



# 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, February 9, 2017

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

**\*NEW MEETING LOCATION \***

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

#### **ROLL CALL BY CHAIR**

#### **AGENDA REVIEW**

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

#### **ADJOURN TO CLOSED SESSION (Set Time at 7:00 P.M.)**

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

- ANTICIPATED LITIGATION pursuant to Government Code §54956.9 – Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: two potential cases.

#### **RETURN TO OPEN SESSION (Estimated Time at 7:30 P.M.)**

The Chair or designee will report out of closed session.

#### **OPEN TIME**

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

#### **CONSENT CALENDAR ITEMS**

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

- 1. Approval of Meeting Minutes | December 8, 2016 and January 27, 2017 (action)** (Pg 5)  
Staff has prepared meeting minutes for the Commission's two most recent meetings, December 8, 2016 and January 27, 2017. The minutes are being presented for formal approval with any desired corrections or clarifications.
- 2. Ratification | Reconciled Payments from October 1, 2016 to December 31, 2016 (action)** (Pg 17)  
The Commission will consider ratifying payments made by the Executive Officer for non-payroll expenses reconciled between October 1, 2016 and December 31, 2016. Non-payroll payments made during this period total \$50,739. The payments are being presented for formal ratification by the Commission consistent with adopted policies.
- 3. Budget Update for 2016-2017 and Year End Projections (action)** (Pg 29)  
The Commission will review a report comparing budgeted and actual transactions for 2016-2017 through December 31, 2016 and its projection Marin LAFCO is on pace to finish with an operating net of (\$15,145) or (3.0%). This projection marks a moderate improvement over the budgeted operating net of (\$25,000). The report is being presented to the Commission to accept and file as well as to provide direction as needed.

## CONSENT ITEMS CONTINUED...

4. **Proposed Amendments to Accounting and Internal Control Policies (action)** (Pg 39)  
The Commission will consider approving amendments to Marin LAFCO's existing policies concerning accounting and internal controls specific to non-payroll functions. These amendments are highlighted by increasing the balance limit on the commercial checking account used by staff to cover routine operating expenses from \$3,000 to \$6,000 as well as raising single transaction allowances therein from \$1,500 to \$3,000. The proposed amendments are being presented for formal approval.
5. **Progress Report on 2016-2017 Work Plan (action)** (Pg 51)  
The Commission will receive a progress report on accomplishing administrative and planning projects established in the adopted work plan for 2016-2017. This includes summarizing the four projects that have been completed to date while highlighting the dozen-plus activities substantively underway. While progress is being made it is noted ongoing reductions in staffing levels and related matters are slowing agency efficiencies in addressing certain projects, and will result in several going unaddressed this fiscal year. The report is being presented to the Commission to formally accept and discuss any related items.
6. **Update to Annual Strategic Plan (action)** (Pg 57)  
The Commission will consider approving an update to Marin LAFCO's strategic plan outlining agency goals for the current calendar year. Consistent with direction from its recent strategic planning session the document returns to the Commission entirely intact.
7. **Request to Extend an Approval Term Date | Outside Wastewater Services to 255 Margarita Drive by San Rafael Sanitation District (action)** (Pg 63)  
The Commission will consider a request by the San Rafael Sanitation District to extend its approval from Marin LAFCO to provide wastewater services by contract outside the District boundary to 255 Margarita Drive in the County Club community. An earlier six-month extension was requested and approved by the Commission on August 11, 2016. Staff recommends approval of a second six-month extension in anticipation of an annexation proposal being presented to the Commission for action. The affected parcel is identified by the County of Marin Assessor as 016-011-29.
8. **Current and Pending Proposals (information)** (Pg 67)  
The Commission will receive a report identifying active proposals on file with Marin LAFCO as required under statute. The report also identifies pending proposals to help telegraph future workload. The report is being presented to the Commission for information only.
9. **CALAFCO Quarterly Report (information)** (Pg 71)  
The Commission will receive a quarterly report from CALAFCO summarizing current and pending news through December 2016. The quarterly report is being presented for information.

## PUBLIC HEARING ITEMS

10. **Central Marin Wastewater Study | Updated Agency Profiles and Request to Reopen Public Comment Period (action)** (Pg 79)  
The Commission will receive updated and expanded agency profiles prepared as part of Marin LAFCO's scheduled Central Marin Wastewater Study. The profiles cover seven public agencies that provide public wastewater services in the region and have been updated following their initial presentation at the December 8, 2016 meeting and subsequent public review to incorporate – among other items – substantive additions regarding Commission projections on future wastewater flows as well as pension information. Regional comparisons on demographic and financial information has also been prepared. Staff will provide a brief overview of the materials in step with a recommendation for the Commission to reopen the public comment period in anticipation of a complete draft report – which will include determinations and findings – being presented at the April 13, 2017 meeting.

**BUSINESS ITEMS**

- 11. Proposal Request | Annexation of 355 Margarita Drive to the San Rafael Sanitation District (action)** (Pg 283)  
The Commission will consider a landowner’s proposal to annex one unincorporated parcel totaling 0.92 acres to the San Rafael Sanitation. The proposal’s purpose is to facilitate a demolition remodel of the existing single-family residence occupying the affected territory. Staff recommends conditional approval without any amendments. Recommended conditions include deferral of the Commission’s dual annexation policy involving the City of San Rafael with an adjustment in practice therein to provide the associated agreement securing future consent be executed between the landowner and Marin LAFCO as opposed to the City. The affected territory is identified by the County Assessor as 016-011-19.
- 12. Draft Amendments to Policies on Outside Service Extensions (action)** (Pg 313)  
The Commission will review draft amendments prepared by staff on Marin LAFCO’s policies on outside service extensions. The draft amendments address two distinct issues and divided between non-fire protection services and fire protection services with the latter representing a new Commission responsibility under Senate Bill 239 (Hertzberg). The draft amendments are being presented to the Commission for initial discussion and feedback to inform future recommendations. Authorization to proceed with a formal public review of the draft amendments in anticipation of returning for additional discussion and ultimately action is also requested.
- 13. Legislative Report | End of Year Report on 2016 and Preview for 2017 (action)** (Pg 335)  
The Commission will receive a report on legislative items of interests to Marin LAFCO. This includes summarizing substantive new legislation effective as of January 1, 2017 – highlighted by Senate Bill 1266 – as well as previewing potential items of interest as part of the first year of the 2017-2018 session. The report is being presented to the Commission for discussion and direction as needed.
- 14. Committee Assignments (action)** (Pg 347)  
The Commission will consider making appointments/reappointments to three of Marin LAFCO’s standing committees. This involves the (a) Policy and Personnel, (b) Legislative, and (c) Public and Technical Information Committees. The Commission may also consider identifying specific projects and/or tasks for the Committees.

**EXECUTIVE OFFICER REPORT**

**COMMISSIONER ANNOUCEMENTS AND REQUESTS**

**ADOURNMENT TO NEXT MEETING**

Thursday, April 13, 2017



Attest :

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

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

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2017

Item No. 1 (Consent/Action)

February 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Approval of Meeting Minutes | December 8, 2016 Regular Meeting and January 27, 2017 Special Meeting**

Staff has prepared meeting minutes for the Commission's two most recent meetings, December 8, 2016 and January 27, 2017. The minutes are being presented for formal approval with any desired corrections or clarifications.

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

### A. Background

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

### B. Discussion

This item is for Marin LAFCO ("Commission") to consider approving action minutes for the December 8, 2016 regular meeting and January 27, 2017 special meeting. All members were present on December 8<sup>th</sup> with the exception of Commissioners Connolly and Sears. All members were also present at the January 27<sup>th</sup> meeting with the exception of Commissioners Arnold and Rodoni.

### C. Analysis

The action minutes for the regular meeting held on December 8, 2016 and the special meeting held on January 27, 2017 accurately reflect the Commission's actions as recorded by staff. A video recording of the regular meeting on December 8<sup>th</sup> is also available online for viewing at [www.marinlafco.org](http://www.marinlafco.org).

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

The following alternatives are available to the Commission:

Alternative One (Recommended):

Approve the draft action minutes prepared for the December 8, 2016 regular meeting and the January 27, 2017 special meeting with any desired corrections or clarifications as identified by the Commission.

Alternative Two:

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

#### **E. Recommendation**

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

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

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

On behalf of staff,



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Keene Simonds  
Executive Officer

Attachments:

- 1) Draft Minutes for December 8, 2016
- 2) Draft Minutes for January 27, 2017



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

**DRAFT MINUTES**

**REGULAR MEETING  
DECEMBER 8, 2016**

City of San Rafael  
1400 Fifth Street  
San Rafael, California 94901

**CALL TO ORDER BY CHAIR**

Chair Blanchfield called the meeting to order at 7:07 pm.

**ROLL CALL BY CHAIR**

**Regulars Present:** Jeffry Blanchfield, Chair  
Carla Condon, Vice Chair  
Judy Arnold  
Jack Baker  
Sashi McEntee  
Craig K. Murray

**Alternates Present:** Matthew Brown  
Chris Burdick  
Lew Kious

**ANNOUNCEMENT OF NEW ALTERNATE COMMISSIONER**

Chair Blanchfield congratulated Commissioner Brown on his appointment as the alternate city member having assumed the unexpired term of Sashi McEntee upon her earlier appointment as a regular member. Commissioner Brown thanked the Chair for the welcome and noted he looked forward to his service on the Commission.

**AGENDA REVIEW**

Chair Blanchfield asked if there were any requests for changes to the agenda. No requests were made, and the Chair confirmed the Commission would proceed as planned.

**ADJOURN TO CLOSED SESSION**

Chair Blanchfield announced the need for the Commission to adjourn to closed session to address one case of significant exposure to litigation under Government Code Section 54956.9. Chair Blanchfield asked if any of the members of the audience would like to first make a public comment. No requests were made, and the Chair adjourned the Commission into closed session at 7:10 pm.

**RETURN TO OPEN SESSION**

Chair Blanchfield reconvened the Commission in open session at 8:15 pm and reported the Commission took no action as part of its agendized closed session.

**OPEN TIME**

No comments were received.

## **CONSENT CALENDAR ITEMS**

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

**1. Approval of Meeting Minutes for October 13, 2016 Regular Meeting (action)**

Staff has prepared meeting minutes for the Commission's October 13<sup>th</sup> regular meeting. The minutes are being presented for formal approval with any desired corrections or clarifications.

**2. Budget Update for 2016-2017 and Year End Projections (action)**

The Commission will review a report comparing budgeted and actual transactions for 2016-2017 through October 31, 2016 and its projection Marin LAFCO is on pace to finish with an operating net of (\$21,386) or (4.3%). This projection marks a modest improvement over the budgeted net of (\$25,000). The report is being presented to the Commission to accept and file and to provide direction as needed.

**3. Approval of Budget Amendments for 2016-2017 |  
Transfer of \$29,000 Between Operating Expense Units (action)**

The Commission will consider two budget amendments to help ensure all of Marin LAFCO's operating expense units maintain positive balances through the end of the fiscal year consistent with bottom-line accounting standards. This involves transferring \$29,000 out of two accounts within the Salaries and Benefits Unit and into a single account within the Administrative Activities Unit to help cover increased legal expenses.

**4. Authorization to Amend Existing Agreement |  
Support Services with the Southern Marin Fire Protection District (action)**

The Commission will consider making amendments to its existing support services agreement with the Southern Marin Fire Protection District. This agreement currently provides terms for the Commission to receive specified bookkeeping and related accounting through the District's Finance Director at a total not-to-exceed cost of \$7,500 through December 31, 2016. Staff is seeking authorization to amend the agreement through June 30, 2017 and at a total not-to-exceed cost of \$15,000.

**5. Approval of Meeting Dates for Calendar Year 2017 |  
Policy Amendment to Change the Regular Meeting Location (action)**

The Commission will consider setting regular and special meeting dates for the upcoming fiscal year as required under policy. Regular meetings are proposed for each even-numbered month with the resulting dates falling on February 9<sup>th</sup>, April 13<sup>th</sup>, June 8<sup>th</sup>, August 10<sup>th</sup>, October 12<sup>th</sup>, and December 14<sup>th</sup>. One special meeting is also proposed at this time for January 27<sup>th</sup>. The Commission will also consider a policy amendment to move regular meetings beginning in 2017 to the Marin Clean Energy's Administrative Office located at 1125 Tamalpais Avenue in San Rafael.

**6. Progress Report on 2016-2017 Work Plan (action)**

The Commission will receive a report on progress to date in accomplishing administrative and planning projects established in the adopted work plan for 2016-2017. This includes summarizing the three projects that have been completed to date while highlighting the dozen-plus activities substantively underway. While progress is being made it is also noted that ongoing reductions in staffing levels are slowing agency efficiencies in addressing certain time-intensive projects, and will result in delays in completing scheduled studies. The report is being presented to the Commission to formally accept as well as to discuss any related items.

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

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



## CONSENT CALENDAR ITEMS CONTINUED...

### 8. Notice of Expiring Commissioner Terms (information)

The Commission will receive a report identifying membership terms that are set to expire on May 1, 2017 and necessitate new appointments and/or reappointments. The report is being presented for information only.

### 9. CALAFCO Annual Report to the Membership (information)

The Commission will receive CALAFCO's annual report on current and pending activities of interest to the 58-member LAFCOs. The annual report is part of a journal prepared by the Executive Director and highlights – among other items – current legislative themes and priorities as well as case studies involving special district consolidations. The annual report is being presented for information only.

**APPROVED; motion and second made by Commissioners Arnold and Blanchfield to approve consent calendar items as recommended in the associated agenda reports with the exception of pulling Agenda Item No. 5 for discussion at the request of Chair Blanchfield; all yes.**

**Discussion on Agenda Item No. 5. Chair Blanchfield noted he was pleased at the prospect of moving the Commission's regular meetings to the Marin Clean Energy site for reasons outlined in the agenda report. The Chair, however, suggested it would be appropriate to condition formal action on interested members of the Commission to first visit the site and review its amenities to help ensure its appropriateness in conducting LAFCO business. Commissioner McEntee noted the Chair's suggestion was good, and as a board member of the Marin Clean Energy and could favorably attest to the site.**

**APPROVED; motion and second made by Commissioners Arnold and McEntee to approve the staff recommendation provided for Agenda Item No. 5 to move future regular meetings to the Marin Clean Energy site subject to an onsite review by the Chair and Vice Chair; all yes.**

## PUBLIC HEARING ITEMS

### 10. Requested Amendment to Homestead Valley Sanitary District's Sphere of Influence | 455 Panoramic Highway (action)

The Commission will consider a landowner's request to amend the Homestead Valley Sanitary District's sphere of influence to add an 8.5 acre unincorporated lot at 455 Panoramic Highway (046-161-11) in Muir Woods Park. The applicant is seeking the sphere amendment to demonstrate the Commission's interest to pair public wastewater services to the affected territory in step with informing a pending development application with the County of Marin. Staff recommends approval with a modification to include a 1.8 acre undeveloped adjacent lot also owned by the applicant at 357 Panoramic Highway (046-221-07). Standard terms are also recommended.

**Staff provided a summary of the proposal and recommendations therein as provided in the accompanying agenda report.**

**Chair Blanchfield invited initial questions from the Commission. Clarifications were asked by Commissioners Condon, Kious, and Murray.**

**Chair Blanchfield opened the public hearing and invited comments from the applicant. Applicant Dan Weisman addressed the Commission and noted his agreement with the staff recommendations. Clarifications were asked by Commissioners Baker and Blanchfield.**

**Chair Blanchfield invited other members of the public to address the Commission. No comments were received.**

**APPROVED; motion and second made by Commissioners Arnold and Baker to close the hearing and approve the staff recommendation as presented in the agenda report; all yes | Resolution No. 16-13**

## **PUBLIC HEARING ITEMS CONTINUED...**

### **11. Municipal Service Review's Draft Agency Profiles | Central Marin Wastewater Study (discussion)**

The Commission will receive draft agency profiles prepared as part of Marin LAFCO's scheduled Central Marin Wastewater Study. The profiles incorporate baseline service and governance information relevant to the Commission's regional growth management duties and mandated study requirements. Affected agencies include County Sanitary District No. 1, County Sanitary District No. 2, Las Gallinas Valley Sanitary District, San Rafael Sanitation District, and the Central Marin Sanitary Agency. The profiles are being presented for discussion with the recommendation staff proceed and initiate a formal public review in anticipation of returning in February with updated versions as part of a complete draft report.

**Staff provided a summary of the draft profiles and process undertaken in preparing items as well as next steps.**

**Chair Blanchfield invited initial questions from the Commission. Questions and related comments were made by Commissioners Murray, McEntee, Condon, Arnold, and Blanchfield.**

**Chair Blanchfield opened the public hearing and invited comments from the audience. Comments were provided by Mark Williams with the Las Gallinas Valley Sanitary District and Felicia Newhouse with the Ross Valley Sanitary District.**

**APPROVED; motion and second made by Commissioners Condon and Arnold to close the hearing and approve the staff recommendation to proceed with a 30-day public review of the draft profiles; all yes.**

## **BUSINESS ITEMS**

### **12. Report on CALAFCO Annual Conference in Santa Barbara, October 26-28 (discussion)**

Attendees will provide the Commission with a verbal report on the CALAFCO Annual Conference in Santa Barbara. This includes comments on the Commission receiving the "Project of the Year" award for its recently completed Countywide Water Service Study.

**Commission discussion.**

### **EXECUTIVE OFFICER REPORT**

- Update on Scheduled Novato Regional Municipal Service Review
- Executive Officer's Participation in the 2017 CALAFCO Legislative Committee

**Commission discussion.**

### **COMMISSIONER ANNOUCEMENTS AND REQUESTS**

**Commissioner McEntee suggested the Commission explore using e-tablets as an alternative to paper agenda packets.**

**ADJOURNMENT TO NEXT REGULAR MEETING**

**Chair Blanchfield adjourned the meeting at 9:26 pm.**

**APPROVED:**

**ATTESTED:**

\_\_\_\_\_  
Jeffry Blanchfield  
Commission Chair

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

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## DRAFT MINUTES

### SPECIAL MEETING JANUARY 27, 2017

Central Marin Police Authority  
250 Doherty Drive  
Larkspur California 94939

#### CALL TO ORDER BY CHAIR

Chair Blanchfield called the meeting to order at 9:05 am.

#### ROLL CALL BY CHAIR

**Regulars Present:**                    **Jeffry Blanchfield, Chair**  
   **Carla Condon, Vice Chair (arrived at 9:12 am)**  
   **Jack Baker**  
   **Damon Connolly**  
   **Sashi McEntee**  
   **Craig K. Murray**

**Alternates Present:**                **Matthew Brown**  
   **Chris Burdick**  
   **Lew Kious**

#### OPEN TIME

Chair Blanchfield invited comments from the audience on any topics not directly scheduled for discussion as part of the agenda.

Strawberry resident Robert Reitherman addressed the Commission on behalf of the Seminary Neighborhood Association Board of Directors. Mr. Reitherman asked Marin LAFCO to work with the Strawberry community in exploring options to annex the area into the Town of Tiburon.

Novato resident Wanda Sarti addressed the Commission and asked for assistance in helping her understand the formation history and service role of the Rush Creek Landscape and Lighting District.

No other comments were received.

#### ANNUAL WORKSHOP ITEMS

The Commission will hold its annual workshop with facilitation services provided by William Chiat from the Alta Mesa Group. Scheduled topics are listed below with approximate starting and ending times.

- 1) **Workshop Introduction by William Chiat**  
Introductions and review of agenda items.

**Overview provided and discussion with Commissioners on goals for the day. No actions.**

**ANNUAL WORKSHOP ITEMS CONTINUED...**

**2) LAFCO Primer**

This session serves as a big-picture overview of LAFCOs' existing and emerging duties/responsibilities in providing regional growth management services. This session is ideal for anyone interested in better understanding the role and relevance of LAFCO's work in Marin County and throughout California.

**Overview provided along with discussion among Commissioners. Questions received from audience members. No actions taken.**

**3) Executive Officer's Report**

The Executive Officer will discuss key activities undertaken by Marin LAFCO in 2016 and identify opportunities and challenges going into 2017 with the latter highlighted by implementation of Senate Bills 239 (Outside Fire Service Contracts) and 1266 (Joint Power Authorities). This session is aimed at informing the Commission's subsequent discussion on strategic planning goals and objectives and will include discussing the status of the adopted study schedule and alternatives therein in advancing progress.

**Overview provided along with discussion among Commissioners. No actions taken.**

**4) Strategic Planning Discussion**

This session will review progress made in addressing the Commission's adopted goals and objectives in 2016 through the membership. The Commission will also discuss whether any changes to the adopted goals and objectives are warranted in 2017 as well as identify any specific tasks therein in step with informing the pending preparation of a budget and work plan at a future regular meeting.

**Commission discussion with a focus on agency goals going forward. No actions taken.**

**5) Committee Assignments**

The Commission will consider making appointments/reappointments to the agency's (a) Budget, (b) Policy, (c) Legislative, and (d) Public/Technical Information Committees. Commission may also consider identifying specific Committee projects.

**With Commission input Chair Blanchfield appointed Commissioners McEntee (City), Murray (District), and Rodoni (County) to the Budget Committee. Chair Blanchfield deferred making appointments to remaining Committees to the February meeting.**

**6) Workshop Takeaways**

The facilitator will engage Commissioners in summarizing key takeaways generated during the workshop and discuss potential next steps for action at future meetings.

**Commission discussion. No actions taken.**

**CLOSED SESSION**

**Public Employee Performance Evaluation | Government Code Section 54957**

Executive Officer

**The Commission adjourned into closed session at 12:10 pm to conduct the Executive Officer's annual performance review. The Commission returned to open session at 12:45 pm with Chair Blanchfield stating no reportable actions had been taken.**

**ADJOURNMENT TO NEXT REGULAR MEETING**

**Chair Blanchfield adjourned the special meeting at 12:45 pm.**

**APPROVED:**

**ATTESTED:**

\_\_\_\_\_  
Jeffry Blanchfield  
Commission Chair

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Keene Simonds  
Executive Officer

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

**AGENDA REPORT**

February 9, 2017  
Item No. 2 (Consent / Action)

February 3, 2017

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

**SUBJECT: Commission Ratification | Reconciled Payments from October 1, 2016 to December 31, 2016**  
The Commission will consider ratifying payments made by the Executive Officer for non-payroll expenses reconciled between October 1, 2016 and December 31, 2016. Non-payroll payments made during this period total \$50,739. The payments are being presented for formal ratification by the Commission consistent with adopted policies.

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

**A. Background**

Marin LAFCO’s (“Commission) adopted Policy Handbook directs all non-payroll payments made by the Executive Officer to be reconciled at the end of each month by the membership’s contracted bookkeeper. All reconciled payments are to be reported to the Commission at the next available meeting for formal ratification.

**B. Discussion**

This item is for the Commission to consider ratification of non-payroll payments made by the Executive Officer between October 1, 2016 and December 31, 2016. These payments have been reconciled by the Commission’s contracted bookkeeper – Alyssa Schiffmann with the Southern Marin Fire Protection District – and total \$50,739. The payments are detailed in Attachment One.

### **C. Analysis**

The forwarded payments involving non-payroll expenditures have been reconciled as required under adopted policy and in step with presenting for Commission ratification. An expanded discussion regarding the need and impact of the expenditures reported herein is provided as part of the budget status presented as Agenda Item No. 3.

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

The following alternatives are available to the Commission:

Alternative One (Recommended):

Ratify the reconciled payments on non-payroll expenses as shown in Attachment One.

Alternative Two:

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

### **E. Recommendation**

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

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

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

Respectfully,



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Keene Simonds  
Executive Officer

Attachment:

- 1) Reconciled Payments from October 1, 2016 to December 31, 2016

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
 October through December 2016

	<u>Type</u>	<u>Date</u>	<u>Memo</u>
<b>ALHAMBRA &amp; SIERRA SPRINGS</b>			
	Check	11/30/2016	Services Through November 21, 2016
Total ALHAMBRA & SIERRA SPRINGS			
<b>AMERICAN PLANNING ASSOCIATION</b>			
	Check	12/30/2016	EO / ANNUAL DUE
Total AMERICAN PLANNING ASSOCIATION			
<b>ARNOLD, JUDY</b>			
	Check	10/10/2016	LAFCO Per Diem for 8-11-16
	Check	10/21/2016	LAFCO Per Diem for 10-13-16
	Check	12/12/2016	LAFCO Per Diem for 12-8-16
Total ARNOLD, JUDY			
<b>BAKER, JOHN M</b>			
	Check	10/10/2016	
	Check	10/21/2016	Commissioner Per Diem 10-13-16
	Check	12/12/2016	Commissioner Per Diem 12-8-16
Total BAKER, JOHN M			
<b>BEST BEST &amp; KRIEGER LLP</b>			
	Check	11/30/2016	Conflict of Interest Help
Total BEST BEST & KRIEGER LLP			
<b>BLANCHFIELD, JEFFRY S</b>			
	Check	10/10/2016	Commission Meeting / August 2016
	Check	10/21/2016	Commission Meeting / 10-13-16
	Check	12/12/2016	LAFCO Per Diem 12-8-16
Total BLANCHFIELD, JEFFRY S			
<b>BURDICK, CHRISTOPHER D</b>			
	Check	10/10/2016	8-11-16 LAFCO Per Diem
	Check	10/21/2016	10-13-16 LAFCO Per Diem
	Check	12/12/2016	LAFCO Per Diem 12-8-16
Total BURDICK, CHRISTOPHER D			
<b>CA SPECIAL DISTRICT ASSOCIATION</b>			
	Check	11/30/2016	CSDA Membership Fee for 2017
Total CA SPECIAL DISTRICT ASSOCIATION			
<b>CALAFCO</b>			
	Check	10/06/2016	Santa Barbara Conference Registration for Murr
Total CALAFCO			

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
 October through December 2016

	<u>Type</u>	<u>Date</u>	<u>Memo</u>
<b>CIVIC PLUS INC</b>			
	Check	12/30/2016	Logo Add to Website Development
Total CIVIC PLUS INC			
<b>COMCAST</b>			
	Check	10/19/2016	October 2016
Total COMCAST			
<b>COMMUNITY MEDIA CENTER OF MARIN</b>			
	Check	11/30/2016	Oct 2016 Meeting
Total COMMUNITY MEDIA CENTER OF MARIN			
<b>CONDON, CARLA STONE</b>			
	Check	10/10/2016	7-28 / 8-5 / 8-11 LAFCO Per Diems
	Check	10/21/2016	10-13-16 LAFCO Per Diem
	Check	12/12/2016	LAFCO Per Diem 12-8-16
Total CONDON, CARLA STONE			
<b>COUNTY OF MARIN - CDD</b>			
	Check	10/19/2016	GIS Work on 1501 Lucas Valley Road
Total COUNTY OF MARIN-CDD			
<b>COUNTY OF MARIN - COUNTY CLERK</b>			
	Check	10/31/2016	NOE Filing Fee for MMWD SOI Update
Total COUNTY OF MARIN-COUNTY CLERK			
<b>CONNOLLY, DAMON</b>			
	Check	10/21/2016	Commission Per Diem for 10-13-16
Total Damon Connolly			
<b>FP MAILING SOLUTIONS</b>			
	Check	11/03/2016	October 14, 2016 Invoice
	Check	12/30/2016	November 2016 Invoice
Total FP MAILING SOLUTIONS			
<b>GRAF VAN &amp; STORAGE INC</b>			
	Check	10/19/2016	Storage for Sept, Oct, and Nov 2016
	Check	11/30/2016	Nov 2016
Total GRAF VAN & STORAGE INC			
<b>KIOUS, LEWIS</b>			
	Check	10/10/2016	7-28 / 8-5 / 8-11 LAFCO Per Diems
	Check	10/21/2016	10-13-16 LAFCO Per Diem
	Check	12/12/2016	LAFCO Per Diem 12-8-16
Total KIOUS, LEWIS			

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
 October through December 2016

	<u>Type</u>	<u>Date</u>	<u>Memo</u>
<b>LIEBERT CASSIDY WHITMORE</b>			
	Check	10/19/2016	Services Through September 30, 2016
	Check	11/30/2016	Services Through October 31, 2016
	Check	12/30/2016	Services Through November 30, 2016
Total LIEBERT CASSIDY WHITMORE			
<b>MARIN CLEAN ENERGY</b>			
	Check	12/19/2016	Meeting Room Deposit
Total Marin CLEAN ENERGY			
<b>MARIN INDEPENDENT JOURNAL</b>			
	Check	10/19/2016	October 2016 Hearing Notices
	Check	11/30/2016	October 2016 Hearing Notices
Total MARIN INDEPENDENT JOURNAL			
<b>MARIN IT INC</b>			
	Check	10/19/2016	IT Installation and Testing in New Suite
	Check	10/19/2016	Hosted Messaging for May, June, July 2016
	Check	12/30/2016	Hosted Messaging for Aug, Sept, Oct 2016
	Check	12/30/2016	Network Relocation and Set Up Costs
Total MARIN IT INC			
<b>MATTHEW BROWN</b>			
	Check	12/12/2016	LAFCO Per Diem 12-8-16
Total Matt Brown			
<b>MCERA</b>			
	Check	10/31/2016	Retirement OPEB
	Check	11/30/2016	Retirement OPEB
	Check	12/30/2016	Retirement OPEB
Total MCERA			
<b>MURRAY, CRAIG K</b>			
	Check	10/10/2016	Commission Meeting August 2016 and Tech Cor
	Check	10/21/2016	LAFCO Per Diem for 10-13-16
	Check	11/30/2016	Miles Reimbursement / CALAFCO
	Check	12/12/2016	LAFCO Per Diem for 12-8-16
Total MURRAY, CRAIG K			
<b>RICOH USA INC</b>			
	Check	11/30/2016	Copier Costs Through Nov 3, 2016
Total RICOH USA INC			

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
 October through December 2016

	<u>Type</u>	<u>Date</u>	<u>Memo</u>
<b>ROBERT MAYFIELD</b>			
	Check	12/05/2016	Website Work/Training
Total Robert H. Mayfield			
<b>SASHI MCENTEE</b>			
	Check	10/21/2016	Commission Per Diem for 10-13-16
	Check	12/12/2016	LAFCO Per Diem 12-8-16
Total SASHI McEntee			
<b>SECURITY MORTGAGE GROUP 2</b>			
	Check	10/31/2016	Marin LAFCO Rent / November 2016
	Check	11/28/2016	Dec 2016
	Check	12/30/2016	Jan 2017
Total SECURITY MORTGAGE GROUP 2			
<b>STATE BOARD OF EQUALIZATION</b>			
	Check	11/30/2016	Replacement Check for 91 Glenside
Total State Board of Equalization			
<b>STATE OF CALIFORNIA - EDD</b>			
	Check	11/03/2016	
Total EDD			
<b>TERRIE GILLETT AND ASSOCIATES</b>			
	Check	11/03/2016	1501 Lucas Valley Road / LVSD Signature
Total Terrie Gillett			
<b>TOWN OF CORTE MADERA</b>			
	Check	11/03/2016	11-16-16 MCCMC Dinner
Total Town of Corte Madera			
<b>US BANK GOVERNMENT SERVICES   CALCARD</b>			
	Check	10/19/2016	Sept 2016 Statement
	Check	10/19/2016	PRL / MMWD SOI
	Check	10/19/2016	Sept 2016 Statement
	Check	10/19/2016	Quickbooks/Panera
	Check	11/16/2016	staples
	Check	11/16/2016	panera bread
	Check	11/16/2016	ups
	Check	11/16/2016	dropbox
	Check	11/16/2016	usps
	Check	11/16/2016	target
	Check	11/16/2016	dipsea
	Check	11/16/2016	paid over
	Check	11/20/2016	santa barbara

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
October through December 2016

	<u>Type</u>	<u>Date</u>	<u>Memo</u>
	Check	11/20/2016	toast
	Check	11/20/2016	dropbox
	Check	11/20/2016	panera
	Check	11/20/2016	vista print
	Check	12/21/2016	fedex
	Check	12/21/2016	vista print
	Check	12/21/2016	balboa cafe
	Check	12/21/2016	dropbox
	Check	12/21/2016	staples
	Check	12/21/2016	safeway
	Check	12/21/2016	office depot
	Check	12/21/2016	airline/parking
Total US BANK GOVERNMENT SERVICES			
<b>VERIZON WIRELESS</b>			
	Check	10/19/2016	EO Mobile Plan / September 2016
	Check	11/30/2016	EO Mobile Plan / November 2016
	Check	12/30/2016	EO Mobile Plan / December 2016
Total VERIZON WIRELESS			
<b>TOTAL</b>			

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
 October through December 2016

	<u>Account</u>	<u>Amount</u>
<b>ALHAMBRA &amp; SIERRA SPRINGS</b>		
	5220110 · Office Supplies	135.18
Total ALHAMBRA & SIERRA SPRINGS		<u>135.18</u>
<b>AMERICAN PLANNING ASSOCIATION</b>		
	5211330 · Memberships & Dues	490.00
Total AMERICAN PLANNING ASSOCIATION		<u>490.00</u>
<b>ARNOLD, JUDY</b>		
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
Total ARNOLD, JUDY		<u>375.00</u>
<b>BAKER, JOHN M</b>		
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
Total BAKER, JOHN M		<u>375.00</u>
<b>BEST BEST &amp; KRIEGER LLP</b>		
	5210131 · Legal Services	280.34
Total BEST BEST & KRIEGER LLP		<u>280.34</u>
<b>BLANCHFIELD, JEFFRY S</b>		
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
Total BLANCHFIELD, JEFFRY S		<u>375.00</u>
<b>BURDICK, CHRISTOPHER D</b>		
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
Total BURDICK, CHRISTOPHER D		<u>375.00</u>
<b>CA SPECIAL DISTRICT ASSOCIATION</b>		
	5211330 · Memberships & Dues	1,231.00
Total CA SPECIAL DISTRICT ASSOCIATION		<u>1,231.00</u>
<b>CALAFCO</b>		
	ay/ξ 5211325 · Conferences	1,550.00
Total CALAFCO		<u>1,550.00</u>



**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
 October through December 2016

	Account	Amount
<b>CIVIC PLUS INC</b>		
	5210129 · Graphic Design	195.00
Total CIVIC PLUS INC		<u>195.00</u>
<b>COMCAST</b>		
	5210710 · Communications Services	341.18
Total COMCAST		<u>341.18</u>
<b>COMMUNITY MEDIA CENTER OF MARIN</b>		
	5210710 · Communications Services	450.00
Total COMMUNITY MEDIA CENTER OF MARIN		<u>450.00</u>
<b>CONDON, CARLA STONE</b>		
	5211533 · Commissioner Per Diems	375.00
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
Total CONDON, CARLA STONE		<u>625.00</u>
<b>COUNTY OF MARIN - CDD</b>		
	5211516 · Mapping Services - County	60.00
Total COUNTY OF MARIN-CDA		<u>60.00</u>
<b>COUNTY OF MARIN - COUNTY CLERK</b>		
	5211520 · Publications/Notices	50.00
Total COUNTY OF MARIN-COUNTY CLERK		<u>50.00</u>
<b>CONNOLLY, DAMON</b>		
	5211533 · Commissioner Per Diems	125.00
Total Damon Connolly		<u>125.00</u>
<b>FP MAILING SOLUTIONS</b>		
	5220110 · Office Supplies	71.94
	5220146 · Postage	147.49
Total FP MAILING SOLUTIONS		<u>219.43</u>
<b>GRAF VAN &amp; STORAGE INC</b>		
	5211215 · Rent - Storage	105.57
	5211215 · Rent - Storage	35.19
Total GRAF VAN & STORAGE INC		<u>140.76</u>
<b>KIOUS, LEWIS</b>		
	5211533 · Commissioner Per Diems	375.00
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
Total KIOUS, LEWIS		<u>625.00</u>

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
 October through December 2016

	<b>Account</b>	<b>Amount</b>
<b>LIEBERT CASSIDY WHITMORE</b>		
	5210131 · Legal Services	10,568.95
	5210131 · Legal Services	2,965.40
	5210131 · Legal Services	<u>5,092.00</u>
Total LIEBERT CASSIDY WHITMORE		18,626.35
<b>MARIN CLEAN ENERGY</b>		
	5211270 · Office Lease/Rent	150.00
Total Marin CLEAN ENERGY		<u>150.00</u>
<b>MARIN INDEPENDENT JOURNAL</b>		
	5211520 · Publications/Notices	202.00
	5211520 · Publications/Notices	<u>202.00</u>
Total MARIN INDEPENDENT JOURNAL		404.00
<b>MARIN IT INC</b>		
	5210110 · Professional Services	5,252.00
	5210710 · Communications Services	133.35
	5210710 · Communications Services	150.35
	5210710 · Communications Services	<u>840.00</u>
Total MARIN IT INC		6,375.70
<b>MATTHEW BROWN</b>		
	5211533 · Commissioner Per Diems	125.00
Total Matt Brown		<u>125.00</u>
<b>MCERA</b>		
	5130525 · CalPERS - Retiree Health	441.22
	5130525 · CalPERS - Retiree Health	441.22
	5130525 · CalPERS - Retiree Health	<u>441.22</u>
Total MCERA		1,323.66
<b>MURRAY, CRAIG K</b>		
	mm 5211533 · Commissioner Per Diems	250.00
	5211533 · Commissioner Per Diems	125.00
	5211440 · Travel - Mileage	370.44
	5211533 · Commissioner Per Diems	<u>125.00</u>
Total MURRAY, CRAIG K		870.44
<b>RICOH USA INC</b>		
	5210935 · Office Equipment Purchases	517.13
Total RICOH USA INC		<u>517.13</u>

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
 October through December 2016

	<b>Account</b>	<b>Amount</b>
<b>ROBERT MAYFIELD</b>		
	5210129 · Graphic Design	480.00
Total Robert H. Mayfield		<u>480.00</u>
<b>SASHI MCENTEE</b>		
	5211533 · Commissioner Per Diems	125.00
	5211533 · Commissioner Per Diems	125.00
Total SASHI McEntee		<u>250.00</u>
<b>SECURITY MORTGAGE GROUP 2</b>		
	5211270 · Office Lease/Rent	2,493.83
	5211270 · Office Lease/Rent	2,493.83
	5211270 · Office Lease/Rent	2,493.83
Total SECURITY MORTGAGE GROUP 2		<u>7,481.49</u>
<b>STATE BOARD OF EQUALIZATION</b>		
	5211520 · Publications/Notices	50.00
Total State Board of Equalization		<u>50.00</u>
<b>STATE OF CALIFORNIA - EDD</b>		
	5140140 · Payroll Tax	139.26
Total EDD		<u>139.26</u>
<b>TERRIE GILLETT AND ASSOCIATES</b>		
	5211520 · Publications/Notices	110.00
Total Terrie Gillett		<u>110.00</u>
<b>TOWN OF CORTE MADERA</b>		
	5211325 · Conferences	55.00
Total Town of Corte Madera		<u>55.00</u>
<b>US BANK GOVERNMENT SERVICES   CALCARD</b>		
	5210935 · Office Equipment Purchases	79.49
	5211520 · Publications/Notices	460.00
	5210710 · Communications Services	9.99
	5211340 · Training	122.77
	5220110 · Office Supplies	1,205.84
	5220110 · Office Supplies	23.03
	5220110 · Office Supplies	122.90
	5220110 · Office Supplies	9.99
	5220110 · Office Supplies	47.00
	5220110 · Office Supplies	68.79
	5220110 · Office Supplies	45.25
	5220110 · Office Supplies	30.00
	5211440 · Travel - Mileage	1,948.40

**Marin Local Agency Formation Commission**  
**Expenses by Vendor Detail**  
 October through December 2016

	<u>Account</u>	<u>Amount</u>
	5211340 · Training	36.90
	5210710 · Communications Services	9.99
	5211340 · Training	23.03
	5220110 · Office Supplies	32.76
	5211520 · Publications/Notices	158.75
	5220110 · Office Supplies	39.05
	5211340 · Training	67.88
	5210710 · Communications Services	9.99
	5220110 · Office Supplies	69.61
	5220110 · Office Supplies	56.83
	5220110 · Office Supplies	99.29
	5211340 · Training	<u>556.93</u>
Total US BANK GOVERNMENT SERVICES		5,334.46
<b>VERIZON WIRELESS</b>		
	5210710 · Communications Services	141.20
	5210710 · Communications Services	141.11
	5210710 · Communications Services	<u>146.05</u>
Total VERIZON WIRELESS		428.36
<b>TOTAL</b>		<b><u><u>50,739.00</u></u></b>



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

**AGENDA REPORT**

February 9, 2017  
Item No. 3 (Consent/Action)

February 3, 2017

**TO:** Marin Commissioners  
**FROM:** Keene Simonds, Executive Officer  
Alyssa Shiffmann, Contract Bookkeeper  
**SUBJECT: Budget Update for 2016-2017 and Year End Projections**

The Commission will review a report comparing budgeted and actual transactions for 2016-2017 through December 31, 2016 and its projection. Marin LAFCO is on pace to finish with an operating net of (\$15,145) or (3.0%). This projection marks a moderate improvement over the budgeted operating net of (\$25,000). The report is being presented to the Commission to accept and file as well as to provide direction as needed.

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

**A. Background**

**2016-2017 Budget**

Marin LAFCO’s (“Commission”) adopted final budget as amended for 2016-2017 totals \$526,862. This amount represents the total approved operating expenditures for the fiscal year divided between three active expense units: salaries and benefits; administrative activities; and services and supplies. A purposeful operating deficit of (\$25,000) or (5%) was budgeted with setting annual revenues at \$501,862 in step with phasing corresponding contribution increases among the funding agencies over the next few years. Budgeted revenues are divided between three active units: intergovernmental contributions; service charges; and investments. The Commission’s estimated unaudited fund balance as of July 1, 2016 totaled \$140,905.

Budgeted 16-17 Expenses	Budgeted 16-17 Revenues	Budgeted 16-17 Year End Balance	Beginning 16-17 Fund Balance
\$526,862	\$501,862	(\$25,000)	\$140,905

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

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

Jack Baker, Regular  
North Marin Water District  
Craig K. Murray, Regular  
Las Gallinas Valley Sanitary  
Lew Kious, Alternate  
Almonte Sanitary District

Jeffrey Blanchfield, Chair  
Public Member  
Chris Burdick, Alternate  
Public Member

## B. Discussion

This item is for the Commission to receive an update comparison of (a) budgeted to (b) actual expenses and revenues through the month of December. The report provides the Commission the opportunity to track expenditure trends and consider year-end operating projections from the Executive Officer. The report is being presented to the Commission to formally accept and file as well as to provide related direction as needed.

### Summary of Operating Expenses

The Commission's budgeted operating expense total for 2016-2017 is \$526,862. This amount includes all subsequently approved amendments. Actual expenses through the first six months of the fiscal year totaled \$243,781. This amount represents 46% of the budgeted total with 50% of the fiscal year complete. A summary comparison of budgeted to actual operating expenses follows.

Expense Units	Adopted w/ Amendments	Actuals Through 12/31	Percent Expended	Unexpended Balance
1) Salaries and Benefits	369,716	146,912	40	222,804
2) Administrative	78,166	45,503	58	32,663
3) Services and Supplies	78,980	51,366	65	27,613
4) Contingencies	-	-	-	-
<b>Total</b>	<b>\$526,862</b>	<b>\$243,781</b>	<b>46%</b>	<b>\$283,044</b>

Actuals through the first six months and related analysis suggest the Commission is on pace to finish the fiscal year with \$500,307 in total expenses. Should this projection hold the Commission will achieve an unexpended budgeted savings of \$26,555 or 5%. An expanded discussion on budgeted and actual expenses through the first six months and related year-end projections follow.

#### Salaries/Benefits Unit

The Commission budgeted with amendments \$369,716 in the Salaries and Benefits Unit for 2016-2017 with the proceeds largely tied to funding 2.85 fulltime equivalent employees as well as existing retiree obligations.<sup>1</sup> Through the first six months the Commission's actual expenses within the seven affected accounts totaled \$146,912 or 40% of the budgeted amount. Two of the affected accounts – Payroll Tax and Workers Compensation – finished with balances exceeding the proportional 50% spending threshold for the period with explanations provided below. In the absence of any additional amendments it is projected the Commission will finish the fiscal year with an expense total of \$330,970, and result in a surplus of \$38,746 or 12%.<sup>2</sup>

<sup>1</sup> The original budgeted amount in the Salaries/Benefits Unit totaled \$398,716. This total was subsequently amended to \$369,716 with the difference – \$29,000 – being reallocated to the Administrative Unit.

<sup>2</sup> The projected year-end totals includes the return of the Commission Clerk to two hours a day beginning February 1, 2017 (10 hours a week). It also assumes the successful merit advance of the Administrative Analyst in April 2017.

- Payroll Tax  
This account is principally used to cover the Commission's obligation to contribute towards Medicare based on a flat 1.45% of salary totals paid to regular employees. The Commission budgeted \$4,020 in this account in 2016-2017 based on projected payroll totals. Actual expenses through December totaled \$2,380 or 59% of the budgeted amount with the proportional overrun attributed to the unbudgeted costs of also contributing to Social Security as a result of hiring an extra help employee.<sup>3</sup> It is projected the Commission will ultimately expend \$4,184 in this account through June, and result in a year-end shortfall of (\$164) or (4%).
- Workers Compensation  
This account covers the Commission's contract costs to participate in the Special Districts Risk Management Authority's (SDRMA) risk-pool for employee injury and disability coverage while performing work related functions. The Commission budgeted \$960 in this account in 2016-2017 based on recent trends and ahead of a formal notification from SDRMA. Actual expenses through December totaled \$1,731 or 180% of the budgeted amount and tied to providing full invoice payment in October. The end result is a year-end deficit balance of (\$771) or (80%) and attributed to a premium adjustment due to a recent claim award against the Commission.

#### **Administrative Activities Unit**

The Commission budgeted with amendments \$78,166 in the Administrative Activities Unit for 2016-2017 to provide funding for *direct* support services necessary to operate Marin LAFCO (emphasis).<sup>4</sup> Through the first six months the Commission's actual expenses within the six affected accounts totaled \$45,503 or 58% of the budgeted amount. Three of the affected accounts – Legal Services, Conferences, and Mileage/Travel – finished with balances exceeding the proportional 50% spending threshold for the period with explanations provided below. In the absence of subsequent amendments it is projected the Commission will finish the fiscal year with a unit expense total of \$93,284, and result in a shortfall of (\$15,118) or (19%).<sup>5</sup>

- Legal Services  
This account covers the Commission's costs for all legal services with expenses typically generated from Commission Counsel (County Counsel) or Outside Counsel (Best Best and Krieger). The Commission has budgeted with amendments \$39,579 in this account in 2016-2017.<sup>6</sup> Actual expenses through December totaled \$28,470 or 72% of the budgeted amount with four-fifths attributed to payment to Liebert Cassidy and Whitmore (LCW) for project-specific services beginning in August 2016. It is projected the Commission will

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<sup>3</sup> Regular employees are exempt from funding into Social Security.

<sup>4</sup> The original budgeted amount in the Administrative Unit totaled \$49,166. This total was subsequently amended to \$78,166 with the increase – \$29,000 – being drawn from the Salaries/Benefits Unit.

<sup>5</sup> Subsequent amendments appear necessary to mitigate the projected year-end deficit. Additional discussion on this item is provided in the analysis section.

<sup>6</sup> The Commission initially budgeted \$10,578 in this account based on recent expense trends. The Commission approved an amendment on December 8, 2016 to increase the total budget amount to \$39,579.

ultimately expend \$50,969 in this account through June, and result in a year-end shortfall of (\$11,391) or (29%).<sup>7</sup>

- Conferences

This account covers the Commission's costs for continued educational training specific to members and staff attending overnight conferences and workshops. The Commission budgeted \$2,450 in this account in 2016-2017 based on recent actual trends. Actual expenses through December totaled \$1,550 or 66% of the budgeted amount with the proportional overrun attributed to registration costs for the recent CALAFCO Annual Conference in Santa Barbara.<sup>8</sup> It is projected the Commission will ultimately expend \$2,355 in this account through June, and result in a year-end surplus of \$95 or (4%).

- Mileage/Travel

This account primarily covers the Commission's costs to reimburse members and staff for private automobile mileage incurred in attending official agency business. It also – and as needed – provides related reimbursement for airfare and other forms of public transportation. The Commission budgeted \$4,118 in this account in 2016-2017 based on recent trends. Actual expenses in this account through December totaled \$3,485 or 85% of the budgeted amount with the proportional overrun attributed to additional travel by the Executive Officer associated with legislative duties with CALAFCO. It is projected the Commission will ultimately expend \$4,985 in this account through June, and result in a year-end shortfall of (\$868) or (21%).

### **Services and Supplies Unit**

The Commission budgeted \$78,980 in the Services and Supplies Unit for 2016-2017 to provide funding for *indirect* support services necessary to operate Marin LAFCO (emphasis). Through the first six months the Commission's actual expenses within the 11 affected accounts totaled \$51,366 or 65% of the budgeted amount. Five accounts – Membership Dues, General Insurance, Communications, General Office Expenses, and Graphic/Website Design – finished with balances exceeding the proportional 50% spending threshold for the period with explanations provided below. In the absence of subsequent amendments it is projected the Commission will finish the fiscal year with an expense total of \$76,053 in the unit, and result in an overall surplus of \$2,927 or 4%.

- Membership Dues

This account covers the Commission's annual dues for ongoing membership with several outside agencies and organizations as previously authorized by the members. This includes MarinMap, CALAFCO, Marin Television, and the California Special Districts Association (CSDA). The Commission budgeted \$14,369 in this account in 2016-2017 based on recent actual trends. Actual

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<sup>7</sup> This projection assumes the special projected being managed by LCW will substantively end by March 2017.

<sup>8</sup> Three attendees from Marin LAFCO were registered for the CALAFCO 2016 Annual Conference: Commissioner Craig K. Murray; Executive Officer Keene Simonds; and Administrative Analyst Rachel Jones. A verbal report on this overnight travel will be provided to the Commission separately as part of Agenda Item No. 12.



expenses in this account through the first six months totaled \$14,269 or 99% of the budgeted amount and tied to providing full payment of all budgeted costs with the exception of Marin Television. Staff anticipates all budgeted costs will be paid and the Commission will finish with a \$0 ending balance.

- General Insurance

This account covers the Commission's contract cost to participate in SDRMA's risk-pool for general liability coverage to meet future claims and losses tied to third-party injuries and property damages. The Commission budgeted \$2,677 in this account in 2016-2017 based on the prior year's charge. Actual expenses through the first six months totaled \$2,564 or 96% of the budgeted amount and tied to providing full payment upon receipt of an invoice in August. No other invoices are expected, and accordingly the Commission should finish the fiscal year with an account surplus of \$113 or 4%.

- Communications

This account covers the Commission's cost for general communicative services ranging from telephone/internet services to video recording of Marin LAFCO meetings. The Commission budgeted \$6,568 in this account in 2016-2017 based on expected needs. Actual expenses through the first six months totaled \$4,198 or 64% of the budgeted amount with the proportional overrun mainly attributed to transferring internet and telephone services to a new carrier and in step with the move to 1401 Los Gamos Drive. It is projected the Commission will ultimately expend \$7,378 in this account through June, and result in a year-end deficit of (\$810) or (12%).

- General Office Expenses

This account covers the Commission's general overhead costs ranging from basic material supplies to office furniture. The Commission budgeted \$2,590 in this account in 2016-2017 based on recent year-end totals. Actual expenses in this account through the first six months totaled \$3,782 or 146% of the budgeted amount. Nearly two-thirds of these expenses are directly tied to furniture and related moving costs tied to Marin LAFCO relocating into its permanent suite at 1401 Los Gamos in late August. It is projected the Commission will ultimately expend \$5,782 in this account through June, and result in a year-end deficit of (\$3,192) or (123%).

