



# 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, April 30, 2020 ▪ 7:00 PM**

**\*\*\* BY VIRTUAL TELECONFERENCE ONLY \*\*\***

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, this meeting will be held by teleconference only. No physical location will be available for this meeting. However, members of the public will be able to access and participate in the meeting.

#### PUBLIC ACCESS AND PUBLIC COMMENT INSTRUCTIONS

##### PUBLIC ACCESS

Members of the public may access and watch a live stream of the meeting on Zoom at <https://zoom.us/j/4350473750>. Alternately, the public may listen in to the meeting by dialing **(669) 900-6833** and entering **Meeting ID 4350473750#** when prompted.

**WRITTEN PUBLIC COMMENTS** may be submitted by email to [staff@marinlafco.org](mailto:staff@marinlafco.org). Written comments will be distributed to the Commission as quickly as possible. Please note that documents may take up to 24 hours to be posted to the agenda on the LAFCo website.

**SPOKEN PUBLIC COMMENTS** will be accepted through the teleconference meeting. To address the Commission, click on the link <https://zoom.us/j/4350473750> to access the Zoom-based meeting.

1. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
2. When the Commission calls for the item on which you wish to speak, click on "raise hand" icon. Staff will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
3. When called, please limit your remarks to the time limit allotted (3 minutes).

##### CALL TO ORDER BY CHAIR

##### ROLL CALL BY Executive Officer

##### AGENDA REVIEW

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

##### PUBLIC 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 (discussion and possible action)

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

1. Approval of Minutes for February 13, 2020 Regular Meeting
2. Commission Ratification of Payments from February 1, 2020, to March 31, 2020
3. Receive and File GASB 75 Report

#### **PUBLIC HEARING**

4. Adoption of Proposed Operating Draft Budget Fiscal Year 2020-21
5. Approval of Resolution No. 20-09 Annexation of 1501 Lucas Valley Road (APN 164-280-35), to Marin Municipal Water District (LAFCo File #1347)

#### **BUSINESS ITEMS (discussion and possible action)**

Business Items involve administrative, budgetary, legislative or personnel matters and may or may not be subject to public hearings.

6. Budget Committee Report – Updating Current Reserve Policy and Possible Creation of New Reserve Funds

#### **EXECUTIVE OFFICER REPORT (discussion and possible action)**

- a) Budget Update FY 2020-21
- b) Current and Pending Proposals
- c) ADP and Payroll Status [Verbal Report Only]
- d) Update on MSR(s) [Verbal Report Only]
- e) LAFCo Operations under Shelter in Place orders [Verbal Report Only]
- f) Discussion on LAFCo Study Schedule [Verbal Report Only]

#### **ADJOURN TO CLOSED SESSION**

The Commission will adjourn to closed session regarding the following items:

- a. Public Employee Performance Evaluation  
Pursuant to Government Code Section 54957  
Title: Executive Officer
- b. Conference with Labor Negotiators  
Pursuant to Government Code Section 54957.6  
Agency Designated Representative: Chair McEntee and Commissioner Connolly  
Unrepresented Employee: Executive Officer

#### **RETURN TO OPEN SESSION**

The Chair or designee will report out of closed session.

#### **COMMISSIONER ANNOUNCEMENTS AND REQUESTS**

#### **ADJOURNMENT TO NEXT MEETING**

Thursday, June 11, 2020 | 7:00 P.M.



Attest:      Jason Fried  
                 Executive Officer

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Any writings or documents pertaining to an open session item provided to a majority of the Commission less than 72 hours prior to a regular meeting shall be made available for public inspection at Marin LAFCo Administrative Office, 1401 Los Gamos Drive, Suite 220, San Rafael, CA 94903, during normal business hours.

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**

Administrative Office  
1401 Los Gamos Drive, Suite 220  
San Rafael California 94903

T: 415-448-5877  
E: [staff@marinlafco.org](mailto:staff@marinlafco.org)  
W: [marinlafco.org](http://marinlafco.org)

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# Marin Local Agency Formation Commission

## Regional Service Planning | Subdivision of the State of California

### AGENDA REPORT

April 30, 2020

Item No. 1 (Consent Item)

**TO:** Local Agency Formation Commission

**FROM:** Jason Fried, Executive Officer

**SUBJECT:** **Approval of Minutes for February 13, 2020 Regular Meeting**

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#### 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.

#### Discussion

The action minutes for the February 13<sup>th</sup> regular meeting accurately reflect the Commission's actions as recorded by staff. A video recording of the meetings are also available online for viewing at <http://marinlafco.org/AgendaCenter>.

#### Staff Recommendation for Action

1. Staff recommendation – Approve the draft minutes prepared for the February 13, 2020 meeting with any desired corrections or clarifications.
2. Alternative option – Continue consideration of the item to the next regular meeting and provide direction to staff, as needed.

#### Procedures for Consideration

This item has been placed on the agenda 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.

#### Attachment:

- 1) Draft Minutes for February 13, 2020

**Administrative Office**  
Jason Fried, Executive Officer  
1401 Los Gatos Drive, Suite 220  
San Rafael, California 94903  
T: 415-448-5877 E: [staff@marinlafco.org](mailto:staff@marinlafco.org)  
[www.marinlafco.org](http://www.marinlafco.org)

**Damon Connolly, Regular**  
County of Marin

**Dennis J. Rodoni, Regular**  
County of Marin

**Judy Arnold, Alternate**  
County of Marin

**Sashi McEntee, Chair**  
City of Mill Valley

**Barbara Coler, Regular**  
Town of Fairfax

**James Campbell, Alternate**  
City of Belvedere

**Craig K. Murray, Vice Chair**  
Las Gallinas Valley Sanitary

**Lew Kiious, Regular**  
Almonte Sanitary District

**Tod Moody, Alternate**  
Sanitary District #5

**Larry Loder, Regular**  
Public Member

**Chris Skelton, Alternate**  
Public Member



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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## **DRAFT**

### NOTICE OF REGULAR MEETING MINUTES

## Marin Local Agency Formation Commission

**Thursday, February 13, 2020**

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

### **CALL TO ORDER**

Chair McEntee called the meeting to order at 7:04 P.M.

### **ROLL CALL BY COMMISSION CLERK**

Roll was taken and quorum was met. The following were in attendance:

Commissioners Present: Sashi McEntee, Chair  
Craig K. Murray, Vice-Chair  
Lew Kious  
Barbara Coler  
Damon Connolly  
Larry Loder  
Judy Arnold

Alternate Commissioners Present: Tod Moody  
Chris Skelton

Marin LAFCo Staff Present: Jason Fried, Executive Officer  
Candice Bozzard, Commission Clerk  
Jeren Seibel, Policy Analyst

Marin LAFCo Counsel Present: Mala Subramanian

Members Absent: Sloan Bailey  
Dennis Rodoni

### **AGENDA REVIEW**

Executive Officer Fried suggested that items 4 and 6 be moved to the front of the public hearing items as there were public members in attendance to speak on those items.

Approved: M/S by Commissioners Murray and Arnold to accept the amended agenda.

Ayes: Commissioners McEntee, Murray, Kious, Coler, Loder, Connolly, and Arnold

Nays: None  
Abstain: None  
Motion approved unanimously.

### **PUBLIC OPEN TIME**

Chair McEntee opened the public comment period. Hearing no request for comment, Chair closed the public open time.

### **CONSENT CALENDAR ITEMS**

1. Approval of Minutes for December 12, 2019, Special Meeting and January 8, 2020, Strategic Planning Workshop
2. Commission Ratification of Payments from December 1, 2019, to January 31, 2020

Approved: M/S by Commissioners Kious and Coler to accept the consent calendar.  
Ayes: Commissioners McEntee, Murray, Kious, Coler, Loder, Connolly, and Arnold  
Nays: None  
Abstain: None  
Motion approved unanimously.

### **PUBLIC HEARING ITEMS**

3. Approval of Work Plan Resulting from Novato Region Municipal Service Review and Adoption of Resolution 20-07, Accepting Final Draft of the Novato Region Municipal Service Review

Executive Officer Fried summarized the report regarding the proposed resolution to adopt the Novato Region MSR; staff addressed, as well as, clarified the language pertaining to unincorporated Marin “islands” and that there was still some public disagreement on the designation of certain areas despite the standing definitions. The Executive Officer outlined the work plan checklist of items needing to be addressed that were identified in the MSR.

Chair McEntee opened the public hearing.

- Craig Knowlton, Board Member of Indian Valley Associates – Mr. Knowlton stated the Association’s concerns and disagreement of the designation of Indian Valley as an unincorporated island.

Hearing no additional public comments, Chair closed the public hearing.

Commissioner Arnold outlined her own efforts to communicate with the residents of Indian Valley on this matter.

Approved: M/S by Commissioners Arnold and Connolly to approve the work plan resulting from the Novato Region Municipal Service Review and adopting Resolution 20-07: Accepting the Final Draft of the Novato Region Municipal Service Review

Ayes: Commissioners McEntee, Murray, Kious, Coler, Loder, Connolly, and Arnold

Nays: None

Abstain: None

Motion approved unanimously.

4. Reorganization of 70 N Knoll Road (APN 034-012-26 and 034-061-09), Including Detachment from the Richardson Bay Sanitary District and Annexation to Alto Sanitary District (LAFCo file #1345)

The Executive Officer communicated the history and current situation surrounding the reorganization of two parcels currently in Richardson Bay Sanitary District and moving to Alto Sanitary District.

Chair McEntee opened the public hearing.

- Property Owner – Expressed appreciation to the Commission and Executive Officer Fried for their time and efforts as well as the LAFCo policy being easy for public digestion.

Hearing no additional public comments, Chair closed the public hearing.

Approved: M/S by Commissioners Coler and Murray to approve Resolution 20-08, approving the requested change in the Sphere of Influence and reorganization as described (File #1345).

Ayes: Commissioners McEntee, Murray, Kious, Coler, Loder, Connolly, and Arnold

Nays: None

Abstain: None

Motion approved unanimously.

5. Reaffirming Spheres of Influence for San Rafael Area Municipal Service Review Jurisdictions

The Executive Officer explained to the Commission that all of the jurisdictions within the San Rafael Area MSR were being presented for each Sphere of Influence to be reaffirmed except for CSA 23 and CSA 18 which would be brought before the Commission at a later date.

Commissioners requested some clarification on a few aspects of the process.

Chair McEntee opened the public comment, and hearing none, closed public comment.

Approved: M/S by Commissioners Connolly and Arnold to adopt Resolutions 20-01 Reaffirming the Sphere of Influence for the City of San Rafael, 20-02 Reaffirming the Sphere of Influence for Marinwood Community Services District, 20-03 Reaffirming the Sphere of Influence for County Service Area #6, 20-04 Reaffirming the Sphere of Influence for County Service Area #9, 20-05

Reaffirming the Sphere of Influence for County Service Area #13, and 20-06 Reaffirming the Sphere of Influence for County Service Area #19.

Ayes: Commissioners McEntee, Murray, Kious, Coler, Loder, Connolly, and Arnold

Nays: None

Abstain: None

Motion approved unanimously

6. Eastern Peninsula Draft Municipal Service Review (Information Only)

Policy Analyst Seibel gave his presentation regarding the first draft of the Eastern Peninsula Area Municipal Service Review Report.

Chair McEntee opened the public comment, and hearing none, closed public comment.

Vice-Chair Murray questioned the matter of pockets of unincorporated space along Paradise Drive. Executive Officer Fried explained that he planned to have a larger discussion down the road with the County and the Town of Tiburon about Paradise Drive jurisdictional boundaries as a whole.

Vice-Chair Murray expressed thanks to staff for pointing out the unusual nature of Strawberry Recreation District overseeing dredging operations. Commissioner Kious added that caution should be used moving forward to ensure that any efforts to reorganize the current dredging operations do not interrupt any scheduled or future dredgings that are a necessity for the parcels requiring the service.

Commissioner Moody requested that the study's title be changed as Eastern Peninsula would not be a title that residents would recognize for their area.

**BUSINESS ITEMS**

7. Approval of Work Plan for Fiscal Year 2020-2021

Executive Officer Fried discussed the work plan that was developed at the recent workshop.

Commissioner Coler requested examination of forming a new fire district from the current Ross Valley Fire Department JPA in the course of the Ross Valley Area Municipal Service Review.

Chair McEntee opened the public comment, and hearing none, closed public comment.

Approved: M/S by Commissioners Kious and Murray to approve the proposed work plan.

Ayes: Commissioners McEntee, Murray, Kious, Coler, Loder, Connolly, and Arnold

Nays: None

Abstain: None

Motion approved unanimously



8. Commendation for Commissioner Sloan Bailey

Chair McEntee read the commendation for Commissioner Bailey and expressed her gratitude for his service, in particular as a member of the Policy Committee.

Chair McEntee opened the public comment, and hearing none, closed public comment.

Approved: M/S by Commissioners Arnold and Connolly to approve the proposed work plan.

Ayes: Commissioners McEntee, Murray, Kiouss, Coler, Loder, Connolly, and Arnold

Nays: None

Abstain: None

Motion approved unanimously

**EXECUTIVE OFFICER REPORT** (discussion and possible action)

a) Budget Update FY 2019-2020

Staff stated the budget was on track.

b) Current and Pending Proposals

Update on 1501 Lucas Valley Road proposal being resubmitted.

c) Update on MSR(s) [Verbal Report Only]

Research has begun on Ross Valley MSR.

d) Committee Assignments

Update on committee assignments. Technology Committee, due to no current need, has been deemed dormant.

e) Possible Change to April Meeting [Verbal Report Only]

Conflict with typical meeting date falling during Spring Break. A poll will be sent to commissioners to determine a new meeting date.

**COMMISSIONER ANNOUNCEMENTS AND REQUESTS**

Hearing no additional requests or announcements, the Chair called for adjournment.

Chair McEntee adjourned the meeting at 8:34 P.M.

**ADJOURNMENT TO NEXT MEETING**

TBD

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

Attest: Jeren Seibel  
Policy Analyst

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

April 30, 2020

Item No. 2 (Consent Item)

**TO:** Local Agency Formation Commission

**FROM:** Jason Fried, Executive Officer

**SUBJECT:** Commission Ratification of Payments from February 1, 2020 to March 31, 2020

### Background

Marin LAFCo adopted a Policy Handbook delegating 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 to be reconciled by LAFCo's contracted bookkeeper. Additionally, all payments are to be reported to the Commission at the next available Commission meeting for formal ratification.

This following item is presented for the Commission to consider the ratification of all payments made by the Executive Officer between February 1, 2020, and March 31, 2020, totaling \$84,224.36. The payments are detailed in the attachment.

### Staff Recommendation for Action

1. Staff Recommendation - Ratify the payments made by the Executive Officer between February 1, 2020, and March 31, 2020, as shown in attachment.
2. Alternate Option - Continue consideration of the item to the next regular meeting and provide direction to staff as needed.

### Procedures for Consideration

This item has been placed on the agenda 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.

#### Attachment:

- 1) Payments from February 1, 2020, to March 31, 2020

#### Administrative Office

Jason Fried, Executive Officer  
1401 Los Gatos Drive, Suite 220  
San Rafael, California 94903  
T: 415-448-5877 E: staff@marinlafco.org  
www.marinlafco.org

Damon Connolly, Regular  
County of Marin

Judy Arnold, Regular  
County of Marin

Dennis Rodoni, Alternate  
County of Marin

Sashi McEntee, Chair  
City of Mill Valley

Barbara Coler, Regular  
Town of Fairfax

James Campbell, Alternate  
City of Belvedere

Craig K. Murray, Vice Chair  
Las Gallinas Valley Sanitary

Lew Kiious, Regular  
Almonte Sanitary District

Tod Moody, Alternate  
Sanitary District #5

Larry Loder, Regular  
Public Member

Chris Skelton, Alternate  
Public Member

## Marin Local Agency Formation Commission Expenses by Vendor Detail February through March 2020

Type	Date	Num	Memo	Account	Clr	Split	Amount	Balance
<b>A and P Moving, Inc.</b>								
Check	02/12/2020	20333	Invoice # 405...	5211215 · Rent - St...		1111300 · 403...	40.00	40.00
Check	03/16/2020	20357	Invoice # 405...	5211215 · Rent - St...		1111300 · 403...	40.00	80.00
Total A and P Moving, Inc.							80.00	80.00
<b>ALHAMBRA &amp; SIERRA SPRINGS</b>								
Check	02/20/2020	20337	Invoice # 159...	5220110 · Office Su...		1111300 · 403...	78.43	78.43
Check	03/16/2020	20358	Invoice # 159...	5220110 · Office Su...		1111300 · 403...	42.43	120.86
Total ALHAMBRA & SIERRA SPRINGS							120.86	120.86
<b>ARNOLD, JUDY</b>								
Check	02/20/2020	20343	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	250.00	250.00
Total ARNOLD, JUDY							250.00	250.00
<b>Bailey, Sloan</b>								
Check	02/20/2020	20338	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	125.00	125.00
Total Bailey, Sloan							125.00	125.00
<b>BARBIER SECURITY GROUP</b>								
Check	03/16/2020	20361	Invoice #18255	5210110 · Professio...		1111300 · 403...	160.00	160.00
Total BARBIER SECURITY GROUP							160.00	160.00
<b>BEST BEST &amp; KRIEGER LLP</b>								
Check	02/27/2020	20351	Invoice # 870...	5210131 · Legal Ser...		1111300 · 403...	783.00	783.00
Check	03/26/2020	20362	Invoice # 872...	5210131 · Legal Ser...		1111300 · 403...	1,724.25	2,507.25
Total BEST BEST & KRIEGER LLP							2,507.25	2,507.25
<b>Coler, Barbara</b>								
Check	02/20/2020	20347	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	250.00	250.00
Total Coler, Barbara							250.00	250.00
<b>COMCAST</b>								
Check	02/27/2020	20352	Bill Date Jan 12	5210710 · Communi...		1111300 · 403...	192.16	192.16
Check	03/26/2020	20365	Bill Date Mar 12	5210710 · Communi...		1111300 · 403...	192.16	384.32
Total COMCAST							384.32	384.32
<b>COMMUNITY MEDIA CENTER OF MARIN</b>								
Check	02/03/2020	20327	Vender Order ...	5210710 · Communi...		1111300 · 403...	450.00	450.00
Total COMMUNITY MEDIA CENTER OF MARIN							450.00	450.00

