dillon Beach through a sewer system, is best equipped to address these problems, he said.

North Marin has annexed other portions of Dillon Beach over the years, and has a sewer line in place that runs through the area addressed in the LAFCO report. Since individual homeowners already can apply to hook up to that system, Rachel Jones, an administrative analyst for LAFCO, said folding in the final section of Dillon Beach would eliminate the current "piecemeal" approach.

Drew McIntyre, the general manager for North Marin, said that incorporating this final piece of Dillon Beach is just a suggestion from LAFCO, one that the district "will need to consider by conducting surveys to determine the feasibility of, as the system was not designed to connect this community."

The draft report recommends that LAFCO, the water district, and the affected residents begin discussing the pros and cons of a possible sphere expansion to include some or all of the remaining area now, before the next scheduled sphere update in five years.

If residents are interested, they would have to bear the brunt of the cost of creating new sewers in the area, a new pump system, and hooking everything up to the existing system in Dillon Beach, which would also have to be modified to handle increased capacity, Mr. McIntyre said.

But Ms. Jones thinks doing so will pay off over time. “In the long term, it will likely be less expensive for residents to join onto the public system, after the initial expense for infrastructure,” she said, adding that private septic systems can require replacement every 30 years or so at a cost of up to \$80,000. On the other hand, after the initial fees, upkeep for the system would be the responsibility of the district.

*The draft report is available at [marinlafco.org](http://marinlafco.org). Written comments should be submitted to Keene Simonds at [ksimonds@marinlafco.org](mailto:ksimonds@marinlafco.org) (<mailto:ksimonds@marinlafco.org>) no later than Monday, July 24. Comments may also be provided directly to LAFCO at a hearing on the final report on Thursday, Aug. 10.*



**Marin Independent Journal**

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**PROOF OF PUBLICATION  
(2015.5 C.C.P.)**

**STATE OF CALIFORNIA  
County of Marin**

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer of the MARIN INDEPENDENT JOURNAL, a newspaper of general circulation, printed and published daily in the County of Marin, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Marin, State of California, under date of FEBRUARY 7, 1955, CASE NUMBER 25566; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

**07/20/2017**

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated this 20th day of July, 2017.

*Donna Lazarus*

Signature

**PROOF OF PUBLICATION**

Legal No. **0005994595**

**MARIN LOCAL AGENCY FORMATION  
COMMISSION**

**NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN THE MARIN LOCAL AGENCY FORMATION COMMISSION (LAFCO) will hold a regular meeting on Thursday, August 10, 2017 at 7:00 P.M. at Marin Clean Energy located at 1125 Tamalpais Avenue in San Rafael to consider - and among other items - the following matter:

**Update to the North Marin Water District's  
Sphere of Influence**

The referenced hearing is for Marin LAFCO to consider the analysis and recommendations therein of a final report prepared by staff as part of the agency's scheduled sphere of influence update on the North Marin Water District. This includes adopting a resolution that - and among other items - makes specific statements as required under Government Code Section 56425. Spheres represent the State's version of a municipal boundary line with agencies limited to only providing services - whether through annexation or by contract - within their LAFCO-assigned sphere with limited exceptions. The final report and supporting documents will be available approximately one week prior to the hearing date. You may request a written copy of the agenda report by contacting Marin LAFCO at 415-448-5877.

Keene Simonds, Executive Officer  
Marin Local Agency Formation Commission  
July 18, 2017  
No. July 20, 2017

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 17 (Public Hearing)

June 5, 2017

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer  
Rachel Jones, Administrative Analyst

**SUBJECT: Boundary Change Proposal and Related Actions |  
Annexation of 571 McClay Road to the Novato Sanitary District**

The Commission will consider two related actions tied to a landowner request to annex one unincorporated parcel totaling 3.24 acres within the Indian Valley community to the Novato Sanitary District. The first action involves approving a negative declaration for the underlying project and based on the recommendation of an initial study. The second action involves approving the annexation and based on the consideration of the mandatory factors required of the Commission anytime it reviews a proposed boundary change. Staff recommends approval of both actions with the latter including the application of standard conditions. The subject assessor parcel is identified by the County of Marin as 146-180-46.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) to regulate the formation and development of local governmental agencies and their municipal service areas. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) Section 56375. LAFCOs are authorized to exercise broad discretion in amending as well as establishing conditions in approving changes of organization as long as they do not directly regulate land use.

### A. Background

#### Applicant Request | Affected Territory as Proposed

Marin LAFCO (“Commission”) has received a proposal from landowner Saratoga Group and through its General Partner Sam Hales requesting annexation of one unincorporated parcel located within Indian Valley to the Novato Sanitary District (NSD). The affected territory is approximately 3.24 acres in size and developed to date with a single-family residence with a situs address of 571 McClay Road. The affected territory represents a “flag lot” and lies at the end of an extended driveway; the latter of which also provide street access for several adjacent lots. The County of Marin Assessor’s Office identifies the affected parcel for tax purposes as 146-180-46.

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County of Marin  
Dennis J. Rodoni, Alternate  
County of Marin  
Judy Arnold, Regular  
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Lew Kious, Alternate  
Almonte Sanitary

Jeffrey Blanchfield, Chair  
Public Member  
Chris Skelton, Alternate  
Public Member

603

## Other Subject Agencies

The affected territory as proposed lies within the unincorporated community of Indian Valley and immediately to the southwest of the City of Novato. The affected territory also lies within the boundaries of the following special districts subject to Marin LAFCO.

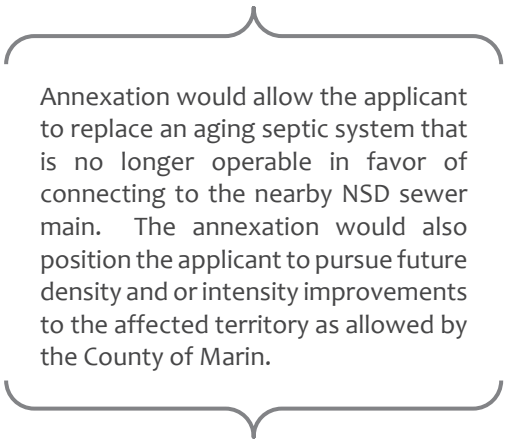
- County Service Area 20 (Open Space)
  - North Marin Water District
  - Novato Fire Protection District
  - Marin County Open Space and Parks District
  - Marin-Sonoma Mosquito Control and Abatement District
  - Marin County Flood Control District
- \* The affected territory lies in the Novato Unified School District and Marin Community College District; it also lies in Supervisorial District 5 (Judy Arnold)

## B. Discussion

This item is for the Commission to consider two related actions tied to a landowner request to annex the affected territory to NSD. The first action involves approving a negative declaration for the underlying project (i.e., annexation) and based on the recommendation of an initial study, which is provided as an attachment. The second action involves approving the annexation and based on the consideration of the mandatory factors required of the Commission anytime it reviews a proposed boundary change. Additional and relevant context to the proposal follows.

### Proposal Purpose

The purpose of the proposal is to allow the applicant to eliminate an aging septic in lieu of its replacement given the system is at the end of its useful life and no longer operable. Markedly, the County of Marin issued the landowner a code violation letter for an observed septic failure on February 2, 2017 (attached). Annexation and connection therein to NSD would also position the applicant to pursue density and or intensity improvements to the property as allowed under the County of Marin's current zoning assignment. Nonetheless, there are no known development plans contemplated for the affected territory at this time, and should they be pursued it would be subject to the County's own and separate processing procedures.<sup>1</sup>



Annexation would allow the applicant to replace an aging septic system that is no longer operable in favor of connecting to the nearby NSD sewer main. The annexation would also position the applicant to pursue future density and or intensity improvements to the affected territory as allowed by the County of Marin.

---

<sup>1</sup> County of Marin Municipal Code Section 18.06.050 requires connection to a public sewer system if the affected lot is within 400 feet as a condition to a building permit unless waived by the County Environmental Health Department.

## Development Potential

The affected territory as detailed in Appendix A is designated and zoned by the County of Marin as the existing and planned land use authority byway of Commission policy for rural single-family residential development.<sup>2</sup> The existing zoning allowance was most recently affirmed in 2003 with the County adopting the Indian Valley Specific Plan and assigns the affected territory as Agricultural Limited with a minimum lot size of 1.00 acres. This zoning allows the affected territory to be divided into a maximum of three residential lots. Intensity improvements could also be accommodated under County zoning and include the permitted uses of a guest home, and/or a second unit.



## Commission Focus

Staff has identified two central and sequential policy items for the Commission in considering the merits of the principal action before the membership: the requested boundary change. These policy items ultimately take the form of Commission determinations and orient the membership to consider – and in sequential order – the stand-alone merits of (a) timing of the requested annexation and (b) whether applying discretionary modifications or terms are appropriate.

### C. Analysis

The analysis of the proposal is organized into two subsections. The first subsection considers the two central policy issues introduced in the preceding section. This pertains to evaluating the merits of the timing of the proposed boundary change relative to the factors mandated for review by the Legislature as well as through local policies, and whether approval modifications or terms are appropriate. The second subsection

<sup>2</sup> The affected territory does not lie within any city or town sphere of influence. Accordingly, and by inference, this demarks the Commission's policy expectation the County of Marin is the appropriate land use authority now and going forward for the affected territory.

considers issues required by other applicable State statutes in processing boundary changes. Most notably, this includes making findings for the proposal under the California Environmental Quality Act.

## **Consideration of Central Policy Items | Annexation Timing, Modifications, and Terms**

### **Policy Item No. 1 | Annexation Timing**

The timing of the proposed annexation appears appropriate and highlighted by the analysis of the 16 factors required for consideration under CKH.<sup>3</sup> The majority of the prescribed factors under CKH focus on the impacts of the proposed annexations on the service and financial capacities of the subject agency, NSD. No single factor is determinative and the intent is to provide a uniform baseline for LAFCOs in considering all boundary changes in context to the Commission's own adopted policies and practices. A summary of key conclusions generated in the review of these factors for the boundary change proposal follows a complete analysis provided in Appendix A.

- Annexation of the affected territory to NSD is consistent with the adopted land use policies of the County of Marin; the governmental entity tasked with community planning for the subject land as provided under Commission policy.<sup>4</sup> These land use policies were most recently reviewed and adopted in 2003 with the County establishing the Indian Valley Specific Plan that among other items, established moderate residential zoning density in-line with limited agriculture and equestrian uses within and adjacent to the affected territory.
- There is an existing and urgent need for public sewer service to accommodate the existing and planned residential use of affected territory given the alternative would be to replace and maintain a private on-site septic system. This alternative – among other items – would counter the Commission's interest and practice in discouraging private septic systems in developing areas.
- NSD's sewer system has available treatment capacities to accommodate projected service demands for the affected territory at its projected maximum uses.
- The affected territory is substantially surrounded by the NSD jurisdictional boundary and the annexation of the subject lands would represent an anticipated and orderly expansion therein.

---

<sup>3</sup> There are 15 standard factors that apply to all boundary changes with a 16<sup>th</sup> factor applying to boundary changes involving special districts under Government Code Section 56668.

<sup>4</sup> See Footnote No. 2

**Conclusion on Annexation Timing:**

The timing of the annexation appears sufficiently merited under CKH and adopted local policy given the referenced (a) planning consistency, (b) service need, and (c) capacity of NSD’s infrastructure to accommodate anticipated uses at the potential maximum buildout.

**Approval Amendments and or Terms**

Staff has not identified any potential boundary amendments to the proposal that merit Commission consideration at this time. This includes noting the affected territory lies outside the Novato sphere of influence and as such is not subject to the Commission’s Dual Annexation Policy. It is also noted all properties immediately adjacent to the affected territory are already in the NSD jurisdictional boundary. The sewer main also already lies within the affected territory before extending into the neighboring property at 25 Chardonnay Lane and as such demerits the need to include the adjacent public right-of-way on McClay Road. Further, only standard terms are recommended and summarized in the accompanying footnote.<sup>5</sup>

**Conclusion on Discretionary Boundary Amendments and Terms:**

No boundary amendments to the proposal appear warranted at this time. Additionally, only standard approval terms appear appropriate (i.e., there are no unique conditions meriting the imposition of special terms.)

**Other Considerations |  
Tax Exchange, Environmental Review, and Protest Proceedings**

**Property Tax Exchange**

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCOs can consider jurisdictional changes. Markedly, and pertinent to this proposal, RTC Section 99(b)(5) allows the County of Marin to adopt a single resolution establishing a tax exchange on behalf of NSD give its status as a special district. Towards this end, and upon formal noticing by the Commission, the County previously approved a “no” exchange tax agreement that may be applied to this proposal – i.e., NSD will not receive any new property tax allocation if the annexation is approved and ultimately recorded.

---

<sup>5</sup> Standard approval terms include requiring the applicant to submit outstanding fees, prepare a final map and description of the affected territory with any modifications required by the Commission, and completing the necessary reconsideration periods under both CKH and the California Environmental Quality Act.

## **Environmental Review**

The Commission serves as lead agency under the California Environmental Quality Act (CEQA) for the proposal given Marin LAFCO's primary role in authorizing the underlying project: annexation of the affected territory to NSD for purposes of establishing public sewer service. Staff has determined the referenced action is a "project" under CEQA and no exemption (statutory or categorical) readily applies. Accordingly, staff retained a contract planner to prepare an initial study to further evaluate potential proposal impacts. The resulting initial study is attached and concludes the project would not result in any significant impacts and recommends the adoption of a negative declaration. Notice of the intent to adopt a negative declaration has been circulated and posted as required under State law and is being presented to the Commission for formal approval as part of this agenda item.

## **Conducting Authority Proceedings (Protest Hearings)**

The affected territory as proposed is uninhabited under CKH and the subject landowner (Saratoga Group) serves as the applicant. NSD has consented to the proposal by not filing either an objection or request for protest. Accordingly, conducting authority proceedings may be waived under CKH (G.C. Section 56663).

## **D. Alternatives for Action**

The following alternative actions are available to the Commission.

### Alternative Action One (Recommended):

1. Adopt the attached draft resolution approving a negative declaration for the proposal consistent with the conclusion of the associated initial study; and
2. Adopt the attached draft resolution conditionally approving the proposal as submitted and without amendments along with specified terms.

### Alternative Action Two:

Continue consideration of the item to the next regular meeting and provide direction to staff for additional information as needed.

### Alternative Action Three:

1. Adopt the attached draft resolution approving a negative declaration for the proposal; and
2. Disapprove the proposal. Disapproval would statutorily prohibit the initiation of a similar proposal for one year unless a request for reconsideration is filed and approved within 30 days.



## **E. Recommendation**

Staff recommends proceeding with the action identified as Alternative Action One as summarized in the preceding section. These actions would collectively allow for a moderate and orderly boundary expansion of NSD to include territory already located within the District's sphere in step with eliminating the need to operate a private septic system in a developing urban area.

## **F. Procedures for Consideration**

Staff has agenzized this item as part of a noticed public hearing given the associated requirements tied to making the recommended environmental determination of a negative declaration. The following procedures are recommended with respect to the Commission's consideration:

- 1) Receive verbal report from staff;
- 2) Invite comments from the applicants;
- 3) Open the public hearing and invite comments from all attendees (required); and
- 4) Close the public hearing, and consider the staff recommendation.

On behalf of staff,



Rachel Jones  
Administrative Analyst

### Attachments:

- 1) Application Materials
- 2) Code Violation Letter from the County of Marin
- 3) Initial Study, Prepared by Contract Planner Sean Kennings
- 4) Written Comments from the City of Novato
- 5) Draft Resolution Approving a Negative Declaration
- 6) Draft Resolution Approving the Proposal
- 7) Proof of Publication
- 8) Memorandum on Novato Comment Letter (added after original posting)

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## APPENDIX A

### BOUNDARY CHANGE ANALYSIS OF MANDATORY FACTORS GOVERNMENT CODE SECTION 56668

**1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.**

---

The affected territory as proposed includes one legal parcel that is approximately 3.24 acres in size with a situs address of 571 McClay Road. Existing development today includes a 2,505 square foot single-family residence built in 1974 and has most recently been utilized as a rental property by the landowner. The affected property is currently unoccupied given the septic system serving the single-family residence has failed. A moderate amount of new development within the affected territory in the future is expected given the allowance under County zoning to ultimately subdivide the property into three residential lots. Additional intensity is also allowed and includes establishing one guest house and/or second unit for each residential lot. These available allowances – should they be pursued – would conform the affected territory to existing uses within adjacent properties. The current assessed value of the affected territory is \$1,230,533.

**(2) The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**

---

The affected territory currently receives a multitude of services in support of its existing residential use from various public agencies under the Commission's oversight. Most notably, this includes receiving potable water from North Marin Water District and fire protection from Novato Fire Protection District. Approval of this proposal would make available public sewer service to the affected territory and is the focus of the succeeding analysis.

- **Extending Public Sewer to Affected Territory**

The affected territory is currently dependent on an on-site septic system that appears to have reached the end of its useful life and was recently subject to a notice by Environmental Management of an abatement notice. The Commission has previously determined NSD is the appropriate provider of public sewer service to the affected territory when the timing is deemed appropriate by including the lands within the District's sphere. Connection to the system is readily available with an existing NSD sewer main located within the affected territory along with southwest property line before terminating at the private driveway. A lateral connection to the existing sewer main is possible. However, NSD has indicated its intent to require the landowner to further extend the sewer main upon

successful annexation to proceed another 230 feet to curb at the southwest end of the property line and closer to the current residence site.

It is estimated the maximum sewer flow for the affected territory under its existing development (1 residential unit) would be 112 gallons per day during dry weather months and increase to 168 gallons per day during wet weather months; the latter of which presumes a 1.5 peaking factor.<sup>6</sup> It is further estimated at buildout the maximum sewer flows for the affected territory (3 residential units; 2 second units; 6 total units) will increase to 672 gallons per day to dry weather months and increase to 1,008 gallons per day in wet weather months. The addition of these buildout flow estimates within the affected territory can be accommodated based on current system demands and supplies with existing available NSD capacity decreasing by less than 0.36%. The following table summarizes sewer flow conditions under baseline and annexation/buildout.

<b>NSD WTP: Baseline Without Annexation of the Affected Territory</b> (Amounts in Gallons)			
<b>Capacity Dry Day</b>	<b>Demand Average Dry Day</b>	<b>Demand Average Wet Day</b>	<b>Capacity Wet Day</b>
7,000,000	3,370,000	7,130,000	10,300,000
Demand-to-Capacity Ratio 48.13%		Demand-to-Capacity Ratio 69.21%	
<b>NSD WTP: Baseline With Annexation and Buildout of the Affected Territory</b> (Amounts in Gallons)			
<b>Capacity Dry Day</b>	<b>Demand Average Dry Day</b>	<b>Demand Average Wet Day</b>	<b>Capacity Wet Day</b>
7,000,000	3,370,672	7,131,008	10,300,000
Demand-to-Capacity Ratio 48.15%		Demand-to-Capacity Ratio 69.23%	

**(3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.**

Approving the proposal to annex the affected territory into NSD would recognize and strengthen existing economic and social ties between the District and subject lands. These ties were initially established in 2002 when the Commission retained the affected territory into NSD’s sphere of influence as part of a comprehensive update. This earlier action marks a Commission expectation the lands should eventually develop to an urban density/intensity warranting public sewer service just as other neighboring lots have done in the recent past.

<sup>6</sup> The average dry weather and wet weather flows were drawn from the equivalent demands of the number of dwelling units connected to the system with similar demands.

**(4) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.**

The proposal is consistent with the Commission adopted policies and highlighted by the existing inclusion of the affected territory within NSD’s sphere of influence. Proposal approval would facilitate the removal of a private septic system that has reached the end of its useful life in favor of connection of a public sewer system in a developing urban type area. It is also noted the affected territory does not qualify as “open-space” under LAFCO law and therefore does not conflict with G.C. Section 56377. The affected territory, notably, is not devoted to a defined open-space use under the County of Marin General County.

**(5) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.**

The affected territory does not qualify as “agricultural land” under LAFCO law. Specifically, the affected territory is not used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program.

**(6) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.**

The proposal as submitted is parcel-specific and includes an entire legal parcel approximately 3.24 acres in size at 571 McClay Road and identified for assessment purposes as 146-180-46. No lines of assessment are crossed. Should the Commission approve the proposal a map and geographic description will be required to show the meets and bounds of the affected territory consistent with the standards established by the State Board of Equalization. The Executive Officer will not issue a Certificate of Completion until a satisfactory map and geographic description are submitted.

**(7) Consistency with the city or county general plans, specific plans, and adopted regional transportation plan.**

The affected territory as proposed is entirely designated for relatively low-density single-family residential use under the adopted land use policies of the County of Marin. This includes designating and zoning the affected territory as *Rural Residential* and *Agriculture Limited*, respectively. The latter assignment, notably, prescribes a minimum parcel size of 1.0 acres. These land uses are consistent with the proposal’s purpose to provide public sewer to the affected territory.

Affected Territory	County of Marin
General Plan Designation	Rural Residential
Zoning Standard	Agriculture Limited
....maximum lot to acre ratio	1.00 acres

The proposal does not conflict with the regional transportation plan maintained by the Metropolitan Transportation Commission and through its local planning surrogate, the Transportation Authority of Marin. This includes noting the affected territory is not part of either a Priority Development Area (PDA) or Priority Conservation Area (PCA).

**(8) The sphere of influence of any local agency affected by the proposal.**

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See earlier analysis on page 10 of this report.

**(9) The comments of any affected local agency or other public agency.**

---

Staff provided notice of the proposal and invitation to provide comments and or request conditions to all subject agencies and other interested public agencies as required under LAFCO law. Comments were received from the City of Novato and are provided as attachments to this report. These comments are marked by Novato – and among other items – objecting to the proposal given the associated extension of a municipal service to the affected territory would conflict with the City’s Urban Growth Boundary.

**(10) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.**

---

Information collected and reviewed as part of this proposal indicates NSD appears to have established sufficient financial resources and administrative controls therein relative to providing public sewer services to the affected territory without adversely impacting existing ratepayers. This statement is supported by the following factors.

- NSD’s last audit covers 2015-2016 and shows the District finished with moderately good liquidity levels with an agency-wide current ratio of 3.2 (i.e., \$3.20 in current assets for every \$1.00 in current liabilities). This ratio has been aided by an overall positive profit margin over the five-year period (2011-12 to 2015-2016) of 5.00%. Additionally, NSD’s debt levels finished the last audit year at 42.3% (i.e., \$46.30 out of every \$100.00 in net assets are financed). This debt level is consistent to the utilities’ industry where cash flows are relatively stable and higher debt ratios are more common.

**(11) Timely availability of water supplies adequate for projected needs as specified in G.C. Section 65352.5.**

---

The affected territory has a potable water connection from NMWD and lies within their jurisdictional boundary. The Commission recently completed a study on countywide potable water services that includes an assessment of NMWD with respect to current and projected supply-to-demand ratios. The study concludes NMWD’s potable supplies are sufficient under existing demands under normal conditions with available/excess capacity of 56%. Potable supplies remain positive under estimated single-dry year conditions matching the 1976/77 drought with year-end capacity decreasing to 7%.

**(12) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments.**

---

The proposal would not impact any local agencies in accommodating their regional housing needs. All potential units tied to the land are assigned to the County of Marin by region's council of governments, Association of Bay Area Governments. The proposal, if approved, would not change the designation assignment.

**(13) Any information or comments from the landowner or owners, voters, or residents of the affected territory.**

---

The affected landowner serves as the applicant.

**(14) Any information relating to existing land use designations.**

---

See analysis on page 11 of this report.

**(15) The extent to which the proposal will promote environmental justice.**

---

There is no documentation or evidence suggesting the proposal will have a measurable effect – positive or negative – with respect to promoting environmental justice.

**(16) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annex to the district.**

---

The proposal's request for annexation into NSD if approved would benefit residents of the affected territory going forward by providing access to public sewer service consistent with the site's planned residential uses.

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PETITION FOR PROCEEDING  
PURSUANT TO  
THE CORTESE-KNOX-HERTZBERG  
LOCAL GOVERNMENT REORGANIZATION ACT OF 2000

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The undersigned hereby petition(s) the Marin Local Agency Formation Commission for approval of a proposed change of organization or reorganization and stipulate(s) as follows:

1. This proposal is made pursuant to Part 3, Division 3, and Title 5 of the California Government Code (commencing with Section 56000, Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000).
2. The specific change(s) of organization proposed (i.e., annexation, detachment, reorganization, etc.) is/are: \_\_\_\_\_  
ANNEXATION.
3. The boundaries of the territory(ies) included in the proposal are as described in Exhibit(s) \_\_\_\_\_ attached hereto and by this reference incorporated herein.
4. The territory(ies) included in the proposal is/are:  
 inhabited (12 or more registered voters) or  
 uninhabited.
5. This proposal  is  is not consistent with the sphere(s) of influence of the affected city and/or district(s).
6. The reason(s) for the proposed annexation (annexation, detachment, reorganization, etc.) is/are: \_\_\_\_\_  
to connect an existing home to the sewer. Previously the home was connected to a septic system.
7. The proposal is requested to be made subject to the following terms and conditions: \_\_\_\_\_
8. The persons signing this petition have signed as:  
 Registered voters or  
 Owners of the land.