- Graphic/Website Design

This account covers the Commission's general costs tied to utilizing professional services for all specified graphic and website design or edits. The Commission budgeted \$15,500 in this account in 2016-2017 with nearly all funds earmarked for the design and launch of a new website. Actual expenses in this account through the first six months totaled \$12,412 or 80% of the budgeted amount and predominately tied to paying in full the first of four annual installment payments to CivicPlus for website design and ongoing

support services.<sup>9</sup> No additional costs are expected, and as such the Commission is projected to finish with an ending surplus of \$3,088 or 20%.

### Summary of Operating Revenues

The Commission’s budgeted operating revenue total for 2016-2017 is \$501,862. Actual revenues collected through the first six months totaled \$470,376. This amount represents 94% of the budgeted total with 50% of the fiscal year complete. A summary comparison of budgeted to actual operating revenues follows.

Revenue Unit	Adopted	Actuals Through 12/31	Percent Collected	Amount Outstanding
1) Intergovernmental	470,362	469,161	99	1,201
2) Service Charges	30,000	1,134	4	28,866
3) Interest Earnings	1,500	381	26	1,119
	<b>\$501,862</b>	<b>\$470,676</b>	<b>94%</b>	<b>\$31,186</b>

Actuals through the first six months and related analysis suggest the Commission’s year-end revenue totals will tally \$485,161 and result in a shortfall of (\$16,701) or (3%). An expanded discussion on the budgeted and actual revenues through the first sixth months in the main revenue units follows.

#### Intergovernmental Fees Unit

The Commission budgeted \$470,362 in the Intergovernmental Fees Unit in 2016-2017. This total budgeted amount was to be divided into three equal shares at \$156,787 and invoiced among the County of Marin, 11 cities/towns, and 30 independent special districts as provided under State statute. However, and as recently identified, an error was made in transmitting invoice tallies in early June to the County Auditor’s Office that identified the total amount as \$469,161, and as such lowered the proportional shares to \$156,161. All invoices based on the lower tally have been received. Accordingly, and in the absence of seeking a corrective payment from all 42 funding agencies to recover the remaining \$1,201, the Commission will finish with an ending balance of \$469,161 or 99% of the budgeted amount.

#### Application Fees Unit

The Commission budgeted \$30,000 in the Application Fees Unit in 2016-2017. Through the first sixth months \$1,134 in application fees have been collected. Staff anticipates – and at least for budgeting purposes – the account ultimately tallying \$15,000 and result in a year-end deficit of (\$15,000) or (50%).

<sup>9</sup> The Commission approved a contract with CivicPlus in August 2016 consistent with the firm’s formal proposal received as part of an open bid process. The total expense of the contract for a new website design along with maintenance and support services is \$38,730 with costs divided and spread out over four years. The first year charge of \$11,216 was paid in August.

### **Interest Unit**

The Commission budgeted \$1,500 in the Interest Unit in 2016-2017. Through the first six months the Commission received \$381 from the County Treasurer and reflects first quarter earnings less administrative charges. Staff anticipates – and at least for budgeting purposes – the account ultimately tallying \$1,000 and result in a year-end deficit of (\$500) or (33%).

### **C. Analysis**

Activity through the first sixth months of the fiscal year indicates the Commission is generally proceeding as planned while achieving a moderate improvement in lowering the budgeted deficit total of (\$25,000) to (\$15,145); a positive change of 39%. This projected improvement is largely tied to accruing salary and related benefit savings associated with the continued leave of one the Commission’s three budgeted positions.<sup>10</sup> (This budget improvement tied to the decrease in staff hours, however and importantly, does impact the Commission with respect to meeting its work program and is further detailed in Agenda Item No. 5.) Markedly, the savings in salary and benefits are expected to fully absorb the significant overruns projected in legal services as well as cover excessive general office expenses with the latter the result of the delayed relocation of Marin LAFCO into its permanent suite at 1401 Los Gamos Drive.<sup>11</sup> No amendments appear needed at this time, though it is reasonable to assume one or more changes will be required before the end of the year to make sure all three expense units have positive year-end balances in step with bottom-line accounting practices.

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

The following alternatives are available to the Commission:

Alternative One (Recommended):

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

Alternative Two:

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

### **E. Recommendation**

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

---

<sup>10</sup> Staff is projecting all three budgeted positions will be at fulltime status by January 1, 2017.

<sup>11</sup> In setting the FY2016-17 budget it was initially expected Marin LAFCO would move into its permanent suite at 1401 Los Gamos Drive in mid-June 2016. Permitting issues, however, delayed the move to August, and as such many of the associated moving costs have been borne out of the current fiscal year as opposed to 2015-2016.

## **F. Procedures for Consideration**

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

On behalf of staff,



---

Keene Simonds  
Executive Officer

Attachment:

- 1) 2016-2017 General Ledger through December 31, 2016



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

Operating Budget Through December 31, 2016

Expense Ledger

		FY2013-2014		FY2014-2015		FY2015-2016		FY2016-2017			
		Adopted FY13-14	Actuals FY13-14	Adopted FY14-15	Actuals FY14-15	Adopted FY15-16	Actuals FY15-16	Amended FY16-17	Actuals FY16-17 (50% Complete)	%	Projected Year End
<b>Salary and Benefit Costs</b>											
<u>Account</u>	<u>Description</u>										
5110110	Staff Salaries (Regular and Extra Help)	173,497.00	154,422.02	189,883.89	179,671.82	246,687.85	241,698.82	258,111.02	107,371.10	41.60%	231,805.90
5130510	MCERA / Retirement Pension	49,901.00	42,231.41	51,792.54	45,257.81	61,990.20	59,729.78	57,852.41	21,881.70	37.82%	49,349.04
5140125	Employee Benefits	19,000.00	14,586.33	16,888.33	15,486.14	25,442.65	25,980.43	26,867.40	10,795.16	40.18%	24,785.08
5140141	Payroll Tax / Medicare	2,567.00	2,177.84	2,518.41	2,703.51	3,692.97	4,270.25	4,020.10	2,380.29	59.21%	4,184.59
5140115	Workers Compensation	1,400.00	804.96	736.00	791.82	742.00	1,064.10	960.00	1,730.51	180.26%	1,730.51
5140145	Unemployment Insurance	868.00	1,302.00	868.00	1,214.66	868.00	2,234.24	6,290.40	106.20	1.69%	3,500.00
5130525	MCERA / Retiree Medical	14,100.00	5,946.84	16,798.34	24,897.94	14,880.00	13,480.93	15,615.00	2,647.32	16.95%	15,615.00
		261,333.00	221,471.40	279,485.51	270,023.70	354,303.67	348,458.55	369,716.33	146,912.28	39.74%	330,970.13
<b>Administrative Costs</b>											
<u>Account</u>	<u>Description</u>										
5210110	Professional Services	31,350.00	9,183.46	5,800.00	17,183.00	15,255.00	15,793.43	15,020.00	6,104.50	0.41	18,724.50
5210131	Legal Services	5,000.00	1,323.04	14,196.23	2,477.21	10,075.00	10,045.28	39,578.75	28,469.49	0.72	50,969.49
5210230	Accounting Services	8,000.00	-	8,000.00	-	4,925.00	1,200.00	6,125.00	2,088.68	0.34	6,125.00
5211325	Conferences	3,100.00	3,330.90	4,000.00	2,614.42	2,975.00	3,494.97	2,450.00	1,605.00	0.66	2,355.00
5211440	Mileage/Travel	1,500.00	2,873.03	3,000.00	3,522.55	3,037.00	3,850.51	4,117.50	3,485.21	0.85	4,985.21
5211533	Commissioner Per Diems	6,800.00	5,050.00	7,100.00	4,600.00	7,100.00	5,500.00	10,875.00	3,750.00	34.48%	10,125.00
		55,750.00	21,760.43	42,096.23	30,397.18	43,367.00	39,884.19	78,166.25	45,502.88	58.21%	93,284.20
<b>Service and Supply Costs</b>											
<u>Account</u>	<u>Description</u>										
5211270	Office Lease/Rent	14,300.00	12,622.50	16,770.00	16,770.00	17,370.00	19,774.42	24,938.30	10,125.32	40.60%	22,864.47
5211330	Membership and Dues	13,300.00	13,775.00	13,340.00	13,896.00	14,092.00	14,017.00	14,368.68	14,269.00	99.31%	14,368.68
5210525	General Insurance	3,000.00	2,537.86	3,000.00	2,771.03	2,771.03	2,677.02	2,677.02	2,564.33	95.79%	2,564.33
5210715	Communication Services	1,600.00	2,508.88	5,874.60	5,416.36	6,053.60	7,496.60	6,567.60	4,197.58	63.91%	7,377.58
5211516	Reprographic/Map Services	2,500.00	1,302.25	-	-	-	-	-	-	-	-
5220110	General Office Expenses	2,000.00	5,267.76	2,000.00	5,831.11	23,399.96	19,795.05	2,590.00	3,782.47	146.04%	5,782.47
5210935	Office Equipment Purchases	6,000.00	721.35	6,000.00	8,671.54	2,907.16	4,706.39	5,137.16	1,217.85	23.71%	4,167.85
5211340	Training	1,000.00	483.50	1,500.00	326.70	1,095.00	820.24	1,800.00	807.51	44.86%	1,300.00
5211520	Publications/Notices	1,600.00	692.26	2,000.00	1,121.28	2,095.00	3,803.92	5,000.00	1,814.31	36.29%	4,814.31
5210129	Graphic Design/Website Design/Edits	1,000.00	-	2,000.00	3,000.00	2,000.00	-	15,500.00	12,411.97	80.08%	12,411.97
5211215	Storage	650.00	517.03	800.00	314.64	800.00	365.75	400.94	175.95	43.88%	400.94
		46,950.00	40,428.39	53,284.60	58,118.66	72,583.75	73,456.39	78,979.70	51,366.29	65.04%	76,052.60
<b>Contingencies</b>											
<u>Account</u>	<u>Description</u>										
*****	Operating Reserve	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
<b>EXPENSE TOTALS</b>		<b>364,033.00</b>	<b>283,660.22</b>	<b>374,866.34</b>	<b>358,539.54</b>	<b>470,254.42</b>	<b>461,799.13</b>	<b>526,862.28</b>	<b>243,781.45</b>	<b>46.27%</b>	<b>500,306.93</b>

Revenue Ledger

		FY2013-2014		FY2014-2015		FY2015-2016		FY2016-2017				
		Adopted FY13-14	Actual FY13-14	Adopted FY14-15	Actual FY14-15	Adopted FY15-16	Actual FY15-16 (100% of FY)	Amended FY16-17	Actuals FY16-17 (50% Complete)	%	Projected Year End	
<b>Intergovernmental</b>												
<u>Account</u>	<u>Description</u>											
4710510	Agency Contributions	339,033.00	339,033.00	348,366.36	348,367.13	387,528.42	387,528.42	470,362.28	469,161.48	99.74%	469,161.48	
	County of Marin	113,011.00	113,011.00	116,122.12	116,122.12	129,176.14	129,176.14	156,787.43	156,387.16	99.74%	156,387.43	
	Marin Cities	113,011.00	113,011.00	116,122.12	116,122.12	129,176.14	129,176.14	156,787.43	156,387.16	99.74%	156,387.43	
	Marin Special Districts	113,011.00	113,011.00	116,122.12	116,122.12	129,176.14	129,176.14	156,787.43	156,387.16	99.74%	156,387.43	
		339,033.00	339,033.00	348,366.36	348,367.13	387,528.42	387,528.42	470,362.28	469,161.48	99.74%	469,161.48	
<b>Service Charges</b>												
4640333	Application Fees	25,000.00	3,300.00	25,000.00	15,536.00	25,000.00	17,424.00	30,000.00	1,134.00	3.78%	15,000.00	
4710631	Miscellaneous	-	-	-	-	226.00	364.52	-	-	-	-	
		25,000.00	3,300.00	25,000.00	15,536.00	25,226.00	17,788.52	30,000.00	1,134.00	3.78%	15,000.00	
<b>Investments</b>												
*****	Interest	-	-	1,500.00	700.00	1,500.00	769.28	1,500.00	381.09	-	1,000.00	
		-	-	1,500.00	700.00	1,500.00	769.28	1,500.00	381.09	25.41%	1,000.00	
<b>REVENUE TOTALS</b>		<b>364,033.00</b>	<b>342,333.00</b>	<b>374,866.36</b>	<b>364,603.13</b>	<b>414,254.42</b>	<b>406,086.22</b>	<b>501,862.28</b>	<b>470,676.57</b>	<b>93.79%</b>	<b>485,161.48</b>	
<b>OPERATING NET</b>		-	58,672.78	-	6,063.59	(56,000.00)	(55,712.91)	(25,000.00)			(15,145.45)	
<b>AUDITED UNRESERVED/UNRESTRICTED FUND BALANCE</b>												
As of June 30th		\$ 192,856.78		\$ 196,618.00		\$ 140,905.09		\$ 115,905.09				
							<i>not audited</i>					
								<i>not audited</i>				



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

**AGENDA REPORT**

February 9, 2017  
Item No. 4 (Consent/Action)

February 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Proposed Amendments to Accounting and Internal Control Policies**  
The Commission will consider approving amendments to Marin LAFCO’s existing policies concerning accounting and internal controls specific to non-payroll functions. These amendments are highlighted by increasing the balance limit on the commercial checking account used by staff to cover routine operating expenses from \$3,000 to \$6,000 as well as raising single transaction allowances therein from \$1,500 to \$3,000. The proposed amendments are being presented for formal approval.

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

**A. Background**

Marin LAFCO (“Commission”) independently manages its own financial accounting system through QuickBooks. The system is guided through a series of adopted policies and protocols and highlighted by dividing the Commission’s accounting and related internal controls between two distinct functions: payroll and non-payroll. All payroll functions are delegated to the County Finance Department to electronically disperse employee payments out of the Commission’s fund account maintained with the Treasurer Division as approved biweekly by the Executive Officer. All non-payroll functions covering operating expenses are retained by the Commission and transacted from one of two commercial checking accounts maintained with Wells Fargo termed “primary” and “secondary.” Current policy specifies the primary account is to cover all budgeted operating expenses that are more than \$1,500 per single occurrence, and requires two agency signatures among either the Chair, Vice Chair, or Executive Officer. Current policy specifies the secondary account is to cover more routine operating expenses that are less than \$1,500 per single occurrence and requires only the Executive Officer’s signature. Current policies also – notably – specify the balance within the secondary account shall not exceed \$3,000 at any given time.

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

Carla Condon, Vice Chair  
Town of Corte Madera  
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City of Mill Valley  
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City of San Anselmo

Jack Baker, Regular  
North Marin Water District  
Craig K. Murray, Regular  
Las Gallinas Valley Sanitary  
Lew Kious, Alternate  
Almonte Sanitary

Jeffrey Blanchfield, Chair  
Public Member  
Chris Burdick, Alternate  
Public Member

## **B. Discussion**

This item is for the Commission to consider approving three related amendment sets to Marin LAFCO's existing policies concerning accounting and internal controls specific to non-payroll functions. The proposed amendments are considered minor in scope and forwarded by staff to help improve implementation of the Commission's relatively new and stand-alone financial account system. The proposed amendments are as follows.

### ***Amendment No. 1 / Increase Minimum Spending Threshold for Primary Checking Account***

Current policy specifies the minimum spending threshold for transacting out of the primary checking account used for non-payroll purposes is \$1,500. This means – among other factors – any single transaction above the referenced amount regardless of routineness requires signature by either the Chair or Vice Chair before payment can be made. It is proposed the Commission increase the threshold to \$3,000 and in doing so capture and expedite payments therein for certain known and routine expenses, such as office rent.<sup>1</sup>

### ***Amendment No. 2 / Increase Maximum Spending Threshold for Secondary Checking Account and Increase Balance Allowance***

Current policy specifies the maximum spending threshold for transacting out of the secondary checking account is \$1,500. The maximum balance is also set at \$3,000. In step with the preceding amendment it is proposed the Commission increase the maximum spending threshold to \$3,000. This increase – and among other factors – would provide the Executive Officer the direct means to make expedited payments for certain and known routine expenses, such as the aforementioned rent as well as legal services. Relatedly it is also proposed the maximum balance be increased to \$6,000.

### ***Amendment No. 3 / Changes to Credit Allowance and Related Authorization***

Current policy contemplates the Commission shall use only the credit card sponsored by the County of Marin and through the Department of General Services and known as "CAL-Card." Current policy also only identifies the Chair and Executive Officer as authorized CAL-Card users. It is proposed the Commission broaden the policy to allow for a credit card other than CAL-Card as well as permit other forms of credit lines. These two changes would allow the Commission to establish a credit card under more favorable terms with Wells Fargo as well as have the ability to enter into payment plans as needed for necessary replacement equipment – such as computers, printers, copiers, etc. – when budgeted funds are not readily available. It is also proposed to expand the list of authorized credit signatories to include the Vice Chair.

---

<sup>1</sup> The Commission's current monthly rent for office space at 1401 Los Gamos Drive totals \$2,494.



### **C. Analysis**

The proposed amendments take aim at making measured changes to the Commission's existing accounting and internal control policies to improve the efficiency in Marin LAFCO transacting routine non-payroll expenditures. The proposed amendments have been developed by staff based on current experiences in implementing the Commission's relatively new financial management system, and as such generally take the form of corrections. This includes increasing the balance limit on the Wells Fargo checking account used by staff to cover routine operating expenses from \$3,000 to \$6,000 as well as raising single transaction allowances therein from \$1,500 to \$3,000. These referenced changes will help to capture and expedite payments therein for nearly all known and routine expenses – including office rent and monthly legal services – without the need to secure signatures and/or account transfer authorizations from the Chair or Vice Chair. Similarly, the proposed amendments to allow for new credit lines to be established outside of the County of Marin is consistent with actions taken in establishing a stand-alone financial accounting system and would improve efficiencies in two specific areas. First it would allow the Commission to establish a credit card with Wells Fargo under more favorable use conditions.<sup>2</sup> Second it would allow the Commission to make use of available credit lines with existing vendors – such as Ricoh and Toshiba – to make necessary and immediate equipment purchases when full-funding is not readily budgeted.

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

The following alternatives are available to the Commission:

Alternative One (Recommended):

Approve the proposed amendments as shown in Attachment One with any changes as identified by the membership.

Alternative Two:

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

Alternative Three:

Take no action.

### **E. Recommendation**

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

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<sup>2</sup> This includes eliminating the Commission's dependency on the County to process all payments made with CAL-card.

## **F. Procedures for Consideration**

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

Respectfully,



---

Keene Simonds  
Executive Officer

Attachment:

- 1) Policy Handbook / Section 3.15 (track changes)

### 3.15 FINANCIAL ACCOUNTING AND INTERNAL CONTROLS

Marin LAFCO maintains and records all financial transactions and is guided by the following accounting controls and procedures.

#### A. Administration

1. Marin LAFCO shall be solely responsible for the financial management and accounting therein of the Commission's funds with day-to-day responsibility therein delegated to the Executive Officer.
2. Marin LAFCO shall use the County of Marin and its Treasurer Division to serve as a central depository for all collected revenues. This account shall maintain Marin LAFCO's fund balance (or reserves) and be used to process payroll through the County Auditor Division unless otherwise directed by the Commission. Transactions involving this account are subject to the authorization requirements specified in this Policy Handbook
3. Marin LAFCO shall the use one or more local commercial banks for the purpose of receiving transfers from the account maintained with the County of Marin and its Treasurer Division. These accounts shall be used to make direct payments relating to the Commission's operating costs. Transactions involving this account are subject to the authorization requirements specified in this Policy Handbook.

#### B. Authorizations and Balance Limits

1. Marin LAFCO shall require all deposits with the County of Marin and its Treasurer Division to be reviewed and approved by the Executive Officer or in the absence thereof by either the Chair or Vice Chair.
  - a) There shall be no balance limit on this account.
  - b) Any transfers or related transactions of monies out of this account shall require majority approval by the Commission at a public meeting.
2. Marin LAFCO shall maintain and operate two checking accounts with a local commercial bank as designated by the Commission and termed primary and secondary.
3. Marin LAFCO's primary commercial checking account shall serve as the Commission's main operating fund to make payments and related disbursements on budgeted operating costs that are more than ~~\$1,500,000~~\$3,000.00 per single occurrence.

- a) The balance limit on this account shall not exceed the adopted annual operating budget at any one time as set by the Commission.
  - b) Any transfers or related transactions of monies out of this account shall require two signatures: 1) the Chair or Vice Chair and 2) Executive Officer.
4. Marin LAFCO's secondary commercial checking account shall serve to expedite payments for budgeted operating costs that are less than ~~\$1,500.00~~\$3,000.00 per occurrence.
- a) The balance limit on this account shall not exceed ~~\$36,000.00~~ at any one time.
  - b) Any transfers or related transactions of monies out of this account shall require only the signature of the Executive Officer, or in his or her place the Chair or Vice Chair.

#### **A. Reconciliations and Reporting**

1. Marin LAFCO shall reconcile account statements in QuickBooks on a monthly basis by someone other than the Executive Officer, such as a contract bookkeeper.
2. All checks and payments authorized pursuant to this Policy Handbook shall be reported to the Commission at the next available meeting for formal ratification.

#### **B. Check Stock**

1. Check stock for Marin LAFCO's checking accounts within commercial banks shall be maintained in a locked drawer in the Executive Officer's office. Access to the check stock shall be limited to the Executive Officer, Commission Clerk, and authorized bookkeeper.

#### **C. Petty Cash**

1. Marin LAFCO shall maintain a petty cash account for non-routine purchases and staff reimbursements under \$50.00.
  - a) The account balance shall not exceed \$200.00 at any one time.
  - b) The Commission Clerk shall be the custodian of the account and responsible for the security and reconciliation of funds.

- c) All transactions for the account shall be preapproved by the Executive Officer with the Commission Clerk maintaining a registry with all related receipts, invoices, etc.
- d) The Executive Officer shall replenish the account as needed and consistent with the policies and requirements in this Policy Handbook.

#### **D. Expenditures and Disbursements**

1. Marin LAFCO shall process all invoices, claims, disbursements, and receipts utilizing its own financial accounting system through QuickBooks. The Commission Clerk or authorized bookkeeper initiates the payment and the Executive Officer approves, as appropriate, within the confines of the adopted Marin LAFCO budget or by approval of the Commission.
2. If a payment is a reimbursable expense to a staff member, prior authorization must be received by the Executive Officer, Commission Chair or Vice-Chair before payment can be initiated. If a payment is a reimbursable expense to the Executive Officer or Commission member, prior authorization must be received by the Commission Chair or Vice-Chair.
3. Credit card and other lines of purchases ~~through CAL-Card~~ shall not exceed parameters set by Marin LAFCO procurement policies and comply with all payment terms.
  - a) The Chair, Vice Chair, and Executive Officer are authorized users of the Marin LAFCO ~~CAL-Card~~ credit card(s) and other lines of credit.
4. All disbursements must include original documentation.

#### **G. Revenues**

1. Agency Contributions
  - a) Marin LAFCO's annual operating budget shall be appropriated among the County of Marin, cities, and independent special districts by the County of Marin Auditor's Office and based on the standard formula provided under Government Code §56381.
  - b) The Executive Officer shall be responsible for providing notice to the County of Marin Auditor's Office of the adopted operating budget total to be collected from the local agencies.

- c) All local agency contributions received by Marin LAFCO shall be deposited with the County of Marin Treasurer Division.

## 2. Application Fees

- a) Marin LAFCO shall collect and deposit all application fees and related revenues collected in administering the adopted fee schedule with the County of Marin Treasurer Division.

## **H. Payroll and Benefits Administration**

1. Marin LAFCO determines pay and benefits for all employees with consideration given to pay and benefits for comparable positions with the County of Marin. Specific policies and procedures on establishing and amending employee pay and benefits is provided in this Policy Handbook.
2. At the present time, and at its sole discretion, Marin LAFCO utilizes the County of Marin and its contractors - including the Marin County Employee Retirement Association - to administer payroll and benefits.

## **I. Fund Balance Designations**

1. Marin LAFCO shall establish a policy on fund balance designations at a later date.

## **J. Capital Asset Management**

### 1. Capitalization Policy

- a) Physical assets acquired through purchase with unit costs in excess of \$1,500.00 are capitalized as fixed assets on the financial statements.
- b) Physical assets acquired through contribution with fair market unit value in excess of \$1,500.00 are capitalized as fixed assets on the financial statements.
- c) Capitalized fixed assets are accounted for at their historical costs if purchased or fair market value if contributed. All fixed assets, with the exception of land, are subject to depreciation over their estimated useful lives.

### 2. Establishment and Maintenance of a Fixed Assets Listing

- a) All capitalized fixed assets shall be recorded in a property log maintained by the Commission Clerk. This log shall include the following information with respect to each asset:

- Date of acquisition.
- Acquisition type (purchase or contribution)
- Description (color, model, serial number)
- Location of asset
- Deprecation method
- Estimated useful life

b) The Commission Clerk shall perform a physical inventory of all capitalized assets on an annual basis. This physical inventory shall be reconciled to the property log and adjustments made as necessary with approval by the Executive Officer.

### 3. Deprecation Policy

a) Fixed assets shall be depreciated over their estimated useful lives as determined by the Executive Officer. Estimated useful lives for common assets follow:

- |                               |                |
|-------------------------------|----------------|
| • Furniture and fixtures...   | Up to 10 years |
| • General office equipment... | Up to 5 years  |
| • Computer hardware...        | Up to 5 years  |
| • Computer software...        | Up to 3 years  |
| • Leased assets...            | Life of lease  |

b) Deprecation expense shall be calculated on an annual basis.

### 4. Repairs of Fixed Assets

a) Expenses to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the item or materially prolong the estimated useful life of the item.

### 5. Dispositions of Fixed Assets

a) If a fixed asset is sold, donated, stolen, or otherwise removed adjustments shall be immediately made to the fixed asset listing.

## **K. Financial Reporting**

### 1. Reporting Policies on Operating Budget

- a) The Executive Officer shall present financial reports to the Commission at all regular meetings identifying actual year-to-date expenses and revenues relative to adopted budgeted amounts.

## 2. Reporting Policies on Financial Statements

- a) Marin LAFCO shall utilize an independent auditor to prepare annual or biennial financial statements.

## 3. Auditing Policies

- a) Marin LAFCO shall arrange for an annual or biennial audit of its financial statements by an independent accounting firm. The audit report – including the firm’s opinion – shall be presented to the Commission for formal receipt.
- b) Marin LAFCO shall select a different independent auditor no less than every five years. The Commission may waive this requirement upon a majority vote of the membership at a public meeting.

## **L. Investments**

1. Marin LAFCO shall establish a policy on investments at a later date.

## **M. Fraud Prevention**

1. It is the policy of Marin LAFCO to follow ethical, responsible, and reasonable procedures related to purchasing, claims, money management and other financial matters.
2. For purposes of this section, fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of personal gain or for the purpose of inducing another to act upon it to his or her injury.
3. Each Marin LAFCO employee and Commissioner should be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity. Any fraud that is suspected or detected shall be reported to the Chair and, alternatively, to the Executive Officer. The terms fraud, defalcation, misappropriation and other fiscal irregularities refer, but are not limited, to any of the following.
  - a) Any dishonest or fraudulent act.
  - b) Forgery or alteration of any document or account belonging to Marin LAFCO.
  - c) Forgery or alteration of a check, bank draft, or any other financial document.



- d) Misappropriation of funds, securities, supplies, equipment, or other assets of Marin LAFCO.
  - e) Impropriety in the handling or reporting of money or financial transactions.
  - f) Disclosing confidential or proprietary information to outside parties.
  - g) Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to Marin LAFCO.
  - h) Destruction, removal or inappropriate use of records, furniture, fixtures and equipment belonging to Marin LAFCO.
  - i) Any similar or related irregularity.
  - j) Personal use of the Marin LAFCO credit card.
4. Responsibility for investigating suspected fraudulent acts as defined in the Policy Handbook is dependent upon the suspected fraudulent act, and may be conducted by the Executive Officer, Commission Chair, LAFCO Legal Counsel, and/or other internal or external party as necessary to conduct an investigation.
  5. If an investigation substantiates that fraudulent activity has occurred, the investigating authority will issue a report to the appropriate party (i.e., Executive Officer, LAFCO Counsel, Commission Chair, etc.). Further action will be taken in conjunction with the appropriate parties.
  6. Investigation results are confidential and will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons who may be suspected, but subsequently found innocent of wrongful conduct and to protect Marin LAFCO from potential civil liability.

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2016  
Item No. 5 (Consent/Action)

February 3, 2017

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

**SUBJECT: Progress Report on 2016-2017 Work Plan**

The Commission will receive a progress report on accomplishing administrative and planning projects established in the adopted work plan for 2016-2017. This includes summarizing the four projects that have been completed to date while highlighting the dozen-plus activities substantively underway. While progress is being made it is noted ongoing reductions in staffing levels and related matters are slowing agency efficiencies in addressing certain projects, and will result in several going unaddressed this fiscal year. The report is being presented to the Commission to formally accept as well as to discuss any related items.

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

### A. Background

Marin LAFCO’s (“Commission”) current fiscal year work plan was adopted at a noticed public hearing held on June 9, 2016. The work plan is divided into three distinct categories – administrative, planning, and regulatory – with the former two emphasized. The work plan was prepared in step with the fiscal year budget and serves as a management tool to allocate Commission resources consistent with members’ collective preferences as well as measure performance over the affected twelve months.

### B. Discussion

This item provides the Commission with a status update on the activities established for the fiscal year; the majority of which involve 34 separate administrative and planning projects. This includes identifying activities already completed or underway. The report is being presented to the Commission to accept as well as to discuss any related items. A copy of work plan with notations from staff is provided as Attachment One.

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**Jack Baker, Regular**  
North Marin Water District  
**Craig K. Murray, Regular**  
Las Gallinas Valley Sanitary  
**Lew Kiou, Alternate**  
Almonte Sanitary District

**Jeffrey Blanchfield, Chair**  
Public Member  
**Chris Burdick, Alternate**  
Public Member

## Completed Projects

The Commission has completed the following projects as of date.

- Transition Accounting to Internal Program (A-6)  
Work in transitioning the Commission's accounting processes from the County of Marin to a stand-alone system directly managed by Marin LAFCO is now complete. This transition – which was engendered at the recommendation of the County – is marked by the Commission's accounting records and processes having been successfully migrated into QuickBooks as of September 1<sup>st</sup> and with the contract assistance of Alyssa Shiffmann with Southern Marin Fire Protection District.
- Establish Protocols and Procedures for Own Banking/Payroll System (A-7)  
Work in establishing an independent commercial banking relationship along with the associated protocols and procedures is complete with the Commission now working with Wells Fargo to transact Marin LAFCO's day-to-day business. This banking relationship and the associated protocols and procedures were approved by the Commission at the August 11<sup>th</sup> meeting and in step with the related accounting transition referenced above. The Commission continues to maintain a banking relationship with the County of Marin – albeit at a reduced level – and specific to processing payroll. Ultimately a transition of the payroll to a private vendor is needed but for the time-being the County has agreed to continue to provide these services in the interim while staff explores alternatives.
- Review and Update Adopted Fee Schedule (A-12)  
Work on the Commission's biennial review and update of its adopted fee schedule was adopted at a noticed public hearing held on October 13<sup>th</sup>. The adopted update became effective on December 13<sup>th</sup> and includes three substantive changes and headlined by increasing the composite hourly staff rate from \$126 to \$136. The other substantive changes involve the establishment of a new applicant digital mapping fee as well as setting policy guidance to apply the composite hourly to any member of the general public should their inquiry take more than two hours.
- Review Meeting Place/Time Options and Take Action as Needed (A-15)  
Work in identifying and evaluating alternative meeting locations was completed in December 2016 with the Commission selecting Marin Clean Energy's Board Room as its new regular venue beginning in 2017. The site is located at 1125 Tamalpais Avenue in downtown San Rafael and has its own dedicated parking lot and outfitted with video recording equipment for use by Marin TV.

## Underway Projects

Work has been initiated on over two dozen other scheduled administrative and planning projects as part of the calendared work plan. This includes intensive projects to work with an outside vendor on the development and launch of new agency website (A-9) as well as drafting policy language to Senate Bill 239 (P-1). Progress also continues to be made on the scheduled municipal service review on wastewater services in the Ross Valley/San Rafael/Las Gallinas region (P-5). More recently, staff has initiated work on

developing a professional Marin LAFCO brochure as part of the Commission's continued interest in improved agency outreach/branding (A-13).

### **C. Analysis**

The Commission continues to make reasonable progress to date in addressing the activities set for the fiscal year within the work plan and in step with Marin LAFCO's adopted budgetary resources and as outlined in the preceding section. This includes prioritizing work on the most time-sensitive new projects involving the transition of the Commission's accounting system and associated commercial banking set-up as well as working with local agencies in developing implementing policies on SB 239. Nonetheless, the ongoing leave of the Commission Clerk position and associated administrative matters therein continue to impact and lessen the efficiency in which staff is able to address the work plan. These impacts are most notable with respect to staff proceeding forward with the scheduled studies given the need for the Executive Officer to redirect focus away from assisting in preparing these documents in favor of addressing tasks that would be typically performed by the Commission Clerk. Current staffing levels are not expected to change through the end of the fiscal year. To this end, and for purposes of managing expectations going forward, it is reasonable to assume most – if not all – of the remaining projects will go unaddressed as staff prioritizes completing those activities already underway.

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

The following alternatives are available to the Commission:

Alternative One (Recommended):

Accept and file the report as presented.

Alternative Two

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

### **E. Recommendation**

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

## **F. Procedures for Consideration**

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

On behalf of staff,



---

Keene Simonds  
Executive Officer

Attachments:

- 1) 2016-2017 Work Plan with Staff Notations



# Marin Local Agency Formation Commission

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

## 2016-2017 Work Plan

### Introduction:

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

### Objective:

This document represents Marin LAFCO's ("Commission") formal 2016-2017 Work Plan. The Work Plan draws on the Commission's existing strategic plan and other germane activities identified by the Executive Officer and vetted with the Budget Committee in the course of developing an operating budget for the fiscal year. The Work Plan is divided into three distinct categories – administrative, planning, and regulatory – and serves as a management tool to allocate Commission resources in an accountable and transparent manner over the 12 month period. Further, while it is a stand-alone document, the Work Plan should be reviewed in relationship to the adopted operating budget given the planned goals and activities are facilitated and or limited accordingly.

### Executive Summary:

The 2016-2017 Work Plan guides the Commission to focus considerable resources on administrative and planning activities. Notable administrative projects include completing a comprehensive policy update, establishing a stand-alone accounting system, and several outreach-oriented efforts highlighted by designing and launching a new website to improve content management. Notable planning activities include completing and/or initiating several scheduled municipal service reviews consistent with the Commission's adopted study schedule in and around the San Rafael, Ross Valley, and Novato regions as well as following up on tasks tied to the completed water study; the latter including pursuing a boundary clean up in West Marin for North Marin Water District.

## Administrative Activities

ID	Type	Activity	Priority	Key Issues / Notes	Start	End
A-1	Rollover	Actively Participate in CALAFCO	High	Best Practices; Influence Legislation; JPA Bill	started	...
A-2	Rollover	Regularly Update Commission on Budget and Work Plan Activities	High	Keep Commissioners and Public Informed	started	...
A-3	Rollover	Targeted LAFCO 101 Presentations	High	Introductory Overview to Boards, Councils, Groups	started	...
A-4	Rollover	Complete Comprehensive Update of Policies and Procedures	High	Last Substantive Update in 2000; Personnel Policies	started	8/16
A-5	New	Evaluate Merits/Demerits of Pension Contract with CalPERS	High	Possible Cost-Savings Opportunity; Synch with OPEB	started	3/17
A-6	New	Transition Accounting to Internal Program (e.g. QuickBooks or Other)	High	Response to County Change; Organization Capacity	started	12/16
A-7	New	Establish Protocols/Procedures for Own Banking/Payroll	High	Subset of A-8	7/16	12/16
A-8	New	RFP for Auditing Services/ Prepare 15-16 Audit	High	Last 3 Audits Done by Same CPA; Move to 2-Yr Audits?	7/16	3/17
A-9	New	RFP for New Website; Design and Launch	High	Existing Site on Joomla; Limits Content Management	8/16	4/17
A-10	New	Perform Outreach to Novato and Surrounding Special Districts	High	Anticipatory Discussions Before Scheduled MSRs	8/16	12/16
A-11	New	Establish and Manage Student Internship	Moderate	Assist with Basic Data Collection / School Credit?	8/16	10/16
A-12	New	Review and Update Adopted Fee Schedule	Moderate	Cost-Recovery Check-In; Envisioned in Policy Update	8/16	12/16
A-13	New	Create Professional Marin LAFCO Brochure	Moderate	Footprinting; Compliments Outreach Efforts	9/16	1/17
A-14	New	Develop Outside Speaker List for 16-17 Meetings	Moderate	Outside Groups to Inform on Pertinent Topics	10/16	12/16
A-15	New	Review Meeting Place/Time Options and Take Action as Needed	Moderate	Scale Meeting Space to Needs	10/16	12/16
A-16	New	Update Boundary Change Application; Establish OSA Application	Low	Existing Boundary Application Pre 2000; New Issues	12/16	3/17
A-17	New	Develop and Implement Social Media Program/Activities	Low	Expand Outreach to Capture Alternative Media Forums	1/17	4/17
A-18	Rollover	Prepare Bounded and Expanded Local Agency Directory	Low	Expand Usefulness for Agencies; Hand-Held Resource	1/17	4/17
A-19	Rollover	Development Management Plan for LAFCO Records	Low	Anticipatory Review Ahead of 17-18 Project	2/17	6/17

## Planning Activities

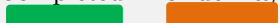
ID	Type	Activity	Priority	Key Issues / Notes	Start	End
P-1	New	SB 239 Implementation / Local Policy Adoption	High	Legislative Direction; Outside Fire Service Contracts	started	12/16
P-2	Rollover	Continue to Implement AB 54; Mutual Water Companies	High	Follow Up to Water Study: Legislative Direction	started	12/16
P-3	Rollover	Prepare and Adopt Sphere Updates on NMWD and MMWD	High	Reconcile Spheres with Existing/Anticipated Services	started	12/16
P-4	Rollover	Complete Wastewater MSR on Las Gallinas/San Rafael/Ross Valley Area	High	Supply v. Demand; Alternative Governance Options	started	1/17
P-5	Rollover	Complete General MSR on San Rafael/Lucas Valley Region	High	Governance Issues in Islands and Lucas Valley	started	6/17
P-6	Rollover	Outreach/Survey Work for Country Club Island	High	Subset to P-3; Legislative Direction	10/16	4/17
P-7	New	Community Workshop in Lucas Valley on Governance/Boundary Issues	High	Subset to P-3; Staff Outreach to Communicate Key Issues	10/16	4/17
P-7	New	Prepare General MSR on Novato/North County Region	High	Relation to Novato UGB; Adjacent Special Districts	10/16	6/17
P-9	New	Prepare General MSR on Ross Valley	High	Functional and Political Consolidation Opportunities	12/16	8/17
P-10	New	Outreach/Facilitate NMWD Reorganization in West Marin	High	Subset of P-2; Marshall, Inverness, Etc.	12/16	5/17
P-11	Rollover	Implement SB 244; Local Definition of DUCs	Moderate	Scaling Legislative Intent to Marin County	12/16	6/17
P-12	Rollover	Revisit Reestablishing Special District Committee	Low	Conduit for Sharing Best Practices / Elections	12/16	4/17
P-13	Rollover	Participate in Local/Regional Climate Change Planning/Training	Low	Impute and Align LAFCO with Best Practices	12/16	6/17
P-14	Rollover	Establish Work Group to Streamline Responses to Failing Septics	Low	Shared Objectives/Procedures to Help Landowners	2/17	6/17
P-15	Rollover	Informational Report on Existing Shared Service Activities	Low	Follow Up on Earlier Grand Jury Report	2/17	6/17

## Regulatory Activities

ID	Type	Activity	Priority	Key Issues	Start	End
R-1	Rollover	Change of Organization / Reorganization Proposals	High	Variable	ongoing	...
R-2	Rollover	Special District Service Power Activation / Divesture	High	Variable	ongoing	...
R-3	Rollover	Outside Service Extension Requests	High	Variable	ongoing	...

### Activity Status / As of February 1, 2017

Completed Underway







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

**AGENDA REPORT**

February 9, 2017  
Item No. 6 (Consent/Action)

February 3, 2017

**TO:** Marin Commissioners  
**FROM:** Keene Simonds, Executive Officer  
**SUBJECT:** **Update to Annual Strategic Plan**

The Commission will consider approving an update to Marin LAFCO’s strategic plan outlining agency goals for the current calendar year. Consistent with direction from its recent strategic planning session the document returns to the Commission entirely intact.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) requires Local Agency Formation Commissions (LAFCOs) to establish policies and procedures in guiding their prescribed regulatory and planning duties and responsibilities. Government Code Section 56300 specifies LAFCOs regularly review and update their policies and procedures as necessary to remain responsive to the needs of affected communities in informing and producing planned and orderly municipal growth and development. This statute, pertinently, encourages LAFCOs to establish specific and strategic goals and objectives in fulfilling their duties and responsibilities consistent with local conditions and circumstances.

**A. Background**

On January 27, 2017 Marin LAFCO (“Commission”) held a special meeting to conduct the agency’s annual strategic planning workshop at the Central Marin Police Authority. This included (a) discussing the Commission’s performance in meeting goals and objectives set for the recently completed calendar year and (b) considering interests and priorities for the new calendar year for purposes of informing an updated strategic plan. The workshop was facilitated by William Chiat with the Alta Mesa Group and attended by all Commissioners with the exception of the excused absences of Commissioners Arnold and Rodoni. The Executive Officer and Administrative Analyst were also present.

**B. Discussion**

This item is for the Commission to formally update the Commission’s strategic plan. Consistent with direction from the strategic planning session on January 27<sup>th</sup> the document returns to the Commission entirely intact, and as such reaffirms the existing vision statement and near-term goals outlined therein and summarized below.

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Public Member  
Chris Burdick, Alternate  
Public Member

- **Vision Statement**

This section orients the Commission to focus its “footprint” in administering LAFCO law in a manner consistent with the collective preferences of the membership to be proactive in meeting the agency’s prescribed duties and responsibilities. This section also outlines three core values – independence, principled, and reasonable – in directing and evaluating all Commission actions.

- **Near-Term Goals**

This section identifies six near-term goals in support of achieving the referenced vision statement. The first goal is for the Commission to maintain baseline operations and remain compliant in administering LAFCO law. The second goal is for the Commission to reconcile a work plan with the budget process. The third, fourth, and fifth goals take aim at prioritizing public outreach, agency partnerships, and advancing regional growth discussions relative to the Commission’s mandates, respectively. The sixth goal directs the Commission to focus its activities – external and internal – on improving service efficiencies.

A copy of the proposed update is provided as Attachment One.

### **C. Analysis**

The proposed update to the strategic plan guides Commission activities in a manner consistent with the collective preference of the membership to “stay the course” as articulated on January 27, 2017. This includes the recent practice to omit implementing strategies in the strategic plan in deference of addressing actual projects and related activities in the annual work plan that accompanies the operating budget.

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

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):

Approve the attached proposed update to the strategic plan with any desired changes as identified by the Commission.

Alternative Action Two:

Continue consideration of the proposed update to the strategic plan to a future meeting and provide direction to staff for more information as needed.

Alternative Action Three:

Take no action.

### **E. Recommendation**

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

**F. Procedures for Consideration**

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

Respectfully,



---

Keene Simonds  
Executive Officer

Attachments:

- 1) Updated Strategic Plan (Proposed)

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## Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

### Strategic Plan Calendar Year 2017

#### Vision Statement

Provide proactive and diligent oversight of local government agencies and their municipal service areas consistent with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 in a manner responsive to community needs. The Commission will achieve this vision by emphasizing the following core values.

**a) Independence**

The Commission will exercise independent judgment in fulfilling its regulatory and planning responsibilities consistent with the agency's adopted policies.

**b) Principled**

The Commission will maintain a higher set of standards in fulfilling its prescribed duties and responsibilities with integrity and fairness in facilitating accountable and efficient municipal growth.

**c) Reasonable**

The Commission will be objective in its decision-making with particular focus in considering the "reasonableness" of all potential actions before the agency.

#### Goals and Objectives

The Commission's near-goals and objectives supporting the agency's vision statement for the 2017 calendar year follow.

1. Meet the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and keep Marin LAFCO compliant with all laws.
2. Align the work plan and budget process with strategic plan.
3. Prioritize public communication in promoting Marin LAFCO's mandates and functions.
4. Collaborate with other LAFCOs and peer organizations to improve efficiency and value in Marin LAFCO's work.
5. Serve as a venue for public discussion on pertinent countywide issues.
6. Promote and achieve governmental efficiency in Marin County.

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2017  
Item No. 7 (Consent/Action)

February 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

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

The Commission will consider a request by the San Rafael Sanitation District to extend its approval from Marin LAFCO to provide wastewater services by contract outside the District boundary to 255 Margarita Drive in the County Club community. An earlier six-month extension was requested and approved by the Commission on August 11, 2016. Staff recommends approval of a second six-month extension in anticipation of an annexation proposal being presented to the Commission for action. The affected parcel is identified by the County of Marin Assessor as 016-011-29.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) to regulate the formation and development of local governmental agencies and their municipal service areas. This includes approving or disapproving requests from cities, towns, and special districts to enter into contracts or agreements to provide new or extend municipal services outside their jurisdictions under California Government Code (G.C.) Section 56133 as of January 1, 2001. LAFCOs are authorized to condition approval for outside services so long as the terms do not directly regular land uses.

### A. Background

#### *Initial Commission Action / Request for an Outside Service Approval for San Rafael Sanitation District to Provide Wastewater Service to 255 Margarita Drive in Country Club*

At its August 13, 2015 meeting Marin LAFCO (“Commission”) considered a request from the San Rafael Sanitation District (SRSD) to establish new outside wastewater service to 255 Margarita Drive in the unincorporated community of Country Club. The landowner – Paul Thompson – initiated the request with the Commission after purchasing and moving into the property shortly before and amid concerns regarding the onsite septic serving the six bed/five bath single-family residence. The landowner retained a licensed contractor and the resulting dye test shows the system had failed current percolation standard and beyond repair. The Commission ultimately approved the request subject to certain terms. This included, notably, submitting approved connection plans to SRSD

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Town of Corte Madera  
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**Matthew Brown, Alternate**  
City of San Anselmo

**Jack Baker, Regular**  
North Marin Water District  
**Craig K. Murray, Regular**  
Las Gallinas Valley Sanitary  
**Lew Kious, Alternate**  
Almonte Sanitary

**Jeffrey Blanchfield, Chair**  
Public Member  
**Chris Burdick, Alternate**  
Public Member

as well as file an annexation proposal and associated fee with the Commission. The Commission also termed its approval to cover one year through August 13, 2016. The County of Marin Assessor's Office identifies the subject parcel as 016-011-29.



### ***Earlier Extension / Six-Month Extension to February 13, 2017***

At its August 11, 2016 meeting the Commission received a request from SRSD for a time extension ahead of the one-year deadline to complete all terms. In response the Commission approved a recommendation from staff to authorize a six-month extension given the associated annexation proposal – which is on file with Marin LAFCO – was not ready for consideration due to concerns by SRSD.

### **B. Discussion**

This item is for the Commission to consider a second six-month time extension for SRSD to continue to provide wastewater services to 255 Margarita Drive through an outside service agreement initially approved by Marin LAFCO on August 13, 2015. This second request for a time extension is premised on SRSD continuing to hold its consent on an annexation until the District and landowner reach a mutual agreement on a permanent lateral access route to connect the affected territory to the sewer main.<sup>1</sup>

<sup>1</sup> The affected territory is currently connected to the SRSD sewer main by way of an access point that was not formally approved by the District, and is the source of an ongoing dispute.



### **C. Analysis**

SRSD's request to extend the approval term for the District to provide outside wastewater services 255 Santa Margarita Drive another six months appears reasonable specific to local and unique circumstances. It represents a short-term work-around that allows SRSD to continue to provide wastewater services to an existing development within an urbanizing area while preserving the District's right to hold off on a permanent arraignment – i.e., annexation – until the preceding differences with the landowner are resolved. Approval to extend the outside service agreement should also be conditioned on the landowner providing payment to the Commission in the amount of \$680 as provided under the adopted fee schedule and no later than February 15, 2017.

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

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):

Approve the requested term extension for six months or another time period as identified by the Commission.

Alternative Action Two:

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

### **E. Recommendation**

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

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

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

Respectfully,



---

Keene Simonds  
Executive Officer

Attachments: none

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2017

Item No. 8 (Consent/Information)

February 3, 2017

**TO:** Marin Commissioners

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

**SUBJECT: Current and Pending Proposals**

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

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

### A. Information/Discussion

#### *Current Proposals / Approved and Awaiting Term Completions*

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

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

This proposal was filed by the affected landowners (Alex Derbes and Rebecca Hodges) requesting approval to annex approximately 0.82 unincorporated and partially improved acres covering four legal lots to the Tomales Village Community Services District (TVCS D). The stated purpose of the proposal is to make public sewer available to the applicants’ single-family residence at 263 Second Street (102-041-42) and in doing so eliminate an aging septic system while also facilitating possible future improvements. The other three lots are all undeveloped and included in the proposal as a cost-savings measure and in step with their possible future development (102-041-40; 41; and 43). The Commission approved

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Damon Connolly, Regular  
County of Marin

Dennis J. Rodoni, Regular  
County of Marin

Judy Arnold, Alternate  
County of Marin

Carla Condon, Vice Chair  
Town of Corte Madera

Sashi McEntee, Regular  
City of Mill Valley

Matthew Brown, Alternate  
City of San Anselmo

Jack Baker, Regular  
North Marin Water District

Craig K. Murray, Regular  
Las Gallinas Valley Sanitary

Lew Kious, Alternate  
Almonte Sanitary District

Jeffrey Blanchfield, Chair  
Public Member

Chris Burdick, Alternate  
Public Member

the proposal without amendments on August 13, 2015. The Commission also termed approval to include – among other items – recordation of a written agreement between the landowners and a neighboring owner for an easement to ensure gravity access to the TVCSD sewer main. Terms remain outstanding as of date and therefore the proposal remain active. The Commission separately approved a one-year extension to complete the terms in August 2016.

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

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

- **Sphere of Influence Amendment for 455 Panoramic Highway / Homestead Valley Sanitary District (LAFCO File No. 1331)**

This proposal was filed by the affected landowner (Dan Weissman) requesting approval to amend Homestead Valley Sanitary District’s sphere of influence to include a partially developed 8.5 acre residential lot at 455 Panoramic Highway (046-161-11). The stated purpose of the request is to inform and facilitate a concurrent development application pending with the County of Marin to develop the affected territory in a manner allowed under existing zoning. Approval would also inform the necessary infrastructure planning by the District given actual connection to the site would require an approximate 1,700 foot extension of the sewer main. The Commission approved the proposal with amendments to include an adjacent 1.8 acre undeveloped lot also owned by the applicant at 357 Panoramic Highway (046-221-07) on December 8, 2016. Terms were also included. Terms remain outstanding as of the report date and therefore the proposal remains active.