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
February through March 2020

Type	Date	Num	Memo	Account	Clr	Split	Amount	Balance
<b>CONNOLLY, DAMON</b>								
Check	02/20/2020	20342	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	250.00	250.00
Total CONNOLLY, DAMON							250.00	250.00
<b>COUNTY OF MARIN - DOF PAYROLL</b>								
Check	02/20/2020	20336	Jan 20 invoice	5130525 · Retiree H...		1111300 · 403...	449.02	449.02
Total COUNTY OF MARIN - DOF PAYROLL							449.02	449.02
<b>FP MAILING SOLUTIONS</b>								
Check	03/16/2020	20359	Invoice # RI 1...	5220110 · Office Su...		1111300 · 403...	60.69	60.69
Check	03/26/2020	20364	Invoice # RI 1...	5220110 · Office Su...		1111300 · 403...	154.51	215.20
Total FP MAILING SOLUTIONS							215.20	215.20
<b>Fried, Jason</b>								
Check	02/12/2020	20334	Dec 2019 and...	5211440 · Travel - ...		1111300 · 403...	151.76	151.76
Total Fried, Jason							151.76	151.76
<b>Indoff Incorporated</b>								
Check	02/27/2020	20349	Invoice #3345...	5220110 · Office Su...		1111300 · 403...	98.26	98.26
Total Indoff Incorporated							98.26	98.26
<b>KIOUS, LEWIS</b>								
Check	02/20/2020	20341	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	250.00	250.00
Total KIOUS, LEWIS							250.00	250.00
<b>LIEBERT CASSIDY WHITMORE</b>								
Check	02/27/2020	20353	Invoice #1493...	5210131 · Legal Ser...		1111300 · 403...	54.00	54.00
Check	03/26/2020	20363	Invoice #1494...	5210131 · Legal Ser...		1111300 · 403...	1,215.00	1,269.00
Total LIEBERT CASSIDY WHITMORE							1,269.00	1,269.00
<b>LODER, LAWRENCE</b>								
Check	02/20/2020	20346	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	250.00	250.00
Total LODER, LAWRENCE							250.00	250.00
<b>MacLeod Watts, Inc</b>								
Check	03/26/2020	10025	Invoice #2003...	5210110 · Professio...		1111200 · 401...	3,100.00	3,100.00
Total MacLeod Watts, Inc							3,100.00	3,100.00

## Marin Local Agency Formation Commission Expenses by Vendor Detail February through March 2020

Type	Date	Num	Memo	Account	Clr	Split	Amount	Balance
<b>Marin CLEAN ENERGY</b>								
Check	02/03/2020	20329	Invoice - LAF...	5211510 · Misc Serv...		1111300 · 403...	155.75	155.75
Check	03/02/2020	20355	Invoice - LAF...	5211510 · Misc Serv...		1111300 · 403...	152.75	308.50
Total Marin CLEAN ENERGY							308.50	308.50
<b>MARIN INDEPENDENT JOURNAL</b>								
Check	02/12/2020	20330	Invoice # 000...	5211520 · Publicatio...		1111300 · 403...	108.22	108.22
Total MARIN INDEPENDENT JOURNAL							108.22	108.22
<b>MARIN MAC TECH</b>								
Check	02/20/2020	20335	Invoice # 1957	5210710 · Communi...		1111300 · 403...	632.50	632.50
Check	02/27/2020	20350	Invoice # 1989	5210710 · Communi...		1111300 · 403...	153.76	786.26
Check	03/16/2020	20360	Invoice # 2054	5210710 · Communi...		1111300 · 403...	929.51	1,715.77
Total MARIN MAC TECH							1,715.77	1,715.77
<b>McENTEE, SASHI</b>								
Check	02/20/2020	20340	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	250.00	250.00
Total McENTEE, SASHI							250.00	250.00
<b>MOODY, TOD</b>								
Check	02/20/2020	20344	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	250.00	250.00
Total MOODY, TOD							250.00	250.00
<b>MURRAY, CRAIG K</b>								
Check	02/20/2020	20348	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	250.00	250.00
Total MURRAY, CRAIG K							250.00	250.00
<b>PAYROLL</b>								
Check	02/07/2020	?	estimated	5110110 · Sal - Reg...		1110110 · Equi...	11,668.10	11,668.10
Check	02/07/2020	?	estimated	5110323 · Sick Leave		1110110 · Equi...	0.00	11,668.10
Check	02/07/2020	?	estimated	5110324 · Vacation ...		1110110 · Equi...	0.00	11,668.10
Check	02/07/2020	?	estimated	5110313 · Holiday Pay		1110110 · Equi...	0.00	11,668.10
Check	02/07/2020	?	estimated	5110328 · Personal ...		1110110 · Equi...	0.00	11,668.10
Check	02/07/2020	?	estimated	511350 · Manageme...		1110110 · Equi...	0.00	11,668.10
Check	02/07/2020	?	estimated	5110335 · Vacation...		1110110 · Equi...	0.00	11,668.10
Check	02/07/2020	?	estimated	5130520 · Co Ret C...		1110110 · Equi...	641.50	12,309.60
Check	02/07/2020	?	estimated	5130521 · Co Ret C...		1110110 · Equi...	1,532.82	13,842.42
Check	02/07/2020	?	estimated	5130110 · Ben-Med...		1110110 · Equi...	74.26	13,916.68
Check	02/07/2020	?	estimated	5130120 · County of...		1110110 · Equi...	708.66	14,625.34
Check	02/07/2020	?	estimated	5130210 · Dental In...		1110110 · Equi...	117.18	14,742.52
Check	02/07/2020	?	estimated	5130310 · Vision Se...		1110110 · Equi...	12.16	14,754.68
Check	02/07/2020	?	estimated	5130410 · Benefits -...		1110110 · Equi...	10.16	14,764.84
Check	02/07/2020	?	estimated	5140140 · Payroll Tax		1110110 · Equi...	171.15	14,935.99
Check	02/07/2020	?	estimated	5130524 · Benefits -...		1110110 · Equi...	203.16	15,139.15
Check	02/07/2020	?	estimated	5130640 · Unused F...		1110110 · Equi...	110.09	15,249.24

## Marin Local Agency Formation Commission Expenses by Vendor Detail February through March 2020

Type	Date	Num	Memo	Account	Clr	Split	Amount	Balance
Check	02/21/2020	?	estimated	5110110 · Sal - Reg...		1110110 · Equi...	11,668.10	26,917.34
Check	02/21/2020	?	estimated	5110323 · Sick Leave		1110110 · Equi...	0.00	26,917.34
Check	02/21/2020	?	estimated	5110324 · Vacation ...		1110110 · Equi...	0.00	26,917.34
Check	02/21/2020	?	estimated	5110313 · Holiday Pay		1110110 · Equi...	0.00	26,917.34
Check	02/21/2020	?	estimated	5110328 · Personal ...		1110110 · Equi...	0.00	26,917.34
Check	02/21/2020	?	estimated	511350 · Manageme...		1110110 · Equi...	0.00	26,917.34
Check	02/21/2020	?	estimated	5110335 · Vacation...		1110110 · Equi...	0.00	26,917.34
Check	02/21/2020	?	estimated	5130520 · Co Ret C...		1110110 · Equi...	641.50	27,558.84
Check	02/21/2020	?	estimated	5130521 · Co Ret C...		1110110 · Equi...	1,532.82	29,091.66
Check	02/21/2020	?	estimated	5130110 · Ben-Med-...		1110110 · Equi...	74.26	29,165.92
Check	02/21/2020	?	estimated	5130120 · County of...		1110110 · Equi...	708.66	29,874.58
Check	02/21/2020	?	estimated	5130210 · Dental In...		1110110 · Equi...	117.18	29,991.76
Check	02/21/2020	?	estimated	5130310 · Vision Se...		1110110 · Equi...	12.16	30,003.92
Check	02/21/2020	?	estimated	5130410 · Benefits -...		1110110 · Equi...	10.16	30,014.08
Check	02/21/2020	?	estimated	5140140 · Payroll Tax		1110110 · Equi...	171.15	30,185.23
Check	02/21/2020	?	estimated	5130524 · Benefits -...		1110110 · Equi...	203.16	30,388.39
Check	02/21/2020	?	estimated	5130640 · Unused F...		1110110 · Equi...	110.09	30,498.48
Check	03/06/2020	?	estimated	5110110 · Sal - Reg...		1110110 · Equi...	11,668.10	42,166.58
Check	03/06/2020	?	estimated	5110323 · Sick Leave		1110110 · Equi...	0.00	42,166.58
Check	03/06/2020	?	estimated	5110324 · Vacation ...		1110110 · Equi...	0.00	42,166.58
Check	03/06/2020	?	estimated	5110313 · Holiday Pay		1110110 · Equi...	0.00	42,166.58
Check	03/06/2020	?	estimated	5110328 · Personal ...		1110110 · Equi...	0.00	42,166.58
Check	03/06/2020	?	estimated	511350 · Manageme...		1110110 · Equi...	0.00	42,166.58
Check	03/06/2020	?	estimated	5110335 · Vacation...		1110110 · Equi...	0.00	42,166.58
Check	03/06/2020	?	estimated	5130520 · Co Ret C...		1110110 · Equi...	641.50	42,808.08
Check	03/06/2020	?	estimated	5130521 · Co Ret C...		1110110 · Equi...	1,532.82	44,340.90
Check	03/06/2020	?	estimated	5130110 · Ben-Med-...		1110110 · Equi...	74.26	44,415.16
Check	03/06/2020	?	estimated	5130120 · County of...		1110110 · Equi...	708.66	45,123.82
Check	03/06/2020	?	estimated	5130210 · Dental In...		1110110 · Equi...	117.18	45,241.00
Check	03/06/2020	?	estimated	5130310 · Vision Se...		1110110 · Equi...	12.16	45,253.16
Check	03/06/2020	?	estimated	5130410 · Benefits -...		1110110 · Equi...	10.16	45,263.32
Check	03/06/2020	?	estimated	5140140 · Payroll Tax		1110110 · Equi...	171.15	45,434.47
Check	03/06/2020	?	estimated	5130524 · Benefits -...		1110110 · Equi...	203.16	45,637.63
Check	03/06/2020	?	estimated	5130640 · Unused F...		1110110 · Equi...	110.09	45,747.72
Check	03/20/2020	?	estimated	5110110 · Sal - Reg...		1110110 · Equi...	11,668.10	57,415.82
Check	03/20/2020	?	estimated	5110323 · Sick Leave		1110110 · Equi...	0.00	57,415.82
Check	03/20/2020	?	estimated	5110324 · Vacation ...		1110110 · Equi...	0.00	57,415.82
Check	03/20/2020	?	estimated	5110313 · Holiday Pay		1110110 · Equi...	0.00	57,415.82
Check	03/20/2020	?	estimated	5110328 · Personal ...		1110110 · Equi...	0.00	57,415.82
Check	03/20/2020	?	estimated	511350 · Manageme...		1110110 · Equi...	0.00	57,415.82
Check	03/20/2020	?	estimated	5110335 · Vacation...		1110110 · Equi...	0.00	57,415.82
Check	03/20/2020	?	estimated	5130520 · Co Ret C...		1110110 · Equi...	641.50	58,057.32
Check	03/20/2020	?	estimated	5130521 · Co Ret C...		1110110 · Equi...	1,532.82	59,590.14
Check	03/20/2020	?	estimated	5130110 · Ben-Med-...		1110110 · Equi...	74.26	59,664.40
Check	03/20/2020	?	estimated	5130120 · County of...		1110110 · Equi...	708.66	60,373.06
Check	03/20/2020	?	estimated	5130210 · Dental In...		1110110 · Equi...	117.18	60,490.24
Check	03/20/2020	?	estimated	5130310 · Vision Se...		1110110 · Equi...	12.16	60,502.40
Check	03/20/2020	?	estimated	5130410 · Benefits -...		1110110 · Equi...	10.16	60,512.56
Check	03/20/2020	?	estimated	5140140 · Payroll Tax		1110110 · Equi...	171.15	60,683.71

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04/23/20

Accrual Basis

## Marin Local Agency Formation Commission Expenses by Vendor Detail February through March 2020

Type	Date	Num	Memo	Account	Clr	Split	Amount	Balance
Check	03/20/2020	?	estimated	5130524 · Benefits -...		1110110 · Equi...	203.16	60,886.87
Check	03/20/2020	?	estimated	5130640 · Unused F...		1110110 · Equi...	110.09	60,996.96
Total PAYROLL							60,996.96	60,996.96
<b>RICCIARDI, R J</b>								
Check	02/12/2020	20332	Invoice # 11609	5210110 · Professio...		1111300 · 403...	1,205.00	1,205.00
Total RICCIARDI, R J							1,205.00	1,205.00
<b>RICOH USA INC</b>								
Check	02/12/2020	20331	Invoice # 505...	5220110 · Office Su...		1111300 · 403...	60.44	60.44
Total RICOH USA INC							60.44	60.44
<b>RODONI, DENNIS JAMES</b>								
Check	02/20/2020	20339	Dec 2019 Co...	5211533 · Commissi...		1111300 · 403...	125.00	125.00
Total RODONI, DENNIS JAMES							125.00	125.00
<b>SECURITY MORTGAGE GROUP 2</b>								
Check	02/03/2020	20326	Feb2020 Rent	5211270 · Office Le...		1111300 · 403...	2,714.60	2,714.60
Check	03/02/2020	20354	March 2020 R...	5211270 · Office Le...		1111300 · 403...	2,714.60	5,429.20
Check	03/26/2020	20366	April 2020 Rent	5211270 · Office Le...		1111300 · 403...	2,714.60	8,143.80
Total SECURITY MORTGAGE GROUP 2							8,143.80	8,143.80
<b>SKELTON, CHRIS</b>								
Check	02/20/2020	20345	Jan 2020 Wor...	5211533 · Commissi...		1111300 · 403...	250.00	250.00
Total SKELTON, CHRIS							250.00	250.00
<b>Streamline</b>								
Check	02/03/2020	20328	Invoice #1034...	5210710 · Communi...		1111300 · 403...	100.00	100.00
Check	03/02/2020	20356	Invoice #1038...	5210710 · Communi...		1111300 · 403...	100.00	200.00
Total Streamline							200.00	200.00
<b>TOTAL</b>							<b>84,224.36</b>	<b>84,224.36</b>





# Marin Local Agency Formation Commission

## Regional Service Planning | Subdivision of the State of California

### AGENDA REPORT

April 30, 2020

Item No. 3 (Consent)

**TO:** Local Agency Formation Commission

**FROM:** Jason Fried, Executive Officer

**SUBJECT:** Receive and File GASB 75 Report

### Background

Every two years LAFCo is required by CalPERS to have an independent Governmental Accounting Standards Board (GASB) 75 report done for our Other Post-Employment Benefits (OPEB) account. Our last report was completed in 2018 so our next report is due by the end of our current fiscal year. LAFCo had previously agreed to use MacLeod Watts (MW) to do this work for us. The attached report is their completed report.

The high-level overview from the report is that LAFCo is currently at 100% funding for our OPEB funding with CalPERS. We are actually over 100% right now and do have the right to withdraw money but this is based on the fact that MW was able to factor in the resignation of one of our staff within the report. Should LAFCo hire a new person to fill that role, we would likely be right around the 100% funding mark depending on many factors that are based on the individual hired. Given this, staff would suggest leaving this account as is for the upcoming year.

### Procedures for Consideration

This item has been placed on the agenda 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.

### Staff Recommendation for Action

- 1. Staff Recommendation** – Receive and File the attached GASB 75 report as presented by MacLeod Watts.
- 2. Alternate Option** - Continue consideration of the item to the next Commission meeting and provide direction to staff, as needed.

Attachment:

1. GASB 75 Report

**Administrative Office**  
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1401 Los Gatos Drive, Suite 220  
San Rafael, California 94903  
T: 415-448-5877 E: staff@marinlafco.org  
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**Damon Connolly, Regular**  
County of Marin

**Judy Arnold, Regular**  
County of Marin

**Dennis Rodoni, Alternate**  
County of Marin

**Sashi McEntee, Chair**  
City of Mill Valley

**Barbara Coler, Regular**  
Town of Fairfax

**James Campbell, Alternate**  
City of Belvedere

**Craig K. Murray, Vice Chair**  
Las Gallinas Valley Sanitary

**Lew Kiious, Regular**  
Almonte Sanitary District

**Tod Moody, Alternate**  
Sanitary District #5

**Larry Loder, Regular**  
Public Member

**Chris Skelton, Alternate**  
Public Member

# MacLeod Watts

March 18, 2020

Jason Fried  
Executive Officer  
Marin Local Agency Formation Commission  
1401 Los Gamos, Suite 220  
San Rafael, CA 94903

Re: June 30, 2019 Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2020

Dear Mr. Fried:

We are pleased to enclose our actuarial report providing information regarding the other post-employment benefit (OPEB) liability of the Marin Local Agency Formation Commission. The report's text describes our analysis and assumptions in detail.

The primary purposes of this report are to:

- 1) Remeasure plan liabilities as of June 30, 2019, in accordance with GASB 75's biennial valuation requirement,
- 2) Develop Actuarially Determined Contribution levels for prefunding plan benefits, and
- 3) Provide information to be submitted to the California Employers' Retiree Benefit Trust (CERBT) to satisfy filing requirements for the trust, and
- 4) Provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the Commission's financial statements for the fiscal year ending June 30, 2020. *Please note that contributions, retiree benefit payments and payroll shown for fiscal year end 2020 are estimates.*

The information included in this report reflects our understanding and assumption that the Commission will continue contributing 100% or more of the Actuarially Determined Contributions each year. If this is not the case, please let us know as results could change significantly.

The results presented are based on the results of an actuarial valuation prepared as of June 30, 2019 and on the employee data, details on plan benefits and retiree benefit payments reported to us by the Commission for that valuation. As with any analysis, the soundness of the report is dependent on the inputs. Please review our summary of this information to be comfortable that it matches your records.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of Commission employees who provided valuable time and information to enable us to perform this valuation. Please let us know if we can be of further assistance.