Chief Petitioners (not to exceed three):

	<u>DATE</u>	<u>PRINTED NAME</u>	<u>SIGNATURE</u>	<u>RESIDENCE ADDRESS</u>
1.	3-14-17	Saratoga Fund IV Sam Hales		571 McClay Rd. Novato 94947
2.				
3.				

MARIN LAFCO  
APPLICATION QUESTIONNAIRE

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In accordance with requirements set forth in the California Government Code, the Commission must review specific factors in its consideration of this proposal. In order to facilitate the Commission's review, please respond to the following questions:

**I. GENERAL INFORMATION**

1. Please check the method by which this application was initiated:

- Resolution of Application  
 Petition

2. Does the application possess 100% written consent of each property owner in the subject territory? Yes  No

3. A. Application is submitted for the following boundary change:  
(BE SPECIFIC; i.e., "annexation," "reorganization".)

Annexation \_\_\_\_\_  
\_\_\_\_\_

B. The reason the proposed action(s) has been requested:  
(BE SPECIFIC; i.e., "annexation to sewer district for construction of three homes")

Annexation to sewer district for connection to an existing home. The home is currently connected to a septic system.  
\_\_\_\_\_  
\_\_\_\_\_

4. State general location of proposal:

Indian Creek \_\_\_\_\_  
\_\_\_\_\_

5. Is the proposal within a city's boundaries?

Yes . Which city? \_\_\_\_\_  
No . If the proposal is adjacent to a city, provide city name: Novato.

6. Is the subject territory located within an island of unincorporated territory? Yes  No   
Indicate city, if applicable: \_\_\_\_\_  
\_\_\_\_\_

7. Would this proposal create an island of unincorporated territory? Yes  No . If yes, please justify proposed boundary change: \_\_\_\_\_

8. Provide the following information regarding the area proposed for annexation:  
(Attach list if necessary.)

A. <u>Assessor's Parcel Number(s)</u>	<u>Site Address(es)</u>
<u>146-180-46</u>	<u>571 McClay Rd. Novato, CA. 94947</u>
_____	_____
_____	_____

B. Total number of parcels: 1.

9. Total land area: 3.24 acres.

## II. LAND USE AND DEVELOPMENT POTENTIAL

1. Describe any special land use concerns: \_\_\_\_\_  
None

2. Indicate current land use:  
(i.e., number of dwellings, permits currently held, etc.)  
One Home

3. Indicate the current zoning (either city or county) title and densities permitted:  
A2-B4 Agriculture, Limited 1 acre lot

4. Has the area been rezoned? No  N/A  Yes   
What is the rezoning classification, title and densities permitted? \_\_\_\_\_

5. Describe the specific development potential of the property:  
(Number of units allowed in zoning.)  
Three

III. ENVIRONMENT

1. Is the site presently zoned or, designated for, or engaged in agricultural use?

Yes  No

If yes, explain: \_\_\_\_\_  
\_\_\_\_\_

2. Will the proposal result in a reduction of public or private open space?

Yes  No

If yes, explain: \_\_\_\_\_  
\_\_\_\_\_

3. Will service extension accomplished by this proposal induce growth in:

A. This site?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input checked="" type="radio"/>
B. Adjacent sites?	Yes <input type="radio"/>	No <input type="radio"/>	N/A <input checked="" type="radio"/>
C. Unincorporated?	Yes <input type="radio"/>	No <input checked="" type="radio"/>	
D. Incorporated?	Yes <input type="radio"/>	No <input checked="" type="radio"/>	

4. State general description of site topography: \_\_\_\_\_

Relatively flat rolling topography  
\_\_\_\_\_

5. Indicated Lead Agency for this project: \_\_\_\_\_

Marin LAFCO  
\_\_\_\_\_

6. Indicate Environmental Determination by Lead Agency: \_\_\_\_\_

with respect to (indicate project) \_\_\_\_\_

dated \_\_\_\_\_.

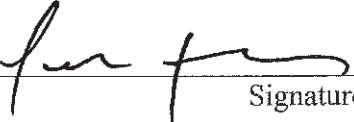
**(COPY OF ENVIRONMENTAL DOCUMENTS MUST BE SUBMITTED WITH APPLICATION.)**

Please provide the names and addresses of persons who are to be furnished copies of the Agenda, Executive Officer's Report, and Notice of Hearing:

<u>Name</u>	<u>Address</u>
Sam Hales- Saratoga Fund IV	3001 Douglas Blvd. #150 Roseville, CA. 95661
_____	_____
_____	_____
_____	_____
_____	_____

Name and Address of Applicant: Saratoga Fund IV 3001 Douglas Blvd. Roseville, CA 95661

Telephone Number: H (\_\_\_\_) \_\_\_\_\_ W( 916 ) 596-9000

 \_\_\_\_\_ 3/14/17  
Signature Date

\_\_\_\_\_  
Signature Date

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COMMUNITY DEVELOPMENT AGENCY  
ENVIRONMENTAL HEALTH SERVICES DIVISION

Brian C. Crawford  
DIRECTOR

Rebecca Ng, REHS  
DEPUTY DIRECTOR

**CERTIFIED MAIL**

February 2, 2017

Marin County Civic Center  
3501 Civic Center Drive  
Suite 236  
San Rafael, CA 94903  
415 473 6907 T  
415 473 4120 F  
415 473 2255 TTY  
www.marincounty.org/ehs

Saratoga Fund II LLC  
C/O Samuel Hales  
900 High St, Ste 120  
Auburn, CA 95603-4737

RE: Surfacing Sewage at 571 McClay Rd, Novato, CA A.P.N. 146-180-46

Greetings:

Yesterday at the above noted address, I observed surfacing sewage at a depth of approximately two feet covering a septic tank and on the ground in an approximate 5 foot radius around the tank. When the tank lid was removed the sewage did not drain. We consider this a failed septic system.

Surfacing sewage is not permitted in the County of Marin. Surfacing sewage is a violation of the Marin County Code, Chapter 18.06, section .040 (a, b, c) – Prohibited Acts. This code section indicates that it is unlawful for any person to construct, alter, repair or replace an individual sewage disposal system and/or a complex graywater system or a component element thereof, which system is subject to the provisions of this chapter, without first obtaining a permit from the health officer in accordance with the provisions of this chapter and regulations issued hereunder. It is unlawful for any person to construct, rebuild, use, occupy or maintain any residence, place of business or other structure where persons reside, congregate or are employed, which is not provided with a means of disposal of sewage by connection to a public sewer system or an individual sewage disposal system, without first obtaining approval and/or a permit from the health officer. It is unlawful for any person to construct, use, or maintain any privy, cesspool, septic tank, sewage treatment works, graywater system, chemical toilet, composting toilet, sewer pipes or conduits, or system(s) components in a manner where sewage, graywater, impure water or any other matter or substance will discharge upon the surface of the ground, become injurious or dangerous to health or will empty, flow, seep, or drain into or affect any river, stream, creek, spring, lake, pond, reservoir, swamp, ocean, bay, water supply, water system, groundwater, culvert, or drainage within the County of Marin.

Environmental Health Services requires the immediate cease of the discharge of sewage first by stopping all water use and hiring a licensed pumper truck (list attached) to pump the tank. The tank will then have to be temporarily sealed off from the leach lines and used as a holding tank until the larger issue with wastewater discharge can be corrected. This holding tank will then need to be pumped at the frequency necessary to not allow any surfacing sewage by the residential water use.

The above noted correction is a temporary repair. By County Code 18.04.040, any property within 400 feet of a public sanitary sewer shall be connected to the sewer by the owner of the property. A phone call to Novato Sanitary District confirmed that this lot is less than 400 feet from one of their sewer mains. Therefore, you will also need to contact Novato Sanitary District to initiate the connection process:  
415-892-1694

Please contact our office within 24 hours of receiving this notification. My voicemail will allow you to leave messages after business hours or weekends. Please leave a phone number and a possible date and time when we can communicate. Please feel free to contact us at (415) 473-6907 or e-mail me at [dmcullen@marincounty.org](mailto:dmcullen@marincounty.org) with any questions.

Please be advised that you must contact this office and make arrangements to correct this violation within ten (10) days of the date of this letter. All costs incurred by Building and Safety and Code Enforcement staff in bringing your property into compliance, are now calculated on an hourly basis and collected at building permit submittal, and in some instances at building permit issuance. If code enforcement staff must notify you regarding your required inspections or to complete any conditions of approval prior to receiving a final inspection, you will be required to pay additional costs prior to scheduling a final inspection. All costs incurred by the County in correcting and resolving your building violation will be collected; therefore, it is to your economic benefit to act expeditiously in correcting any violations of the Codes. This code violation can be corrected by connecting to sanitary sewer. Should you not correct this violation, the Community Development Agency (CDA) will have no other alternative but to proceed with scheduling the code violation for a code enforcement hearing in order to compel you to correct this violation. If we prevail at this hearing the Code Enforcement Hearing Officer may assess civil penalties of \$2,500 per day, per violation. In addition, the CDA will seek payment of all costs incurred by the County for any enforcement action.

Under Government Code Section 25845, the County may demand payment for the cost of code enforcement from the property owner and upon his or her failure to pay, cause a special assessment to be recorded against the property. The assessment may be collected at the same time and in the same manner as ordinary County taxes subject to the same penalties and the same procedure and sale in case of delinquency.



Accordingly, this office is keeping a record of the time and costs spent in correcting this violation. If our staff is not able to resolve this matter with your cooperation, the code violation will be scheduled for an abatement hearing before the Marin County Code Enforcement Hearing Officer. At that time we will seek an order from the Hearing Officer for the total amount of code enforcement costs to be assessed and mandatory payment required.

Sincerely,

*David McMullen*

David McMullen, R.E.H.S.

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**Novato Sanitation District – LAFCO Annexation**

571 McClay Rd; Novato, CA 94947

**Assessor's Parcel Nos. 146-180-46**

Initial Study/Negative Declaration

Lead Agency:  
Marin Local Agency Formation Commission – LAFCO  
1401 Los Gamos Drive, Suite 220  
San Rafael, CA 94903

Contact: Sean Kennings, Contract Planner

July 2017

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**TABLE OF CONTENTS**

**NOTICE OF INTENT .....5**

**A. INITIAL STUDY AND ENVIRONMENTAL CHECKLIST .....6**

**B. ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED .....9**

**DETERMINATION .....9**

**EVALUATION OF ENVIRONMENTAL IMPACTS .....10**

    I. AESTHETICS..... 10

    II. AGRICULTURE AND FOREST RESOURCES ..... 11

    III. AIR QUALITY..... 14

    IV. BIOLOGICAL RESOURCES ..... 16

    V. CULTURAL RESOURCES..... 19

    VI. GEOLOGY AND SOILS ..... 21

    VII. GREENHOUSE GAS EMISSIONS ..... 24

    VIII. HAZARDS AND HAZARDOUS MATERIALS..... 25

    IX. HYDROLOGY AND WATER QUALITY ..... 28

    X. LAND USE AND PLANNING ..... 32

    XI. MINERAL RESOURCES ..... 34

    XII. NOISE..... 35

    XIII. POPULATION AND HOUSING..... 37

    XIV. PUBLIC SERVICES..... 38

    XV. RECREATION ..... 40

    XVI. TRANSPORTATION/TRAFFIC ..... 41

    XVII. UTILITIES AND SERVICE SYSTEMS ..... 43

    XVIII. MANDATORY FINDINGS OF SIGNIFICANCE..... 46

**SOURCE REFERENCES .....49**

**DETERMINATION FOR THIS PROJECT .....50**

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**DATE:** JULY 21, 2017  
**TO:** Public Agencies, Organizations and Interested Parties  
**FROM:** Sean Kennings, Contract Planner  
**SUBJECT:** NOTICE OF PUBLIC REVIEW AND INTENT TO ADOPT A NEGATIVE DECLARATION

---

Pursuant to the State of California Public Resources Code and the “Guidelines for Implementation of the California Environmental Quality Act of 1970” as amended to date, this is to advise you that the Marin LAFCO has prepared an Initial Study on the following project:

**Project Name:**

571 McClay Rd, Novato, CA

**Location:**

Assessor’s Parcel No. 146-180-46

**Property Description:**

The affected property is approximately 3.22 +/- acres and is located in the unincorporated community of Indian Valley in Marin County, California. The site has been developed to date with an approximate 2,500 square foot single-family residence and agricultural/stable operation with a situs address of 571 McClay Rd. The County of Marin Assessor’s Office identifies the property as 146-180-46.

Marin LAFCO has received a proposal from the affected landowner to annex the subject property to the Novato Sanitary District at this time given the septic system serving the residence has failed. The residence is currently vacant, and as such there is no immediate public health threat. No physical improvements or plans are included as part of the annexation application.

An initial study has been prepared with a recommendation to adopt a negative declaration for the project.

**Environmental Issues:**

None

A **twenty (00-day) public review period** shall commence on **July 21, 2017**. Written comments must be sent to Marin LAFCO no later than **5:00 P.M on August 10, 2017**. Marin LAFCO will hold a public hearing on the Initial Study/Negative Declaration and project merits on **Thursday, August 10, 2017, 7:00 PM** at **Marin Clean Energy located at 1125 Tamlapais Avenue in San Rafael as part of a noticed hearing**. Correspondence and comments should be directed to **Sean Kennings, Contract Planner, phone: (415) 533-2111, email: [sean@lakassociates.com](mailto:sean@lakassociates.com)**.

## A. INITIAL STUDY AND ENVIRONMENTAL CHECKLIST

- 1. Project Title:** Proposed Annexation of 571 McClay Rd to Novato Sanitation District
- 2. Lead Agency Name and Address:** Marin Local Agency Formation Commission – LAFCO  
1401 Los Gamos Drive, Suite 220  
San Rafael, CA 94903
- 3. Contact Person and Phone Number:** Sean Kennings, Contract Planner  
Phone number: 415.533.2111  
Email: sean@lakassociates.com
- 4. Project Location:** 571 McClay Rd, Novato, CA 94947; Assessor's Parcel No. 146-180-46
- 5. Project Sponsor's Name /Address:** Sam Hales – Saratoga Fund IV  
3001 Douglas Blvd. #150  
Roseville, CA 95661
- 6. General Plan Designation:** Marin County is the existing land use authority and designates the project site SF3 (one unit/1-5 acres). The City of Novato also designates the site Very Low Residential – RVL - .5 – 1.0 dwelling units per acre.
- 7. Zoning:** Marin County is the existing land use authority and designates the project site Agriculture A2-B4 (limited agriculture) with a minimum lot size of one acre. The City of Novato has not pre-zoned the project site.
- 8. Description of Project:** Marin LAFCO has received an application from a property owner proposing the annexation of a single family residential lot located at 571 McClay Rd the Novato Sanitary District (NSD) due to a failed on-site septic system. The purpose of the annexation is to establish permanent public sewer service for the existing single-family residence to facilitate improvements in accordance with County Municipal Code Section 18.06.050. This local code requires connection to a public sewer system if the affected lot is within 400 feet as a condition to a building permit unless waived by the County Environmental Health Department. Upon approval of the annexation and based on NSD service preferences, an approximate 230' extension of the existing sewer line to facilitate connection to the District system is anticipated and in step with abandoning the existing septic system; the former of which may involve potential tree removal depending on construction methods. However, no physical improvements or infrastructure modifications are proposed for the annexation at this time. Adjacent



properties to the east, north and west are already provided with service by the NSD.

This Initial Study contemplates the impact of the proposed annexation as described given an exemption was not identified as an available alternative.

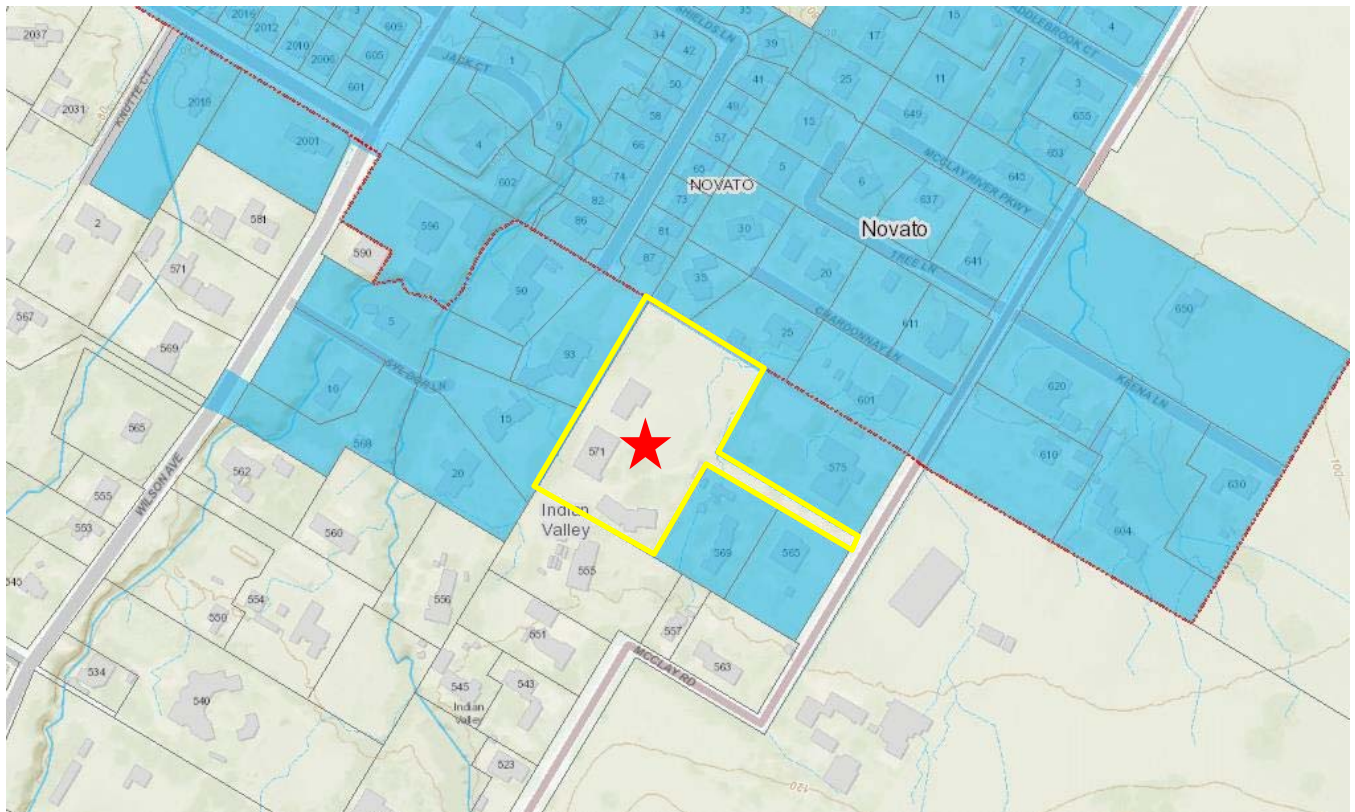
**9. Surrounding land uses and setting:** The subject property is surrounded on all sides by existing residential uses on limited agricultural zoned properties

**10. Other Public Agencies Whose Approval Is Required:**

Novato Sanitary District. No other public agency permits are required. The proposed project would not impact the approvals or permits previously secured through agencies such as: a) the State of California Department of Toxic Substances Control (DTSC); b) California Regional Water Quality Control Board (RWQCB); c) California Department of Fish and Game (CDFG); or d) the Transportation Authority of Marin (TAM) serving as the County Congestion Management Authority.



**Figure 1: Regional Map**



**Figure 2: Vicinity Map (area in blue represents Novato Sanitary District service)**

## B. ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Aesthetics               | <input type="checkbox"/> Agriculture Resources         | <input type="checkbox"/> Air Quality                       |
| <input type="checkbox"/> Biological Resources     | <input type="checkbox"/> Cultural Resources            | <input type="checkbox"/> Geology /Soils                    |
| <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards & Hazardous Materials | <input type="checkbox"/> Hydrology / Water Quality         |
| <input type="checkbox"/> Land Use / Planning      | <input type="checkbox"/> Mineral Resources             | <input type="checkbox"/> Noise                             |
| <input type="checkbox"/> Population / Housing     | <input type="checkbox"/> Public Services               | <input type="checkbox"/> Recreation                        |
| <input type="checkbox"/> Transportation / Traffic | <input type="checkbox"/> Utilities / Service Systems   | <input type="checkbox"/> Mandatory Finding of Significance |

### DETERMINATION

On the basis of this initial evaluation:

- I find that the proposed project COULD NOT have a significant effect on the environment and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an EARLIER EIR or NEGATIVE DECLARATION pursuant to applicable legal standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

  
 Sean Kennings Contract Planner  
 Marin LAFCO

7/20/17  
 Date

# EVALUATION OF ENVIRONMENTAL IMPACTS

Please note: The response to each question below is supported by a source of data or information, which is provided in Source References (Section C below) of this checklist.

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporation</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
---	---	--	----------------------

## I. AESTHETICS

Would the project:

a. *Have a substantial adverse effect on a scenic vista?*                       

Discussion:

**No Impact.** The project is not in proximity to any designated scenic vistas in the surrounding area. Neither the Marin Countywide Plan nor the Novato General Plan identifies the project site as being within or next to a Visually Significant Hillside, Ridge, or Landform. The project site is not visible from any designated Scenic Rural Roadways. The subject property is approximately 1,500 feet northwest of a small hill ridge in the Indian Valley area, but this ridge form does not carry any scenic designation. The proposed project site is not in a location that would block or limit existing views of significant landmarks in the area such as local hills and ridgelines from public streets, parks and publicly accessible pathways.

**(Sources: 1, 2)**

b. *Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?*                       

Discussion:

**No Impact.** The proposed project is not located on a site with designated or identified scenic resources. U.S. Highway 101, which bisects the City of Novato, is not designated as a scenic highway in the vicinity of Novato or the project site. The existing vegetation is not part of any designated or identified scenic resources associated with the site or the surrounding area. Furthermore, the project would not impede views of scenic resources such as ridgelines, wetlands, hillsides, historic visual resources, or scenic trees because views of these resources currently do not exist from the project site.

**(Sources: 1, 2)**

c. *Substantially degrade the existing visual character or quality of the site and its surroundings?*

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
---	--	--	----------------------

Discussion:

**Less Than Significant Impact.** The proposed project includes the annexation of an existing single-family residential and livestock stabling facility to the NSD for purposes of permanent sewer connections. Although no physical improvements are proposed as part of the project, the subject property is large enough that a potential subdivision and future development of the site is possible. Existing visual character of the site and surroundings would not be substantially degraded as a result of the proposed project; thus the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2)**

- d. Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

Discussion:

**Less Than Significant Impact.** The proposed project includes the annexation of an existing single-family residential and livestock stabling property to the NSD for purposes of permanent sewer connections. Although no physical improvements are proposed as part of the project, the subject property is large enough that a potential subdivision and future development of the site is possible. New development could possibly create new sources of light and glare. However, development would be required to comply with Marin Countywide Plan policies and programs such that new development would not create substantial light and glare that would adversely affect day or nighttime views. The impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2)**

**II. AGRICULTURE AND FOREST RESOURCES**

In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy assessment Project; and forest carbon measurement methodology provided in Forest Protocols

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
---	--	--	----------------------

adopted by the California Air Resource Board. Would the project:

- a. *Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?*

Discussion:

**Less than Significant impact.** The project site currently supports agricultural activities related to stabling livestock. Per the Farmland Mapping and Monitoring Program of the California Resources Agency the subject property is designated urban land and no Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland) has been mapped on the project site. However, the Marin Countywide Plan designates the project area as containing prime farmland soil: Ballard Gravelly Loam 0 to 9 Percent Slopes and the property is zoned for agricultural use. The proposed project includes the annexation of one existing single-family residential and livestock-stabling property to the NSD for purposes of permanent sewer connections. The subject property is 3.22 acres and is zoned A2-B4 (one-acre minimum), which could possibly allow for three total lots. Future activity on the property could include agricultural uses, but the proposed project does not include any physical development or disturbances, as such, the proposed project would have a less than significant impact on any Prime Farmland, Unique Farmland, or Farmland of Statewide Importance and no mitigation is required.

**(Sources: 1, 2, 3)**

- b. *Conflict with existing zoning for agricultural use, or a Williamson Act contract?*

Discussion:

**No impact.** The subject property is zoned for agricultural but the property is not under an active Williamson Act contract, nor are there current Williamson Act contracts near the property. The proposed project includes the annexation of one existing single-family residential and livestock-stabling property to NSD for purposes of permanent sewer connections. Future development of the property would require compliance with the existing Marin Countywide Plan designation and development standards related to limited agriculture development. Therefore, no conflicts exist in regard to zoning for agricultural use. As such, development of the proposed project would not conflict with either existing zoning for agricultural use or with lands under Williamson Act Contract, and therefore no impact would occur. No mitigation is required.

**(Sources: 1, 2, 3)**

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
---	--	--	----------------------

- c. Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 511104(g))

Discussion:

**No impact.** The subject property does not contain any land that is zoned for forest land or is protected under the Timberland Production zone. No forest land exists within or adjacent to the proposed project site. As such, there is no existing zoning for, or a cause for rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 511104(g)) on the project site. Therefore, no impacts to forest land would occur and no mitigation is required.