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

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

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

The Commission has received an application by the affected landowner (Andre Souang) requesting approval to annex approximately 61.3 acres of unincorporated/improved territory (164-280-35) located at 1501 Lucas Valley Road to Marin Municipal Water District (MMWD). The affected territory is improved with an existing single-family residence and was recently acquired by the applicant

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

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

Marin LAFCO has received a proposal by the affected landowner (Paul Thompson) requesting annexation approval of 255 Margarita Drive (016-011-29) in the unincorporated island community of Country Club to the San Rafael Sanitation District. The affected territory is 1.1 acres in size and currently developed with a single-family residence. It also recently established service with the San Rafael Sanitation District as part of a LAFCO approved outside service connection due to evidence of a failing septic system. The outside service extension originally extended for one calendar year through August 13, 2016 before receiving a six month extension to February 13, 2017.<sup>1</sup> The outside service extension was also 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 annexation is subject to the Commission’s dual annexation policy, which in the absence of a deferral requires concurrent annexation to the City of San Rafael. The application is currently under review and is deemed incomplete at this time.

### **Pending Proposals**

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

- **Outside Fire Service Contract Approval | City of Larkspur and Town of Corte Madera**

The City of Larkspur and Town of Corte Madera are working with Commission staff on a proposal for Marin LAFCO consideration to approve a new outside fire service agreement. The anticipated proposal is part of the municipalities’ collective interests to form a new stand-alone joint-powers authority (JPA) to assume fire service protection responsibilities within both municipal jurisdictions. The formation of the JPA as the contract provider triggers compliance with the recent

---

<sup>1</sup> A second six-month extension of the outside service approval is being requested as part of a separately agendized matter as part of the February 9, 2017 meeting.

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

enactment of Senate Bill 239 (Hertzberg) and its provisions that certain types of outside fire service arrangements – and namely those expanding service responsibilities or employment status by more than 25% – now requires LAFCO approval and subject to certain determinations.

- **Police Power Activation |  
Muir Beach Community Services District**

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

- **Convents, Contracts, and Restrictions Service Power Activation |  
Bel Marin Community Services District**

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

## **B. Commission Review**

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

Attachments: none



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2017

Item No. 9 (Consent/Information)

February 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: CALAFCO Quarterly Report**

The Commission will receive a quarterly report from CALAFCO summarizing current and pending news through December 2016. The quarterly report is being presented for information.

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

### A. Information

This item is for Marin LAFCO (“Commission”) to review the most recent quarterly report from CALAFCO summarizing current and pending news through December 2016. This includes a report on the recently held Annual Conference and a listing all achievement award winners; a list that includes the Commission receiving “Project of the Year” for its recently completed countywide water municipal service review. Other items includes recent Board meetings as well as upcoming membership projects.

### B. Commission Review

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

#### Attachments:

- 1) CALAFCO Quarterly Report

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### **CALAFCO Board and Staff Changes**

Results of the recent CALAFCO Board of Directors elections netted no new Board members for 2017. All incumbent Board members won their election, so the Board of Directors membership stays the same.

At the October Board meeting during the Annual Conference, the appointment of **Carolyn Emery** (Orange LAFCo) was made to represent the southern region as the Deputy Executive Officer (DEO). We said farewell to **Paul Novak** who served in this role for the past two years.

### **CALAFCO Board 2017 Committees**

At their December 9 meeting, the CALAFCO Board appointed members to the 2017 standing committees as follows:

#### **Legislative Committee**

Bill Connelly (North)  
 Jim Curatalo (South)  
 Shiva Frentzen (Central)  
 William Kirby (At-Large)  
 John Leopold (Coastal)  
 Mike McGill (At-Large)

Gay Jones (a) (At-Large)  
 Michael Kelley (a) (South)  
 Anita Paque (a) (Central)  
 Sblend Sblendorio (a) (Coastal)  
 Josh Susman (a) (North)

#### **Nominations Committee**

Cheryl Brothers  
 Shiva Frentzen  
 John Leopold (Chair)  
 Josh Susman

#### **Awards Committee**

Mike Kelley  
 Gerard McCallum  
 John Marchand  
 Anita Paque  
 Ricky Samayoa (Chair)

#### **2017 Annual Conference**

Jim Curatalo  
 Bill Kirby (Chair)  
 Sblend Sblendorio  
 Josh Susman

### **Conferences and Workshops Update**

#### **2016 ANNUAL CONFERENCE A SUCCESS**



A final Conference report was provided to the Board on December 9. The Conference was held October 26 - 28 in Santa Barbara at the beautiful Fess Parker DoubleTree. Our theme this year was **Orchards to Oceans: Balancing California's Diversity**, and the host was Santa

Barbara LAFCo. Approximately 285 commissioners, staff, associate members, guests and speakers attended the Conference. A total of 48 LAFCos were represented.

Participant evaluations rated the overall experience a 5.2 out of 6.0 with an evaluation return rate of 25%. While the books are still being finalized, it appears that financially the Conference was a success. We had a total of \$19,500 in sponsorship revenue, with 16 total sponsors of varying levels. CALAFCO thanks all of our sponsors for your support and participation in this event.

Our program and speaker lineup was diverse, and highlighted by our luncheon keynote speaker Jean-Michel Cousteau.

CALAFCO wishes to thank our host, Santa Barbara LAFCo, for all of their work in planning the mobile workshop, lining up the luncheon keynote speaker, and tending to many of the details. In particular, we thank **Jeff Moorhouse, Roger Welt, Paul Hood, Michael Allen** and **Jacquelyne Alexander**. We also thank Conference Chair **Sblend Sblendorio**, Program Committee Chair **David Church**, everyone who worked to plan the program and all of you who volunteered and helped on site.

All program presentations were placed on the CALAFCO website the week after the Conference.



### **2017 STAFF WORKSHOP**

The 2017 Staff Workshop is set for April 5-7, 2017 at the beautiful Doubletree by Hilton in downtown Fresno. Our host for this workshop will be Fresno LAFCo. The Program Planning Committee will begin their work the first week of January.

### **CALAFCO Congratulates the 2016 Annual Achievement Award Recipients**

CALAFCO wishes to congratulate all of this year's nominees, and especially those who received the 2016 Achievement Award.

- ❖ Outstanding Commissioner – **Don Tatzin** (Contra Costa LAFCo)
- ❖ Outstanding LAFCo Clerk – **Cheryl Carter-Benjamin** (Orange LAFCo)
- ❖ Outstanding LAFCo Professional – **Steve Lucas** (Butte LAFCo)
- ❖ Distinguished Service – **Peter Brundage** (Sacramento LAFCo)
- ❖ Project of the Year – **Countywide Water Study** (Marin LAFCo)
- ❖ Government Leadership – **Southern Region of CALAFCO**
- ❖ Most Effective Commission – **San Luis Obispo LAFCo**
- ❖ Outstanding CALAFCO Member – **John Leopold** (Santa Cruz LAFCo)
- ❖ Lifetime Achievement – **Bob Braitman** (Retired EO) and **Ed Robey** (Lake LAFCo)





### CALAFCO Board Actions

The Board met on October 28 and appointed the staff members of the 2017 Legislative Committee and adopted their 2017 meeting calendar.



During the Board's meeting on December 9, they took the following actions:

- ◆ Received and filed the 1<sup>st</sup> quarter financial reports
- ◆ Received and filed the Annual Conference report
- ◆ Heard a presentation from Erin Gilhuly, President of CV Strategies and agreed to consider a change in scope of work for next year's contract
- ◆ Decided on the priority topics for their January Strategic Planning Workshop
- ◆ Unanimously approved the 2017 legislative priorities.

### CALAFCO White Papers and Other Publications

The White Paper on the **Sustainable Groundwater Management Act (SGMA) and LAFcos** is being released the last week of December on the website and will be widely distributed the first week of January. The purpose of this paper is to summarize how SGMA will impact LAFcos across the state.

We are currently partnering with the American Farmland Trust (AFT) on a White Paper on **Ag Policies**. Work on this project is underway with an anticipated July completion date.

At the Annual Conference CALAFCO introduced the publications completed in collaboration with the CA Special Districts Association (CSDA). The first is a **Special District Formation Guide**. The Guide is intended as informational only and not written to promote or discourage the formation of a special district. The intent is to inform anyone considering forming a special district of the many factors involved and resources needed. The other publication distributed is the **Countywide RDA Oversight Board Special District Appointments Guide**. The Guide is an informational document on the process of appointing special district representatives to countywide oversight boards, and provides guidance on potential questions related to the process of RDA Oversight Board consolidations and the appointment of special district representatives to those Boards. Both of these Guides are on the CALAFCO website.

### CALAFCO Legislative Update

This was a very full legislative year for CALAFCO. A full legislative update was provided to the membership at the Annual Conference in late October.

The new Legislature has convened and is currently in recess until January 4. It is expected to be another full year.

During their December 9 meeting, the CALAFCO Board of Directors deliberated at length about the 2017 legislative priorities. In the end, they unanimously decided to sponsor an Omnibus bill that contains only changes addressing risks and vulnerabilities for LAFcos. Further, the Association's focus in 2017 will be on those things that place our members in a vulnerable position. As a result, we will be working



on things that follow-up recommendations and opportunities identified in our written testimony to the Little Hoover Commission. We will also be working closely with CSDA and the Healthcare Districts Association in addressing issues that were identified in 2016 as a result of legislation.

CALAFCO will sponsor a bill that addresses the ongoing legal concerns of Government Code Section 56653 (previous attempts in 2015 and 2016 were unsuccessful), and co-sponsor a bill with CSDA that simplifies the process of seating special districts on LAFco (this process will remain voluntary).

We continue to be engaged with the Administration and Water Board on drinking water accessibility issues, and expect another bill similar to last year's SB 1318 (Wolk) to be introduced again.

CALAFCO has been asked to engage with OPR and the Strategic Growth Council in the creation of a Guide pertaining to Urban Growth Management.



### CALAFCO Associate Members' Corner

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

*We are pleased to welcome a new Silver Associate Member to CALAFCO, the Santa Ynez CSD.*

### Santa Ynez Community Services District



Founded in 1971, **the Santa Ynez Community Services District** provides wastewater collection and transportation and street lighting, serving approximately 688 wastewater connections. Effluent collected by the District is treated at the City of Solvang wastewater treatment plant. For more information about the District, visit their website at [www.sycsd.com](http://www.sycsd.com), or contact the General Manager Jeff Hodge at [jhodge@sycsd.com](mailto:jhodge@sycsd.com).

### City of Rancho Mirage

**The City of Rancho Mirage** has been a Silver Associate Member since July 2010. With a population of just over 18,000, the **City of Rancho Mirage** is located in the County of Riverside. The City offers an abundant amount of sunshine, great climate, and related resort-style living. For more information about the City, contact the City Manager Randy Bynder at [randalb@ranchomirageca.gov](mailto:randalb@ranchomirageca.gov), or visit the website at [www.ci.rancho-mirage.ca.us](http://www.ci.rancho-mirage.ca.us).

# News from the Board of Directors

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### Lamphier-Gregory

A Silver Associate Member since September 2010, **Lamphier-Gregory** provides on-call planning and environmental consultant services to various LAFCoS including Alameda and Contra Costa on long-term contracts. For more information about **Lamphier-Gregory**, visit their website at [www.lamphier-gregory.com](http://www.lamphier-gregory.com) or contact Senior Planner Nathaniel Taylor at [ntaylor@lamphier-gregory.com](mailto:ntaylor@lamphier-gregory.com).



LAMPHIER · GREGORY

### Policy Consulting Associates

A Silver Associate Member since September 2010, **Policy Consulting Associates** prepares interdisciplinary research studies for LAFCoS, COGs, counties, cities, states, elected representatives and candidates, with an emphasis on MSRs and fiscal studies. The **PCA** team's combined experience covers the spectrum of governance configurations and alternatives, and runs the gamut of services under LAFCo jurisdiction. To learn more about **PCA**, contact either Jennifer Stephenson or Oxana Wolfson at [info@pccateam.com](mailto:info@pccateam.com) or visit their website at [www.pccateam.com](http://www.pccateam.com).

### QK (formerly known as Quad Knopf)

A Silver Associate Member since September 2010, **QK** provides planning, engineering, biology, environmental and survey services to public and private clients. Their planners have previous experience working for public agencies, including serving as LAFCo Analysts. They specialize in the San Joaquin and Sacramento Valley regions. For more information on **QK**, visit their website at [www.qkinc.com](http://www.qkinc.com), or contact Steve Brandt at [steveb@qkinc.com](mailto:steveb@qkinc.com).



CALAFCO wishes to thank all of our Associate Members for your support and partnership. We look forward to continuing to highlight our Associate Members in each Quarterly Report.

**Upcoming CALAFCO Conferences and Workshops**

**2017 STAFF WORKSHOP**  
April 5 – 7  
DoubleTree by Hilton Fresno Convention Center  
Fresno, CA  
**Hosted by Fresno LAFCo**

**2017 ANNUAL CONFERENCE**  
October 25 – 27  
Bahia Mission Bay  
San Diego, CA  
**Hosted by CALAFCO**

**2018 STAFF WORKSHOP**  
April 11 – 13  
Four Points Sheraton  
San Rafael, CA  
**Hosted by Marin LAFCo**

**2018 ANNUAL CONFERENCE**  
October 3-5  
Tenaya Lodge  
Yosemite, CA  
**Hosted by CALAFCO**

## Your LAFCO Legal Resource



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# News from the Board of Directors

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December 2016

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### CALAFCO on the Road Again... By: Pamela Miller, CALAFCO Executive Director

This past year I've had the pleasure of tooling around the state to visit various LAFcos. As part of the Association's Strategic Plan, one of the objectives is to have the Executive Director connect and visit with six LAFcos each year. The past few years I visited some really cool places, so I thought I would start an annual column on where I visit and the uniqueness of each place. Going forward, this will be an article you can find in the Annual Edition of The Sphere.

We are, undeniably, a diverse state. And it is amazing to me as a native Californian just how much of the state I have yet to see and fully experience. So I really appreciate the opportunity to visit with you, our members, to share what is happening in Sacramento and what CALAFCO is doing. But more importantly, to better understand the issues each of you is dealing with today.

Last October I visited with the Bay Area Executive Officers who were meeting in Napa. Having previously worked in Napa, I was excited to drive through the always beautiful vineyards on my way to the meeting. During my visit I answered questions about the new organizational changes being implemented and learned what was happening in each of the Bay Area LAFcos.



In January of this year I visited Fresno LAFco while doing a site visit for the 2017 Staff Workshop. With a beautiful skyline as a backdrop to a bustling city, I found myself wondering why I had not visited here before. I was surprised (although I am not sure why) to drive through acres and acres of vineyards and learned that Fresno State has one of the state's leading Viticulture and Enology programs. It was interesting to hear Fresno LAFco staff discuss some of the challenges they were facing as they worked to obtain information from service providers to conduct their MSRs. I appreciated the cooperative nature in which they approached the conversation and the suggestions offered by their Commission. I'm looking forward to returning to Fresno in April 2017 for our Staff Workshop.



At the end of January, I was down in the heart of Los Angeles attending the annual meeting of the Southern Region (now an annual pilgrimage for me). There again I was able to share with commissioners and staff the newly implemented changes the Association had adopted and answered a number of questions the region had about our new models. It was interesting to hear their discussions regarding their own implementation of a shared service model. I also shared the legislative platform CALAFCO adopted for 2016. A short train ride back to airport that same afternoon and I was quickly on my way back home.

It was not until late September that I was able to get back out on the road, and, boy, was this a trip worth waiting for. I spent four days visiting several of our most northern LAFcos, including Del Norte, Humboldt and Shasta. They were very gracious hosts, and I owe a huge shout out to George Williamson and his team for letting me set up camp in their



office, driving me around and even offering themselves as my tour guides.

The drive was scenic and serene with the beautiful Klamath Falls River winding its way alongside the road. A pretty amazing view by itself, but add the Pacific Ocean and some Redwoods in there from time to time and WOW. Visiting Del Norte allowed me to share for the first time with this commission what is happening in Sacramento and with CALAFCO. I also fielded a



number of historical questions about CALAFCO as well as legislative questions. Before departing we visited Battery Point Lighthouse, which first lit up the night sky December 10, 1856.

From there it was a wonderful drive back to Humboldt, which I was told is not complete without an elk sighting. Well sure enough, there were plenty to see, and I thank our driver (who I think prefers to remain nameless) for stopping, making U-turns and pulling by the side of the road (all safely and fully legal - of course), so that this city slicker could get a good eyeful. We came across a number of herds, and the last one was the largest and most impressive.



The next day I tagged along with Humboldt LAFco staff to make a LAFco 101 presentation to the local APA chapter. Once done, I was very politely asked to leave so I could take in some of the sites. I gladly obliged the request and found myself hiking among the redwoods at Arcata Redwood Park. I got lost in the serenity of time and space while there.

That evening, I was treated to a very special welcome reception at the home of Humboldt commissioner Bob McPherson. He and his wife were very gracious hosts, opening up their magnificent home. I learned quite a bit about the history of the area from them and was treated to this sunset ocean view from their kitchen window.



The next morning I attended the Humboldt LAFco meeting, which was very interesting in that they discussed the dissolution of a special district that had gone inactive, as well as a proposed annexation into the City of Fortuna. It was a great opportunity for me to hear residents who lack drinking water share their story, first-hand (a story being told all around the state) and to listen to the Commission do its due diligence in the questions they asked LAFco and City staff.

Upon my departure I stopped off at the Arcata Marsh and Wildlife Sanctuary. The interesting thing about this marsh is that it integrates



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December 2016

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conventional wastewater treatment with the natural processes of constructed wetlands, thereby turning wastewater into a resource. It was an interesting and beautiful place.

After tooling down the highway to Redding, the next morning I had the pleasure of attending the Shasta LAFCo meeting, at which they were treated to not only a CALAFCO 101 but also a LAFCo 101 session. It was a great opportunity for me to field lots of questions and reconnect with this Commission. No visit to Redding would be complete without stopping to admire the Sundial Bridge at Turtle Bay. Spanning the Sacramento River, the Sundial Bridge is an environmentally-conscious structure, intentionally constructed without river footings to leave the salmon-spawning habitat undisturbed. While world-renowned and environmentally sensitive, Sundial Bridge also inspires onlookers with its "bird in flight" design, symbolizing overcoming adversity, and serves as a real sundial.



My final stop before heading into Sacramento was in Butte County to visit the offices of Butte LAFCo. It was here I was treated to a peek at the Oroville Dam. It was very interesting to note that, in the first stages of construction, under the direction of Governor Edmund G. Brown on April



24, 1963, a sackful of sand and gravel from each of the 58 counties in the state was used in the first concrete poured at the base of the dam. While the lake was low, it was a beautiful site. Thanks Steve Lucas for the tour!

My last stop of 2016 came the week after the Annual Conference visiting Santa Cruz LAFCo. It was in Scotts Valley to be exact. I learned a few interesting facts about Scotts Valley, thanks to the Keeper of LAFCo Knowledge, Pat McCormick (also the Executive Officer of Santa Cruz LAFCo). The LAFCo meeting was held in Scotts Valley City Hall, a quaint building nestled on a hill with a beautiful view of the surrounding mountains. Just below City Hall sits the Historical Scott House, built in 1853. This area is home to significant archaeological finds and contains one of the longest records of human occupation known in the Western North America. Today this historical landmark is part of a wonderful City Park.



The LAFCo meeting was another interesting one, with a proposed sphere of influence update for Scotts Valley Water District and a robust discussion about MSR for Fire Districts. Turns out several of the Fire Districts want a more detailed MSR (they got one the first round and did nothing with the recommendations, so this round of MSR was approached a bit differently), and after a very interesting discussion, the Commission decided to accept the MSR as presented with the exception of three of the twelve districts, which will be looked at more closely in the future. It was interesting to observe the dialogue that occurred between the district personnel and Commission as they worked towards a common understanding of each other's' perspectives. After all the excitement was over, I made a brief CALAFCO presentation to the Commission and was able to acknowledge Commissioner John Leopold for receiving the

Outstanding CALAFCO Member award and for his time as Chair of the Board.

After over four years of being the Executive Director for this great Association, I grow prouder of who we are and what we do, and of the great things you - our membership - are doing in your respective communities. I look forward to packing up, hitting the road, and visiting more of you very soon!



*Happy Holidays  
to all of  
our Members  
and your families.*

*May 2017 bring all of us  
peace and prosperity.*

*CALAFCO  
Board of Directors  
and Staff*



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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2017

Item No. 10 (Public Hearing)

February 3, 2017

**TO:** Marin Commissioners

**FROM:** Rachel Jones, Administrative Analyst

**SUBJECT: Central Marin Wastewater Study | Updated Agency Profiles and Request to Reopen Public Comment Period**

The Commission will receive updated agency profiles prepared as part of Marin LAFCO's scheduled Central Marin Wastewater Study. The profiles cover seven public agencies providing public wastewater services in the region and have been updated following their initial presentation at the December 8, 2016 meeting and subsequent public review. This includes now including projections on future wastewater flows and analysis on pension obligations. Regional comparisons on key demographic and financial information has also been prepared. The updated profiles are being presented for discussion with a recommendation to reopen the public comment period in anticipation of a complete report with determinations being presented at the April 13, 2017 meeting.

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

### A. Background

#### *Adopted Work Plan / Municipal Service Review on Regional Wastewater Services in Central Marin*

Consistent with adopted work plan for 2016-2017 staff has been working on preparing a municipal service review on wastewater services in Central Marin. An associated scope of analysis also approved by the Commission guides the preparation with the ultimate goal of independently evaluating the availability, capacity, and performance of wastewater services in the approximate 60-square mile study area relative to Marin LAFCO's regional growth management responsibilities. This includes – and among other items – fulfilling the Legislature's direction to assess the effectiveness of the current governance relationships underlying wastewater services in the region and to consider the merits of

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North Marin Water District

**Craig K. Murray, Regular**  
Las Gallinas Valley Sanitary

**Lew Kiouss, Alternate**  
Almonte Sanitary District

**Jeffrey Blanchfield, Chair**  
Public Member

**Chris Burdick, Alternate**  
Public Member

any potential alternatives. Sphere of influence updates will be separately prepared for the six affected special districts – County Sanitary District No. 1, County Sanitary District No. 2, Las Gallinas Valley Sanitary District, Murray Park Sewer Maintenance District, San Rafael Sanitation District, and San Quentin Sewer Maintenance District – subsequent to the completion of the municipal service review.<sup>1</sup>

### ***Initial Presentation / Draft Agency Profiles***

The Commission received draft agency profiles for five of the seven affected agencies at the December 8, 2016 meeting. (Profiles were not presented for either of the two sewer maintenance districts managed by the County of Marin: Murray Park and San Quentin Village.) The Commission provided initial feedback on the content of the profiles relative to membership expectations and preferences. The Commission also proceeded to authorize staff to initiate a 30-day public comment period with the expectation staff would return with updated agency profiles on all seven affected agencies as part of a complete report – including determinations – at the February 9<sup>th</sup> meeting.

### **B. Discussion**

This item is for the Commission to receive and discuss updated agency profiles prepared as part of the scheduled municipal service review on wastewater services in Central Marin. The profiles have been substantially updated and expanded since their initial presentation in December to account for feedback provided by the affected agencies during the subsequent 30-day comment period as well as to incorporate additional work undertaken by staff and consistent with the adopted scope of analysis. This includes preparing regional comparisons on key demographic and financial information. Staff will provide a brief overview of the updated work for Commission feedback and in step with recommending the membership reopen the public comment period for 30-days in order to provide the agencies additional time to provide input before a complete draft report with determinations is presented to the Commission at the April 13<sup>th</sup> meeting.

A summary of new information reflected in the updated agency profiles follows.

- Profiles on the Murray Park Sewer Maintenance District and San Quentin Sewer Maintenance District have been added.
- Regression analysis has been added to independently project wastewater flows under different measurements (i.e., dry-weather, wet-weather, etc.) for the agencies over the succeeding 10-year period. The regression utilizes the population estimates separately calculated by staff and paired with actual flow amounts over the five-year study period as reported by the agencies.

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<sup>1</sup> The seventh agency in the municipal service review is the joint-powers authority Central Marin Sanitary Agency.



- Ratios showing demand-to-capacity rates for the affected agencies have been added.
- Pension information has been added and analyzed for all five affected agencies with employees. (This excludes the two sewer maintenance districts.)
- Population and housing projections for the affected agencies have been added.

### **C. Analysis**

The draft agency profiles have been updated and expanded as detailed in the preceding section as well as to account for initial agency feedback received since the December 8<sup>th</sup> meeting. This includes improving and/or clarifying the underlying analysis reflected in each agency profile in developing population and housing estimates, outlining jurisdictional and sphere boundary land use characteristics, benchmarking demand-to-capacity relationships, and measuring financial standing. Additional time, however, is needed before finalizing the agency profiles and ahead of presenting a complete report with the referenced and mandatory determinations on infrastructure needs, population and growth projections, financial solvency, and governance issues. Providing more time – and specifically authorizing the reopening of the public comment period for 30 additional days – allows the agencies more time to fully review the profiles and to meet with staff in addressing outstanding items; the latter of which proved challenging following the December 8<sup>th</sup> meeting due to the holidays.

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

The following alternatives are available to the Commission:

#### Alternative One (recommended):

- a) Receive and discuss the agency profiles updated by staff and provide feedback and direction as needed; and
- b) Authorize staff to reopen the public comment period on the updated profiles for an additional 30 days and in anticipation of returning with a complete report with determinations at the April 13, 2017 meeting

#### Alternative Two:

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

### **E. Recommendation**

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

## **F. Procedures for Consideration**

Staff has agendized this item for discussion as part of a voluntarily-noticed public hearing for purposes of informing future actions. The following procedures, accordingly, are recommended.

- 1) Open the public hearing and receive verbal report from staff (mandatory); and
- 2) Close the public hearing and consider taking action on the recommendation.

On behalf of staff,



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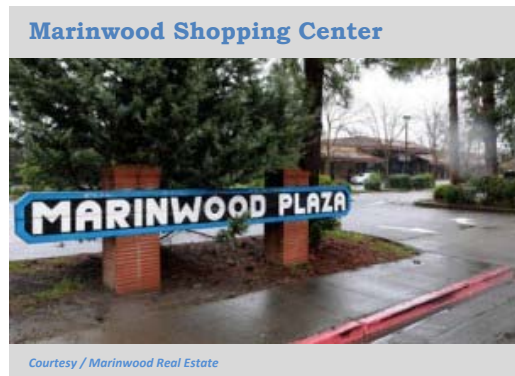
Rachel Jones  
Administrative Analyst

### Attachments:

1. Agency Profiles
  - a) Las Gallinas Valley Sanitary District
  - b) San Rafael Sanitation District
  - c) Ross Valley Sanitary District
  - d) County Sanitary District No. 2
  - e) Central Marin Sanitation Agency
  - f) Murray Park Sewer Maintenance District
  - g) San Quentin Village Sewer Maintenance District
2. Regional Comparison | Demographics and Finance

## OVERVIEW

Las Gallinas Valley Sanitary District (LGVSD) was formed in 1954 and encompasses an approximate 9.4 square mile jurisdictional boundary within east-central Marin County.<sup>1</sup> Governance is provided by an independent five-member Board of Directors whose members are elected at-large to staggered four-year terms. Three local land use authorities overlap LGVSD’s jurisdictional boundary. The County of Marin is the single largest land use authority in terms of acreage with an estimated 63% of all LGVSD’s lands lying within the unincorporated area and marked by the unincorporated communities of Marinwood and Santa Venetia. Another 36% of the jurisdictional boundary falls under the land use jurisdiction of the City of San Rafael and generally encompasses the Terra Linda area.<sup>2</sup> The remainder of the jurisdictional boundary – 1% of the total – extends into the City of Novato and specific to the Marin Valley Mobile Home Park and an adjacent open-space property. LGVSD lies within two adjacent watersheds, Miller Creek and Gallinas Creek.



LGVSD is currently organized as a limited-purpose agency with municipal operations restricted to wastewater, recycled water, and solid-waste collection. It is also empowered – subject to LAFCO approval – to provide storm drainage services. Wastewater services are provided through LGVSD’s own approximate 112-mile collection system that conveys wastewater to the District’s own treatment facility before discharge into Miller Creek or used for beneficial purposes

Las Gallinas Valley Sanitary District	
Formation Date:	1954
Principal Act:	Health and Safety Sections 6400-6982
Service Categories:	Wastewater Recycled Water Solid Waste Collection
Service Population	28,475
Governance Type	Independent

<sup>1</sup> The jurisdictional-boundary estimates are based on digital mapping records maintained by Marin LAFCO.

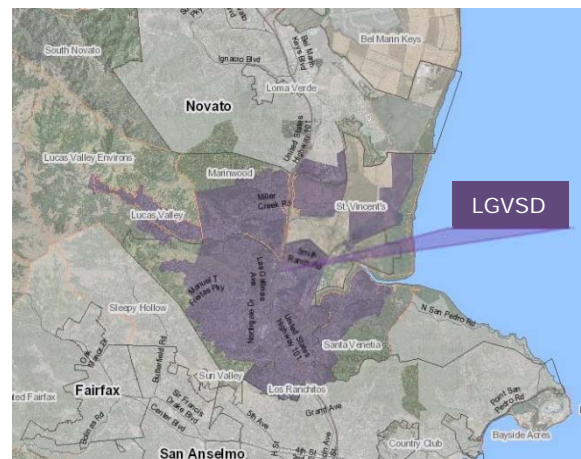
<sup>2</sup> The City of San Rafael includes 65% of all existing residential units within LGVSD.

through a recycled water program.<sup>3</sup> LGVSD’s adopted operating budget at the term of the study period was \$5.347 million and with funding dedicated for the equivalent of 24 fulltime employees. The unrestricted fund balance was \$18.263 million with an associated days-cash ratio totaling 1,298; i.e., the amount of cash on hand to cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within LGVSD totals 28,475 as of the term of the study period (2014). It is also projected LGVSD’s population growth rate over the five-year study period totals 0.92% or 0.19% annually with the underlying change primarily attributed to the estimated increase of 263 new and occupied housing units that – and among other items – absorbed a corresponding projected deintensification of household sizes. The substantive result of these Commission estimates is the projected addition of 261 residents in LGVSD between 2010 and 2014. Overall it is also estimated nearly 65% of the jurisdictional boundary has already been developed and/or improved – though not necessarily at the highest density. Consequently, it is estimated 34% of the jurisdictional boundary remains entirely undeveloped, and this includes 151 existing unbuilt and privately owned parcels that are zoned for some type of urban use.<sup>4</sup>

## COMMUNITY DEVELOPMENT

Records show the modern day development of the LGVSD service area began in the form of cattle ranching in the 1840s with the first formal homestead established as a result of a Mexican land grant to Timothy Murphy, one of Marin County’s first western settlers. The grant included three distinct ranchos - “San Pedro”, “Santa Margarita” and “Las Gallinas” - totaling over 21,000 acres and spanned east to



<sup>3</sup> LGVSD’s biosolids are stored temporarily in lagoons and later disposed of at LGVSD’s dedicated land disposal site, a process known as surface disposal.  
<sup>4</sup> Additional analysis is needed to assess the actual development potential of these 151 unbuilt lots.

west from present-day Point San Pedro to Big Rock Ridge in Lucas Valley. The majority of lands within Las Gallinas Valley were kept in cattle ranching through the time of Murphy's death in the early 1850s. Murphy's death and subsequent decision to leave most of the lands to his nephew John Lucas proved pertinent in the gradual transition of the community towards more varied uses. Records show it was Lucas that began dividing and selling lots to outside parties, and as such began a slow process to intensify the lands to include more residential and supporting commercial uses. This included selling a large lot to the immigrant Portuguese Manuel T. Freitas whose family established a homestead in what is now present-day Terra Linda.<sup>5</sup> Markedly, Santa Venetia – which ultimately served as LGVSD's initial service area several decades later – was built on a marshland filled in the 1910s and originally envisioned as a planned luxury development after Venice, Italy set with canals and an artificial lake. The Great Depression ended these plans from real estate developer Mabry McMahan and the area remained largely undeveloped through the first half of the 20<sup>th</sup> Century.

As in the case for many areas of California, the end of World War II generated significant growth pressures outside of existing urban centers, and in Marin County this resulted in the development of several unincorporated fringe communities immediately north of San Rafael in the Las Gallinas Valley. Santa Venetia was the first of these communities to be systematically developed with several subdivisions – and utilizing the subdivision map first penned decades earlier by Mabry McMahan – getting constructed by the late 1940s and early 1950s. The intensity of Santa Venetia's development, however, proved taxing to the underlying soils with the County beginning to suspend additional new construction approvals in lieu of establishing a community wastewater system.

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<sup>5</sup> Historical archives show a portion of the Terra Linda territory was originally operated as a dairy farm, and is now the site of St. Isabella's Catholic Church and School. Two gold mines were also operated in the hillside of Santa Venetia between 1884 and 1889 on North San Pedro Road, with heavy logging in the area for the lumber mills located throughout the county to supply wood for the nearby development of San Francisco.

## FORMATION PROCEEDINGS

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LGVSD's formation was petitioned by area landowners and ultimately approved in 1954 by way of the County of Marin's Boundary Change Commission and upon a successful vote. Formation proceedings, notably, appear premised on the desire of area landowners to remain independent of nearby San Rafael and its surrogate wastewater provider, San Rafael Sanitation District, which had been formed only a few years earlier in 1947.

## POST-FORMATION PROCEEDINGS

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A summary of notable activities undertaken by LGVSD and/or affecting the District's service area following formation in 1954 is provided below.

- LGVSD completed construction on its first wastewater treatment facility in 1955. Major expansions were completed in 1958, 1972, and most recently in 1984.
- From 1955 to 1965, architect Joseph Eichler, known for his contemporary-styled homes, built roughly 900 single-family residences in Terra Linda and Marinwood.
- By 1962, Northgate Industrial Park was under development and Northgate Mall began construction in 1963.
- By 1972, the unincorporated area of Terra Linda was annexed to the City of San Rafael and much of its development was complete as well as the other communities in LGVSD's service area. New growth thereafter shifted primarily to the east of U.S Highway 101.
- In 1982, the City of San Rafael adopted the Northgate Activity Center Plan to identify more detailed land uses for vacant sites in the area, as well as needed circulation improvement.
- In 1985, LGVSD purchased and developed 383 acres of land for wastewater disposal adjacent to its wastewater treatment facility.

- In 1989, LGVSD entered into an agreement with Marin Municipal Water District (MMWD) to provide reclaimed water supplies for landscape irrigation and other uses within LGVSD’s boundary.
- In 2004, LGVSD installed an 81-kilowatt photovoltaic system to provide green power for its reclamation area.
- In 2006, LGVSD installed an 850,00 kwh/year photovoltaic system to power its treatment plant facilities with green power.
- In 2011, LGVSD entered into an agreement with North Marin Water District (NMWD) to provide fully treated recycled water supplies for distribution in the Novato and surrounding communities.

## COMMISSION BOUNDARIES | SERVICE AREAS

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### *Jurisdictional Boundary*

LGVSD’s jurisdictional boundary spans approximately 9.4 square miles in size and covers 6,026 total acres (parcels and right-of-ways). There are three land use authorities overlapping the jurisdictional boundary. The County of Marin is the single largest land use authority in terms of acreage with an estimated 63% of all LGVSD’s lying within the unincorporated area and paced by the unincorporated communities of Santa Venetia and Marinwood. Another 36% of the jurisdictional boundary falls under the land use jurisdiction of the City of San Rafael and generally encompasses the City’s Terra Linda area. (San Rafael conversely includes 65% of all existing residential units within LGVSD.) The remaining 1% of the jurisdictional boundary falls under the land use authority of the City of Novato and specific to the Marin Valley Mobile Home Park and an adjacent open-space property.

LGVSD’s jurisdictional boundary spans 9.4 square miles and overlaps three land use authorities with the County of Marin being the largest with the unincorporated area covering 63% of all District lands.

Total assessed value (land and structure) within LGVSD is calculated at \$5.8 billion and translates to a per acre value ratio of \$962,020. This former amount – \$5.8 billion – further represents a per capita value of \$0.203 million based on the estimated service population of 28,475. LGVSD’s set annual allocation of – i.e., its share of the 1% of property tax proceeds – is 1.195%.

Assessed land values in LGVSD totals \$5.8 billion, and based on receiving 1.195% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$0.693 million.

<b>LGVSD Boundary Breakdown: Land Use Authorities</b>					
Table ***   Source: Marin LAFCO					
Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units	
County of Marin	2,622	62.1%	4,269	4,256	
San Rafael	1,542	36.5%	6,152	7,790	
Novato	58	1.4%	22	19	
	<b>4,222</b>	<b>100</b>	<b>10,443</b>	<b>12,065</b>	

As provided in the preceding table there are overall 10,443 assessor parcels currently within LGVSD and collectively add up to 4,222 acres as of June 2016.<sup>6</sup> Close to two-thirds – or 65% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 12,065 residential units

Almost two-thirds of LGVSD’s jurisdictional boundary has already been developed/improved – though not necessarily at the highest allowable density. This means one-third of the boundary remains entirely undeveloped, and this includes 151 un-built and privately owned parcels zoned for some type of urban use.

and divided between single-family and multi-family on a 78.4% to 21.6% split.<sup>7</sup> The remaining one-third – or 34% – of the current assessor parcel acreage within LGVSD is undeveloped/unimproved. This includes 151 un-built and privately owned assessor parcels that combine to total 197 acres.<sup>8</sup> (Additional analysis is needed to assess the actual development potential of these unbuilt parcels.) The remaining undeveloped/unimproved assessor acreage within LGVSD – or 1,280 acres – is publicly owned and generally dedicated to municipal or open space uses.

<sup>6</sup> The remaining 1,805 jurisdictional acreage within LGVSD are tied to public right-of-ways and waterways.

<sup>7</sup> Residential unit total is based on by digital mapping records maintained by the County of Marin Assessor’s Office

<sup>8</sup> Existing zoning divides the 151 un-built assessor parcels in LGVSD between residential (118), commercial (27) and industrial (6).



### LGVSD Boundary Breakdown: Land Use Features

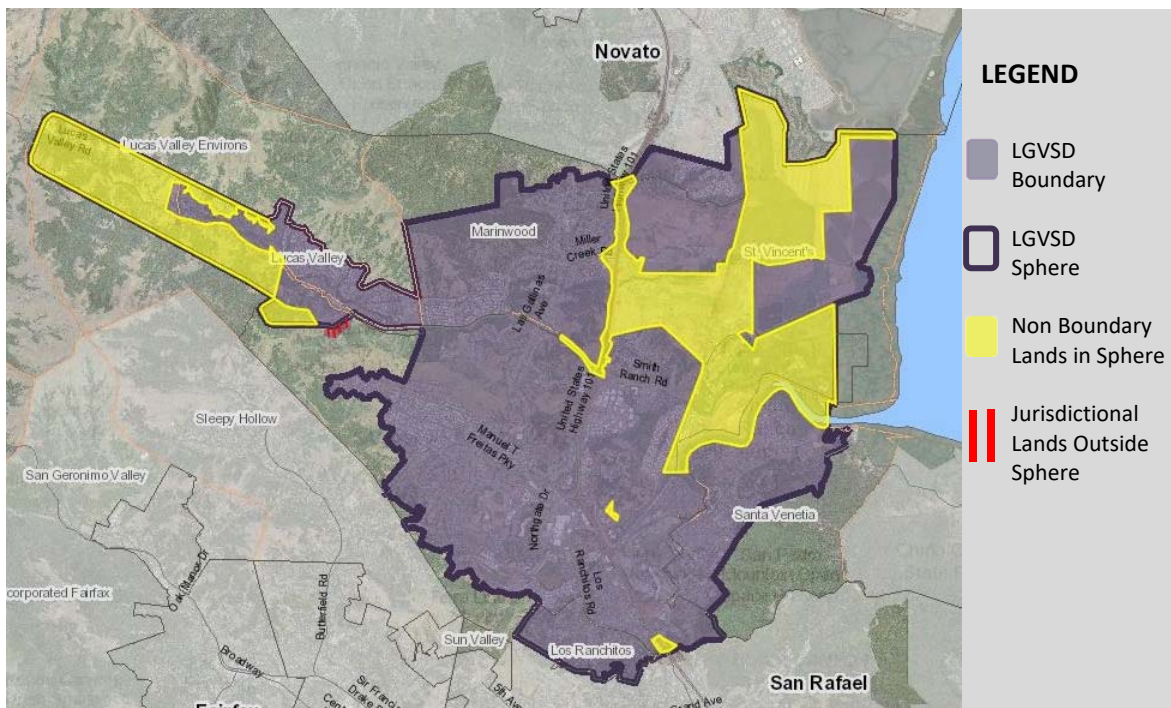
Table \*\*\* | Source: Marin LAFCO

% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
65.4	12,065	77.3	151	197

### Sphere of Influence

LGVSD’s sphere of influence was initially established by the Commission in 1985 and last reviewed and updated in 2006. The sphere spans approximately 7,993 acres or 12.5 square miles in size. The sphere is exactly one-third – or 33% – larger than LGVSD’s jurisdictional boundary. This includes approximately 1,967 non-jurisdictional total acres (parcels and right-of-ways) in the sphere that are immediately eligible for either annexation or outside service extension subject to Commission approval. Among the total includes 48 assessor parcels that collectively add up to approximately 1,355 acres. Further, and among this latter sum, 29 of the assessor parcels equaling 722 acres are privately owned with the majority within the Lucas Valley and the Silvera/St. Anthony areas.

LGVSD’s sphere of influence is one-third larger than the District jurisdictional boundary. This includes 1,967 total acres that are immediately eligible for annexation and or outside service extensions and primarily located within the Lucas Valley and Silvera/St. Anthony areas.



## DEMOGRAPHICS

### Population and Housing

LGVSD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 28,475 as of the term of the study period (2014). This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 10.9% of the estimated countywide population.<sup>9</sup> It is also projected LGVSD has experienced an overall growth rate of 0.92% over the preceding five-year period, or 0.186% annually, all of which generated an estimated net add of 261 persons. This projected increase has been generated by the addition of an estimated 263 new and occupied housing units within the jurisdictional boundary and despite a deintensification of household sizes over the span of the five-year period, starting at 2.50 in 2010 and ending at 2.47 in 2014; the latter being a net intensity decrease of (1.2%). Overall projected growth within LGVSD falls well below the concurrent annual change estimated for the entire county – 0.60%.<sup>10</sup>

LAFCO estimates there are 28,475 total residents within LGVSD that are explicitly served by the District’s wastewater collection and treatment system as of the term of the study. It is further estimated LGVSD has experienced an overall population increase of 261 over the preceding five-year period, resulting in an annual growth rate of 0.186%. New and occupied housing units over the same period within LGVSD totaled 263 with a net change in persons per household – i.e., an intensity measurement – of (1.2%).

<b>LGVSD Resident Population: Past and Current Estimates</b>					
Table ***   Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
a) Total Housing Units	11,749	11,801	11,853	11,906	11,959
b) Local Occupancy Rate	96.40	95.8	95.8	94.7	95.9
c) Occupied Housing Units	11,265	11,180	11,353	11,403	11,528
d) Projected Household Size	2.50	2.50	2.49	2.48	2.47
<b>Estimated Population</b>	<b>28,214</b>	<b>27,904</b>	<b>28,237</b>	<b>28,264</b>	<b>28,475</b>

\* rounded for reporting purposes

<sup>9</sup> Marin LAFCO’s resident service population for LGVSD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the four affected census tracts in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to LGVSD over the study period include a weighted annual housing unit change of 0.44% and a weighted annual household size change of (0.35%). The annual weighted population change is 0.186%.

<sup>10</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,294 based on information published by the State of California’s Department of Finance and marks a 3.12% increase over the preceding five-year period.

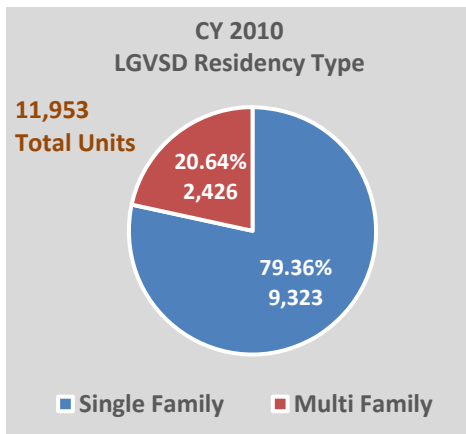
With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate within LGVSD will generally match the preceding five-year period with an overall yearly population change of 0.186%. The substantive result of this assumption would be an overall increase in LGVSD’s resident population of 531, producing a total population of 29,005 by 2024. This growth rate, similarly, would generate the addition of 134 new and occupied housing units within LGVSD through 2024 assuming the preceding five-year average ratio of 2.49 persons for every one occupied housing unit holds. These collective projections are summarized below.

<b>LGVSD Resident Population: Future Estimates</b>						
Table ***   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
<b>Estimated Population</b>	<b>28,475</b>	<b>28,580</b>	<b>28,686</b>	<b>28,792</b>	<b>28,898</b>	<b>29,005</b>
Occupied Housing Units	11,528	11,490	11,533	11,576	11,619	11,662
- residents per housing unit	2.47	2.49	2.49	2.49	2.49	2.49

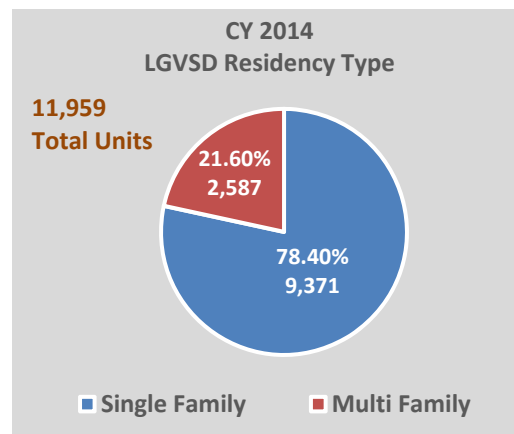
Baseline

### Residency Type

The Commission projects LGVSD’s residential unit total (occupied and unoccupied) of 11,959 as of the study term is divided between single family and multi-family use at a 78.4% (9,371) to 21.6% (2,587) split, respectively. These totals produce an estimated ratio of 3.62 single-family units for every 1 multi-family unit. The overall stock of housing type has experienced a significant inverting change with single-family unit totals decreasing by (1.25%) while multi-family unit totals increasing by 4.80% over the corresponding 60-month period. The substantive change in residency type (i.e., single-family to multi-family units) has been (5.77%) from 3.85 to 1 in 2010.



Single Family to Multi Family:  
3.85 to 1



Single Family to Multi Family:  
3.62 to 1

## Social and Economic Indicators

A review of recent demographic information covering the LGVSD jurisdictional boundary for the study period indicates fulltime residents are generally in better economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 that shows area residents' household income, unemployment rate, and poverty rate are at advantageous levels compared to countywide totals. Many of these economic indicators also improved for LGVSD residents over the preceding five-year period, highlighted with the median household income

LGVSD's fulltime residents are moderately and increasingly more affluent than most of the county populace and highlighted by a median household income average over the study period of \$96,602. Also of note there has been relative stability in LGVSD in terms of household tenure with 19% having been in place since the enactment of Proposition 13 in 1979; a ratio that is almost 50% higher than the countywide average.

rising by over one-fourth from \$75,322 to \$96,602. Notable social indicators show LGVSD residents have relatively high levels of formal education with over one-half having at least earned a bachelor degree along with a statistically high percentage of residents – 11% – working at home; the latter of which is five times greater than the countywide average for the same period. LGVSD residents are also relative long-timers to the community with an average 18.60% of occupied households having arrived before Proposition 13 in 1979. This amount exceeds the countywide average of 12.80%.

<b>LGVSD: Resident Trends in Social and Economic Indicators</b>				
Table ***   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$75,322</b>	<b>\$96,602</b>	<b>28.25%</b>	<b>\$91,529</b>
Median Age	45.74	46.16	0.41%	45.10
Prime Working Age (25-64)	51.71%	52.66%	1.84%	55.28%
Unemployment Rate (Labor Force)	3.66%	3.14%	(0.52%)	4.70%
Persons Living Below Poverty Rate	6.72%	7.49%	11.41%	8.80%
Mean Travel to Work	26.6 min	28.6 min	7.66%	29.4 min
Working at Home (Labor Force)	7.26%	11.43%	57.59%	2.50%
Adults with Bachelor Degrees or Higher	51.17%	50.39%	(1.52%)	30.80%
Non English Speaking	23.05%	23.95%	3.91%	23.50%
Householder Pre Proposition 13 (1979)	20.29%	18.60%	(8.34%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all four census tracts underlying LGVSD.

## ORGANIZATIONAL STRUCTURE

### Governance

LGVSD’s governance authority is established under the Sanitary District Act of 1923 (“principal act”) and codified under Public Health and Safety Code Sections 6400-6982. This principal act empowers LGVSD to provide a moderate range of municipal services upon approval by LAFCO. As of date, LGVSD is authorized to provide three municipal services: (a) wastewater (b) recycled water (c) solid waste; collection. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before LGVSD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing its two active services, LGVSD would also need to seek LAFCO approval. A list comparing LGVSD’s active and latent powers follows.

#### Active Service Powers

Wastewater  
Recycled Water  
Solid Waste; Collection Allowed

#### Latent Service Powers

Storm Drainage

LGVSD has been governed since its formation in 1954 as an independent special district with registered voters comprising a five-member governing board. Members are either elected or appointed in lieu of a consented election to staggered four-year terms with a rotating president system



and receive a \$252 meeting per diem. The Board regularly meets on the second and fourth Thursday each month at the LGVSD Administrative Office located at 300 Smith Ranch Road in San Rafael. A current listing of LGVSD Board of Directors along with respective backgrounds and years served with the District follows.

<b>LGVSD Board Roster / November 1, 2016</b>			
Table ***   Source: LGVSD			
<b>Member</b>	<b>Position</b>	<b>Background</b>	<b>Years on Board</b>
Judy Schriebman	President	Zoologist	9
Russ Greenfield	Vice President	Utility Supervisor	14
Megan Clark	Member	Computer Programmer	15
Rabi Elias	Member	Civil Engineer	3
Craig K. Murray	Member	Housing / Redevelopment	9
<b>Average Years of Board Experience</b>			<b>10.0</b>

## Mission Statement

LGVSD’s adopted mission statement:

“The mission of the Las Gallinas Valley Sanitary District is to protect public health and our environment by providing effective wastewater collection, treatment and recycling services.”

## Administration

LGVSD appoints an at-will General Manager to oversee all District operations. The current General Manager – Mark Williams – was appointed by the Board in 2007 and is fulltime. The General Manager presently oversees 20 other full-time employees, which includes four senior management support positions: Administrative Services Manager; Collection System Manager; District Engineer; and Treatment Facility Manager. LGVSD contracts for legal services with Byers/Richardson (San Rafael).