Sincerely,



Catherine L. MacLeod, FSA, FCA, EA, MAAA  
Principal and Consulting Actuary



# Marin Local Agency Formation Commission

Actuarial Valuation of Other  
Post-Employment Benefit Programs  
As of June 30, 2019

& GASB 75 Report for the Fiscal Year Ending  
June 30, 2020

Submitted March 2020

MacLeod Watts

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## A. Executive Summary

This report presents the results of the June 30, 2019 actuarial valuation of the other post-employment benefit (OPEB) program of the Marin Local Agency Formation Commission (the Commission). The purposes of this valuation are to: 1) summarize the results of the valuation; 2) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits; 3) provide information required by the California Employers' Retiree Benefit Trust (CERBT); and 4) assess the OPEB liabilities and provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2020.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present various exhibits and other relevant information appropriate for disclosures under GASB 75.

Absent material changes to this program, the results of the June 30, 2019 valuation will also be applied to prepare the Commission's GASB 75 report for the fiscal year ending June 30, 2021. If there are any significant changes in the employee population, plan benefits or eligibility, or to the Commission's funding policy, an earlier valuation might be required or appropriate.

### OPEB Obligations of the Commission

The Commission offers continuation of medical and dental coverage to qualifying retired employees. These benefits may create one or more of the following types of OPEB liabilities:

- **Explicit subsidy liabilities:** An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare. In this program, the Commission contributes a portion of retiree medical premiums for qualifying retirees. These benefits are described in Section 2.
- **Implicit subsidy liabilities:** An "implicit subsidy" exists when the premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. Commission employees and retirees are offered coverage through Marin County. In this program, the same monthly premiums are charged for active employees and for pre-Medicare retirees.

As is the nature of group premium rate structures, at younger ages, retirees may be expected to experience higher claims than the premiums they pay, where at older ages, the reverse is likely to be true. We determine the implicit rate subsidy for pre-Medicare retirees as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on this process see Section 3 and Addendum 2: MacLeod Watts Age Rating Methodology.

Different monthly premiums are charged for Medicare-eligible members based on the claims experience of these retirees only. We assumed that the Medicare Supplement premium structure is adequate to cover their expected retiree claims.

While dental premium rates are the same for active and retired employees, we assumed no implicit subsidy exists for retiree dental coverage.



## Executive Summary

(Continued)

### OPEB Funding Policy

The Commission's OPEB funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an Agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate based on the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an Agency only contributes the required retiree benefits when due. When an Agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The Commission has been and continues to prefund its OPEB liability, contributing 100% or more of the Actuarially Determined Contributions each year. With the Commission's approval, the assumed trust rate and discount rate used in this valuation is 5.75% reflecting the Commission's expectations as of the measurement date. For more information, see Expected Return on Trust Assets on page 10.

### Actuarial Assumptions

The actuarial "demographic" assumptions (i.e. rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering Commission employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

### Important Dates Used in the Valuation

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year	June 30, 2020
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019
Valuation Date	June 30, 2019



## Executive Summary

(Concluded)

### Significant Results and Differences from the Prior Valuation

No benefit changes were reported to MacLeod Watts relative to those in place at the time the July 2017 valuation was prepared. We reviewed and did update some assumptions used to project the OPEB liability. Differences between actual and expected results based on updated census and premium data since June 2017 were also reflected (referred to as “plan experience”). Overall, the Total OPEB Liability on the current measurement date is just slightly lower than that reported one year ago.

Section C. Basic Valuation Results as of June 30, 2019 provides additional information on the impact of the new assumptions and plan experience. Assumption changes are described at the end of Section 3.

### Impact on Statement of Net Position and OPEB Expense for Fiscal 2020

The plan’s impact to Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. Different recognition periods apply to deferred resources depending on their origin. The plan’s impact on Net Position on the measurement date can be summarized as follows.

Items	For Reporting At Fiscal Year Ending June 30, 2020
Total OPEB Liability	\$ 59,062
Fiduciary Net Position	63,381
Net OPEB Liability (Asset)	(4,319)
Deferred (Outflows) of Resources	(5,566)
Deferred Inflows of Resources	563
Impact on Statement of Net Position	\$ (9,322)
 <b>OPEB Expense, FYE 6/30/2020</b>	 <b>\$ (136)</b>

### Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for the Commission’s financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. The Commission should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the Commission consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.



## B. Valuation Process

The June 30, 2019 valuation has been based on employee census data and benefits initially submitted to us by the Commission in September 2019 and clarified in subsequent related communications. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the Commission as to its accuracy. The valuation described below has been performed in accordance with the actuarial methods and assumptions described in Section 3.

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over the employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service with the Commission to receive benefits.
- To the extent assumed to retire from the Commission, the probability of various possible retirement dates for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. Final payments for younger active employees may not be made for 70 years or more.

Projections over such long periods that are dependent on numerous assumptions regarding future economic and demographic variables are subject to substantial revision as future events unfold. While we believe that the assumptions and methods used in this valuation are reasonable for the purposes of this report, the cost to the Commission of sponsoring this plan is subject to future revision risk, perhaps materially. Demonstrating the range of potential future results was beyond the scope of our assignment.

The key outputs from an actuarial valuation are described below:

**Actuarial Present Value of Projected Benefits (PVPB):** PVPB refers to the discounted total value of all future benefits expected to be provided to current retirees and beneficiaries and to current active employees after they retire. In calculating the PVPB, the amount of each future payment is projected, multiplied by a probability that it will be paid and then discounted from the future payment date back to the valuation date using the assumed discount rate.

After the PVPB is calculated, the next step in the valuation process is to apportion the PVPB into

- the value of benefits already *earned by prior service* of current employees and retirees and
- the value of benefits expected to be *earned by future service* of current employees.





## Valuation Process

(Concluded)

*Key valuation outputs (continued)*

**Actuarial Accrued Liability (TOL):** The value of benefits deemed earned by service worked prior to the valuation date is called the Actuarial Accrued Liability (in actuarial terminology) and **Total OPEB Liability** (in GASB terminology). The AAL/TOL represents the portion of the PVPB that is deemed to have been earned by prior service of employees. The AAL for current retirees equals their PVPB because their service is complete. For active employees, the AAL is less than the PVPB because there is always some future service possible.

**Normal cost (NC):** Normal cost (actuarial terminology), or service cost (in GASB terminology) represents the portion of the PVPB that is deemed to be earned by active employees over a single year. The present value of all future normal costs for the periods after the valuation date plus the AAL will be equal to the PVPB. Only active members have a current service cost.

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets is applied to offset the AAL. In this valuation, we set the Actuarial Value of Assets equal to the market value of assets invested in in the Commission’s CERBT OPEB trust. The portion of the AAL not covered by assets is referred to as the **unfunded actuarial accrued liability** (or UAAL in actuarial terminology), or **Net OPEB Liability** (in GASB terminology).

If the actuarial cost method used for plan funding is the same as that required by GASB 75, the terms may often be used interchangeably<sup>1</sup>:

**Actuarial Funding Terminology**

Present Value of Projected Benefits (PVPB)  
Actuarially Accrued Liability (AAL)  
Market Value of Assets  
Unfunded Actuarially Accrued Liability (UAAL)  
Normal Cost

**GASB 75 Terminology**

N/A; typically not reported for accounting purposes  
Total OPEB Liability (TOL)  
Fiduciary Net Position  
Net OPEB Liability  
Service Cost

Specific results from this valuation are provided in the following Section C. Plan contributions for fiscal years 2021 and 2022 based on this 2019 valuation are developed in Section E.

Trust assets expressed as a percentage of the Present Value of Projected Benefits and of the Total OPEB Liability for the Commission’s OPEB plan as of the June 30, 2019 valuation date are shown here:

PVPB	FNP (Assets)	Funded %
\$ 79,423	\$ 63,381	80%
TOL (AAL)	FNP (Assets)	Funded %
\$ 59,062	\$ 63,381	107%

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<sup>1</sup> i.e., the entry age normal, level percent of payroll method. There may also be some accrued transactions reflected for accounting but not for funding purposes, or vice versa.



### C. Basic Valuation Results as of June 30, 2019

This chart compares the results measured as of June 30, 2018, based on the July 1, 2017 valuation, with the results measured as of June 30, 2019, based on the June 30, 2019 actuarial valuation.

Valuation date	6/30/2017			6/30/2019		
Fiscal Year End	6/30/2019			6/30/2020		
Measurement Date	6/30/2018			6/30/2019		
	Explicit	Implicit	Total	Explicit	Implicit	Total
Subsidy						
Discount rate	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
<b>Number of Covered Employees</b>						
Actives	-	-	-	2	2	2
Retirees	1	-	1	1	-	1
Total Participants	1	-	1	3	2	3
<b>Actuarial Present Value of Projected Benefits</b>						
Actives	\$ -	\$ -	\$ -	\$ 9,157	\$ 11,205	\$ 20,362
Retirees	60,046	-	60,046	59,062	-	59,062
Total APVPB	60,046	-	60,046	68,219	11,205	79,424
<b>Total OPEB Liability (TOL)</b>						
Actives	-	-	-	-	-	-
Retirees	60,046	-	60,046	59,062	-	59,062
TOL	60,046	-	60,046	59,062	-	59,062
Fiduciary Net Position	59,186	-	-	63,381	-	63,381
<b>Net OPEB Liability</b>	860	-	860	(4,319)	-	(4,319)
<b>Service Cost</b>	-	-	-	960	1,202	2,162

The change in the Total OPEB Liability, Fiduciary Net Position and Net OPEB Liability are discussed on the following page.



## Basic Valuation Results as June 30, 2019

(Concluded)

**Change in the Net OPEB Liability (Unfunded Actuarial Accrued Liability):** Ideally, plan assets are greater than or equal to the Total OPEB Liability (TOL), resulting in a \$0 or negative Net OPEB Liability (NOL). The change in the NOL will reflect changes in both the TOL and in the plan assets.

*Change in plan assets:* There was about a 3% difference between expected and actual assets on the valuation date. Contributions to the trust and earnings on investments were close to what we expected.

*Change in TOL:* The TOL *decreased* by about \$1,000 from one year ago. We expected a *decrease* of about \$1,700 from normal plan operation and the passage of time. The main reason for the expected decrease was that the Commission only had 1 retiree covered by the plan. Now the Commission has 2 active employees in addition to the 1 retiree so future decreases are less likely in the short term.

Some small unexpected changes partially offset the expected decrease. These changes were from updating some actuarial assumptions and from recognizing ‘plan experience’ different than previously projected. The net effect of all the unexpected changes was a \$700 increase in the TOL relative to what the liability would have been absent these changes.

This chart reconciles the Total OPEB Liability (TOL) based on the FYE 2019 GASB 75 liability to the actual TOL reported as of June 30, 2020.

<b>Reported Total OPEB Liability at June 30, 2019</b> Measurement Date June 30, 2018	<b>\$ 60,046</b>
<b>Expected Changes:</b>	
Normal Cost	-
Benefit Payments	(5,013)
Interest Cost	3,309
<b>Total Expected Change</b>	<b>(1,704)</b>
<b>Expected Total OPEB Liability at June 30, 2020</b> Measurement Date June 30, 2019	<b>\$ 58,342</b>
<b>Unexpected Changes:</b>	
Plan experience different than assumed	372
Assumption changes (healthcare trend and demographic assumptions)	348
<b>Total Unexpected Change</b>	<b>720</b>
<b>Actual Total OPEB Liability at June 30, 2020</b> Measurement Date June 30, 2019	<b>\$ 59,062</b>

For details on assumption changes, see Supporting Information, Section 3.



## D. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end June 30, 2020. The Commission is classified for GASB 75 purposes as a single employer.

The Net Deferred (Outflows) Inflows of Resources and Deferred Contributions shown in this report are subject to changes based on the final reported Employer Contributions during fiscal year 2019-2020. The implicit subsidy contribution will not change, but actual retiree benefits paid and contributions to the OPEB trust, if any, should be updated once known after the close of the year. Covered employee payroll for the current fiscal year, shown in the Schedule of Contributions exhibit will likely also change.

### Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

<b>Plan Summary Information for FYE June 30, 2020</b> <i>Measurement Date is June 30, 2019</i>	<b>LAFCo</b>
<b>Items Impacting Net Position:</b>	
Total OPEB Liability	\$ 59,062
Fiduciary Net Position	63,381
Net OPEB Liability (Asset)	<u>(4,319)</u>
<i>Deferred (Outflows) Inflows of Resources Due to:</i>	
Assumption Changes	(303)
Plan Experience	(324)
Investment Experience	563
Deferred Contributions	<u>(5,400)</u>
Net Deferred (Outflows) Inflows of Resources	(5,464)
<b>Impact on Statement of Net Position, FYE 6/30/2020</b>	<b><u>\$ (9,783)</u></b>
<b>Items Impacting OPEB Expense:</b>	
Service Cost	\$ -
Cost of Plan Changes	-
Interest Cost	3,309
Expected Earnings on Assets	(3,403)
Administrative Expenses	13
<i>Recognized Deferred Resource items:</i>	
Assumption Changes	45
Plan Experience	48
Investment Experience	<u>(148)</u>
<b>OPEB Expense, FYE 6/30/2020</b>	<b><u>\$ (136)</u></b>



## Accounting Information

(Continued)

### Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End <i>Measurement Date</i>	6/30/2019 <i>6/30/2018</i>	6/30/2020 <i>6/30/2019</i>	Change During Period
Total OPEB Liability	\$ 60,046	\$ 59,062	\$ (984)
Fiduciary Net Position	59,186	63,381	4,195
Net OPEB Liability (Asset)	860	(4,319)	(5,179)
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	-	(303)	(303)
Plan Experience	-	(324)	(324)
Investment Experience	(94)	563	657
Deferred Contributions	(5,013)	(5,400)	(387)
Net Deferred (Outflows) Inflows	(5,107)	(5,464)	(357)
Impact on Statement of Net Position	\$ (4,247)	\$ (9,783)	\$ (5,536)

### Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2019	\$ (4,247)
OPEB Expense (Income)	(136)
Employer Contributions During Fiscal Year	(5,400)
Impact on Statement of Net Position, FYE 6/30/2020	<u>\$ (9,783)</u>

### OPEB Expense

Employer Contributions During Fiscal Year	\$ 5,400
Deterioration (Improvement) in Net Position	(5,536)
OPEB Expense (Income), FYE 6/30/2020	<u>\$ (136)</u>



## Accounting Information

(Continued)

### Change in Fiduciary Net Position During the Measurement Period

		LAFCo
<b>Fiduciary Net Position at Fiscal Year Ending 6/30/2019</b>	\$	<b>59,186</b>
<i>Measurement Date 6/30/2018</i>		
<b>Changes During the Period:</b>		
Investment Income		4,208
Employer Contributions		5,013
Administrative Expenses		(13)
Benefit Payments		(5,013)
<b>Net Changes During the Period</b>		<b>4,195</b>
<b>Fiduciary Net Position at Fiscal Year Ending 6/30/2020</b>	\$	<b>63,381</b>
<i>Measurement Date 6/30/2019</i>		

### Expected Long-term Return on Trust Assets

The expected long-term return on trust assets was derived from information published by CalPERS for CERBT Strategy 2. CalPERS determined its returns using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are summarized in the following table:

CERBT Strategy 2		Years 1-10			Years 11+		
Major Asset Classification	Target Allocation	General Inflation Rate Assumption	1-10 Year Expected Real Rate of Return*	Compound Return Yrs 1-10	General Inflation Rate Assumption	11+ Year Expected Real Rate of Return*	Compound Return Years 11+
Global Equity	40%	2.00%	4.80%	6.80%	2.92%	5.98%	8.90%
Fixed Income	43%	2.00%	1.10%	3.10%	2.92%	2.62%	5.54%
Global Real Estate(REITs)	8%	2.00%	3.20%	5.50%	2.92%	5.00%	7.92%
Treasury Inflation Protected Securities	5%	2.00%	0.25%	2.25%	2.92%	1.46%	4.38%
Commodities	4%	2.00%	1.50%	3.50%	2.92%	2.87%	5.79%
Volatility	9.24%		weighted	5.22%		weighted	7.49%

\*Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.00%.

CalPERS' expected returns are split for years 1-10 and years 11 and thereafter. To derive the expected return specifically for the Commission, we projected plan benefits in each future year. Then applying the plan specific benefit payments to CalPERS' bifurcated return expectations, we determined the single equivalent long-term rate of return to be 6.15%. The Commission prefers to incorporate a margin for adverse deviation and approved 5.75% as the assumed asset return and the discount rate to determine the OPEB liability in the plan for both plan funding and financial reporting purposes.



## Accounting Information

(Continued)

### Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior year and/or from assumption changes during the year are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL period is 7.76 years for deferred resources arising in the current measurement period.

Changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability changes attributable to benefit changes occurring during the period are recognized immediately.

### Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2020.

Marin Local Agency Formation Commission	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 303	\$ -
Differences Between Expected and Actual Experience	324	-
Net Difference Between Projected and Actual Earnings on Investments	-	563
Deferred Contributions	5,400	-
<b>Total</b>	<b>\$ 6,027</b>	<b>\$ 563</b>

The Commission will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2021	\$ (55)
2022	(54)
2023	(14)
2024	(68)
2025	93
Thereafter	162



## Accounting Information

(Continued)

### Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year end 2020 is 5.75%. Healthcare Cost Trend Rate was assumed to start at 5.4% and then fluctuate to an ultimate increase rate of 4.0% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current - 1% 4.75%	Current 5.75%	Current + 1% 6.75%
<b>Total OPEB Liability</b>	63,807	59,062	54,897
Increase (Decrease)	4,745		(4,165)
% Increase (Decrease)	8.0%		-7.1%
<b>Net OPEB Liability (Asset)</b>	426	(4,319)	(8,484)
Increase (Decrease)	4,745		(4,165)
% Increase (Decrease)	109.9%		-96.4%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
<b>Total OPEB Liability</b>	59,007	59,062	59,111
Increase (Decrease)	(55)		49
% Increase (Decrease)	-0.1%		0.1%
<b>Net OPEB Liability (Asset)</b>	(4,374)	(4,319)	(4,270)
Increase (Decrease)	(55)		49
% Increase (Decrease)	-1.3%		1.1%





## Accounting Information

(Continued)

### Schedule of Changes in the Commission's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Only results for years since GASB 75 was implemented (fiscal years 2018, 2019 and 2020) are shown in the table.