**(Sources: 1, 2)**

- d. Result in the loss of forest land or conversion of forest land to non-forest use?

Discussion:

**No impact.** No forest land occurs within or adjacent to the proposed project site. The proposed project site is zoned as single family residential (A2-B4). The project site is not included in a Ridge or Upland Greenbelt overlay and does not include any physical improvements or require any tree removals. No loss or conversion of forest land to non-forest use would occur. No mitigation is required.

**(Sources: 1, 2)**

- e. Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?

Discussion:

**Less than Significant impact.** The subject project is currently developed with a single-family residence and livestock-stabling activities. Per the Farmland Mapping and Monitoring Program of the California Resources Agency the subject property is designated urban land and no Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland) has been mapped on the project site. However, the Marin Countywide Plan designates the project area as containing prime farmland soil:

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
---	--	--	----------------------

Ballard Gravelly Loam 0 to 9 Percent Slopes, but the property does not include currently include row crop agricultural use. Annexation to the NSD could facilitate future development of the property but this could continue to include agricultural uses. However, the proposed project does not include any physical development or disturbances, and as such, the proposed project would have a less than significant impact on any Prime Farmland, Unique Farmland, or Farmland of Statewide Importance and no mitigation is required.

**(Sources: 1, 2, 3)**

**III. AIR QUALITY**

Would the project:

a. *Conflict with or obstruct implementation of the applicable air quality plan?*                                                                       

Discussion:

**Less Than Significant Impact.** The project will not directly impact air quality with regard to conflicting with applicable air quality plans and standards or cause objectionable odors and pollutants given no physical changes to the environment shall occur as a result of the annexation. The proposed project includes the annexation of one existing single family residential property to the NSD for purposes of permanent sewer connections. The subject property is approximately 3.2-acres and is zoned A2-B4 (one-acre minimum), which could possibly allow for three developable lots. Permanent public sewer service to the subject property could facilitate the subdivision of the property and allow for future development.

The project site is in Marin County, which is located within the San Francisco Bay Area Air Basin (SFBAAB). The Bay Area Air Quality Management District (BAAQMD) is responsible for assuring that the Federal and California Ambient Air Quality Standards are attained and maintained in the SFBAAB. The BAAQMD 2017 Clean Air Plan, the regional air quality management plan for the SFBAAB (adopted April 19, 2017), accounts for projections of population growth provided by the Association of Bay Area Governments (ABAG) and vehicle miles traveled provided by the Metropolitan Transportation Commission (MTC), and it identifies strategies to bring regional emissions into compliance with federal and state air quality standards. A project would be consistent with the 2017 Clean Air Plan if the project would not exceed the growth assumptions in the plan. The primary method of determining consistency with the 2017 Clean Air Plan growth assumptions is consistency with the Countywide Plan land use designations and zoning ordinance zoning designations for the site. Because the project does not include any physical improvements and future development would be limited by the Countywide Plan and the existing zoning, development impacts would be minimal. Therefore, the project would be in compliance with the Clean Air Plan and impacts would be less than significant.

**(Sources: 1, 2, 6, 7, 8)**



	<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
--	---	--	--	----------------------

b. *Violate any air quality standard or contribute substantially to an existing or projected air quality violation?*                       

Discussion:

**Less Than Significant Impact.** The proposed project involves the annexation to the NSD for permanent sewer service. Permanent public sewer service to the subject property could facilitate the subdivision of the property and allow for future development per the zoning designation for the subject property. Short-term air quality impacts could occur during grading and construction activities associated with implementation of the proposed project. Temporary air emissions, such as particulate (fugitive dust) emissions from grading activities and exhaust emissions from construction equipment could result from construction activities. Construction activities would most likely include demolition, grading, building construction, paving, and other construction related techniques. Although there are no physical improvements included in the proposed project, future development activities would be subject to regulations and guidelines for air quality standards. As a result, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 6, 7, 8)**

c. *Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non – attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?*                       

Discussion:

**Less Than Significant Impact.** The project will not result in a cumulative net increase of any criteria pollutant for which the project region is non–attainment under an applicable federal or state ambient air quality standard as a result of the annexation. Although the proposed project does not include any physical improvements, annexation to the NSD for purposes of permanent sewer service could possibly facilitate the subdivision of the property and allow for future development. However, the prospect of future development does not meet a threshold that could significantly contribute to criteria pollutants and therefore no potential cumulative impacts on air quality standards have been identified. Therefore, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 6, 7, 8)**

d. *Expose sensitive receptors to substantial pollutant concentrations?*

Discussion:

**Less Than Significant Impact.** The proposed project does not include any physical improvements, but annexation to the NSD for purposes of permanent sewer service could possibly facilitate the subdivision of the property and allow for future development. Sensitive receptors are defined as facilities or land uses that include members of the population that are particularly sensitive to the effects of air pollutants, such as children, the elderly, and people with illnesses. There are no sensitive receptors in the vicinity of the project site and therefore the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 6, 7, 8)**

- e. *Create objectionable odors affecting a substantial number of people?*

Discussion:

**Less than Significant Impact.** The proposed project includes the annexation of one existing single family residential property to the NSD for purposes of permanent sewer connections. Permanent public sewer service to the subject property could facilitate the subdivision of the property and allow for future development. The subject property is 3.22 acres and is zoned A2-B4 (one-acre minimum), which could possibly allow for three developable lots. The project does not include any uses identified by the BAAQMD as being associated with odors. Construction activity associated with future development may generate detectable odors from equipment exhaust but would be related to construction short-term in nature and cease upon project completion. Any impacts to existing adjacent land uses would be short-term and are considered less than significant and no mitigation is required.

**(Sources: 1, 2, 6, 7, 8)**

**IV. BIOLOGICAL RESOURCES**

Would the project:

- a. *Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?*

Discussion:

**Less Than Significant impact.** The project site has been previously developed as a single-family residence and livestock-stabling facility. The proposed project includes the annexation of an existing single family residential property to NSD for purposes of permanent sewer service. Permanent public

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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sewer service to the subject property could facilitate the subdivision of the property and allow for future development. The subject property is 3.22 acres and is zoned A2-B4 (one-acre minimum), which could possibly allow for three developable lots.

There are no documented special status species in or around the project area. Although there are no physical improvements proposed as part of the project, future infrastructure could impact current habitat conditions through modifications. However, future designs and project applications would be subject to review and approval for habitat disturbance as documented in the Countywide Plan for special status or sensitive species. Therefore, the project would have a less than significant impact and no mitigation is required.

**(Sources: 1, 2)**

- b. *Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of Fish and Game or US Fish and Wildlife Service?*

Discussion:

**Less Than Significant impact.** See response to IV(a) above. The project site does not contain riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of Fish and Game or US Fish and Wildlife Service. Although there are no physical improvements proposed as part of the project, future infrastructure extensions could impact current habitat conditions through modifications but would be required to comply with all regulations related to habitat or biological disturbance. Therefore, the project would have no impact on biological resources and no mitigation is required.

**(Sources: 1, 2)**

- c. *Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?*

Discussion:

**No impact.** The project areas do not contain any federally protected wetlands. The subject property is located approximately 350 feet east of Wilson Creek, which is designated as a wetland by Marin County. However, no physical improvements are proposed as part of the project. Therefore, the project would not remove, fill, or hydrologically interrupt federally protected wetlands and no impact would occur.

**(Sources: 1, 2)**

	<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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d. *Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?*

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Discussion:

**No impact.** See response to IV(c) above. The project site does not contain nor provide corridors for resident or migratory wildlife. Furthermore, the project site is not a native wildlife nursery site because the project site does not grow native plants that are sold or distributed for planting in other areas. The project would not impede the use of any wildlife nursery sites because no wildlife nursery sites are located on the adjacent properties or in the surrounding vicinity. Therefore, the project would not interfere with wildlife species movement or with established wildlife corridors or nursery sites; and the project would have no impact on biological resources and no mitigation is required.

**(Sources: 1, 2)**

e. *Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?*

	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Discussion:

**Less Than Significant impact.** See response to IV(a) above. The project does not include any physical improvements, but future development could require the removal of existing mature vegetation on the property. Although the project would not result in any significant new impacts related to habitat modifications or adverse impacts, future development would be required to comply with all regulations related to tree ordinances or protecting on site biological resources. Therefore, the project would result in a less than significant impact and no mitigation is required.

**(Sources: 1, 2)**

f. *Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?*

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Discussion:

**No impact.** There are no adopted local, regional or state habitat conservation plans that apply to the project site. No mitigation is required.

**(Sources: 1, 2)**

**V. CULTURAL RESOURCES**

Would the project:

- a. *Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?*

Discussion:

**No impact.** The subject property is developed with one single-family residence and several barns or stable-like structures. The Marin County Assessor’s office indicates that the existing residence was constructed in 1974. No structures located on the existing property are greater than 50 years or that have been designated as potentially historical by the Countywide Plan or any other list identifying historical properties. As per Title 14, California Code of Regulations Section 15064.5, a ‘historical resources’ is listed in, or eligible for listing in, the National Register of Historic Places or the Californian Register of Historic Resources or listed in a local register of historical resources or is determined by the lead agency when supported by substantial evidence, such as a cultural resource evaluation by a qualified or registered architectural historian. As there are no historic resources on the site, there is no impact.

**(Sources: 1, 2, 11, 12)**

- b. *Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?*

Discussion:

**Less Than Significant Impact.** The proposed project includes annexation of the subject property NSD for permanent sewer connection. Although there are no physical improvements proposed as part of this project, the subject property could potentially be subdivided in the future given its zoning designation and size.

New requirements regarding tribal cultural resources approved by the California State Legislature in Assembly Bill 52 are effective July 1, 2015. The legislative intent of AB 52 is to ensure that local and Tribal governments, public agencies, and project proponents would have information available, early in the project planning process, to identify and address potential adverse impacts to tribal cultural resources. The Public Resources Code now establishes that “[a] project with an effect that may cause a substantial adverse change in the significance of a tribal cultural resource is a project that may have a significant effect on the environment.” (Pub. Resources Code, § 21084.2.) To help determine whether a project may have such an effect, the Public Resources Code requires a lead agency to consult with any California Native American tribe that requests consultation and is traditionally and culturally affiliated with the geographic area of a proposed project.

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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However, because there is no grading or disturbance proposed as part of this project, there is no potential to disturb cultural resources on the subject property. Therefore, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 11, 12)**

c. *Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?*                                                                       

Discussion:

**Less Than Significant Impact.** The proposed project includes annexation of the subject property to the NSD for permanent sewer connection. Although there are no physical improvements proposed as part of this project, the subject property could potentially be subdivided in the future given its zoning designation and size. Future development and disturbance could have the potential to uncover previously unknown paleontological resources that are buried beneath the ground surface during grading activities, particularly excavation. Impacts on significant paleontological resources would be considered potentially significant and mitigation would be required. However, since no improvements or disturbance is proposed as part of the project, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2)**

d. *Disturb any human remains, including those interred outside of formal cemeteries?*                                                                       

Discussion:

**Less Than Significant Impact.** See Item V.(c) above. State CEQA Guidelines Section 15064.5, subdivision (e) requires that excavation activities be stopped whenever human remains are uncovered and that the county coroner be called in to assess the remains. If the county coroner determines that the remains are those of Native Americans, the Native American Heritage Commission must be contacted within 24 hours. At that time, the lead agency must consult with the appropriate Native Americans, if any, as timely identified by the Native American Heritage Commission. Section 15064.5 directs the lead agency (or applicant), under certain circumstances, to develop an agreement with the Native Americans for the treatment and disposition of the remains. However, since no improvements or disturbance is proposed as part of the project, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 11, 12)**

## VI. GEOLOGY AND SOILS

Would the project:

a. *Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:*

i) *Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.*

Discussion:

**Less Than Significant Impact.** The project site is not located within Alquist-Priolo Special Studies Zone. The nearest known active earthquake faults to the project site are the North Golden Gate Segment of the San Andreas Fault System and the South Segment of the Rodgers Creek Fault System, both ‘active’ faults located approximately seven miles to the west and nine miles east of the site, respectively. A pre-Quaternary or “prehistoric” fault, is approximately 700 feet south of the site. The probability of a magnitude 6.7 or greater earthquake occurring on the North Coast San Andreas Fault or North Hayward Fault, between 2014 and 2043, is 22% and 33%, respectively. In the event of a major earthquake in the Bay Area, the site may be susceptible to seismic shaking and related ground failure. The threat of surface rupture is remote since no known active earthquake faults cross the site. Therefore, the proposed project area is not considered susceptible to the risk of loss, injury, or death due to fault rupture and the associated impacts would be less than significant.

**(Sources: 1, 2, 13, 14)**

ii) *Strong seismic ground shaking?*

Discussion:

**Less Than Significant Impact.** The project site is relatively close to known active faults, such as the San Andreas Fault System, and is located seven miles northeast of the San Andreas Fault Zone and nine miles southwest of the Rodgers Creek Fault Zone. Although the project does not include physical improvements, annexation of the property to the NSD will provide permanent sewer service to the subject property and could remove barriers to further development. The intensity of ground shaking in this region could cause damage but is not considered significant. Future development proposals would be required to comply with The Uniform Building Code (UBC) and the California Building Code (CBC) for earthquake-

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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resistant design parameters. No physical improvements are proposed and therefore the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 13, 14)**

iii) *Seismic related ground failure, including liquefaction?*                       

Discussion:

**Less Than Significant Impact.** The project site is not located in areas of high seismic activity and is not considered susceptible to ground failure including liquefaction. Although the project does not include physical improvements, annexation of the property to the NSD will provide permanent sanitary sewer service to the subject property and could remove barriers to further development. Future development proposals would be required to comply with The Uniform Building Code (UBC) and the California Building Code (CBC) for earthquake-resistant design parameters. No physical improvements are proposed and therefore the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 13)**

iv) *Landslides?*                       

Discussion:

**No impact.** The project site is gently sloped from south to north towards Wilson Creek to the northwest. Surrounding properties are generally characterized as relatively flat properties. Properties further south of the subject property are characterized as hillside and sloped areas rising up to a small ridge above the Novato Heights neighborhood. As documented on Marin County GIS mapping, the small ridge and slopes 400 to the south of the subject property have areas considered “mostly landslides”. The subject property is generally characterized as surficial deposits. As such, the risk from landslides is considered less than significant. Furthermore, the risk of ground instability is reduced by adhering to relevant California Building Code requirements for grading and building design. No physical improvements are proposed and no impact from landslides on the project have been identified, therefore there is no impact.

**(Sources: 1, 2, 13)**

b. *Result in substantial soil erosion or the loss of topsoil?*



Discussion:

**Less Than Significant Impact.** Although the project does not include physical improvements, annexation of the property to the NSD will provide permanent sewer service to the subject property and could remove barriers to further development. Furthermore, as identified in Section II.(a) above, the subject property is characterized as containing Ballard Gravelly Loam, a prime farmland soil. Future development would be required to comply with measures and conditions including preparation of a Storm Water Pollution Prevention Plan (SWPPP) and an Erosion and Sediment Control Plan to minimize impacts related to future development. Because no physical improvements are proposed, potential impacts are considered to be less than significant and no mitigation is required.

**(Sources: 1, 2, 9, 10, 13)**

- c. *Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on, or off, site landslide, lateral spreading, subsidence, liquefaction or collapse?*

Discussion:

**Less Than Significant Impact.** See Section VI(a).ii and iii above. The proposed project is not located in an area of high seismic activity and would not be considered unstable as a result of the project, potentially resulting in on, or off, site landslide, lateral spreading, subsidence, liquefaction or collapse. Although the project does not include physical improvements, annexation of the property to the NSD will provide permanent sanitary sewer service to the subject property and could remove barriers to further development. Future development proposals would be required to comply with The Uniform Building Code (UBC) and the California Building Code (CBC) for earthquake-resistant design parameters. No physical improvements are proposed and therefore the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 9, 10, 13)**

- d. *Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?*

Discussion:

**Less Than Significant Impact.** The project site is characterized as having surficial native soils that are not considered to have expansive potential. Although the project does not include physical improvements, annexation of the property to the NSD will provide permanent sanitary sewer service to the subject property and could remove barriers to further development. Future development proposals would be required to comply with The Uniform Building Code (UBC) and the California Building Code (CBC) for earthquake-resistant design parameters for foundations and structural elements. Therefore, potential impacts are considered less than significant and no mitigation is required.

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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**(Sources: 1, 2, 9, 10, 13)**

e. Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Discussion:

**No impact.** The proposed project is the annexation of the subject property to the NSD for the purpose of providing permanent sanitary sewer service. No alternative wastewater disposal systems would be needed and therefore there is no impact.

**(Sources: 1, 2, 9, 10, 13)**

**VII. GREENHOUSE GAS EMISSIONS**

Would the project:

a. Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Discussion:

The proposed project does not include physical improvements or modifications, as such, it would not result in a significant impact regarding GHG emissions. Annexation of the property to the NSD will provide permanent sewer service to the subject property and could remove barriers to further development. However, the existing zoning and Countywide Plan designation for the subject property limits the size and intensity of future development. Potential projects would be insufficient by magnitude to influence climate change or result in a substantial contribution to the global GHG inventory. Future designs or development applications would be subject to regulations and guidelines for reducing GHG emissions. Therefore, the proposed project would have a less than significant impact and no mitigation is required.

**(Sources: 1, 2, 4, 5, 6, 7, 8)**

b. Conflict with an applicable plan, policy or regulation for the purpose of reducing the emissions of greenhouse gases?

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Discussion:

**Less Than Significant Impact.** The proposed project includes the annexation of the subject property to the NSD for permanent sewer service. There are no physical improvements as part of the project, but

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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annexation could remove barriers to future development. As such, the proposed project would not result in a significant impact regarding GHG emissions. However, annexation of the subject property to the NSD could remove barriers for future development but would be generally of the size and nature and insufficient magnitude to influence climate change or result in a substantial contribution to the global GHG inventory. The Marin County Climate Action Plan (MCCAP) (2015 Update) was adopted in August 2015, consistent with the implementation requirements of AB 32 and SB 375. The MCCAP is in compliance to the BAAQMD's CEQA Guidelines for GHG reduction plans and provides guidance for reducing GHG emissions within the County through sustainable actions, including use of energy efficient vehicles, waste reduction, renewable energy production, and water conservation among others. Furthermore, future projects would be required to not exceed BAAQMD thresholds for GHG emissions during construction or operation. Therefore, the project would not conflict with the MCCAP and is considered less than significant with no mitigation required.

**(Sources: 1, 2, 4, 5, 6, 7, 8,)**

**VIII. HAZARDS AND HAZARDOUS MATERIALS**

Would the project:

- a. *Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?*

Discussion:

**Less Than Significant Impact.** The major transportation route in proximity to the project site is US Highway 101 to the east of the subject property. McClay Road is a small two-lane country type road that provides access to Novato Boulevard, a northwest-southeast arterial, is that provides connections from west Marin to US Highway 101 and Highway 37. Surrounding land uses mainly consist of low density residential, however there are agriculture land uses within the project vicinity. Transportation accidents involving hazardous materials could occur on McClay Road or Novato Boulevard farther northeast which provide access to the project site. However, no physical improvements are proposed as part of the project and as a result no significant hazards would be created to the public or environment. Future development on the subject property would be low density residential or limited agriculture in nature, and is not expected to transport, use, or dispose of significant amounts of hazardous materials. Hazardous materials would be limited to those associated with property maintenance including common landscaping fertilizers, pesticides, paint, solvent, and petroleum products. These materials would be used in limited quantities and are not considered a significant hazard to the public. Potential impacts associated with the proposed project are, therefore, considered less than significant. No mitigation is required.

**(Sources: 1, 2, 4, 5, 9, 13)**

- b. *Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of*

*hazardous materials into the environment?*

Discussion:

**Less Than Significant Impact.** The proposed project includes the annexation of the subject property to the NSD for permanent sewer service. The project site contains a residential unit and several barn or stable like structures and there are no known hazardous materials currently stored, used, or delivered to the project area. However, no physical improvements are proposed as part of the project and as a result no significant hazards would be created to the public or environment. Future development on the subject property would be residential in nature, and is not expected to upset or release hazardous materials into the environment. As discussed in Response VIII.(a) above, hazardous materials would be limited to those associated with property maintenance including common landscaping fertilizers, pesticides, paint, solvent, and petroleum products. These materials would be used in limited quantities and are not considered a significant hazard to the public. Potential impacts associated with the proposed project are, therefore, considered less than significant and no mitigation is required.

**(Sources: 1, 2, 4, 5, 7, 9, 13)**

- c. *Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?*
- |                          |                          |                                     |                          |
|--------------------------|--------------------------|-------------------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|-------------------------------------|--------------------------|

Discussion:

**Less Than Significant impact.** There are no existing or proposed schools within a quarter-mile of the project site. The nearest school, Sinoloa Middle School, is located approximately 1,000 feet to a half-mile north of the subject property. The proposed project includes the annexation of the subject property to the NSD for permanent sewer service. The project site contains a residential unit and several barns or stable like structures and there are no known hazardous materials currently stored, used, or delivered to the project area. However, no physical improvements are proposed as part of the project and as a result no significant hazards would be created to the public or environment. Future development on the subject property would be residential or limited agriculture in nature, and is not expected to emit hazardous emissions into the environment. As discussed in Response VIII.(a) above, hazardous materials would be limited to those associated with property maintenance including common landscaping fertilizers, pesticides, paint, solvent, and petroleum products. These materials would be used in limited quantities and are not considered a significant hazard to the public. Potential impacts associated with the proposed project are, therefore, considered less than significant and no mitigation is required. Therefore, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 4, 5, 7, 9, 13)**

- d. *Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it*
- |                          |                          |                          |                                     |
|--------------------------|--------------------------|--------------------------|-------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|-------------------------------------|

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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*create a significant hazard to the public or the environment?*

Discussion:

**No Impact.** The project site is not included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5. The proposed project includes no physical improvements and therefore would not create a significant hazard to the public or environment.

**(Sources: 1, 2, 4, 5, 7, 9, 13)**

*e. For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Discussion:

**No impact.** The project site is not located within an airport land use plan, and is approximately 3.92 miles southwest of Gness Field airport in Novato. The subject property is currently developed with a single-family residence and livestock stabling facilities and the proposed project entails annexation to the NSD for permanent sewer service with no physical improvements. Therefore, no impact would result from implementation of the project and as such, no mitigation measures are required.

**(Sources: 1, 2, 4, 5, 7, 9, 13, 14, 15)**

*f. For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Discussion:

**No impact.** See Item VIII.(e) above. The subject property is currently developed with a single-family residence and livestock stabling facilities and the proposed project entails annexation to the NSD for permanent sewer service with no physical improvements. Therefore, no impact would result from implementation of the project and as such, no mitigation measures are required.

**(Sources: 1, 2, 4, 5, 7, 9, 13, 14, 15)**

	<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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- g. *Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?*

Discussion:

**No impact.** The proposed project would not impair or physically interfere with an adopted emergency response or evacuation plan because the project does not include any actions that would interfere with adopted emergency response and evacuation plan policies for emergency preparedness.

**(Sources: 1, 2, 4, 5, 7, 13, 17, 18)**

- h. *Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?*

Discussion:

**Less Than Significant Impact.** The project site is located within the Wildland Urban Interface (WUI) zone. The proposed project includes the annexation of the subject property to the NSD with no physical improvements. Future development would be subject to WUI regulations and requirements for project design. Therefore, the proposed project would not increase the risk of wildland fires and the impact is considered less than significant with no mitigation required.

**(Sources: 1, 2, 4, 5, 7, 13, 17)**

**IX. HYDROLOGY AND WATER QUALITY**

Would the project:

- a. *Violate any water quality standards or waste discharge requirements?*

Discussion:

**Less Than Significant Impact.** The proposed project includes the annexation of to the NSD for permanent sewer service. Although there are no physical improvements proposed as part of the project, future development would be required to prepare an Erosion and Sediment Control Plan (ESCP) plan and implement stormwater control measures such as Low Impact Development (LID) and Best Management Practices (BMP's). Therefore, the project would have a less than significant impact and no mitigation is required.

**(Sources: 1, 2, 10)**

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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b. *Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Discussion:

**No Impact.** The subject property includes an existing single-family residence and livestock stabling facilities that is currently supplied with water from the North Marin Water District and does not propose physical improvements or use of any groundwater. Therefore, the project would have no impact on groundwater recharge.

**(Sources: 1, 2, 10)**

c. *Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off- site?*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Discussion:

**Less Than Significant Impact.** See Response IX(a) above. There are no physical improvements proposed as part of the project and therefore would not substantially alter the existing drainage patterns of the site or vicinity. Future development would be required to prepare an Erosion and Sediment Control Plan (ESCP) plan and implement stormwater control measures such as Low Impact Development (LID) and Best Management Practices (BMP's). Because the proposed project would not alter any existing streams or drainage patterns, and surface water runoff is controlled onsite, potential impacts from erosion or siltation are considered less than significant.

**(Sources: 1, 2, 10)**

d. *Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off- site?*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Discussion:

**No Impact.** As described in Response IX(c) above, the proposed project would not substantially alter existing drainage patterns of the site or vicinity. Wilson Creek, a blue-lined stream per USGS designations, is located approximately 350 northwest of the subject property. However, there are no streams, creeks, or rivers on the project site, which could be altered by the proposed project. Future development could occur on the subject property, but onsite surface run-off associated with new development would be required to prepare an Erosion and Sediment Control Plan (ESCP) plan and implement stormwater control measures such as Low Impact Development (LID) and Best Management Practices (BMP's). Because the proposed project would not alter existing drainage patterns or substantially increase surface water runoff, potential impacts resulting in flooding are considered less than significant and no mitigation is required.