### LGVSD Administrative Offices

300 Smith Ranch Road  
San Rafael, California 94903



Courtesy: LGVSD

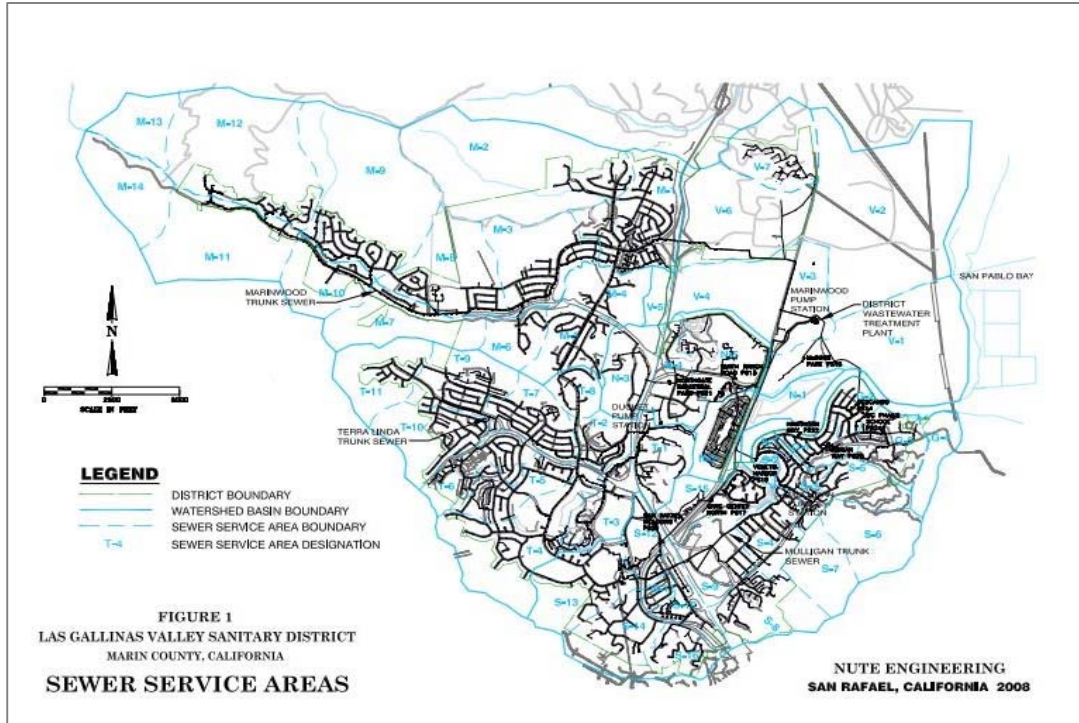
## WASTEWATER SERVICES

### Service Overview

LGVSD provides wastewater collection and treatment services through its own infrastructure supported by an approximate 112-mile collection system with 28 pump stations leading to an advanced secondary-level treatment facility. The collection system is divided between 105 miles of gravity lines and 7 miles of force mains. LGVSD reports the average age of the collection system dates between 40 to 50 years with an expected lifespan of up to 70 years. The treatment facility was initially constructed in 1955 and last substantively upgraded in

LGVSD’s equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 19 years.

2008.<sup>11</sup> Treated effluent is discharged, stored or further processed by LGVSD’s recycled water facility. As of the study term LGVSD’s equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – is 19 years with a (11%) trend over the corresponding 60-month period.<sup>12</sup>



## Demands

### Generators / Service Connections and Resident Population

LGVSD reports service to 9,752 active wastewater service connections as of the term of the study period. This connection total is divided among two billing categories: (a) residential at 96.7% and (b) commercial at 3.3%. The connections totals have remained stable within the five-year study period with a 0.92% increase. Overall, residential connections have

Service connection totals within LGVSD have remained relatively consistent over the study period and tally 9,752 at the term. Residential users on average have accounted for 96.7% of all active connections.

<sup>11</sup> The treatment facility upgrade in 2008 was incremental, affecting specific processes. A project completed in 2012 resulted in a major upgrade of Primary clarifiers #2 and #3.

<sup>12</sup> The equipment replacement ratio has been calculated by LAFCO and drawn from LGVSD’s 2013-2014 audit.

consistently comprised no less than 96% of the total in any year. A breakdown of reported service connection types over the study period follows:

<b>LGVSD: Service Connection Type Breakdown</b>			
Table ***   Source: LGVSD			
Category	Residential	Commercial	Net
2010	9,343	320	9,663
2011	9,422	321	9,743
2012	9,423	322	9,745
2013	9,425	323	9,748
2014	<b>9,429</b>	<b>323</b>	<b>9,752</b>
<b>Overall Change</b>	<b>0.92%</b>	<b>0.93%</b>	<b>0.92%</b>

As detailed in the preceding section the Commission independently estimates LGVSD’s total resident service population at 28,475 as of the study period term. The substantive result when aligning the two demand generators – service connections and resident population – is an average ratio of 2.93 persons for every residential connection. The ratio at the end of the study term tallied 3.02. Recent service connection to resident population ratios follows.

LGVSD’s current resident to residential connection ratio is 3.02 as of the term date of this study.

<b>LGVSD: Resident to Connection Ratio Breakdown</b>			
Table ***   Source: Marin LAFCO			
Category	Residential Connection	Estimated Resident Population	Resident to Connection Ratios
2010	9,343	28,214	3.02
2011	9,422	27,904	2.96
2012	9,423	28,237	2.99
2013	9,425	28,264	2.99
<b>2014</b>	<b>9,429</b>	<b>28,475</b>	<b>3.02</b>
<b>Overall Change</b>	<b>0.92%</b>	<b>0.93%</b>	<b>0%</b>



## Recent Measurements / Wastewater Collection System Flows

LGVSD’s average annual wastewater collection demand generated for the current term as reported by the District and for ultimate treatment and disposal by its treatment facility have been approximately 998.6 million gallons. This average amount, which serves as a macro overview of system demands, represents a daily average flow of 2.7 million gallons. The average amount also translates to an estimated 97 gallons per day for each resident or 231 gallons per day each occupied housing unit; it also represents 281.1 for every service connection.

Average day wastewater flows generated in LGVSD during the study period have totaled 2.70 million gallons, and translates to daily use ratios of 97 and 231 gallons for every person and occupied housing unit, respectively.

With respect to trends, annual demands within the five-year study period have shown an overall and steady (20.91%) decrease in flows over the span of the corresponding 60 months. The high year demand point for the collection system during the study period occurred in 2010 with total flows equaling 1.160 billion gallons for an average of 3.2 million each day. A breakdown of annual and daily wastewater flows over the study period in relation to population and housing is shown below.

Annual wastewater flows within LGVSD have steadily decreased by over one-fifth over the study period’s 60 month point-to-point index; a difference of 242.0 million gallons.

LGVSD: Recent Annual and Average Daily Flows Breakdown							
Table ***   Source: Marin LAFCO and LGVSD							
	2010	2011	2012	2013	2014	Average	Trend
Annual Flow	1.160 bg	1.038 bg	1.025 bg	850.5 mg	917.9 mg	998.6 mg	(20.91%)
Daily Average	3.2 mg	2.8 mg	2.8 mg	2.3 mg	2.5 mg	2.7 mg	(20.91%)
- Daily Resident	112.7	102.0	99.5	82.4	88.3	96.9	(21.64%)
- Daily Per Housing Unit	270.7	241.1	237.1	195.7	210.3	230.9	(22.30%)
- Daily Per Connection	329.1	292.0	288.4	239.0	257.9	281.3	(21.63%)

“bg” refers to billion gallons

“mg” refers to millions gallons

Per resident as estimated by the Commission

Per housing unit refers to occupied status as estimated by the Commission

Along with average annual wastewater flow three other more micro measurements are tracked with respect to LGVSD’s collection system and provide additional context to assessing demand. These measurements are (a) dry weather flow, (b) wet-weather flow, and (c) peak-day flow, and are summarized below.

### Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period have been 2.25 million gallons. This flow typically is recorded between May and October and most recently tallied 2.04 million gallons as of the study term. The overall average dry-weather tally translates over the study period to 79.8 gallons for every resident or 189.9 gallons for every occupied housing unit; it also translates to 231.3 gallons per service connection. This measurement has decreased overall during the study period by nearly one-fifth or (17.07%). A breakdown of recent dry-weather flows follows.

<b>LGVSD: Recent Dry Weather Day Flows</b>				
Table ***   Source: Marin LAFCO and LGVSD				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	2.46 mg	87.2	209.4	254.6
2011	2.36 mg	84.6	199.9	242.2
2012	2.19 mg	77.6	184.8	224.7
2013	2.20 mg	71.8	184.8	225.7
2014	2.04 mg	71.6	170.6	209.2
<b>Average</b>	<b>2.25 mg</b>	<b>79.8</b>	<b>189.9</b>	<b>231.3</b>
<b>Trend</b>	<b>(17.07%)</b>	<b>(17.83%)</b>	<b>(18.53%)</b>	<b>(17.83%)</b>

*“mg” refers to million gallons*

### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period have been 3.22 million gallons. This flow typically is recorded between November and April and most recently tallied 3.0 million gallons during the study term. The overall average wet-weather day tally translates over the study period to 114.2 gallons for every resident or 272.0 gallons for every occupied housing unit; it also translates to 331.3 gallons per service connection. This measurement has decreased during the study period by almost one-fourth or (23.33%). A breakdown of recent wet-weather flows follows.

<b>LGVS D: Recent Wet Weather Day Flows</b>					
Table ***   Source: Marin LAFCO and LGVS D					
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	
2010	3.9 mg	138.2	331.9	403.6	
2011	3.3 mg	119.3	282.2	341.8	
2012	3.4 mg	121.5	289.4	351.9	
2013	2.5 mg	87.0	206.6	252.4	
2014	3.0 mg	105.0	250.0	306.6	
<b>Average Trend</b>	<b>3.2 mg (23.33%)</b>	<b>114.2 (24.04%)</b>	<b>272.0 (24.68%)</b>	<b>331.3 (24.03%)</b>	

“mg” refers to million gallons

### Peak-Day Flows

Average peak-day wastewater flows over the study period have been 10.0 million gallons producing a peak-factor relative to average day totals of 3.7. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 13.7 million gallons as of the study term. The average wet-weather peak day tally translates over the study period to 354.3 gallons for every resident or 843.9 gallons for every occupied housing unit; it also translates to 1,028.1 gallons per connection. This measurement has increased overall during the study period by one-fourth or 25.53%. A breakdown of peak-day flows during the study period follows.

<b>LGVS D: Recent Peak-Day Flows</b>					
Table ***   Source: Marin LAFCO and LGVS D					
Year	Peak-Day System Total	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	System Peaking Factor
2010	10.9 mg	385.9	926.9	1,126.9	3.4
2011	10.2 mg	363.8	860.1	1,041.8	3.6
2012	11.7 mg	415.4	989.6	1,203.7	4.2
2013	3.6 mg	126.3	299.9	366.2	1.6
2014	13.7 mg	480.1	1,143.1	1,401.8	5.5
<b>Average Trend</b>	<b>10.0 mg 25.53%</b>	<b>354.3 24.38%</b>	<b>843.9 23.32%</b>	<b>1,028.1 24.38%</b>	<b>3.7 60.88%</b>

“mg” refers to million gallons per day

## Projected Measurements / Wastewater Collection System Flows to Treatment Facility

Going forward – and specifically for purposes of this study – it appears reasonable to assume LGVSD’s wastewater flows will generally follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent year-end totals, the system will ultimately experience an overall decrease in annual wastewater flows of 108.2 million gallons over the succeeding 10-year period finishing in 2024; a difference of

The Commission independently estimates LGVSD’s annual wastewater demands will continue to decrease over the succeeding 10-year period at an average rate of (1.2%). This will result in the average day demand equaling 2.22 million gallons in 2024.

(11.8%) or (1.18%) annually. This projection continues LGVSD’s overall annual flows decrease incurred during the study period, albeit at a deintensified rate of over three-fold. It is also estimated through regression analysis the system’s peak-day flows will ultimately decrease over the succeeding 10-year period by 0.74 million gallons or (5.43%) and resulting in a peaking factor of 5.8; the latter representing a rise in peak day flows relative to average day amounts by one-fourth. The following table summarizes these and related projection flows through 2024.

<b>LGVSD: Projected Wastewater Flows</b>						
Table ***   Source: Marin LAFCO						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	917.9 mg	2.51 mg	2.04 mg	3.00 mg	13.7 mg	
2015	924.3 mg	2.53 mg	2.08 mg	3.01 mg	11.2 mg	
2016	911.6 mg	2.50 mg	2.05 mg	2.97 mg	11.4 mg	
2017	899.0 mg	2.46 mg	2.02 mg	2.94 mg	11.6 mg	
2018	886.3 mg	2.43 mg	1.99 mg	2.90 mg	11.8 mg	
2019	873.6 mg	2.39 mg	1.96 mg	2.87 mg	12.0 mg	
2020	860.8 mg	2.36 mg	1.93 mg	2.83 mg	12.2 mg	
2021	848.1 mg	2.32 mg	1.90 mg	2.79 mg	12.4 mg	
2022	835.3 mg	2.29 mg	1.87 mg	2.76 mg	12.6 mg	
2023	822.5 mg	2.25 mg	1.84 mg	2.72 mg	12.8 mg	
2024	809.7 mg	2.22 mg	1.81 mg	2.68 mg	13.0 mg	
<b>Average Trend</b>	<b>867.1 mg (11.79%)</b>	<b>2.38 mg (11.79%)</b>	<b>1.95 mg (11.13%)</b>	<b>2.85 mg (10.56%)</b>	<b>12.1 mg (5.43%)</b>	

## Constraints / Contractual Provisions

LGVSD operates under the permit provisions of the California Regional Water Quality Control Board – San Francisco Bay Region (RWQCB) with respect to discharge allowances. This permit was most recently updated on July 1, 2015 and extends through June 30, 2020.<sup>13</sup> It authorizes LGVSD to discharge treated wastewater into San Pablo Bay by way of two points along Miller Creek between November 1<sup>st</sup> and May 31<sup>st</sup>.<sup>14</sup> The permit allows influent above 8.0 million gallons per day to bypass secondary treatment and recombine the bypassed flows with secondary-treated flow to be disinfected and subsequently discharged into Miller Creek.<sup>15</sup> The permit prohibits discharge into San Pablo Bay between June 1<sup>st</sup> and October 31<sup>st</sup> unless an advanced request is made and approved by RWQCB. The permit also stipulates that the treatment facility shall not exceed 2.92 million gallons per day in average dry weather flow.

LGVSD is allowed to discharge into Miller Creek between November and May. No discharges into San Pablo Bay are allowed during the remainder of the year without special approval. Average dry-weather flow through the treatment plant in excess of 2.92 million gallons is prohibited.

## Constraints / Infrastructure and Facilities

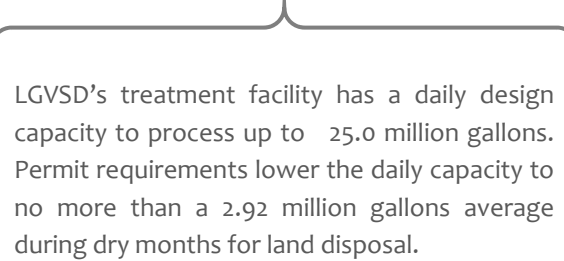
LGVSD's collection system is approximately 112 miles in total length and divided between 105 and 7 miles of gravity and force mains, respectively. The percentage of force mains to gravity flow pipelines has remained stagnant throughout the study period. The majority of the gravity lines are between 6 and 30 inches in diameter and supported by 28 strategically placed public pump stations. LGVSD's three principal trunk sewer lines, which serve as the main arteries of the wastewater collection system, convey flows to its treatment plant. The peak day collection system capacity during the

LGVSD's collection system's daily capacity to convey flows to the District's treatment facility is estimated at 25.0 million gallons.

<sup>13</sup> Reference to RWQCB National Pollutant Discharge Elimination System Permit No. CA0037851, Order R2-2015-0021.  
<sup>14</sup> The permit does allow for discharge into San Pablo Bay between November 1<sup>st</sup> and May 31<sup>st</sup> to avoid overflows and upon advance notice/concurrence of RWQCB.  
<sup>15</sup> The permit recognizes that full secondary treatment is provided for flows up to approximately 8 million gallons per day, and above that flow, the discharge consists of "blended" primary plus secondary treated wastewater.

entire 60-month study period as reported by LGVSD totals 25.0 million gallons per day. For purposes of this review this reported amount – 25.0 million gallons – is deemed the maximum daily capacity of the collection system.

LGVSD’s treatment facility has a daily engineer design capacity of 25.0 million gallons, and as such fully matches the referenced capacity of the District’s collection system. However, and taking into account the referenced permit limitations, the maximum daily capacity of the treatment facility is reduced to a maximum average day flow of 2.92 million gallons during dry months (June 1<sup>st</sup> and October 31<sup>st</sup>). The capacity allows for “blended” flows during wet-months (November 1<sup>st</sup> and May 31<sup>st</sup>) once 8.0 million gallons have been processed and treated.<sup>16</sup>



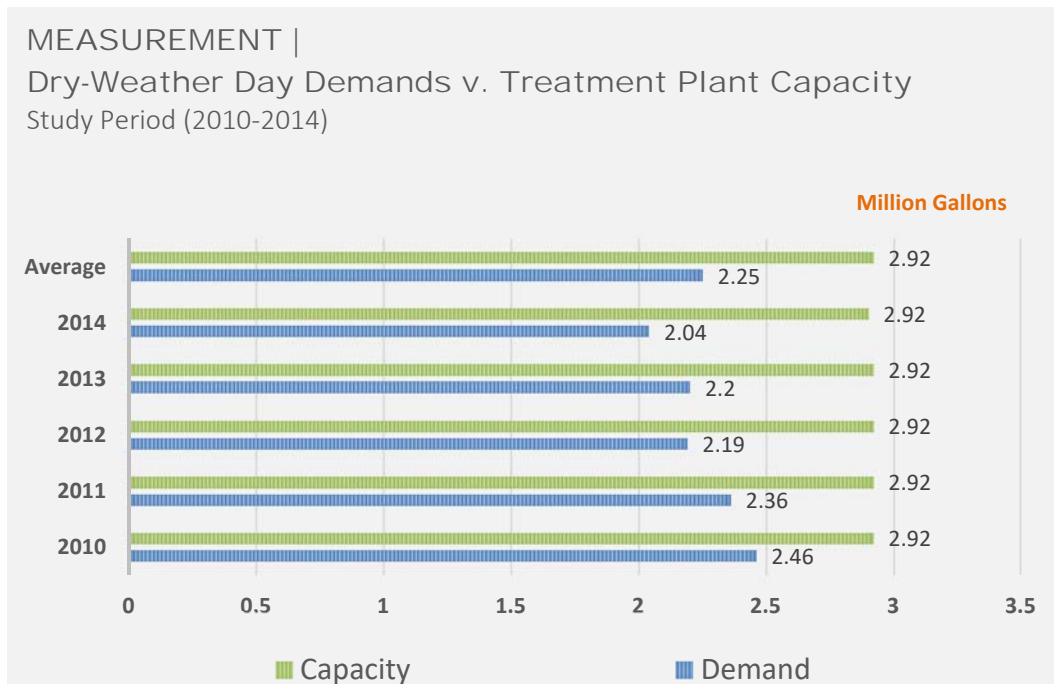
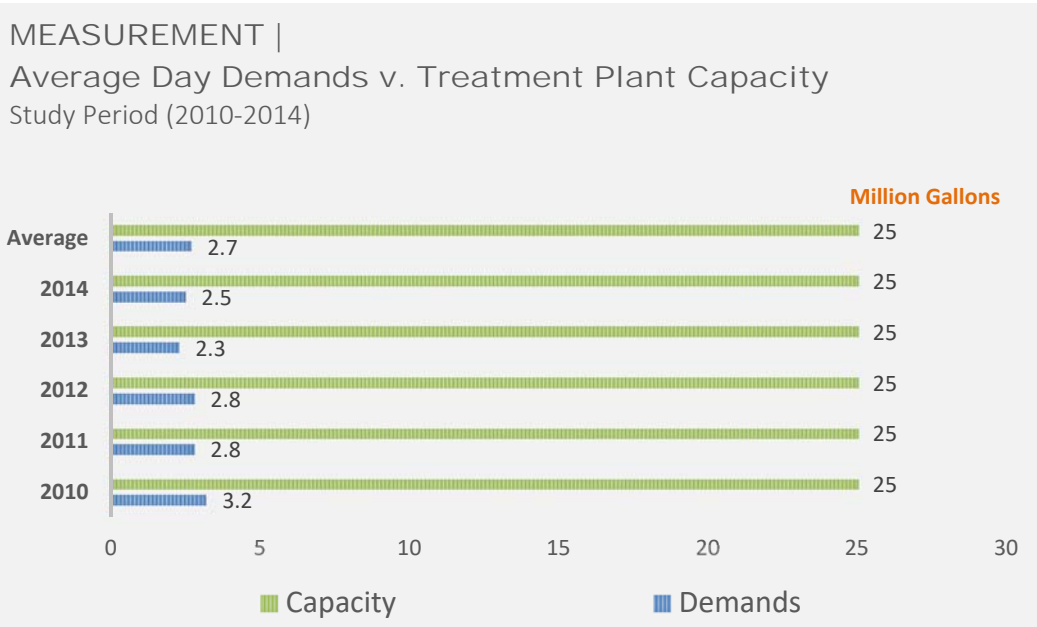
LGVSD’s treatment facility has a daily design capacity to process up to 25.0 million gallons. Permit requirements lower the daily capacity to no more than a 2.92 million gallons average during dry months for land disposal.

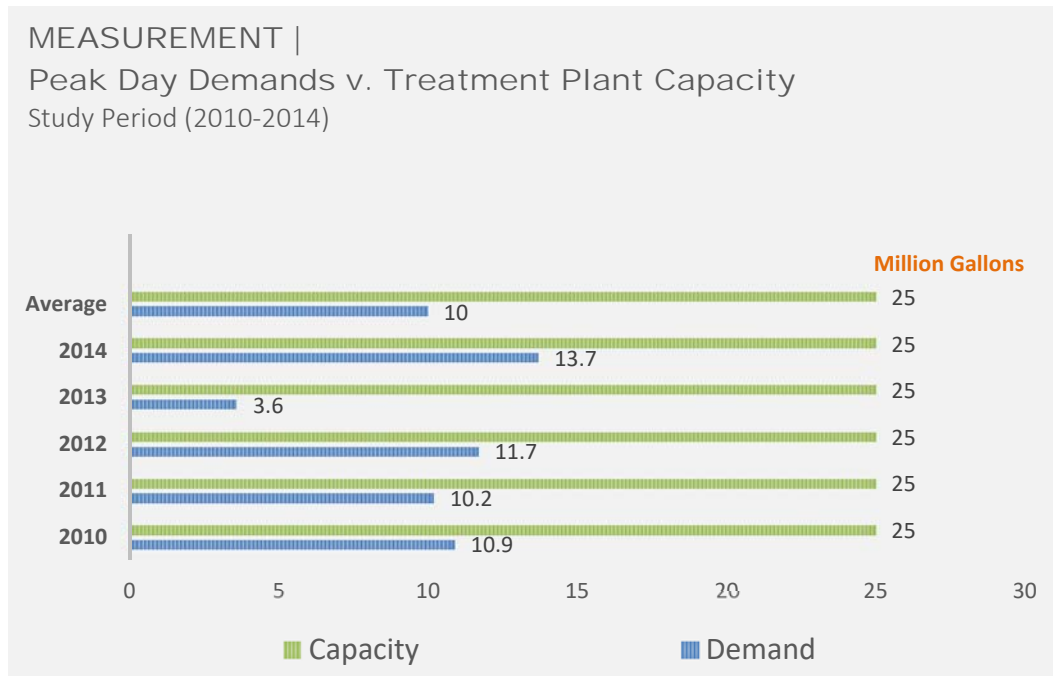
### ***Demand to Capacity Relationships***

Study period flows averages show LGVSD has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 10.8% of the collection system capacity and projected to decrease to 8.9% by 2024. Average dry-weather demands during the same period represent the biggest tax on the system and tally 77.1% of the capacity in step with the permit with RWQCB and expected to decrease to 67.8% by 2024. Average peak-day demands over the study period equal 40% of capacity and expected to rise to 52.0% by 2024.

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<sup>16</sup> Excess flows generated during storm events are controlled through automated valves, in which flows above 8.0 million gallons receive primary treatment and bypass secondary treatment to be recombined or blended with treated effluent in step with being discharged into San Pablo Bay.





## Performance

### Measurement / Sanitary Sewer Overflows

The State Water Resources Control Board (SWRCB) requires all public agencies that own or operate sanitary collection systems that are one mile or more in length and convey to a public owned treatment facility comply with the reporting requirements codified in Order No. 2006-0003. This Order mandates all subject agencies to develop and implement a system-specific sewer system management plan (SSMP) that includes a spill response plan as well as requiring immediately reporting to the SWRCB of all sanitary sewer overflows, or SSOs. The ultimate purpose of the SSO reporting process is to provide a uniform means to evaluate system reliability, source control, and operation and maintenance of wastewater systems in California. SSOs are defined as any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system, and include any of the following occurrences:

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;



- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States
- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

Total number of SSOs recorded by LGVSD during the study period was 18 with an overall spillage volume of 59,802 gal. The most recent year experienced 3 SSOs. The majority of the SSOs were classified by the SWRCB as a Category 1 at 55% of the total for the period, and accounted for spills of 58,862 gal to reach the surface water resulting in the potential for environmental and human health impacts. The average response time to SSOs during the study period was 31 minutes. LGVSD's adopted response time requirement is a two-hour period that starts upon the notification of an incident. The response time did not exceed the 2 hours throughout the period. The longest response time noted was in 2011 and 2012, tallying at 42 minutes. A review of each accompanying report incident claimed the main causes of SSOs were caused by roots at 55.5% of total causes. Debris and other issues amounted to 33.4% percent of the total with structural and fats, oils and grease (FOG) at 11%. According to LGVSD, the District accounted for two SSOs that were repeat occurrences and were attributed to roots and debris.<sup>17</sup>

LGVSD experienced 18 total SSOs during the five-year study period, and involved the unauthorized overflow of 0.058 million gallons.

<sup>17</sup> LGVSD refers to its Emergency Response Plan for SSO notification and reporting. Notifications of SSOs may be reported by telephone, in person at District offices, or to police and/or sheriff departments. Calls are directed to the Collection System Manager during business hours (from 6:30 AM to 3:00 PM) who in turn contacts the field crew. Calls to District offices are automatically routed to an answering service during non-business hours and notifications are made to the District staff of essential information. The on-call staff person decides the resources needed, coordinates the response plan and calls the Collection Systems Manager. LGVSD's line crew are to be the first responders for SSOs and follow the procedures outlined in LGVSD's *Sewer Overflow Response Manual*. LGVSD noted for SSOs that may substantially impact environmental and human health, water quality monitoring of surface waters should be performed (except for spills greater than 50,000 gallons which reach surface water, for which monitoring is required by Order 2006-003). The District directs the field crew to exercise best judgment in deciding whether to conduct monitoring and consult with the Collection System Manager, Plant Manager, or General Manager if uncertain.

<b>LGVSD: Sanitary Sewer Overflows</b>								
Table ***   Source: SWRQB								
Year	Category 1		Category 2		Category 3		Total	
	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons
2010	0	0	0	0	2	225	2	225
2011	2	2,200	0	0	0	0	2	2,200
2012	5	55,580	0	0	3	610	8	56,190
2013	2	1,067	0	0	1	6	3	1,073
2014	1	15	0	0	2	99	3	114
	<b>10</b>	<b>58,862</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>940</b>	<b>18</b>	<b>59,802</b>

*“gallons” are listed in millions*

## Measurement / System Maintenance

System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault, so an asset can be restored to its operational condition. Preventative maintenance, conversely, is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

### Corrective Maintenance

LGVSD’s corrective maintenance is noted in the number of service calls received to resolve, correct or assist a particular situation. During the entire 60-month study period, LGVSD received 39 service calls with 53.8% of these attributed to a public SSO notification and the remaining to odor complaints. LGVSD did not experience any pump station failures for the period. The following table shows all service calls by category type over the study period.

<b>LGVSD: Number of District Service Calls</b>					
Table ***   Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
General	0	0	0	0	0
Public SSO	2	2	8	3	6
Private SSO	0	0	0	0	0
Odor Complaints	5	2	6	4	1
Noise Complaints	0	0	0	0	0
Pump Station Alarms	0	0	0	0	0
Non-District Incidents	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>4</b>	<b>14</b>	<b>7</b>	<b>7</b>

### Preventive Maintenance

LGVSD’s preventative maintenance was reported in its actual cleaning activities during the 60-month study period which amounted to 2,738,069 feet of sewer lines cleaned. According to LGVSD, inspections on equipment are overseen by staff and include rodding, flushing, and CCTV (Closed-circuit television) cameras. LGVSD operates a preventative maintenance program

PLANNED <u>CLEANING</u> ACTIVITIES COMPLETED		
Year	Planned Feet	Actual Feet
2010	n/a	538,127
2011	n/a	535,844
2012	n/a	596,551
2013	n/a	561,940
2014	n/a	505,607
<b>TOTAL</b>	n/a	2,738,069
<b>Planned Work Orders Completed</b>		n/a

designed to maintain the integrity of the system, reduce the frequency of SSOs and reduce inflow/infiltration (I/I). The database issues a monthly schedule that specifies preventative maintenance activities for the month. The maintenance of the system’s larger pump stations is performed by LGVSD’s treatment facility operators and are inspected three times per week. LGVSD has established goals for inspecting the entire collection system over a four-year period. The agency also distributes a quarterly newsletter to property owners indicating the proper disposal techniques for FOGs to prevent blockages and SSOs, and provides educational outreach to contractors and plumbers working on private systems. Proper procedures when cleaning laterals are provided so as not to cause an SSO or structural issue. LGVSD does not track the number of blocked sewer pipes separately from SSOs.

LGVSD has completed and added future rehabilitation and replacement projects during the study period. In 2012, LGVSD completed a \$4.2 million-dollar upgrade to its primary clarifiers in its treatment plant. Additional projects to update the treatment plant have been budgeted including replacing its grit classifier and upgrading its biogas digester system.

PLANNED <u>LINE REPLACEMENT</u> COMPLETED		
Year	Planned Feet	Actual Feet
2010	-	-
2011	8,112	8,112
2012	-	-
2013	8,000	8,000
2014	-	-
<b>TOTAL</b>	16,112	16,112
<b>Planned Work Orders Completed</b>		n/a

A Predesign Report was reviewed for the upgrade and expansion of the treatment plant to provide full secondary treatment during wet weather events for peak flows up to 25 million gallons per day. During the entire study period, LGVSD

accounted for 19,025 feet of sewer line replacement. According to LGVSD, line replacements are capital projects and are not performed on a work order basis.

### Charges and Fees

LGVSD bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and treatment/disposal expenses. Rates are divided between residential and non-residential customers. Residential users are currently charged \$835 for every dwelling unit (2016). Non-residential users are currently charged based on a calculation of water use and strength factor as determined by LGVSD staff. There are no voter-approved special assessments.

Most single-family customers in LGVSD currently pay \$835 a year for wastewater services.

## AGENCY FINANCES

### Financial Statements

LGVSD contracts with an outside accounting firm to prepare an annual audit for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting LGVSD’s statements with respect to verifying overall assets, liabilities, and equity. These audited statements provide the Commission with quantitative measurements in assessing LGVSD’s short and long-term fiscal health with specific focus on delivering wastewater services.

LGVSD’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and positive change over the prior fiscal year as its overall equity or fund balance increased by 1.96% from \$53.222 to \$54.263 million. Underlying this most recent change in equity standing is the result of rises in current assets. A summary of year-end totals and trends therein drawn from

2013-2014 Financial Statements	
Assets	\$74.229 m
Liabilities	\$20.875 m
Equity	\$54.263 m

the audited statements over the study period follows with the qualifier LGVSD has indicated some of the numbers were subject to a subsequent reissuance.

### Agency Assets

LGVSD’s audited assets at the end of 2013-2014 totaled \$74.229 million; more than 13% higher than the average sum - \$65.420 million - generated over the course of the five-year study period. As of the study term, assets classified as current with the expectation they could be liquidated within a year, represented more than one-fourth of the total amount and tied to cash and investments, rising by 87% over the 60-month period. Assets classified as non-current make up the remaining three-fourths of the total as of the study term. The single-largest capital asset source is tied to treatment/disposal facilities at 66% less depreciation. Overall capital assets have increased by 35% over the 60-month period.

<b>LGVSD Assets   Study Period</b>							
Table ***   Source: LGVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	10.374	18.699	15.335	18.716	19.409	87.09%	16.506
Non-Current	40.485	41.266	54.609	53.390	54.820	35.41%	48.914
	<b>50.859</b>	<b>59.965</b>	<b>69.944</b>	<b>72.106</b>	<b>74.229</b>	<b>45.95%</b>	<b>65.420</b>

amounts in millions

### Agency Liabilities

LGVSD’s audited liabilities at the end of 2013-2014 totaled \$20.875 million; an amount that is more than 20% higher than the average sum – \$16.884 million – generated over the course of the study period’s five-year period. As of the study term liabilities classified as current representing obligations owed in the near-term equaled nearly one-tenth of the total and largely tied to accounts payable and pending debt payments. Current liabilities overall have increased by 10% through the study period. Non-current liabilities represent the remaining nine-tenths of the total and have increased by 134% over the study period. They are the result of two loans booked in 2012-2013 and are tied to construction of a recycled water treatment facility.

<b>LGVSD Liabilities   Study Period</b>							
Table ***   Source: LGVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	1.777	2.695	8.399	1.877	1.956	10.07%	3.340
Non-Current	8.099	12.138	11.556	17.007	18.919	133.6%	13.543
	<b>9.876</b>	<b>14.883</b>	<b>19.955</b>	<b>18.884</b>	<b>20.875</b>	<b>111.4%</b>	<b>16.884</b>

amounts in millions

### Agency Equity / Net Assets

LGVSD’s audited equity / net assets at the end of 2013-2014 totaled \$54.263 million and represent the difference between the District’s total assets and total liabilities. This amount has increased by 32% over the five-year study period and primarily attributed to rises in non-current assets and the referenced construction of recycling facilities. The unrestricted portion of the net assets as of the study term totals \$16.394 million and marks an overall decrease over the 60-month period of (51%) and attributed to capital investment. This latter amount also translates to a per capita reserve ratio of \$576 within LGVSD based on a corresponding and projected resident total of 28,475.

LGVSD’s net assets have increased by 32% over the five-year period and largely driven by a rise in non-current assets generated from the establishment of recycled water facilities. The unrestricted fund balance as of the study term total of \$16.394 million equates to a per capita reserve ratio of \$576.

<b>LGVSD Net Assets   Study Period</b>							
Table ***   Source: LGVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	33.232	7.071	11.351	17.580	16.394	(50.7%)	17.125
Restricted	7.751	38.061	38.638	35.642	37.869	388.6%	31.592
	<b>40.983</b>	<b>45.132</b>	<b>49.989</b>	<b>53.222</b>	<b>54.263</b>	<b>32.4%</b>	<b>48.717</b>

amounts in millions

## Measurements / Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by LGVSD covering the study period shows the District finished the term with a relatively high and improving liquidity. This includes noting LGVSD finished the study term with a current ratio of nearly 10 to 1 as well as over three years – or 1,298 days – of cash on hand to cover operating expenses. These measurements also improved by no less than 39% over the 60-month period. LGVSD also finished the study term with moderate and stable levels of capital with less than 28% of its net assets being tied to long-term debt financing. LGVSD also finished each year with positive total and operating margins with the former and latter averaging 26% and 23%, respectively. The referenced operating profits are also reflected in LGVSD’s average earned income ratio – i.e., the percent of direct service fees relative to annual revenues – of 85% for the 60-month period. A summary of year-end liquidity, capital, margin, and structure ratios follow.

<b>LGVSD: Financial Measurements   Study Period</b>						
Table ***   Source: LGVSD Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	5.84	932	19.42%	29.06%	23.00%	86.37%
2010-2011	6.94	1,608	24.74%	35.42%	31.16%	83.57%
2011-2012	1.83	1,246	28.53%	35.83%	31.80%	80.13%
2012-2013	9.97	1,275	26.19%	25.29%	24.39%	87.12%
2013-2014	9.92	1,298	24.12%	25.90%	23.24%	88.84%
<b>Average</b>	<b>6.90</b>	<b>1,272</b>	<b>25.40%</b>	<b>30.30%</b>	<b>26.72%</b>	<b>85.21%</b>
<b>Trend</b>	<b>69.9%</b>	<b>39.2%</b>	<b>44.82%</b>	<b>(10.87%)</b>	<b>1.08%</b>	<b>2.86%</b>
	<b>Liquidity</b>		<b>Capital</b>	<b>Margin</b>		<b>Structure</b>

### Notes

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and reoccurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from fees for services. Higher is better for enterprise agencies.

## Pension Obligations

LGVSD provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This



pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed “Category One” while employees hired afterwards are termed “Category Two.” Additional details of the pension program based on actuarial valuations issued by CalPERS follows.

### Participants | Pension Formulas

As of the study period’s term (2014) there are a total of 51 participants within LGVSD’s pension program. This total amount – which represents an overall increase of 6% in participants since 2012 – is further divided between enrollee type (i.e., active, separated, transferred, retired) and marked by a worker-

Most LGVSD employees receive one of two types of defined pensions based on either a 2.7 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

to-retiree ratio of 0.9 to 1 as of the study term. Category One participants represent 94% – or 48 – of the total program enrollees and are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest one year salary beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest one year salary beginning at age 55 and continuing each year thereafter. Category Two participants account for the remaining 6% – or 3 – of the total program enrollee amount as of the study period’s term and are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and



continuing annually thereafter.

<b>LGVS D’s Pension Enrollee Information</b>					
Table ***   Source: CalPERS and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	n/a	n/a	19	18	20
Transferred	n/a	n/a	2	3	4
Separated	n/a	n/a	4	4	4
Retired	n/a	n/a	20	21	23
<b>Total Enrollees</b>	<b>n/a</b>	<b>n/a</b>	<b>45</b>	<b>46</b>	<b>51</b>
<b>Worker-to-Retiree Ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>0.95 to 1</b>	<b>0.86 to 1</b>	<b>0.87 to 1</b>

### Annual Contributions

LGVS D’s total annual pension contributions as of the study period’s term tallied \$0.399 million. This amount represents an overall increase over the five-year study period of 20% and is two-fold greater than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>18</sup>

LGVS D’s pension contributions have increased by 20% over the five-year study period, and as of 2013-2014 account for 18% of total payroll.

The most recent annual pension contribution by LGVS D for the study period marked 18% of the District’s total annual payroll for the corresponding year (2013-2014).<sup>19</sup>

<b>LGVS D’s Pension Contributions</b>				
Table ***   Source: CalPERS and Marin LAFCO				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$283,055	\$327,304	\$403,005	\$411,624	\$339,757
<b>Average</b>				<b>\$352,757</b>
<b>Trend</b>				<b>20.03%</b>

### Funded Status

LGVS D’s unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$1.801 million and as such represents 9.9% of the District’s unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 83% based on

LGVS D’s unfunded pension liability has decreased over the last four years of the study period by (20%) and ended the term at \$1.801 million; the equivalent of a 83% funded ratio.

<sup>18</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.  
<sup>19</sup> LGVS D’s covered annual payroll in 2013-2014 totaled \$1.874 million.

market value. It also reflects an overall improvement in the funded ratio of 15% over the preceding four-year period.<sup>20</sup>

<b>LGVSD's Pension Trends</b>			
Table ***   Source: CalPERS and Marin LAFCO			
	<b>Unfunded Liability</b>		<b>Funded Ratio</b>
2009-2010	n/a		n/a
2010-2011	\$2,261,743		71.63%
2011-2012	\$2,742,701		68.06%
2012-2013	\$2,523,650		72.49%
2013-2014	\$1,801,307		82.71%
	<b>Average</b>	<b>\$2,332,350</b>	<b>73.72%</b>
	<b>Trend</b>	<b>(20.36%)</b>	<b>15.46%</b>

Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).

### Revenue to Expense Trends

A review of LGVSD's overall actual revenues and expenses during the study period and specific to 2009-2010 to 2013-2014 shows revenue surpluses in each year ranging in value from 25% to 42%. Overall actual revenues averaged \$10.810 million over the 60-month period compared to \$7.274 million in actual expenses; a difference of nearly one-half or 49%. The referenced separation, however, has been narrowing with the growth rate of expenses at 38% outpacing the growth rate of revenues at 31% over the 60-month period.

LGVSD's overall revenues have outgained overall expenses in each of the five years comprising the study period with an average monetary separation of \$3.536 million – or 49%. This separation, however, has narrowed over the same period with expenses outpacing revenues by more than one-fifth.

LGVSD's revenue ledger consists of 10 distinct categories with sewer service charges accounting on average for 85% of the total. Another 10% of the revenue average has been drawn from property taxes. The remaining revenue total has been drawn and in proportional magnitude from intergovernmental proceeds, connection fees, interest earnings, other, franchise fees, recycled water, and asset

**Top Revenue Categories:**

- 1) Sewer Charges @ 85%
- 2) Property Taxes @ 10%

**Top Expense Categories**

- 1) Depreciation @ 28%
- 2) Administration @ 24%

<sup>20</sup> Pension information for 2009-2010 is not available.

disposal. LGVSD’s expense ledger also consists of 10 distinct categories with depreciation accounting for the single largest resource demand and on average over the 60 months tallying 28% of the total. Other prominent expenses have been tied to administration, treatment, and collection and on average have accounted for 24%, 17%, and 13%, respectively. The remaining expenses total has been drawn and in proportional magnitude from interest expense, lab, engineering, and recycled water activities.

<b>LGVSD Actual Revenue Trends   Study Period</b>								
Table ***   Source: LGVSD Financials and Marin LAFCO								
Category	2009 2010	2010 2011	2011 2012	2012 2013	2013 2014	Trend	Average	% of Average
Sewer Charges	7.604	8.835	9.233	10.069	10.157	33.57%	9.179	84.91
Miscellaneous	0.041	0.032	0.054	0.034	0.046	12.20%	0.041	0.38
Recycled Water	-	-	-	0.037	0.075	-	0.022	0.21
Intergovernmental	0.005	0.005	0.005	0.005	0.005	0.0%	0.005	0.05
Franchise Fees	0.025	0.025	0.025	0.025	0.25	0.0%	0.025	0.23
Property Taxes	1.054	1.009	1.005	0.983	1.118	6.07%	1.033	9.56
Asset Disposal	0.007	0.006	-	-	-	-	0.002	0.002
Interest	0.076	0.093	0.065	0.046	0.047	(38.16%)	0.065	0.60
Grants	-	0.075	1.107	0.386	-	-	0.313	2.90
Connection Fees	(0.008)	0.530	0.028	0.015	0.044	(650.0%)	0.122	1.13
	<b>8.804</b>	<b>10.610</b>	<b>11.522</b>	<b>11.600</b>	<b>11.517</b>	<b>30.82%</b>	<b>10.810</b>	<b>100.00</b>

<b>LGVSD Actual Expense Trends   Study Period</b>								
Table ***   Source: LGVSD Financials and Marin LAFCO								
Category	2009 2010	2010 2011	2011 2012	2012 2013	2013 2014	Trend	Average	% of Average
Collection	1.009	0.854	0.937	0.951	1.089	7.93%	0.968	13.31
Treatment	1.088	1.138	1.295	1.312	1.519	39.61%	1.270	17.46
Disposal	0.085	0.143	0.147	0.267	0.340	300.0%	0.196	2.70
Lab/Testing	0.313	0.353	0.387	0.377	0.402	28.43%	0.366	5.04
Administration	1.564	1.756	1.726	2.093	1.692	8.18%	1.766	24.28
Engineering	-	-	-	0.296	0.325	-	0.124	1.71
Depreciation	1.828	1.756	1.726	2.093	1.692	33.04%	2.054	28.25
Recycled Water	-	-	-	0.060	0.090	-	0.030	0.41
Loss of Disposal	-	-	-	0.048	0.002	-	0.010	0.14
Interest Expense	0.364	0.357	0.331	0.652	0.735	102.14%	0.487	6.71
	<b>6.251</b>	<b>6.416</b>	<b>6.665</b>	<b>8.367</b>	<b>8.626</b>	<b>38.01%</b>	<b>7.274</b>	<b>100.00</b>

amounts in millions

<b>Net</b>	<b>2.553</b>	<b>4.149</b>	<b>4.857</b>	<b>3.233</b>	<b>2.890</b>
	<b>29.00%</b>	<b>39.10%</b>	<b>42.15%</b>	<b>27.87%</b>	<b>25.10%</b>

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## OVERVIEW

The San Rafael Sanitation District (SRSD) was formed in 1947 and encompasses an approximate 13-square mile jurisdictional boundary in east-central Marin County. Governance is provided dependently by a three-member board whose members are appointed to staggered four-year terms with two drawn from the San Rafael City Council



and a third drawn from the County of Marin Board of Supervisors. Three local land use authorities overlap SRSD’s jurisdictional boundary and headlined by the aforementioned City of San Rafael, which presently accounts for three-fifths – or 58% – of the subject lands. The rest of SRSD’s jurisdictional boundary is divided between the County of Marin’s unincorporated area – including the island communities of Country Club and Bay View – at 42% with a small remainder in the City of San Anselmo.

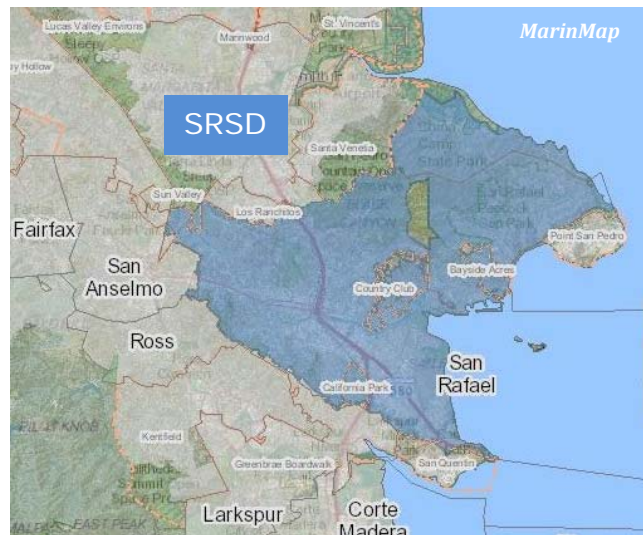
SRSD is currently organized as a single-purpose agency with municipal operations limited to wastewater collection though it is empowered – subject to LAFCO approval – to provide three other distinct services: water (potable and non-potable); garbage transfer/disposal; and street cleaning/sweeping services. Wastewater service activities directly performed by SRSD focuses on engineering aspects of the District’s approximate 146 mile collection system along with cost-recovery through the setting and collection of charges and fees. SRSD also provides routine and emergency cleaning and maintenance of the collection system. SRSD – and as a signatory – contracts with the Central Main Sanitation Agency (CMSA) for wastewater treatment and disposal services. SRSD’s adopted operating budget at the term of the study period was \$17.1 million with funding dedicated for the equivalent of 15 fulltime employees. The unrestricted fund balance was \$21.5 million with an associated days-cash ratio totaling 805; i.e., the amount of cash on hand to cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within SRSD is 40,744 as of the term of this study period (2014). It is also projected SRSD’s population growth rate over the five-year study period has averaged 0.69% annually and primarily tied to an increase in occupancy levels; the substantive result being the net addition of 1,363 persons. Overall it is also estimated by the Commission nearly two-thirds of the jurisdictional boundary has been developed and or improved – though not necessarily at the highest density. This means one-third of the boundary area remains entirely undeveloped, and this includes 638 existing unbuilt and privately owned parcels that are zoned for some type of urban use by the respective land use authority.<sup>1</sup>

San Rafael Sanitation District	
Formation Date:	1947
Principal Act:	Health and Safety Sections 4700 et seq.
Service Categories:	Wastewater Collection
Service Population	40,744
Governance Type:	Dependent

## COMMUNITY DEVELOPMENT

SRSD’s central service area – San Rafael – began its present-day development at the start of the 19th century with the establishment of the Mission San Rafael. Originally constructed to treat sick Native Americans whom fell ill at the Mission Dolores in San Francisco, the San Rafael Mission expanded its residency to nearly 1,000 by 1830 due to its agricultural activities and its function as a commerce site for the region. Development of the area further advanced in 1844 as three contiguous ranchos – “Las Gallinas,” “Santa Margarita,” and “San Pedro” – totaling over 21,000 acres were granted by Mexico to Irish settler, Timothy Murphy. Murphy kept the majority of the ranchos in cattle grazing through the time of his death in the early 1850s before leaving most of the lands to



<sup>1</sup> Additional analysis is needed to assess the actual development potential of the 638 unbuilt parcels.

nephew John Lucas who subsequently began selling lots while retaining a homestead in present-day Terra Linda. John Lucas' decision to begin selling pieces of his newfound holdings, notably, coincided with outside developer interest in the region. This interest was led by the establishment of the ferry and railroad service byway of San Quentin Point, connecting San Rafael to San Francisco by 1860.

Following in the footsteps of Timothy Murphy and his nephew John Lucas the next seminal phase in San Rafael's urban development is accredited to mining merchant William Tell Coleman. In the late 1860s Coleman purchased 1,100 acres of land east of the Mission site he named Magnolia Valley. He landscaped the property for the inclusion of a 12-acre nursery, filled with a variety of trees and hired Hall Hammond of Golden Gate Park to subdivide the land into smaller lots for purchase. Coleman helped facilitate lot sales in Magnolia Valley – subsequently termed Dominican – by securing an adequate water supply through the creation of the Marin County Water Company in 1871. The Marin Water Company proceeded to immediately purchase the neighboring San Rafael Water Company and its water rights to Lagunitas Creek. It also began providing basic sanitary services, such as sewage flushing and constructing drainage systems conveying waste into San Rafael Bay byway of San Rafael and Erwin Creeks.

Coleman's investment in Magnolia Valley proved successful as lots were sold and developed that – and among other outcomes – contributed to an influx of new landowners and their successful efforts to incorporate San Rafael in 1874 with an initial resident count of 840. Coleman transitioned his focus thereafter on commercial and public-use projects in and around the mission site – now the downtown area – and marked by building the County of Marin's first courthouse and later Hotel Rafael. These and other projects, including the development of Gerstle Park, aided an early population surge for San Rafael as its resident base increased by nearly 500% over the next twenty five years and reached 3,879 by 1900; an amount representing one-fourth of the countywide total at the time. Another population surge occurred after the end of World War I with resident totals increasing from 5,512 in 1920 to 8,022 in 1930; a 10-year difference of nearly 50% and marked by the development of the Montecito area.

## FORMATION PROCEEDINGS

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The formation of SRSD was completed in 1947 with the County of Marin's Boundary Change Commission approving the official service area of the District in conjunction with the voter approval. The original boundaries included the then-incorporated boundary of the City of San Rafael along with adjacent unincorporated lands to the east towards Bayside Acres and south to California Park.

## POST-FORMATION PROCEEDINGS

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A summary of notable activities undertaken SRSD and/or affecting the District's service area following formation in 1947 is provided below.

- Upon formation SRSD owned and operated two treatment plants.
- The population within SRSD's core service area - San Rafael - reaches 13,848 in 1950. It expands ten years later to 20,460 by 1960.
- SRSD became an original signatory in the creation of CMSA in 1979; a joint powers authority created for the purposes of planning, constructing, and operating wastewater treatment and disposal services for its member-agencies with the latter achieved through a deep-water outfall to the San Francisco Bay.
- CSMA completed construction and initiated operation of a wastewater treatment facility on the north side of Point San Quentin Point in 1985; SRSD flows are redirected accordingly.



## COMMISSION BOUNDARIES | SERVICE AREAS

### Jurisdictional Boundary

SRSD’s jurisdictional boundary spans approximately 12.8 square miles in size and covers 8,184 total acres (parcels and right-of-ways). Three land use authorities overlap the jurisdictional boundary. And in terms of acreage the City of San Rafael is the predominant land use authority with an estimated 58% of all SRSD lands lying with the City. Another 42% of the jurisdictional lands fall under the land use jurisdiction of the County of Marin and include the unincorporated island communities of Country Club and Bayview. The remaining amount – or 0.1 % – lies within the City of San Anselmo and specific to eight properties located on or near Spring Grove Avenue.

SRSD’s jurisdictional boundary spans 12.8 square miles and overlaps three land use authorities with San Rafael being the largest with the City covering 58% of all District lands.