Fiscal Year Ending	2020	2019	2018
<i>Measurement Date</i>	<i>6/30/2019</i>	<i>6/30/2018</i>	<i>6/30/2017</i>
<i>Discount Rate on Measurement Date</i>	<i>5.75%</i>	<i>5.75%</i>	<i>5.75%</i>
<b>Total OPEB liability</b>			
Service Cost	\$ -	\$ -	\$ -
Interest	3,309	3,413	3,529
Changes of benefit terms	-	-	-
Differences between expected and actual experience	372	-	-
Changes of assumptions	348	-	-
Benefit payments	(5,013)	(5,456)	(5,615)
<b>Net change in total OPEB liability</b>	<b>(984)</b>	<b>(2,043)</b>	<b>(2,086)</b>
<b>Total OPEB liability - beginning</b>	<b>60,046</b>	<b>62,089</b>	<b>64,175</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 59,062</b>	<b>\$ 60,046</b>	<b>\$ 62,089</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 5,013	\$ 21,071	\$ 25,102
Net investment income	4,208	2,544	1,894
Benefit payments	(5,013)	(5,456)	(5,615)
Administrative Expenses	(13)	(22)	(15)
Other Expenses	-	(54)	-
<b>Net change in plan fiduciary net position</b>	<b>4,195</b>	<b>18,083</b>	<b>21,366</b>
<b>Plan fiduciary net position - beginning</b>	<b>59,186</b>	<b>41,103</b>	<b>19,737</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 63,381</b>	<b>\$ 59,186</b>	<b>\$ 41,103</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ (4,319)</b>	<b>\$ 860</b>	<b>\$ 20,986</b>
<b>Covered-employee payroll</b>	<b>\$ 127,930</b>	<b>\$ -</b>	<b>\$ 217,782</b>
<b>Net OPEB liability as a % of covered-employee payroll</b>	<b>-3.38%</b>	<b>N/A</b>	<b>9.64%</b>



## Accounting Information

(Continued)

### Schedule of Contributions

Since establishing the OPEB trust, the Commission has consistently contributed 100% or more of the Actuarially Determined Contribution (ADC) each year and confirmed its intention to continue doing so. This chart shows the contributions since GASB 75 was implemented. *This exhibit should be updated to reflect actual contributions and payroll for fiscal year end 2020 once known.*

	FYE 2020	FYE 2019	FYE 2018
Actuarially Determined Contribution	\$ 2,036	\$ 1,526	\$ 15,615
Contributions in relation to the actuarially determined contribution	5,400	5,013	21,071
Contribution deficiency (excess)	\$ (3,364)	\$ (3,487)	\$ (5,456)
Covered employee payroll	\$ 229,570	\$ 127,930	\$ 144,601
Contributions as a % of covered employee payroll	2.35%	3.92%	14.57%

### Notes to Schedule

Valuation Date	6/30/2019	6/30/2017	7/1/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Basis, Open 30 years*	Level Dollar Basis, Closed 30 years	Level Dollar Basis, Closed 30 years
Amortization period	30 years remain	27 years remain	30 years remain
Asset valuation method	Market Value	Market Value	Market Value
Inflation	2.50%	2.75%	2.75%
Healthcare cost trend rates	5.4% in 2021, fluctuates until ultimate rate of 4% in 2076	7.50% in 2019, step down .5% per year to 5% by 2024	Ultimate trend rate of 4%
Salary increases	3.00%	N/A	2.00%
Investment rate of return	5.75%	5.75%	6.37%
Retirement age	From 55 to 75	N/A; all members are retired	Age 64 (or at 1st following year in which member qualified for benefits)
Mortality	2017 CalPERS Experience Study	2014 CalPERS Experience Study	Based on mortality tables published by the National Center for Health Statistics
Mortality Improvement	Projected with MW Scale 2018	Projected with MW Scale 2017	N/A

\* Because plan is currently in a surplus position



## Accounting Information

(Continued)

### Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Marin Local Agency Formation Commission	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to:				Impact on Statement of Net Position (e) = (c) - (d)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	
<b>Balance at Fiscal Year Ending 6/30/2019</b> <i>Measurement Date 6/30/2018</i>	\$ 60,046	\$ 59,186	\$ 860	\$ -	\$ -	\$ 94	\$ 5,013	\$ (4,247)
<b>Changes During the Period:</b>								
Service Cost	-		-					-
Interest Cost	3,309		3,309					3,309
Expected Investment Income		3,403	(3,403)					(3,403)
Employer Contributions		5,013	(5,013)					(5,013)
Changes of Benefit Terms	-		-					-
Administrative Expenses		(13)	13					13
Benefit Payments	(5,013)	(5,013)	-					-
Assumption Changes	348		348	348				-
Plan Experience	372		372		372			-
Investment Experience		805	(805)			(805)		-
Recognized Deferred Resources				(45)	(48)	148	(5,013)	4,958
Employer Contributions in Fiscal Year							5,400	(5,400)
<b>Net Changes in Fiscal Year 2019-2020</b>	(984)	4,195	(5,179)	303	324	(657)	387	(5,536)
<b>Balance at Fiscal Year Ending 6/30/2020</b> <i>Measurement Date 6/30/2019</i>	\$ 59,062	\$ 63,381	\$ (4,319)	\$ 303	\$ 324	\$ (563)	\$ 5,400	\$ (9,783)



**Accounting Information**  
(Continued)

**Schedule of Deferred Outflows and Inflows of Resources**

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: June 30, 2019

Deferred Resource					Balance as of Jun 30, 2019	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Cause	Initial Amount	Period (Yrs)	Annual Recognition		2018-19 (FYE 2020)	2019-20 (FYE 2021)	2020-21 (FYE 2022)	2021-22 (FYE 2023)	2022-23 (FYE 2024)	2023-24 (FYE 2025)	Thereafter
6/30/2017	Investment Earnings Greater than Expected	\$ (199)	5.00	\$ (40)	\$ (79)	\$ (40)	\$ (40)	\$ (39)	\$ -	\$ -	\$ -	\$ -
6/30/2018	Investment Earnings Less than Expected	266	5.00	53	160	53	53	53	54	-	-	-
6/30/2019	Loss Due To Plan Experience	372	7.76	48	324	48	48	48	48	48	48	84
6/30/2019	Loss Due To Assumption Changes	348	7.76	45	303	45	45	45	45	45	45	78
6/30/2019	Investment Earnings Greater than Expected	(805)	5.00	(161)	(644)	(161)	(161)	(161)	(161)	(161)	-	-



## Accounting Information

(Continued)

### Commission Contributions to the Plan

Commission contributions to the Plan occur as benefits are paid to retirees and/or to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums and taxes (“explicit subsidies”) and/or indirect payments to retirees in the form of higher premiums for active employees (“implicit subsidies”). For details, see Addendum 1 – Important Background Information.

Benefits and contributions paid by the Commission during the measurement period are shown below.

<b>Benefit Payments During the Measurement Period, Jul 1, 2018 thru Jun 30, 2019</b>	<b>LAFCo</b>
Benefits Paid by Trust	\$ -
Benefits Paid by Employer (not reimbursed by trust)	5,013
Implicit benefit payments	-
<b>Total Benefit Payments During the Measurement Period</b>	<b>\$ 5,013</b>

<b>Employer Contributions During the Measurement Period, Jul 1, 2018 thru Jun 30, 2019</b>	<b>LAFCo</b>
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	5,013
Implicit contributions	-
<b>Total Employer Contributions During the Measurement Period</b>	<b>\$ 5,013</b>

Benefits payments and other Commission contributions expected to be made in the year following the measurement period but prior to the end of the fiscal year are shown below. **These estimates should be replaced with total actual payments once known after the close of the fiscal year.**

<b>Employer Contributions During the Fiscal Year, Jul 1, 2019 thru Jun 30, 2020</b>	<b>LAFCo</b>
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	5,400
Implicit contributions	-
<b>Total Employer Contributions During the Fiscal Year</b>	<b>\$ 5,400</b>



## Accounting Information

(Continued)

### Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the Commission. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2020	\$ 5,400	\$ -	\$ 5,400	\$ -	\$ -	\$ -	\$ 5,400
2021	5,494	-	5,494	-	-	-	5,494
2022	5,576	-	5,576	-	-	-	5,576
2023	5,475	-	5,475	-	-	-	5,475
2024	5,364	-	5,364	-	-	-	5,364
2025	5,244	-	5,244	-	-	-	5,244
2026	5,113	3	5,116	-	(2)	(2)	5,114
2027	4,972	8	4,980	-	(2)	(2)	4,978
2028	4,821	14	4,835	-	5	5	4,840
2029	4,658	27	4,685	-	25	25	4,710
2030	4,485	49	4,534	-	71	71	4,605
2031	4,300	77	4,377	-	152	152	4,529
2032	4,103	114	4,217	-	286	286	4,503
2033	3,894	158	4,052	-	482	482	4,534
2034	3,673	224	3,897	-	800	800	4,697

The amounts shown in the Explicit Subsidy table reflect the expected payment by the Commission toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date (“current retirees”) and those expected to retire after the valuation date (“future retirees”).

*The amount of explicit subsidy benefits shown for FYE 2020 is currently an estimate and should be replaced with the actual amount, once known.*

The amounts shown in the Implicit Subsidy table reflect the expected excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees’ coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.



## Accounting Information

(Concluded)

### Sample Journal Entries

#### Beginning Account Balances

As of the fiscal year beginning 7/1/2019

	Debit	Credit
Net OPEB Liability		860
Deferred Resource -- Assumption Changes	-	
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience	94	
Deferred Resource -- Contributions	5,013	
Net Position		4,247

\* The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.

**Journal entry to recharacterize retiree benefit payments not reimbursed by a trust, and record cash contributions to the trust during the fiscal year**

*These amounts may change once known after the close of the fiscal year*

	Debit	Credit
OPEB Expense	5,400	
Premium Expense		5,400
OPEB Expense	-	
Cash		-

\* This entry assumes a prior journal entry was made to record the payment for retiree premiums. This entry assumes the prior entry debited an account called "Premium Expense" and credited Cash. This entry reverses the prior debit to "Premium Expense" and recharacterizes that entry as an "OPEB Expense". Also, the entry for cash contributions to the trust is shown.

**Journal entries to record other account activity during the fiscal year**

	Debit	Credit
Net OPEB Liability	5,179	
Deferred Resource -- Assumption Changes	303	
Deferred Resource -- Plan experience	324	
Deferred Resource -- Investment Experience		657
Deferred Resource -- Contributions	387	
OPEB Expense		5,536



## E. Funding Information

The employer's OPEB funding policy and level of contributions to an irrevocable OPEB trust directly affects the discount rate which is used to calculate the OPEB liability to be reported in the employer's financial statements. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. Prefunding also improves the security of benefits for current and potential future recipients and contributes to intergenerational taxpayer equity by better matching the cost of the benefits to the service years in which they are "earned" and which correspond to years in which taxpayers benefit from those services.

### Paying Down the UAAL

Once an entity decides to prefund, a decision must be made about how to pay for benefits related to accumulated prior service that have not yet been funded (the UAAL<sup>2</sup>). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution (ADC) or other basis selected for funding the OPEB program.

Much like paying off a mortgage, when the AAL exceeds plan assets, choosing a longer amortization period to pay off the UAAL means smaller payments, but the payments will be required for more years; plan investments will have less time to work toward helping reduce required contribution levels. When the plan is in a surplus position, the reverse is true, and a longer amortization period may be preferable.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll. The employer might also choose to apply a shorter period when the UAAL only when it is positive, i.e., when trust assets are lower than the AAL, but opt for a longer period or to exclude amortization of a negative UAAL, when assets exceed the AAL. The entire UAAL may be amortized as one single component or may be broken into multiple components reflecting the timing and source of each change, such as those arising from assumption changes, benefit changes and/or liability or investment experience.

The amortization period(s) should not exceed the number of years which would allow current trust assets plus future contributions and earnings to be sufficient to pay all future benefits and trust expenses each year. Prefunding of OPEB is optional and contributions at any level are permitted. However, if trust sufficiency is not expected, a discount rate other than the assumed trust return will likely be required for accounting purposes.

### Development of the Actuarially Determined Contributions

The Commission has approved development of ADCs based on the following two components, which are then adjusted with interest to each fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL) over an open<sup>3</sup> 30 year period. Amortization payments are determined using level dollar payments.

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<sup>2</sup> We use actuarial, rather than accounting, terminology to describe the components used to develop the ADCs.

<sup>3</sup> A closed 30 year period was previously applied; this was changed since the plan is now in a significant surplus position.





## Funding Information

(Continued)

### Development of the Actuarially Determined Contributions

Actuarially Determined Contributions, developed as described above for the Commission's fiscal years ending June 30, 2020, June 30, 2021 and June 30, 2022, are shown in the exhibit on the following page. These ADCs incorporate both explicit (cash benefit) and implicit subsidy benefit liabilities. Contributions credited toward meeting the ADC will be comprised of: (1) direct payments to insurers toward retiree premiums to the extent not reimbursed to the Commission by the trust, plus (2) each year's implicit subsidy payment, if any, and (3) contributions, if any, to the OPEB trust.

ADCs determined on this basis will provide for trust sufficiency, based on the current plan provisions and census data, *if all assumptions are exactly realized and if the Commission contributes 100% or more of the ADC each year*. When an Agency commits to funding the trust at or above the ADC, GASB 75 allows the discount rate to reflect the expected return on trust assets in determining the plan liability. Trust sufficiency cannot be guaranteed to a certainty, however, because there is a non-trivial risk that the assumptions used to project future benefit liabilities may not be realized.

### Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution (see Sample Journal Entries). The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees. This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

Consider what would happen if the retiree premiums were based only on expected retiree claims experience. Almost certainly, retiree premiums would increase while premiums for active employees would go down if the active premiums no longer had to help support the higher retiree claims. *Who would pay the increases in retiree premiums?* Current plan documents and bargaining agreements would have to be consulted. Depending on circumstances, the increase in retiree premiums might remain the responsibility of the employer, pass entirely to the retirees, or some blending of the two. The answer would determine whether separate retiree-only premium rates would result in a higher or lower employer OPEB liability. In the current premium structure, with blended active and pre-Medicare retiree premiums, the employer is clearly, though indirectly, paying the implicit retiree cost.

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives.



## OPEB Funding Information

(Continued)

Actuarially Determined Contributions for the Commission's fiscal years ending June 30, 2020, 2021 and 2022 are developed in the table below. Following calculation of the ADC is a section which illustrates the estimated sources of contributions that will be applied to meet or exceed these ADC amounts.

Funding Policy	Prefunding Basis		
Valuation date	6/30/2019		
For fiscal year ending	6/30/2020	6/30/2021	6/30/2022
Expected long-term return on assets	5.75%	5.75%	5.75%
Discount rate	5.75%	5.75%	5.75%
<b>Number of Covered Employees</b>			
Actives	2	2	2
Retirees	1	1	1
Total Participants	3	3	3
<b>Actuarial Present Value of Projected Benefits</b>			
Actives	\$ 20,362	\$ 21,533	\$ 22,771
Retirees	59,062	56,903	54,523
Total APVPB	79,424	78,436	77,294
<b>Actuarial Accrued Liability (AAL)</b>			
Actives	-	2,286	4,772
Retirees	59,062	56,903	54,523
Total AAL	59,062	59,189	59,295
Actuarial Value of Assets	63,381	67,025	70,879
<b>Unfunded AAL (UAAL)</b>	(4,319)	(7,836)	(11,584)
UAAL Amortization method	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period (years)	30	30	30
Amortization Factor	14.9541	14.9541	14.9541
<b>Actuarially Determined Contribution (ADC)</b>			
Normal Cost	\$ 2,162	\$ 2,227	\$ 2,294
Amortization of UAAL	(289)	(524)	(775)
Interest to fiscal year end	108	98	87
<b>Total ADC</b>	1,981	1,801	1,606

### Funding of the ADC

Less current implicit subsidy (expense reclassification)	-	-	-
Cash payments needed to meet ADC	1,981	1,801	1,606
Estimated retiree benefits paid by agency	5,400	5,494	5,576
Estimated contribution (refund) to/from trust	-	-	-

The Commission could opt to request disbursement from the OPEB trust for the excess of retiree benefits paid in excess of the ADC each year. However, if it is expected that active employees will be hired and join the plan, it may be reasonable to leave the funds in the trust in anticipation of an increase in the OPEB liability when the next actuarial valuation is prepared.



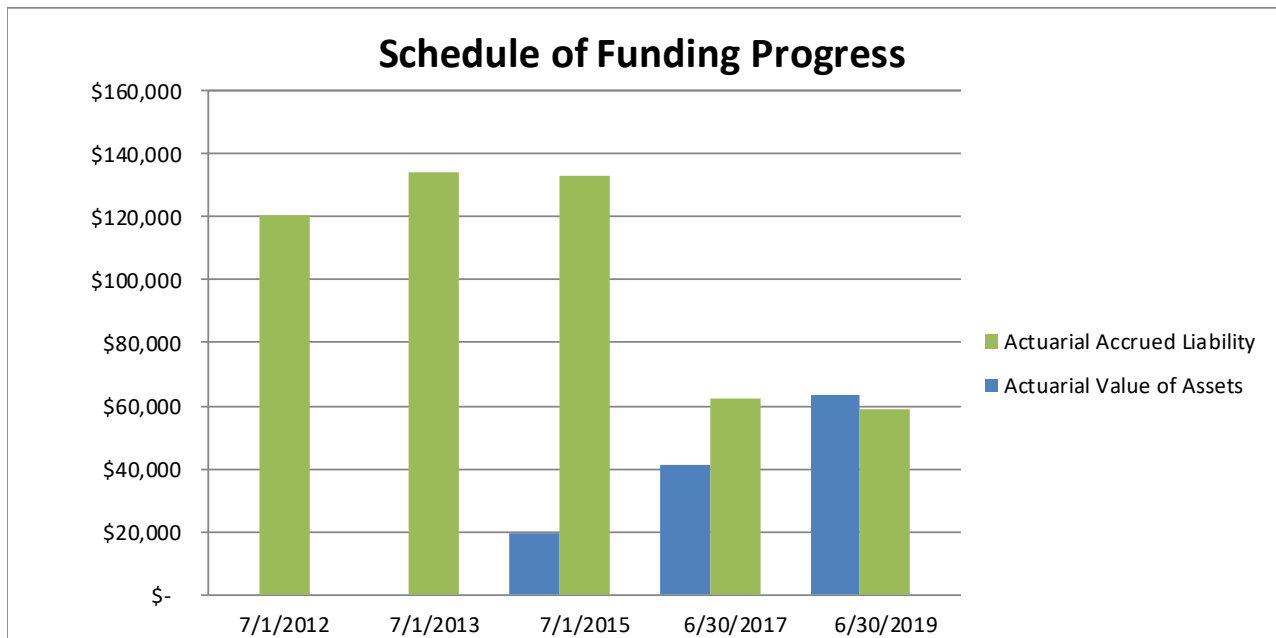
## OPEB Funding Information

(Concluded)

In this section, we provide a review of key components of valuation results from 2012 through 2019.