**(Sources: 1, 2, 10)**

- e. *Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?*

Discussion:

**Less Than Significant Impact.** As described in Response IX(c) and (d) above, the proposed project would not substantially alter existing drainage patterns of the site or vicinity. Future development could occur on the subject property, but onsite surface run-off associated with new development would be required to prepare an Erosion and Sediment Control Plan (ESCP) plan and implement stormwater control measures such as Low Impact Development (LID) and Best Management Practices (BMP's). Because the proposed project would not contribute to runoff water that would substantially exceed the capacity of existing or planned storm water drainage systems, potential impacts resulting in polluted runoff are considered less than significant and no mitigation is required.

**(Sources: 1, 2, 10)**

- f. *Otherwise substantially degrade water quality?*

Discussion:

**Less Than Significant Impact.** No significant impacts were found in regards to degrading water quality. No additional water quality impacts other than those described earlier in this section are anticipated. The proposed project is not anticipated to result in water quality impacts. Short-term impacts that could result from construction would be minimal and there are no long-term operational impacts on water quality. Thus, impacts in this regard would be less that significant.

**(Sources: 1, 2)**



	<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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g. *Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?*                       

Discussion:

**No impact.** The subject property is not located within a FEMA mapped 100-year flood hazard area. Portions of Wilson Creek, approximately 330 feet to the north of the subject property, are within a 100-year flood hazard area. The top of bank for Wilson Creek is approximately 80 feet NAVD '88. The lowest point of the subject property is in the north corner of the site at approximately 90 feet NAVD '88. Although there is an existing single-family residence on the subject property, there are no physical improvements included in the proposed projects and no residential structures would be placed in within a flood-hazard area. Therefore, there is no impact and no mitigation is required.

**(Sources: 1, 2, 9)**

h. *Place within a 100-year flood hazard area structures which would impede or redirect flood flows?*                       

Discussion:

**No Impact.** The subject property is not located within a FEMA mapped 100-year flood hazard area. There are no physical improvements included in the proposed projects and no structures would be placed in within a flood-hazard area. Therefore, there is no impact and no mitigation is required.

**(Sources: 1, 2, 9)**

i. *Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?*                       

Discussion:

**Less Than Significant Impact.** Stafford Lake, a dammed reservoir in Novato, is approximately two miles to the west to the subject property. Hazard mapping of dam inundation indicates the closest would be approximately 3,800 feet to the east west of the subject property and approximately 40 feet lower in elevation. Therefore, potential impacts are considered less than significant and no mitigation is required.

**(Sources: 1, 2, 9, 13)**

j. *Inundation by seiche, tsunami, or mudflow?*

Discussion:

**No impact.** The proposed project is not located in close proximity to an area subject to flooding due to tsunamis or seiches resulting in levee failure, and would not be subject to mudflows as a result of a seiche because the project is approximately 6.5 miles from San Pablo Bay and approximately 80 feet higher in elevation. Additionally, due to the location of the proposed project site and surrounding area, mudflows could not occur. As a result, no impact from inundation by seiche, tsunami, or mudflow would occur.

**(Sources: 1, 2, 13)**

**X. LAND USE AND PLANNING**

Would the project:

- a. *Physically divide an established community?*

Discussion:

**No Impact.** The project site is surrounded by existing residential properties and is developed with an existing single-family residence and livestock stabling facility. The proposed project includes providing permanent sanitary sewer service to the subject property development. The project does not propose any new roadways or other significant infrastructure improvements that would restrict access or require a diversion for existing travel routes. For these reasons, the proposed project would have no impact related to physically dividing a community.

**(Sources: 1, 2)**

- b. *Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?*

Discussion:

**Less Than Significant Impact.** The project site is surrounded by existing residential properties and is developed with an existing single-family residence and livestock stabling facility. The proposed project includes providing permanent sanitary sewer service to the subject property development. The proposed use would be consistent with the existing Countywide Plan and zoning designations for the site and would be compatible with the existing surrounding uses in the area. However, the subject property is just outside the City of Novato's Urban Growth Boundary (UGB). The UGB was adopted by the voters of the City of Novato in 1997 in order to limit urban sprawl by curtailing development outside the City boundaries and focusing new residential, commercial and industrial growth in areas already served by urban services.

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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Development outside the Novato UGB is designated as nonurban uses such as agricultural, conservation, parkland, and open spaces. The subject property is zoned A2-B4 and includes an agricultural use in nature.

The City of Novato’s UGB initiative describes the UGB as such:

LU Policy 10A Urban Growth Boundary...For the 20-year duration of the Urban Growth Boundary, development outside the Urban Growth Boundary shall be limited to nonurban uses such as agricultural, conservation, parkland, and open space uses except as provided herein. The City, its departments, boards, commissions, officers and employees, shall not grant or approve any general plan amendment, rezoning, or zoning ordinance amendment, specific plan, master plan, precise development plan, tentative or final subdivision map, conditional use permit, building permit or any other discretionary or ministerial land use or development approval or entitlement for urban land uses outside the Urban Growth Boundary except as provided in this policy.

The Novato UGB is set to expire on November 4, 2017 unless an extension is approved. The UGB initiative goes on to establish the circumstances under which the UGB may be amended by the City Council. Accordingly, subsection (d) of these circumstances, allows modifications for the following:

- (d) To address a significant threat to public health, safety, and welfare (e.g., a failed septic system), provided that, there is no other feasible method to address the threat (e.g., no way to repair or replace the septic system), the property is already developed, and the amendment would provide for no new development

As identified in the application and project description, the request for annexation to the NSD is based on the failed on-site septic system. However, the subject property is not within the jurisdiction of the City of Novato and the annexation does not require City of Novato review and approval for any of the actions cited above. Furthermore, pursuant to Marin County Municipal Code Section 18.06.050, the subject property is within 400’ of an existing sewer main:

Sewage disposal shall be by means of a connection to a public sewer system if the nearest sewer is within four hundred lineal feet of the parcel in which the structure generating the sewage is to be constructed. This requirement may be waived by the health officer if he or she finds connection to a public sewer is legally or physically impossible. If the health officer determines that connection to a public sewer is unfeasible, an application may be filed for a permit for an alternative method of sewage disposal, utilizing an individual sewage disposal system.

The proposed annexation would potentially include future extension of the sewer main within portions of the subject property. Although there is no physical improvement included in the application for annexation, the required extension of the sewer line would require separate evaluation for construction and operational related impacts. Per MCMC Section 18.06.050, if the future extension is deemed physically impossible, an alternative method would be required for sewage disposal. Future development could occur on the property but any development proposal would require consistency with the Countywide Plan and zoning designations as well as codes and regulations related to sewer connections or alternative systems. Therefore, although the project is located outside the Novato UGB, it is not in

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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conflict with an applicable land use plans specific to the subject property. For these reasons, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 20, 21)**

- c. *Conflict with any applicable habitat conservation plan or natural community conservation plan?*

Discussion:

**No Impact.** There are no adopted habitat conservation or natural community conservation plans that are applicable to properties within this area of Novato. The project does not result in an impact on any sensitive plant or animal species covered by a habitat conservation plan or natural community conservation plan, nor does it hinder the implementation or establishing of such plans. As such, the project would have no impact with regard to conflicts with any applicable habitat conservation plan or natural community conservation plan.

**(Sources: 1, 2)**

**XI. MINERAL RESOURCES**

Would the project:

- a. *Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?*

Discussion:

**No Impact.** The project site is currently developed with an existing single-family residence and livestock stabling facility. The proposed project does not include any physical improvements or modifications to the subject property. There are no known mineral resources of value to the region or state on the project site and therefore, there would be no loss of availability and no impact.

**(Sources: 1, 2)**

- b. *Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?*

Discussion:

**No Impact.** See discussion in XI(a), above. The project site is not delineated within the Countywide Plan, a specific plan, or other land use plan as a locally-important mineral resource recovery site. As such,

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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the project would have no impact with regard to the loss of availability of a locally important mineral recovery site.

**(Sources: 1, 2)**

**XII. NOISE**

Would the project result in:

a. *Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?*

Discussion:

**Less Than Significant Impact.** The proposed project involves the annexation of the property to NSD for permanent sewer service. No physical improvements or modifications to the site are included as part of the project. Noise is commonly described in Ldn, which expresses average sound level over a 24-hour period in decibels (dB), the standard measure of pressure exerted by sound. Ldn includes a 10 dB penalty for sounds between 10 P.M. and 7 A.M., when background noise is lower and people are most sensitive to noise. Vehicle traffic is the primary source of noise in Marin County, with the highest noise levels occurring along major roadways. McClay Road at the project site is not considered a major arterial road in the Marin Countywide Plan. Estimates of future noise along major roadways can be projected based on estimates of future traffic, while changes in noise due to other sources may depend on a range of site-specific factors. Minimizing the impact of noise on health and quality of life requires measuring current noise levels to identify existing problems.

Noise is generally defined as unwanted or excessive sound, which can vary in intensity by over one million times within the range of human hearing; therefore, a logarithmic scale, known as the decibel scale (dB), is used to quantify sound intensity. Noise can be generated by a number of sources, including mobile sources such as automobiles, trucks, and airplanes, and stationary sources such as construction sites, machinery, and industrial operations. Noise generated by mobile sources typically attenuates (is reduced) at a rate between three dBA and 4.5 dBA per doubling of distance. Noise generated by stationary sources typically attenuates at a rate between 6 dBA and about 7.5 dBA per doubling of distance. Noise sources are evaluated for levels in excess of an annual average Ldn of 60 dBA beyond the right-of-way line, in the case of highways, major local streets, and railroad rights-of-way, or the property line for stationary noise sources.

Although there are no physical improvements as part of the proposed project, the NSD will require an approximate 230' extension of the existing sanitary sewer line to connect the existing residence. Furthermore, future development of the property could occur on the subject property as result of the annexation and sewer connection. As such, proposed infrastructure improvements and potential future designs would be subject to the regulations and standards in the Marin Countywide Plan and zoning designation for the site, including construction noise, proper siting, design, and insulation of new

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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development to ensure that acceptable noise levels are not exceeded. As a result, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2)**

b. *Exposure of persons to or generation of excessive ground borne vibration or ground borne noise levels?*                       

Discussion:

**Less Than Significant Impact.** The proposed project would provide permanent sanitary sewer service to the subject property but does not include any physical improvements or construction activity. Future development on the property could occur given the existing zoning designation but would be limited in intensity. Construction activities could generate ground borne vibration, depending on the type of construction and type of equipment used. Although the proposed project would not generate any construction related impacts, future construction activities would be subject to regulations and standards for ground borne vibration and noise levels. As a result, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2)**

c. *A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?*                       

Discussion:

**No Impact.** See discussion in XII(a), above. Annexation by the NSD of the subject property would have no noticeable change in permanent ambient traffic noise levels.

**(Sources: 1, 2)**

d. *A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?*                       

Discussion:

**No Impact.** See discussion in XII(a), above. Annexation by the NSD of the subject property would have no noticeable change in temporary ambient traffic noise levels.

**(Sources: 1, 2)**

	<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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- e. For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

Discussion:

**No Impact.** The closest airstrip is Marin County Gness Field Airport, which is located approximately 3.92 miles northeast of the project site. The proposed project is not located within the airport land use plan. The proposed project is the annexation of the subject property to the NSD for permanent sanitary sewer service for an existing single-family residence and no physical improvements are proposed. Therefore, there is no impact no mitigation is required.

**(Sources: 1, 2,)**

- f. For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

Discussion:

**No Impact.** See Response XII(e) above. The subject property is located approximately four miles southwest of the Marin County Gness Field Airport, which is a public airport, and is well outside the vicinity of the impacts from excessive noise levels. There is no impact and no mitigation is required.

**(Sources: 1, 2,**

**XIII. POPULATION AND HOUSING**

Would the project:

- a. Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?

Discussion:

**Less Than Significant Impact.** The project does not propose any new residential units that would directly induce substantial population growth. The proposed project would provide permanent sanitary sewer service to the subject property but does not include any physical improvements. Future development on the property could occur but not of an intensity that would induce substantial population

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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growth. No new roadways or infrastructure would be needed as a result of the project; therefore, the project would have a less than significant impact on population growth and no mitigation is required.

**(Sources: 1, 2)**

b. *Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?*                                                                       

Discussion:

**No Impact.** The project area includes an existing single-family residence and livestock stabling facility. The proposed project would provide permanent sewer service to the subject property. No housing would be displaced nor would new housing need to be constructed as a result of the project. Therefore, there would be no impacts on housing displacement and no mitigation is required.

**(Sources: 1, 2)**

c. *Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?*                                                                       

Discussion:

**No Impact.** See discussion in XIII(b), above.

**(Sources: 1, 2)**

**XIV. PUBLIC SERVICES**

Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

a. *Fire protection?*



Potentially  
Significant  
Impact

Less-Than-  
Significant With  
Mitigation  
Incorporated

Less-Than-  
Significant  
Impact

No  
Impact

Discussion:

**No Impact.** The proposed project does not result in a substantial increase in population, or propose new development in an area that currently does not have fire service. Novato Fire Protection District's Station No. 63 located at 65 San Ramon Way, and No. 61 located at 7025 Redwood Avenue, currently provide fire protection services to the project site. Station 63 is located approximately 1.5 miles north from the subject property, while No. 61 is located approximately 1.7 miles east of the project site. The project site is within a 3-minute response time from both stations. No new equipment or new fire stations would be required to serve the proposed project.

**(Sources: 1, 2, 17)**

b. Police protection?

Discussion:

**No Impact.** The proposed project does not result in a substantial increase in population, or propose new development in an area that currently does not have police protection. The subject property is currently served with police protection services within the Marin County Sheriff's jurisdiction. The Marin County Sheriff Department has a staff of 207 sworn deputies and 114 law enforcement professionals. The Novato Police Department is located at 909 Machin Avenue in Novato. The Novato Police Department is located approximately 1.5 miles northeast from the project site. No new equipment or new police stations would be required to serve the proposed project.

**(Sources: 1, 2, 18)**

c. Schools?

Discussion:

**No Impact.** The proposed project includes annexation to the NSD for permanent sanitary sewer service for an existing single-family residence and livestock stabling operation and includes no physical improvements. Although future development could occur, it would not result in substantial adverse impacts resulting in new school construction or facilities on the local provider, Novato Unified School District.

**(Sources: 1, 2)**

d. Parks?



Discussion:

**No impact.** See response to XIV(d) above. The proposed project does not include any physical improvements nor would it require the construction or expansion of recreational facilities. For these reasons, there would be no potential impacts.

**(Sources: 1, 2)**

**XVI. TRANSPORTATION/TRAFFIC**

Would the project:

a. *Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant component of the circulation system, including but not limited to intersections, streets, highways, and freeways, pedestrian and bicycle paths, and mass transit)?*

Discussion:

**Less Than Significant Impact.** The proposed project does not include any physical improvements and will not cause any new traffic than what is currently generated by the existing single-family residence and livestock-stabling operation. Providing permanent sewer service could remove barriers to future development that has the potential to create future indirect and cumulative impacts on the local circulation system. However, the proposed project is consistent with the existing land use designations and development intensity of the project site and future development is limited by the existing zoning designation. As such, the proposed project would not conflict with any applicable plan, ordinance or policy and therefore the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2)**

b. *Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?*

Discussion:

**Less Than Significant Impact.** The proposed project would not generate more AM peak or PM peak hour trips than what is currently generated by the subject property. Providing permanent sewer service could remove barriers to future development that could impact an existing CMP. However, the proposed project is consistent with the existing land use designations and development intensity of the project site and future development is limited by the existing zoning designation. Therefore, no conflict with an applicable CMP would occur as a result of the proposed project. As such, impacts are considered less than significant and no mitigation is required.

**(Sources: 1, 2)**

- c. *Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?*

Discussion:

**No Impact.** The proposed project does not include any aviation components or structures where height would be an aviation concern. Additionally, no substantial new air traffic would be generated at the local airports in Marin County as a result of the proposed project. The proposed project would not result in any impacts on air traffic pattern or an increase in traffic levels therefore there would be no impact.

**(Sources: 1, 2, 14)**

- d. *Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?*

Discussion:

**No Impact.** The project does not include any roadway improvements or new driveway. Entry into the project site would continue to utilize existing driveways on McClay Road. As such, there are no potential impacts and no mitigation is required.

**(Sources: 1, 2)**

- e. *Result in inadequate emergency access?*

Discussion:

**No Impact.** The proposed project does not include any physical improvements or modifications to existing access to the subject property. Furthermore, as discussed in response XIV.(a) above, the property would continue to be served by Novato Fire Protection District with the closest stations (No. 63)

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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approximately 1.5 to the north, and 1.75 miles to the east (No. 61). As such, there are no potential impacts and no mitigation is required.

**(Sources: 1, 2, 17)**

- f. *Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?*

Discussion:

**No Impact.** The proposed project does not include and physical improvements or modifications to the existing transportation network. The proposed project does not conflict with any adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities. As such, there are no potential impacts and no mitigation is required.

**(Sources: 1, 2)**

**XVII. UTILITIES AND SERVICE SYSTEMS**

Would the project:

- a. *Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?*

Discussion:

**Less Than Significant Impact.** The proposed project includes the annexation of the subject property to NSD. The subject property is 3.2 acres and is zoned A2-B4 (one-acre minimum), which could possibly allow for three developable lots. The project does not include any physical improvements and thus will not directly impact water, sewer, and solid waste service as a result of the annexation. The NSD currently serves four houses in the immediate vicinity via a 6” sanitary sewer main line; connection to the existing residence would require extension of the main and would become the fifth house on the line. The future extension of the sanitary sewer line would require a separate evaluation from the NSD and Marin County to evaluate construction impacts. However, providing permanent sewer service to the subject property could remove barriers to future development that has the potential to create future indirect and cumulative impacts on water, sewer, solid waste, and storm drainage service utilities in terms of increasing uses as a result of a future development approval. The NSD, and the Novato Treatment Plant have adequate capacity to accommodate the existing single-family residence on the subject property. Furthermore, the proposed project is consistent with the existing land use designations and development intensity of the project site and has been determined by Marin LAFCO (pursuant to Government Code Section 56668) that the project would not result in the need for additional capacity at the wastewater treatment plant or

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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additional wastewater infrastructure to be built offsite. Future development may require extension of sanitary lines and upgrades to infrastructure, but would not exceed the existing wastewater treatment requirements. Therefore, potential impacts due to increased wastewater flows and demand for sanitary sewer conveyance and treatment facilities generated by the proposed project would be less than significant and no mitigation is required.

**(Sources: 1, 2, 4, 5)**

*b. Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?*

Discussion:

**Less Than Significant Impact.** Please see Response XVII (a) above. The proposed project includes the annexation of the subject property by the NSD. The NSD and the Novato Treatment Plant have adequate capacity to accommodate the existing single-family residence on the subject property. Future extension of the existing sewer line would be required to connect the existing residence. Future development may require extensions to sanitary lines and upgrades to site specific infrastructure but would not result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects Thus, water or wastewater impacts related to implementation of the proposed project would be minimal and no mitigation is required.

**(Sources: 1, 2, 4, 5)**

*c. Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?*

Discussion:

**Less Than Significant Impact.** As discussed in Section IX, Hydrology and Water Quality, the construction of new stormwater drainage facilities or expansion of existing facilities would not be required for the proposed project, because the project would not increase the amount of surface water runoff leaving the site. Future development could occur on the subject property but would be required to comply with Best Management Practices Countywide Plan policies and programs for new construction. Construction of new drainage facilities would also be subject to local and state requirements for storm water drainage. As a result, the impact is considered less than significant and no mitigation is required.

**(Sources: 1, 2, 4, 5, 10)**

<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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d. *Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?*                                                                     

Discussion:

**Less Than Significant Impact.** The proposed project includes the annexation of the subject property to the NSD for permanent sewer service. The project does not include any physical improvements or new development and thus will not directly impact water supplies or require new or expanded entitlements. As discussed in Response XVII (a) above, the project could result in the future development of the site. However, this development potential is limited and potential development impacts would be limited. Furthermore, Marin LAFCO has determined that the proposed project would not create substantial adverse demand on existing water and sewer service capacities. The North Marin Water District (NMWD) currently serves the subject property with water supply available for the proposed project and has reviewed the project materials without issuing any comments or concerns. The State of California has recently declared that the drought state of emergency due to rainfall totals and snowpack remaining critically low has been lifted. However, the proposed project would not increase the use of water service over current conditions. Although future development could occur on the subject property, NMWD regulations for drought restrictions and water conservation would be applied. Therefore, potential impacts to water supply is considered less than significant and no new or expanded entitlements are needed and no mitigation is required.

**(Sources: 1, 2, 4, 5, 19)**

e. *Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?*                                                                     

Discussion:

**Less Than Significant Impact.** As explained in response XVII (a), the NSD would provide permanent wastewater services to the proposed project and has adequate facilities and capacity to accommodate future development of the project site. The proposed project does not include physical improvements or new development and would not presently require additional capacity for wastewater treatment. Future development could occur on the subject property but not in scale or intensity that would put demand on the existing capacity. Thus, the impacts from the proposed project are considered less than significant and no mitigation is required.

**(Sources: 1, 2, 4, 5)**

	<i>Potentially Significant Impact</i>	<i>Less-Than- Significant With Mitigation Incorporated</i>	<i>Less-Than- Significant Impact</i>	<i>No Impact</i>
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- f. *Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?*

Discussion:

**Less Than Significant Impact.** Solid waste collected within the County of Marin is disposed of at the Redwood Landfill. The Redwood Landfill is a fully permitted Class III disposal site located approximately 3.5 miles north of the City of Novato, and is used for more than 95% of Marin County's solid waste disposal, including solid waste from the City of Novato. The Redwood Landfill has a permitted capacity of 19,100,000 cubic yards. The Redwood Landfill is permitted to accept 2,300 tons per day of solid waste. Although the project does not include any physical improvements, permanent sewer service could remove barriers to future development. However, there is limited development potential on the subject property given the existing General Plan and zoning designation, which would not significantly contribute to capacity concerns for existing facilities. As the project is consistent with the existing Marin Countywide Plan, potential impacts are considered less than significant and no mitigation is required.

**(Sources: 1, 2, 16)**

- g. *Comply with federal, state, and local statutes and regulations related to solid waste?*

Discussion:

**Less Than Significant Impact.** The proposed project does not include physical improvements and no solid waste would be generated as a result. Future development could occur on the subject property but would be subject to federal, state or local statutes and regulations for solid waste disposal, including the California Integrated Waste Management Act to meet state waste diversion goals. Therefore, there would be a less than significant impact potential related to federal, state or local statutes and regulations related to solid waste and no mitigation is required.

**(Sources: 1, 2, 16)**

**XVIII. MANDATORY FINDINGS OF SIGNIFICANCE**

- a. *Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered*



Potentially  
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Less-Than-  
Significant With  
Mitigation  
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Significant  
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No  
Impact

*plant or animal or eliminate important  
examples of the major periods of  
California history or prehistory?*

Discussion:

**No Impact.** The project proposes to annex the subject property to NSD for permanent sewer service to an existing single-family residence and livestock-stabling operation. Although no physical improvements are included in the project, permanent sewer service could remove barriers to development of the property in the future. However, the subject property has limited development potential under the current General Plan and zoning designations and does not feature sensitive environmental communities on the subject property. As such, there is no substantial evidence that there are biological or cultural resources that are affected or associated with this project. Therefore, this project has been determined not to meet this Mandatory Finding of Significance.

**(Sources: 1 through 19)**

*b. Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?*

Discussion:

**Less Than Significant Impact.** Each environmental issue has been evaluated per criteria listed in the Sections above. Although the proposed project does not include physical improvements or modifications, it has been noted in the sections (where applicable) that given the existing General Plan and zoning designations, future development could occur. It has also been documented that future development on the subject property would be limited in scope and intensity due to the existing land use designations. Future extension of the sanitary sewer main would require separate evaluation from the NSD related to construction related impacts of physical improvements. However, the annexation of the subject property and potential future physical extension of the sewer line does not entail a cumulative impact. Although the annexation of the property to the NSD would remove one barrier to future development in the form of permanent sewer service, the cumulative effects of future development would not reach a significance threshold as documented above. As a result of this initial study, no cumulative effects associated with the proposed project have been identified. Therefore, this project has been determined not to meet this Mandatory Finding of Significance and the impact is considered less than significant.

**(Sources: 1 through 19)**

Potentially  
Significant  
Impact

Less-Than-  
Significant With  
Mitigation  
Incorporated

Less-Than-  
Significant  
Impact

No  
Impact

c. Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?

Discussion:

**Less Than Significant Impact.** The project proposes annexation of the subject property to NSD for permanent sewer service. Although no physical improvements are included in the project, permanent sewer service could remove barriers to development of the property in the future. There are no current plans or proposals for future development, however, any plans or designs for the property would be subject to the regulations and requirements of Marin County. Therefore, this project has a less than significant impact and has been determined not to meet this Mandatory Finding of Significance.