Total assessed value (land and structure) within SRSD is calculated at \$8.196 billion and translates to a per acre value ratio of \$1.0 million. This former amount – \$8.196 billion – further represents a per capita value of \$0.201 million based on the estimated service population of 40,744. SRSD’s set allocation of property tax proceeds – i.e., its share of the 1% – is 1.47%.

Assessed land values in SRSD totals \$8.2 billion, and based on receiving 1.47% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$1.204 million.

### SRSD Boundary Breakdown: Land Use Authorities

Table \*\*\* | Source: Marin LAFCO

Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
San Rafael	3,153	58.1%	10,628	15,414
County of Marin	2,268	41.8%	1,577	621
San Anselmo	8	0.1%	16	15
	<b>5,429</b>	<b>100</b>	<b>12,221</b>	<b>16,050</b>

As provided in the preceding table there are overall 12,221 assessor parcels currently within SRSD and collectively add up to 5,429 acres as of June 2016.<sup>2</sup> Close to two-thirds – or 64% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 16,050 residential units

Almost two-thirds of SRSD’s jurisdictional boundary has already been developed or improved – though not necessarily at its maximum density. This means almost one-third of the boundary remains entirely undeveloped. This includes 638 un-built and privately owned parcels zoned for some type of urban use.

and divided between single-family and multi-family on a 55% to 45% split. The remaining one-third plus – or 36% – of the current assessor parcel acreage is undeveloped/unimproved. This includes 638 un-built and privately owned assessor parcels that combine to total 480 acres.<sup>3</sup> (Additional analysis would be needed to assess actual development potential of these unbuilt parcels.) The remaining undeveloped/unimproved assessor acreage within SRSD – or 1,459 acres – is publicly owned and generally dedicated to open space uses.

<b>SRSD Boundary Breakdown: Land Use Features</b>				
Table ***   Source: Marin LAFCO				
<b>% Parcel Acres</b>	<b>Residential</b>	<b>% of Units</b>	<b>Unbuilt</b>	<b>Unbuilt Private</b>
<b>Already Developed</b>	<b>Units</b>	<b>Built as SFR</b>	<b>Private Parcels</b>	<b>Parcel Acres</b>
64.3	16,050	54.9	638	480

### Outside Services

SRSD reports it presently provides outside wastewater service to one contracted customer located at 255 Margarita Drive in the unincorporated community of Country Club. This outside service extension was formally presented and subsequently approved by the Commission in August 2015.

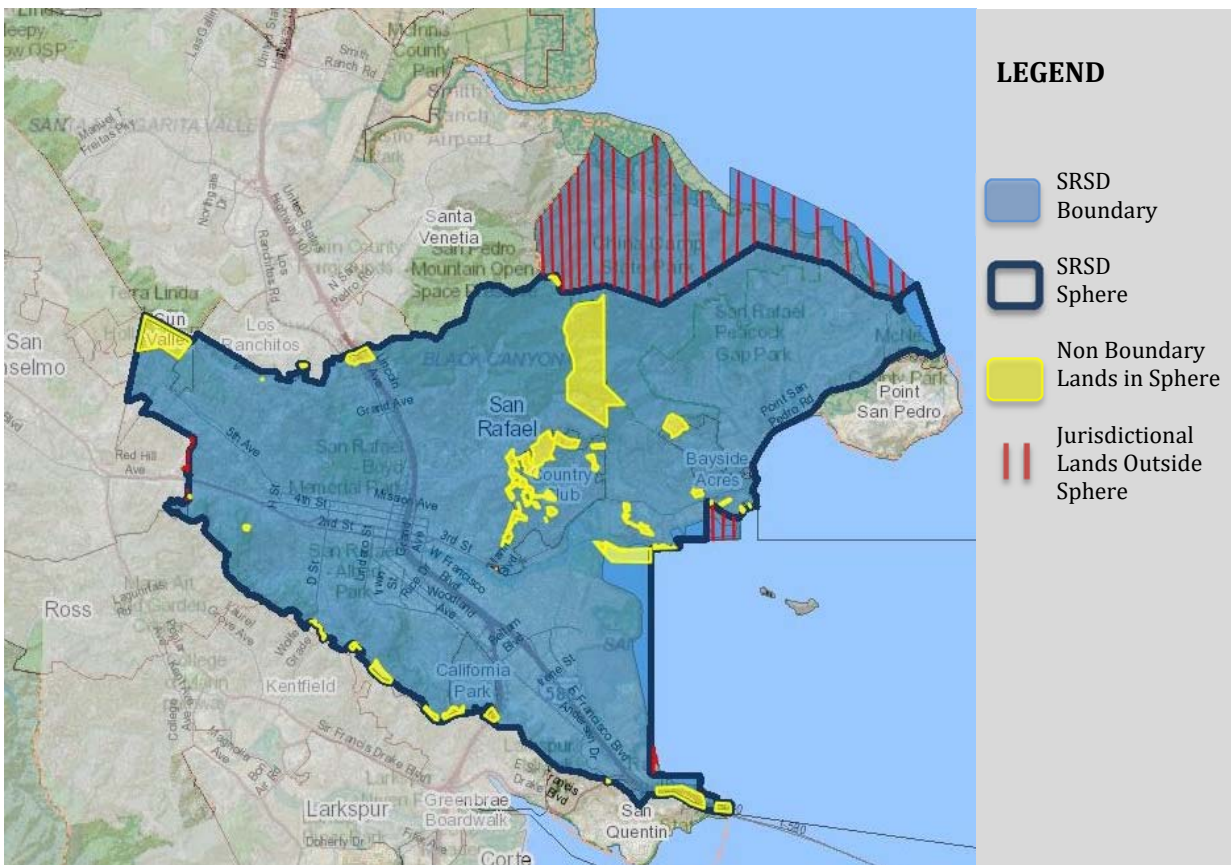
<sup>2</sup> The remaining 2,755 jurisdictional acreage within SRSD are tied to public right-of-ways and waterways.

<sup>3</sup> Existing zoning divides the 638 un-built assessor parcels in SRSD between residential (509), commercial (109) and industrial (20) sites.

## Sphere of Influence

SRSD’s sphere of influence was initially established by the Commission in 1984 and last reviewed and updated in 2006. The sphere spans approximately 7,434 acres or 11.6 square miles in size. The sphere is nearly one-tenth – or 9% – smaller than SRSD’s jurisdictional boundary. Most notably, there are two distinct areas within SRSD that lie outside the sphere – North San Pedro Road and Loch Lomond Marina – and collectively add up to 943 acres. Non-jurisdictional lands included in SRSD’s sphere total approximately 119 acres (parcels and right-of-ways) and as such are immediately eligible for annexation or outside service extension subject to Commission approval. This includes 102 assessor parcels with nine-tenths – or 89% – privately owned and zoned for an urban type use.

SRSD’s sphere of influence includes two unique features. First, the sphere excludes 943 jurisdictional lands concentrated in two unincorporated areas: North San Pedro Road and the Loch Lomond Marina. Second, the sphere includes 119 acres of non-jurisdictional land – including nearly a dozen parcels located within County Sanitary District 1. The majority of the non-jurisdictional lands are located within County Club.



## DEMOGRAPHICS

### Population Estimates

SRSD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 40,744 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 15.6% of the estimated countywide population.<sup>4</sup> It is also projected SRSD has experienced an overall growth rate of 3.46% over the preceding five-year period or 0.692% annually; all of which produces an estimated net add of 1,363 persons. This projected increase has

LAFCO estimates there are 40,744 total residents within SRSD that are explicitly served by the District’s wastewater collection system as of the term of the study. It is further estimated SRSD has experienced an overall population increase of 1,363 over the preceding five-year period, resulting in an annual growth rate of 0.692%. New and occupied housing units over the same period within SRSD totaled 153 with a net change in persons per household – i.e., an intensity measurement – of 2.69%.

been generated by the addition of an estimated 153 new occupied housing units within the jurisdictional boundary and aided by an intensification of household sizes over the span of the five-year period starting at 2.60 in 2010 and ending at 2.67 in 2014; the latter being a net intensity increase of 2.69%. Overall projected growth within SRSD falls above the concurrent annual change estimated for the entire county – 0.62%.<sup>5</sup>

<b>SRSD Resident Population: Past and Current Estimates</b>					
Table ***   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
a) Total Housing Units	15,938	15,957	15,975	15,994	16,013
b) Local Occupancy Rate	94.78	93.66	94.68	94.68	95.30
c) Occupied Housing Units	15,107	14,945	15,126	15,144	15,260
d) Projected Household Size	2.60	2.62	2.64	2.65	2.67
<b>Estimated Population</b>	<b>39,381</b>	<b>39,191</b>	<b>39,906</b>	<b>40,192</b>	<b>40,744</b>

\* rounded for reporting purposes

<sup>4</sup> Marin LAFCO’s resident service population for SRSD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the nine affected census tracts in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to SRSD over the study period include a weighted annual housing unit change of 0.116% and a weighted annual household size change of 0.598%. The annual weighted population change is 0.692%.

<sup>5</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,750 based on information published by the United States Census and marks a 3.01% increase over the preceding five-year period.

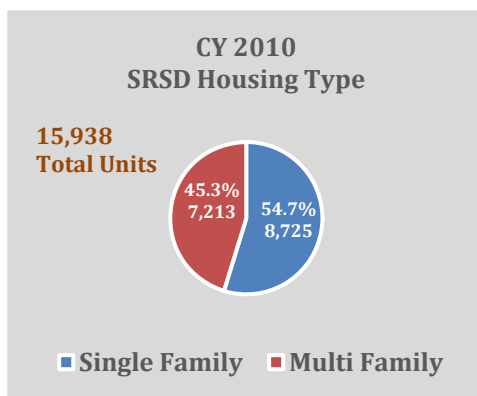
With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with SRSD will generally match the preceding five-year period with an overall yearly population change of 0.692%. The substantive result of this assumption would be an overall increase in SRSD’s resident population of 2,911 and produce a total of 43,655 by 2024. This growth rate, similarly, would generate the addition of 1,288 new and occupied housing units within SRSD through 2024 assuming the preceding five-year average ratio of 2.63 persons for every one occupied housing unit holds. These collective projections going forward are summarized below.

<b>SRSD Resident Population: Future Estimates</b>						
Table ***   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
<b>Estimated Population</b>	<b>40,744</b>	<b>41,311</b>	<b>41,885</b>	<b>42,467</b>	<b>43,057</b>	<b>43,655</b>
Occupied Housing Units	15,260	15,689	15,877	16,098	16,321	16,548
- residents to housing units	2.67	2.64	2.64	2.64	2.64	2.64

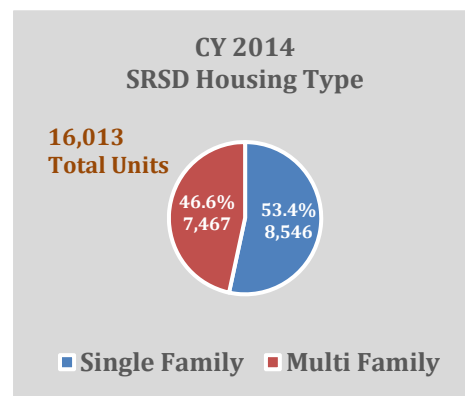
baseline

### Residency Type

The Commission projects SRSD’s residential unit total (occupied and unoccupied) of 16,013 as of the study term is divided between single family and multi-family use at 53.37% (8,546) and 46.63% (7,467), respectively. These totals produce an estimated ratio of 1.14 to 1 with respect to single-family to multi-family units within the jurisdictional boundary. The overall stock of housing type has experienced a significant inversing change with single-family unit totals decreasing by (2.51%) while multi-family unit totals increasing by 3.03% over the corresponding 60-month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (5.37%) from 1.21 to 1 in 2010.



Single Family to Multi Family:  
1.21 to 1



Single Family to Multi Family:  
1.14 to 1

### Social and Economic Indicators

A review of recent demographic information covering the SRSD jurisdictional boundary for the study period shows fulltime residents are relatively younger and with less economic standing compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income of \$75,046 is close to one-fifth below the countywide amount. Comparisons also show SRSD residents have significantly higher average unemployment and poverty rates compared

SRSD's fulltime residents are generally younger and less affluent than most of the county populace and highlighted by a median household income average over the study period of \$75,046; which is one-fifth below the county average. Also of note there has been sizeable amount of transition in SRSD over the last 40 years with only 11% of household owners have resided in their homes before the enactment of Proposition 13 in 1979.

to countywide amounts and have significantly increased over the preceding five-year data collection period. SRSD residents are also close to being one-tenth younger with a median age of 40.6. Notable social indicators show SRSD residents are more ethnically diverse with 42.4% being non-native speakers and is nearly double the countywide rate. SRSD residents are also relative newcomers to the community with an average of 10.66% of occupied households arriving before Proposition 13 in 1979. This amount is nearly one-fifth below the countywide average of 12.80%.

<b>SRSD: Resident Trends in Social and Economic Indicators</b>				
Table ***   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$76,534</b>	<b>\$75,046</b>	<b>(1.94%)</b>	<b>\$91,529</b>
Median Age	39.45	40.64	3.04%	45.10
Prime Working Age (25-64)	58.17%	64.59%	11.02%	55.28%
Unemployment Rate (Labor Force)	3.61%	6.09%	68.43%	4.70%
Persons Living Below Poverty Rate	9.67%	19.08%	97.40%	8.80%
Mean Travel to Work	25.25 min	26.68 min	5.53%	29.4 min
Working at Home (Labor Force)	7.4%	6.1%	(16.48%)	2.50%
Adults with Bachelor Degrees or Higher	45.25%	41.07%	(9.23%)	30.80%
Non English Speaking	39.66%	42.40%	6.91%	23.50%
Householder Pre Proposition 13 (1979)	12.86%	10.66%	(17.14%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all nine census tracts underlying SRSD.

## ORGANIZATIONAL STRUCTURE

### Governance

SRSD’s governance authority is established under the County Sanitation District Act of 1923 (“principal act”) and codified under Public Health and Safety Code Sections 4700-4858. This principal act – which was enacted concurrently with an update to the similar provisions of the California Sanitary District Act – empowers SRSD to provide a moderate range of municipal services upon approval by LAFCO. As of date, SRSD is authorized to provide only one municipal service: (a) wastewater. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before SRSD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing wastewater services, SRSD would also need to seek LAFCO approval. A list of active and latent powers for SRSD follows.

#### Active Service Powers

Wastewater

#### Latent Service Powers

Solid Waste; Not Collection  
Recycled Water  
Storm Drainage  
Street Cleaning/Sweeping

SRSD has been governed since its formation in 1947 as a dependent special district with three appointments to its Board of Directors with two made by the San Rafael City Council and the third by the County Board of Supervisors. Appointees’ serve staggered four-year terms and receive a \$100 meeting per diem. The Board currently meets on the 2<sup>nd</sup> Thursday each month at 3:30 p.m. at the San Rafael City Hall located at 1400 Fifth Avenue in San Rafael. A current listing of SRSD Board of Directors along with respective backgrounds and years served follows.



#### Current SRSD Board Roster

Table \*\*\* | Source: SRSD

Member	Position	Background	Years on Board
Gary O. Phillips   San Rafael	Chair	Certified Public Accountant	n/a
Maribeth Bushy   San Rafael	Director	Administrative Law Judge	n/a
Katie Rice   County of Marin	Director	Local Government Employee	n/a

## Mission Statement

SRSD’s adopted mission statement follows.

“The San Rafael Sanitation District’s mission is to responsibly collect and transport wastewater from our customers to Central Marin Sanitation Agency for treatment, utilizing cost effective, environmentally sound, and safe practices.”

## Administration

SRSD appoints an at-will General Manager to oversee all District operations. The current District Manager – Doris Toy – was appointed by the Board in 2012 and is fulltime. The General Manager oversees 14 other full-time employees and this includes two senior management support positions: Senior Civil Engineer and Sewer Maintenance Superintendent. SRSD contracts with San Rafael for a variety of staff support services ranging in scope from accounting to information technology. SRSD also contracts with the County for legal services through County Counsel.

### SRSD Administrative Offices

111 Morphew Street  
San Rafael, California 94901



Courtesy: Google

## WASTEWATER SERVICES

### Service Overview

SRSD directly provides wastewater collection services through its own infrastructure headlined by an approximate 146-mile collection system and 32 pump stations. The current infrastructure dates back to 1947 with the collection system divided between 133 miles of gravity lines and 13 miles of force mains. SRSD reports the average of the entire collection system is around 33 years old with an expected lifespan of 80 years. Other integral aspects of wastewater service –

SRSD’s equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory –as of the study term is 20 years.



and specifically treatment and disposal – are provided by contract to SRSD by CMSA and separately reviewed as part of this study.

## *Demands*

### **Generators / Service Connections and Resident Population**

SRSD reports service to 10,913 active wastewater service connections as of the term of the study period. This connection total is divided among three billing categories: (a) residential at 89.4% connections; (b) commercial at 7.7% connections and (c) other at 2.9% (industrial, public, etc.). The connections totals have experienced have remained stable within the five-year study period with only a 0.12% increase. Overall, the residential connections have consistently comprised no less than 89% of the total in any year. A breakdown of reported service connection types over the study period follows.

Service connection totals within SRSD have remained relatively consistent over the study period and 10,913 at the term. Residential users on average have accounted for 89.43% of all active connections.

<b>SRSD: Service Connection Type Breakdown</b>				
Table ***   Source: SRSD				
<b>Category</b>	<b>Residential</b>	<b>Commercial</b>	<b>Other</b>	<b>Net</b>
2010	9,757	836	307	10,900
2011	9,761	846	310	10,917
2012	9,763	842	314	10,919
2013	9,761	842	312	10,915
<b>2014</b>	<b>9,758</b>	<b>840</b>	<b>315</b>	<b>10,913</b>
<b>Overall Change</b>	<b>0.01%</b>	<b>0.48%</b>	<b>2.61%</b>	<b>0.12%</b>

As detailed in the preceding section the Commission independently estimates SRSD’s total resident service population at 40,744. The substantive result when aligning the two demand generators – service connections and resident population – is an average ratio of 4.09 persons for every residential connection. The ratio at the study term tallied 4.18. A breakdown of this ratio over the entire study period follows.

SRSD’s current resident to residential connection ratio is 4.18 as of the term date of this study.

SRSD: Resident to Connection Ratio Breakdown			
Table ***   Source: Marin LAFCO			
Category	Residential Connection	Estimated Resident Population	Resident to Connection Ratios
2010	9,757	39,381	4.04
2011	9,761	39,191	4.02
2012	9,763	39,906	4.09
2013	9,761	40,192	4.12
<b>2014</b>	<b>9,758</b>	<b>40,744</b>	<b>4.18</b>
<b>Overall Change</b>	<b>0.01%</b>	<b>3.46%</b>	<b>3.47%</b>

### Recent Measurements / Wastewater Collection System Flows

SRSD’s average annual wastewater collection demand generated over the study period as reported by the District and for ultimate treatment and disposal by CMSA has been approximately 1.591 billion gallons. This average amount, which serves as a macro overview of system demands, represents a daily average flow of 4.4 million gallons. It also translates over the study period to an estimated 109.41 gallons per day for each resident or 273.09 gallons per day for each occupied housing unit; it also translates to 399.55 gallons for every service connection.

Average annual wastewater flows generated within SRSD during the study period have produced the daily equivalent of 4.36 million gallons; an amount that further translates to 109 and 273 daily gallons for every person and occupied housing unit.

With respect to trends, annual demands within the five-year study period have shown an overall and steady (12.0%) decrease in flows over the span of the affected 60 months. The high annual demand point for the collection system occurred in 2010 with annual flow equaling 1.825 billion gallons. This high demand year translates over the study period to an estimated 126.96 gallons per day for each resident or 313.72 per day of each occupied housing; it also translates to 458.72 gallons per day for each service connection. A breakdown of annual and daily wastewater flows over the study period in relation to population and housing follows.

Annual wastewater flows within SRSD have decreased by (12%) over the study period’s 60 month point-to-point index; a difference of 219.0 million gallons.

<b>SRSD: Recent Annual and Average Daily Flows Breakdown</b>							
Table ***   Source: Marin LAFCO and SRSD							
	2010	2011	2012	2013	2014	Average	Trend
<b>Annual Flow Totals</b>	<b>1.825 bg</b>	<b>1.606 bg</b>	<b>1.642 bg</b>	<b>1.277 bg</b>	<b>1.606 bg</b>	<b>1.591 bg</b>	<b>(12.0%)</b>
Daily Average	5.0 mg	4.4 mg	4.5 mg	3.5 mg	4.4 mg	4.4 mg	(12.0%)
- Daily Per Resident	127.0	112.3	112.8	87.1	108.0	109.4	(15.0%)
- Daily Per Housing Unit	313.7	275.7	281.7	219.5	274.8	273.1	(12.0%)
- Daily Per Connection	458.7	403.0	412.1	320.7	403.2	400.0	(12.0%)

*“bg” refers to billions gallons*

*“mg” refers to millions gallons per day*

*Per resident as estimated by the Commission*

*Per housing unit refers to occupied status as estimated by the Commission*

Along with average annual wastewater flow three other more micro measurements are tracked with respect to SRSD’s collection system and provide additional context to assessing demand. These measurements are (a) dry weather flow, (b) wet-weather flow, and (c) peak-day flow and summarized below.

### Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period have been 3.3 million gallons. This flow typically is recorded between May and October and most recently tallied 3.1 million gallons as of the study term. The overall average dry-weather tally translates during the study period to 82.8 gallons for every resident or 206.7 gallons for every occupied housing unit; it also translates to 302.4 gallons per service connection. This measurement has decreased overall during the study period by (11.42%). A breakdown of flows during the study period follows.

<b>SRSD: Recent Dry Weather Day Flows</b>				
Table ***   Source: Marin LAFCO and SRSD				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	3.5 mg	88.9	219.6	321.1
2011	3.4 mg	86.8	213.1	311.4
2012	3.3 mg	82.7	206.6	302.2
2013	3.2 mg	79.6	200.7	293.2
<b>2014</b>	<b>3.1 mg</b>	<b>76.1</b>	<b>193.6</b>	<b>284.1</b>
<b>Average</b>	<b>3.3 mg</b>	<b>82.8</b>	<b>206.7</b>	<b>302.4</b>
<b>Trend</b>	<b>(11.42%)</b>	<b>(15.35%)</b>	<b>(11.84%)</b>	<b>(11.52%)</b>

*“mg” refers to million gallons*

### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period has been 5.42 million gallons. This flow typically is recorded between November and April and most recently tallied 5.7 million gallons at the study term. The overall average translates over the study period to 136 gallons for every resident or 339.5 gallons for every occupied housing unit; it also translates to 469.7 gallons for every service connection. This measurement has decreased overall during the study period by (12.31%). A breakdown of flows during the study period follows.

<b>SRSD: Recent Wet Weather Day Flows</b>				
Table ***   Source: Marin LAFCO and SRSD				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	6.5 mg	165.1	407.8	596.3
2011	5.4 mg	137.8	338.4	494.6
2012	5.7 mg	142.8	356.8	522.0
2013	3.8 mg	94.6	238.3	348.1
<b>2014</b>	<b>5.7 mg</b>	<b>139.9</b>	<b>356.0</b>	<b>522.3</b>
<b>Average Trend</b>	<b>5.42 mg (12.31%)</b>	<b>136.0 (0.51%)</b>	<b>339.5 (12.70%)</b>	<b>469.7 (12.41%)</b>

### Peak-Day Flows

Average peak-day wastewater flows over the study period has been 19.14 million gallons producing a peak-factor relative to average day totals of 4.35. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 26.7 million gallons as of the study term. The average wet-weather peak day tally translates to 479.7 for every resident or 1,198.3 gallons for every occupied housing unit; it also translates to 1,754 gallons for every service connection during the affected 60 months. This measurement has increased overall during the study period by 32.18%. A breakdown of flows during the study period follows.

<b>SRSD: Recent Peak Day Flows</b>					
Table ***   Source: Marin LAFCO and SRSD					
Year	Peak Day System Total	Gallon Per Resident	Gallons Per Housing Unit	Gallons Per Connection	Peaking Factor
2010	20.2 mg	512.9	1,267.4	1,853.2	4.0
2011	18.0 mg	459.3	1,128.0	1,648.8	4.1
2012	24.8 mg	621.5	1,552.4	2,271.3	5.5
2013	6.0 mg	149.3	376.3	549.7	1.7
<b>2014</b>	<b>26.7 mg</b>	<b>655.3</b>	<b>1,667.4</b>	<b>2,446.6</b>	<b>6.1</b>
<b>Average Trend</b>	<b>19.14 mg 32.18%</b>	<b>479.7 27.76%</b>	<b>1,198.3 31.56%</b>	<b>1,754.0 32.02%</b>	<b>4.35 52.50%</b>

## Projected Measurements / Wastewater Collection System Flows

Going forward – and specifically for purposes of this study – it appears reasonable to assume SRSD’s wastewater flows will generally follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall decrease in annual wastewater flows of 521.3 million gallons over the succeeding

The Commission independently estimates SRSD’s annual wastewater demands will continue to decrease over the succeeding 10-year period at an average rate of (4.81%). This will result in the average day demand equaling 1.084 billion gallons in 2024.

10-year period finishing in 2024; a difference of (48.05%) or (4.81%) annually. This projection continues SRSD’s overall annual flows decrease incurred during the study period, albeit at a deintensified rate of two-fold. It is also estimated – in using regression analysis - the system’s peak-day flows will ultimately decrease over the succeeding 10-year period by 0.74 million gallons or (2.48%) and resulting in a peaking factor of 8.7. The following table summarizes these and related projection flows through 2024.

<b>SRSD: Projected Wastewater Flows</b>					
Table ***   Source: Marin LAFCO and SRSD					
<b>Year</b>	<b>Average Annual Flows</b>	<b>Average-Day Flows</b>	<b>Dry-Weather Flows</b>	<b>Wet-Weather Flows</b>	<b>Peak-Day Flows</b>
2014	1,606.0 bg	4.40 mg	3.10 mg	5.70 mg	26.7 mg
2015	1,437.8 bg	3.94 mg	3.03 mg	4.85 mg	21.2 mg
2016	1,399.6 bg	3.83 mg	2.96 mg	4.71 mg	21.7 mg
2017	1,361.2 bg	3.73 mg	2.89 mg	4.57 mg	22.2 mg
2018	1,322.5 bg	3.62 mg	2.82 mg	4.42 mg	22.8 mg
2019	1,283.6 bg	3.52 mg	2.78 mg	4.28 mg	23.3 mg
2020	1,244.4 bg	3.41 mg	2.69 mg	4.13 mg	23.8 mg
2021	1,204.9 bg	3.30 mg	2.62 mg	3.99 mg	24.3 mg
2022	1,165.1 bg	3.19 mg	2.55 mg	3.84 mg	24.9 mg
2023	1,125.1 bg	3.08 mg	2.47 mg	3.69 mg	25.4 mg
2024	1,084.7 bg	2.97 mg	2.40 mg	3.54 mg	26.0 mg
<b>Average Trend</b>	<b>1,262.9 bg (48.05%)</b>	<b>3.46 mg (48.05%)</b>	<b>2.72 mg (28.98%)</b>	<b>4.20 mg (61.00%)</b>	<b>23.6 mg (2.48%)</b>

## Capacity

### Constraints / Contractual Provisions

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As referenced, SRSD contracts with CMSA to provide treatment and disposal services for all collected wastewater services generated within the District. This contract was established in 1979 with CMSA’s treatment facility going online in 1984. The current contract does not establish any limitations or related constraints on total volume of wastewater conveyed to CMSA by SRSD or any of the other member agencies.

SRSD is under no contractual constraints with respect the volume of wastewater the District conveys to CMSA for treatment and disposal.

### Constraints / Infrastructure and Facilities

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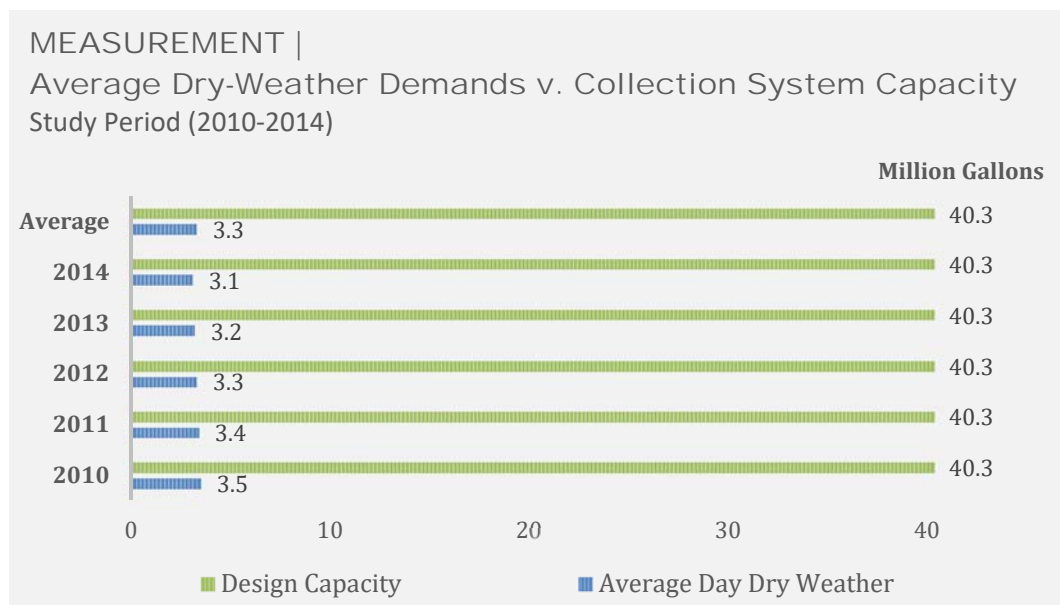
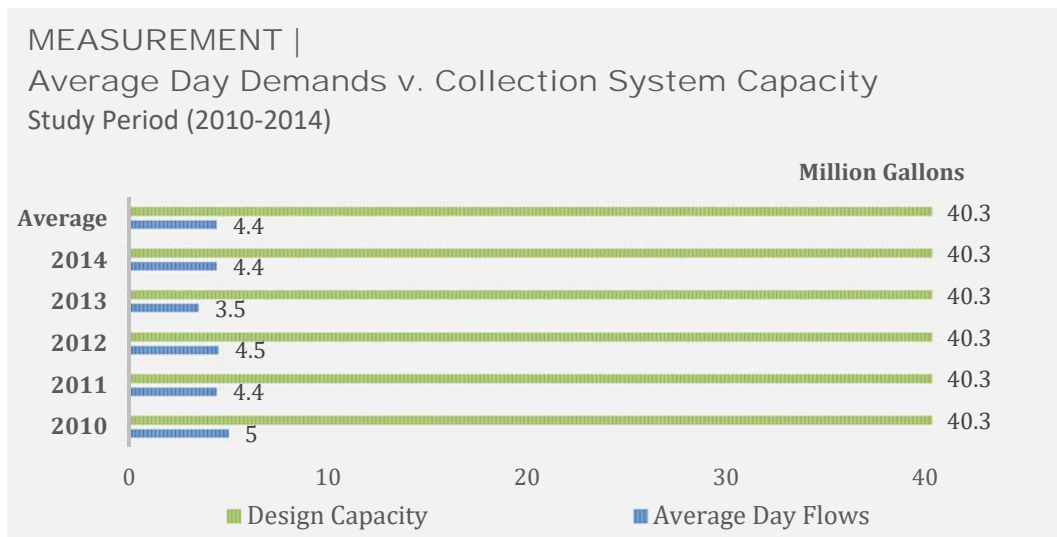
SRSD’s collection system is approximately 146-miles in total length and divided between 133 and 13 miles of gravity and force lines, respectively. The percentage of forced mains to gravity flow pipelines has remained at 10% throughout the study period. The majority of the gravity

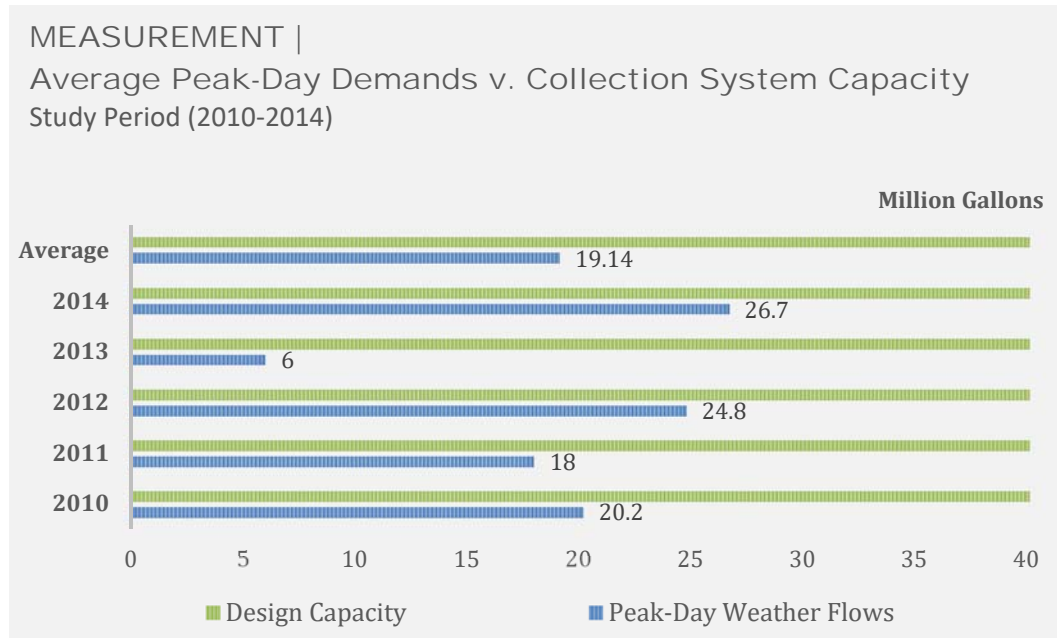
SRSD’s collection system’s daily capacity to convey flows to CMSA is estimated at 40.3 million gallons.

lines are between 4 and 45 inches in diameter and supported by 32 strategically placed public pump stations that ultimately convey flows to CMSA. SRSD has two force main lines that direct flows to CMSA. Once force main is the South Francisco Pump Station with a design pump capacity of 1,800 gallons per minute or 2.592 million gallons a day and collects follows from the southern service area. The other force main known as the North Francisco Pump Station has a design capacity of 28,600 gallons per minute or 40.320 million gallons per day and takes flows from the rest and majority of the service area as well flows emanating from the South Francisco Pump Station to CSMA. For purposes of this review this latter reported amount – 40.3 million gallons – is deemed the maximum daily capacity of the collection system.

### Demand to Capacity Relationships

Study period flows averages show SRSD has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 10.9% of the collection system capacity. Average dry-weather demands during the same period tally 8.2% of the collection system capacity. Average peak-day demands represent the biggest tax on the collection system and account over the study period to equal 66.2% of the collection system capacity. None of the capacity ratios are expected to significantly and adversely change over the succeeding 10-year period.





## Performance

### Measurement / Sanitary Sewer Overflows

The State Water Resources Control Board (SWRCB) requires all public agencies that own or operate sanitary collection systems that are one mile or more in length and convey to a public owned treatment facility comply with the reporting requirements codified in Order No. 2006-0003. This order mandates all subject agencies to develop and implement a system-specific sewer system management plan that includes a spill response plan as well as requiring immediately reporting to the SWRCB of all sanitary sewer overflows, or SSOs. The ultimate purpose of the SSO reporting process is to provide a uniform means to evaluate system reliability, source control, and operation and maintenance of wastewater systems in California. SSOs are defined as any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system, and include any of the following occurrences:

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;



- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States; and
- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

Total number of SSOs recorded by SRSD during the study period was 119 with an overall spillage volume of 23,403 gal. The most recent year experienced 30 SSOs. The majority of the SSOs, a total of 130, were classified by the SWRCB as a Category 3, a spill of less than 1,000 gallons to not reach the surface water. SRSD experienced 11 SSOs classified as a Category 1 in which wastewater reached the surface water threatening public safety and environmental health. The average response time for SSOs during the study period was 27 minutes. A review of each accompanying report incident suggests the main factors resulting in discharges were caused by the disturbance of roots, suggesting maintenance is needed to prevent future spillage and maintain system flows. According to SRSD, the District only accounted for 1 SSO that was a repeat occurrence and was attributed to roots.<sup>6</sup>

SRSD experienced 119 total SSOs during the five-year study period, and involved the unauthorized overflow of 0.025 million gallons.

<b>SRSD: Sanitary Sewer Overflows</b>								
Table ***   Source: SWRQB								
Year	Category 1		Category 2		Category 3		Total	
	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons
2010	2	600	1	1,825	20	1,851	23	4,276
2011	1	200	1	1,125	22	1,070	24	2,395
2012	3	510	0	0	26	1,056	3	1,566
2013	3	3,258	1	2,735	35	3,643	39	9,636
2014	3	1,575	0	0	27	3,955	30	5,530
	<b>11</b>	<b>6,143</b>	<b>3</b>	<b>5,685</b>	<b>130</b>	<b>11,575</b>	<b>119</b>	<b>23,403</b>

<sup>6</sup> SRSD’s has identified a chain of communication for reporting SSOs. The District’s sewer maintenance staff are responsible for responding to SSOs. When an SSO is observed during normal business hours, it is expected to be reported to the sewer maintenance staff and during non-business hours the SSO is alerted to an on-call SRSD employee pager. The sewer maintenance staff should assess and document the SSO, and provide the necessary information to the Maintenance Supervisor for mitigation, reporting and cleanup.

## Measurement / System Maintenance

System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault so that an asset can be restored to its operational condition. Preventative maintenance, conversely, is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

### Corrective Maintenance

SRSD’s corrective maintenance is noted in the number of service calls received to resolve, correct, or assist a particular situation. Through the entire 60-month study period the total number of service calls equaled 1,392, and produces an annual average sum 278. Close to two-thirds of all calls were tied to pump station alarms or non-District incidents at 34% and 32%, respectively. Another one-fifth involved public and private calls notifying sewer overflows at 10% and 12%, respectively.

<b>SRSD: Number of District Service Calls</b>							
Table ***   Source: Marin LAFCO							
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>	<b>% of Total</b>
General	26	2	26	28	37	117	8.4%
Public SSO	22	24	29	39	30	144	10.3%
Private SSO	11	37	28	36	48	160	11.5%
Odor Complaints	4	6	9	7	12	38	2.7%
Noise Complaints	3	2	3	8	7	23	1.7%
Pump Station Alarms	139	103	111	71	47	471	33.8%
Non-District Incidents	106	89	67	76	101	439	31.5%
	<b>311</b>	<b>261</b>	<b>273</b>	<b>265</b>	<b>282</b>	<b>1,392</b>	<b>100%</b>

### Preventive Maintenance

SRSD’s preventative maintenance was reported in its planned cleaning activities during the 60-month study period, which accounted for 731-miles. According to SRSD, all gravity sewer pipes are scheduled to be cleaned at least once every three years. Scheduled cleaning of gravity lines is based on list of maintained sewer lines, with some lines receiving frequent cleaning that are at a high risk of an SSO. SRSD cleans gravity sewer lines with high occurrences of fats, oils and grease (FOG) more regularly with a hydro flusher and cleans these areas at a minimum of twice per

year. SRSD also has a system in place for pump stations to be checked 3 times per week. During the 60-month period, SRSD experienced (0) pump station failures.

SRSD does not record soft blockages that are relieved through regular maintenance, only SSOs. The agency utilizes a map application for tracking maintenance activities. SRSD implements closed-circuit televising (CCTV) inspection for the District’s sewer mains that experience frequent backup and has a history of overflows. The District contracts most of the work for CCTV inspection, but has a small lateral camera for shorter sections, and aims to perform CCTV inspection of ten percent of its sewer mains and all gravity sewer within 750 feet of surface water within five years. The District has performed outreach to plumbers and building contractors on its standard specifications and has reached out to the public for preventing blockages in private laterals. SRSD’s rehabilitation and replacement plan calls to address the risk of collapsed pipes and frequent blockages due to defects and capacity issues. SRSD expects to meet preventative maintenance goals to replace all of its gravity sewer lines on an 80-year cycle. The level of infrastructure reinvestment the District achieved during the entire study period came in at 89% byway completing 18,845 feet of the planned 21,125 feet of line replacement.

### **Charges and Fees**

SRSD bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted treatment/disposal expenses. Residential customers pay \$828 each year for every dwelling unit. Non-residential customers pay a rate based on estimated flows. There are no voter-approved special assessments.<sup>7</sup>

Most single-family customers in SRSD currently pay \$828 a year for wastewater services.

<sup>7</sup> SRSD also collects a dual connection fee in step with initiating new services. The connection fee for residential uses presently totals \$9,290 for each dwelling unit and incorporates the buy-in charge for both collection (SRSD) and treatment/disposal (CMSA). Non-residential users’ connection charges are based on the number of plumbing fixtures.

## AGENCY FINANCES

### *Financial Statements*

SRSD contracts with an outside accounting firm (Vavrinek, Trine, Day and Company) to prepare an annual report for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting SRSD’s statements with respect to verifying overall assets, liabilities, and equity. These audited statements provide the Commission with quantitative measurements in assessing SRSD’s short and long-term fiscal health.

SRSD’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a relatively sizable and positive change over the prior fiscal year as its overall equity or fund balance increased by 7.46% from \$51.916 to \$55.789 million. Underlying this most recent change in equity standing is the result of a notable rise in current assets and aided by a sharp increase in connection fees and sewer charges in 2013-2014. A summary of year-end totals and trends therein over the study period follows.

2013-2014 Financial Statements	
Assets	\$56.332 m
Liabilities	\$0.543 m
Equity	\$55.789 m

### Agency Assets

SRSD’s audited assets at the end of 2013-2014 totaled \$56.332 million; more than 10% higher than the average sum generated over the course of the study period’s prior four years (2009-2010 was not reviewed). As of the study term assets classified as current with the expectation they could be liquidated within a year represented approximately two-fifths of the total amount and tied to cash and investments and have risen by 60.70% over the 48 month period. Assets classified as non-current make up the remaining three-fifths of the asset total as of the study term and predominately comprise capital infrastructure with 66% less depreciation tied to sewer lines and have increased by 2.69% over the preceding 48 months.

SRSD Assets   Study Period							
Table ***   Source: SRSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	13.758	14.793	19.078	22.109	60.70%	17.434
Non-Current	n/a	33.328	34.110	33.340	34.223	2.69%	33.750
	n/a	47.086	48.904	52.419	56.332	19.64%	51.185

amounts in millions

### Agency Liabilities

SRSD’s audited liabilities at the end of 2013-2014 totaled \$0.543 million; close to three fifths lower than the average sum generated over the course of the study period’s prior four years. As of the study term liabilities classified as current representing obligations owed in the near-term represented the entire amount and tied to accounts payable and have overall decreased by (74.11%) over the preceding 48 months. SRSD booked no long-term liabilities throughout the 48 month period.

SRSD Liabilities   Study Period							
Table ***   Source: SRSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	2.097	0.491	0.503	0.543	(74.11%)	0.908
Non-Current	n/a	0.0	0.0	0.0	0.0	0.0%	0.0
	n/a	2.097	0.491	0.503	0.543	(74.11%)	0.908

amounts in millions

### Agency Equity / Net Assets

SRSD’s audited equity / net assets at the end of 2013-2014 totaled \$55.789 million and represent the difference between the District’s total assets and total liabilities. This amount has increased by 24.01% over the prior four years and primarily attributed to rises in current assets and aided therein by consistent revenue surpluses. The unrestricted portion of the net assets as of the study term totals \$21.566 million and translates to a per capita reserve ratio of \$529 based on a corresponding and projected resident total of 40,744.

SRSD’s net assets have increased by 24.01% over the prior four year period and largely driven by a rise in current assets generated by profit gains. The unrestricted fund balance as of the study term total of \$21.566 million equates to a per capita reserve ratio of \$529.

SRSD Net Assets   Study Period							
Table ***   Source: SRSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	n/a	12.143	14.302	18.575	21.566	77.59%	16.646
Restricted	n/a	32.845	34.110	33.340	34.223	4.20%	33.629
	n/a	44.988	48.412	51.916	55.789	24.01%	50.276

amounts in millions

### Measurements / Liquidity, Capital, Margin, and Structure

A review of the audited financial statements issued by SRSD covering the study period's last four years and specifically 2010-2011 through 2013-2014 shows the District finished the term with high and improving liquidity. This includes noting SRSD's current ratio finished the term with a current ratio of over 40 to 1 as well as over two years – or 805 days – of cash on hand to cover operating expenses. Both of these measurements also improved by no less than 35% over the preceding 48 month period. SRSD also finished the study term with high and stable levels of capital with less than 1% of its net assets being tied to long-term debt financing. SRSD also finished each year with positive total and operating margins with the former and latter averaging 26.17% and 18.59%, respectively. The referenced operating profits are also reflected in SRSD's average earned income ratio – i.e., the percent of direct service fees relative to annual revenues – of 90.54% for the 48 month period. A summary of year-end liquidity, capital, margin, and structure ratios are shown in the following table.

SRSD: Financial Measurements   Study Period						
Table ***   Source: SRSD Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	n/a	n/a	n/a	n/a	n/a	n/a
2010-2011	6.559 to 1	593.63	4.45%	28.51%	21.47%	90.50%
2011-2012	30.083 to 1	609.60	1.01%	25.16%	17.65%	90.85%
2012-2013	37.911 to 1	787.38	0.96%	25.63%	18.08%	90.79%
2013-2014	40.706 to 1	805.16	0.96%	25.40%	17.15%	90.04%
<b>Average</b>	<b>28.815 to 1</b>	<b>698.94</b>	<b>1.85%</b>	<b>26.17%</b>	<b>18.59%</b>	<b>90.54%</b>
<b>Trend</b>	<b>520.58%</b>	<b>35.63%</b>	<b>(78.36%)</b>	<b>(10.91%)</b>	<b>(20.14%)</b>	<b>(0.50%)</b>

Liquidity

Capital

Margin

Structure

**Notes**

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on

hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and reoccurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from fees for services. Higher is better for enterprise agencies.

## Pension Obligations

SRSD through the City of San Rafael provides a defined benefit plan to its employees through an investment risk-pool contract with the Marin County Employees' Retirement Association (MCERA). This pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed "Category One" while employees hired afterwards are termed "Category Two." Additional details of the pension program based on actuarial valuations issued by MCERA follows.



### Participants | Pension Formulas

As of the study period's term (2014) there are a total of 623 participants within San Rafael's miscellaneous pension program (i.e., non-public safety). This total amount – which represents an overall increase of 6.1% in participants since 2010 – is further divided between enrollee type (i.e.,

Most San Rafael employees receive one of two types of defined pensions based on either a 2.7 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

active, separated, transferred, retired) and marked by a worker-to- retiree ratio of 1.03 to 1 as of the study term; meaning there is effectively one active member contributing to the retirement program for everyone one retiree. Category One participants are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest one year of salary beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees

with 20 years of total service credit 40% of their highest one year of salary beginning at age 55 and continuing each year thereafter. Category Two participants are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and continuing annually thereafter.

<b>San Rafael's Pension Enrollee Information   Miscellaneous</b>					
Table ***   Source: CalPERS and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	233	240	217	220	217
Transferred	67	64	57	55	56
Separated / Other	114	112	131	132	139
Retired	173	178	195	202	211
<b>Total Enrollees</b>	<b>587</b>	<b>594</b>	<b>600</b>	<b>609</b>	<b>623</b>
<b>Worker-to-Retiree Ratio</b>	<b>1.35</b>	<b>1.35 to 1</b>	<b>1.11 to 1</b>	<b>1.09 to 1</b>	<b>1.03 to 1</b>

### Annual Contributions

San Rafael's total annual pension contributions as of the study period's term tallied \$17.576 million. This amount represents an overall increase over the five-year study period of 38% and is almost four-fold greater than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>8</sup> The most recent annual pension contribution by San Rafael for the study period equaled 56% of the City's total annual payroll for the corresponding fiscal year (2013-2014).<sup>9</sup>

San Rafael's pension contributions have increased by 38% over the five-year study period, and as of 2013-2014 account for 56% of total payroll.

<b>San Rafael's Pension Contributions   Miscellaneous</b>				
Table ***   Source: CalPERS and Marin LAFCO				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$12,745,613	\$15,409,519	\$14,627,709	\$15,522,832	\$17,576,796
<b>Five-Year Average</b>				<b>\$15,176,493</b>
<b>Five-Year Trend</b>				<b>37.90%</b>

<sup>8</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.

<sup>9</sup> San Rafael's covered annual payroll in 2013-2014 totaled \$31.4 million.



## Funded Status

San Rafael’s unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$136.200 million and as such represents 112.1% of the City’s unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 72% based on market value. It also reflects an overall improvement of 13% in the funded ratio over the preceding four-year period.<sup>10</sup>

San Rafael’s unfunded pension liability has decreased over the last four years of the study period by (8%) and ended the term at \$136.200 million; the equivalent of a 72% funded ratio (market).

<b>San Rafael’s Pension Trends</b>			
Table ***   Source: CalPERS and Marin LAFCO			
	<b>Unfunded Liability</b>		<b>Funded Ratio</b>
2009-2010	n/a		n/a
2010-2011	\$148,300,000		64.07%
2011-2012	\$169,300,000		61.33%
2012-2013	\$143,241,000		68.00%
2013-2014	\$136,200,000		72.36%
	<b>Four-Year Average</b>	<b>\$149,260,250</b>	<b>66.44%</b>
	<b>Four-Year Trend</b>	<b>(8.16%)</b>	<b>12.94%</b>

Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).

## Revenue to Expense Trends

A review of SRSD’s overall actual revenues and expenses during the last four years of the study period and specific to 2010-2011 to 2013-2014 shows revenue surpluses in each year. Overall actual revenues averaged \$14.010 million over the 48 month period compared to \$10.353 million in actual expenses; a difference of more than one-third or 35.32%. The referenced separation, however, has been narrowing with the growth rate of expenses at 17.57% outpacing the growth rate of revenues at 12.94% over the 48 month period.

SRSD’s overall revenues have outgained overall expenses in each of the last four years of the study period with an average monetary separation of \$3.656 million – or 26.1%. Nonetheless, this separation has narrowed over the same period with expenses outpacing revenues by more than one-third.

<sup>10</sup> Pension information for 2009-2010 is not available.

SRSD’s revenue ledger consists of five distinct categories with sewer service charges accounting on average for 90.53% of the total. Another 8.80% of the revenue average has been drawn from property taxes. The remaining revenue total – 0.67% – has been drawn and in proportional magnitude from investment earnings, connection fees, and intergovernmental contributions.

**Top Revenue Categories:**

- 1) Sewer Charges @ 90.5%
- 2) Property Taxes @ 8.8%

**Top Expense Categories**

- 1) CMSA Contract @ 54.2%
- 2) Collection System @ 34.4%

SRSD’s expense ledger also consists of five distinct categories with contract costs with CMSA for treatment and disposal services accounting for the single largest resource demand and on average over the 48 months tallying 54.15% of the total. Operation and maintenance of the collection system on average has tallied another 30.36% of the resource demand total and followed in magnitude by capital depreciation, general administration, and interest expenses at 12.43%, 2.85%, and 0.21%, respectively.