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ -	\$ 120,400	\$ 120,400	0.0%	\$ 174,200	69.1%
7/1/2013	\$ -	\$ 134,300	\$ 134,300	0.0%	\$ 176,200	76.2%
7/1/2015	\$ 19,339	\$ 132,725	\$ 113,386	14.6%	\$ 254,700	44.5%
6/30/2017	\$ 41,103	\$ 62,089	\$ 20,986	66.2%	\$ 144,601	14.5%
6/30/2019	\$ 63,381	\$ 59,062	\$ (4,319)	107.3%	\$ 229,570	-1.9%



Significant changes in recent years which affected the results include the following:

- **July 1, 2017:** Separation of 3 employees dropped plan membership down to 1 retired member; decreased discount rate from 6.37% to 5.75%
- **June 30, 2019:** Addition of 2 active employees; updated underlying health trend scale



## F. Certification

The primary purposes of this report are: (1) to provide actuarial information of the other postemployment benefits (OPEB) provided by the Marin Local Agency Formation Commission (the Commission) in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75); and (2) to provide Actuarially Determined Contributions for prefunding of this program in conformity with the Commission's OPEB funding policy. The Commission is not required to contribute the ADC shown in this report and we make no representation that it will, in fact, fund the OPEB trust at any particular level).

In preparing this report we relied without audit on information provided by the Commission. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75. Plan results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.


This report is prepared solely for the use and benefit of the Commission and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: The Commission may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and the Commission may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuary is unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. Catherine MacLeod is a member of the American Academy of Actuaries and meets the qualification standards for rendering this opinion.

Signed: March 18, 2020



Catherine L. MacLeod, FSA, FCA, EA, MAAA



Cody J. Simrell, Actuarial Analyst



## G. Supporting Information

### Section 1 - Summary of Employee Data

**Active employees:** The Commission reported 2 active plan members for the June 2019 valuation<sup>4</sup>. Both were hired in 2019. There were no eligible active employees in the prior (2017) valuation.

The average age of these employees is 40 and average Commission service is 0.4 on June 30, 2019.

**Retirees:** There is 1 retired employee receiving benefits under this program. This former employee retired about 7 years ago at age 63 with 13 years of service for the Commission.

**Summary of Plan Member Counts:** The numbers of those members currently or potentially eligible to receive benefits under the OPEB plan are required to be reported in the notes to the financial statements.

Summary of Plan Member Counts	
Number of active plan members	2
Number of inactive plan members currently receiving benefits	1
Number of inactive plan members entitled to but not receiving benefits	0*

\* We are not aware of any retirees who are eligible but not currently enrolled.

**OPEB Tiers:** There are two levels of benefits provided under this program, which are described in the following section. The chart below summarizes the number of active and retired employees by benefit tier (as determined by hire date):

Status	Actives	Retirees	Total
Benefit Tier 3 <i>Hired before 1/1/2008</i>	0	1	1
Benefit Tier 4 <i>Hired after 12/31/2007</i>	2	0	2
<b>Total</b>	<b>2</b>	<b>1</b>	<b>3</b>

Please note that while the County retiree healthcare program provides for two earlier benefit Tiers (1 and 2), the Commission has no current active employees or retirees eligible for benefits under those other tiers.

<sup>4</sup> A 3<sup>rd</sup> employee previously on disability resumed employment prior to the valuation date, but left the Commission prior to the date the valuation was completed.



**Supporting Information**

(Continued)

**Section 2 - Summary of Retiree Benefit Provisions**

**OPEB provided:** The Commission provides medical and dental plan coverage for qualifying retirees, with certain limits described further below. It is our understanding that medical and dental plan coverage and the portion of premiums paid by the Commission, if any, are the same as the coverage and benefits provided by Marin County.

**Access to coverage:** To be eligible for retiree health coverage through the Commission (other than any temporary coverage available through COBRA), an employee must retire from the Commission.

**Benefits provided by the Commission:** The Commission pays the single-coverage retiree medical and dental premiums up to but not exceeding an annual dollar maximum (cap). The cap is based tied to years of service for the Commission and varies based on the date of employment. Specifically,

- *For employees hired between October 1993 and December 31, 2007*, the dollar cap is currently \$442.65 per year of Commission service, up to a maximum 20 years or a \$8,853 maximum annual benefit.

While the County Board of Supervisors has the option to increase the benefit cap by up to 3% per year, no increases have been adopted since January 2009.

There is only one plan member (the current retiree), who will ever qualify for benefits at this level.

- *For employees hired on or after January 1, 2008*, the dollar cap is currently \$150 per year of Commission service, up to a maximum 20 years or a \$3,000 maximum annual benefit.

All current and future active plan members are expected to fall into this benefit category.

**Current Health Plan Premiums:** The Commission offers coverage to its employees and qualifying retirees through the plans offered by Marin County. The chart below summarizes the premium rates for calendar year 2019. We have shown only those plans selected by the Commission’s active and retired employees.

<b>Marin LAFCo 2019 Health Care Premiums</b>						
Plan	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Kaiser Low HMO	\$ 789.21	\$ 1,578.44	\$ 2,099.31	\$ 397.86	\$ 795.72	\$ 1,303.59
Teamster Anthem PPO	746.22	1,490.21	2,084.96	<i>Not available</i>		
Delta Dental	51.16	96.46	151.56	<i>Same for Medicare Retirees</i>		



## Supporting Information

(Continued)

### Section 3 - Actuarial Methods and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. The actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Valuation Date	June 30, 2019
GASB 75 Measurement Date	Last day of prior fiscal year (June 30, 2019 for FYE 2020)
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	5.75% as of June 30, 2019 and June 30, 2018 net of plan investment expenses and including inflation
Discount Rates	5.75% as of June 30, 2019 and June 30, 2018
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years
General Inflation Rate	2.5% per year

*Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were the published CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015, then projected as described below.*

Mortality Improvement	MacLeod Watts Scale 2018 applied generationally from 2015 (see Addendum 3)
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**Supporting Information**

(Continued)

**Section 3 - Actuarial Methods and Assumptions**

Mortality Before Retirement  
 (before improvement applied)

CalPERS Public Agency Miscellaneous Non- Industrial Deaths		
Age	Male	Female
15	0.00019	0.00004
20	0.00027	0.00008
30	0.00044	0.00018
40	0.00070	0.00040
50	0.00135	0.00090
60	0.00288	0.00182
70	0.00693	0.00438
80	0.01909	0.01080

Mortality After Retirement  
 (before improvement applied)

Healthy Lives CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00070	0.00040
50	0.00431	0.00390
60	0.00758	0.00524
70	0.01490	0.01044
80	0.04577	0.03459
90	0.14801	0.11315
100	0.35053	0.30412
110	1.00000	1.00000

Disabled Miscellaneous CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00070	0.00040
50	0.00431	0.00390
60	0.00758	0.00524
70	0.01490	0.01044
80	0.04577	0.03459
90	0.14801	0.11315
100	0.35053	0.30412
110	1.00000	1.00000

Termination Rates

These rates reflect the assumed probability that an employee will leave the Commission in the next 12 months for reasons other than a service or disability retirement or death.

Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued December 2017						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.1193	0.0654	0.0000	0.0000	0.0000
25	0.1674	0.1125	0.0634	0.0433	0.0000	0.0000
30	0.1606	0.1055	0.0615	0.0416	0.0262	0.0000
35	0.1537	0.0987	0.0567	0.0399	0.0252	0.0184
40	0.1468	0.0919	0.0519	0.0375	0.0243	0.0176
45	0.1400	0.0849	0.0480	0.0351	0.0216	0.0168





**Supporting Information**  
 (Continued)

**Section 3 - Actuarial Methods and Assumptions**

Service Retirement Rates

Each rate reflects the probability that an employee with that age and service will take a service retirement in the next 12 months.

Miscellaneous Employees: 2% at 60 formula From CalPERS Experience Study Report Issued December 2017						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0200	0.0200	0.0200	0.0200	0.0200	0.1500
55	0.0190	0.0260	0.0330	0.0920	0.1360	0.1460
60	0.0700	0.0740	0.0890	0.1130	0.1370	0.1610
65	0.1400	0.1780	0.2150	0.2640	0.3210	0.3770
70	0.1400	0.1780	0.2150	0.2640	0.3210	0.3770
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Disability Retirement Rates

Given the small number of active employees and low incidence of disability, we assumed 0% probability of disability retirement.

Healthcare Trend

Medical plan premiums, PEMHCA vesting benefit caps and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	Actual	2060-66	4.80%
2021	6.50%	2067	4.70%
2022	6.00%	2068	4.60%
2023-24	5.50%	2069	4.50%
2025-27	5.40%	2070-71	4.40%
2027-46	5.30%	2072	4.30%
2047	5.20%	2073-74	4.20%
2048-49	5.10%	2075	4.10%
2050-53	5.00%	2076	4.00%
2054-59	4.90%	& later	4.00%

Commission Cost-sharing

We assumed the maximum benefit per year of service would remain level in all future years (0% increases).

Participation Rate

*Active employees:* 100% of those who qualify for retiree health benefits are assumed to continue their current plan election and receive these benefits in retirement.

*Retired participants:* Existing medical plan elections are assumed to be continued until the retiree's death.



## Supporting Information

(Continued)

### Section 3 - Actuarial Methods and Assumptions

#### Spouse Coverage

*Active and retired members:* Existing elections for spouse coverage are assumed to be continued until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

#### Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

#### Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Addendum 2 to this report.

Representative claims costs by age in this program were derived from the dataset provided by CalPERS for retirees not currently covered or not expected to be eligible for Medicare. Cost for selected ages are shown in the chart below. The monthly baseline premium costs were set equal to the active employee-only premiums shown in the chart at the bottom of Section 2.

Expected Monthly Claims by Medical Plan for Selected Ages					
Medical Plan	Male				
	52	55	57	60	63
Kaiser Low HMO	\$ 851	\$ 993	\$ 1,092	\$ 1,247	\$ 1,417
Teamsters Anthem PPO	693	808	889	1,015	1,153
Medical Plan	Female				
	52	55	57	60	63
Kaiser Low HMO	\$ 1,007	\$ 1,089	\$ 1,141	\$ 1,241	\$ 1,376
Teamsters Anthem PPO	819	886	929	1,010	1,120

All current and future Medicare-eligible retirees are assumed to be covered by plans that are rated based solely on the experience of Medicare retirees and these premium rates are assumed to be sufficient to cover Medicare retiree claims over the long term. Therefore, no implicit subsidy was calculated for Medicare-eligible retirees.



## Supporting Information

(Concluded)

### Section 3 - Actuarial Methods and Assumptions

#### Changes reflected in the current measurement period:

Demographic assumptions	Assumed mortality, termination, retirement and disability rates were updated from those provided in the 2014 experience study report to those provided in the 2017 experience study report of CalPERS. In our opinion, the Commission's plan population would not produce credible rates based only solely on its experience. We believe rates from the CalPERS experience study provide a reasonable estimate of the Commission's future demographic experience.
Mortality Improvement	Mortality rates were updated to the 2008 rates (midpoint year) of CalPERS' 2017 experience study, then projected on a generational basis by MacLeod Watts Scale 2018 (see Addendum 3).
Salary Increase	Decreased from 3.25% to 3.0% per year
General Inflation	Decreased from 2.75% to 2.5% per year
Medical Trend	Updated to use the Getzen model
Age-related medical Premiums	We introduced methodology for developing age-related medical premiums based on recent research and data sponsored by the Society of Actuaries. We added an implicit subsidy analysis for pre-Medicare retirees covered under a County medical plan.



## Addendum 1: Important Background Information

### General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an “explicit subsidy”. Upcoming excise taxes under the Affordable Care Act for retirees covered by high cost plans is another potential source of explicit subsidies.

In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an “implicit subsidy” of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		<i>Covered by higher active premiums</i>
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

*This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Commission does not impact the amount of the implicit subsidy.*

### Valuation Process

The valuation was based on employee census data and benefits provided by the Commission. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on the Commission as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.



## Important Background Information

(Continued)

- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members
- A significant increase or decrease in the future premium rates
- A change in the subsidy provided by the Commission toward retiree premiums
- Longer life expectancies of retirees
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents
- Higher or lower returns on plan assets or contribution levels other than were assumed, and/or
- Changes in the discount rate used to value the OPEB liability



## Important Background Information

(Continued)

### Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

### Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

### Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition:* Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.
- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected and actual trust earnings:	5 year straight-line recognition
All other amounts:	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.



## Important Background Information

(Continued)

### Implicit Subsidy Plan Contributions

An implicit subsidy occurs when expected retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year's "implicit subsidy". Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year's implicit subsidy is treated as a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
<i>Prior to Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
<i>After Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	\$ 388,000	\$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year's premium expense for active employees.



## **Important Background Information**

(Continued)

### **Discount Rate**

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

### **Actuarial Funding Method and Assumptions**

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.





## Addendum 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g. GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant.* For example, a claims cost curve might show that, if a 50 year old male has \$1 in claims, then on average a 50 year old female has claims of \$1.25, a 30 year male has claims of \$0.40, and an 8 year old female has claims of \$0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.



### **Addendum 3: MacLeod Watts Mortality Projection Methodology**

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

- (1) Short-term mortality improvement rates should be based on recent experience.
- (2) Long-term mortality improvement rates should be based on expert opinion.
- (3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2018** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2017 Report, published in October 2017 and (2) the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published July 2017.

MacLeod Watts Scale 2018 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2017 which has two segments: (1) historical improvement rates for the period 1951-2013 and (2) an estimate of future mortality improvement for years 2014-2016 using the Scale MP-2017 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2016 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2017-2026. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2026-2040. The SSA's Intermediate Scale has a final step down in 2041 which is reflected in the MacLeod Watts scale for years 2041 and thereafter. Over the ages 95 to 115, the SSA improvement rate is graded to zero.

Scale MP-2017 can be found at the SOA website and the projection scales used in the 2017 Social Security Administrations Trustees Report at the Social Security Administration website.



## Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member’s account are determined and the terms of distribution of the account after separation from employment

Discount Rate - Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual’s projected earnings or service from entry age to the last age at which benefits can be paid

Excise Tax – The Affordable Care Act created an excise tax on the value of employer sponsored coverage which exceeds certain thresholds (“Cadillac Plans”). This tax was repealed in December 2019.

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer’s payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree’s coverage

Fiduciary Net Position – The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board



## Glossary

(Continued)

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a ‘blended’ group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Commission’s financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees’ Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Commission contribute toward medical insurance premiums for retired annuitants and that a contracting Commission file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as ‘belonging’ to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Commission Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of “Actuarial Present Value”

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility





# Marin Local Agency Formation Commission

## Regional Service Planning | Subdivision of the State of California

### AGENDA REPORT

April 30, 2020

Item No. 4 (Public Hearing)

**TO:** Local Agency Formation Commission  
**FROM:** Jason Fried, Executive Officer  
**SUBJECT:** Adoption of Proposed Operating Draft Budget Fiscal Year 2020-21

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### Background

State Government Code section 56381 states that all LAFCos need to approve a proposed budget by May 1<sup>st</sup> and a final budget by June 15<sup>th</sup> of each year. The attached budget being presented today is the proposed budget which, if approved by the Commission today, will fulfill the May 1<sup>st</sup> deadline.

At the April 13<sup>th</sup> Budget Committee meeting, it approved the attached budget. It should be noted that how Marin County reports its numbers in MUNIS for salary, benefits, and MCERA, those line items portray numbers that do not reflect the full amount LAFCo has paid through 2/29/20. All other line items are correct, but unaudited, based on Quickbooks.

LAFCo went through a major budget overhaul from FY 2018-2019 to FY 2019-2020, merging and readjusting line items. Staff believes this overhaul has been beneficial and is not looking to make any major changes to it. Only one small change is to rename the “Communications Services” line item to “IT and Communications Services”. In the past year, we have moved most of our communications services into a VoIP system that is part of our agreement with Marin Mac Tech. This will better reflect what makes up this line item as our IT and phone systems are now one integrated service. This line item also covers other similar related items, for example, Comcast, who provides our internet access.

Staff presented a draft budget to the Committee that was drafted prior to COVID-19 occurring. The Committee had a good discussion on how current economic factors impact both LAFCo and our member agencies. The committee also recognized that LAFCo has done a lot to reorganize itself and did not want to have a budget that would damage that so we can keep up with our new workload. The Committee decided to approve all spending line items as presented by staff but make an adjustment to the income line items. Staff was asked by the committee to reduce the income we get from member agencies by 10%. To make up for this reduction, instead of reducing spending line items, we would get the needed monies from unspent funds from our current and former fiscal years. Staff has reviewed our finances and determined that it is possible to do so and has presented the attached budget as requested by the Committee.

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**Tod Moody, Alternate**  
Sanitary District #5

**Larry Loder, Regular**  
Public Member

**Chris Skelton, Alternate**  
Public Member

Staff's goal with this budget was a status quo budget. The budget being presented achieves that. There are some line item changes from last year to this year based on better understanding and looking to the needs of LAFCo in FY 20-21. Some key line item changes include:

- Salary – This line item has been increased to allow for COLA and other possible salary increases that may occur after staff reviews are done. Staff believes the number presented today is at the high end of what would be needed to cover possible increases.
- Benefits - Has been lowered because from FY 19-20, since at the time of doing that year's budget, LAFCo was not fully staffed so estimates were used that we got from Marin County. Now that we have more time under this system with a full staff, those estimates were a little high so it has been lowered.
- Pension - Going to be slightly lower since MCERA has lowered its rate that agencies need to contribute from FY 19-20 to FY 20-21. Tier 3 employees are going from 22.6% to 17.22%, while Tier 4 will be going from 17.36% to 12.75%. This number is directly tied to salaries and is currently set at the high-end mark for salaries in the proposed budget and therefore will likely be reduced once salaries are known for next year.
- Professional Services – This is the line item with the largest change. This is due to the fact that we have wrapped up our work with Planwest Partners for the San Rafael and Novato area MSRs. The current amount better reflects work for this category for next year.
- Legal Services – This line has been increased to ensure we are properly budgeted for the amount of legal time we are using and may need to use.
- All other line items are basic adjustments due to either inflationary increases or small adjustments in projected future spending in that category.