**(Sources: 1 through 19)**

## SOURCE REFERENCES

The following is a list of references used in the preparation of this document. References to Publications prepared by Federal or State agencies may be found with the agency responsible for providing such information.

1. Marin Countywide Plan and Final EIR, Marin County, adopted November 6, 2007; updated for August 2015.
2. Marin County Environmental/GIS mapping: [www.marinmap.org/SilverlightViewer/Viewer.html?Viewer=PublicMap](http://www.marinmap.org/SilverlightViewer/Viewer.html?Viewer=PublicMap) SLVR
3. Marin County Important Farmland 2014 Map, Farmland Mapping and Monitoring Program, <http://www.conservation.ca.gov/dlrp/fmmp>
4. Novato Sanitary District Sewer System Management Plan (SSMP), Novato Sanitary District, Initially Adopted August 11, 2008 By District Board Resolution No. 2989
5. 2016 Strategic Plan Update, Novato Sanitary District, Update March 16, 2016
6. 2017 Clean Air Plan, Bay Area Air Quality Management District, adopted April 19, 2017.
7. California Air Pollution Control Officers Association, CEQA & Climate Change: Evaluating and Addressing Greenhouse Gas Emissions from Projects Subject to the California Environmental Quality Act, 2008.
8. Marin County Climate Action Plan (MCCAP), County of Marin, August 2014, (2015 Update), adopted in August 2015
9. Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM); Panel No. 06041C0281E, updated March 16, 2016; via [www.marinmap.org](http://www.marinmap.org), accessed June 8, 2017.
10. Construction Erosion and Sediment Control Plan Applicant Package, Marin County Stormwater Pollution Prevention Program (MCSTOPP), November 2015
11. Governor's Office of Planning and Research, May 2015; Discussion Draft Technical Advisory: AB 52 and Tribal Cultural Resources in CEQA.
12. Assembly Bill No. 52 (2013-2014 Reg. Sess.) [http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201320140AB52](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB52) (as of Feb. 17, 2015).
13. [http://earthquake.usgs.gov/hazards/qfaults/map/;](http://earthquake.usgs.gov/hazards/qfaults/map/)  
<http://maps.conservation.ca.gov/cgs/informationwarehouse/index.html?map=regulatorymaps>
14. San Francisco Bay Region Earthquake probability 2014-2043; <https://pubs.usgs.gov/fs/2016/3020/fs20163020.pdf>
15. Novato Sanitary District, phone communication: Bill Northcroft, July 18, 2017.

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THE CITY OF  
NOVATO  
CALIFORNIA

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Mayor  
Denise Athas  
Mayor Pro Tem  
Josh Fryday  
Councilmembers  
Pam Drew  
Pat Eklund  
Eric Lucan

City Manager  
Regan M. Candelario

May 11, 2017

Mr. Keene Simmonds  
Marin LAFCO  
1401 Los Gamos Drive, Suite 220  
San Rafael, CA 94903

RE: 571 McClay Road – Annexation to Novato Sanitary District

Dear Keene:

The City of Novato (“City”) appreciates receiving a referral and opportunity to comment on the proposed annexation of the property at 571 McClay Road to the Novato Sanitary District. As you know, the City is interested in actions resulting in the extension of urban services beyond Novato’s Urban Growth Boundary (UGB).

Novato’s Urban Growth Boundary (“UGB”) was adopted by voters in 1997 with the intent of constraining the expansion of urban development into the unincorporated areas surrounding Novato. Given this intent, the UGB policies do not support the extension of urban services to unincorporated lands, except under limited circumstances as outlined below. The UGB policies prevent the City from supporting such extensions, including withholding any permits or licenses necessary to provide physical connections to water or sanitary sewer infrastructure where it must be extended through city jurisdiction.

As noted above, the UGB policies offer limited circumstances under which the City can support proposed single-district annexations. To support such an annexation, the Novato City Council must first consider and approve an amendment of the UGB and issue a waiver of the City’s own dual annexation policy. The City Council may take the noted actions based on the following criteria:

- a. the amendment is the only feasible method of addressing a significant threat to public health, safety, and welfare;
- b. the amendment would not provide for new development; and
- c. the amendment only involves developed or substantially developed lands.

After reviewing the reported health and safety situation at 571 McClay, it does not appear the property would meet the noted criteria to qualify for a UGB amendment. In particular, the supplied information does not demonstrate that a connection to sewer service is the only feasible method of addressing the failing septic system serving the existing residence. This leaves questions regarding whether the existing septic system can be repaired or replaced. Notably, the property is 3.3-acres in area and features no remarkable topography, which would seemingly provide sufficient, unconstrained land to construct a new septic system to serve the existing residence. In addition, staff observed the 3.3-acre property could be further subdivided under existing County of Marin zoning, and as such, the property has additional development potential. Given this circumstance, a proposal to amend the UGB would not meet criteria b. and c. noted above.

According to LAFCO's referral memorandum, the proposed annexation is stated to qualify for an exemption from the California Environmental Quality Act (CEQA) based on CEQA Guidelines Section 15319. While this exemption may be applicable from a project level perspective, there is a reasonable question raised about the cumulative effect of granting an annexation that would lead to the physical extension of sewer service into an area that currently does not receive such service and, by doing so could support more intensive development on other properties leading to growth-inducing environmental impacts. The possibility of cumulative impacts would disqualify application of the noted exemption to the proposed annexation pursuant to CEQA Guidelines Section 15300.2(b).

Based on the observations above, the City cannot support the proposed annexation of 571 McClay Road to the Novato Sanitary District. While the City recognizes Marin LAFCO's controlling authority over annexations and independent dual annexation policy, staff encourages Marin LAFCO to support the intent of Novato's voter-approved UGB by denying the requested single-district annexation. If Marin LAFCO is inclined to support the requested annexation then it is necessary to prepare an adequate CEQA review to assess the proposal's potential for cumulative impacts. Finally, it would be worthwhile to advise the applicant the City will not be able to issue any permit or license that may be necessary to physically extend a water or sewer line through city jurisdiction to the subject parcel.

If you have any questions regarding the City's position on the annexation proposal for 571 McClay Road, please feel free to contact me at (415) 899-8942 or [smarshall@novato.org](mailto:smarshall@novato.org).

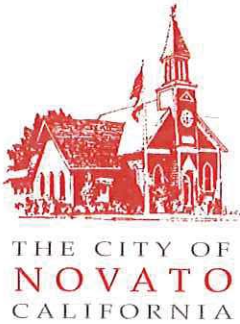
Sincerely,



Steve Marshall  
Planning Manager

cc: Veronica Nebb, Senior Assistant City Attorney  
Robert Brown, Community Development Director

July 26, 2017



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City Manager  
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Keene Simonds, Executive Director  
Marin Local Agency Formation Commission  
1401 Los Gamos Drive, Suite 220  
San Rafael, CA 94903

**Re: 571 McClay Road (APN 146-180-46)**

Dear Mr. Simonds:

Thank you for the notification of hearing and the publication of the Initial Study/Negative Declaration for the proposed annexation of property at 571 McClay Road into the Novato Sanitary District to address a failing septic system.

The City of Novato opposes the proposed annexation and sewer connection based on the Urban Growth Boundary Ordinance and associated General Plan policies and programs approved by voters in 1997 which were intended to preclude the expansion of urban development into the unincorporated areas surrounding Novato. Urban development constitutes land uses which are provided water and sewer utilities.

The Ordinance allows for the City Council to grant a waiver or adjustment of the UGB in instances where a City permit or entitlement is needed for the intended development or to support annexation to a utility district for public health and safety reasons, such as a failed septic system, if:

1. The amendment is the only feasible method of addressing the significant threat to public health, safety and welfare;
2. The amendment would not provide for new development; and
3. The amendment only involves developed or substantially developed lands.

In reviewing the proposed annexation for 571 McClay, City staff does not find that it meets the criteria noted above. In particular, the information submitted does not demonstrate that a connection to sewer service is the only feasible method of addressing the failing septic system serving the existing residence, particularly considering the 3.3-acre lot size and flat topography to accommodate an alternate septic field location. In addition, the amendment seems likely to provide for new development. The property can be further subdivided under existing County of Marin zoning, and connection to sewer service would eliminate the potential constraint of development on septic systems.

Sincerely,

Robert M. Brown, AICP  
Community Development Director

cc: City Manager, Assistant City Attorney and Planning Manager

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**MARIN LOCAL AGENCY FORMATION COMMISSION**

RESOLUTION \_\_\_\_\_

**MAKING DETERMINATIONS AND ADOPTING A NEGATIVE DECLARATION  
PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**McCLAY ROAD NO. 1 CHANGE OF ORGANIZATION**  
(LAFCO File No. 1334)

**WHEREAS**, the Marin Local Agency Formation Commission, hereinafter referred to as the “Commission,” is responsible for regulating boundary changes affecting cities and special districts under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

**WHEREAS**, an application by Saratoga Group, landowner, proposing the annexation of certain unincorporated territory to the Novato Sanitary District has been filed with the Commission’s Executive Officer, hereinafter referred to as “Executive Officer,” in a manner provided by law; and

**WHEREAS**, the affected territory proposed for annexation consistent of a single lot with a situs address of 571 McClay Road and identified by the County of Marin Assessor’s Office as 146-180-46.

**WHEREAS**, the Executive Officer has assigned the proposal the short term designation of “McClay Road No. 1 Change of Organization”; and

**WHEREAS**, reorganizations are projects and subject to the provisions of the California Environmental Quality Act (CEQA); and

**WHEREAS**, the Commission has determined that, pursuant to CEQA, it is the lead agency for the proposed change of organization, hereinafter referred to as the “project”; and

**WHEREAS**, in accordance with Title 22 of the California Code of Regulations Section 15074, the Commission has been presented with and duly considered an initial study assessing the impact of the project on the environment; and

**WHEREAS**, the Commission held a duly noticed public hearing on August 10, 2017 to consider the initial study and has determined the project could not have a significant effect on the environment.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE AND ORDER** as follows:

1. The Commission has read and considered the Executive Officer’s report and initial study prepared for the project in accordance with the provisions of CEQA.

2. The Commission finds the initial study shows there is no substantial evidence in the record as a whole that the project shall have any significant environmental impact.
3. The Commission hereby adopts a negative declaration for the project and finds this is based on its independent judgment and analysis.
4. The Executive Officer is the custodian of the records of these environmental proceedings on which this determination is based. The records upon which these findings and determination are made are located at the office of the Commission at 1401 Los Gamos Drive, Suite 220, San Rafael, California 94903.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on August 10, 2017, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Attest,

---

Jeffry Blanchfield  
Chair

Prepared,

---

Keene Simonds  
Executive Officer

**MARIN LOCAL AGENCY FORMATION COMMISSION**

RESOLUTION \_\_\_\_\_

**MAKING DETERMINATIONS AND APPROVING A CHANGE OF ORGANIZATION  
INVOLVING THE NOVATO SANITARY DISTRICT**

“McClay Road No. 1 Change of Organization”  
(LAFCO File No. 1334)

**WHEREAS**, the Saratoga Group has filed a validated landowner petition with the Marin Local Agency Formation Commission, hereinafter referred to as “Commission,” pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

**WHEREAS**, the proposal seeks approval to annex approximately 3.2 acres of unincorporated land to the Novato Sanitary District; and

**WHEREAS**, the affected territory represents entirely one recorded lot with an existing single-family residence with a situs address of 571 McClay Road and identified by the County of Marin Assessor’s Office as 146-180-46; and

**WHEREAS**, the Commission’s Executive Officer has reviewed the proposal and prepared a report with recommendations; and

**WHEREAS**, the Executive Officer’s report and recommendations on the proposal have been presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at a public hearing on August 10, 2017;

**WHEREAS**, the Commission considered all the factors required by law under Government Code Section 56668 and adopted local policies and procedures.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

1. The Commission’s determinations on the proposal incorporate the information and analysis provided in the Executive Officer’s written report presented on August 10, 2017.
2. The Commission serves as lead agency under the California Environmental Quality Act (CEQA) in considering the impacts of the proposed annexation. The Commission finds there are no significant impacts the environment from the annexation as attested by the Commission in adopting a negative declaration on the project at a hearing held on August 10, 2017.

3. The proposal to annex the affected territory to the Novato Sanitary District is APPROVED without amendment.
4. The proposal approval is CONDITIONED on the following terms being satisfied within one calendar year – or August 10, 2018 – unless a prior written request for a time extension is received and approved by the Commission.
  - a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.
  - b) An indemnification agreement signed by the applicant in a form approved by Commission Counsel.
  - c) Submittal of a final map and geographic description of the affected territory as designated by the Commission conforming to the requirements of the State Board of Equalization as determined by the County Surveyor’s Office.
  - d) Payment of all outstanding fees as provided under the Commission’s adopted fee schedule necessary to complete the recording of the boundary change.
5. The proposal is assigned the following distinctive short-term designation:

“McClay Road No. 1 Change of Organization”
6. The affected territory as designated by the Commission is shown in Exhibit “A” and further described in Exhibit “B.”
7. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.
8. The Commission waives conducting authority proceedings under Government Code Section 56663.
9. The Novato Sanitary District utilizes the regular assessment roll of the County of Marin.
11. Upon effective date of the proposal, the affected territory as designated by the Commission will be subject to all previously authorized charges, fees, assessments, and taxes that were lawfully enacted by the Novato Sanitary District. It will also be subject to all of the rates, rules, regulations, and ordinances of the Novato Sanitation District.
12. The effective date shall be the date of recordation of the Certificate of Completion.

**PASSED AND ADOPTED** by the Marin Local Agency Formation Commission on August 10, 2017 by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

Attest,

\_\_\_\_\_  
Jeffry Blanchfield  
Chair

Prepared,

\_\_\_\_\_  
Keene Simonds  
Executive Officer

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**Exhibit A**  
**Map of the Affected Territory**  
(Placeholder)

**Exhibit B**  
**Geographic Description**  
(Placeholder)



# Marin Independent Journal

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legals@marinij.com  
2071569

MARIN LAFCO  
ATTN: CADICE BOZZARD  
1401 LOS GAMOS DR SUITE 220  
SAN RAFAEL, CA 94903-3698

## PROOF OF PUBLICATION (2015.5 C.C.P.)

### STATE OF CALIFORNIA County of Marin

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer of the MARIN INDEPENDENT JOURNAL, a newspaper of general circulation, printed and published daily in the County of Marin, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Marin, State of California, under date of FEBRUARY 7, 1955, CASE NUMBER 25566; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

**07/20/2017**

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated this 20th day of July, 2017.



Signature

## PROOF OF PUBLICATION

Legal No. **0005994594**

### MARIN LOCAL AGENCY FORMATION COMMISSION

#### NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN THE MARIN LOCAL AGENCY FORMATION COMMISSION (LAFCO) will hold a regular meeting on Thursday, August 10, 2017 at 7:00 P.M. at Marin Clean Energy located at 1125 Tamalpais Avenue in San Rafael to consider – and among other items – the following matter:

#### **Intent to Adopt a Negative Declaration and Consideration to Annex 571 McClay Road to the Novato Sanitary District**

Marin LAFCO will open a public hearing to consider an application filed by the affected landowner to annex one unincorporated lot an existing single-family residence at 571 McClay Road (146-180-46) to the Novato Sanitary District. A corresponding initial study has been prepared with a recommendation to adopt a negative declaration for the proposed annexation. Comments are welcomed through the end of the hearing. The negative declaration is available for viewing at [www.marinlafco.org](http://www.marinlafco.org). The associated staff report will also be available for viewing approximately one week prior to the hearing date. You may also request a written copy of the negative declaration and/or the associated staff report by contacting Marin LAFCO at 415-448-5877.

Keene Simonds  
Executive Officer  
July 18, 2017  
No. Julv 20. 2017

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## Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

### MEMORANDUM

Supplement to Agenda Item No. 17  
August 10, 2017 Meeting

August 7, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer  
Rachel Jones, Administrative Analyst

**SUBJECT: City of Novato Comment Letter | Proposed Boundary Change Involving Annexation of 571 McClay Road to the Novato Sanitary District**

This memorandum addresses a comment letter received from the City of Novato outlining their objection to the above-referenced proposal. Novato's letter is dated July 26, 2017 and included as Attachment Four to the agenda report previously circulated and ahead of the proposal's scheduled hearing on August 10<sup>th</sup>. The agenda report, however and mistakenly, does not directly address Novato's letter and objections. The purpose of this memorandum, accordingly, is to directly address Novato's letter and reasons therein staff continues to recommend proposal approval.

#### Summary of Comment Letter

Novato objects to the proposal on the basis the annexation and proceeding extension of public sewer service to the affected territory is inconsistent with the City's Urban Growth Boundary (UGB). As detailed in the Novato letter, the UGB was approved by City voters in 1997 to be coterminous with the incorporated boundary. The policy intent of the UGB is to preclude the expansion of urban development into the unincorporated areas surrounding Novato. The City Council is authorized to amend the UGB and/or authorize waivers when a City permit or entitlement is needed to support annexation to a utility district for public health or safety reasons. This includes a failed septic system should certain criteria apply, including – most notably – finding the amendment is the only feasible method to address a public threat and would not provide for new development. Novato concludes none of the criteria applies to the proposal and highlighted by the development potential under the County of Marin and the City's assessment the size of the affected property can adequately accommodate a replacement septic system.

#### Staff Response to Comment Letter

Staff agrees the proposal is inconsistent with Novato's existing UGB based on the implementation goals as articulated in the City letter. Staff also does not dispute Novato's assessment the proposal is ineligible for an amendment or waiver under the UGB given the affected territory's development potential. Staff, nonetheless, believes approval of the proposal is merited and based on the following LAFCO factors.

#### Administrative Office

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www.marinlafco.org

Damon Connolly, Regular  
County of Marin

Dennis J. Rodoni, Regular  
County of Marin

Judy Arnold, Alternate  
County of Marin

Carla Condon, Vice Chair  
Town of Corte Madera

Sashi McEntee, Regular  
City of Mill Valley

Matthew Brown, Alternate  
City of San Anselmo

Jack Baker, Regular  
North Marin Water District

Craig K. Murray, Regular  
Las Gallinas Valley Sanitary

Lew Kious, Alternate  
Almonte Sanitary District

Jeffrey Blanchfield, Chair  
Public Member

Chris Skelton, Alternate  
Public Member

- a) The affected territory lies entirely within the sphere of influence established for Novato Sanitary District (NSD). The Commission most recently updated the sphere as part of a comprehensive update in 2002; five years after the UGB was created.
- b) The existing inclusion of the affected territory within NSD's sphere of influence marks a Commission policy expectation the subject lands be served by the District to support existing/future uses when the timing is deemed appropriate.
- c) LAFCO law prescribes specific factors for the Commission to consider in determining when the timing of a boundary change is appropriate. These factors – which are addressed in detail as Appendix A to the agenda report – support the timing of the boundary change and establishment of public wastewater services to the affected territory relative to the Commission's planning responsibilities.
- d) The affected territory was previously part of Novato's sphere of influence until 2002 when it was removed as part of a comprehensive update undertaken by the Commission. This removal responded to the UGB's establishment five years earlier, and marked a Commission policy determination the County of Marin was the appropriate land use authority to plan for the subject land going forward.
- e) The removal of the affected territory from Novato's sphere of influence in 2002 – and in the absence of other informing policies – effectively ceded the City's role under LAFCO law to directly participate in the planning of the subject land.
- f) Annexation of the affected territory to NSD is consistent with the adopted land use policies of the County; the governmental entity tasked with planning for the subject land as noted above. These land use policies were most recently updated as part of the Indian Valley Specific Plan (2003) and – among other items – provides moderate residential zoning density with 1.0 acre minimum lots.
- g) The septic system serving the affected territory has failed and subject to a code violation issued by the County. Replacing the septic system would require a permit, and because the NSD sewer main is within 400 feet of the sewer main the applicant must connect to the District under County Code 18.06.050 unless legally impermissible. Should the Commission deny the proposal it would presumably provide a means for the County to waive the referenced connection requirement. Denying the proposal, however, would be inconsistent with the other factors outlined above and counter the Commission's practice and interest to match urban uses with urban services when appropriate.

Novato's letter marks a new and more adamant response to a relatively common occurrence since 2002 for the Commission to process and approval annexation proposals involving unincorporated lands to NSD when the timing is deemed appropriate. Staff recognizes, nonetheless, the concerns outlined by Novato are reasonable and appropriate given the City's task of supporting the voter-approved UGB. Similarly, staff believes and defers to the task of supporting the long-standing interests of the Commission as articulated under existing policies in supporting the proposal. A long-term solution involving these type of proposals may also be in the offering as Novato and LAFCO staff

have previously agreed a more thorough discussion and review of potential remedies to help reconcile the agencies' policies is warranted and best incorporated into the Commission's pending sphere updates in the Novato region (attached).

Irrespective of the recommendation from staff to proceed at the scheduled hearing on August 10<sup>th</sup> and approve the proposal as submitted, the Commission retains full discretion under LAFCO law to act as it collectively sees fit. Should the Commission desire more information on potential remedies specific to the proposal – such as applying special approval conditions – continuing the item would be appropriate. This latter action is contemplated in the agenda report as Alternative Action B.

Attachment:

- 1) LAFCO letter to City of Novato on UGB, dated June 26, 2017

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Marin Local Agency Formation Commission  
Regional Service Planning | Subdivision of the State of California

June 26, 2017

**Delivered by E-Mail:**

Mr. Bob Brown, Director  
Community Development Department  
City of Novato  
922 Machin Avenue  
Novato, California 94945  
[bbrown@novato.org](mailto:bbrown@novato.org)

**SUBJECT: Staff Comments |  
Draft Ordinance to Renew Novato's Urban Growth Boundary**

Mr. Brown:

Thank you for providing the Marin Local Agency Formation Commission (LAFCO) an advance copy of the draft ordinance the City Council is scheduled to review at its June 27, 2017 meeting that takes aim in renewing the Novato's Urban Growth Boundary (UGB). The purpose of this letter is to provide staff comments on the draft ordinance and specific to the relationship therein with Marin LAFCO's own planning policies in overseeing the orderly provision and – when appropriate – expansion of municipal services in the greater Novato region. This latter component includes, most notably, overseeing the service areas of three independent agencies that provide urban-supporting municipal services within and outside Novato's UGB: North Marin Water District; Novato Fire Protection District; and Novato Sanitary District.

With the preceding in mind the following staff comments are offered for your consideration as Novato proceeds forward in this process.

1. Marin LAFCO commends Novato for taking proactive measures in establishing and now renewing a UGB to help clearly signal and guide City development priorities over the next 20-year period. It is also relevant to note Marin LAFCO affirmatively responded to the UGB's establishment in the late 1990s by significantly drawing-back Novato's assigned sphere of influence to reflect the City's development priorities. This included removing from the sphere the unincorporated communities of Indian Valley, Black Point, and Green Point.
2. The remaining unincorporated lands currently located within Novato's assigned sphere of influence while outside the UGB currently total close to 1,400 acres and divided between four distinct areas as summarized below. Importantly, while outside the UGB, Marin LAFCO has independently determined relative to State planning law these lands bear a direct and germane economic and social relationship with Novato. Accordingly, it is the Commission's standing

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**Dennis J. Rodoni, Regular**  
County of Marin  
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County of Marin

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Town of Corte Madera  
**Sashi McEntee, Regular**  
City of Mill Valley  
**Matthew Brown, Alternate**  
City of San Anselmo

**Jack Baker, Regular**  
North Marin Water District  
**Craig K. Murray, Regular**  
Las Gallinas Valley Sanitary  
**Lew Kious, Alternate**  
Almonte Sanitary District

**Jeffrey Blanchfield, Chair**  
Public Member  
**Chris Skelton, Alternate**  
Public Member

expectation these lands be annexed to Novato when the timing is deemed appropriate. The four unincorporated areas within the sphere and outside the UGB are noted below and shown in the attached map.

- a) Vineyard Road Area  
Approximately 515 acres comprising 426 assessor parcels.
  - b) Atherton Avenue Area  
Approximately 251 acres comprising 176 assessor parcels.
  - c) North St. Vincent's  
Approximately 430 acres comprising 5 assessor parcels.
  - d) Loma Verde  
Approximately 173 acres comprising 483 assessor parcels.
3. Marin LAFCO is schedule to prepare a comprehensive sphere of influence update for the Novato region in 2017-2018. The update – and among other purposes – will review whether changes to the Novato sphere are merited as well as explore options and opportunities to establish related implementing conditions. This schedule update serves as an ideal venue to mutually explore policies with Novato to align and effectuate shared planning goals as requested in the draft ordinance.
  4. Marin LAFCO is separately scheduled to conduct a countywide review of its dual annexation policy in 2017-2018. The policy – and among other intended purposes – is used by Marin LAFCO to help reconcile and rationalize the otherwise orderly delivery of municipal services to unincorporated lands within the Novato sphere that lie outside the UGB. This policy is drawn from Marin LAFCO's city-centered planning orientation and requires all affected landowners seeking municipal services from the applicable special district consent to annex into Novato either concurrently or in the future through a deferral process.<sup>1</sup> The scheduled policy review is an opportunity for Marin LAFCO and Novato to consider potential improvements with particular focus on developing shared criteria and commitments in addressing the expansion of public sewer and water as a means to address existing and pending public health threats in the region.