**SRSD Actual Revenue Trends | Study Period**

Table \*\*\* | Source: SRSD Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
Sewer Charges	n/a	12.220	12.368	12.413	13.732	12.37%	12.683	90.53
Property Taxes	n/a	1.214	1.192	1.177	1.345	10.74%	1.232	8.80
Intergovernmental	n/a	0.006	0.006	0.056	0.022	240.44%	0.023	0.17
Interest	n/a	0.59	0.24	0.17	0.23	(59.97%)	0.031	0.22
Connection Fees	n/a	0.002	0.018	0.007	0.128	>1000%	0.039	0.28
	<b>n/a</b>	<b>13.504</b>	<b>13.614</b>	<b>13.672</b>	<b>15.251</b>	<b>12.94%</b>	<b>14.010</b>	<b>100.00</b>

amounts in millions

**SRSD Actual Expense Trends | Study Period**

Table \*\*\* | Source: RVSD Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
Collection System	n/a	2.978	3.010	3.12	3.460	16.18%	3.143	30.36
CMSA Contract	n/a	5.228	5.567	5.395	6.234	19.26%	5.606	54.15
Depreciation	n/a	1.137	1.327	1.325	1.355	19.14%	1.286	12.43
Administration	n/a	0.252	0.280	0.322	0.326	29.45%	0.295	2.85
Interest Expenses	n/a	0.080	0.005	0	0	100.00%	0.021	0.21%
	<b>n/a</b>	<b>9.677</b>	<b>10.190</b>	<b>10.169</b>	<b>11.378</b>	<b>17.57%</b>	<b>10.353</b>	<b>100.00</b>

<b>Net</b>	<b>n/a</b>	<b>3.826</b>	<b>3.423</b>	<b>3.503</b>	<b>3.873</b>
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## OVERVIEW

County Sanitary District No. 1 or the Ross Valley Sanitary District (RSVD) as it is more commonly known was established in 1899 and encompasses an approximate 19.7 square mile jurisdictional boundary within east-central Marin County. Governance is provided by an independent five-member Board of Directors whose members are elected at-large to staggered four-year terms. Seven local land use authorities overlap RVSD's

Bon Air Shopping Center



Courtesy / Visit Marin

jurisdictional boundary and headlined by the County of Marin, which covers 41% of all jurisdictional lands and includes the unincorporated communities of Greenbrae, Kentfield, and Sleepy Hollow. The rest of RVSD's jurisdictional boundary is divided between the City of San Anselmo at 26%, Town of Fairfax at 20%, Town of Ross at 7%; City of Larkspur at 5%; and Cities of San Rafael Mill Valley with each less than 1%.

RVSD is currently organized as a single-purpose agency with municipal operations limited to wastewater collection though it is empowered – subject to LAFCO approval – to provide solid waste (including collection), recycled water, and storm drainage services.

RVSD maintains an approximate 202-mile collection system with its own personnel

while contracting – and as a signatory – with the Central Marin Sanitation Agency (CSMA) for wastewater treatment and disposal services. RSVD's adopted operating budget at the term of the study period was set at \$14.4 million and with funding dedicated for the equivalent of 38 fulltime employees. The year-end unrestricted fund balance was \$10.6 million with an associated days-cash ratio totaling 315; i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

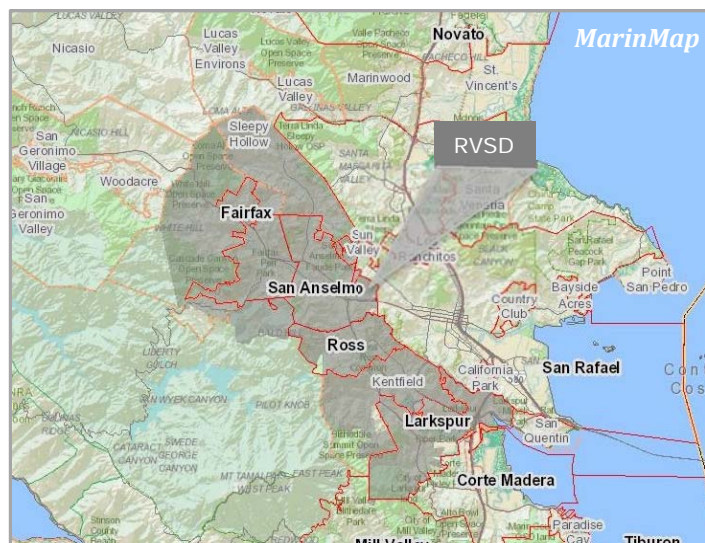
### Ross Valley Sanitary District

Formation Date:	1899
Principal Act:	Health and Safety Sections 6400-6982
Service Categories:	Wastewater Collection
Service Population	40,809
Governance Type	Independent

The Commission independently estimates the resident service population within RSVD totals 40,809 as of the term of this study period (2014). It is also projected RSVD's population growth rate over the five-year study period totaled 3.4% or 0.69% annually with the underlying change primarily attributed to the projected increase of 630 new housing units. The substantive result of these Commission estimates is the projected addition of 1,356 residents in RVSD between 2010 and 2014. Overall it is also estimated by the Commission nearly 73% of the jurisdictional boundary has already been developed and or improved – though not necessarily at the highest density. This means 27% of the jurisdictional boundary remains entirely undeveloped, and this includes 827 existing unbuilt and privately owned parcels that are zoned for some type of urban use.<sup>1</sup>

## COMMUNITY DEVELOPMENT

It appears RSVD's central service area – Ross Valley – began its present-day development in the mid-1800s when Mexican land grants were established in California following Mexico's independence from Spain in 1821. During this period, records show that Ross Valley was a small agrarian community of loggers and ranchers. Ross Valley's footprint



began to change away from agrarian uses in 1840 when the area was gifted by Mexico to Englishman John Rodgers Cooper as part of an approximate 9,000 land grant known as the “Rancho Punta de Quentin Canada de San Anselmo.” Cooper subsequently became a Mexican citizen, married a sister of General Mariano Vallejo, and changed his name to Juan Bautista Cooper. In 1857, James Ross purchased a large segment of the Cooper land grant for \$50,000. Originally from Scotland, Ross ventured to California in 1849 and ran a wholesale wine and liquor business in San Francisco until his

<sup>1</sup> Additional analysis is needed to assess the actual development potential of these 827 unbuilt parcels.

purchase of the rancho. Upon Ross' death in 1862, large portions of his land holdings were sold off as new landowners settled in what was to be known as "Ross Valley."

The advancement of urban development in Ross Valley arose upon the completion of the North Pacific Railroad (NPC) in 1875 and its arterial rail-line connecting Sausalito and San Rafael. It was estimated at the time of the NPC opening rail service that Ross Valley had less than 1,000 in total population. The railroad hub, referred to as the Junction, was located in the heart of Ross Valley in San Anselmo and allowed riders to reach San Francisco by way of ferry from the station within an hour. As a result of the new passage, an incoming flux of inhabitants settled in Ross Valley as more lots were subdivided due to the new accessibility of the area and spurring the establishment of the communities of San Anselmo and Ross followed later by Fairfax.

Towards the end of the 1890s the continued transition of Ross Valley from agrarian to urban uses and marked by an estimated population of nearly 2,000 proved overwhelming for local creeks to handle the resulting wastewater runoff. Dry months became particularly problematic as water quality worsened and – among other considerations – began to adversely affect the San Anselmo Creek, which had recently become a supply source for the region's expanding water provider, Marin County Water Company.<sup>2</sup> These discussions ultimately led community leaders to the Legislature and make use of a relatively new law established almost 10 years earlier to facilitate a planned development in Fresno County known as the Sanitary District Act of 1891.

## FORMATION PROCEEDINGS

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RVSD's formation was petitioned by area landowners directly to the State Legislature and subsequently confirmed by voters in 1899. Formation proceedings preceded RVSD constructing a public sewer main to collect and convey raw wastewater generated from private and community conduits from Fairfax to Greenbrae and into the opening slough of the Corte Madera Creek.

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<sup>2</sup> The Marin County Water Company and its water rights were purchased in conjunction with the formation of the Marin Municipal Water District in 1912.

## POST-FORMATION PROCEEDINGS

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A summary of notable activities undertaken by RVSD and/or affecting the District's service area following formation in 1899 is provided below.

- The City of San Anselmo was incorporated in April 1907.
- The Town of Ross was incorporated in August 1908.
- RVSD constructs its first wastewater facility in 1922 in Greenbrae to provide basic screening of wastewater before discharging into Corte Madera Creek.
- The Town of Fairfax was incorporated in March 1931.
- RVSD constructs a second wastewater facility in 1945 at the Larkspur Landing in partnership with the City of Larkspur and County Sanitary District No. 2 to provide secondary treatment before discharging into Richardson Bay.
- In 1979 – and following the enactment of the Clean Water Quality Act and associated regulations in discharges into open water bodies – RVSD becomes a signatory member in creating CMSA with County Sanitary District No. 2, City of Larkspur, and the San Rafael Sanitation District.
- RVSD deactivates the Larkspur Landing facility in 1984 in conjunction with redirecting all wastewater flows to CMSA's new wastewater facility.
- RVSD requests and receives approval by the Commission in 1993 to annex the City of Larkspur and assumes wastewater collection responsibilities thereafter.

## COMMISSION BOUNDARIES | SERVICE AREAS

### Jurisdictional Boundary

RVSD’s jurisdictional boundary spans approximately 19.7 square miles in size and covers 12,627 total acres (parcels and right-of-ways). There are seven land use authorities overlapping the jurisdictional boundary. The County of Marin is the single largest land use authority in terms of acreage with an estimated 41% of all RVSD lands lying in the unincorporated area and headlined by the inclusion of the Kentfield and Greenbrae communities. Another 26% and 20% of RVSD lands fall under the land use authorities of the City of San Anselmo and Town of Fairfax, respectively. The remaining portion of RVSD lands are distributed under the land use authorities of Town of Ross at 7%, City of Larkspur at 5%, City of San Rafael at 0.4%, and City of Mill Valley at 0.1%.

RVSD’s jurisdictional boundary spans 20 square miles and overlaps seven land use authorities with the County of Marin being the largest with the unincorporated area covering 41% of all District lands.

Total assessed value (land and structure) in RVSD is currently calculated at \$13.4 billion and translates to a per acre value of \$1.1 million. This former amount – \$13.4 billion – further represents a per capita value of \$0.328 million based on an estimated service population of 40,809. RVSD’s set allocation of property tax proceeds – i.e., its share of the 1% – is 7.79%.

Assessed land values in RVSD totals \$13.4 billion, and based on receiving 7.79% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$10.438 million.

RVSD Boundary Breakdown: Land Use Authorities				
Table ***   Source: Marin LAFCO				
Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
County of Marin	3,850	40.9%	5,128	5,253
Town San Anselmo	2,436	25.9%	5,466	6,264
Town of Fairfax	1,904	20.2%	3,173	3,900
Town of Ross	676	7.2%	847	883
City of Larkspur	511	5.4%	2,418	3,486
City of San Rafael	35	0.4%	44	40
City of Mill Valley	1	0.1%	1	0
	<b>9,415</b>	<b>100</b>	<b>17,077</b>	<b>19,826</b>

As provided in the preceding table there are 17,077 overall assessor parcels currently within RVSD and collectively add up to 9,415 acres as of June 2016.<sup>3</sup> Almost three-fourths – or 73% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density.<sup>4</sup> This existing development is highlighted by the standing construction of 19,826 residential units and divided between single-family and multi-family on a 75 to 25% split. The remaining one-fourth plus – or 27% – of the current assessor parcel acreage within RVSD is undeveloped/unimproved. This includes 827 un-built and privately owned assessor parcels that combine to total 790 acres. (Additional analysis would be needed to determine the actual development potential of these unbuilt assessor parcels.) The remaining undeveloped/unimproved assessor acreage within RVSD – or 1,756 acres – is publicly owned and generally dedicated to municipal or open space uses.

Almost three-fourths of RVSD’s jurisdictional boundary has already been developed/improved – though not necessarily at the highest allowable density. This means one-fourth of the boundary remains entirely undeveloped, and this includes 827 un-built and privately owned parcels zoned for some type of urban use.

### RVSD Boundary Breakdown: Land Use Features

Table \*\*\* | Source: Marin LAFCO

% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
73.0	19,826	74.8	827	790

<sup>3</sup> The remaining 3,212 jurisdictional acreage within RVSD are tied to public right-of-ways and waterways.

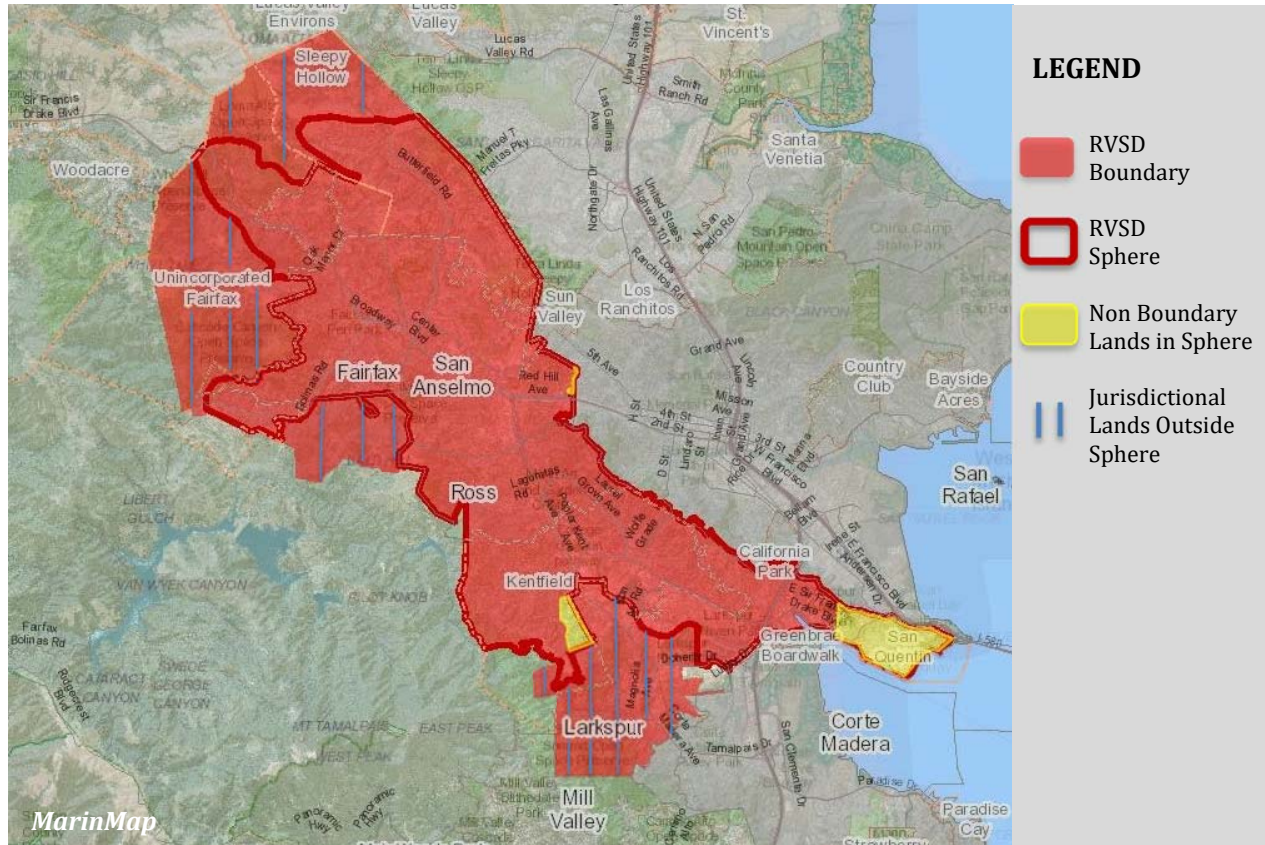
<sup>4</sup> This portion of developed acreage includes parcels dedicated as common areas.



## Sphere of Influence

RVSD's sphere of influence was initially established by the Commission in 1985 and last reviewed and updated in 2006. The sphere spans approximately 8,774 acres or 13.7 square miles in size. The sphere is nearly one-third – or 30% – smaller than RVSD's actual jurisdictional boundary. Most notably, there are three distinct areas within RVSD that lie outside the sphere – south Larkspur, unincorporated Fairfax, and north Sleepy Hollow – and collectively tally 3,853 acres. There are also non-jurisdictional lands that are included in the sphere totaling 56 acres (parcels and right-of-ways) and as such are immediately eligible for annexation or outside service extension subject to Commission approval. This includes 112 assessor parcels with 100% being privately owned and zoned for some type of urban use with the majority lying in Murray Park.

RVSD's sphere of influence includes two unique features. First, the sphere excludes almost one-third of the jurisdictional boundary covering 3,853 acres concentrated in three areas: south Larkspur, unincorporated Fairfax, and north Sleepy Hollow. Second, the sphere includes 56 acres of non-jurisdictional land – including all parcels located within the Murray Park and San Quentin Sewer Maintenance Districts.



## DEMOGRAPHICS

### Population Estimates

RVSD's resident population within its jurisdictional boundary is independently estimated by the Commission at 40,809 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 15.7% of the estimated countywide population.<sup>5</sup> It is also projected RVSD has experienced an overall population growth rate of 3.44% over the preceding five-year period or 0.69% annually. The net effect of the population change in RVSD over the study period is the addition of an estimated 1,356 persons. Underlying this projected increase is the addition of an estimated 694 new and occupied housing units within the jurisdictional boundary despite a corresponding deintensification of household sizes over the span of the five-year period starting at 2.22 in 2010 and ending at 2.21 in 2014; the latter being a net intensity decrease of (4.5%). Overall projected growth within RVSD during the study period is one-tenth above the concurrent annual change estimated for the entire county – 0.62%.<sup>6</sup>

LAFCO estimates there are 40,809 total residents within RVSD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated RVSD has experienced an overall population increase of 1,356 over the preceding five-year period, resulting in an annual growth rate of 0.69%. New and occupied housing units over the same period within RVSD totaled 694 with a net change in persons per household – i.e., an intensity measurement – of (4.5%).

<sup>5</sup> Marin LAFCO's resident service population for RVSD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the seven affected census tracts in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and d) household sizes. Key calculations specific to RVSD over the study period include a weighted annual housing unit change of 0.818% and a weighted annual household size change of (0.111%). The annual weighted population change is 0.687%.

<sup>6</sup> Marin County's estimated population as of January 1, 2014 totaled 260,750 based on information published by the United States Census and marks a 3.01% increase over the preceding five-year period.

<b>RVSD Resident Population: Past and Current Estimates</b>					
Table ***   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
a) Total Housing Units	18,873	19,029	19,186	19,344	19,503
b) Local Occupancy Rate	94.39	93.27	94.29	94.29	94.90
c) Occupied Housing Units	17,814	17,745	18,089	18,238	18,508
d) Projected Household Size	2.215	2.212	2.210	2.207	2.205
<b>Estimated Population</b>	<b>39,454</b>	<b>39,261</b>	<b>39,974</b>	<b>40,259</b>	<b>40,809</b>

\* rounded for reporting purposes

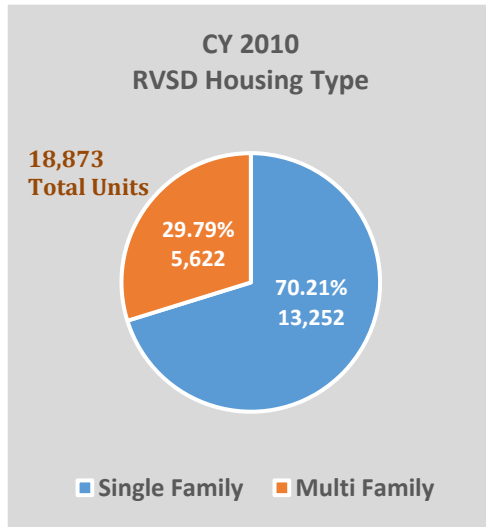
With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with RVSD will generally match the preceding five-year period with an overall yearly population change of 0.687%. The substantive result of this assumption would be an overall increase in RVSD’s resident population of 2,893 and produce a net total of 43,702 by 2024. This growth rate, similarly, would generate the addition of 1,268 new and occupied housing units within RVSD through 2024 assuming the preceding five-year average ratio of 2.21 persons for every one occupied housing unit holds. These collective projections going forward are summarized below.

<b>RVSD Resident Population: Future Estimates</b>						
Table ***   Source: Marin LAFCO						
<b>Factor</b>	<b>2014</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>
<b>Estimated Population</b>	<b>40,809</b>	<b>41,372</b>	<b>41,943</b>	<b>42,521</b>	<b>43,108</b>	<b>43,702</b>
Occupied Housing Units	18,508	18,772	18,980	19,242	19,507	19,776
- residents to housing units	2.20	2.21	2.21	2.21	2.21	2.21

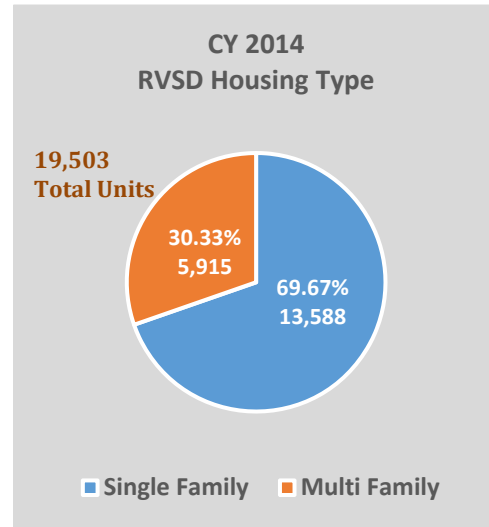
baseline  
year

### **Residency Type**

The Commission projects RVSD’s residential unit total of 19,503 (occupied and unoccupied) as of the study term being divided between single family and multi-family use at 69.67% (13,588) and 30.33% (5,915), respectively. These totals produce an estimated ratio of 2.30 to 1 with respect to the number of single-family units for each one multi-family unit within the jurisdictional boundary. The overall stock of housing type has experienced an inversing change with single-family unit totals decreasing by (0.78%) while multi-family unit totals increasing by 1.83% over the corresponding 60-month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (2.56%) from 2.36 to 1 in 2010.



Single Family to Multi Family:  
2.36 to 1



Single Family to Multi Family:  
2.30 to 1

### Social and Economic Indicators

A review of recent demographic information covering the RVSD jurisdictional boundary for the study period shows fulltime residents are relatively in better economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income is close to one-fifth above the countywide amount of \$91,529 at \$108,510. Area resident averages also fall measurably below countywide amounts with respect to unemployment and poverty rates. (Albeit the former referenced category – unemployment – did experience a 50% increase over the preceding five-year data collection period and presumably helps to explain the dual increase in mean travel time to work - 7% - and decrease in prime working age – (10%). Notable social indicators show RVSD residents have significantly higher levels of formal education with 65.8% possessing a bachelor's degree and is more than double the countywide rate. Also recent averages show RVSD residents are less ethnically diverse with 13.8% being non-native speakers and is nearly double less the countywide rate.

RVSD's fulltime residents are generally more affluent than most of the county populace and highlighted by a median household income average over the study period of \$108,510. Also of note there has been sizeable amount of transition in RVSD over the last 40 years with only 12% of RVSD household owners having resided in their homes before the enactment of Proposition 13 in 1979.

<b>RVSD: Resident Trends in Social and Economic Indicators</b>				
Table ***   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$105,455</b>	<b>\$108,510</b>	<b>2.9%</b>	<b>\$91,529</b>
Median Age	45.36	46.27	2.0%	45.10
Prime Working Age (25-64)	58.10	52.12	(10.30%)	55.28%
Unemployment Rate (Labor Force)	3.20%	4.79%	49.5%	4.70%
Persons Living Below Poverty Rate	6.24%	6.45%	3.40%	8.80%
Mean Travel to Work	29.02 min	31.05 min	7.0%	29.4 min
Working at Home (Labor Force)	10.3%	11.0%	6.7%	2.50%
Adults with Bachelor Degrees or Higher	61.48%	65.80%	7.0%	30.80%
Non English Speaking	14.56%	13.82%	5.1%	23.50%
Householder Pre Proposition 13 (1979)	17.32%	12.37%	(28.60%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all seven census tracts underlying RVSD.

## ORGANIZATIONAL STRUCTURE

### Governance

RSVD’s governance authority is established under the Sanitary District Act of 1923 (“principal act”) and codified under Public Health and Safety Code Sections 6400-6982. This principal act was originally enacted in 1891 and empowers RSVD to provide a moderate range of municipal services upon approval by LAFCO. As of date, RVSD is authorized to provide only one municipal service: (a) wastewater. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before RSVD would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing wastewater services, RVSD would also need to seek LAFCO approval. A list comparing RVSD’s active and latent powers follows.

#### Active Service Powers

Wastewater

#### Latent Service Powers

Solid Waste (Includes Collection)  
Recycled Water  
Storm Drainage

RVSD has been governed since its formation in 1899 as an independent special district with registered voters comprising a five-member governing board. Members are either elected or appointed in lieu of consented elections to staggered four-year terms with a rotating president system. Members receive a \$314 meeting per diem. The Board regularly meets on the third Wednesday each month at the Central Marin Police Authority’s Community Room located at 250 Doherty Drive in Larkspur. A current listing of RVSD Board of Directors along with respective backgrounds and years served on the District follows.



<b>RSVD Board Roster / As of November 1, 2016</b>			
Table ***   Source: RSVD			
<b>Member</b>	<b>Position</b>	<b>Background</b>	<b>Years on Board</b>
Mary Sylla	President	Public Health	4
Thomas Gaffney	Treasurer	Finance Consultant	2
Michael Boorstein	Secretary	Computer Engineer	2
Doug Kelly	Member	Business	1
Pamela Meigs	Member	Nurse	6
<b>Average Years of Board Experience</b>			<b>3.0</b>

### Mission Statement

“We provide our customers with high quality wastewater collection service, through a system that has no avoidable sanitary sewer overflows, at the lowest sustainable cost, in order to protect public health and environment.”

### Administration

RVSD appoints an at-will General Manager to oversee all District operations. The current General Manager – Greg Norby – was appointed by the Board in 2013 and is fulltime. The General Manager oversees 37 other full-time employees and this includes three senior management support positions: Operations and Maintenance Manager; Infrastructure Assets Manager; and Business and Administrative Services Manager.

#### RVSD Administrative Offices

2960 Kerner Boulevard  
San Rafael, California 94901



Courtesy: RVSD

RVSD contracts for human resources and legal services with Regional Government Services Authority (Carmel Valley) and Downey Brand (Sacramento), respectively.

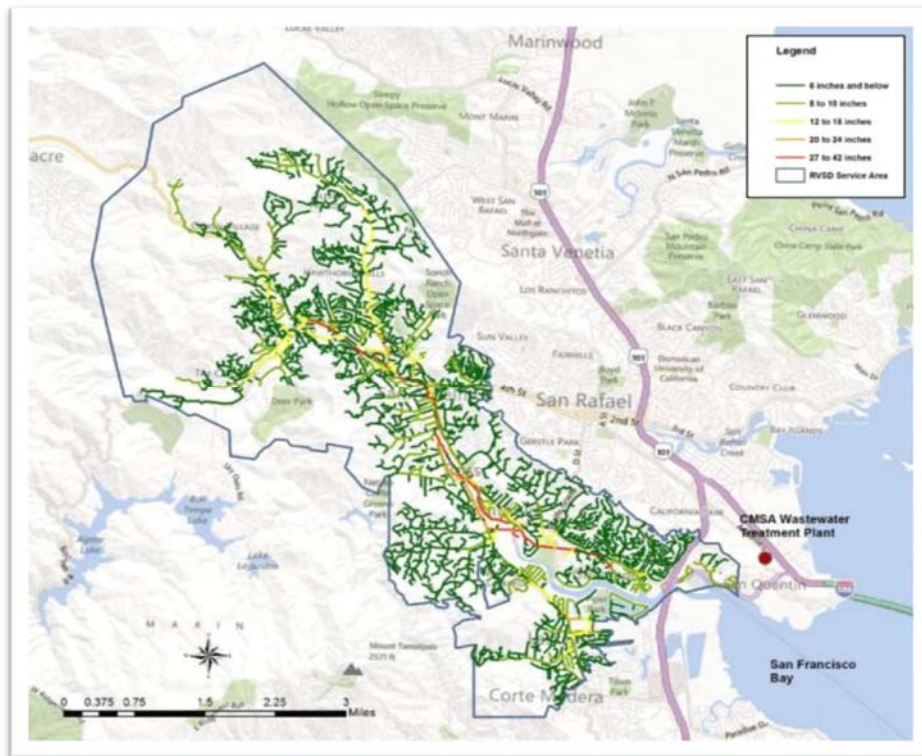
## WASTEWATER SERVICES

### Service Overview

RSVD directly provides wastewater collection services through its own infrastructure headlined by an approximate 202 mile collection system that includes 19 pump stations. The collection system is divided between 194 miles of gravity lines and 8 miles of force mains. RSVD reports the average of

RVSD's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 30 years.

the entire collection system is around 60 years old with an expected lifespan between 50 to 75 years. As of the study term RVSD's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – is 30 years and represents a 20% improvement over the corresponding 60-month period.<sup>7</sup> Other integral aspects of wastewater service – and specifically treatment and disposal – are provided by contract to RSVD by CMSA and separately reviewed as part of this study.



<sup>7</sup> The equipment replacement ratio has been calculated by LAFCO and drawn from RVSD's 2013-2014 audit.

## Demands

### Generators / Service Connections and Resident Population

RSVD reports service to 15,324 active wastewater service connections as of the term of the study period. This connection total is divided into two billing categories: (a) residential at 97.2%; (b) and commercial at 2.8% connections. The connection totals have experienced a relative increase of 0.38% within the five-year study period with relatively noticeable fluctuations between the years 2012 and 2014 and attributed to residential billing updates that have resulted in the removal of discontinued/merged accounts. Overall, residential connections for RVSD have consistently comprised no less than 95% of the total in any year during the study period as shown below.

Service connection totals within RVSD have remained relatively unchanging over the study period and total 15,324 at the term. Residential users on average have accounted for 97.1% of all active connections.

<b>RSVD: Service Connection Type Breakdown</b>			
Table ***   Source: RSVD			
Category	Residential	Commercial	Net
2010	14,821	445	15,266
2011	14,656	440	15,096
2012	14,656	452	15,085
2013	14,951	410	15,361
2014	14,900	424	15,324
<b>Overall Change</b>	<b>(0.53%)</b>	<b>(4.72%)</b>	<b>(0.38%)</b>

As detailed in the preceding section the Commission independently estimates RSVD's total resident service population at 40,809 as of the study term. This estimate – which is based on a weighted factor of occupied housing units within the affected census tracts and multiplied by a projected household size – produces a population growth rate for RSVD of 3.44% during the five-year study period. The substantive result when aligning the two demand generators – service connections and resident population – is an average ratio of 2.70 persons for every residential connection. The ratio at the study term tallied 2.75. A breakdown of this ratio over the entire study period follows.

RSVD's current resident to residential connection ratio is 2.75 as of the term date of this study.



<b>RSVD: Resident to Connection Ratio Breakdown</b>			
Table ***   Source: Marin LAFCO			
Category	Residential Connection	Estimated Resident Population	Resident to Connection Ratios
2010	14,821	39,454	2.66
2011	14,656	39,261	2.68
2012	14,656	39,974	2.73
2013	14,951	40,259	2.69
2014	14,821	40,809	2.75
<b>Overall Change</b>	<b>(0%)</b>	<b>3.43%</b>	<b>3.38%</b>

### Recent Measurements / Wastewater Collection System Flows

RSVD’s average annual wastewater collection demand generated over the study period as reported in the current term by the District and for ultimate treatment and disposal by CMSA has totaled approximately 5.230 billion gallons. This average amount, which serves as a macro overview of system demands and includes flows from Murray Park Sewer Maintenance District (MPSMD), represents a daily average flow of 14.33 million gallons. It also translates to an estimated 354.7 gallons per day for each resident or 742.4 gallons per day for each occupied housing unit; it also translates to 933.2 gallons per day for each service connection projected within MPSMD.

Average annual wastewater flows generated within RSVD during the study period have produced the daily equivalent of totaled 14.33 million gallons; and amount that further translates to 355 and 742 daily gallons for every person and occupied housing unit. Amounts include flows collected on behalf of the Murray Parks Sewer Maintenance District.

With respect to trends, annual demands within the five-year study period have significantly fluctuated each year and capped with a 458.7% increase over the span of the affected 60 months. The high demand point for the collection system during the study period occurred in 2014 with annual flow equaling 10.603 billion gallons.

Annual wastewater flows within RVSD have increased by over four-fold over the study period’s 60 month point-to-point index; a difference of 5.0 billion gallons.

This high demand year translates to an estimated 708.4 gallons per day for every resident or 1,489.5 gallons per day for every housing unit; it also translates to 1,884.8 gallons per day for each service connection. A breakdown of annual and daily

wastewater collection flows over the study period in relation to population and housing is shown below.

<b>RSVD: Recent Annual and Average Daily Flows Breakdown</b>							
Table ***   Source: Marin LAFCO and RSVD							
	2010	2011	2012	2013	2014	Average	Trend
Annual Flow Totals (billions)	1.898	4.760	2.208	6.683	10.603	5.204	458%
Daily Average	5.2 mg	13.0 mg	6.1 mg	18.3 mg	29.1 mg	14.3 mg	459%
- Daily Per Resident	131.2	330.6	150.6	452.6	708.4	354.7	440%
- Daily Per Housing Unit	275.5	685.3	315.3	946.6	1,489.5	742.4	440%
- Daily Per Connection	338.7	858.7	398.7	1,185.1	1,884.8	933.2	457%

Table includes flows and related data for Murray Park Sewer Maintenance District  
 “MG” refers to millions gallons per day  
 Per resident as estimated by the Commission  
 Per housing unit refers to occupied status as estimated by the Commission

Along with average annual wastewater flow three other more micro measurements are tracked with respect to RSVD’s collection system and provide additional context to assessing demand. These measurements are (a) dry weather flow, (b) wet-weather flow, and (c) peak-day flow and summarized below.

### Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period have totaled 3.8 million gallons. This flow is recorded between May and October and most recently tallied 3.9 million gallons as of the study term. The overall average dry-weather tally translates to 94.2 gallons per day for every resident or 197 gallons per day for every occupied housing unit; it also translates to 246.8 gallons per connection during the affected 60 months. This measurement has decreased by (2.56%) during the term. A breakdown of dry-weather flows during the study period follows.

<b>RSVD: Recent Dry Weather Day Flows</b>				
Table ***   Source: Marin LAFCO and RSVD				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	3.9 mg	98.4	206.6	254.0
2011	3.4 mg	86.2	178.7	223.9
2012	3.9 mg	97.1	203.3	257.0
2013	3.9 mg	96.4	201.6	252.4
2014	3.8 mg	92.7	194.8	246.6
<b>Average</b>	<b>3.78 mg</b>	<b>94.2</b>	<b>197.0</b>	<b>246.8</b>
<b>Trend</b>	<b>(2.56%)</b>	<b>(5.79%)</b>	<b>(5.71%)</b>	<b>(2.91%)</b>

Incorporates flows and related data from the Murray Park Sewer Maintenance District  
 “mg” refers to million gallons

### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period have totaled 24.1 million gallons. This flow typically is recorded between November and April and most recently tallied 54.3 million gallons during the study term. The overall average wet-weather day tally translates to 595.8 gallons per day for every resident or 1,247.2 gallons for every housing unit; it also translates to 1,568.2 gallons for every service connection during the affected 60 months. This measurement has dramatically increased overall during the study period by 735.38%. A breakdown of wet-weather flows during the study period follows.

<b>RSVD: Recent Wet Weather Day Flows</b>				
Table ***   Source: Marin LAFCO and RSVD				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	6.5 mg	163.9	344.4	423.3
2011	22.7 mg	574.9	1,191.9	1,493.6
2012	4.3 mg	107.1	224.1	283.4
2013	32.7 mg	808.8	1,691.5	2,117.8
2014	54.3 mg	1,324.2	2,784.2	3,523.0
<b>Average</b>	<b>24.1 mg</b>	<b>595.8</b>	<b>1,247.2</b>	<b>1,568.2</b>
<b>Trend</b>	<b>735.38%</b>	<b>707.9%</b>	<b>708.42%</b>	<b>732.27%</b>

*Incorporates flows and related data from the Murray Park Sewer Maintenance District  
"mg" refers to million gallons*

### Peak-Day Flows

Average peak-day wastewater flows over the study period less 2013 amounts have totaled 36.3 million, and as such translates to a peaking factor relative to average day totals of 9.1.<sup>8</sup> The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 38.6 million gallons as of the study term. The overall average wet-weather peak day tally translates to 911 gallons per day for every resident or 1,897 gallons per day for every housing unit; it also translates to 2,442 per day gallons for each service connection during the corresponding 48 months. This measurement has increased overall during the study period by 10%. A breakdown of peak-day flows during the study period follows.

<sup>8</sup> There appears to be an error in the reporting totals for 2013, and as such it has been omitted from analysis until a corrected amount is provided.

<b>RSVD: Recent Peak Day Flows</b>						
Table ***   Source: Marin LAFCO and RSVD						
Year	Peak Day System Total	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	System Peaking Factor	
2010	35.2 mg	892.2	1,865.1	2,503.8	6.8	
2011	32.8 mg	835.4	1,723.7	2,172.8	9.6	
2012	38.8 mg	970.6	2,022.3	2,572.1	9.6	
2013	n/a	n/a	n/a	n/a	n/a	
2014	38.6 mg	945.9	1,979.2	2,518.9	10.2	
<b>Average Trend</b>	<b>36.35 mg 9.66%</b>	<b>911.0 6.02%</b>	<b>1,897.6 6.12%</b>	<b>2,441.9 0.60%</b>	<b>9.1 50.0%</b>	

*Incorporates flows and related data from the Murray Park Sewer Maintenance District  
“mg” refers to million gallons per day*

### Projected Measurements / Wastewater Collection System Flows

Going forward – and specifically for purposes of this study – it appears reasonable to assume RVSD’s wastewater flows will generally follow trends over the study period. (This includes flows generated from MPSMD.) It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall increase in annual wastewater flows of 11.4 billion gallons over the succeeding 10-year period finishing in 2024; a difference of 107.9% or 10.8% annually. This projection continues LGVSD’s overall annual flows increase incurred during the study period, albeit at a deintensified rate. It is also estimated – in using regression analysis relative to recent recording - the system’s peak-day flows will ultimately decrease over the succeeding 10-year period by 14.5 million gallons or (37.6%) and resulting in a peaking factor of 0.4. The following table summarizes these and related projections through 2024.

The Commission independently estimates RVSD’s annual wastewater demands will continue to increase over the succeeding 10-year period at an average rate of 10.8 based on regression analysis performed on recorded rates during the study period.

<b>RVSD: Projected Wastewater Flows</b>					
Table ***   Source: Marin LAFCO and RVSD					
<b>Year</b>	<b>Annual Flows</b>	<b>Average-Day Flows</b>	<b>Dry-Weather Flows</b>	<b>Wet-Weather Flows</b>	<b>Peak-Day Flows</b>
2014	10.6 bg	29.05 mg	3.80 mg	54.30 mg	38.6 mg
2015	10.3 bg	28.31 mg	3.97 mg	51.81 mg	29.0 mg
2016	11.6 bg	31.78 mg	4.02 mg	58.68 mg	28.5 mg
2017	12.9 bg	35.27 mg	4.06 mg	65.60 mg	28.0 mg
2018	14.2 bg	38.79 mg	4.11 mg	72.57 mg	27.4 mg
2019	15.4 bg	42.33 mg	4.16 mg	79.59 mg	26.9 mg
2020	16.8 bg	45.89 mg	4.21 mg	86.65 mg	26.3 mg
2021	18.1 bg	49.48 mg	4.26 mg	93.76 mg	25.8 mg
2022	19.4 bg	53.09 mg	4.31 mg	100.92 mg	25.2 mg
2023	20.7 bg	56.73 mg	4.36 mg	108.13 mg	24.6 mg
2024	22.0 bg	60.40 mg	4.41 mg	115.39 mg	24.1 mg
<b>Average Trend</b>	<b>16.1 bg 107.90%</b>	<b>44.21 mg 107.90%</b>	<b>4.19 mg 15.95%</b>	<b>83.31 mg 112.51%</b>	<b>26.6 mg (37.62%)</b>

*Incorporates flows and related data from the Murray Park Sewer Maintenance District  
"bg" refers to billion gallons per day  
"mg" refers to million gallons per day*

## Capacity

### Constraints / Contractual Provisions

As referenced, RVSD contracts with CMSA to provide treatment and disposal services for all collected wastewater services generated within the District. This contract was established in 1979 with CMSA’s treatment facility going online in 1984. The current contract does not establish any limitations or related constraints on total volume of wastewater conveyed to CMSA of its member agencies.

RVSD is under no contractual constraints with respect the volume of wastewater the District conveys to CMSA for treatment and disposal.

## Constraints / Infrastructure and Facilities

RSVD's collection system is approximately 202 miles in total length and divided between 194 and 8 miles of gravity and force lines, respectively. The percentage of gravity line to force mains is 4.3% and increased by 0.13% during the 60-month study period. The majority of the gravity lines are between 4 and 42 inches in diameter and supported by 19 strategically placed public pump stations that ultimately convey flows north to directly connect RSVD to CMSA. RSVD's largest pump serving the central trunk line connecting District flows to CMSA can reportedly handle up to 63.2 million gallons per day. For purposes of this review this reported amount – 63.2 million gallons – is deemed the maximum daily capacity of the RVSD collection system.<sup>9</sup>

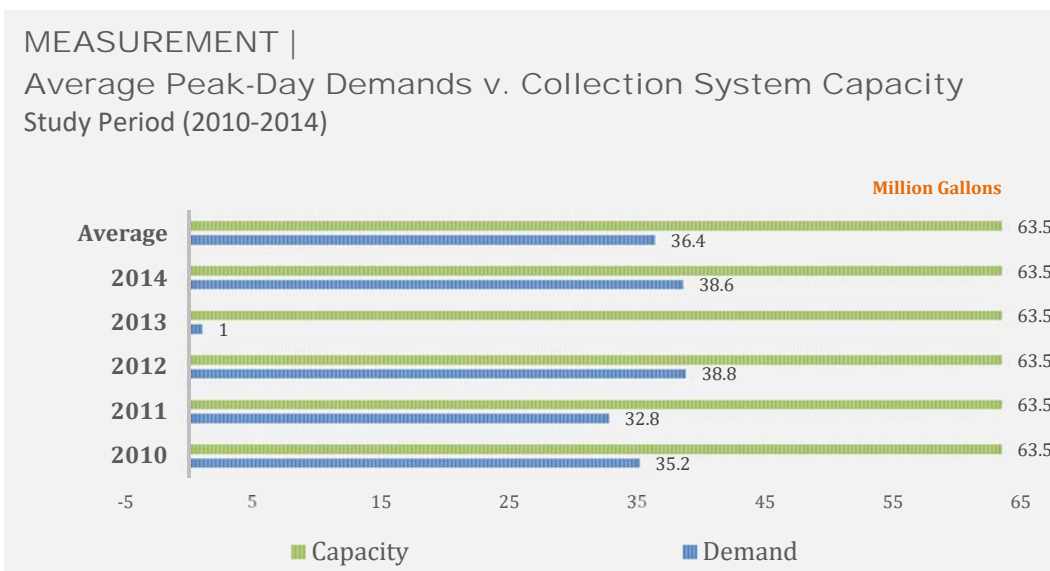
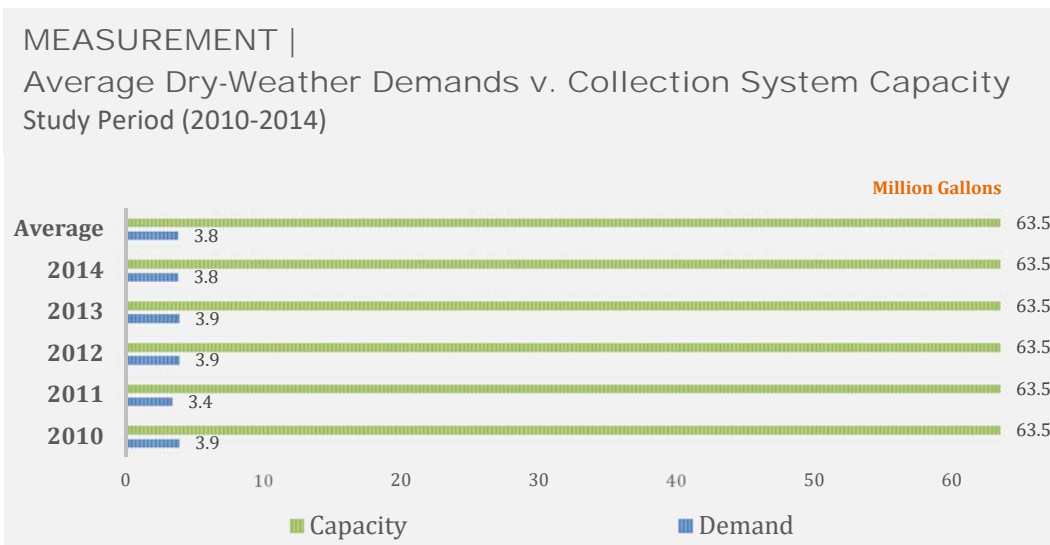
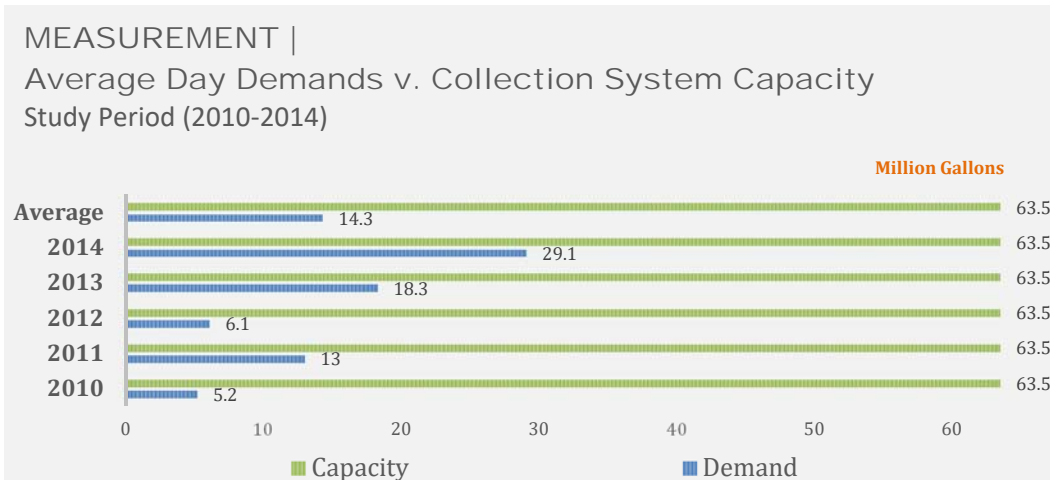
RVSD's collection system's daily capacity to convey flows to CMSA is estimated at 63.2 million gallons.

### *Demand to Capacity Relationships*

Study period flows averages show RVSD has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 22.5% of the collection system capacity. Average dry-weather demands during the same period tally 6.0% of the collection system capacity. Average peak-day demands represent the biggest tax on the collection system and account over the study period to equal 57.3% of the collection system capacity.<sup>10</sup> None of the capacity ratios are expected to significantly and adversely change over the succeeding 10-year period with the exception that average day demands are projected to rise to 69.6% of capacity by 2024.

<sup>9</sup> As context RVSD's Sanitary Sewer Hydraulic Evaluation and Capacity Assurance Plan of 2006 evaluated the capacity of the collection system with respect to a design storm event given that the District's increase in peak flows were mainly attributed to infiltration and inflow (I/I) of storm water runoff and groundwater into the system. The model determined the system would have high peak demands under an intense wet weather event possibly resulting in overflows. The model also examined that all of RSVD's pump stations have sufficient capacity to handle the predicted 5-year design storm peak demand event during normal pump operation, but faced the potential for SSOs during large storm events.

<sup>10</sup> Amount based on the average peak-day demand collected between 2010, 2011, 2012, and 2014.



## Performance

### Measurement / Sanitary Sewer Overflows

The State Water Resources Control Board (SWRCB) requires all public agencies that own or operate sanitary collection systems that are one mile or more in length and convey to a public owned treatment facility comply with the reporting requirements codified in Order No. 2006-0003. This order mandates all subject agencies to develop and implement a system-specific sewer system management plan that includes a spill response plan as well as requiring immediately reporting to the SWRCB of all sanitary sewer overflows, or SSOs. The ultimate purpose of the SSO reporting process is to provide a uniform means to evaluate system reliability, source control, and operation and maintenance of wastewater systems in California. SSOs are defined as any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system, and include any of the following occurrences:

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;
- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States; and
- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

The total number of SSOs recorded by RSVD during the study period was 172 with an overall spillage volume of 3.35 million gallons. The most recent year experienced 29 SSOs. The majority of the SSOs, a total of 108, were classified by the SWRCB as a Category 3, a spill of less than 1,000 gallons to not reach the surface water. RSVD

RVSD experienced 172 total SSOs during the five-year study period, and involved the unauthorized overflow of 3.35 million gallons.

experienced 54 SSOs classified as a Category 1 in which wastewater reached the surface water threatening public safety and environmental health. The average response time for SSOs during the study period was 45 minutes with the longest response time noted



at 1 hour in 2011. A review of each accompanying report incident suggests the main factors resulting in discharges were structural, indicating system repairs and planned maintenance are needed in the future to prevent spillage and maintain system flows. The majority of SSOs that were repeat occurrences could be attributed to roots, debris and structural issues, signifying more system maintenance is needed to reduce overflows.<sup>11</sup>

<b>RSVD: Sanitary Sewer Overflows</b>								
Table ***   Source: SWRQB								
Year	Category 1		Category 2		Category 3		Total	
	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons
2010	6	0.002	1	0.001	27	0.004	34	0.008
2011	20	2.986	3	0.008	34	0.003	57	2.998
2012	4	0.010	2	0.002	17	0.003	23	0.015
2013	13	0.179	2	0.017	14	0.001	29	0.198
2014	11	0.123	2	0.003	16	0.004	29	0.130
	<b>54</b>	<b>3.302</b>	<b>10</b>	<b>0.032</b>	<b>108</b>	<b>0.017</b>	<b>172</b>	<b>3.351</b>

*“gallons” are listed in millions*

## Measurement / System Maintenance

System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault, so an asset can be restored to its operational condition. Preventative maintenance, conversely, is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

### Corrective Maintenance

RVSD’s corrective maintenance is reflected in the number of service calls received to resolve, correct, or assist a particular situation. During the 60-month study period this number totaled 335, in which the majority being attributed to a public SSO. The

<sup>11</sup> As related context RSVD’s Sewer System Management Plan of 2014 has established the following process in order for the District to be notified of the occurrence of an SSO; (1) observation by the public (2) receipt of an alarm and (3) Observation by District staff during the normal course of their work. Once notification of an SSO is received, calls are routed to either Senior Supervisor during business hours or to a standby service in which employees will be alerted by phone or employee pager. If needed, a dispatch collections crew is called and is instructed to follow protocols as well as outline how to respond and communicate with the customer. In the event of pump failure, an alarm will sound and either wastewater will be pumped into a vacuum truck for disposal in a nearby manhole or pumped into the wastewater system to prevent overflows.

number of service calls spiked 523% during the last year of the study period, indicating either more volumes in service issues or a better notification system.