Income is divided into two different line items:

- Agency Contribution is made of all the amounts that each agency needs to transfer to LAFCo based on a formula prescribed in State Government Code. The budget committee is suggesting a 10% decrease, but individual agencies may see slightly different amounts based on how the state formula works.
- Carry Forward Balance – In order to balance the budget, the 10% reduction from Agency Contribution line item is being covered by using unspent funds from current and former fiscal years.

### **Staff Recommendation for Action**

- 1. Staff Recommendation** – Approve the proposed budget and instruct staff to present this proposed budget to contributing agencies for their comments with any needed amendments.
- 2. Alternate Option** - Continue consideration of the item to the next committee meeting and provide direction to staff, as needed. (This option would put us in violation of state government code.)

Attachment:

- 1) Budget Chart for FY 20-21.

Line Items	Draft FY 20-21	FY 19-20 Actual	Final FY 19-20
<b>Expense</b>		(as of 2/29/20)	
5110110 · Salary	\$330,000.00	\$165,575.59	\$305,553.00
5130120 · Benefits	\$40,000.00	\$17,293.71	\$61,110.60
5130500 · Pension	\$50,000.00	\$29,434.46	\$56,911.23
5130525 · Retiree Health	\$16,000.00		\$16,000.00
5210110 · Professional Services	\$20,000.00	\$49,706.52	\$70,000.00
5210131 · Legal Services	\$45,000.00	\$23,058.00	\$35,000.00
5210525 · General Insurance	\$7,000.00	\$6,391.28	\$4,000.00
5210710 · IT & Communications Services	\$16,000.00	\$10,742.44	\$14,000.00
5210935 · Office Equipment Purchases	\$4,500.00	\$0.00	\$4,500.00
5211215 · Rent - Storage	\$650.00	\$412.46	\$500.00
5211270 · Office Lease/Rent	\$33,588.88	\$21,716.80	\$32,652.95
5211325 · Conferences	\$5,000.00	\$2,380.54	\$4,000.00
5211330 · Memberships & Dues	\$16,000.00	\$14,707.00	\$15,000.00
5211340 · Training	\$1,700.00	\$0.00	\$1,700.00
5211440 · Travel - Mileage	\$3,500.00	\$1,481.56	\$4,000.00
5211510 · Misc Services	\$2,000.00	\$881.34	\$2,000.00
5211520 · Publications/Notices	\$3,000.00	\$329.70	\$3,500.00
5211533 · Commissioner Per Diems	\$10,000.00	\$5,875.00	\$13,500.00
5220110 · Office Supplies and Postage	\$4,000.00	\$2,412.54	\$4,000.00
<b>Total Expense</b>	<b>\$607,938.88</b>	<b>\$352,398.94</b>	<b>\$647,927.78</b>
<b>Income</b>			
Carry Forward Balance	\$104,368.60	\$66,830.44	\$66,830.44
4710510 · Agency Contributions	\$503,570.28	\$559,522.33	\$559,522.51
<b>Total Income</b>	<b>\$607,938.88</b>	<b>\$626,352.95</b>	<b>\$626,352.95</b>
<b>*Munis is slow to update so these numbers do not reflect number as of 2/29/2020</b>			



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

April 30, 2020

Item No. 5 (Public Hearing)

**TO:** Local Agency Formation Commission

**FROM:** Jason Fried, Executive Officer

**SUBJECT:** Approval of Resolution No. 20-09 Annexation of 1501 Lucas Valley Road (APN 164-280-35), Marin Municipal Water District (File #1347)

### Background

Marin LAFCo has received an application from Andre Souang (“applicant”) requesting approval to annex a lot that currently has a single-family home, approximately 61.3 acres, to the Marin Municipal Water District (MMWD). The affected territory is in unincorporated Marin County with a situs address of 1501 Lucas Valley Road (APN 164-280-35).

This is a resubmittal of LAFCo File #1324 which was deemed terminated last December since its LAFCo approvals expired and no extension was requested. The Commission gave approval of File #1324 with a condition that the applicant and MMWD come to terms to address concerns that MMWD had around level of usage for this parcel. Those terms never occurred while LAFCo File #1324 was still active. The applicant resubmitted the application and has come to terms with MMWD on the level and location of usage of service MMWD will provide to this parcel. MMWD now supports the annexation of this parcel into its service territory based on the agreement they have with the applicant.

Staff has requested comments from MMWD, along with other interested agencies. All impacted or interested agencies that responded to LAFCo on this item were supportive or neutral on this application.

### Staff Recommendation for Action

1. Staff recommendation – Approve the requested annexation of 1501 Lucas Valley Road into MMWD and approve the attached Resolution No. 20-09.
2. Alternate Option 1 – Deny the request.
3. Alternate Option 2 – Continue consideration of the item to the next regular meeting, and provide direction to staff, as needed.

#### Attachments:

- 1) Resolution #20-09
- 2) Application Packet

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Almonte Sanitary District

Tod Moody, Alternate  
Sanitary District #5

Larry Loder, Regular  
Public Member

Chris Skelton, Alternate  
Public Member



**MARIN LOCAL AGENCY FORMATION COMMISSION**

RESOLUTION 20-09

**RESOLUTION MAKING DETERMINATIONS AND APPROVING AN ANNEXATION TO THE MARIN MUNICIPAL WATER DISTRICT WITH WAIVER OF NOTICE, HEARING AND ELECTION**

“Lucas Valley Road No. 1 Change of Organization – Marin Municipal Water District (LAFCo File No.1347)”

**WHEREAS** Andre Souang, hereinafter referred to as “Applicant,” 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 Commission approval to annex approximately 61.3 acres of unincorporated land to the Marin Municipal Water District; and

**WHEREAS** the affected territory represents an entire lot developed with an existing single-family residence located at 1501 Lucas Valley Road and identified by the County of Marin Assessor’s Office as 164-280-35; 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 Receipt has received the agreement between the applicant and MMWD to limit the use of public water services within the annexation area to areas as described in Exhibit C; and

**WHEREAS** the Commission considered all the factors required by law under Government Code Section 56668 and 56668.3 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 April 30, 2020.
2. Determines the annexation has been reviewed considering the factors for evaluation under Government Code Sections 56668 and 56668.3 as provided for in the Executive Officer’s report.
3. The Commission serves as lead agency under the California Environmental Quality Act (CEQA) in considering the impacts of the proposal. The Commission independently finds the annexation of the affected territory to the

Marin Municipal Water District is exempt from further CEQA review under CEQA Guidelines Section 15319(a), given that the project is the annexation of property already developed with a single family home, and thus already developed to the density allowed by the current zoning.

4. The proposal to annex the affected territory to the Marin Municipal Water District is APPROVED with the following boundary amendments:
  - a) Modify the annexation boundary to include the entire public right-of-way adjacent to 1501 Lucas Valley Road that is approximately 6.7 acres in size.
  - b) Modify the annexation boundary to include only the portion of 1501 Lucas Valley Road that covers the existing single-family residence and improvements as prescribed.
5. The proposal approval is CONDITIONED on the following terms being satisfied within one calendar year – or April 30, 2021 – unless a prior written request for a time extension is received and approved by the Commission.
  - a) Approval and completion of the concurrent sphere of influence amendment to the Marin Municipal Water District to add the entire affected territory (1501 Lucas Valley Road), including 30-day reconsideration period under Government Code Section 56895.
  - b) Completion of the 30-day reconsideration period provided under Government Code Section 56895.
  - 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.
6. The proposal is assigned the following distinctive short-term designation:

“Lucas Valley Road No. 1 Change of Organization – Marin Municipal Water District”
7. The affected territory as designated by the Commission is shown in Exhibit “A” and Exhibit “B”.
8. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.
9. The Commission waives conducting authority proceedings under Government Code Section 56663.
10. The Marin Municipal Water 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 Marin Municipal Water District. It will also be subject to all of the rates, rules, regulations, and ordinances of the Marin Municipal Water 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 April 30, 2020 by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

\_\_\_\_\_  
Sashi McEntee, Chair

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jason Fried, Executive Officer

\_\_\_\_\_  
Malathy Subramanian, LAFCo Counsel

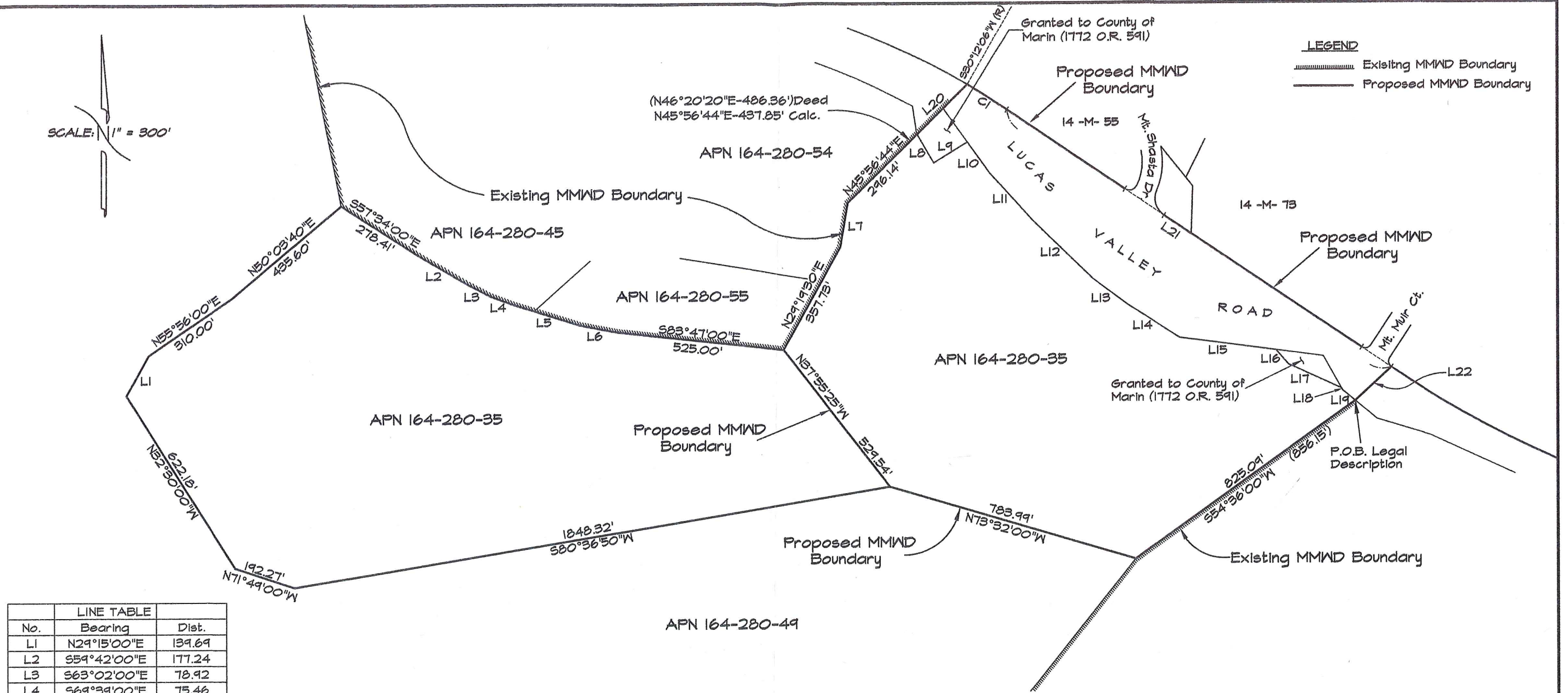
Attachments to Resolution No. 20-09

- a) Exhibit A – Map
- b) Exhibit B – Legal Description
- c) Exhibit C – Agreement between applicant and MMWD

SCALE: 1" = 300'

**LEGEND**

- Existing MMWD Boundary
- Proposed MMWD Boundary



LINE TABLE		
No.	Bearing	Dist.
L1	N29°15'00"E	139.69
L2	S59°42'00"E	177.24
L3	S63°02'00"E	78.92
L4	S69°39'00"E	75.46
L5	S72°39'00"E	212.49
L6	S79°03'00"E	104.10
L7	N09°43'00"E	136.75
L8	N30°23'05"W	100.93
L9	S58°37'20"W	120.58
L10	S36°00'00"E	116.18
L11	S42°28'00"E	200.74
L12	S46°05'00"E	252.07
L13	S53°26'00"E	132.86
L14	S57°22'00"E	185.72
L15	S82°29'00"E	296.78
L16	N41°16'15"W	57.94
L17	N65°31'38"W	178.35
L18	S29°40'00"E	7.69
L19	S50°24'00"E	48.86
L20	N45°56'44"E	214.93
L21	S56°09'33"E	1414.51
L22	S47°58'29"W	150.29

CURVE TABLE			
No.	Radius	Delta	Length
CI	2248'	03°38'21"	142.78



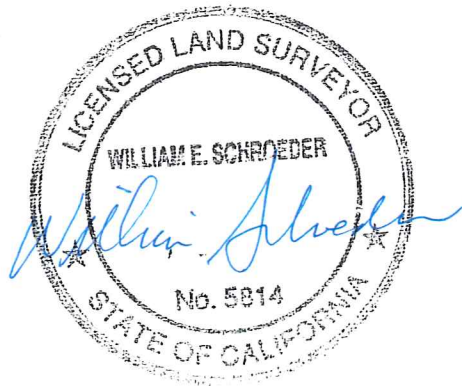
MARIN MUNICIPAL WATER DISTRICT  
 LAFCO FILE # 1320  
 AS DESCRIBED IN DOC. No. 2014-24717  
 MARIN COUNTY RECORD  
 SAN RAFAEL, MARIN COUNTY, CALIFORNIA  
 APRIL 2016 SURVEY No. 9-2013  
 PREPARED BY  
**WILLIAM SCHROEDER & ASSOC.**  
 P.O. BOX 6801  
 SAN RAFAEL CALIFORNIA

(LAFCO FILE # 1320)

**ANNEXATION TO MARIN MUNICIPAL WATER DISTRICT**

**GEOGRAPHIC DESCRIPTION**

BEGINNING at a point on the southerly right-of-way line of a 60 foot road known as Lucas Valley Road, as shown on "Record of Survey, Old Lucas Valley Road, recorded April 8, 1977 in Book 13 of Surveys at Page 100, Marin County Records, at the eastern most point of the lands of Melone (1298 OR 208) Marin County Record, running thence from said point of beginning along the existing Marin Municipal Water District Boundary (MMWD), South 54° 36' West, 825.09 feet, thence leaving said MMWD Boundary, North 73° 32' 00" West, 783.99 feet"; thence North 37° 55' 25" West, 529.54 feet to a point of intersection on the existing MMWD Boundary; running thence along said MMWD Boundary, North 29° 19' 30" East, 357.73 feet; thence North 9° 43' East 136.75 feet; thence North 45° 56' 44" East, 296.14 feet to a point on the westerly boundary of the parcel of land conveyed to the County of Marin, recorded January 2, 1964 in Book 1772 of Official Records at Page 591, Marin County Record; thence North 45° 56' 44" East, 214.93 Feet to a point on the Northeasterly right-of-way line of Lucas Valley Road as shown on the "Map of Lucas Valley Unit 7", recorded in Book 14 of Maps, at Page 55 and "Map of Lucas Valley Unit 9", recorded in Book 14 of Maps, at Page 73, Marin County Recorders Office; thence along said right-of-way, along the arc of curve to the right, whose center bears South 30° 12' 06" West, having a radius of 2248.00 feet, a central angle of 03° 38' 21", an arc length of 142.78 feet; thence South 56° 09' 33" East, 1,414.51 feet; thence leaving said right-of-way South 47° 58' 29" West. 150.29 feet to the Point of Beginning.



**RECORDING REQUESTED BY**

Marin Municipal Water District  
Stanley Graham  
220 Nellen Avenue  
Corte Madera, CA  
94925

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**MARIN MUNICIPAL WATER DISTRICT  
AGREEMENT LIMITING WATER SERVICES  
PURSUANT TO CONDITIONS OF ANNEXATION OF TERRITORY**

This limited water service agreement ("Agreement") is entered into by and between the **MARIN MUNICIPAL WATER DISTRICT**, a municipal water district organized under the laws of the State of California ("**District**") and **ANDRE SOUANG** ("**Souang**"), the owner of the property located at 1501 Lucas Valley Road, San Rafael, California 94903, Assessor's Parcel Number 164-280-35 collectively the "Parties."

**For good and valuable consideration the receipt of which is hereby acknowledged, the Parties agree as follows:**

**Section 1: Recitals.**

- 1.1 Souang is the owner of a 61.3 acre parcel located at 1501 Lucas Valley Road, APN: 164-280-35 located in the unincorporated area of Marin County and more particularly described in Exhibit A, attached and incorporated herein by this reference (the "Property").
- 1.2 Souang filed a petition with the Marin County Local Agency Formation Commission to annex the Property into the District's service area.
- 1.3 On or about December 14, 2017, the Local Agency Formation Commission of the County of Marin ("LAFCO") adopted Resolution 17-11 conditionally approving an annexation of a 27.6-acre portion of the 61.3-acre Property ("Parcel") into the District's service area provided Souang and the District record an agreement regarding water service to the Parcel.
- 1.4 Souang has asked the District to agree that the Parcel described in Exhibit B and incorporated herein by this reference be annexed into the District's service area and that water service is provided to the Parcel. The Marin County Zoning Ordinance for an A-60 zoned property currently allows up to the following: a

single family dwelling with an attached junior accessory dwelling unit, a detached accessory dwelling unit, an agricultural worker housing bunk house for up to six employees, and an agricultural meter for a water trough for up to 20 animals, to be built on the Property and/or Parcel.

- 1.5 The parties desire to enter into this agreement for limited water service to the Parcel only as described herein.

