

**RESOLUTION NO. 17-06**

**RESOLUTION OF THE  
MARIN LOCAL AGENCY FORMATION COMMISSION  
MAKING DETERMINATIONS**

**MUNICIPAL SERVICE REVIEW  
CENTRAL MARIN WASTEWATER STUDY**

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

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

**WHEREAS**, the Commission adopted a study schedule calendaring specific municipal service reviews in Marin County through 2017/2018; and

**WHEREAS**, the Executive Officer of the Commission, hereinafter referred to as the “Executive Officer”, prepared through staff a regional municipal service review on public wastewater services within an area known as “Central Marin” with recommendations pursuant to said study schedule; and

**WHEREAS**, the municipal service review includes an evaluation of the public wastewater services provided in incorporated and unincorporated areas within Central Marin by Las Gallinas Valley Sanitary District, San Rafael Sanitation District, County Sanitary District No.1 (aka Ross Valley Sanitary District), County Sanitary District No. 2 (aka as Corte Madera Sanitary District), Murray Park Sewer Maintenance District, San Quentin Village Sewer Maintenance District, and Central Marin Sanitation Agency, hereafter referred collectively as the “affected agencies”; and

**WHEREAS**, the Executive Officer’s written report on the municipal service review was presented to the Commission in a manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at public meetings concerning the municipal service review and most recently on April 13, 2017 and August 10, 2017; and

**WHEREAS**, as part of the municipal service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.


**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

1. The Commission determines this municipal service review is a project under the California Environmental Quality Act, but qualifies for an exemption from further action as an informational document consistent with Code of Regulations Section 15306.

2. The Commission has duly considered the Executive Officer's written report on the municipal service review and recommendations therein on the adequacy, performance, and need of public wastewater services in Central Marin County.
3. The Commission adopts the statement of written determinations generated from information presented in the Executive Officer's written report on the municipal service review as set forth in Exhibit "A."
4. The Commission refers the public to the Executive Officer's report on the municipal service review for additional details and important context, including – but not limited to – documenting each agency's active and latent service powers.

The foregoing resolution was duly and regularly adopted by the Commission at a regular meeting held on August 10, 2017 by the following vote:

AYES:	Commissioners	<u><b>CONNOLLY, BAKER, BLANCHFIELD, CONDON, MCENTEE, MURRAY, and RODONI</b></u>
NOES:	Commissioners	<u><b>NONE</b></u>
ABSENT:	Commissioners	<u><b>NONE</b></u>
ABSTAIN:	Commissioners	<u><b>NONE</b></u>

ATTEST:  
  
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 KEENE SIMONDS  
 Executive Officer

  
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 JEFFRY BLANCHFIELD  
 Chairperson

## EXHIBIT A

### CENTRAL MARIN WASTEWATER STUDY

#### MUNICIPAL SERVICE REVIEW DETERMINATIONS GOVERNMENT CODE SECTION 56430

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The following statements have been generated from the final report as part of a scheduled municipal service review on public wastewater services in Central Marin. Acronyms for the affected agencies are incorporated into the written statements for brevity and are defined as follows.

**CMSA** means the Central Marin Sanitation Agency  
**CMSD** means the Corte Madera Sanitary District (aka County Sanitary District 2)  
**LGVS**D means the Las Gallinas Valley Sanitary District  
**MPSMD** means the Murray Park Sewer Maintenance District  
**RVSD** means the Ross Valley Sanitary District (aka County Sanitary District 1)  
**SRSD** means the San Rafael Sanitation District  
**SQVSMD** means the San Quentin Village Sewer Maintenance District

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**1. With respect to growth and population projections for the affected areas as required under Section 56430(a)(1), the Commission independently determines the following.**

- a. The Commission estimates there are 124,182 total residents served by the seven affected agencies responsible for providing public wastewater services in Central Marin as of the end of the study period. It is also estimated the combined resident population has increased by 3,037 or 2.54% over the 60-month study period; the net effect resulting in a combined annual growth rate of 0.6%.
- b. The Commission estimates resident growth in Central Marin during the study period has been disproportionately concentrated within SRSD and RVSD. These two agencies collectively account for nearly nine-tenths of all new estimated growth in the region over the preceding 60-month period.
- c. Commission estimates the housing market has produced 1,199 new occupied units in Central Marin over the course of the five-year study period. This results in a corresponding ratio of 2.56 new residents for every new occupied housing unit added in the region.
- d. The RVSD accounts for 37% of all occupied housing units within the region as of the study period term; the most of any of the affected agencies. RVSD also experienced the largest increase in new occupied housing units during the study period tallying 694 or 3.9% overall.
- e. Should residential buildout plans proceed as currently contemplated by the County of Marin and other overlapping land use authorities the housing unit stock in Central Marin will increase by 3,352 and result in the estimated addition of 8,268 residents; a net increase of 6.7% through the end of 2024.