<b>RVSD: Number of District Service Calls</b>					
Table ***   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General	n/a	n/a	n/a	n/a	44
Public SSO	34	57	28	29	29
Private SSO	n/a	n/a	n/a	n/a	72
Odor Complaints	n/a	n/a	n/a	n/a	18
Noise Complaints	n/a	n/a	n/a	n/a	7
Pump Station Alarms	n/a	n/a	n/a	n/a	24
Non-District Incidents	n/a	n/a	n/a	n/a	18
	<b>34</b>	<b>57</b>	<b>23</b>	<b>29</b>	<b>212</b>

### Preventive Maintenance

RVSD’s preventative maintenance was reported in its planned cleaning activities during the 60-month study period, which averaged to 100% of all planned work orders completed. According to RSVD, maintenance is prioritized by the cleaning of high frequency sewer issues such as blockages or SSOs. The District cleans the entire sewer system approximately every 12 to 18<sup>th</sup> months and cleans specific portion with known problems on a more frequent basis. RSVD uses both staff and contractors to clean out the system. RSVD schedules to clean on a preventative maintenance timetable in 6 to 12 month intervals, depending on the history of the individual line segment. During the 60-month study period, Marin LAFCO is unable to determine the number of blocked sewer pipes per 100 miles RSVD encountered. During the same period, RSVD did experience 1 pump station failure in 2011.

RVSD uses a database to keep records of service calls and generates automatic work orders for regular and 6-month maintenance schedules. RSVD’s mainline sewer condition assessment program includes closed-circuit televising (CCTV) inspection of main line pipes to determine cleaning issues. RSVD notes, if an SSO resulted from a structural

<b>PLANNED CLEANING ACTIVITIES COMPLETED</b>		
<b>Year</b>	<b>Planned Feet</b>	<b>Actual Feet</b>
2010	n/a	774,581
2011	n/a	824,738
2012	1,000,000	1,243,453
2013	1,295,463	1,301,197
2014	1,485,220	1,485,220
<b>TOTAL</b>	<b>3,780,683</b>	<b>5,629,189</b>
<b>Planned Work Orders Completed</b>		<b>100%</b>

deficiency, repairs or replacements are made within one month of the reported SSO to prevent future overflows. The District has initiated during the study period a trunk line cleaning program and quality assurance and quality control (QA/QC) protocol to measure the effectiveness of cleaning operations.

RVSD is currently working on developing a rehabilitation and replacement plan to identify and prioritize rehabilitation efforts to address system deficiencies. RVSD has based the priority of rehabilitation projects on the number and nature of pipeline defects and if they are expected to be replaced by segments, lining, or full pipe replacement. At the end of the study year, RSVD identified rehabilitation

PLANNED <u>LINE REPLACEMENT</u> COMPLETED		
Year	Planned Feet	Actual Feet
2010	3,600	156
2011	19,000	16,089
2012	22,300	7,305
2013	13,900	0
2014	17,424	17,645
<b>TOTAL</b>	<b>90,324</b>	<b>47,357</b>
<b>Planned Work Orders Completed</b>		<b>52%</b>

projects that account for over 20 miles of main line sewer pipelines and are estimated a total costs of \$24.8 million. During the study period, RSVD’s entire collection system was CCTV inspected. The level of infrastructure reinvestment the District achieved during the entire study period came in at 52% byway completing 47,357 feet of the planned 90,234 feet of line replacement.

### Charges and Fees

RSVD bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted treatment/disposal expenses. The service charge is

Most single-family customers in RVSD currently pay \$797 a year for wastewater services. Customers in Larkspur pay one-third more due to a zone adjustment at \$1,067 a year.

also filtered through two billing zones to account for different operating outlays: a) Larkspur and b) Ross Valley; with the latter comprising more than nine-tenths of all District customers. Single-family residential customers currently pay \$797 in Ross Valley and \$1,067 in Larkspur per unit. Multi-family customers pay slightly less than single-family users in both zones with Ross Valley billed at \$714 and Larkspur billed at

\$955.<sup>12</sup> There are no voter-approved special assessments.<sup>13</sup>

## AGENCY FINANCES

### Financial Statements

RVSD contracts with an outside accounting firm (Moss, Levy and Hartzheim) to prepare an annual report for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting RVSD’s statements with respect to verifying overall assets, liabilities, and equity. These audited statements provide the Commission with quantitative measurements in assessing RVSD’s short and long-term fiscal health.

RVSD’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and positive change over the prior fiscal year as its overall equity or fund balance increased by 4.84% from \$62.192 to

2013-2014 Financial Statements	
Assets	\$85.566 m
Liabilities	\$20.362 m
Equity	\$65.204 m

\$65.204 million. Underlying this most recent change in equity standing is the result of a sizeable rise in current assets and aided by a sharp increase in connection and inspection fees in 2013-2014. A summary of year-end totals and trends therein over the study period follows.

### Agency Assets

RVSD’s audited assets at the end of 2013-2014 totaled \$85.566 million; more than 15% higher than the five-year average sum generated over the course of the study period. As of the study term assets classified as current with the expectation they could be liquidated within a year represented less than one-fifth of the total amount and tied to cash and investments and have drawn down by (36.52%) over the 60

<sup>12</sup> Commercial users in Ross Valley and Larkspur are annually billed \$797 and \$1,067, respectively for each equivalent dwelling unit as determined by RVSD.

<sup>13</sup> A dual connection fee is also collected by RVSD in step with initiating new services. The connection fee presently totals \$10,798 for each connection. The total service operating and capital costs are divided between 81% to cover the buy-in costs to the collection system and 19% to cover the capital costs therein.

month period. Assets classified as non-current make up the remaining four-fifths of the asset total as of the study term, and predominately comprise of capital infrastructure with 65% of depreciation tied to sewer lines, which has increased by 52.93% over the preceding 60 months.

RVSD Assets   Study Period							
Table ***   Source: RVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	20.571	10.865	6.9000	7.278	13.059	(36.52%)	11.735
Non-Current	47.412	59.657	67.002	65.634	72.506	52.93%	62.442
	67.983	70.522	73.902	72.912	72.912	25.86%	74.177

amounts in millions

### Agency Liabilities

RVSD’s audited liabilities at the end of 2013-2014 totaled \$20.362 million; close to 30% higher than the five-year average sum generated over the course of the study period. As of the study term liabilities classified as current representing obligations owed in the near-term represented slightly more than one-tenth and tied to accounts payable and have overall decreased by (62.20%) over the preceding 60 months. Liabilities classified as non-current make up the remaining and approximate four-fifths of the sum and predominately attributed to the sale of 30-year revenue bonds in 2013 totaling \$17.780 million to fund sewer line replacements and underlie the 79.36% increase over the 60 month period.

RVSD Liabilities   Study Period							
Table ***   Source: RVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	6.548	4.564	5.325	1.893	2.475	(62.20%)	4.161
Non-Current	9.972	11.140	9.932	8.826	17.886	79.36%	11.551
	16.520	15.704	15.258	10.720	20.362	23.25%	15.713

amounts in millions

### Agency Equity / Net Assets

RVSD’s audited equity / net assets at the end of 2013-2014 totaled \$65.204 million and represent the difference between the District’s total assets and total liabilities. This amount has increased by 26.70% over the study period and primarily attributed to capital investments. The unrestricted portion of the net assets as of the study term totals \$10.610 million

RVSD’s net assets have increased by 26.70% over the study period and largely driven by capital investments. The unrestricted fund balance as of the study term total of \$10.610 million equates to a per capita reserve ratio of \$260.

and translates to a per capita reserve ratio of \$260 based on a corresponding and projected resident total of 40,809.


RVSD Net Assets   Study Period							
Table ***   Source: RVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	12.543	5.475	1.202	5.664	10.610	(15.41%)	7.099
Restricted	38.919	49.341	57.483	56.527	54.593	40.27%	51.373
	51.463	54.817	58.685	62.192	65.204	26.70%	58.472


amounts in millions


### Measurements / Liquidity, Capital, Margin, and Structure


A review of the audited financial statement issuances by RVSD covering the study period and specifically fiscal years 2009-2010 through 2013-2014 shows the District finished the term with relatively good liquidity. This includes noting RVSD’s current ratio finished the term with a ratio of over 5 to 1 as well as over ten months – or 315 days – of cash on hand to cover operating expenses. RVSD also finished the study term with relatively good and stable levels of capital with less than one-quarter of its net assets being tied to long-term debt financing. RVSD also generated positive total margins in all five subject years with an average net income of 16.25%. However, and in contrast, operating margins finished each year in a deficit with a study period average of (4.76%) along with trending higher and reflect the dependency on non-service related revenues to fund the wastewater system. This latter statement is reflected in RVSD’s earned income ratio average – i.e., the percent of direct service fees relative to annual revenues – of 73.46% for the study period. A summary of year-end liquidity, capital, margin, and structure ratios are show in the following table.

RVSD: Financial Measurements   Study Period						
Table ***   Source: RVSD Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	3.14	480.73	24.30%	16.22%	(11.28%)	73.56%
2010-2011	2.38	253.88	22.27%	16.17%	(9.28%)	74.46%
2011-2012	1.29	153.39	20.65%	17.51%	(5.96%)	75.34%
2012-2013	3.84	184.95	14.70%	17.24%	(8.35%)	73.59%
2013-2014	5.27	315.19	23.80%	14.13%	(14.04%)	70.36%
Average	3.187	277.62	21.14%	16.25%	(9.78%)	73.46%
Trend	67.93%	(34.44%)	(2.07%)	(12.89%)	24.52%	(4.34%)

  
Liquidity

  
Capital

  
Margin

  
Structure

**Notes**

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and reoccurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from fees for services. Higher is better for enterprise agencies.

**Pension Obligations**

RVSD provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This



pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed "Category One" while employees hired afterwards are termed "Category Two." Additional details of the pension program based on actuarial valuations issued by CalPERS follows.

**Participants |  
Pension Formulas**

As of the study period's term (2014) there are a total of 74 participants within RVSD's pension program. This total amount – which represents an overall increase of 6% in participants since 2012 – is further divided between enrollee type (i.e., active, separated, transferred, retired) and

Most RVSD employees receive one of two types of defined pensions based on either a 2.7 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

marked by a worker-to- retiree ratio of 1.8 to 1 as of the study term. Category One participants represent 93% – or 69 – of the total program enrollees and are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest three years of salary

beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 55 and continuing each year thereafter. Category Two participants account for the remaining 7% – or 5 – of the total program enrollee amount as of the study period’s term and are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and continuing annually thereafter.

<b>RVSD’s Pension Enrollee Information</b>						
Table ***   Source: CalPERS and Marin LAFCO						
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	
Active	n/a	n/a	34	36	35	
Transferred	n/a	n/a	7	8	8	
Separated	n/a	n/a	11	9	12	
Retired	n/a	n/a	18	19	19	
<b>Total Enrollees</b>	<b>n/a</b>	<b>n/a</b>	<b>70</b>	<b>72</b>	<b>74</b>	
<b>Worker-to-Retiree Ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>1.8 to 1</b>	<b>1.9 to 1</b>	<b>1.8 to 1</b>	

### Annual Contributions

RVSD’s total annual pension contributions as of the study period’s term tallied \$0.796 million. This amount represents an overall increase over the five-year study period of 78% and is more seven-fold greater than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>14</sup> The most recent annual pension contribution by RVSD for the study period marked 24% of the District’s total annual payroll for the corresponding fiscal year (2013-2014).<sup>15</sup>

RVSD’s pension contributions have increased by 78% over the five-year study period, and as of 2013-2014 account for 24% of total payroll.

<b>RVSD’s Pension Contributions</b>					
Table ***   Source: CalPERS and Marin LAFCO					
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	
\$448,391	\$547,918	\$702,054	\$778,004	\$796,725	
				<b>Average</b>	<b>\$654,618</b>
				<b>Trend</b>	<b>77.68%</b>

<sup>14</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.

<sup>15</sup> RVSD’s covered annual payroll in 2013-2014 totaled \$3.287million.



## Funded Status

RVSD’s unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$3.990 million and as such represented 37.6% of the District’s unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 78% based on market value. It also reflects an overall improvement of 7% over the preceding four-year period.<sup>16</sup>

RVSD’s unfunded pension liability has increased over the last four years of the study period by 7% and ended the term at \$3.990 million; the equivalent of a 77.5% funded ratio.

RVSD’s Pension Trends		
Table ***   Source: CalPERS and Marin LAFCO		
	Unfunded Liability	Funded Ratio
2009-2010	n/a	n/a
2010-2011	\$3,895,131	72.3%
2011-2012	\$4,672,282	68.5%
2012-2013	\$4,308,867	73.0%
2013-2014	\$3,990,836	77.5%
<b>Average</b>	<b>\$4,216,779</b>	<b>72.8%</b>
<b>Trend</b>	<b>2.45%</b>	<b>7.1%</b>

Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).

## Revenue to Expense Trends

A review of RVSD’s overall actual revenues and expenses during the study period and specific to fiscal years 2009-2010 to 2013-2014 shows revenue surpluses in each year. Overall actual revenues averaged \$21.018 million over the study period compared to \$17.602 million in actual expenses; a difference of nearly one-fifth or 16.25%. The referenced gap, however, has been decreasing with the growth rate of expenses at 6.17% nearly doubling the growth rate of revenues at 3.58% over the 60 month period.

RVSD’s overall revenues have outgained overall expenses in all five years of the study period with an average monetary separation of \$3.415 million – or 16.25%. This separation is narrowing, however, with recent expenses outpacing revenues by nearly double.

<sup>16</sup> Pension information for 2009-2010 is not available.

RVSD’s revenue ledger consists of six distinct categories with sewer service charges accounting on average for 73.23% of the total. Another 25.23% of the revenue average is drawn from property taxes. The remaining average revenue collection – specifically 1.54% - is derived from investment earnings, connection fees, and other miscellaneous sources. Comparatively RVSD’s expense ledger consists of eight distinct categories with operation and maintenance costs accounting for the single largest resource demand and on average tallying 27.88% of the total. Contract costs with CMSA for treatment and disposal services represents on average RVSD’s second largest expense, and on average, consumed another 25.00% of the outlay total. The remaining average expenses – specifically 47.12% - is derived in magnitude from administrative, debt service, depreciation, interest expense, and other miscellaneous expenditures.

Top Revenue Categories:

- 1) Sewer Charges @ 73.2%
- 2) Property Taxes @ 25.2%

Top Expense Categories:

- 1) Operations @ 27.9%
- 2) CMSA Contract @ 25.0%

RVSD Actual Revenue Trends   Study Period								
Table ***   Source: RVSD Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013			% of
	2010	2011	2012	2013	2014	Trend	Average	Average
Sewer Charges	15.116	15.418	16.615	14.926	14.884	(1.54%)	15.392	73.23
Inspection Fees	0.025	0.032	0.031	0.039	0.118	374.17%	0.049	0.24
Other	0.038	0.008	0.140	0.008	0.008	(78.32%)	0.040	0.19
Property Taxes	5.221	5.139	2.174	2.236	5.771	10.54%	5.303	25.23
Investments	0.157	0.130	0.121	0.103	0.085	(45.99%)	0.119	0.57
Connection Fees	0.024	0.020	0.040	0.023	0.453	>1000%	0.112	0.53
	<b>20.584</b>	<b>20.749</b>	<b>22.097</b>	<b>20.338</b>	<b>21.321</b>	<b>3.58%</b>	<b>21.018</b>	<b>100.00</b>

RVSD Actual Expense Trends   Study Period								
Table ***   Source: RVSD Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013			% of
	2010	2011	2012	2013	2014	Trend	Average	Average
CMSA	4.749	4.854	4.270	4.180	3.951	(16.79%)	4.401	25.00
Debt Service	3.139	3.137	2.897	2.511	2.504	(20.21%)	2.838	16.12
O/M	3.119	5.144	5.020	5.255	6.000	92.39%	4.908	27.88
Administration	4.612	2.483	4.229	2.416	2.666	(42.18%)	3.281	18.64
Depreciation	1.272	1.272	1.369	1.860	1.995	56.79%	1.554	8.83
Disposal of Capital	0	0	0	0.180	0.004	-	0.037	0.21
Bond Issue Costs	0	0	0	0	.350	-	.070	0.40
Interest Expenses	0.354	0.502	0.440	0.426	0.835	135.82%	0.511	2.91
	<b>17.246</b>	<b>17.395</b>	<b>18.228</b>	<b>16.831</b>	<b>18.309</b>	<b>6.17%</b>	<b>17.602</b>	<b>100.00</b>

<b>Net</b>	<b>3.338</b>	<b>3.354</b>	<b>3.868</b>	<b>3.506</b>	<b>3.011</b>
	<b>16.22%</b>	<b>16.17%</b>	<b>17.51%</b>	<b>17.24%</b>	<b>14.13%</b>

## OVERVIEW

County Sanitary District No. 2 (CSD No. 2) was formed in 1901 and encompasses an approximate 3.8 square mile jurisdictional boundary in east-central Marin County. Governance is provided dependently by the Town of Corte Madera’s Town Council whose members are elected at-large to staggered four year-terms. This governance relationship was established in 1969 when CSD No. 2 was officially reorganized into a subsidiary agency of the Town of Corte Madera as allowed under State law given – and among other qualifications – the Town included 70% of both the District’s jurisdictional boundary and registered voters. Four local land use authorities overlap CSD No. 2’s jurisdictional boundary and headlined by Corte Madera, which presently accounts for three-fifths – or 56% – of the subject lands. The rest of CSD No. 2’s jurisdictional boundary is divided between the County of Marin’s unincorporated area – and marked by Kentfield – at 23%, Town of Tiburon at 19% and City of Larkspur at 2%.

Corte Madera Community Park



Courtesy / Town of Corte Madera

CSD No. 2 is currently organized as a single-purpose agency with municipal operations limited to wastewater collection though it is empowered – subject to LAFCO approval – to provide solid waste, recycled water, and storm drainage services. Service activities directly performed by CSD No. 2 and byway of Corte Madera’s Public Works Department focus on engineering aspects of the District’s approximate 49-mile collection system along with cost-recovery through the setting and collection of charges and fees. Public Works also provides routine and emergency cleaning and maintenance of the collection system. CSD No. 2 – and as a signatory – contracts with the Central Main Sanitation Agency (CMSA) for wastewater treatment and disposal services; a secondary contract with CSMA also provides maintenance for CSD No. 2’s pump stations located throughout the District’s jurisdictional boundary. CSD No. 2’s adopted operating budget at the term of the study period was \$7.102 million and with funding dedicated for the equivalent of three fulltime employees. The unrestricted fund balance was

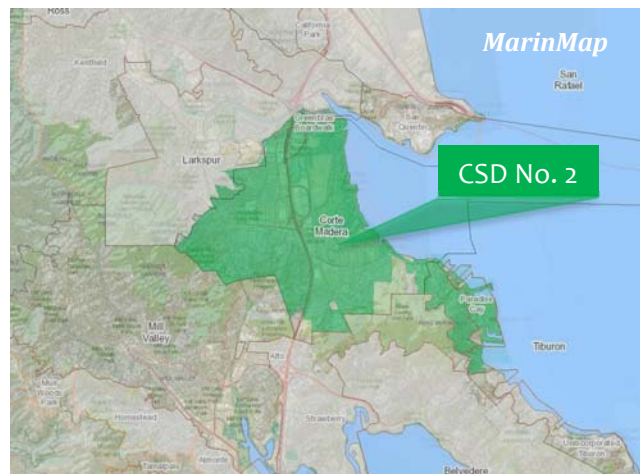
\$3.235 million with an associated days-cash ratio totaling 524; i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within CSD No. 2 is 9,874 as of the term of this study period (2014). It is also projected CSD No. 2’s population growth rate over the five-year study period has averaged 0.175% annually and primarily tied to an increase in occupancy levels; the substantive result being the net addition of 86 persons. Overall it is also estimated by the Commission nearly four-fifths of the jurisdictional boundary has already been developed and or improved – though not necessarily at the highest density. This means one-fifth of the boundary area remains entirely undeveloped, and this includes 138 existing unbuilt and privately owned parcels that are zoned for some type of urban use.<sup>1</sup>

<b>County Sanitary District No. 2</b>	
Formation Date:	1901
Principal Act:	Health and Safety Sections 6400-6982
Service Categories:	Wastewater Collection
Service Population	9,874
Governance Type:	Dependent

## COMMUNITY DEVELOPMENT

It appears CSD No. 2’s present day service area began its development in 1834 with the land grant of Rancho Corte Madera del Presidio to early California European settler, John Reed, by Mexican Governor Jose Figueroa, totaling 7,845 acres or 12.2 square miles. Reed proceeded with renaming the area Corte Madera, meaning in Spanish “to chop wood,” and constructed a sawmill to produce lumber



out of redwood trees supplying the ongoing construction of San Francisco and by way of transporting through Corte Madera Creek. Cattle grazing and orchard farming

<sup>1</sup> Additional analysis is needed to assess actual development potential of the 138 unbuilt parcels within CSD No. 2.

followed as the area took an agrarian form towards mid-century. Once California joined the Union in 1850 a nominal number of settlers were recorded living in Corte Madera by the time of the first census. Ten years later in 1860 and in step with the State's second official census only a few dozen residents were reportedly residing in the area.<sup>2</sup>

Seminal to Corte Madera's present day development was the completion of the North Pacific Coast Railroad in 1875 and its allowance for San Franciscans to reach Sausalito by ferries and continue their travels north and throughout Marin County by rail. This included the placement of a railroad along current-day Montecito Drive with the construction of a train station near the intersection of Tamalpais Drive by 1885. A commercial area, accordingly, began to develop around the train station – later termed “Old Downtown” – with the construction of nearby residences to house shopkeepers as well as an emerging group of day-laborers who would travel into San Francisco.

Corte Madera's development accelerated in the 1890s when Emma Catherine Pixley - widowed sister-in-law of New England lawyer Frank Pixley and later publisher of the magazine the *Argonaut* - received a 136-acre parcel from her late husband's family estate. Ms. Pixley and her sons, notably, began subdividing and selling small undeveloped tracts of lots from her 136-acre parcel of land and marketed in local newspapers as summer residences for San Franciscans given the area's warmer climate. The lots were located on the northern slope of the Corte Madera Ridge near the railroad station and subsequently known as Christmas Tree Hill with starting prices at \$50; the adjusted equivalent of \$1,200 in 2016. Sales proved successful and by the end of the century Corte Madera began its steadfast transition from agrarian to residential with a population reaching a reported 300 by 1900.

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<sup>2</sup> Census data reports Marin County's entire population in 1860 at 3,334; the second lowest total among the nine Bay Area counties and only higher than San Mateo at 3,214.

## FORMATION PROCEEDINGS

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CSD No. 2's formation was petitioned by area landowners to manage and coordinate the collection and disposal of raw sewage flows from Old Downtown and the Christmas Tree Hill development. Proceedings were influenced by the establishment two years earlier of neighboring County Sanitary District No. 1 – also known as the Ross Valley Sanitary District – and led to a successful election and formation therein of CSD No. 2 in 1901 as an independent governmental agency with its own directly elected five-person board.

## POST-FORMATION PROCEEDINGS

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A summary of notable activities undertaken by CSD No. 2 and/or affecting the District's service area following formation in 1901 is provided below.

- The City of Larkspur was incorporated in March 1908.
- The Town of Corte Madera was incorporated in June 1916.
- In 1969 CSD No. 2 was reorganized into a dependent subsidiary district of the Town of Corte Madera with LAFCO approval as a means to formalize the Town's existing – albeit informal – management of the District.
- CSD No. 2 became an original signatory in the creation of CMSA in 1979; a joint powers authority created for the purposes of planning, constructing, and operating wastewater treatment and disposal services for its member-agencies with the latter achieved through a deep-water outfall to the San Francisco Bay.
- CSMA completed construction and initiated operation of a wastewater treatment facility on the north side of Point San Quentin Point in 1985.
- CSD No. 2 prepared its first formal Sewer System Master Plan in 2008. This document was most recently updated in 2013.

## COMMISSION BOUNDARIES | SERVICE AREAS

### *Jurisdictional Boundary*

CSD No. 2’s jurisdictional boundary spans approximately 3.8 square miles in size and covers 2,435 total acres (parcels and right-of-ways). There are four land use authorities overlapping the jurisdictional boundary. Corte Madera is the single largest land use authority in terms of acreage with an estimated 56% of all CSD No. 2’s assessor lands lying in the Town.

CSD No. 2’s jurisdictional boundary spans 3.8 square miles and overlaps four land use authorities with Corte Madera being the largest with the Town covering 56% of all District lands.

Another 23% and 19% of jurisdictional lands fall under the land use authorities of the County – and most notably portions of Kentfield – and Tiburon respectively. The remaining portion of CSD No. 2 lands – which total 2% of the District total – are located within Larkspur and specifically in and around the Cost Plus Plaza.

The total assessed value (land and structure) within CSD No. 2 is currently calculated at \$3.6 billion and translates to a per acre value of \$1.4 million. This former amount – \$3.6 billion – further represents a per capita value of \$0.365 million based on an estimated service population of 9,874. CSD No. 2’s set allocation of property tax proceeds – i.e., its share of the 1% taxed on property owners – is 1.468%.

Assessed land values in CSD No. 2 totals \$3.6 billion, and based on receiving 1.47% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$0.528 million.

<b>CSD No. 2 Boundary Breakdown: Land Use Authorities</b>					
Table ***   Source: Marin LAFCO					
Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units	
Corte Madera	896.9	56.1	3,390	3,910	
County of Marin	372.6	23.3	398	125	
Tiburon	298.9	18.7	442	435	
Larkspur	31.0	1.9	104	94	
	<b>1,599.4</b>	<b>100</b>	<b>4,334</b>	<b>4,564</b>	

As provided in the preceding table there are 4,334 overall assessor parcels currently within CSD No. 2 and collectively add up to 1,599 acres as of June 2016.<sup>3</sup> Almost four-fifths – or 79% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density.<sup>4</sup> This existing development is highlighted by the standing construction of 4,564 residential units and divided between single-family and multi-family on an 82% to 18% split. The remainder – or 21% – of the current assessor parcel acreage in CSD No. 2 is undeveloped/unimproved. This includes 131 un-built and privately owned assessor parcels that combine to total 68 acres. The remaining undeveloped/unimproved assessor acreage in CSD No. 2 – or 268 acres – is publicly owned and generally dedicated to municipal or open space uses.

Almost four-fifths of CSD No. 2's jurisdictional boundary has already been developed/improved – though not necessarily at the highest allowable density. This means one-fifth of the boundary remains entirely undeveloped. This includes 138 un-built and privately owned parcels zoned for some type of urban use.

<b>CSD No. 2 Boundary Breakdown: Land Use Features</b>				
Table ***   Source: Marin LAFCO				
<b>% Parcel Acres Already Developed</b>	<b>Residential Units</b>	<b>% of Units Built as SFR</b>	<b>Unbuilt Private Parcels</b>	<b>Unbuilt Private Parcel Acres</b>
79.0	4,564	81.5	131	68

### Sphere of Influence

CSD No. 2's sphere of influence was initially established by the Commission in 1983 and last reviewed and updated in 2006. The sphere spans approximately 2,471 acres or 3.8 square miles in size. The sphere is close to matching – or 98% – equal to CSD No. 2's jurisdictional boundary net size although with several notable deviations therein. This includes excluding approximately 44 acres – or 2% – of CSD No. 2 jurisdictional lands

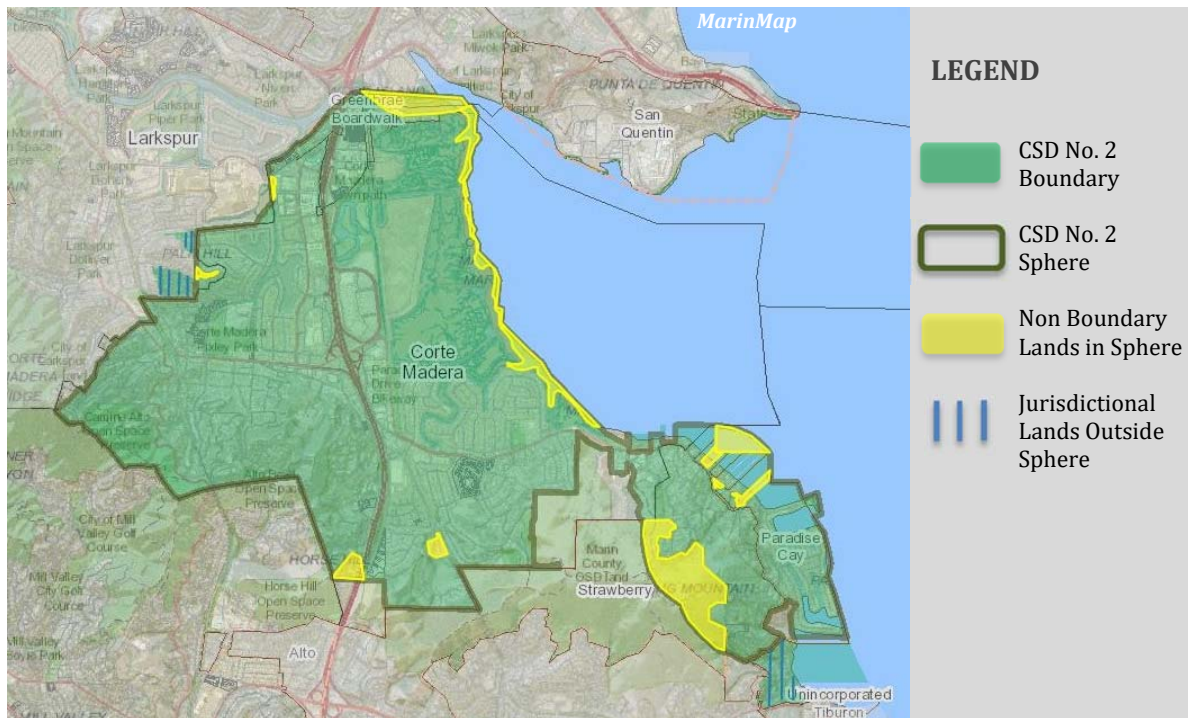
CSD No. 2's sphere of influence nearly matches its jurisdictional boundary with two notable exceptions. First, the sphere excludes approximately 44 acres of the jurisdictional boundary in south Larkspur and north Tiburon. Second, the sphere includes 80 acres on non-jurisdictional lands with the majority located in the unincorporated community of Paradise Cay.

<sup>3</sup> The remaining 836 jurisdictional acreage within CSD No. 2 are tied to public right-of-ways and waterways.

<sup>4</sup> This portion of developed acreage includes parcels dedicated as common areas.



and highlighted by the omission of District territory in north Tiburon and south Larkspur. Non-jurisdictional lands included in the sphere total approximately 80 acres (parcels and right-of-ways) and as such are immediately eligible for annexation or outside service extension subject to Commission approval. This includes 37 assessor parcels with 90% – or 33 – being privately owned and zoned for some type of urban use with the majority lying within unincorporated Paradise Cay.



## DEMOGRAPHICS

### Population Estimates

CSD No. 2's resident population within its jurisdictional boundary is independently estimated by the Commission at 9,874 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the

LAFCO estimates there are 9,874 total residents within CSD No. 2 that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated CSD No. 2 has experienced an overall population increase of 86 over the preceding five-year period, resulting in an annual growth rate of 0.175%.

accompanying footnote – represents 3.8% of the estimated countywide population<sup>5</sup> It is also projected CSD No. 2 has experienced an overall population growth rate of 0.88% over the preceding five-year period or 0.175% annually. The net effect of the population change in CSD No. 2 over the study period is the addition of an estimated 86 persons. This projected increase in population has been generated by the addition of an estimated 87 new and occupied housing units within the jurisdictional boundary while also taking into account a deintensification of household sizes over the span of the five-year period starting at 2.25 in 2010 and ending at 2.20 in 2014; the latter being a net intensity decrease of (11.1%). Overall projected growth within CSD No. 2 falls more than three times below the concurrent annual change estimated for the entire county – 0.62% –.<sup>6</sup>

<b>CSD No. 2 Resident Population: Past and Current Estimates</b>					
Table ***   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
a) Total Housing Units	4,466	4,482	4,499	4,545	4,531
b) Local Occupancy Rate	97.63	96.47	97.52	97.52	98.16
c) Occupied Housing Units	1,360	4,324	4,387	4,403	4,448
d) Projected Household Size	2.245	2.239	2.232	2.226	2.220
<b>Estimated Population</b>	<b>9,788</b>	<b>9,678</b>	<b>9,794</b>	<b>9,802</b>	<b>9,874</b>

\*rounded for reporting purposes

With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with CSD No. 2 will generally match the preceding five-year period with an overall yearly population change of 0.175%. The substantive result of this assumption would be an overall increase in CSD No. 2’s resident population of 174 and produce a total of 10,048 by 2024. This growth rate would similarly presume to generate the addition of 53 new and occupied housing units within CSD No. 2 through 2024 assuming the preceding five-year average ratio of 2.232 persons for every one occupied housing unit holds. These collective projections going forward are summarized below.

<sup>5</sup> Marin LAFCO’s resident service population for CSD No. 2 is independently calculated and premised on occupied housing driving resident estimates based on data collected within the four affected census tracts in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to CSD No. 2 over the study period include a weighted annual housing unit change of 0.361% and a weighted annual household size change of (0.279%). The annual weighted population change is 0.175%.

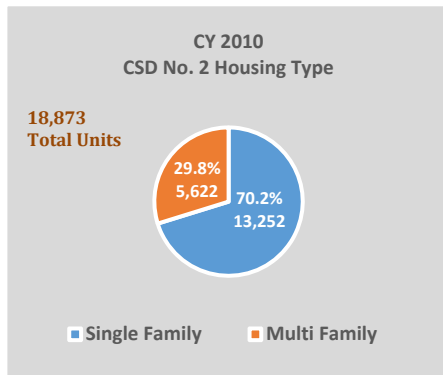
<sup>6</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,750 based on information published by the United States Census and marks a 3.01% increase over the preceding five-year period.

<b>CSD No. 2 Resident Population: Future Estimates</b>						
Table ***   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
<b>Estimated Population</b>	<b>9,874</b>	<b>9,909</b>	<b>9,943</b>	<b>9,978</b>	<b>10,013</b>	<b>10,048</b>
Occupied Housing Units	4,448	4,439	4,454	4,470	4,485	4,501
- residents to housing units	2.220	2.232	2.232	2.232	2.232	2.232

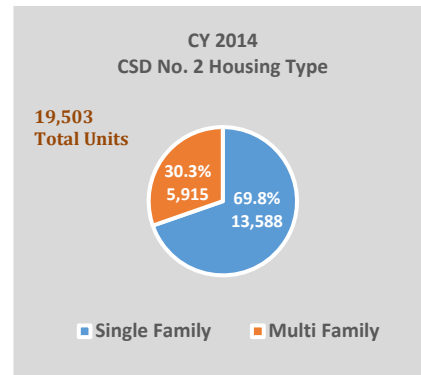
Baseline

### Residency Type

The Commission projects CSD No. 2’s residential unit total (occupied and unoccupied) of 4,531 as of the study term is divided between single family and multi-family uses at 74.43% (3,373) and 25.57% (1,159), respectively. These totals produce an estimated ratio of 2.91 to 1 with respect to single-family to multi-family units. The overall stock of housing type has experienced a subtle change with single-family unit totals decreasing by (0.43%) while multi-family unit totals increasing by 1.28% over the corresponding 60 month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (1.69%) from 2.96 to 1 in 2010.



**Single Family to Multi Family:  
2.96 to 1**



**Single Family to Multi Family:  
2.91 to 1**

### Social and Economic Indicators

A review of recent demographic information covering the CSD No. 2 jurisdictional boundary for the study period shows fulltime residents are relatively in better economic positions compared to countywide averages and marked by high incomes and low unemployment and poverty rates. This

CSD No. 2’s fulltime residents are generally more affluent than most of the county populace and highlighted by a median household income average over the study period of \$108,934. Also there has been sizeable amount of transition with only 13% of household owners having resided in their homes before Proposition 13 in 1979.

information is drawn from census data collected between 2010 and 2014 and shows area residents’ average median household income is close to one-fifth above the countywide amount of \$91,529 at \$108,934. Area resident averages – and similar to RVSD – also fall measurably below countywide amounts with respect to unemployment and poverty rates, albeit both measurements have significantly increased compared to the preceding five-year average data collection. Notable social indicators show CSD No. 2 residents have significantly higher levels of formal education with 65.7% possessing a bachelor’s degree and is more than double the countywide rate. Also notably – and compared to its immediate neighbor to the east with similar economic factors in RVSD – CSD No. 2 is far more ethnically diverse with non-native speakers equally 21.3% and close to the countywide amount.

<b>CSD No. 2: Resident Trends in Social and Economic Indicators</b>				
Table ***   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$100,121</b>	<b>\$108,934</b>	<b>8.80%</b>	<b>\$91,529</b>
Median Age	44.78	44.98	0.46%	45.10
Prime Working Age (25-64)	58.07%	52.93%	(8.84%)	55.28%
Unemployment Rate (Labor Force)	2.44%	3.66%	50.20%	4.70%
Persons Living Below Poverty Rate	2.49%	4.80%	92.60%	8.80%
Mean Travel to Work	27.78 min	30.40 min	8.12%	29.4 min
Working at Home (Labor Force)	6.40%	9.40%	47.91%	2.50%
Adults with Bachelor Degrees or Higher	62.45%	65.70%	5.21%	30.80%
Non English Speaking	23.28%	21.13%	(9.23%)	23.50%
Householder Pre Proposition 13 (1979)	16.82%	12.90%	(8.84%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all four census tracts underlying CSD No. 2.

## ORGANIZATIONAL STRUCTURE

### Governance

CSD No. 2’s governance authority is established under the Sanitary District Act of 1923 (“principal act”) and codified under Public Health and Safety Code Sections 6400-6982. This principal act was originally enacted in 1891 and empowers CSD No. 2 to provide a moderate range of municipal services upon approval by LAFCO. As of date, CSD No. 2 is authorized to provide only one municipal service: (a) wastewater. All other latent

powers enumerated under the principal act would need to be formally activated by LAFCO before CSD No. 2 would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing wastewater services, CSD No. 2 would also need to seek LAFCO approval. A list of active and latent powers under the principal act follows

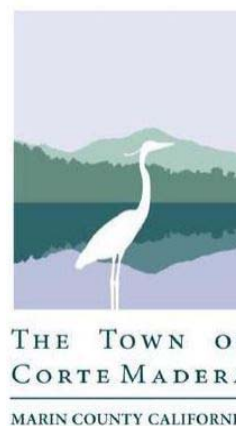
**Active Service Powers**

Wastewater

**Latent Service Powers**

Solid Waste; Including Collection  
Recycled Water  
Storm Drainage

CSD No. 2 was initially formed as an independent sanitary district in 1901 with its own directly elected five-member board of directors among registered voters residing with the District. CSD No. 2 was governed accordingly in this manner until 1969 when the Town of Corte Madera successfully proposed reorganization of the District as a subsidiary to the Town.<sup>7</sup> As a result of the reorganization, the Corte Madera Town Council acts as *ex officio* of the CSD No. 2 Board and incorporates the District’s business as part of the Town’s regular meeting schedule. The Town Council’s members are elected at large to staggered four-year terms with a rotating mayor appointment process – hold regular meetings every first and third Tuesdays of each month at 7:30 P.M. at Town Hall, 300 Tamalpais Drive, Corte Madera. A current listing of CSD No. 2 Board of Directors along with respective backgrounds and years served on the District follows.



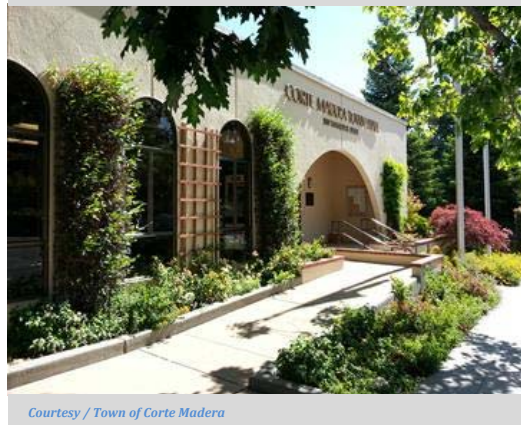
<b>CSD No. 2 Board Roster / As of November 1, 2016</b>			
Table ***   Source: CSD No. 2			
<b>Member</b>	<b>Position</b>	<b>Background</b>	<b>Years on Board</b>
Sloan Baily	President	Attorney	n/a
Diane Furst	Vice President	Accounting/Finance	n/a
James Andrews	Director	Financial Analyst	n/a
Carla Condon	Director	Government	n/a
Michael Lappert	Director	Business Owner	n/a

<sup>7</sup> As added context the reorganization was allowed under State law given Corte Madera represented no less than 70% of both the District’s total boundary and registered voters at the time of the proceedings.

## Administration

Under Town Ordinance Corte Madera’s Town Manager serves as General Manager for CSD No. 2 and as such oversees all District activities with primary delegation to the Public Works Director. The current General Manager – Todd Cusimano – assumed administrative oversight of CSD No. 2 in September 2016. Service activities directly performed by CSD No. 2 and byway of Public Works staff focuses on engineering aspects of the District’s approximate 49 mile collection system along with cost-recovery through the setting and collection of charges and fees.<sup>8</sup> Legal services for CSD No. 2 are provided by contract with the Renne Sloan Holtzman Sakai Law Group (San Francisco).

**CSD No. 2 Administrative Offices**  
300 Tamalpais Drive  
Corte Madera, California 94925



Courtesy / Town of Corte Madera

## WASTEWATER SERVICES

### Service Overview

CSD No. 2 directly provides wastewater collection services through its own infrastructure headlined by an approximate 49 mile collection system and 19 public pump stations. The current infrastructure dates back as early as 1923 with the collection system divided between 44 and 5 miles of gravity and force lines, respectively. CSD No. 2 reports close to 60% of the collection system is less than 50 years in service. As of the study term CSD No. 2’s equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – is 12 years and represents a 14% negative change over the

CSD No. 2’s equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 12 years.

<sup>8</sup> Public Works also provides routine and emergency cleaning and maintenance of the collection system with a budgeted allocation of three fulltime equivalent employees to perform on behalf of CSD No. 2 for the study term. All other services – including maintaining CSD’s No. 2’s pump stations as well as treatment and disposal services – are provided to the District byway of CMSA through a standing joint-powers agreement initially established in 1979.



loss of (23). Nevertheless, residential connections have consistently comprised no less than 96% of the total in any year as shown below.

<b>CSD No. 2: Service Connection Type Breakdown</b>				
Table ***   Source: CSD No. 2				
Category	Residential	Commercial	Other	Net
2010	3,781	147	29	3,957
2011	3,798	144	15	3,957
2012	3,763	137	20	3,920
2013	3,758	140	31	3,929
<b>2014</b>	<b>3,762</b>	<b>142</b>	<b>30</b>	<b>3,934</b>
<b>Overall Change</b>	<b>(0.50%)</b>	<b>3.40%</b>	<b>3.45%</b>	<b>(0.58%)</b>

As detailed in the preceding section the Commission independently estimates CSD No. 2’s total resident service population at 9,874. The substantive result when aligning the two demand generators – service connections and resident population – is an average ratio of 2.59 persons for every residential connection. The ratio at the study term tallied 2.62. A breakdown of service connection to resident population ratios over the study period follows.

CSD No. 2’s current resident to residential connection ratio is 2.62 as of the term date of this study.

<b>CSD No. 2: Resident to Connection Ratio Breakdown</b>			
Table ***   Source: Marin LAFCO			
Category	Residential Connection	Estimated Resident Population	Resident to Connection Ratios
2010	3,781	9,788	2.56
2011	3,798	9,678	2.55
2012	3,763	9,794	2.60
2013	3,758	9,802	2.60
<b>2014</b>	<b>3,762</b>	<b>9,874</b>	<b>2.62</b>
<b>Overall Change</b>	<b>(0.50%)</b>	<b>0.86%</b>	<b>2.34%</b>

### Recent Measurements / Wastewater Collection System Flows

CSD No. 2’s average annual wastewater collection demand generated over the study period as reported by the District and for ultimate treatment and disposal by CMSA has been approximately 427.05 million gallons. This average amount – which serves as a macro overview of system demands – represents a daily average flow of 1.17 million gallons. It also translates to an estimated 119.5 gallons per day for each resident or 266.6 gallons per

Average annual wastewater flows generated within CSD No. 2 during the study period have totaled 1.17 million gallons and translates to use ratio of 120 and 267 daily gallons for every person and occupied housing unit, respectively, within the District.



day for each occupied housing unit projected within CSD No. 2.

With respect to trends, annual demands within the five-year study period have fluctuated each year and ultimately produced a (0.80%) decrease over the span of the affected 60 months. The high demand point for the collection system during the study period occurred in 2010 with annual flow equaling 452.6 million gallons. This high demand year translates to an estimated 127.7 gallons per day for each resident or 286.7 gallons per day for each occupied housing unit; it also translates to 86 gallons per day for each service connection. A breakdown of annual and daily wastewater flows follows.

Annual wastewater flows within CSD No. 2 have decreased by less than (1%) over the study period's 60 month point-to-point index; a difference of 3.7 billion gallons.

<b>CSD No. 2: Annual and Average Daily Flows Breakdown</b>							
Table ***   Source: Marin LAFCO and CSD No. 2							
	2010	2011	2012	2013	2014	Average	Trend
Annual Flow	456.3 mg	408.8 mg	448.9 mg	368.6 mg	452.6 mg	427.1 mg	(0.80%)
Daily Average	1.3 mg	1.1 mg	1.2 mg	1.0 mg	1.2 mg	1.1 mg	(0.80%)
- Daily Per Resident	127.7	115.7	125.6	103.0	125.6	119.5	(1.64%)
- Daily Per Housing Unit	286.7	259.0	280.4	229.4	278.8	266.8	(2.76%)

*"mg" refers to million gallons*  
*Per resident as estimated by the Commission*  
*Per housing unit refers to occupied status as estimated by the Commission*

Along with average annual wastewater flow three other more micro measurements are tracked with respect to CSD No. 2's collection system and provide additional context to assessing demand. These measurements are (a) dry weather flow, (b) wet-weather flow, and (c) peak-day flow and summarized below.

**Dry-Weather Day Flows**

Average dry-weather day wastewater flows over the study period have totaled 0.94 million gallons. This flow typically is recorded between May and October and most recently tallied 0.94 million gallons as of the study term. The overall average dry-weather day tally translates to 96 gallons for every resident and 214 gallons for every occupied housing unit during the affected 60 months. This measurement has increased overall during the study period by 6.90%. A breakdown of dry-weather flows during the study period follows.

<b>CSD No. 2: Dry Weather Day Flows</b>			
Table ***   Source: Marin LAFCO and CSD No. 2			
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit
2010	0.87 mg	88.9	199.5
2011	0.93 mg	96.1	215.1
2012	0.98 mg	100.1	223.4
2013	0.99 mg	101.0	224.8
2014	0.93 mg	94.2	209.1
<b>Average Trend</b>	<b>0.94 mg 6.90%</b>	<b>96.0 5.96%</b>	<b>214.4 4.81%</b>

“mg” refers to million gallons

### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period have totaled 1.39 million gallons. This flow typically is recorded between November and April and most recently tallied 1.55 million gallons as of the study term. The overall average wet-weather day tally translates to 143 gallons for every resident and 4,664 gallons for every occupied housing unit during the affected 60 months. This measurement has decreased overall during the study period by (4.91%). A breakdown of wet-weather flows during the study period follows.

<b>CSD No. 2: Wet Weather Day Flows</b>			
Table ***   Source: Marin LAFCO and CSD No. 2			
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit
2010	1.63 mg	166.5	199.5
2011	1.30 mg	134.3	215.1
2012	1.48 mg	151.1	337.3
2013	1.02 mg	104.1	300.6
2014	1.55 mg	156.9	373.8
<b>Average Trend</b>	<b>1.39 mg (4.91%)</b>	<b>142.6 (5.16%)</b>	<b>318.4 87.37%</b>

“mg” refers to million gallons

### Peak-Day Flows

Average peak-day wastewater flows over the study period have totaled 5.192 million gallons producing a peak-factor relative to average day totals of 4.72. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 8.85 million gallons as of the study term. The overall average peak-weather day tally translates to 530 gallons for every resident and 1,182 gallons for every occupied housing unit during the affected 60 months. This measurement has increased overall

during the study period by 64.80%. A full breakdown of peak-day flows follows.

<b>CSD No. 2: Peak Day Flows</b>				
Table ***   Source: Marin LAFCO and CSD No. 2				
Year	Peak Day System Total	Gallon Per Resident	Gallon Per Housing Unit	Peaking Factor
2010	5.37 mg	548.6	1,231.6	4.13
2011	4.41 mg	455.6	1,019.9	4.01
2012	5.53 mg	564.6	1,260.5	4.61
2013	1.80 mg	183.6	408.8	1.80
2014	8.85 mg	896.3	1,989.8	7.38
<b>Average</b>	<b>5.19 mg</b>	<b>529.8</b>	<b>1,182.1</b>	<b>4.72</b>
<b>Trend</b>	<b>64.80%</b>	<b>63.43%</b>	<b>61.56%</b>	<b>78.5%</b>

“mg” refers to million gallons

### Projected Measurements / Wastewater Collection System Flows

Going forward – and specifically for purposes of this study – it appears reasonable to assume CSD No. 2’s wastewater flows will follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall increase in annual wastewater flows of 21.0 million gallons over the succeeding 10-year period finishing in 2024; a difference of 4.64% or 0.46% annually. This projection differs from CSD No. 2’s overall annual flows decrease incurred during the study period. It is also estimated – in using regression analysis - the system’s peak-day flows will ultimately increase over the succeeding 10-year period by 1.04 million gallons or 11.79% and resulting in a peaking factor of 7.6; the latter representing a rise in peak day flows relative to average day amounts by one-fourth. The following table summarizes these and related projection flows through 2024.

The Commission independently estimates CSD No. 2’s annual wastewater demands will reserve course and increase over the succeeding 10-year period at an average rate of 0.46%. This will result in the average day demand equaling 1.3 million gallons in 2024.

<b>CSD No. 2: Projected Wastewater Flows</b>					
Table ***   Source: Marin LAFCO and CSD No. 2					
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows
2014	452.6 mg	1.24 mg	0.93 mg	1.55 mg	8.9 mg
2015	445.6 mg	1.22 mg	0.95 mg	1.50 mg	7.1 mg
2016	448.7 mg	1.23 mg	0.95 mg	1.51 mg	7.4 mg
2017	451.8 mg	1.24 mg	0.95 mg	1.53 mg	7.7 mg
2018	454.9 mg	1.25 mg	0.95 mg	1.55 mg	8.0 mg
2019	458.0 mg	1.25 mg	0.95 mg	1.56 mg	8.3 mg
2020	461.1 mg	1.26 mg	0.95 mg	1.58 mg	8.6 mg
2021	464.2 mg	1.27 mg	0.95 mg	1.60 mg	8.9 mg
2022	467.3 mg	1.28 mg	0.95 mg	1.61 mg	9.3 mg
2023	470.5 mg	1.29 mg	0.95 mg	1.63 mg	9.6 mg
2024	473.6 mg	1.30 mg	0.96 mg	1.65 mg	9.9 mg
<b>Average Trend</b>	<b>459.6 mg 4.64%</b>	<b>1.26 mg 4.64%</b>	<b>0.95 mg 2.75%</b>	<b>1.57 mg 6.33%</b>	<b>8.5 mg 11.79%</b>

## Capacity

### Constraints / Contractual Provisions

As referenced, CSD No. 2 contracts with CMSA to provide treatment and disposal services for all collected wastewater services generated within the District. This contract was established in 1979 with CMSA’s treatment facility going online in 1984. The current contract does not establish any limitations or related constraints on total volume of wastewater conveyed to CMSA by CSD No. 2 or any of the other members.

CSD No. 2 is under no contractual constraints with respect the volume of wastewater the District conveys to CMSA for treatment and disposal.

### Constraints / Infrastructure and Facilities

Capacity within CSD No. 2 is premised on an approximate 49-mile collection system divided between 44 and 5 miles of gravity and force lines, respectively. The percentage of forced mains to gravity flow pipelines for the most recent study period year was 12%, and increased by 33.3% during the 60-month study period.