Thank you again for the opportunity to comment on the draft ordinance aimed at renewing Novato's UGB. Should you or your staff have any questions please contact me by telephone at 415.448.5877 or by e-mail at [ksimonds@marinlafco.org](mailto:ksimonds@marinlafco.org).

My best,



Keene Simonds  
Executive Officer

Attachment: as stated

cc: Commissioners  
Brian Crawford, County of Marin  
Sandeep Karkal, Novato Sanitary District  
Drew McIntyre, North Marin Water District  
Mark Heine, Novato Fire Protection District

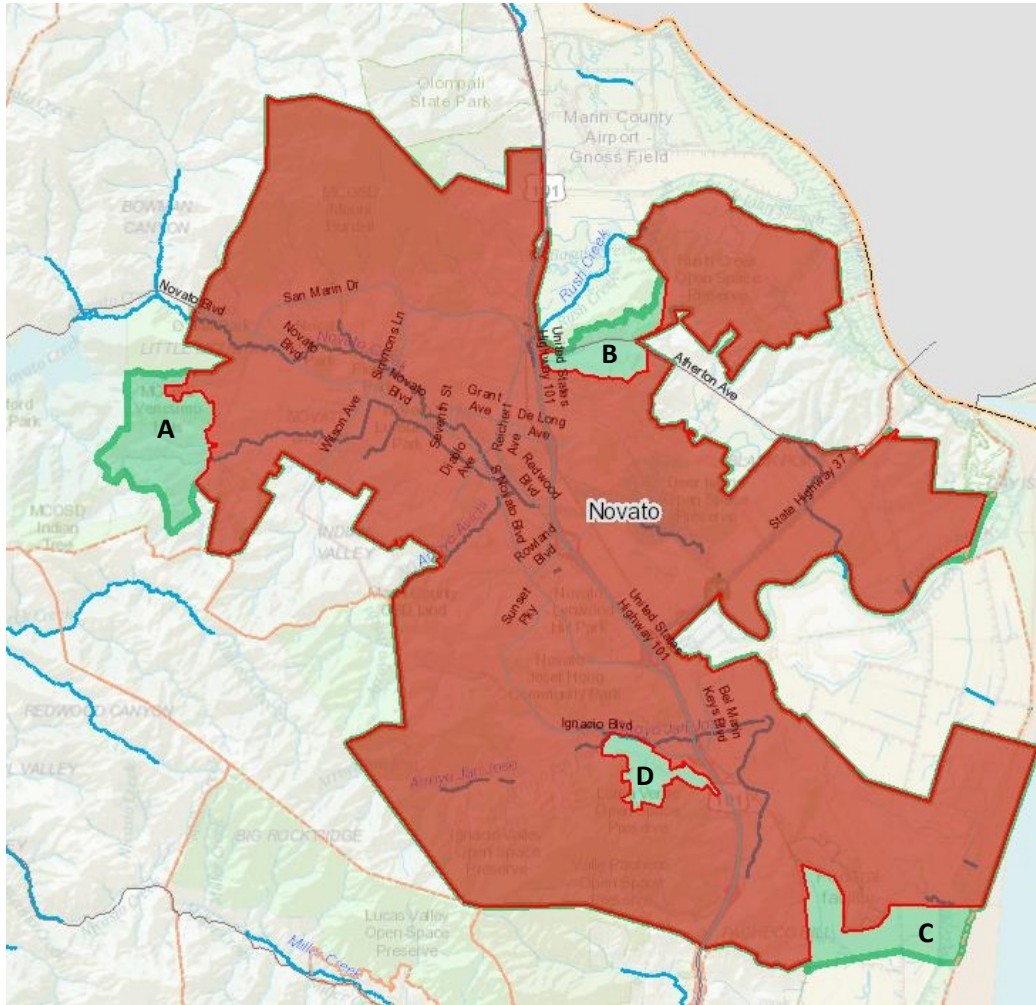
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<sup>1</sup> The referenced deferral process involves all affected landowners signing and recording an agreement running with the property waiving their and any successors' rights to protest an annexation should it be initiated in the future.






# City of Novato

Planning Boundaries | Novato UGB v. Sphere



## LEGEND

### City of Novato | Baseline Boundaries

-  Jurisdictional Boundary
  -  Existing UGB
  -  LAFCO Adopted Sphere |  
Showing SOI Outside UGB
- A Vineyard Road Area  
B Atherton Ave Area  
C North St. Vincent's  
D Loma Verde



**Marin Local Agency Formation Commission**

Regional Service Planning | Subdivision of the State of California

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 18 (Business/Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Policy Committee (Baker, Blanchfield, and Connolly)  
Keene Simonds, Executive Officer

**SUBJECT: Final Proposal to Readopt Study Schedule**

The Commission will review a final proposal from the Policy Committee to readopt a new five-year study schedule calendaring municipal service reviews. The final proposal would replace the existing study schedule set to expire at the end of the next fiscal year and calendars municipal service reviews beginning in 2017-2018 and extending to 2021-2022. The final proposal follows the earlier presentation of a draft at the June 8<sup>th</sup> meeting and subsequent public review and remains entirely intact with no changes.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) requires local agency formation commissions (LAFCOs) to review and update spheres of influence for all cities, towns, and special districts by January 1, 2008 and every five years thereafter as needed. CKH specifies LAFCOs must inform their sphere updates by preparing comprehensive evaluations – titled municipal service reviews – to determine the availability and adequacy of local governmental services relative to current and future community needs. The legislative purpose of the municipal service review is to make LAFCOs more proactive in independently overseeing local government agencies and their municipal services ahead of subsequent sphere updates with increasingly emphasis in promoting accountability and achieving efficiencies.

### A. Background

#### Current Study Schedule | Adoption and Subsequent Amendment

Marin LAFCO’s (“Commission”)’s current and inaugural five-year study schedule calendaring municipal service reviews was adopted in June 2014. Adoption followed a formal public review and comment period as well as extensive discussion within the Commission starting with the preceding annual strategic workshop held in January 2014. The study schedule was subsequently amended in January 2015 to transition from calendar year to fiscal year orientation, and as such extend through 2017-2018. The current study schedule generally emphasizes regional studies in which multiple cities, towns, and or special districts are grouped together based on common geographic settings with the majority in East Marin and divided along corridor sections of State Highway 101. The current study schedule assumes all municipal service review work

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San Rafael, California 94903  
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Damon Connolly, Regular  
County of Marin  
Dennis J. Rodoni, Regular  
County of Marin  
Judy Arnold, Alternate  
County of Marin

Carla Condon, Vice Chair  
Town of Corte Madera  
Sashi McEntee, Regular  
City of Mill Valley  
Mathew Brown, Alternate  
City of San Anselmo

Jack Baker, Regular  
North Marin Water District  
Craig K. Murray, Regular  
Las Gallinas Valley Sanitary  
Lew Kiou, Alternate  
Almonte Sanitary

Jeffrey Blanchfield, Chair  
Public Member  
Chris Skelton, Alternate  
Public Member

will be performed in-house by staff and contemplates reviewing most – but not all – of the 65 local agencies directly subject to Commission oversight in Marin County.

### **Current Study Schedule | Progress to Date**

The Commission is approximately two years behind in completing the municipal service reviews calendared as part of the current study schedule. The lack of anticipated progress is primarily the result of unexpected staffing shortfalls affecting the three-person office and marked by the delayed hiring of the Analyst in October 2015 and ongoing leave of the Clerk beginning in November 2015. Municipal service reviews completed or near completion include the Countywide Water Study and Central Marin Wastewater Study, which collectively covers thirteen local governmental agencies.<sup>1</sup>

### **Readoption Process | Presentation of Draft Proposal**

At the June 8, 2017 meeting, the Commission received a draft proposal to readopt a new study schedule from its Policy Committee (Baker, Blanchfield, and Connolly). The draft proposal drew on earlier Commission feedback and the Policy Committee’s own observations in calendaring municipal service reviews over the next five-year period starting in FY 2018.<sup>2</sup> The Commission discussed the merits of the draft and proceeded to direct staff to circulate the document as presented for public review and comment and return with the item – with or without changes – for formal consideration in August.

### **Readoption Process | Review and Comment Period on Draft Proposal**

Marin LAFCO received two written comments on the draft proposal to readopt a new study schedule from the City of San Rafael and Marinwood Community Services District. Copies of both comments are attached to this agenda report for Commission review.

## **B. Discussion**

This item is for the Commission to consider formal approval of a final proposal from the Policy Committee to readopt a new five-year study schedule calendaring municipal service reviews. As noted above the final proposal would replace the existing study schedule terming at the end of the next fiscal year and calendar municipal service reviews beginning in 2017-2018 and extending to 2021-2022. The final proposal returns to the Commission entirely intact from the membership’s draft review and discussion at the June 8<sup>th</sup> meeting. A summary of key provisions follows.

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<sup>1</sup> The Countywide Water Study was awarded “Project of the Year” by CALAFCO in October 2016.

<sup>2</sup> The Policy Committee met at a noticed special meeting held on May 1, 2017 to discuss – and among other items – recommendations on a proposed readoption of the study schedule. At the time of the meeting the Policy Committee consisted of members Blanchfield, Burdick, and Connolly. The membership subsequently changed with Commissioner Burdick leaving office on May 2<sup>nd</sup> and was replaced by the Chair appointment of Commission Baker.

## Proposed Readopted Study Schedule | Policy Emphasis

The proposed readopted study schedule draws on earlier Commission feedback and the Policy Committee’s own observations in calendaring municipal service reviews over the next five-year period. Markedly, this includes the collective input of the Commission as communicated at the most recent annual strategic workshop held in January to readopt a new study schedule to reflect the current status in preparing municipal service reviews as well as budget resources; the latter of which is assumed not to significantly increase in the near term to accommodate – among other items – additional staffing. Relatedly, and consistent with current practice, the proposed new study schedule is telegraphed in terms of reach to assume the studies will be performed in-house by staff for purposes of cost-control as well as investing in the Commission’s organizational capacity.<sup>3</sup>

The proposed readopted study schedule calendars municipal service reviews over the next five fiscal years and assumes all work will be performed in-house by staff for purposes of cost-control as well as investing in the Commission’s organizational capacity

## Proposed Readopted Study Schedule | Key Components

The proposed readopted new study schedule picks up where the current study schedule ends in terms of completed municipal service reviews and proceeds to calendar – with some timing adjustments – the remaining commitments over the next five-year period. The proposed new study schedule includes continuing to emphasize regional municipal service reviews within East Marin in which cities, towns, and or special districts are grouped together based on common geographic settings with a gradual north-to-south orientation along the Highway 101. The proposed new study schedule also includes new municipal service reviews towards the back end as recommended by the Policy Committee. This includes now calendaring a regional study covering the Sausalito-Marín City area and preparing an update to the earlier Southern Marin Wastewater Study performed in the late 2000s. In all, 46 out of the 65 local governmental agencies subject to the Commission’s oversight are included in the proposed new study schedule.

The proposed readopted study schedule generally picks up where the existing document ends in terms of completed municipal service review while adding new reviews towards the back end. The proposed new study schedule continues to emphasize regional reviews in East Marin and ultimately covers 70% of all local agencies under Commission oversight.

<sup>3</sup> Consistent with adopted policy commencement on all calendared municipal service reviews are preceded by the Commission adopting an actual scope of analysis at a noticed public hearing.

### **C. Analysis**

The proposed readopted study schedule affirmatively responds to the Commission's discussion at its most recent strategic planning workshop and stated preferences in meeting its municipal service review directive in Marin County. The substantive result is a "reset" of the study schedule going forward to address remaining commitments while also adding new commitments in-step with existing policy preferences to emphasize regional studies in East Marin. The readopted study schedule also continues to purposefully reflect quality over quantity and marked by generally scheduling no more than two studies a fiscal year. This measured approach, consequently, means not all local agencies subject to the proceedings are included in the new five-year schedule. It is expected, accordingly, the Commission will prioritize the inclusion of the local agencies not covered over the next five-year period in the subsequent study schedule beginning in 2022-2023.

### **D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative One (Recommended):

- a) Approve the proposed readopted study schedule calendaring municipal service reviews beginning in 2017-2018 and through to 2021-2022 with any desired changes as identified by the membership.
- b) Direct staff to circulate the approved readopted study schedule to all 65 local agencies under the Commission's oversight.

Alternative Two:

Continue consideration of the proposed readopted study schedule calendaring municipal service reviews beginning in 2017-2018 and through to 2021-2022 and provide direction therein to the Policy Committee as needed.

Alternative Three:

Take no action.

### **E. Recommendation**


It is recommended the Commission proceed with the actions outlined in the preceding section as Alternative One.

## **F. Procedures for Consideration**

This item has been agenzized for action as part of the regular business calendar. The following procedures, accordingly, are recommended in the consideration of this item:

- 1) Receive verbal report from the Policy Committee;
- 2) Invite comments from any interested audience members (voluntarily); and
- 3) Discuss item and consider action on recommendation.

Respectfully and on behalf of the Policy Committee,



Keene Simonds  
Executive Officer

Attachments:

- 1) Comment Letters
  - City of San Rafael
  - Marinwood Community Services District
- 2) Final Proposed Study Schedule

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# ATTACHMENT 1

## Keene Simonds

---

**From:** Paul Jensen <Paul.Jensen@cityofsanrafael.org>  
**Sent:** Tuesday, July 11, 2017 11:16 AM  
**To:** Keene Simonds; Rachel Jones  
**Cc:** Jim Schutz; Cristine Alilovich; Raffi Boloyan  
**Subject:** Marin LAFCO- Service Area Study Schedule

Keene and Rachel-

Thank you for forwarding the Notice of Review and Comment on the LAFCO draft service area study schedule. I see that the first phase of the five year service study will include the City of San Rafael. The timing is good as we are just starting our General Plan 2040 process. On behalf of the City of San Rafael., I reviewed the service study summary and schedule, finding that we have no formal comments to submit. The City staff is available to assist you in this effort.

Regards,

**Paul A. Jensen, AICP**  
**Community Development Director**  
**City of San Rafael**  
1400 5<sup>th</sup> Avenue, 3<sup>rd</sup> Floor  
San Rafael, CA 94901  
415.485.5064



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**MARINWOOD COMMUNITY SERVICES DISTRICT**

**775 Miller Creek Road, San Rafael, CA 94903-1323**

**Phone: (415) 479-7751 - Fax: (415) 479-7759**

July 12, 2017

Marin LAFCO

C/O: Keene Simonds, Executive Officer

1401 Los Gatos Drive, Suite 220

San Rafael, CA 94903

**RE: Marin LAFCO Draft Study Schedule**

Dear Commissioners,

The Marinwood Community Services District Board of Directors has recently reviewed the Marin LAFCO Draft Study Schedule covering FY 2018 to FY 2022. On behalf of the Board of Directors and district management, we would like to express our gratitude and support for the inclusion of the San Rafael Area Study to be conducted during FY 2018.

Marinwood CSD has been awaiting this study to be completed and are eager to learn of the findings as it relates to the District. As such, we strongly encourage and request the San Rafael Area Study remain within FY 2018 when the draft study schedule is presented for final approval at your August 10, 2017 meeting.

Thank you for your consideration of this request.

Sincerely,



Bill Shea

President, Board of Directors

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**Marin Local Agency Formation Commission**  
Regional Service Planning | State of California

**Five-Year Study Schedule  
FY2018 to FY2022**

Readopted on \*\*\*\*\*  
(**PROPOSED**)

**Preamble:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) requires Local Agency Formation Commissions (LAFCOs) to review and update spheres of influence for all cities, towns, and special districts by January 1, 2008 and every five years thereafter as needed. CKH specifies LAFCOs inform all sphere of influence updates by preparing comprehensive evaluations –municipal service reviews – to determine the availability and adequacy of local governmental services relative to current and future community needs. The collective purpose of these studies is to make LAFCOs more proactive in independently overseeing the logical formation and development of local government agencies and their services with increasingly emphasis on promoting accountability and efficiency.

**Objective:**

This study schedule serves as a guide to Marin LAFCO in fulfilling its statutory directives to prepare municipal service reviews and subsequent sphere of influence updates in five-year cycles under Government Codes 56425 and 56430, respectively. The study reflects the Commission’s interests and priorities in meeting LAFCO’s study directives beginning in FY2018 and extending through FY 2022 with a focus on preparing municipal service reviews; subsequent sphere of influence updates on individual agencies will be separately scheduled as part of annual workplans as needed and based on the analysis of the informing municipal service reviews. Consistent with legislative intent the Commission is committed to preparing comprehensive studies with a focus on quality over quantity, and as such not all local agencies in Marin County subject to the proceedings are included in the five-year schedule. However, and going forward, those local agencies not included in the current five-year schedule will be prioritized for inclusion in the next five-year schedule by the Commission.

**FY2017-2018**

**San Rafael Area Study**

- Region Specific
- City of San Rafael
  - Marinwood Community Services District
  - CSA No. 6 (Santa Venetia)
  - CSA No. 9 (Northbridge)
  - CSA No. 13 (Lucas Valley)
  - CSA No. 18 (Gallinas Village)
  - CSA No. 19 (Unincorporated San Rafael)
  - CSA No. 23 (Terra Linda)

**Novato Area Study**

- Region Specific
- City of Novato
  - Novato Sanitary District
  - Novato Fire Protection District
  - Bel Marin Keys Community Services District
  - CSA No. 1 (Loma Verde)
  - CSA No. 20 (Indian Valley)
  - CSA No. 25 (San Marin)

**FY2018-2019**

**East Peninsula Area Study**

- Region Specific
- Town of Tiburon
  - City of Belvedere
  - Strawberry Recreation District
  - Tiburon Sanitary District No. 5
  - Tiburon Fire Protection District
  - CSA No. 29 (Paradise Cay)

**Ross Valley Area Study**

- Region Specific
- Town of Fairfax
  - Town of Ross
  - Town of San Anselmo
  - Kentfield Fire Protection District
  - Sleepy Hollow Fire Protection District
  - Ross Valley Fire Authority (JPA)
  - CSA No. 27 (Ross Valley)

**FY2019-2020**

**Twin Cities Area Study**

- Region Specific
- City of Larkspur
  - Town of Corte Madera
  - CSA No. 16 (Greenbrae)
  - CSA No. 17 (Kentfield)
  - Central Marin Police Authority (JPA)

**Flood Control and Storm Drainage Study**

- Service Specific
- Marin County Flood Control
  - Multiple CSAs
- \* Sea Level Rise To Be Incorporated*

**FY2020-2021**

**Golden Gate Corridor Study**

- Region Specific
- City of Mill Valley
  - City of Sausalito
  - Marin City Community Services District
  - Tamalpais Community Services District
  - Marin City – Sausalito Sanitary District
  - Southern Marin Fire Protection District
  - CSA No. 14 (Homestead)

**Park and Open Space Services Study**

- Service Specific
- Marin County Parks and Open Space District
  - Marin County Resources Conservation District
  - Multiple CSAs

**FY2021-2022**

**Southern Marin Wastewater Study**

- Service Specific
- City of Mill Valley
  - Almonte Sanitary District
  - Alto Sanitary District
  - Homestead Valley Sanitary
  - Richardson Bay Sanitary District
  - Sewer Agency of Southern Marin (JPA)

**Mosquito and Vector Control Study**

- Service Specific
- Marin/Sonoma Mosquito Control District

**Public Healthcare Services Study**

- Service Specific
- Marin Healthcare District
  - Multiple CSAs



**Marin Local Agency Formation Commission**  
 Regional Service Planning | Subdivision of the State of California

**AGENDA REPORT**

August 10, 2017  
 Item No. 19 (Business/Action)

August 3, 2017

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Executive Officer  
 Alyssa Schiffmann, Contract Bookkeeper

**SUBJECT: Financial Audit for Fiscal Year Ending June 30, 2016**

The Commission will receive a report from an outside consultant auditing Marin LAFCO’s financial statements for 2015-2016. The report concludes the tested statements show no material weaknesses or omissions and accurately reflects the Commission’s financial standing with an adjusted unrestricted fund balance as of June 30, 2016 of \$177,137; a net difference of (\$19,481) over the prior fiscal year. Two recommendations are provided in the accompanying management letter to further improve accounting practices and are accordingly being addressed by staff. The report is being presented to the Commission to formally receive and file.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) authorizes Local Agency Formation Commission’s (LAFCOs) to enter into agreements or contracts with public and private parties for services necessary to meet its regulatory and planning responsibilities.

**A. Background**

**Accounting Procedures**

Marin LAFCO’s (“Commission”) financial accounting system is directly managed by staff with contract bookkeeping support presently provided by Southern Marin Fire Protection District and through its Finance Director Alyssa Schiffmann. Marin LAFCO’s current accounting system was implemented in August 2016 and relies on QuickBooks to record the agency’s financial transactions. Marin LAFCO previously and dependently used the County of Marin in recording financial transactions. This previous arrangement ended at the recommendation of the County Finance Department and in step with their own accounting transition from SAP to Munis beginning in 2016-2017.

### Current Audit Practice

At its June 12, 2014 meeting, and following a competitive selection process, the Commission entered into an agreement with R.J. Ricciardi and Associates (San Rafael) to prepare an independent audit beginning in 2012-2013. (Marin LAFCO previously had not contracted for an independent audit.) The agreement includes providing the Commission options to contract for additional audits each year thereafter. The Commission has exercised these options in engaging receiving audit reports from R.J. Ricciardi and Associates for the 2013-2014 and 2014-2015 fiscal years.

### Authorizing 2015-2016 Audit

At its August 11, 2016 meeting, the Commission authorized the Executive Officer to sign an engagement letter with R.J. Ricciardi and Associates to prepare an audit report covering the 2015-2016 fiscal year. This included authorizing a do-not-exceed cost for the audit report of \$6,760 plus direct expenses.

### B. Discussion

This item is for the Commission to formally review and file the completed audit report covering the 2015-2016 fiscal year prepared by R.J. Ricciardi and Associates. A summary of key findings and related items underlying the audit report and the accompanying management letter follows:

- The audit report found no material misstatements or weakness in the financial statements.
- The audit report attests' Marin LAFCO's adjusted fund balance decreased overall by (11.4%) from \$196,618 to \$177,137, and is the result of an operating loss that ultimately tallied (\$44,612).
- The audit report's cited overall fund balance total of \$177,137 at the end of the fiscal year includes pension liabilities. This reflects an approximate \$111,451 improvement – or two-fold – over 2014-2015 and based on updated pension reporting by MCERA.
- The management letter on internal controls identifies one new recommendation for Marin LAFCO to consider. This involves reconciling salaries and payroll tax amounts on the quarterly payroll tax returns prepared by Marin LAFCO.
- The management letter on internal controls revisits the recommendation made by in previous audit reports for Marin LAFCO to develop and update accounting and related policies and procedures. The management letter states this recommendation has not been implemented.



### C. Analysis

R.J. Ricciardi and Associates' audit report provides an unqualified opinion the Commission's financial statements for the 2015-2016 fiscal year are reliable representations of Marin LAFCO's financial position as of June 30, 2016. This "clean" opinion affirms the Commission generates an effective level of internal control in managing its financial records and transactions, which helps to ensure maximum accountability with respect to the agency's use of public funds. This opinion, markedly, is particularly noteworthy given this is the first audit report prepared on Marin LAFCO since the agency transitioned to independently managing its accounting records. It is also pertinent to note the Commission's adjusted year-ending fund balance of \$177,137 is entirely unrestricted and equals 33% of the succeeding year's adopted operating expense total; the latter of which satisfies the members' adopted policy to retain no less than 20% of reserves relative to adopted operating costs. It is also noteworthy that Marin LAFCO's updated and proportional pension liability as reported by MCERA as of June 30, 2015 totaled \$0.<sup>1</sup> (It is recommended the Commission focus on this estimate in succeeding audit reports to assess what – if any – adjustments are made by MCERA.)

With respect to the recommendations included in the accompanying management letter staff offers the following responses.

- Staff agrees with the recommendation for Marin LAFCO to proactively reconcile salaries and payroll tax amounts on the quarterly payroll tax returns prepared by the agency. Staff notes this recommendation will be appropriately addressed in step with Marin LAFCO assuming payroll responsibilities from the County of Marin during the current fiscal year as contemplated in the adopted workplan.
- Staff agrees with the recommendation for Marin LAFCO to develop and update accounting and related policies and procedures. Staff notes Marin LAFCO's current accounting policies and procedures were formally established in June 2016 and before the agency transitioned from the County of Marin to its own stand-alone accounting system operated on QuickBooks. Accordingly, and while some policies and procedures have been updated, staff recognizes additional revisions are needed to more fully comport with the new accounting system.

### D. Alternatives for Action

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):

Receive and file the audit report for 2015-2016.

Alternative Action Two:

Continue consideration of this item to a future meeting and provide direction to staff with respect to providing additional information as needed.

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<sup>1</sup> Marin LAFCO's reported and proportional pension liability on June 30, 2015 as calculated by MCERA totaled \$185,355.

**E. Recommendation**

It is recommended the Commission formally receive and file the audit report 2015-2016 consistent with "Alternative Action One" as outlined in the preceding section.