Exhibit A

- f. Current demographic information shows marked differences between SRSD and the other six affected agencies providing public wastewater services in Central Marin in both economic and social measurements. These differences include SRSD finishing the study period with significantly lower household incomes along with high poverty and unemployment rates. Distinctions among and within the other six affected agencies are less evident.
- g. The Commission estimates there are 28,475 total residents within LGVSD that are explicitly served by the District's wastewater collection and treatment system as of the term of the study. It is further estimated LGVSD has experienced an overall population increase of 261 over the preceding five-year period, resulting in an annual growth rate of 0.2%.
- h. The Commission estimates there are 40,744 total residents within SRSD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated SRSD has experienced an overall population increase of 1,363 over the preceding five-year period, resulting in an annual growth rate of 0.7%.
- i. The Commission estimates there are 40,809 total residents within RVSD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated RVSD has experienced an overall population increase of 1,356 over the preceding five-year period, resulting in an annual growth rate of 0.7%.
- j. The Commission estimates there are 9,874 total residents within CSD No. 2 that are explicitly served by the District's wastewater collection system as of the study term. It is further estimated CSD No. 2 has experienced an overall population increase of 86 over the preceding five-year period, resulting in an annual growth rate of 0.2%.
- k. The Commission estimates there are 191 total residents within MPSMD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated MPSMD has experienced an overall population increase of 16 over the preceding five-year period, resulting in an annual growth rate of 1.8%.
- l. The Commission estimates there are 89 total residents within SQVSMD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated SQVSMD has experienced an overall population decrease of six persons over the preceding five-year period, resulting in an annual growth rate of (1.8%).
- m. The Commission estimates there are 95,428 total residents within CMSA that are explicitly served by the District's treatment system as of the term of the study; an amount that includes inmates at San Quentin State Prison. It is also estimated CMSA has experienced an overall population increase of 1,356 over the preceding five-year period, resulting in an annual growth rate of 0.7%.

**2. With respect to the location and characteristics of disadvantaged unincorporated communities within the affected areas as required under Section 56430(a)(2), the Commission independently determines the following.**

- a) There are no unincorporated areas within Central Marin or immediately adjacent therein that presently qualify as disadvantaged under the statewide definition based on recent census information.
- b) The unincorporated community of Nicasio previously qualified as disadvantaged under the statewide definition before slightly exceeding the median household income threshold in the latest census. This community and its estimated population of 130 is in relative proximity to LGVSD – though outside the District’s present sphere of influence – and currently dependent on private septic systems.
- c) It is possible other unincorporated communities in or adjacent to Central Marin would qualify as “disadvantaged” upon completion of the Commission’s scheduled policy review to establish its own definition in implementing Senate Bill 244 (Wolk). The Commission should proactively work with other local agencies – and in particular water, wastewater, and fire providers – in developing a definition to meet the legislation’s intent to ensure an appropriate and equitable level of municipal services is available to all qualifying areas.

**3. With respect to the capacity of public facilities and infrastructure needs and deficiencies within the affected areas as required under Section 56430(a)(3), the Commission independently determines the following.**

- a) The Commission estimates total annual wastewater flows generated among the seven affected public agencies’ services areas in Central Marin have decreased overall by (17%) and results in a net daily demand savings of 2.7 million gallons.
- b) Changes in the affected agencies’ combined annual wastewater flow totals during the study period closely matches year-end rainfall counts for Central Marin and highlighted in 2013 – the apex of the parallel drought – when collected flows fell to a period low average of 12.8 million per day. This correlation indicates, albeit differently among the collection systems, the existence of excessive infiltration and inflow throughout the region.
- c) All of the affected agencies with collection systems and or treatment facilities in Central Marin are accounting and funding therein replacement of their capital infrastructure, albeit to different degrees and accordingly producing a sizable range in equipment age among the agencies. The average age of capital equipment among the affected agencies as of the study period term is 21 years and bookmarked by a low – or youngest – of 12 years within CSD No. 2 and a high – or oldest – of 30 years within RVSD.
- d) The combined average peaking-factor among the seven affected agencies’ service areas in Central Marin generated during the study period tallies 9.2. This amount further quantifies excessive amounts of runoff and or groundwater are entering the collection systems and – among other adverse impacts – contributing to the 317 reported sanitary overflows in the region during the 60-month period