## **Section 2: Annexation & Water Service.**

- 2.1 The District agrees to provide water service for the Parcel pursuant to the terms and conditions contained herein.
- 2.2 The intent of this Agreement is to limit water service provided by the District to the Parcel and the Property.
- 2.3 The District agrees that the Souang Parcel may be annexed into the District's service area provided that water service to the Parcel shall only be allowed under the conditions described in this Agreement.
- 2.4 The District has estimated that the maximum annual water consumption for the Parcel is 1.02 acre-feet, as shown in "Exhibit C". This estimate is based on the annual water use for the existing single family dwelling and the specific potential improvements listed for this property under current zoning ordinance. The 1.02 acre feet include water supply for up to four (4) meters for the following: a single family dwelling with an attached junior accessory dwelling unit, an detached accessory dwelling unit, an agricultural worker housing bunk house for up to six employees, and an agricultural meter for a water trough for up to 20 animals. Those accessory dwelling units shall comply with Government Code Section 65852.2 and any successor statutes.
- 2.5 In consideration for receiving up to a maximum of 1.02 acre-feet of water supply entitlement, Souang will pay a Connection Fee (existing and planned infrastructure, not including water supply Parcels) at the current connection fee required at the time of the Water Service Application. Souang acknowledges that these fees are reasonable and are in consideration for adding the Parcel to the District's service area, as well as providing the Parcel with District water service.
- 2.6 The Parties acknowledge and agree that any change in the nature or character of use of the Parcel as described above which, in the District's sole discretion

impacts water consumption shall trigger the need for the District to (1) recalculate the water use for the Parcel and (2) determine whether it can supply any additional water to the Parcel. If the District, in its sole discretion, determines that water is available to supply to the Parcel, Souang shall pay a Water Supply Charge and Connection Fee for the additional water entitlement which shall be calculated as described in Section 3.3 below. The annual 1.02 acre-foot water entitlement for the Parcel has been specifically calculated for the Parcel as it is described in this Agreement. Souang acknowledges and agrees that (1) no District water shall be supplied to any properties, facilities or structures outside of the identified 27.6 acre Parcel and (2) there shall be no water supply connection between Parcel and Property. Failing to adhere to this Section 2.6 shall be considered a material breach of this Agreement and grounds for termination of the Agreement as described below.

- 2.7 The District shall only provide four water service connections and one fire line connection to the Parcel. The District shall only provide water service to any future structure that is constructed on the Parcel and is permitted under Marin County zoning ordinance and regulations in effect as of December 14, 2017.
- 2.8 Souang for himself, his heirs, executors, successors in interest and assigns understands, acknowledges and agrees that the water service connections granted to the Parcel are a limited service and that at no time in the future shall the District grant any additional water service connections to the Parcel or the Property regardless of the number of structures or residences on the Parcel or the Property and regardless of the what the Marin County or any other local agency zoning ordinances allow. Souang also acknowledges that the District is not required to provide water service to Souang but is willing to do so under the limited conditions contained in this Agreement.
- 2.9 Souang shall make all required applications, complete all necessary paper work and pay all water service and fire line connection fees and charges required by the District.
- 2.10 Souang agrees that a vineyard will not be constructed on the Parcel; therefore, no water entitlement has been designated for a vineyard.

### **Section 3: Consequences of Exceeding Water Supply Entitlement.**



- 3.1 If in any calendar year, water use for the Parcel exceeds 1.02 acre-feet, Souang shall reduce water consumption so that it does not exceed its water entitlement.
- 3.2 If water consumption for the Parcel exceeds the entitlement in two consecutive or non-consecutive calendar years, Souang shall be required to purchase an additional water entitlement for the Parcel. If additional water supply is available for purchase, the District shall determine the amount of the additional entitlement necessary to supply water to the Parcel. If no such additional water supply is available, Souang shall reduce its consumption so that it remains within its 1.02 acre foot entitlement in each calendar year.
- 3.3 If additional water supply is available for purchase, Souang shall pay a Connection Fee and Water Supply Charge. The Connection Fee shall be calculated by using the District's methodology for calculating Connection Fees in place at the time of Souang's or his successors' application for additional water supply entitlement is approved by the District's Board of Directors. The Water Supply Charge is intended to offset the additional water supply requested for the Parcel beyond the calculated 1.02 acre feet per annum described above and shall be calculated based on a minimum of 1.5 times the connection fee calculation. Both the Water Supply Charge and Connection Fee shall be paid immediately upon the District's acceptance of the application for the increase in water supply, and prior to the increase in water entitlement. The Parties intend that the Water Supply Charge will be used for additional District water conservation efforts to offset the Parcel's additional demand.

#### **Section 4: General Provisions.**

- 4.1 **Binding on Successors.** This Agreement shall continue in perpetuity and be binding upon the Parties and the Parties' successors, heirs and assigns.
- 4.2 **Amendments.** Modifications to this Agreement shall only be made in a writing signed by both parties and recorded against the Parcel and Property.
- 4.3 **Severance & Integration.** If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

- 4.4 Authorization. Each signatory to this Agreement warrants that he or she has full authority to execute this Agreement on behalf of and thus bind the individual or entity represented.
- 4.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of California. Any action to enforce the terms of this Agreement shall be brought in Marin County, California.
- 4.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together, shall constitute one instrument.
- 4.7 No Presumption. The Parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated and discussed between the parties and their respective counsel, and this Agreement reflects their mutual agreement regarding the same. Because of the nature of such negotiations and discussions, it would be inappropriate to deem any party to be the drafter of this Agreement, and therefore no presumption for or against validity or as to any interpretation hereto, based upon the identity of the drafter shall be applicable in interpreting or enforcing this Agreement.
- 4.8 Dispute Resolution. Any dispute or claim in law or equity between the parties arising out of this Agreement, if not resolved by informal negotiations, shall be mediated by the parties. The mediation process shall continue until the case is resolved or until such time as a party determines that there is no possibility of resolution. Thereafter, either party may pursue all other available remedies.
- 4.9 Default. If either Party defaults in the performance of any term or condition of this Agreement and shall fail to cure, or to make reasonable efforts to cure, such default within 30 days following service upon the defaulting party of a written notice of such default and a request to cure the same, the non-breaching party may forthwith terminate this Agreement by serving the defaulting party written notice of such termination.
- 4.10 Indemnification. Souang agrees to hold harmless, indemnify and defend the District, its officers, directors, agents, attorneys and employees from any and every third party claim, demand, cause of action of any kind or character, loss, expense, including reasonable attorneys' fees, investigative fees, expert fees and accounting fees, arising from (1) the District's approval of this Agreement and (2) the annexation of the Parcel into the District's service area and/or the District's cooperation in that endeavor.

OWNER

Andre Souang

Date: MARCH 5, 2020

MARIN MUNICIPAL WATER DISTRICT

Bennett Horenstein  
General Manager

Date: APRIL 13, 2020

Attest:

Charissa Bernilla

Board Secretary

Approved As To Form

N/A

Counsel for Souang

Approved As To Form

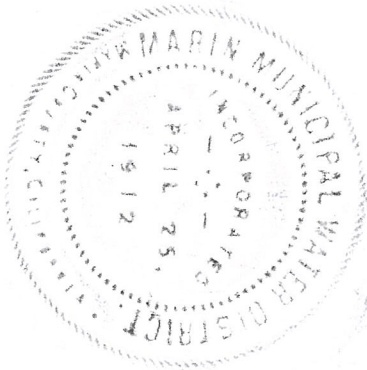
Jessal Mills

MMWD, ~~General Counsel~~ Staff Attorney

Attachments:

- Exhibit A – Plat map
- Exhibit B – Legal description
- Exhibit C – Estimated Annual Water Consumption

**MMWD Seal:**



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity

State of California

County of ~~Marin~~ <sup>SH</sup> Santa Cruz

On March 5 2020 before me, Sydney Jjane Hernandez

Notary Public, personally appeared Andre Souang,

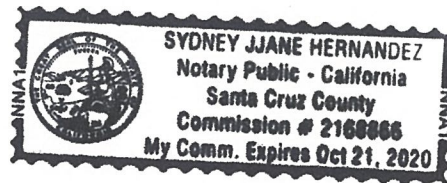
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

*[Handwritten signature in blue ink]*



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

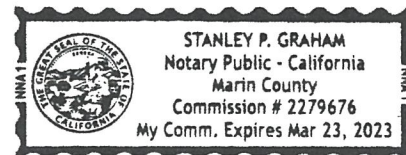
County of Marin

On APRIL 13, 2020 before me, Stanley P. Graham, Notary Public, personally appeared, *Bennett Horenstein*, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

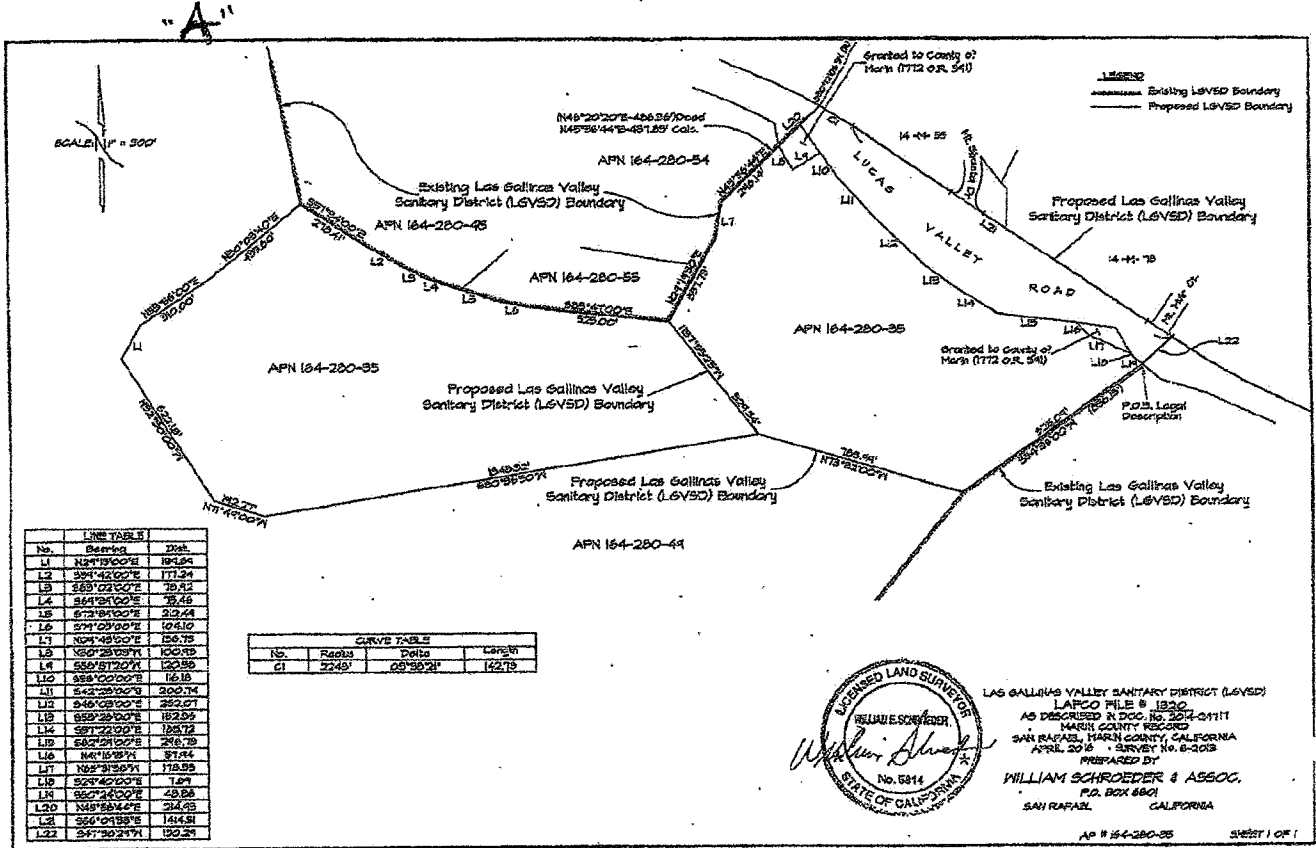
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Stanley P. Graham*



# EXHIBIT A



LINE TABLE		
No.	Bearing	Dist.
L1	N24°19'00"E	184.84
L2	S34°42'00"E	171.34
L3	S63°02'00"E	70.42
L4	S41°01'00"E	78.48
L5	S72°04'00"E	52.64
L6	S71°09'00"E	104.10
L7	N01°49'00"E	156.75
L8	N60°28'00"E	150.78
L9	S30°17'00"E	152.89
L10	S88°02'00"E	16.18
L11	S42°28'00"E	300.14
L12	S40°08'00"E	282.01
L13	S59°38'00"E	18.299
L14	S91°22'00"E	125.72
L15	S62°08'00"E	216.78
L16	N61°10'00"E	81.44
L17	N82°31'00"E	178.95
L18	S24°42'00"E	1.87
L19	S67°42'00"E	43.88
L20	N18°58'00"E	234.88
L21	S56°01'00"E	1414.91
L22	S41°20'00"E	150.21

CURVE TABLE			
No.	Radius	Delta	Length
C1	2249'	69°30'21"	142.78



LAS GALLINAS VALLEY SANITARY DISTRICT (LGVSD)  
 LAPCO FILE # 1830  
 AS DESCRIBED IN DOC. NO. 2014-01117  
 HARRIS COUNTY RECORDS  
 SAN RAFAEL, HARRIS COUNTY, CALIFORNIA  
 APRIL 20 18 SURVEY NO. 8-3018  
 PREPARED BY  
**WILLIAM SCHROEDER & ASSOC.**  
 P.O. BOX 5801  
 SAN RAFAEL, CALIFORNIA

**EXHIBIT B**

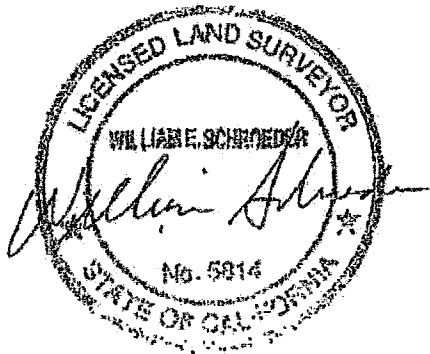
"B"

(LAFCO FILE # 1320)

**ANNEXATION TO LAS GALLINAS VALLEY SANITARY DISTRICT**

**GEOGRAPHIC DESCRIPTION**

BEGINNING at a point on the southerly right-of-way line of a 60 foot road known as Lucas Valley Road, as shown on "Record of Survey, Old Lucas Valley Road, recorded April 8, 1977 in Book 13 of Surveys at Page 100, Marin County Records, at the eastern most point of the lands of Melone (1298 OR 208) Marin County Record, running thence from said point of beginning along the existing Las Gallinas Valley Sanitary District Boundary (LGVSD), South 54°36' West, 825.09 feet, thence leaving said Las Gallinas Valley Sanitary District (LGVSD) Boundary, North 73°32'00" West, 783.99 feet"; thence North 37°55'25" West, 529.54 feet to a point of intersection on the existing Las Gallinas Valley Sanitary District (LGVSD) Boundary; running thence along said Las Gallinas Valley Sanitary District (LGVSD) Boundary, North 29°19'30" East, 357.73 feet; thence North 9°43' East 136.75 feet; thence North 45°56'44" East, 296.14 feet to a point on the westerly boundary of the parcel of land conveyed to the County of Marin, recorded January 2, 1964 in Book 1772 of Official Records at Page 591, Marin County Record; thence North 45°56'44" East, 214.93 Feet to a point on the Northeasterly right-of-way line of Lucas Valley Road as shown on the "Map of Lucas Valley Unit 7", recorded in Book 14 of Maps, at Page 55 and "Map of Lucas Valley Unit 9", recorded in Book 14 of Maps, at Page 73, Marin County Recorders Office; thence along said right-of-way, along the arc of curve to the right, whose center bears South 30°12'06" West, having a radius of 2248.00 feet, a central angle of 03°38'21", an arc length of 142.78 feet; thence South 56°09'33" East, 1,414.51 feet; thence leaving said right-of-way South 47°58'29" West. 150.29 feet to the Point of Beginning.



## EXHIBIT C

MMWD Annual Water Use Estimate - 1501 Lucas Valley Road, San Rafael

System Number 1501

SINGLE FAMILY DWELLING WITH JUNIOR ACCESSORY DWELLING UNIT	0.29
DETACHED ACCESSORY DWELLING UNIT	0.17
AGRICULTURAL WORKER HOUSING (BUNK HOUSE)	0.29
AGRICULTURAL METER (WATER TROUGH FOR HORSES/COWS)	0.27
<b>TOTAL ESTIMATED ANNUAL WATER ENTITLEMENT</b>	<b>1.02 ACRE-FEET</b>






MARIN LAFCO  
PETITION FOR PROCEEDING PURSUANT TO THE CORTESE-KNOX-HERTZBERG ACT  
LOCAL GOVERNMENT REORGANIZATION ACT OF 2000

The undersigned hereby petition(s) the Marin Local Agency Formation Commission for approval of a proposed change or organization or reorganization and stipulates 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 to MMWD  
\_\_\_\_\_
3. The boundaries of the territory(ies) included in the proposal are as described in Exhibits "A" and "B" attached hereto and by this reference incorporated herein.
4. The territory(ies) included in the proposal is/are:  
 Inhabited (12 or more registered voters)  
 Uninhabited
5. This proposal is  or 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 (ie. Annexation, Detachment, Reorganization, etc.) is/are Request for annexation to MMWD because well is running low and under performing.  
\_\_\_\_\_  
\_\_\_\_\_
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  
 Owners of the land

Andre Souang		Jan 2, 2020
Print Name	Signature	Date



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

**LANDOWNERS SIGNATURES**  
(§56700, et seq.)

We the undersigned landowners hereby request proceedings be initiated pursuant to Government Code §56000, et seq. for the change(s) of organization described on the attached Proposal Application.

Name and Address of Applicant: Andre Souang  
PO Box 1558 Eastsound WA 98245

Contact Number: ( 360 ) 472-0473 Email: asouang@me.com


Agent Representative (optional)

I/We hereby authorize None to act as my/our agent to process all phases of the LAFCo action relating to the parcels listed below.