**F. Procedures for Consideration**

This item has been agendaized for action as part of the business hearing calendar. The following procedures are recommended with respect to Commission consideration:

- 1) Receive verbal report from staff;
- 2) Invite comments from any interested audience members (voluntary); and
- 3) Discuss item and consider action on recommendation.

Respectfully,



---

Keene Simonds  
Executive Officer

Attachments:

- 1) Management Letter for 2015-2016 Audit
- 2) Audit Report for 2015-2016

**MARIN LOCAL AGENCY  
FORMATION COMMISSION**

**BOARD OF DIRECTORS & MANAGEMENT REPORT**

**For the Year Ended  
JUNE 30, 2016**

TABLE OF CONTENTS

	<u>PAGE</u>
Report on Internal Controls	1
Required Communications	2-3
Management Observations	4

**R. J. RICCIARDI, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

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Commissioners  
Marin Local Agency Formation Commission  
San Rafael, California

In planning and performing our audit of the basic financial statements of Marin Local Agency Formation Commission (LAFCO) for the fiscal year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Marin Local Agency Formation Commission's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Marin Local Agency Formation Commission in implementing the recommendations.

This report is intended solely for the information and use of management, the Commissioners, and officials of the federal and state grantor agencies and should not be used by anyone other than these specified parties.

We thank Marin Local Agency Formation Commission's staff for its cooperation during our audit.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
July 21, 2017

Commissioners  
Marin Local Agency Formation Commission  
San Rafael, California

We have audited the basic financial statements of the Marin Local Agency Formation Commission (LAFCO) for the year ended June 30, 2016. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 1, 2016, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of LAFCO. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by LAFCO are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by LAFCO during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimate(s) affecting the financial statements were:

- Accrual and disclosure of compensated absences;
- Calculation of unearned revenue;
- Pension plan and post employment benefit actuarial computations;
- Fair value of investments and financial instruments.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Of the accounting adjustments detected as a result of audit procedures and corrected by management none were material, either individually or in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated July 21, 2017.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to LAFCO's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as LAFCO's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis and the Budgetary Comparison Schedule for the General Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This report is intended solely for the information and use of management and the Board of Directors of Marin Local Agency Formation Commission and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Marin Local Agency Formation Commission  
BOARD OF DIRECTORS & MANAGEMENT REPORT  
For the Year Ended June 30, 2016

**Current Year Observation**

1) Payroll Tax Return Reconciliation

Observation:

During the course of our audit it was noted that Marin Local Agency Formation Commission (LAFCO) does not reconcile the salaries and payroll tax amounts on the quarterly payroll tax returns to the general ledger.

Recommendation:

We recommend LAFCO reconcile the quarterly payroll tax returns to the general ledger on a quarterly basis.

**Prior Year Observation**

1) Written Accounting, Administrative and Fraud Procedures Manual

Observation:

During the course of our audit it was noted that LAFCO does not have a formal accounting, administrative and fraud prevention procedures manual. This manual would document LAFCO's internal controls to safeguard assets and accounting records. This manual would also note LAFCO's policies regarding prevention, detection and deterrence of fraud and would serve as a training guide for new employees.

Recommendation:

We recommended LAFCO develop and maintain an up to date accounting, administrative policies and procedures manual.

Status:

This recommendation has not been implemented.



**MARIN LOCAL AGENCY  
FORMATION COMMISSION  
SAN RAFAEL, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

## TABLE OF CONTENTS

	<u>PAGE</u>
Financial Section	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements:	
Statement of Net Position and Governmental Funds Balance Sheet	7
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	8
Notes to Basic Financial Statements	9-21
Required Supplemental Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	22
Proportionate Share of Net Pension Liability (Asset)	23
Schedule of Contributions	24
Schedule of Funding Progress for Other Post-Employment Benefits	25

INDEPENDENT AUDITORS' REPORT

Commissioners  
Marin Local Agency Formation Commission  
San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Marin Local Agency Formation Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Marin Local Agency Formation Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to Marin Local Agency Formation Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Marin Local Agency Formation Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Marin Local Agency Formation Commission, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-6) and the required supplementary information (page 22-25), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*R. J. Ricciardi, Inc.*

R. J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
July 21, 2017

Marin Local Agency Formation Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016

This section of Marin Local Agency Formation Commission's (LAFCO's) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2016. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

### **Introduction to the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to LAFCO's audited financial statements, which are composed of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*. The Single Governmental Program for Special Purpose Governments reporting model is used, which best represents the activities of LAFCO.

The required financial statements include the Statement of Net Position and Governmental Funds Balance Sheet; and the Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of LAFCO.

### **The Basic Financial Statements**

The Basic Financial Statements comprise the Combined Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of LAFCO's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of LAFCO's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of LAFCO as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of LAFCO's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of LAFCO's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of LAFCO's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report LAFCO's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of LAFCO's Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of LAFCO and are presented individually. Major Funds are explained below.

### **The Government-wide Financial Statements**

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of LAFCO as a whole.

The Statement of Net Position and the Statement of Activities present information about the following: *Governmental Activities* – LAFCO's basic services are considered to be governmental activities. These services are supported by specific general revenues from local agencies.

Marin Local Agency Formation Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2016

**Fund Financial Statements**

The Fund Financial Statements provide detailed information about each of LAFCO's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of LAFCO for the year, and may change from year-to-year as a result of changes in the pattern of LAFCO's activities.

In LAFCO's case, there is only one Major Governmental Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

**Analyses of Major Funds**

Governmental Funds

General Fund revenue increased this fiscal year compared to the prior year due primarily to increases in work activities. Actual revenues were more than budgeted amounts by \$2,932.

General Fund expenditures were \$461,799, an increase of \$92,579 from the prior year primarily due to hiring additional staff and moving to new office space. Expenditures were \$8,455 less than budgeted.

**Governmental Activities**

Table 1  
Governmental Net Position

	2016 Governmental Activities	2015 Governmental Activities
Current assets	\$ 206,482	\$ 252,766
Total assets	206,482	252,766
Deferred outflows of resources	59,730	27,470
Current liabilities	69,949	69,403
Non-current liabilities	19,126	204,481
Total liabilities	89,075	273,884
Deferred inflows of resources	-	117,803
Net position		
Unrestricted	177,137	(111,451)
Total net position	\$ 177,137	\$ (111,451)

LAFCO's governmental net position amounted to \$177,137 as of June 30, 2016, an increase of \$288,588 from 2015. This increase is the Change in Net Position reflected in the Statement of Activities shown in Table 2. LAFCO's net position as of June 30, 2016 comprised the following:

Marin Local Agency Formation Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2016

- Cash and investments comprised \$206,482 of cash on deposit with the Marin County Treasury.
- Accounts payable totaling \$45,241.
- Accrued expenses totaling \$24,708.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. LAFCO had \$177,137 of unrestricted net position as of June 30, 2016.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2  
Changes in Governmental Net Position

	<u>2016</u> Governmental Activities	<u>2015</u> Governmental Activities
<u>Expenses</u>		
Services and supplies	\$ 128,599	\$ 415,589
Total expenses	128,599	415,589
<u>Revenues</u>		
Program revenues:		
Charges for services	29,658	18,419
Total program revenues	29,658	18,149
General revenues:		
Intergovernmental	387,529	348,367
Total general revenues	387,529	348,367
Total revenues	417,187	366,786
<u>Change in net position</u>	\$ 288,588	\$ (48,803)

As Table 2 above shows, \$29,658 or 7% of LAFCO's fiscal year 2016 governmental revenue, came from program revenues and \$387,529 or 93%, came from general revenues such as contributions from local agencies.

Program revenues were composed of application and related fees of \$29,658.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

**Capital Assets**

LAFCO has no capital assets.

**Debt Administration**

LAFCO does not utilize long-term debt to fund operations or growth.

**Economic Outlook and Major Initiatives**

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the various agencies served by LAFCO.

Marin Local Agency Formation Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016

The economic condition of LAFCO as it appears on the balance sheet reflects financial stability. LAFCO will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality service to the citizens of the area.

**Contacting LAFCO's Financial Management**

The basic financial statements are intended to provide citizens, taxpayers, and creditors with a general overview of LAFCO's finances. Questions about this report should be directed to Marin Local Agency Formation Commission, 1401 Los Gatos Drive, Suite 220, San Rafael, California 94903.



Marin Local Agency Formation Commission  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2016

	General	Adjustments (Note 9)	Statement of Net Position
<u>ASSETS</u>			
Cash and investments	\$ 206,482	\$ -	\$ 206,482
Total assets	\$ 206,482	\$ -	206,482
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred outflow of resources-pension	-	59,730	59,730
<u>LIABILITIES</u>			
Accounts payable	\$ 45,241	\$ -	45,241
Accrued expenses	9,235	15,473	24,708
Long term liabilities:			
Compensated absences due in more than one year	-	19,126	19,126
Net pension liability	-	-	-
Total liabilities	54,476	34,599	89,075
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred inflow of resources-pension	-	-	-
<u>FUND BALANCES/NET POSITION</u>			
Fund balances:			
Unassigned fund balance	152,006	25,131	177,137
Total fund balances	152,006	25,131	177,137
Total liabilities and fund balances	\$ 206,482		
Net position:			
Unrestricted		177,137	177,137
Total net position		\$ 177,137	\$ 177,137

The accompanying notes are an integral part of these financial statements.

Marin Local Agency Formation Commission  
STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
For the period ended June 30, 2016

	<u>General</u>	<u>Adjustments (Note 10)</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
Services and supplies	\$ 461,799	\$ (333,200)	\$ 128,599
Total expenditures/expenses	<u>461,799</u>	<u>(333,200)</u>	<u>128,599</u>
Program revenues:			
Charges for services	<u>29,658</u>	<u>-</u>	<u>29,658</u>
Net program expense			<u>(98,941)</u>
General revenues:			
Intergovernmental	<u>387,529</u>	<u>-</u>	<u>387,529</u>
Total general revenues and transfers	<u>387,529</u>	<u>-</u>	<u>387,529</u>
Excess (deficiency) of revenues and transfer in over (under) expenditures and transfers out	(44,612)	44,612	-
Changes in net position	<u>-</u>	<u>288,588</u>	<u>288,588</u>
Fund balance/Net position at beginning of period	<u>196,618</u>	<u>(308,069)</u>	<u>(111,451)</u>
Fund balance/Net position at end of period	<u>\$ 152,006</u>	<u>\$ 25,131</u>	<u>\$ 177,137</u>

The accompanying notes are an integral part of these financial statements.

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 - REPORTING ENTITY

A. Organization of LAFCO

Marin Local Agency Formation Commission (LAFCO) was formed in 1963. LAFCO is responsible for coordinating logical and timely changes in local government boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structure, and preparing a sphere of influence for each city and special district within its county. LAFCO's efforts are directed toward seeing that services are provided efficiently and economically while agricultural and open-space lands are protected. LAFCO also conducts service reviews to evaluate the provision of municipal services within its county.

B. Principles that Determine the Scope of Reporting Entity

LAFCO consists of seven voting members and exercises the powers allowed by state statutes. This follows section 56325 of the Government Code. The basic financial statements of LAFCO consist only of the funds of LAFCO. LAFCO has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by, or dependent on, LAFCO.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

LAFCO's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

LAFCO has chosen to present its basic financial statements using the reporting model for special purpose governments engaged in a single government program.

This model allows the fund financial statements and the government-wide statements to be combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule.

Government-wide Financial Statements

LAFCO's financial statements reflect only its own activities; it has no component units. The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through intergovernmental revenues and charges for services.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of LAFCO's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods and services offered by the program. Revenues that are not classified as program revenues, including all intergovernmental revenues, are presented as general revenues.

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (concluded)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. General Fund operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. LAFCO's resources are accounted for based on the purposes for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of LAFCO or meets the following criteria: Total assets, liabilities, revenues or expenditures (or expenses) of the individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type. The General Fund is always a major fund.

Governmental Funds

General Fund: This is the operating fund of LAFCO. The major revenue source for this fund is intergovernmental revenues. Expenditures are made for intergovernmental revenues projects and administration.

B. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under this method, revenues are recognized when "measurable and available." LAFCO considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are intergovernmental, certain charges for services and interest revenue. Charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which LAFCO gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed.

LAFCO may fund programs with a combination of charges for services and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. LAFCO's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

C. LAFCO Budget

Pursuant to Section 56381, et seq of the Government Code, LAFCO adopts a preliminary budget by May 1 and a final budget by June 15 of each year.

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budget/actual comparisons in this report use this budgetary basis. These budgeted amounts are as originally adopted or as amended by LAFCO. Individual amendments were not material in relation to the original appropriations that were amended.

D. Property, Plant and Equipment

LAFCO currently has no fixed assets.

E. Compensated Absences

Compensated absences comprise unpaid vacation. Vacation and sick time are accrued as earned.

F. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, LAFCO recognizes deferred outflows and inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by LAFCO that is applicable to a future reporting period.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of LAFCO's Marin County Employees Retirement Association (MCERA) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by MCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 3 - CASH AND INVESTMENTS

LAFCO's cash is maintained with the Marin County Treasury in a non-interest-bearing account. LAFCO's cash on deposit with Marin County Treasury at June 30, 2016 was \$206,482.

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 3 - CASH AND INVESTMENTS (concluded)

Credit Risk, Carrying Amount and Market Value of Investments

LAFCO maintains specific cash deposits with Marin County. Marin County is restricted by state code in the types of investments it can make. Furthermore, the Marin County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, Marin County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. In addition, LAFCO has its own investment policy as well.

Marin County's investment policy authorizes Marin County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2016, LAFCO's cash with the Marin County Treasurer was maintained in a non-interest-bearing account.

NOTE 4 - USE OF ESTIMATES

The basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

NOTE 5 - CONTINGENCIES

LAFCO may be involved from time to time in various claims and litigation arising in the ordinary course of business. LAFCO management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters should not have a materially adverse effect on LAFCO's financial position or results of operations.

NOTE 6 - FUND EQUITY

The accompanying basic financial statements reflect certain changes that have been made with respect to the reporting of the components of Fund Balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Commissioners serve as LAFCO's highest level of decision-making authority and have the authority to establish, modify or rescind a fund balance commitment via minutes action.

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 6 - FUND EQUITY (concluded)

Assigned fund balance includes amounts intended to be used by LAFCO for specific purposes, subject to change, as established either directly by the Commissioners or by management officials to whom assignment authority has been delegated by the Commissioners.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, LAFCO specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, LAFCO's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Net Position

Net Position is the excess of all LAFCO's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

*Invested in capital assets, net of related debt* describes the portion of Net Position that is represented by the current net book value of LAFCO's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that LAFCO cannot unilaterally alter.

*Unrestricted* describes the portion of Net Position that is not restricted to use.

All of LAFCO's Net Position is unrestricted.

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN

A. Plan Description

LAFCO's retirement plan is administered by the Marin County Employees' Retirement Association (MCERA), a retirement system established in July 1950 and governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL or 1937 Act, California government Code Section 31450 et seq.); the Public Employees' Pension Reform Act of 2013 (PEPRA, Government Code Section 7522); the provisions of California Government Code Section 7500 et seq; and the bylaws, procedures, and policies adopted by MCERA's Board of Retirement. The Marin County Board of Supervisors may also adopt resolutions, as permitted by the CERL and PEPRA, which may affect the benefits of MCERA members.

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (continued)

A. Plan Description (concluded)

MCERA operates as a cost-sharing multiple employer defined benefit plan for the County and eight other participating employers: City of San Rafael, Local Agency Formation Commission (LAFCO), Marin City Community Services District, Marin County Superior Court, Marin/Sonoma Mosquito and Vector Control District, Novato Fire Protection District, Southern Marin Fire Protection District, and Tamalpais Community Services District. Separate actuarial valuations are performed for these other agencies and districts, and the responsibility for funding their plans rest with those entities. Post-retirement benefits are administered by MCERA to qualified retirees.

Copies of MCERA's annual financial reports, which include required supplementary information (RSI) for the Plan may be obtained from their office at One McInnis Parkway, Suite 100, San Rafael, CA 94903 or online at [www.mccera.org](http://www.mccera.org).

Administration

Retirement system administration is managed by the Retirement Board. All Retirement Board members, except the County Director of Finance, serve for a term of three years. By statute, retirement Board members include the following:

- The Director of Finance of the County (ex-officio)
- Four members who are qualified electors of the County and not connected with County government in any capacity, except one may be a County Supervisor. The Board of Supervisor appoints these members.
- Two General members of MCERA elected by the General membership.
- One Safety member and one Safety member alternative elected by the Safety membership.
- One retired member and one retired member alternate elected by the retired membership.

Membership

MCERA provides service retirement, disability, and death and survivor benefits to its general and safety members. Safety membership primarily includes law enforcement and firefighters of MCERA, as well as other classifications as allowed under the CERL and adopted by the employer. General membership is applicable to all other occupational classifications. The retirement benefits within the plan are tiered based on the participating employer and the date of the member's entry into MCERA membership

Vesting

Members become vested in retirement benefits upon completion of five years of credited service.

B. Benefit Provisions

Service Retirement

MCERA's service retirement benefits are based on the years of credited service, final average compensation, and age at retirement, according to the applicable statutory formula. Members who qualify for service retirement are entitled to receive monthly retirement benefits for life.



Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (continued)

B. Benefit Provisions (continued)

General members hired prior to January 1, 2013 are eligible to retire once they attain the age of 50 (except tiers 3a and 4, whereby the minimum age is 55) and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. A member who is age 70 or older is eligible to retire regardless of service credit. General members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 52, and have acquired 5 years of retirement service credit, or age 70, regardless of service.

Disability Retirement

A member with five years of service, regardless of age, who becomes permanently incapacitated for the performance of duty is eligible to apply for a non-service connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty as a result of injury or disease arising out of and in the course of employment is eligible to apply for a service-connected disability retirement, regardless of service length or age.

Death Benefits

MCERA provides specified death benefits to beneficiaries and members' survivors. The death benefits provided depend on whether the member is active or retired.

The basic active member death benefit consists of a members' retirement contributions plus interest plus one month's pay for each full year of service (up to a maximum of six month's pay). Retiring members may choose from five retirement benefit payment options. Most retirees elect to receive the unmodified allowance which provides the maximum benefit to the retiree and continuance of 60% of the retiree's allowance to the surviving spouse or registered domestic partner after the retiree's death. Other death benefits may be available based on the years of service, marital status, and whether the member has minor children.

Cost of Living Adjustment

Retirement allowances are indexed for inflation. Most retirees receive automatic basic cost of living adjustments (COLA's) based upon the Urban Consumer Price Index (UCPI) for the San Francisco Bay Area. These adjustments go into effect on April 1 of each year. Annual COLA increases are statutorily capped at 2%, 3%, or 4% depending upon the member's retirement tier. When the UCPI exceeds the maximum statutory COLA for the member's tier, the difference is accumulated for use in future years when the UCPI is less than the maximum statutory COLA. The accumulated percentage carryover is known as the COLA Bank.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan were as follows:

Employer Contributions:	\$ 48,485
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As of June 30, 2015, LAFCO's reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plan as follows:

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (continued)

B. Benefit Provisions (continued)

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ - 0-
Total Net Pension Liability	\$ -0-

LAFCO's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. LAFCO's proportion of the net pension liability was based on a projection of LAFCO's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. LAFCO's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

<u>LAFCO Miscellaneous Plan</u>	
Proportion - June 30, 2014	.075%
Proportion - June 30, 2015	.000%
Change – Increase (Decrease)	(.075%)

For the year ended June 30, 2015, LAFCO recognized pension expense of \$0. At June 30, 2016, LAFCO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 59,730	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net differences between projected and actual earnings on plan investments	-	-
Total	\$ 59,730	\$ -

\$59,730 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (continued)

B. Benefit Provisions (concluded)

<u>Year Ended June 30</u>	<u>Inflows</u>
2017	\$ 55,292
2018	55,292
2019	61,327
2020	-
Thereafter	-

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Actuarial Assumptions - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date:	June 30, 2014 (to determine FY 2015-16 contribution)
Timing:	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	5-year smoothed market, 80% / 120% corridor around market
Amortization Method:	Level percentage of payroll (17 years remaining as of 6/30/12) with separate periods for Extraordinary Actuarial Gains or Losses (27 years as of 6/30/12)
Discount Rate	7.25%
Amortization Growth Rate:	3.50%
Price Inflation:	3.25%
Salary Increases:	3.25% plus merit component based on employee classification and years of service
Healthy Mortality:	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set back one year for male members and two years for female members
Disabled Mortality:	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with ages set forward three years for all members

A complete description of the methods and assumptions used to determine contribution rates for the year ended June 30, 2015 can be found in the June 30, 2013 actuarial report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period July 1, 2008 - June 30, 2011. Further details of the Experience Study can found on MCERA's website.

Discount Rate - The discount rate used to measure the total pension liability was 7.25% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (concluded)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (concluded)

Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32.0%	5.35%
Fixed Income	23.0%	0.75%
International Equity	22.0%	5.55%
Private Equity	8.0%	6.25%
Real Estate	15.0%	7.55%
Total	<u>100.0%</u>	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents LAFCO's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what LAFCO's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.25%
Net Pension Liability	\$0
Current Discount Rate	7.25%
Net Pension Liability	\$0
1% Increase	8.25%
Net Pension Liability	\$0

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MCERA financial reports.

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT (OPEB)

Plan Description

The Commission provides a defined benefit healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides lifetime healthcare insurance for eligible retirees through the CaPERS Health Benefit Program, which covers both active and retired members.

For retirees hired between October 1, 1993 and December 31, 2007 (Plan 3), LAFCO would pay a percentage of retirees' single-coverage premiums up to a dollar cap based on years of service at retirement, where the dollar cap is reviewed each year by the Board of Supervisors. Through January 1, 2007 the cap was increased to cover single Blue Cross Prudent Buyer Classic and Delta Dental premiums. The Board of Supervisors has implemented a policy to limit annual increases in the cap to no more than 3%, subject to annual approval regarding whether any increase will be granted and, if so, the amount of the increase. Cap increases were 3% effective January 1, 2008 and January 1, 2009. No cap increases have been adopted since that time. The dollar cap is currently \$442.65 per year of service up to \$8,853 per year.

For retirees hired on or after January 1, 2008 (Plan 4), LAFCO would pay \$150 per year of service up to \$3,000 per year for the retiree's single health plan premiums only.

Funding Policy

The Commission's Board of Directors has funded the plan based on the annual required contribution in the current year. The Board will review the funding requirements and policy annually.

Annual OPEB Cost and Net OPEB Obligation

The Commission's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table shows the components of the Commission's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation to the Retiree Health Plan:

	2016	2015
Annual Required Contributions	\$ 15,615	\$ 13,200
Interest on Net OPEB Obligation/(Asset)	844	-
Adjustment to Annual Required Contributions	<u>(760)</u>	<u>-</u>
Annual OPEB cost (expense)	15,699	13,200
Contributions made	<u>(13,481)</u>	<u>(24,898)</u>
Increase in Net OPEB Obligation/(Asset)	2,218	(11,698)
Net OPEB Obligation/(Asset) – beginning of year	<u>13,255</u>	<u>24,953</u>
Net OPEB Obligation/(Asset) – end of year	<u>\$ 15,473</u>	<u>\$ 13,255</u>

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current fiscal year is as follows:

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) (continued)

Fiscal Year Ended	Annual OPEB Cost	Employer OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 17,700	\$ -	-	\$ 17,700
6/30/14	\$ 13,200	\$ 5,947	45%	\$ 24,953
6/30/15	\$ 13,200	\$ 24,898	189%	\$ 13,255
6/30/16	\$ 15,699	\$ 13,481	86%	\$ 15,473

Funding Status and Funding Progress

As of July 1, 2015, the actuarial accrued liability (AAL) for benefits was \$132,725, of which \$19,339 is funded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer is subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees* — Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 64, or at the first subsequent year in which the member would qualify for benefits.

*Mortality* — Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website ([www.cdc.gov](http://www.cdc.gov)). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

*Turnover* — The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

*Healthcare cost trend rate* — Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. We assumed the ultimate trend rate to be 4%.

Marin Local Agency Formation Commission  
NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) (concluded)

*Health insurance premiums* — 2015 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

*Medicare Coordination* — Medicare was assumed as the primary payer for current and future retirees at age 64.

*Payroll increase* — Changes in the payroll for current employees are expected to increase at a rate of approximately 2.0% annually.

*Discount rate* — The calculation uses an annual discount rate of 6.37%. This is based on the assumed long-term return on plan assets or employer assets.