- e) All of the wastewater collection systems within Central Marin appear adequately sized in accommodating current and projected flow demands. This comment is substantiated given none of the affected agencies' collection systems' peak-day demands generated during the study period exceed 72% of estimated capacity.
- f) LGVSD is the entity responsible for treating and disposing all wastewater generated within the Las Gallinas Watershed portion of Central Marin and has adequate capacity to accommodate current and projected flows through the 10-year timeframe of this study. This includes the Commission projection that no demand measurement will exceed 70% of capacity now and through 2024.
- g) CMSA is the entity responsible for treating and disposing all wastewater generated within the Ross Valley and San Rafael Creek Watersheds portion of Central Marin and has adequate – albeit more narrowly – capacity to accommodate current and projected flows through the 10-year timeframe of this study. The most pressing demand measurement within CMSA involves dry weather flows and highlighted by averages during the study period reaching 85% of the treatment facility's permitted capacity.

**4. With respect to the financial ability of agencies to provide services within the affected areas as required under Section 56430(a)(4), the Commission independently determines the following.**

- a) Approximately three-fourths of operational costs underlying public wastewater services in Central Marin are generated from direct revenues based on a combined earned income ratio generated during the study period of 76%.
- b) Resident accounts make up no less than 89% of any one affected agency's total wastewater service connections in Central Marin as of the study period term with the average annual residential charge – the principal source of direct revenue – tallying \$710 as of the study period term.
- c) Opportunities to increase direct revenues among all seven affected agencies in Central Marin in support of their respective public wastewater systems is substantively constrained given two external factors. First, opportunities to spread-out costs among additional customers is limited given community preferences – which are reflected in local land use policies – to limit new growth. Second, opportunities to raise rates and or establish assessments are constrained under State law to require majority landowner approval.
- d) The combined active-to-retiree ratio between the five subject agencies with pension obligation is 0.79 to 1.00; an amount meaning there are approximately four active employees contributing to the pension system for every five retired employees.
- e) Indirect revenues support the remaining and approximate one-fourth of operational costs underlying public wastewater services in Central Marin and largely derived from the distribution of property taxes. The average property tax distribution rate among the affected agencies - less CMSA as a joint-powers - is 1.9% of the 1.0% in total ad-valorem.

- f) Four of the five affected agencies – LGVSD, RVSD, CSD No. 2, and CMSA - with pension obligations finished the study period with funded status ratios near or above 80%; the standard threshold used in governmental accounting to identify relatively stable pension plans. The remaining agency – SRSD – ended the study period with a funded status of 72%.

**5. With respect to the status and opportunities therein for shared services within the affected areas as required under Section 56430(a)(5), the Commission independently determines the following.**

- a) Ratepayers within the Ross Valley and San Rafael Creek Watershed portion of Central Marin have benefited from the ongoing costs savings associated with the creation of CMSA and construction and operation therein of a single and jointly-owned wastewater treatment facility serving multiple jurisdictions.
- b) CMSA should develop a formal plan to dedicate remaining treatment capacity among its member agencies based on assigning an ultimate equivalent dwelling unit allocation. This plan would significantly enhance regional growth management by providing each member agency and all associated land use authorities more certainty in their ability to appropriately match wastewater provision with future development projects within their respective jurisdictions.
- c) There appears to be relatively limited engagement between LGVSD and the remaining affected agencies within Central Marin despite comparatively close service areas. Opportunities should be explored for the benefit of region ratepayers to establish more connectivity among all agencies in sharing costs and expertise commonly underlying the management and operation of public wastewater systems.
- d) LGVSD has taken a leadership role in investing resources to repurpose wastewater into recycled water supplies for beneficial use within its jurisdictional boundary and through an ongoing partnership with Marin Municipal Water District. LGVSD has more recently partnered with North Marin Water District to provide recycled water for irrigation and landscape purposes to the Hamilton area. Additional partnerships should be explored to expand the potential reach of repurposed wastewater throughout the rest of Central Marin
- e) Affected agencies should continue to participate in programs that focus on sustainability opportunities, such as the North Bay Watershed Association where member agencies (LGVSD, RVSD, CMSA) foster partnerships to promote, protect, and reuse regional resources for the collective benefit of their constituents.