Name and Address of Agent: N/A

Contact Number: (      )      Email:     

**All** owners of each parcel **must** sign. Original signatures are required.

 Jan 2, 2020  
Property Owner Signature Date

           
Property Owner Signature Date

           
Property Owner Signature Date



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

**MARIN LAFCO**  
**APPLICATION QUESTIONNAIRE**

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**

3. Please check the method by which this application was initiated:

- Petition (Landowner)  
 Resolution of Application (City/Town or District)

4. Does the application possess 100% written consent of each property owner in the subject territory? Yes  No

9. A. This application is being submitted for the following boundary change:

(BE SPECIFIC: For example, "annexation," "reorganization")

Annexation to Marin Municipal Water District  
to serve an existing single family residence.

B. The reason for the proposed action(s) being requested:

(BE SPECIFIC: For example, "Annexation to sewer district for construction of three homes")

Annexation to MMWD is requested because the existing well is under performing.  
The surrounding properties have municipal water.

4. State general location of proposal:

1501 Lucas Valley Road, APN 164-280-35, at the beginning of the driveway where the lateral is 14' away from the existing  
8" water main.  
This would not require a public main extension on the street.



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

5. Is the proposal within a city's boundaries?

Yes  Which city? \_\_\_\_\_

No  If the proposal is adjacent to a city, provide city name: City of San Rafael

6. Is the subject territory located within an island of unincorporated territory?

Yes  No  If applicable, indicate city \_\_\_\_\_

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 additional if needed)

A. Assessor's Parcel Number(s)

164-280-35

Site Address(es)

1501 Lucas Valley Road, San Rafael, CA 94903

B. Total number of parcels included in this application: 1

9. Total land area in acres: 61.6 Acres



**II. LAND USE AND DEVELOPMENT POTENTIAL**

1. Describe any special land use concerns:  
Tentative approval from MMWD for water meter subject to annexation approval.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
2. Indicate current land use: (such as: number of dwellings, permits currently held, etc.)  
One existing single family residence and two barns on the 61.6 acre parcel. No open permits. No agricultural work  
is currently being done of the parcel.  
\_\_\_\_\_  
\_\_\_\_\_
  
3. Indicate the current zoning (either city/town or county) title and densities permitted:  
Zoning: A60 Agriculture and Conservation. Densities permitted: 1 unit per 60 acres or 60 acre minimum. County wide  
Plan Designation: AG1 Agricultural  
\_\_\_\_\_  
\_\_\_\_\_
  
4. Has the area been prezoned? No  N/A \_\_\_\_\_ Yes \_\_\_\_\_  
What is the prezoning classification, title and densities permitted?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
5. Describe the specific development potential of the property: (Number of units allowed in zoning)  
There can be no further development or subdivision of the property under the county land use designation of A60 which is 60 acres minimum  
per residence.  
\_\_\_\_\_  
\_\_\_\_\_



**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 _____ | No <input checked="" type="checkbox"/> _____ | N/A _____ |
| B. Adjacent sites? | Yes _____ | No <input checked="" type="checkbox"/> _____ | N/A _____ |
| C. Unincorporated? | Yes _____ | No <input checked="" type="checkbox"/> _____ |           |
| D. Incorporated?   | Yes _____ | No <input checked="" type="checkbox"/> _____ |           |

4. State general description of site topography: The site is an up slope wooded lot with some open spaces.

\_\_\_\_\_  
 \_\_\_\_\_

5. Indicated Lead Agency for this project: LAFCo (Local Agency Formation Commission)

\_\_\_\_\_

6. Indicate Environmental Determination by Lead Agency: TBD

with respect to (indicate project) Annexation to MMWD.

Dated: Jan 2 2020

**(COPY OF ENVIRONMENTAL DOCUMENTS MUST BE SUBMITTED WITH APPLICATION.)**



### III. INDEMNIFICATION AGREEMENT

As part of this Application, Applicant and its successors and assigns, shall indemnify, defend and hold harmless, LAFCo, its officials, officers, employees, agents, representatives, contractors and assigns from and against any and all claims, demands, liability, judgments, damages (including consequential damages), awards, interests, attorneys' fees, costs and expenses of whatsoever kind or nature, at any time arising out of, or in any way connected with any legal challenges to or appeals associated with LAFCo's review and/or approval of the Application (collectively, "Indemnification Costs"). Applicant's obligation to indemnify, defend and hold harmless LAFCo, its officials, officers, employees, agents, representatives, contractors and assigns under this Agreement shall apply regardless of fault, to any acts or omissions, or negligent conduct, whether active or passive, on the part of the Applicant, LAFCo, its officials, officers, employees, agents, representatives, contractor or assigns. Applicant's obligation to defend LAFCo, its officials, officers, employees, agents, representatives, contractor or assigns under this Agreement shall be at Applicant's sole expense and using counsel selected or approved by LAFCo in LAFCo's sole discretion.

In the event of a lawsuit, Applicant will be notified by LAFCo within three (3) business days of being served. An invoice will be submitted to the Applicant by LAFCo for an amount between \$10,000 and \$25,000 to cover a portion of the Indemnification Costs ("Reserve"), which shall depend upon the estimated cost to resolve the matter and shall be determined in LAFCo's sole discretion. Applicant shall pay the Reserve to LAFCo within seven (7) calendar days of LAFCo's request. The Reserve shall be applied against LAFCo's final bill for the Indemnification Costs, with any unused portion to be returned to Applicant. LAFCo shall bill Applicant month for the Indemnification Costs, which shall be paid to LAFCo no later than 15 calendar days after receipt of LAFCo's bill. LAFCo may stop defending the matter, if at any time LAFCo has not received timely payment of the Reserve and/or the Indemnification Costs. This will not relieve Applicant of any of its obligations pursuant to this Agreement.

As the Applicant I hereby attest with signature,

  
\_\_\_\_\_  
Applicant Signature

Andre Souang  
\_\_\_\_\_  
Print Name

Jan 2 2020  
\_\_\_\_\_  
Date

Owner  
\_\_\_\_\_  
Title



# Marin Local Agency Formation Commission

## Regional Service Planning | Subdivision of the State of California

### AGENDA REPORT

April 30, 2020

Item No. 6 (Business)

**TO:** Local Agency Formation Commission

**FROM:** Jason Fried, Executive Officer  
(On behalf of Budget Committee – Chair Kious, Member Coler, and Member Rodoni)

**SUBJECT:** Budget Committee Report – Updating Current Reserve Policy and Possible Creation of New Reserve Funds

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### Background

At the April 13, 2020 Budget Committee meeting, the members of the Committee talked about both updating the current reserve fund policy and the possibility of the creation of two new reserve funds. Marin LAFCo currently has a reserve fund policy [3.10 (B)(vii)] to set aside approximately 20% of the annual budget. This reserve can be used for a list of unplanned reasons which can include unanticipated legal fees, unrealized application fee revenue, special studies, and environmental reviews. Since our current budget is about \$600,000, we currently have a reserve fund of \$120,000. The Committee would like to review and determine if the current 20% amount is the correct amount for LAFCo to be using.

Additionally, at the April 13, 2020 meeting, staff suggested the creation of 2 new funds. The first fund would be a Technology Reserve Fund. In 2017, LAFCo did a major replacement of all its computers. Those computers are still good, but in the next 2-4 years will likely need to be replaced. When the last replacement occurred in 2017, the cost was over \$20,000. In addition to computers, eventually, the LAFCo iPads, server, printers, and copier will need to be replaced. This will allow for the slow build-up of funds so, as equipment needs to be replaced, LAFCo should already have the funds in place to do that. This will keep LAFCo from having to have a line item that does not have large changes from year to year in what we need to request from our member agencies. This will help LAFCo maintain a steady budget request that our member agencies can rely on as they plan their annual budgets.

The second fund would be a Consultant Reserve Fund. The Consultant Reserve Fund would be used when LAFCo is looking to do a major study or consolidation that would be beneficial in Marin County. A possible example would be the Countywide Fire Study that we are looking to do. This study may require technical experts to assist with some portion of the work. While the countywide fire is the item we are currently looking at, this fund could also be available if some other large

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Sanitary District #5

**Larry Loder, Regular**  
Public Member

**Chris Skelton, Alternate**  
Public Member



consolidation was being looked at and outside experts were needed. Depending on the specialization of issue, size of project, and scope of work, an average typical study can range from \$50,000 - \$70,000. Without a fund like this, if LAFCo wanted to add this to a budget, LAFCo would be seeing a 10% or more increase to our member agencies. Due to unspent money from prior years, mainly when LAFCo was not fully staffed, LAFCo does have money in our bank accounts to establish the Consultant Reserve Fund without needing to request any more money from our member agencies right now so we could start this fund without needing to see increased fund requests to our member agencies.

Right now policy changes or new policies would be directed through the Policy Committee. The Committee and staff want to request that instead of these reserve policy items being sent to the Policy Committee, that the Budget Committee be given the authority to review and draft the needed policy items to present to the full Commission at a future meeting. This request is in line with what the Commission did last year when the Legislative Committee drafted a new policy around LAFCo positions on legislation going through its process in Sacramento.

#### **Staff Recommendation for Action**

- 1. Staff recommendation** – The Commission gives authority to the Budget Committee to revise and draft new policies as needed around LAFCo reserve fund(s) and to present those at a future full Commission meeting for consideration and possible approval.
- 2. Alternate Option** - Continue consideration of the item to the next Commission meeting and provide direction to staff, as needed.
- 3. Alternate Option**- Deny the request of the Budget Committee.



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

April 30, 2020

Executive Officer Report – Section A

**TO:** Local Agency Formation Commission

**FROM:** Jason Fried, Executive Officer

**SUBJECT:** Budget Update for FY 2019-2020

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### Background

Marin Local Agency Formation Commission (LAFCo) adopted a budget for FY 2019-2020 totaling \$647,927.78. This budget includes unspent funds from last FY in order to pay for the completion of the work in the current FY. From July 1, 2019, through March 31, 2020, LAFCo has spent \$460,176.41 or about 71% of the FY 2019-2020 budget. This report covers 9 months, that is about 75% of the year.

#### Attachment:

- 1) FY 2019-2020 Budget Report as of 4/23/2020

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**Marin Local Agency Formation Commission**  
**2019/20 BUDGET REPORT**  
 July 2019 through June 2020

	Jul '19 - Jun 20	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
4410125 · Interest Earnings	6,069.06	5,000.00	1,069.06	121.4%
4700000 · Prior Year Carryover	6,889.61	83,405.27	-76,515.66	8.3%
4710510 · Agency Contributions	559,522.53	559,522.51	0.02	100.0%
<b>Total Income</b>	<b>572,481.20</b>	<b>647,927.78</b>	<b>-75,446.58</b>	<b>88.4%</b>
<b>Expense</b>				
<b>5111000 · Salary and Benefit Costs</b>				
5110109 · Salaries	236,611.07	305,553.00	-68,941.93	77.4%
5130120 · County of Marin - Group Health	24,707.71	61,110.60	-36,402.89	40.4%
5130500 · MCERA / Pension	42,480.38	56,911.23	-14,430.85	74.6%
5130525 · Retiree Health	449.02	16,000.00	-15,550.98	2.8%
5140115 · Workers Compensation	-723.39			
5140145 · Unemployment Insurance	434.00			
<b>Total 5111000 · Salary and Benefit Costs</b>	<b>303,958.79</b>	<b>439,574.83</b>	<b>-135,616.04</b>	<b>69.1%</b>
5210110 · Professional Services	54,071.72	70,000.00	-15,928.28	77.2%
5210131 · Legal Services	25,997.25	35,000.00	-9,002.75	74.3%
5210525 · General Insurance	6,391.28	4,000.00	2,391.28	159.8%
5210710 · Communications Services	12,496.77	14,000.00	-1,503.23	89.3%
5210935 · Office Equipment Purchases	0.00	4,500.00	-4,500.00	0.0%
5211215 · Rent - Storage	492.46	500.00	-7.54	98.5%
5211270 · Office Lease/Rent	27,146.00	32,652.95	-5,506.95	83.1%
5211325 · Conferences	2,801.39	4,000.00	-1,198.61	70.0%
5211330 · Memberships & Dues	14,707.00	15,000.00	-293.00	98.0%
5211340 · Training	0.00	1,700.00	-1,700.00	0.0%
5211440 · Travel - Mileage	1,481.56	4,000.00	-2,518.44	37.0%
5211510 · Misc Services	1,034.09	2,000.00	-965.91	51.7%
5211520 · Publications/Notices	329.70	3,500.00	-3,170.30	9.4%
5211533 · Commissioner Per Diems	5,875.00	13,500.00	-7,625.00	43.5%
5220110 · Office Supplies & Postage	3,393.40	4,000.00	-606.60	84.8%
<b>Total Expense</b>	<b>460,176.41</b>	<b>647,927.78</b>	<b>-187,751.37</b>	<b>71.0%</b>
<b>Net Income</b>	<b>112,304.79</b>	<b>0.00</b>	<b>112,304.79</b>	<b>100.0%</b>



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

April 30, 2020

Executive Officer Report – Section B

**TO:** Local Agency Formation Commission

**FROM:** Jason Fried, Executive Officer

**SUBJECT:** **Current and Pending Proposals**

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### Background

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.

On today's agenda, File #1347 is being discussed as a separate item. Updates on this item can be found as part of item #5 in the agenda packet.

### Item of Note

LAFCo File #1348 (Boundary adjustments for County Service Area #29) is a new application we have received from the County of Marin to adjust the boundary line and sphere of influence for CSA #29. This is a recommendation that comes from our Tiburon Peninsula MSR. The goal of this boundary adjustment is to remove parcels that do not receive benefits from the CSA and to add in one parcel that does receive benefits from the CSA but is not currently in the district. All impacted parcel owners have agreed to these changes. This application is still in the review stage and hopefully will be presented to the Commission for its consideration at the June 2020 meeting.

### Attachment:

- 1) Chart of Current and Pending Proposals

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Current and Pending Proposals

LAFCo File #	Status	Proposal	Description	Government Agency	Latest Update
1347	Under Review	Annexation of 1501 Lucas Valley Road	This is a resubmittal of File 1324 that had been terminated due to not completing conditions of approval. 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 applicant requested annexation to MMWD to provide a reliable source of domestic water service given concerns regarding the continued use of an onsite well.	Marin Municipal Water District	On today's agenda
1348	Under Review	Boundary Adjustment	The County Service Area No. 29, which provides dredging for properties located within the District, has conveyed interest on a potential proposal to detach at least six parcels that do not benefit from the municipal service and the addition of one parcel that is currently outside of CSA 29's jurisdictional boundary and does benefit from the dredging. The proposal would essentially match public services to the appropriate service area.	County Service Area No. 29 - Paradise Cay	Application received and in 30 day review period, should be part of June Meeting.
1346	Approved by Commission and Awaiting Completion of Terms	Annexation of 4576 Paradise Drive	Sierra Pines Group LLC ("applicant") requesting approval to annex one lot totaling 9.575 acres to the Town of Tiburon. The affected territory is near the Town of Tiburon with a situs address of 4576 Paradise Drive (038-142-02.)	Town of Tiburon	Terms must be completed by 12/12/20
1341	Emergency OSA and Future Application	Emergency OSA and awaiting application to annex into San Rafael Sanitation District	32 Fairway Dr, San Rafael, had a failed septic tank which they reported to Marin County Environmental Health Services Division and needs an OSA to connect into SRSD. The applicant also plans to annex permanently into SRSD but first needs to get all needed materials, such as legal description and legal maps produced. They should be submitting application in the near future.	San Rafael Sanitation District	On 3/28/19 SRSD informed LAFCo the basic plans had been approved for OSA.

Current and Pending Proposals

LAFCo File #	Status	Proposal	Description	Government Agency	Latest Update
	Possible Future Item	San Quentin Village Sewer Maintenance District consolidation with Ross Valley Sanitary District	Based on past action of Marin LAFCo, discussion of possible consolidation between SQVSMD with RVSD has been deemed as seemingly in the best interest of the community of San Quentin Village customers.	SQVSMD and RVSD	Staff is currently reviewing outstanding issues with the staffs from both SQVSMD and RVSD.
1345	Completed	Reorganization of 55 Thomas Drive/70 N Knoll Road	Vikrum Nijjar (applicant) requesting approval to annex a lot that is being planned for a single-family home, approximately 6.74 acres, to the Alto Sanitary District. The affected territory is in unincorporated Marin County within the Town of Tiburon Sphere of Influence (SOI) with a situs address of 70 N Knoll Rd./55 Thomas Dr (APN 034-012-26 and 034-061-09). The applicant is also asking to move from Richardson Bay SD SOI to Alto SD SOI.	Alto Sanitary District	Approved at Feb. 2020 meeting.
1335	Completed	Reorganization of 400 Upper Toyon Road	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 the 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.	City of San Rafael and Town of Ross	Approved at Aug 2019 meeting.
1342	Completed	Reorganization of 4576 Paradise Drive	Sierra Pines Group LLC ("applicant") requesting approval to annex one lot totaling 9.575 acres to Corte Madera Sanitary District #2. The affected territory is near the Town of Tiburon with a situs address of 4576 Paradise Drive (038-142-02.)	Sanitary District #2	SD#2 was approved at the Dec. Meeting

Current and Pending Proposals

LAFCo File #	Status	Proposal	Description	Government Agency	Latest Update
1343	Completed	Reorganization of 2260 Vineyard Rd	Patrick and Erin Sheedy (“applicant”) requesting approval to annex one lot to Novato Sanitary District. The affected territory is in City of Novato with a situs address of 2260 Vineyard (132-311-61.)	Novato Sanitary District	Approved at Aug 2019 meeting.
1344	Completed	Murray Park Sewer Maintenance District consolidation with Ross Valley Sanitary District	Based on past action of Marin LAFCo, discussion of possible consolidation between MPSMD with RVSD has been deemed as seemingly in the best interest of the community of Murray Park customers.	MPSMD and RVSD	Approved at Dec. 2019 meeting
1324	Deemed Terminated	Annexation of 1501 Lucas Valley Road	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 applicant requested annexation to MMWD to provide a reliable source of domestic water service given concerns regarding the continued use of an onsite well. The Commission approved the proposal without amendments and with additional terms at its December 14, 2017 meeting. Terms remain outstanding as of date and therefore the proposal remains active.	Marin Municipal Water District	Deemed Terminated but applicant has refiled see File # 1347
1328	Deemed Terminated	Annexation of 255 Margarita Drive	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 has also established service with the SRSD as part of a LAFCo approved outside service extension 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. The application remains incomplete at this time and awaits consent determination by SRSD.	San Rafael Sanitation District	Application is now deemed terminated and staff is working to get SRSD to disconnect.