*Actuarial cost method* — The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Plan for Funding

On an ongoing basis, the Commission will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

NOTE 9 - RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION

Reconciling adjustments are as follows:

Non-current portion of compensated absences	\$ (19,126)
Other post-employment benefits	(15,473)
Deferred outflows	59,730
Total fund balances -- governmental funds	152,006
Net position of governmental activities	\$ 177,137

NOTE 10 - RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES

Reconciling adjustments are as follows:

Net change in fund balance – total governmental funds	\$ (44,612)
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The amounts below included in the statement of activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):

Other post-employment benefits	(2,218)
Pension expense	335,418
Change in net position of governmental activities	\$ 288,588

REQUIRED SUPPLEMENTARY INFORMATION



Marin Local Agency Formation Commission  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

Required Supplemental Information  
 Budget and Actual  
 General Fund (Unaudited)  
 For the period ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
Revenue:				
Intergovernmental	\$ 387,528	\$ 387,528	\$ 387,529	\$ 1
Charges for services	<u>26,727</u>	<u>26,727</u>	<u>29,658</u>	<u>2,931</u>
Total revenue	<u>414,255</u>	<u>414,255</u>	<u>417,187</u>	<u>2,932</u>
Expenditures:				
Salaries and benefits	354,304	354,304	348,459	5,845
Services and supplies	<u>109,950</u>	<u>115,950</u>	<u>113,340</u>	<u>2,610</u>
Total expenditures	<u>464,254</u>	<u>470,254</u>	<u>461,799</u>	<u>8,455</u>
Excess (deficit) of revenue over expenditures	<u>\$ (49,999)</u>	<u>\$ (55,999)</u>	(44,612)	<u>\$ 11,387</u>
Fund balance, beginning of period			<u>196,618</u>	
Fund balance, end of period			<u>\$ 152,006</u>	

The accompanying notes are an integral part of these basic financial statements.

Marin Local Agency Formation Commission  
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
 Required Supplementary Information  
 Last 10 Years\*

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Proportion of the net pension liability	0.750%	0.00%
Proportionate share of the net pension liability	\$ 185,355	\$ -0-
Covered payroll	\$ 192,619	\$ 173,394
Proportionate share of the net pension liability as a percentage of covered payroll	96%	0%
Plan fiduciary net position as a percentage of the total pension liability	89.04%	84.3%

NOTES TO SCHEDULE:

Changes in Benefit Terms - None

Changes in Assumptions

The discount rate was changed from 7.5 percent (net of administrative expense) to 7.25 percent to correct for an adjustment to exclude administrative expense.

\* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Marin Local Agency Formation Commission  
As of June 30, 2016  
Last 10 Years\*  
SCHEDULE OF CONTRIBUTIONS  
2015 & 2016

	June 30, 2015	June 30, 2016
Actuarially required contribution (actuarially determined)	\$ 43,313	\$ 48,485
Contributions in relation to the actuarially determined contributions	(43,313)	(48,485)
Contribution deficiency (excess)	-	-
Covered payroll	\$ 192,619	\$ 173,394
Contributions as a percentage of covered-employee payroll	22.48%	28%

\* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Marin Local Agency Formation Commission  
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS  
 Required Supplementary Information

*Funded Status and Funding Progress.* The funded status of the plan as of June 30, 2016, was as follows:

Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability	(C) Unfunded Liability (Excess Assets) [(B)-(A)]	(D) Funded Ratio [(A)/(B)]	(E) Annual Covered Payroll	(F) UAAL as a % of Payroll $\{[(B)-(A)]/(E)\}$
7/1/12	-	\$ 120,400	\$ (120,400)	0%	\$ 174,200	69%
7/1/13	-	\$ 134,300	\$ (134,300)	0%	\$ 176,200	76%
7/1/15	\$ 19,339	\$ 132,725	\$ 113,386	15%	\$ 254,700	45%

**NOTE 1 - SCHEDULE DESCRIPTION**

Marin Local Agency Formation Commission sponsors a defined benefit postemployment healthcare plan (the Plan) to subsidize healthcare benefits to eligible retired employees. The above schedule presents information about the funded status for the Plan's two actuarial valuations.

**NOTE 2 - ACTUARIAL VALUATIONS**

Actuarial valuations of an on-going plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Information regarding the actuarial methods and assumptions for the July 1, 2015 actuarial valuation can be found in Note 8 of the basic financial statements.



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 20 (Business / Action)

August 3, 2017

**TO:** Marin Commissioners

**FROM:** Policy Committee (Baker, Blanchfield, and Connolly)  
Keene Simonds, Executive Officer

**SUBJECT: Approval of New and Amended Job Descriptions**

The Commission will consider recommendations from the Policy and Personnel Committee to approve new and amended job descriptions as contemplated in the adopted workplan. The proposed new job description involves establishing the position of Assistant Policy Analyst to address existing workflow needs and ahead of initiating a formal recruitment. The amended job description involves retitling the existing position of Administrative Analyst to Policy Analyst along with related changes to better reflect existing duties of the position.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) to regulate and plan the formation and development of local governmental agencies and municipal services. CKH prescribes personnel requirements for LAFCO under Government Code Section 56384 and marked by appointing an executive officer to conduct and perform the day-to-day business of the commission. This statute also directs LAFCOs to appoint additional staff as it deems appropriate in fulfilling its regulatory and planning duties.

### A. Background

#### Adopted Workplan | Related Personnel Projects

Marin LAFCO’s (“Commission”) current adopted workplan outlines two related projects involving human resources and are both categorized as high priorities. The first project has been carried-forward from the prior fiscal year and involves completing a comprehensive update to the personnel policies to help ensure the underlying provisions and procedures are appropriately scaled and reflective of Marin LAFCO’s current organizational needs. The second project is new and involves direction to the Executive Officer to assess workflow needs and opportunities to improve efficiencies.

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Town of Corte Madera  
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City of Mill Valley  
Matthew Brown, Alternate  
Town of San Anselmo

Jack Baker, Regular  
North Marin Water District  
Craig K. Murray, Regular  
Las Gallinas Valley Sanitary  
Lew Kiou, Alternate  
Almonte Sanitary

Jeffry Blanchfield, Chair  
Public Member  
Chris Skelton, Alternate  
Public Member

## **B. Discussion**

The Commission will consider two recommendations from the Policy and Personnel Committee (Baker, Blanchfield, and Connolly) to approve new and amended job descriptions as contemplated in the adopted workplan. This first recommendation involves creating a new job description titled Assistant Policy Analyst to address existing workflow needs as vetted by the Committee and Executive Officer. A proposed pay scale is also included. The second recommendation involves amending the existing job description for the Administrative Analyst position – including retitling to Policy Analyst – to more accurately reflect existing and anticipated duties and responsibilities. No changes to the existing pay scale for the position are included.

A summary of key items underlying both recommendations follow.

### **New Job Description | Assistant Policy Analyst**

The proposed creation of the Assistant Policy Analyst position represents a hybrid class divided between mostly performing entry-level analyst duties along with providing general office support functions as needed. The position would be an employee of Marin LAFCO and directly supervised by the Executive Officer with additional oversight from the Policy Analyst. Minimum employment standards involve the equivalent to graduation from a community college or no less than 60 college or university units completed. The annual pay scale begins at \$60,938 and reaches a maximum of \$72,891. Pay and all other employee benefits purposefully align with the County of Marin's Administrative Assistant II position. Notable and expected duties drawn from the job description follow.

- Conduct basic to intermediate research, data collection, and related analysis in evaluating local agencies and their governmental services in the preparation of municipal service reviews and sphere of influence updates.
- Prepare charts, tables, and spreadsheets to help facilitate analysis and display of information to local agencies and the general public.
- Assist in preparation of agendas and associated staff reports.
- Assist in various phases of processing applicant proposals for boundary changes, outside service extensions, and reorganizations of local government agencies.
- Perform administrative functions such as devising filing systems and protocols, maintenance of official records, and formulation of procedural guidelines.
- Respond to public inquiries while exercising independent judgment in providing information and/or referring questions to other staff.

The proposed job description – including a complete outlining of essential duties and competencies – is provided as Attachment One.

## Amended Job Description | Policy Analyst (Formerly Administrative Analyst)

The proposed amendments to the Administrative Analyst position take aim at more accurately reflecting existing and expected duties that have emerged since the job description was created in August 2015. This includes retitling the position to Policy Analyst to better optically reflect and convey the substantive policy focus of the position and marked by managing Marin LAFCO's municipal service review program. Other notable amendments involve making it explicit the position shall oversee the work assignments of lower-level staff as well as other day-to-day agency functions in the Executive Officer's absence or leave. No changes are proposed to pay or benefits, and as such the position's annual salary continues to range from \$71,781 to \$87,110.<sup>1</sup>

- \* The current position incumbent was provided an opportunity to review the proposed amendments and is agreeable to recommended changes.

### C. Analysis

The Committee believes the recommended changes to create the Assistant Policy Analyst position and amend the Policy Analyst position advantageously meet the Commission's earlier direction through the adopted workplan to improve organizational efficiencies. Establishing the Assistant Policy Analyst position establishes a hybrid-type employee with a focus on providing general data collection and analysis support and in step with the Commission's principal workload, municipal service reviews. The new position also provides targeted clerical coverage when other administrative staff is absent or when additional resources are needed. Examples of the latter include covering telephones, greeting guests, responding to general e-mail inquiries, and filing and organizing records and other documents. Amending the job description for the Policy Analyst – including the corresponding title change from Administrative Analyst – more accurately reflects current and anticipated job duties and helps to ensure position holders do not work out of class. Similarly, amendments also appropriately provide coverage for the Policy Analyst to oversee day-to-day activities whenever the Executive Officer is on a schedule leave or vacation. Last, and as an overarching benefit, the recommendations improve and make clear organizational structure between the two affected positions. This includes empowering the Policy Analyst to provide general oversight of the Assistant Policy Analyst and Commission Clerk. It also provides a mechanism for the Assistant Policy Analyst to seek advancement within Marin LAFCO to the role of Policy Analyst after 30 months should the position become open.<sup>2</sup>

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<sup>1</sup> The listed pay scale assumes formal approval of a budgeted 3% cost-of-living adjustment as part of a separate agenda item set for the August 10, 2017 meeting.

<sup>2</sup> Separately, and as part of an overall review, the Committee notes no changes are being recommended to the other two existing job descriptions within Marin LAFCO and involve the Executive Officer and Commission Clerk positions.

#### **D. Alternatives for Action**

The following alternatives are available to the Commission:

Alternative One (Recommended):

- 1) Approve the proposed creation of the Assistant Policy Analyst position as provided as Attachment One with any desired changes.
- 2) Approve the proposed amendments involving the Administrative Analyst position as provided in Attachment Two with any desired changes.

Alternative Two:

Continue consideration of the agenda item to a future meeting and provide direction to the Committee and/or Executive Officer as needed.

Alternative Three:

Take no action.

#### **E. Recommendation**

It is recommended the Commission proceed with the actions outlined in the preceding section as Alternative One.

#### **F. Procedures for Consideration**

This item has been agenzized for action as part of a voluntarily noticed public hearing. The following procedures, accordingly, are recommended in the consideration of this item:

- 1) Receive verbal report from the Committee;
- 2) Invite audience comments (voluntary); and
- 3) Discuss item and consider action on recommendation.

Respectfully and on behalf of the Committee,



Keene Simonds  
Executive Officer

Attachments:

- 1) Proposed Creation of Assistant Policy Analyst Position
- 2) Proposed Amendments to Administrative Analyst Position (red-line)





## Marin Local Agency Formation Commission

Regional Planning Agency | Subdivision of the State of California

### Established

\*\*\*\*\*

### **ASSISTANT POLICY ANALYST**

#### Job Description and Benefits

#### **DEFINITION**

The Assistant Policy Analyst works under the immediate direction of the Executive Officer and principally tasked with performing data collection and associated analyses in assisting Marin LAFCO prepare various studies on local government as required under State law. No direct supervision is exercised over others. The incumbent, however, is expected to collaborate and coordinate tasks with others within and outside of Marin LAFCO in meeting position duties. Incumbents are expected to work fulltime schedules and average between 32 to 40 work hours a week.

#### **CLASS CHARACTERISTICS**

The Assistant Policy Analyst performs a wide range of entry to intermediate duties at the direction of the Executive Officer and with additional oversight provided by higher level staff. Incumbents are expected to exercise considerable initiative and judgment in performing regular ongoing duties of the position. This includes performing data collection and assisting in the associated analysis in the preparation of studies required of Marin LAFCO under State law that culminate in making recommendations to the Commission on potential governmental reorganizations, boundary changes, and other related matters. Other pertinent characteristics include providing administrative and clerical support for Marin LAFCO, as needed, and highlighted by responding to public inquires and organizing agency records. Training will be provided, and as experience is gained, assignments may gradually become more complex and varied.

#### **EXAMPLES OF DUTIES (Illustrative Only)**

- Conduct basic to intermediate research, data collection, and related analysis in evaluating local agencies and their governmental services in the preparation of municipal service reviews and related regional planning studies.
- Prepare charts, tables, and spreadsheets to facilitate analysis and display of information.
- Assist in preparation of agendas and associated staff reports.
- Assist in various phases of processing applicant proposals for boundary changes, outside service extensions, and reorganizations of local government agencies.
- Assist in making presentations before the Commission and other local governmental agencies and community groups.

## **Marin LAFCO**

Job Description and Benefits:

### **Assistant Policy Analyst**

- Consult with staff and representatives of other governmental agencies on programs, projects, or specialized assigned activities.
- Manage administrative functions such as devising filing systems and protocols, maintenance of official records, and formulation of procedural guidelines.
- Respond to public inquiries while exercising independent judgment in providing information and/or referring questions to other staff.
- Assist the Executive Officer in making payments and performing related data entry and management of Marin LAFCO's accounting system.
- Utilize a variety of computer software programs to prepare reports, maps, diagrams, graphs, and other material related to duties.

### **EMPLOYMENT STANDARDS**

Equivalent to graduation from a community college or no less than 60 college or university units completed. Education or other experience in planning and local government is also desirable but not necessary for employment.

### **GENERAL COMPETENCIES:**

- Role and function of local government and specifically counties, cities, and districts.
- Basic public administrative and planning principles and practices.
- Qualitative analysis.
- Best practices in office management, including filing and records retention.
- Standard computer applications and software.
- Techniques for dealing effectively with a variety of individuals from various socio-economic, ethnic and cultural backgrounds, in person and over the telephone.

### **ABILITIES:**

- Multi-tasks between general administrative and analyst functions.
- Effective communication skills.
- Perform basic to intermediate quantitative analysis.
- Positively collaborate and contribute within a small governmental agency.
- Prepare clear and concise reports, correspondence, and other written materials.
- Establish and maintain effective working relationships with others.
- Exercise sound independent judgment in performing assignments.
- Maintain accurate records and files.

**Marin LAFCO**

Job Description and Benefits:

**Assistant Policy Analyst**

**SALARY AND BENEFITS:**

Salary is determined by Marin LAFCO and based on a five-step merit system. Incumbents are generally hired at the first step and through annual reviews performed by the Executive Officer eligible to advance if approved.

**Salary Schedule**

As of July 1, 2017

	<b><u>Step 1</u></b>	<b><u>Step 2</u></b>	<b><u>Step 3</u></b>	<b><u>Step 4</u></b>	<b><u>Step 5</u></b>
<b>Hourly:</b>	\$31.25	\$32.65	\$34.09	\$35.75	\$37.38
<b>Bi-Weekly</b>	\$2,344	\$2,449	\$2,557	\$2,681	\$2,804
<b>Monthly</b>	\$5,078	\$5,306	\$5,540	\$5,809	\$6,074
<b>Annual</b>	\$60,938	\$63,668	\$66,476	\$69,713	\$72,891

For purposes of defining benefits Marin LAFCO will provide the incumbent with health (medical, dental, vision, and life insurance) and pension coverage consistent with the contributions provided by the County of Marin to its Administrative Assistant II position. This includes mandatory participation by the incumbent in the pension program administered by the Marin County Employee Retirement System. Marin LAFCO does not participate in Social Security. The incumbent will also receive vacation, holiday, sick time, and personal leave consistent with the accruals and allowances provided by the County of Marin to its Administrative Assistant II position.

**WORKING CONDITIONS:**

Approximately 85% of the duties of this position are performed in an indoor office environment and may require that an incumbent sit at a desk for prolonged periods of time; twist to reach equipment surrounding desk; perform simple grasping and fine manipulation; see and hear with sufficient acuity to successfully perform all aspects of the job; use telephone and write or use a keyboard to communicate through written means; and lift and move up to 25 pounds. Approximately 15% of the position involves traveling with or without others to project sites, other agencies, and outside conferences and/or meetings.

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## Marin Local Agency Formation Commission

Regional Planning Agency | Subdivision of the State of California

### Established

August 13, 2015

### **ADMINISTRATIVE POLICY ANALYST**

Job Description and Benefits

#### **DEFINITION**

The ~~Administrative Policy~~ Analyst works under the immediate direction of the Executive Officer and performs a full range of analytical, technical, and administrative staff support services for Marin LAFCO. Incumbents are expected to exercise considerable initiative and judgment in performing regular ongoing duties of the position. No direct supervision is exercised over others; however, assignments may include functional or lead direction such as serving as project manager for assigned studies as well as general oversight of lower level staff. Incumbents are expected to work fulltime schedules and average between 32 to 40 work hours a week. ~~employees of Marin LAFCO.~~

#### **CLASS CHARACTERISTICS**

Under immediate supervision, incumbents are given direct and detailed supervision in analysis of local governmental services in terms of assessing availability, capacity, and performance relative to current and projected needs. This includes, but not limited to, preparing studies required of Marin LAFCO under State law that culminate in making recommendations to the Commission on potential governmental reorganizations, boundary changes, and other related matters. Training will be provided, and as experience is gained, assignments gradually become more complex and varied.

#### **EXAMPLES OF DUTIES (Illustrative Only)**

- Conduct research, data collection, and related analysis in evaluating local agencies and their governmental services in the preparation of municipal service reviews and related regional planning studies.
- Perform basic to intermediate qualitative and quantitative analysis in tracking demographics, service capacities, and financial resources.
- Perform routine work in various phases of processing applicant proposals for boundary changes, outside service extensions, and reorganizations of local government agencies.
- Contribute to the preparation of special studies involving inter-jurisdictional and inter-departmental coordination.
- Research, analyze, and prepare agenda items for presentation to the Commission.
- Consult with staff and representatives of other governmental agencies on programs, projects, or specialized assigned activities.

**Administrative Policy Analyst**

- Organize and mMake presentations before the Commission and other local governmental agencies and community groups.
- Explain policies and procedures to the public and assist with related questions, issues, and or concerns.
- Utilize a variety of computer software programs to prepare reports, maps, diagrams, graphs, and other material related to duties.
- Assist with administrative functions, including the development of the agency budget, fee schedules, and surveys.
- Oversee work assignments and related activities of lower level staff as assigned.
- Oversee the day-to-day activities of Marin LAFCO office upon the scheduled absence or leave of the Executive Officer.
- Assist with general office duties as needed, including – but not limited to, responding to public inquiries, performing data entry, and organizing agenda packets.

**EMPLOYMENT STANDARDS**

Equivalent to graduation from a four-year college with major course work in public policy, planning, political science, or related field required. Experience in planning and local government is desirable but not necessary for employment. No less than 30 months of work experience as an -Assistant Policy Analyst at Marin LAFCO may be used as a substitute for the referenced educational requirement.

**GENERAL COMPETENCIES:**

- Role and function of Marin LAFCO
- Role and function of local government and specifically counties, cities, and districts.
- Public administrative and planning principles and practices.
- Public and private infrastructure systems and financing mechanisms.
- Project management, analytical processes, and report preparation techniques.
- Computer applications related to work, including Microsoft Office programs.
- Techniques for dealing effectively with a variety of individuals from various socio-economic, ethnic and cultural backgrounds, in person and over the telephone.

**ABILITIES:**

- Perform basic to intermediate qualitative and quantitative analysis.
- Provide critical thinking and objective reporting.
- Direct and conduct special studies, projects, and public meetings.
- Prepare clear and concise reports, correspondence, and other written materials.
- Organize and manage projects and programs efficiently.
- Establish and maintain effective working relationships with others.
- Exercise sound independent judgment in performing assignments.
- Maintain accurate records and files.

**SALARY AND BENEFITS:**

The incumbent serves as an employee of Marin LAFCO. Salary is determined by Marin LAFCO and based on a five-step merit system. Incumbents are generally hired at the first step and through annual reviews eligible to advance if approved.

**Salary Schedule**

As of July 1, 2016

	<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
<b>Hourly:</b>	\$33.50	\$35.17	\$36.93	\$38.77	\$40.66
<b>Bi-Weekly</b>	\$2,680	\$2,814	\$2,954	\$3,102	\$3,253
<b>Monthly</b>	\$5,807	\$6,6096	\$6,401	\$6,720	\$7,048
<b>Annual</b>	\$69,680	\$73,154	\$76,814	\$80,642	\$84,573

For purposes of defining benefits Marin LAFCO will provide the incumbent with health (medical, dental, vision, and life insurance) and pension coverage consistent with the contributions provided by the County of Marin to its Administrative Analyst I position. This includes mandatory participation by the incumbent in the pension program administered by the Marin County Employee Retirement System. Marin LAFCO does not participate in Social Security. The incumbent will also receive vacation, holiday, sick time, and personal leave consistent with the accruals and allowances provided by the County of Marin to its Administrative Analyst I position.

**WORKING CONDITIONS:**

Approximately 90% of the duties of this position are performed in an indoor office environment and may require that an incumbent sit at a desk for prolonged periods of time; twist to reach equipment surrounding desk; perform simple grasping and fine manipulation; see and hear with sufficient acuity to successfully perform all aspects of the job; ~~and~~ use telephone and write or use a keyboard to communicate through written means; ~~and lift and move up to 25 pounds~~. Approximately 10% of the position involves traveling with or without others to project sites, other agencies, and outside conferences and/or meetings.

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

August 10, 2017

Item No. 21 (Business/Action)

August 4, 2017

**TO:** Marin Commissioners  
**FROM:** Rachel Jones, Administrative Analyst

**SUBJECT: Conversion of Agenda Packets to E-Form |  
Overview of Tablet Functions and Adoption of Usage Policy**

The Commission will consider adopting policies involving the use of iPads as it relates to the issuance, possession and related liability matters. The Commission will also receive a brief presentation from staff on implementing the planned conversion of agenda packets from hard copies to e-form through the use of Marin LAFCO issued tablets. This includes issuing tablets to Commissioners with staff going over key features and usage of tablets going forward in conducting Marin LAFCO business.

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Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) to make its own provision for necessary equipment and supplies (G.C. Section 56380).

### A. Background

It is the present and long-standing practice of Marin LAFCO (“Commission”) to receive hard copies of the agenda packets. Drawing from the strategic planning workshop held on January 27, 2017 and through subsequent discussions the Commission agreed an appropriate goal is to transition agenda packets to e-form for purposes – and among others - of streamlining the production, delivery, and review of agendas and associated staff reports. The Commission formalized this goal in including the transition of agenda packets to e-form as part of the current fiscal year workplan and operating budget.

### B. Discussion

This item is for the Commission to consider adopting policies related to the usage, possession, and related liability matters of the issuance of iPads to Commissioners. Commissioners will also receive a brief presentation on the planned conversion of agenda packet to e-form and in step with providing interested members their own LAFCO-issued tablets. Staff will also provide a brief presentation going over key features and uses. All Commissioners are invited to participate in this interactive primer with the understanding the members already familiar with tablets may be excused.

### **C. Analysis**

The proposed policies are to help guide the implementation and planned transition of agenda packets to iPads. These policies have been drawn from a review of best practices among other local agencies. If the policies should be approved, staff will appropriately incorporate the additions into the Policy Handbook through the Policy Committee.

### **D. Alternatives for Action**

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):

1. Approve the attached draft policies with any desired changes; and
2. Direct the Policy Committee to appropriately incorporate and place the approved policies into the Policy Handbook

Alternative Action Two:

Continue consideration of the item to the next regular meeting and provide direction to staff for additional information as needed.

### **E. Recommendation**

Staff recommends proceeding with the action identified as Alternative Action One as summarized in the preceding section.

Respectfully,



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Rachel Jones  
Administrative Analyst

Attachment:

- 1) Draft Policies on Practices and Procedures for iPads

## **Practices and Procedures on Tablets for Commissioners**

Marin LAFCO will provide agenda packets electronically via iPads to save staff time and agency costs. It is now policy to provide iPads to Commissioners for the duration of their terms. Those in receipt of tablets must adhere to these practices and procedures to ensure the appropriate use and optimum functionality of the agency-issued devices.

### 1. Usage

- a. Commissioners may use their agency-issued iPads for related LAFCO business purposes only.
- b. Under no circumstances may Commissioners use iPads for any illegal purpose or to transmit, receive, or store information that is discriminatory, harassing or defamatory in any way.
- c. LAFCO will direct all of its email and other electronic transmission for a Commissioner to the Commissioner's email address.

### 2. Liability

- a. The software and applications installed by LAFCO must remain on the iPad in usable condition and be readily accessible.
- b. LAFCO will not be responsible for the loss of any software or data deleted due to usage of the devices.
- c. All software and data stored on the devices are subject to disclosure under State and County public record laws or for litigation purposes, unless a privilege or exception exists that justifies withholding that information.

### 3. Possession

- a. It is the responsibility of the Commissioner to ensure iPads are kept in a reasonable and safe condition. Should a tablet be accidentally, lost, damaged, or stolen, LAFCO will bear the costs of repair or replacement for the first occurrence.
- b. iPads will be assessed every five years and if authorized through the budgeting process, LAFCO will upgrade devices.

- c. iPads must remain free of any writing, drawing, labels or stickers during the duration of the Commissioner's term.
- d. Commissioners shall return the iPads to staff when the Commissioner's term of service has ended. Upon return of the iPad to LAFCO, the iPad will be wiped clean of any and all information and issued to the Commissioner's successor.