**6. With respect to accountability and opportunities and merits therein for governance alternatives as required under Section 56430(a)(6), the Commission independently determines the following.**

- a) Residents throughout Central Marin similarly benefit from the aptitude and responsiveness of board and senior management within all seven affected agencies. These attributes create trust with ratepayers and help ensure their ongoing financial investment in the agencies' wastewater systems are appropriately safeguarded.

Exhibit A

- b) There has been noticeable improvement in membership relations within CMSA during the course of the study period that ultimately benefits ratepayers. This improvement appears aided in large part to board and management change within RVSD and, among other benefits, contributed to the recent settlement of litigation within CMSA.
- c) Additional efforts should be taken by CSD No. 2 to distinguish its role as a stand-alone governmental entity separate from the Town of Corte Madera. This includes developing stand-alone contracting arrangements with Corte Madera outlining specific services and costs therein with respect to the existing use of Corte Madera staff, supplies, and resources in carrying out District duties.
- d) CMSA's governing structure appears outdated given the dedication of one of its six-member regular board seats to the City of Larkspur; an entity that ceased wastewater services in 1993 in step with the annexation of its service area to RVSD, and as such is no longer a funding contributor. Reorganization of the board, accordingly, appears appropriate to limit and or remove Larkspur's presence on CMSA to better align and weight governance with vested participation among member agencies.
- e) SRSD's dependent governance structure would be enhanced by formally designating the lone board seat dedicated to a member of the County of Marin to the incumbent holding Supervisor District 1 given it covers nearly all of the jurisdictional boundary and approximately 70% of all unincorporated ratepayers. This designation would provide a more logical and direct match between SRSD voters and their appointed representative.
- f) Two separate governance alternatives appear readily merited to improve local accountability and service efficiencies in Central Marin. This involves immediately proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD by annexation or consolidation. These reorganizations would eliminate two dependent special districts governed by the County of Marin subject and inhibited therein to antiquated statutes in favor of recognizing RVSD as the preferred and more capable service provider going forward.
- g) Irrespective of other determinations it appears appropriate for the Commission to evaluate options to potentially reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley and San Rafael Creek Watersheds. This topic – which has been previously reviewed by the agencies specific to assessing cost-savings but not the Commission – responds to Marin LAFCO's directive to independently assess the notional sense affirmed in this study that a consolidation would appear primed to produce greater accountability and efficiency within the combined watershed.
- h) The Commission should consider directing staff to prepare an addendum to this study with agency participation to assess the viability of any service and cost efficiencies tied to consolidating Marin Municipal Water District and North Marin Water District. The central objective of the addendum would be to inform the membership, agencies, and general public with respect to the merits/demerits of a potential consolidation and to justify any subsequent actions, including maintaining the status quo.



- i) Corrective action is needed to appropriately amend jurisdictional boundaries to better align service areas with existing property lines within the Ross Valley and San Rafael Creek Watersheds. Similarly, boundary clean-ups are needed to correct instances where actual service provision in this sub-region does not match up with assigned jurisdictional boundaries.

**7. With respect to the matters of local interest and specifically the relationship between services and land use policies as provided under Section 56430(a)(7), the Commission independently determines the following.**

- a) There is merit for more connectivity between planning wastewater services with land use policies of the local cities, towns, and County of Marin to manage future growth within Central Marin. A coordinated effort among municipalities could also promote better use of federal funds.
- b) Land use authorities in Central Marin should match the affected wastewater service provider in step with identifying potential development opportunities in preparing housing element updates as a means to connect growth with service
- c) The affected agencies in Central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services. This includes resiliency planning with respect to droughts, storm events, raising water tables as well as future demands.
- d) The Commission, affected agencies and the County of Marin's Environmental Health Services Department should work to identify all remaining septic systems – active and inactive – within Central Marin and proactively partner in connecting these properties with the appropriate public wastewater system.

Exhibit A

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