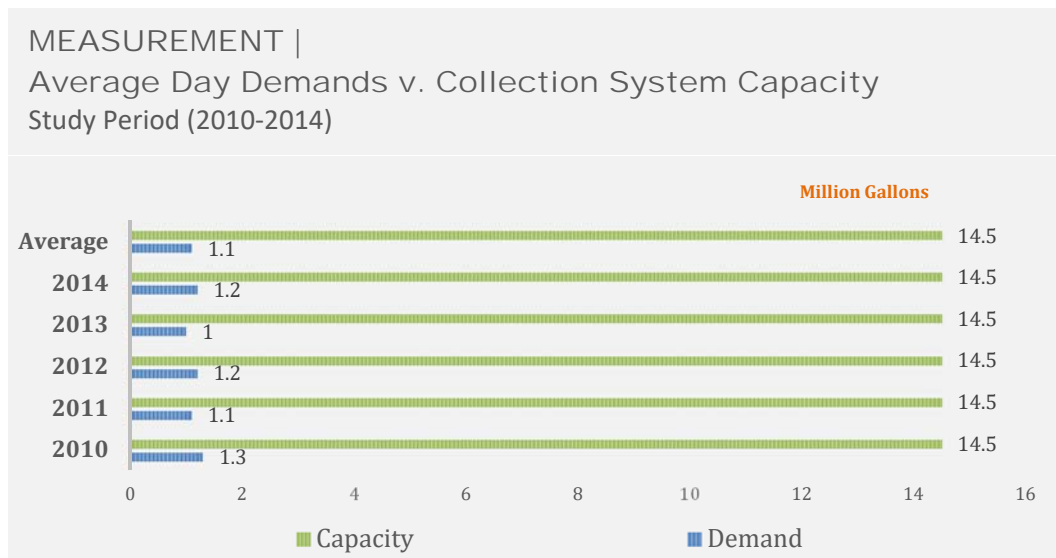
CSD No. 2’s collection system’s daily capacity to convey flows to CMSA is estimated at 14.5 million gallons.

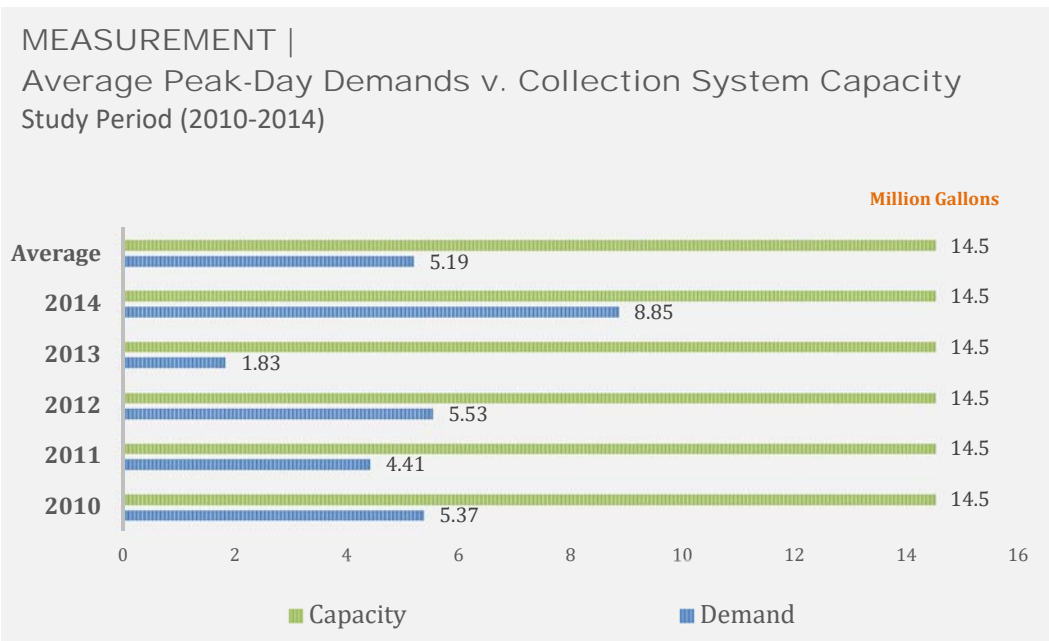
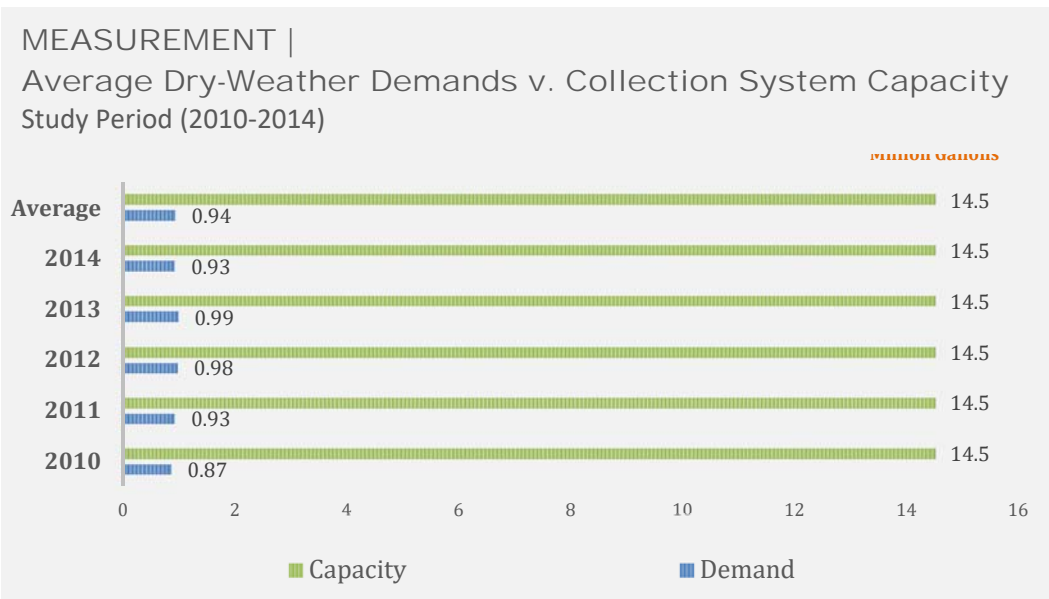
CSD No. 2 has 14 lift stations and 5 force mains. The majority of the gravity lines are less than eight inches in size and supported by 19 strategically placed public pump stations that ultimately convey flows north to the Paradise Force Main, which is 22

inches in size and continues through the 54-inch Ross Valley Interceptor for subsequent treatment and disposal services. This central force main is directly supported by its own pump station (Paradise) that is powered by five pumps with design capacities ranging from 1,500 (two pumps) to 4,250 (three pumps) gallons per minute. The operational capacity within the central force main is set at 14.5 million gallons per day and is estimated on the peak capacity of the Paradise Pump Station. For purposes of this review, this reported amount – 14.5 million gallons – is deemed the maximum daily capacity of the collection system.

### ***Demand to Capacity Relationships***

Study period flows averages show CSD No. 2 has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 7.6% of the collection system capacity. Average dry-weather demands during the same period tally 6.5% of the collection system capacity. Average peak-day demands represent the biggest tax on the collection system and account over the study period to equal 35.8% of the collection system capacity. None of the ratios are expected to significantly and adversely change over the succeeding 10-year period with the quasi exception of peak-day demands, which are projected to reach 58.6% capacity by 2024.





## Performance

### Measurement / Sanitary Sewer Overflows

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The State Water Resources Control Board (SWRCB) requires all public agencies that own or operate sanitary collection systems that are one mile or more in length and convey to a public owned treatment facility comply with the reporting requirements codified in Order No. 2006-0003. This order mandates all subject agencies to develop and implement a system-specific sewer system management plan that includes a spill response plan as well as requiring immediately reporting to the SWRCB of all sanitary sewer overflows, or SSOs. The ultimate purpose of the SSO reporting process is to provide a uniform means to evaluate system reliability, source control, and operation and maintenance of wastewater systems in California. SSOs are defined as any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system, and include any of the following occurrences:

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;
- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States; and
- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

CSD No. 2 experience relatively few SSOs during the study period with the actual total tallying eight with an associated spill volume of 222 gallons. The majority of the SSOs during the study period were classified by the SWRCB as a Category 3, a spill of less than 1,000 gallons to not reach the surface water. CSD No. 2 experienced two SSOs classified as a Category 1 in which wastewater reached the surface water with the potential of threatening public safety and environmental health. The average response time for SSOs during the study period was less than 30 minutes and as fast as seven-minutes, providing adequate time for appropriate response actions, based on the

CSD No. 2 experienced 8 total SSOs during the five-year study period, and involved the unauthorized overflow of 222 gallons.

District’s policies. A review of each accompanying report incident suggests the main factors resulting in discharges were from roots and debris, with 6.7% of SSOs caused by fats, oil and grease (FOG) and 13.3% due to structural issues. There were no repeat SSO occurrences.

<b>CSD No. 2: Sanitary Sewer Overflows</b>								
Table ***   Source: SWRQB								
Year	Category 1		Category 2		Category 3		Total	
	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons	Overflows	Gallons
2010	0	0	0	0	5	170	5	170
2011	0	0	0	0	1	15	1	15
2012	0	0	0	0	1	5	1	5
2013	2	22	0	0	0	0	2	22
2014	0	0	0	0	0	0	0	0
	<b>2</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>190</b>	<b>8</b>	<b>222</b>

### Measurement / System Maintenance

System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault, so an asset can be restored to its operational condition. Preventative maintenance, conversely, is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

#### Corrective Maintenance

CSD No. 2’s corrective maintenance is noted in the number of district service calls received to resolve, correct or assist a particular situation. During the entire 60-month study period this number was 9. The District reported no service calls for the last term (2014). According to CSD No. 2, all of the 9 calls reported were placed to notify the District of a public SSO.

<b>CSD No. 2: Number of District Service Calls</b>					
Table ***   Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
General	0	0	0	0	0
Public SSO	5	1	1	2	0
Private SSO	0	0	0	0	0
Odor Complaints	0	0	0	0	0
Noise Complaints	0	0	0	0	0
Pump Station Alarms	0	0	0	0	0
Non-District Incidents	0	0	0	0	0
	<b>5</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>



### Preventive Maintenance

CSD No. 2’s preventative maintenance was reported in its planned cleaning activities during the 60-month study period, which averaged to 91% of all planned work orders completed. CSD No. 2 reports inspections are overseen by outside contractors and follow the protocols specified by the National Association of Sewer Service Companies

PLANNED <u>CLEANING</u> ACTIVITIES COMPLETED		
Year	Planned Feet	Actual Feet
2010	90,277	90,277
2011	141,801	130,918
2012	125,311	121,635
2013	136,825	132,176
2014	133,595	130,060
2010	128,194	129,758
<b>TOTAL</b>	<b>228,840</b>	<b>207,162</b>
<b>Planned Work Orders Completed</b>		<b>91%</b>

Pipeline Assessment & Certification Program. The District attempts to clean the entire 44-mile gravity sewer system every 18-24 months, with specific portions of the system cleaned between 3 to 6 month intervals. CSD No. 2 reports all pump stations are checked daily and emergency or routine repairs are performed by staff or a contractor. No pump stations failed during the 60-month study period.

CSD No. 2 uses a database of recurrent grease buildups in which a three-month priority maintenance schedule is implemented for flushing or rodding the sewer lines. CSD No. 2 utilizes closed-circuit televising (CCTV) to verify causes of grease problems as part of its rehabilitation plan, and modifications are made once information on the causes are received to make repairs

PLANNED <u>LINE REPLACEMENT</u> COMPLETED		
Year	Planned Feet	Actual Feet
2010	3,600	156
2011	19,000	16,089
2012	22,300	7,305
2013	13,900	0
2014	17,424	17,645
<b>TOTAL</b>	<b>90,324</b>	<b>47,357</b>
<b>Planned Work Orders Completed</b>		<b>52%</b>

and minimize grease-related SSOs. CSD No. 2 provides public outreach in the form of flyers or newsletters to inform its service customers to keep FOGs out of the sewer system. Overall, the agency experienced a total of 30 blocked sewer pipes every 100 miles during the study period in which none were repeats. CSD No. 2 is currently working on developing a rehabilitation and replacement plan to identify and prioritize rehabilitation efforts to address system deficiencies, which would include TV inspections, conditional ranking of sewer lines, and rehabilitation scheduling that focuses on at risk or frequent blocked pipes. The level of infrastructure reinvestment

the District achieved during the entire study period came in at 52% byway completing 47,357 feet of the planned 90,324 feet of line replacement.

### **Charges and Fees**

CSD No. 2 bills one fee to its customers in recovering the District’s wastewater service costs. The fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted treatment/disposal expenses. All residential customers are billed \$500 for each unit.<sup>10</sup> Non-residential users are charged a user fee based on an estimated flow usage. The user fee was last updated in 2015. There are no voter approved special assessments.<sup>11</sup>

Most single-family customers in CSD No. 2 currently pay \$500 a year for wastewater services. An additional \$500 charge applies for every additional unit.

## **AGENCIES FINANCES**

### **Financial Statements**

CSD No. 2 contracts with an outside accounting firm (Cropper Accountancy Corporation) to prepare an annual report for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting CSD No. 2’s statements with respect to verifying overall assets, liabilities, and equity as stated in a balance sheet. These audited statements provide the Commission with provide quantitative measurements in assessing CSD No. 2’s short and long-term fiscal health.

<sup>10</sup> This includes a \$2.00 processing fee.

<sup>11</sup> A dual connection fee is also collected in step with initiating new services. The connection fee presently totals \$7,966 for each residential connection and divided between 26% (\$2,103) going to cover the buy-in costs to the collection system and 74% (\$5,863) to cover the buy-in costs to the treatment/disposal facilities operated by CMSA. The connection fee for non-residential users may also include additional charges tallying up to \$1,224 per connection.

CSD No. 2’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and downturn change over the prior fiscal year as its overall equity or fund balance decreased by (8.04%)% from \$21.137 to \$19.438 million. Underlying this most recent change is the result of CSD No. 2 booking a legal settlement with a private property owner over a sewer spill. A summary of year-end totals and trends therein over the study period less 2009-2010 follows.

2013-2014 Financial Statements	
Assets	\$21.785 m
Liabilities	\$2.346 m
Equity	\$19.438 m

### Agency Assets

CSD No. 2’s audited assets at the end of 2013-2014 totaled \$21.785 million; an amount more than 4% higher than the average sum generated over the course of the study period’s prior four years (2009-2010 was not reviewed). Assets classified as current with the expectation they could be liquidated within a year represented nearly one-fourth of the total amount with the majority tied to cash and investments, and have increased by 26.41% over the corresponding 48 months. Assets classified as non-current represented the remaining three-fourths with the largest portion associated with utility infrastructure and have decreased by (1.21%).

CSD No. 2 Assets   Study Period							
Table ***   Source: CSD No. 2							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	4.207	4.526	5.109	5.317	26.41%	4.790
Non-Current	n/a	16.669	16.141	16.292	16.467	(1.21%)	16.392
	n/a	20.876	20.668	21.401	21.785	4.35%	21.183

amounts in millions

### Agency Liabilities

CSD No. 2’s audited liabilities at the end of 2013-2014 totaled \$2.346 million; an amount that represents a collective increase of more than four-fold – or 482.98% – over the study period’s 48 month period. Current liabilities representing obligations owed in the near-term account for the entire amount and generally tied as of the study term to a legal settlement payment with the remainder involving accounts payable. CSD No. 2 booked no long-term liabilities throughout the 48 month period.

<b>CSD No. 2 Liabilities   Study Period</b>							
Table ***   Source: CSD No. 2							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	0.402	0.471	0.264	2.346	482.98%	0.871
Non-Current	n/a	0.0	0.0	0.0	0.0	0.0	0.0
		<b>0.402</b>	<b>0.471</b>	<b>0.264</b>	<b>2.346</b>	<b>482.98%</b>	<b>0.871</b>

amounts in millions

### Agency Equity / Net Assets

CSD No. 2’s audited equity / net assets at the end of 2013-2014 totaled \$19.438 million and represent the difference between the District’s total assets and total liabilities. This referenced amount has decreased by (5.06%) over the 48 month period and primarily attributed to margin losses and highlighted therein in the most recent term year. The ending equity amount includes \$3.235 million in unrestricted funds and translates to a per capita reserve ratio of \$328 based on an estimated resident population of 9,874.

CSD No. 2’s net assets have decreased by (5.06%) over the study period. The unrestricted fund balance as of the study term total of \$3.235 million equates to a per capita reserve ratio of \$328.

<b>CSD No. 2 Equity   Study Period</b>							
Table ***   Source: CSD No. 2							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	n/a	3.843	4.093	4.883	3.235	(15.82%)	4.013
Restricted (Capital)	n/a	16.630	16.103	16.254	16.202	(2.57%)	16.297
	<b>n/a</b>	<b>20.473</b>	<b>20.196</b>	<b>21.137</b>	<b>19.438</b>	<b>(5.06%)</b>	<b>20.311</b>


amounts in millions

### Measurements / Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by CSD No. 2 covering four of the five years comprising the study period and specifically fiscal years 2010-11 through 2013-2014 shows the District finished each year in relatively good health with respect to liquidity and capital. This includes CSD No. 2 finishing the study period with an estimated current ratio of over 2 to 1 and the net effect of having more than double the amount of available cash resources to cover near-term debt. Similarly CSD No. 2 finished the study period with over 17 months – or 524 days – of cash on hand to cover

daily operating expenses. Further CSD No. 2 finished with a modest portion of its assets – 10.77% – being financed by debt and as such has relatively high capital potential to assume new debt obligations. Conversely margin measurements show CSD No. 2 have generally fallen short with respect to achieving profit. Total margin – i.e., all revenues and expenses – experienced an average loss of (2.34%) over the study period while operating margin – i.e., only operational revenues and expenses – averaged a larger loss of (65.36%). Last, and with respect to structure, CSD No. 2’s earned income ratio averaged a relatively low 54.80%, and as such shows almost half of the District’s annual revenue is tied to things other than direct service fees. A summary of year-end liquidity, capital, margin, and structure ratios are show in the following table.

<b>CSD No. 2: Financial Measurements   Study Period</b>						
Table ***   Source: CSD No. 2 Financials and Marin LAFCO						
<b>Fiscal Years</b>	<b>Current Ratio</b>	<b>Days' Cash</b>	<b>Debt Ratio</b>	<b>Total Margin</b>	<b>Operating Margin</b>	<b>Earned Income Ratio</b>
2009-2010	n/a	n/a	n/a	n/a	n/a	n/a
2010-2011	10.45 to 1	422.96	1.93%	10.20%	(58.58%)	56.45%
2011-2012	9.60 to 1	378.05	2.28%	(5.20%)	(85.96%)	56.23%
2012-2013	19.35 to 1	550.50	1.23%	16.29%	(51.97%)	52.73%
2013-2014	2.27 to 1	523.80	10.77%	(30.65%)	(64.93%)	53.81%
<b>Average</b>	<b>10.41 to 1</b>	<b>468.83</b>	<b>4.05%</b>	<b>(2.34%)</b>	<b>(65.36%)</b>	<b>54.80%</b>
<b>Trend</b>	<b>(78.32%)</b>	<b>23.84%</b>	<b>458.66%</b>	<b>(400.35%)</b>	<b>10.83%</b>	<b>(4.67%)</b>



**Liquidity      Capital      Margin      Structure**

**Notes**

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and reoccurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from user fees for services. Higher is better for enterprise agencies.

## Pension Obligations

CSD No. 2 through the Town of Corte Madera provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This



pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed “Category One” while employees hired afterwards are termed “Category Two.” Additional details of the pension program based on actuarial valuations issued by CalPERS follows.

### Participants | Pension Formulas

As of the study period’s term (2014) there are a total of 149 participants within Corte Madera’s miscellaneous (non-public safety) pension program. This total amount – which represents an overall decrease of (1%) in participants since 2012 – is further divided between enrollee type (i.e.,

Most Corte Madera employees receive one of two types of defined pensions based on either a 2.5 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

active, separated, transferred, retired) and marked by a worker-to- retiree ratio of 0.4 to 1 as of the study term. Category One participants represent 99% – or 148 – of the total program enrollees and are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.5 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 50% of their highest one year of salary beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest one year of salary beginning at age 55 and continuing each year thereafter. Category Two participants’ account for the remaining 1% of the total program enrollee amount as of the study period’s term and are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and continuing annually thereafter.

<b>Corte Madera’s Pension Enrollee Information   Miscellaneous</b>					
Table ***   Source: CalPERS and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	n/a	n/a	33	30	31
Transferred	n/a	n/a	23	18	17
Separated	n/a	n/a	16	18	16
Retired	n/a	n/a	79	83	85
<b>Total Enrollees</b>	<b>n/a</b>	<b>n/a</b>	<b>151</b>	<b>149</b>	<b>149</b>
<b>Worker-to-Retiree Ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>0.42 to 1</b>	<b>0.36 to 1</b>	<b>0.36 to 1</b>

### Annual Contributions

Corte Madera’s total annual pension contributions as of the study period’s term tallied \$1.591 million. This amount represents an overall increase over the five-year study period of 1% and is significantly less than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>12</sup> The most recent annual pension contribution by Corte Madera for the study period marked 64% of the Town’s total annual payroll for the corresponding fiscal year (2013-2014).<sup>13</sup>

Corte Madera’s pension contributions have increased by 1% over the five-year study period, and as of 2013-2014 account for 64% of total payroll.

<b>Corte Madera’s Pension Contributions   Miscellaneous</b>				
Table ***   Source: CalPERS and Marin LAFCO				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$1,577,757	\$1,502,381	\$1,734,141	\$1,420,037	\$1,591,599
<b>Five-Year Average</b>				<b>\$1,565,183</b>
<b>Five-Year Trend</b>				<b>0.88%</b>

### Funded Status

Corte Madera’s unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$6.083 million and as such represented 188% of the Town’s unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 76% based on market value. It also reflects an overall improvement of 7% over the preceding four-year period.<sup>14</sup>

Corte Madera’s unfunded pension liability has decreased over the last four years of the study period by (2%) and ended the term at \$6.083 million; the equivalent of a 76.44% funded ratio.

<sup>12</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.  
<sup>13</sup> Corte Madera’s covered annual payroll in 2013-2014 totaled \$2.488 million.  
<sup>14</sup> Pension information for 2009-2010 is not available.

<b>Corte Madera's Pension Trends   Miscellaneous</b>		
Table ***   Source: CalPERS and Marin LAFCO		
	<b>Unfunded Liability</b>	<b>Funded Ratio</b>
2009-2010	n/a	n/a
2010-2011	\$6,191,083	71.52%
2011-2012	\$7,233,572	67.72%
2012-2013	\$6,495,434	72.24%
2013-2014	\$6,083,058	76.44%
<b>Four-Year Average</b>	<b>\$6,500,786</b>	<b>71.98%</b>
<b>Four-Year Trend</b>	<b>(1.74%)</b>	<b>6.88%</b>

Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).

### Revenue to Expense Trends

A review of CSD No. 2's actual revenues and expenses during the study period and specific to fiscal years 2010-11 to 2013-2014 shows a fluctuating budget structure in which significant surpluses and deficits were generated each year. Overall actual expenses outpaced actual revenues over the 48 month period by (2.3%) with the former averaging \$5.608 million compared to the latter averaging \$5.484 million. The referenced budget gap has also been widening with the growth rate of actual expenses increasing 10 to 1 over the growth rate of actual revenues with maintenance costs leading the overall rise.

On average CSD No. 2's annual revenue totals have fallen short of annual expense totals by (2.26%) over the last four years of the study period. This gap is also increasing relative to the last 48 months on a 10 to 1 ratio.

CSD No. 2's annual budget reflects six distinct categories within both its revenue and expense ledgers. With respect to revenue categories sewer service charges and property taxes collectively average nearly all CSD No. 2 income totals for the 48 month period at 54.75% and 42.48%, respectively. The remaining amount is generally tied to collection fees and interest earned on investments. Comparatively –

- Top Revenue Categories:**
- 1) Sewer Charges @ 54.8%
  - 2) Property Taxes @ 42.5%
- Top Expense Categories**
- 1) CMSA Contract @ 28.6%
  - 2) Collection System @ 25.9%

and with respect to expenses – payment to CMSA for treatment and disposal services and CSD No. 2's own costs to maintain the collection system make up more than one-half of all expenditures with period averages at 28.60% and 25.85%, respectively. The



remainder of expenditures have been drawn from depreciation, administration, and pump station costs.

<b>CSD No. 2 Actual Revenue Trends   Study Period</b>								
Table ***   Source: CSD No. 2 Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	% of
	2010	2011	2012	2013	2014			
Sewer Charges	n/a	2.983	2.998	3.044	2.983	0.01%	3.002	54.75%
Property Taxes	n/a	2.260	2.282	2.307	2.469	9.25%	2.329	42.48%
Connection Fees	n/a	0.002	8.412	0.361	0.042	>1000%	0.103	1.89%
Interest Earnings	n/a	0.014	0.009	0.021	0.009	(33.24%)	0.013	0.25%
Other	n/a	0.024	0.033	0.038	0.039	62.50%	0.033	0.63%
<b>Totals</b>	<b>n/a</b>	<b>5.285</b>	<b>5.332</b>	<b>5.773</b>	<b>5.544</b>	<b>4.91%</b>	<b>5.484</b>	<b>100%</b>

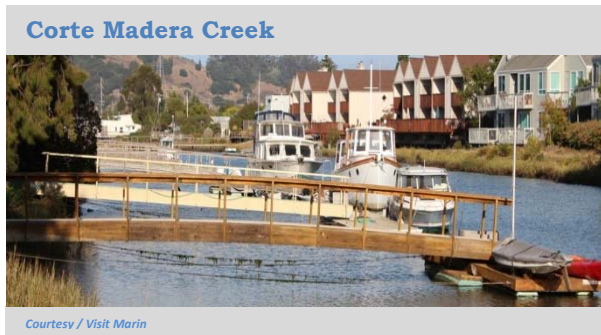
<b>CSD No. 2 Actual Expense Trends   Study Period</b>								
Table ***   Source: CSD No. 2 Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	% of
	2010	2011	2012	2013	2014			
CMSA	n/a	1.617	1.696	1.568	1.531	(5.29%)	1.603	28.60%
Collection System	n/a	1.293	1.924	1.106	1.473	13.90%	1.449	25.85%
Depreciation	n/a	1.113	1.238	1.275	1.256	12.89%	1.221	21.77%
Administration	n/a	0.404	0.452	0.567	0.421	4.10%	0.461	8.23%
Pump Stations	n/a	0.314	0.296	0.314	0.279	(11.34%)	0.301	5.37%
Other	n/a	0.002	0.001	0.0	2.281	>1000%	0.571	10.18%
<b>Totals</b>	<b>n/a</b>	<b>4.745</b>	<b>5.609 m</b>	<b>4.833 m</b>	<b>7.243</b>	<b>52.63%</b>	<b>5.608</b>	<b>100%</b>

<b>Net</b>	<b>n/a</b>	<b>0.539</b>	<b>(0.277)</b>	<b>0.940</b>	<b>(1.699)</b>
		<b>10.20%</b>	<b>(5.20%)</b>	<b>16.29%</b>	<b>(30.65%)</b>

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## OVERVIEW

The Central Marin Sanitation Agency (CMSA) formed in 1979 to provide wastewater treatment and disposal services on behalf of its four-member agencies located in east-central Marin County. The four-member agencies are County Sanitation District No. 1, County Sanitation



District No. 2, San Rafael Sanitation District, and City of Larkspur. Governance is provided dependently by a six-person commission whose members are appointed and serve at the discretion of the appointing member agency. CMSA's contracted service area – which is the sum of its four-member agencies' jurisdictional boundaries – spans approximately 36.3 square miles and overlaps nine land use authorities with the County of Marin's unincorporated area accounting for 40% of all acreage. The remainder of CSMA's contracted service area in terms of land use authorities is divided by the City of San Rafael at 19%, City of San Anselmo at 15%, Town of Fairfax at 12%, Town of Corte Madera at 6%, Town of Ross at 4%, City of Larkspur at 3%, Town of Tiburon at 2%, and the City of Mill Valley at less than 1%.

CMSA is organized as a legally autonomous joint-powers authority (JPA) with the delegated powers from its four-member agencies to collect, treat, reclaim, and dispose of wastewater generated within the contracted service area. CSMA may provide additional municipal services so long as the subject services are authorized active powers of each of the member agencies and delegated therein. CMSA maintains its own employees with responsibilities headlined by managing a wastewater treatment and disposal facilities located in San Rafael along the North San Quentin Point. CMSA is also contracted by the State of California to treat and dispose wastewater received from nearby San Quentin State and therein also from the San Quentin Village Sewer Maintenance District. CMSA's adopted operating budget was \$10.082 million and with funding dedicated for the equivalent of 41 employees as of the study term (2014). The unrestricted fund balance was \$14.201 million with an associated days-cash ratio

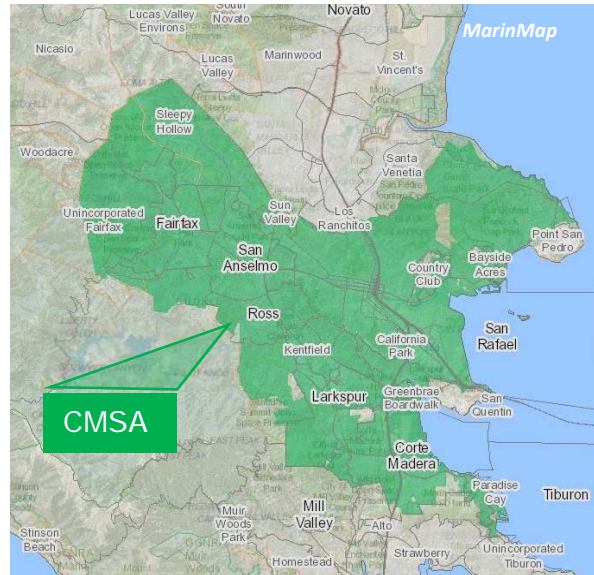
totaling 448; i.e., the amount of cash on hand to cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within CMSA’s contracted service area is 95,428 as of the term of the study term.<sup>1</sup> It is also projected CMSA’s contracted service area population growth rate over the five-year study period has averaged 0.61% annually. Overall it is also estimated by the Commission that nearly three-fourths of the contracted service boundary within the four member-agencies has been developed and or improved – though not necessarily at the highest density. This means the remaining one-fourth of the contracted service area remains entirely undeveloped with 1,596 existing unbuilt and privately owned parcels zoned for some type of urban use by one of the land use authorities.<sup>2</sup>

<b>Central Marin Sanitary Agency</b>	
Formation Date:	1979
Principal Act:	Government Code Sections 6500 et seq.
Service Categories:	Wastewater Treatment and Disposal
Service Population	95,428
Governance Type:	Dependent

## COMMUNITY DEVELOPMENT

CMSA’s contracted service area began its collective transition from agrarian to urban development starting in the late 1800s and most intensely experienced in San Rafael. This transition was marked by the population within the affected communities nearly doubling from 6,274 in 1900 to 10,993 in 1920; a net change of 75% or 3.76% annually over the 20-year period. Increasing accessibility to the region as a result of transportation investments coupled with comparatively cheap land prices



<sup>1</sup> The resident estimate includes the design housing capacity at San Quentin State Prison of 4,000.

<sup>2</sup> Additional analysis is needed to assess the actual development potential of the 1,596 unbuilt parcels.

maintained and advanced the development of the affected communities heading towards mid-century with the estimated combined population reaching 20,968 by 1940; a net change of 92% or 4.59 annually over the preceding 20-year period.

In step with the ongoing development of the east-central region heading into the 1950s four separate wastewater agencies had been formed to handle the collection and disposal of sanitary flows for the affected communities. These four agencies – County Sanitary District No. 1, County Sanitary District No. 2, San Rafael Sanitation District, and the City of Larkspur – were all operating their own collection systems. Two of these agencies – County Sanitary District No. 2 and City of Larkspur contracted with County Sanitary District No. 1 to provide treatment and disposal of wastewater at the latter agency’s Larkspur Landing Facility. San Rafael Sanitation District owned and operated its own two treatment plants.

CSMA’s future service area experienced a new level of growth and development following the transition into the second half of the 20<sup>th</sup> Century as the estimated population within the affected communities more than tripled between 1940 and 1970 with the latter amount tallying an estimated 81,362 and representing an average annual change of 9.60% over the preceding 30-year period. This surge in new growth coupled with increasing regulatory controls on wastewater discharges into open water bodies beginning in the late 1960s and into the early 1970s proved seminal in leading to the eventual creation of CSMA. Markedly, these new regulations included the Clean Water Act of 1972 and the resulting permit program known as the National Pollutant Discharge Elimination System (NPDES) aimed at regulating the treatment of wastewater discharges into surface waters. This legislation also – and in support of California’s own legislative version – provided a funding mechanism for local agencies to receive monies to construct the necessary facilities in fulfilling the new regulations and highlighted by requiring all discharges meet enhanced secondary standards.

## FORMATION PROCEEDINGS

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The formation of CMSA was established in 1979 and upon the approving resolutions enacted by all four member agencies' boards/councils: County Sanitary District No. 1; County Sanitary District No. 2; San Rafael Sanitation District, and the City of Larkspur. The formation proceedings immediately preceded CSMA applying and receiving grant money to construct and operate a new regional wastewater treatment facility on the north side of San Quentin Point.

## POST-FORMATION PROCEEDINGS

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A summary of notable activities undertaken by CSMA and/or affecting the agency's contracted service area following formation in 1979 is provided below.

- CSMA completes construction on a new regional wastewater treatment facility and begins receiving sanitary flows from its member agencies in January 1985. The facility was constructed at a cost of \$84 million with approximately 80% being funded by federal and state grant monies.
- CMSA completed a planned expansion of the treatment facility to expand the total daily capacity during wet-month periods from 90 to 125 million gallons in 2010.

## COMMISSION BOUNDARIES | SERVICE AREAS

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The Commission has not established a jurisdictional boundary or sphere of influence to CSMA given the agency's formation as a JPA; only cities, towns, and special districts are directly overseen by LAFCOs under current State law.

### Contracted Service Area

CMSA’s service area is statutorily tied to matching its four-member agencies’ jurisdictional boundaries, and as such spans approximately 36.3 square miles in size and covers 23,246 total acres (parcels, right-of-ways, water bodies). Nine land use authorities overlap the service area. The County of Marin is the predominant land use authority and accounts for an estimated 40% of CMSA’s service area. Another 19% of the service area falls under the land use authority of the City of Rafael. The remainder of the service area is divided among the land use authorities of San Anselmo at 15%, Fairfax at 12%, Corte Madera at 6%, Ross at 4%, Larkspur at 3%, Tiburon at 2%, and Mill Valley at less than 1%.

CMSA’s contracted service area spans 36.3 square miles and overlaps nine land use authorities with the County of Marin being the largest with the unincorporated area covering 40%.

Total assessed value (land and structure) within CMSA is calculated at \$25.196 billion and translates to a per acre value ratio of \$1.083 million. This former amount – \$25.196 billion – further represents a per capita value of \$0.264 million based on the estimated service population of 95,428. CMSA does not receive any property tax proceeds.

Assessed land values in CMSA’s contracted service area totals \$25.196 billion, and equates to a per capita share of \$0.264 million based on a service population of 95,428.

<b>CMSA Contracted Service Area Breakdown: Land Use Authorities</b>						
Table ***   Source: Marin LAFCO						
Agency	Assessor		Assessor		Total	Total
	Parcel Acres	Parcel Acres	% of Total	Assessor Parcels	Residential Units	
County of Marin	6,491		39.5	7,103		5,999
San Rafael	3,188		19.4	10,672		15,454
San Anselmo	2,440		14.9	5,482		6,279
Fairfax	1,904		11.6	3,173		3,900
Corte Madera	897		5.5	3,390		3,910
Ross	676		4.1	847		883
Larkspur	542		3.3	2,522		3,580
Tiburon	299		1.8	442		435
Mill Valley	1		0.0	1		0
	<b>16,441</b>		<b>100</b>	<b>33,632</b>		<b>40,440</b>

As provided in the preceding table there are overall 16,441 assessor parcels currently within CMSA’s contracted service area and collectively add up to 33,632 acres as of June 2016. Close to three-fourths – or 72% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 40,400 residential units and divided between single-family and multi-family on a 68% to 32% split. The remaining one-fourth plus – or 28% – of the current assessor parcel acreage is undeveloped/unimproved. This includes 1,596 un-built and privately owned assessor parcels that are zoned for some type of urban use by the subject land use authority.

Almost three-fourths of CMSA’s contracted service area has already been developed or improved – though not necessarily at its maximum density. This means the remaining one-fourth of the service area remains entirely undeveloped. This includes 1,596 un-built and privately owned parcels zoned for some type of urban use by the subject land use authority.

<b>CMSA Boundary Breakdown: Land Use Features</b>				
Table ***   Source: Marin LAFCO				
<b>% Parcel Acres Already Developed</b>	<b>Residential Built Units</b>	<b>% of Units Built as SFR</b>	<b>Unbuilt Private Parcels</b>	<b>Unbuilt Private Parcel Acres</b>
71.9	40,400	67.9	1,596	9,450

## DEMOGRAPHICS

### Population Estimates

CMSA’s resident population within its contracted service area is independently estimated by the Commission at 95,428 as of the term of the study. This projection – which is the sum of individual calculations performed for the member agencies along with taking into account San Quentin State Prison – represents 36.6% of the estimated countywide population. It is also projected CMSA has experienced an overall growth rate of 3.03% over the

LAFCO estimates there are 95,428 total residents within CMSA’s contracted service area that are explicitly served by the District’s wastewater treatment system as of the term of the study. It is further estimated CMSA has experienced an overall population increase of 2,805 over the preceding five-year period.



preceding five-year period or 0.61% annually; all of which generated an estimated net add of 2,805 persons. This projected increase has been generated by the addition of an estimated 934 new occupied housing units within the contracted service area as well as aided by an intensification of household sizes over the span of the five-year period starting at 2.39 in 2010 and ending at 2.41 in 2014; the latter being a net intensity increase of 0.89%.

<b>CMSA Resident Population: Past and Current Estimates</b>					
Table ***   Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
a) San Rafael Sanitation	39,381	39,191	39,906	40,192	40,744
b) County Sanitary District No. 1	39,454	39,261	39,974	40,259	40,809
c) County Sanitary District No. 2	9,788	9,680	9,794	9,802	9,874
d) San Quentin State Prison	4,000	4,000	4,000	4,000	4,000
<b>Estimated Population</b>	<b>92,623</b>	<b>92,132</b>	<b>93,674</b>	<b>94,253</b>	<b>95,428</b>

\* rounded for reporting purposes

\* County Sanitary District No. 1 and 2 collectively account for the City of Larkspur

With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate among CMSA’s member-agencies will generally match the preceding five-year period and produce an overall yearly population change of 0.61%. The substantive result of this assumption would be an overall increase in CMSA’s resident population of 5,977 and produce a total of 101,405 by 2024. This growth rate, similarly, would generate the addition of 2,569 new and occupied housing units within CMSA through 2024 assuming the preceding five-year average ratio of 2.41 persons for every one occupied housing unit holds. These collective projections are summarized below.

<b>CMSA Resident Population: Future Estimates</b>						
Table ***   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
<b>Estimated Population</b>	<b>95,428</b>	<b>96,592</b>	<b>97,771</b>	<b>98,966</b>	<b>100,178</b>	<b>101,405</b>
Occupied Housing Units	38,256	38,900	39,311	39,810	40,313	40,825
- residents to housing units	2.39	2.38	2.39	2.39	2.39	2.39

\* Estimated population totals include a flat 4,000 assignment each year for the San Quentin State Prison; this addition is excluded in calculating the residents to housing units’ ratio

## Residency Type

The Commission projects CMSA’s residential unit total (occupied and unoccupied) of 40,440 as of the study term is divided between single family and multi-family use at 67.9% (27,439) and 32.1% (13,001), respectively. These totals produce an estimated ratio of 2.1 to 1 with respect to single-family to multi-family units.

## Social and Economic Indicators

A review of recent demographic information covering the CMSA contracted service boundary for the study period shows fulltime residents’ economic and social standing generally matches countywide averages with certain notable exceptions. These exceptions include higher levels of unemployment and poverty rates within CMSA with both measurements having increased over the study period by more than 50%. CMSA residents were also more than three times more likely to work at home compared to countywide averages during the 60-month period. Nonetheless, the median household income as of the study period totaled \$93,647 and slightly above the countywide amount of \$91,529. Median age, commute time, and household tenure relative to Proposition 13 (1979) within CMSA all finished within comparable countywide amounts.

CMSA’s fulltime residents generally match countywide averages with respect most measured social and economic indicators, and highlighted by a similar median household income rate of \$93,647 generated during the study period. Nevertheless, certain distinctions exist and this includes CMSA experiencing increasingly higher rates of unemployment and poverty levels within its contracted service boundary with both referenced measurements increasing by more than one-half over the study period.

<b>CMSA: Resident Trends in Social and Economic Indicators</b>				
Table ***   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$92,009</b>	<b>\$93,647.63</b>	1.78%	<b>\$91,529</b>
Median Age	42.63	43.59	2.25%	45.10
Prime Working Age (25-64)	58.14%	57.75%	(0.66%)	55.28%
Unemployment Rate (Labor Force)	3.30%	5.25%	59.26%	4.70%
Persons Living Below Poverty Rate	7.34%	11.88%	61.84%	8.80%
Mean Travel to Work	27.21 min	29.03 min	6.71%	29.4 min
Working at Home (Labor Force)	8.59%	8.65%	0.71%	2.50%
Adults with Bachelor Degrees or Higher	54.38%	54.80%	0.77%	30.80%
Non English Speaking	26.66%	27.33%	2.51%	23.50%
Householder Pre Proposition 13 (1979)	15.28%	11.65%	(23.75%)	12.80%

\* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all census tracts underlying CMSA.

## ORGANIZATIONAL STRUCTURE

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### Governance

CMSA's governance authority is established under the Joint Exercise of Powers Act and codified under Government Code Section 6500 et seq. This legislation was functionally established in 1922 and authorizes two kinds of JPA arrangements: (a) two or more public agencies that jointly contract to exercise common service powers or (b) two or more public agencies that jointly contract to form a separate legal entity to provide common service powers.<sup>3</sup> CMSA has been formed under the latter category as a legally autonomous agency with the explicit delegation by its four-member agencies to construct and operate a new regional wastewater treatment facility on the north side of San Quentin Point. Further, and as provided under the enabling legislation, CMSA is authorized to do all of the following: make and enter contracts; employ agents and employees; acquire, construct, manage, maintain, or operate any buildings, works, or improvements; acquire, hold, or dispose of real properties; incur debts, liabilities, or obligations; and sue or be sued.

Governance of CMSA is provided by a six-member Commission whose members are appointed and serve at the discretion of the appointing member agency as provided under the JPA agreement. The largest members – County Sanitary District No. 1 and San Rafael Sanitation District – appoint two members each. County Sanitary District No. 2 and Larkspur appoint one member each. The Commission holds regular meetings on the 2<sup>nd</sup> Tuesday of each month at 7:00 p.m. at the CMSA Administrative Office located at 1301 Anderson Drive in San Rafael.



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<sup>3</sup> The legislation defines “public agency” broadly to include all of the following: federal government and including any department or agency therein; State government or any department or agency therein; counties; county boards of education; county superintendents of schools; cities; public districts; public corporations; regional transportation commissions; federally recognized Indian tribes; private nonprofit hospitals; mutual water companies; and any joint-power authorities.

Commissioners currently receive a meeting stipend of \$100. A current listing of CMSA Commissioners along with appointing authority and years served on the District follows.

<b>CMSA Commission Roster / As of November 1, 2016</b>			
Table ***   Source: CMSA			
<b>Member</b>	<b>Position</b>	<b>Appointing Authority</b>	<b>Years on Board</b>
Kathy Hartzell	Chair	City of Larkspur	6
Diane Furst	Vice Chair	County Sanitary District No. 2	2
Michael Boorstein	Commissioner	County Sanitary District No. 1	1
Al Boro	Commissioner	San Rafael Sanitation District	26
Maribeth Bushy	Commissioner	San Rafael Sanitation District	2
Thomas Gaffney	Commissioner	County Sanitary District No. 1	1
<b>Average Years of Commission Service</b>			<b>6.3</b>

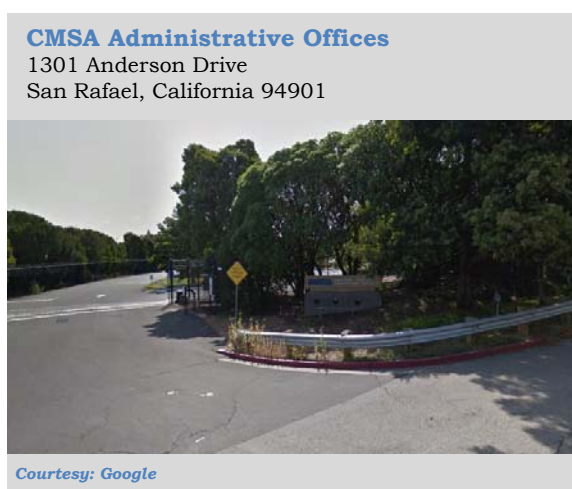
### **Mission Statement**

CMSA’s adopted mission statement:

“Central Marin Sanitation Agency will protect the environment and public health by providing wastewater, environmental, and resource recovery services of exceptional quality and value to its customers”

### **Administration**

CMSA appoints an at-will General Manager to oversee all agency operations. The current General Manager – Jason Dow – was appointed by the Commission in 2002 and is fulltime. The General Manager presently oversees 43 other full-time employees and this includes three senior management support positions: Administrative Services Manager; Technical Services Manager; and Treatment Plant Manager. CMSA contracts with the County for legal services through County Counsel.



## WASTEWATER SERVICES

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### Service Overview

CMSA provides treatment service for its four member agencies (RVSD, CSD No. 2, SRSD and City of Larkspur) as well as San Quentin State Prison and San Quentin Village. CMSA reports the average age of the treatment system is around 30 years and the expected lifespan of the current infrastructure

CMSA's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 23.6 years.

is approximately 25 years less subsequent improvements are made. The treatment facility was initially constructed in 1985 with most recent updates completed in 2014. Treated effluent is discharged into the San Francisco Bay through an approximate two-mile outfall pipeline. As of the study term CMSA's equipment replacement ratio – i.e., the number of years it would take the Agency to fully fund its depreciable capital asset inventory – is 23.6 years and has risen by 4.2% over the corresponding 60-month period.

### Recent Measurements / Wastewater Collection System Flows

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CMSA's average annual wastewater treatment demand generated over the study period as reported by the District has been approximately 4.286 billion gallons. This average amount, which serves as a macro overview of system demands, represents a daily average flow of 11.7 million gallons. It also translates to an estimated 125.5 gallons per day for each resident of its member agencies or 299.1 gallons per day for each occupied housing unit; it also represents 390.5 gallons per day for each service connection.

With respect to trends, annual demands within the five-year study period have shown an overall (14%) decrease in flows over the span of the affected 60-months. The high demand point for the treatment system during the study period occurred in 2010 with annual volume equaling 4.9 billion gallons. The high demand year translates to an estimated 146.1 per day for each resident of its member agencies or 353.8 gallons per

day for each occupied housing unit; and it also translates to 449.3 gallons per day for each service connection. A breakdown of annual and daily wastewater flows over the study period in relation to population and housing is shown below.

<b>CMSA: Recent Annual and Average Daily Treatment Flows Breakdown</b>							
Table ***   Source: Marin LAFCO and CMSA							
	2010	2011	2012	2013	2014	Average	Trend
Annual Flow	4,940 bg	4,350 bg	4,450 bg	3,440 bg	4,250 bg	4,286 bg	(14.0%)
Daily Average	13.5 mg	11.9 mg	12.2 mg	9.4 mg	11.6 mg	11.7 mg	(14.0%)
- Daily Avg Per Resident	146.1 gal	129.4 gal	130.2 gal	100.0 gal	122.0 gal	125.5 gal	(16.5%)
- Daily Avg Per Housing Unit	353.8 gal	306.4 gal	310.1 gal	236.7 gal	288.8 gal	299.1 gal	(18.4%)
- Daily Avg Per Connection	449.3 gal	397.7 gal	407.4 gal	312.0 gal	385.9 gal	390.5 gal	(14.1%)

*“bg” refers to billions gallons per day*  
*“mg” refers to millions gallons per day*  
*“gal” refers to gallons*

Along with average annual wastewater flow three other more micro measurements are tracked with respect to CMSA’s treatment system and provide additional context to assessing demand. These measurements are (a) dry-weather flow, (b) wet-weather flow, and (c) peak-day flow and summarized below.

### Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period has been 5.98 million gallons. This flow is typically recorded between July and September and most recently tallied 5.6 million gallons as of the study term. The overall average dry-weather tally translates to 63.9 gallons for every resident or 152.3 gallons for every occupied housing unit and 198.8 gallons per service connection during the affected 60 months. This measurement has decreased overall during the study period by (9.68%). A breakdown of dry-weather flows during the study period follows.

<b>CMSA: Recent Dry Weather Day Flows</b>				
Table ***   Source: Marin LAFCO and CMSA				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	6.2 mg	66.9 gallons	162.1 gallons	205.8 gallons
2011	6.2 mg	67.3 gallons	159.4 gallons	206.9 gallons
2012	6.1 mg	65.1 gallons	155.2 gallons	203.9 gallons
2013	5.8 mg	65.5 gallons	145.7 gallons	192.0 gallons
2014	5.6 mg	58.7 gallons	138.9 gallons	185.6 gallons
<b>Average</b>	<b>6.0 mg</b>	<b>63.9 gallons</b>	<b>152.3 gallons</b>	<b>198.8 gallons</b>
<b>Trend</b>	<b>(9.68%)</b>	<b>(12.33%)</b>	<b>(14.29%)</b>	<b>(9.82%)</b>

*“mg” refers to million gallons*

### Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period has been 17.8 million gallons. This flow typically is recorded between October and January and most recently tallied at 18.0 million gallons during the study term. The overall average wet-weather day tally translates to 188.7 gallons for every resident or 446.8 gallons for every occupied housing unit and 597.0 gallons for every service connection during the affected 60 months. This measurement has decreased during the study period by (15.22%). A breakdown of wet-weather flows during the study period follows.

<b>CMSA: Recent Wet Weather Day Flows</b>					
Table ***   Source: Marin LAFCO and CMSA					
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	
2010	21.2 mg	229.4 gallons	555.3 gallons	705.3 gallons	
2011	18.0 mg	195.0 gallons	461.9 gallons	599.5 gallons	
2012	18.6 mg	198.8 gallons	473.7 gallons	622.3 gallons	
2013	13.3 mg	141.2 gallons	334.4 gallons	440.7 gallons	
2014	18.0 mg	188.7 gallons	446.8 gallons	597.0 gallons	
<b>Average Trend</b>	<b>17.8 mg (15.22%)</b>	<b>190.6 gallons (17.71%)</b>	<b>454.4 gallons (19.55%)</b>	<b>592.9 gallons (15.35%)</b>	

### Peak- Day Flows

Average peak-day wastewater flows over the study period has been 50.3 million gallons producing a peak-factor relative to average day totals of 4.3. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 65.3 million gallons as of the study term. The average wet-weather peak day tally translates to 537.1 gallons for every resident or 1,280.2 gallons for every occupied housing unit; it also translates to 1,672.7 gallons for every service connection during the affected 60 months. This measurement has increased overall during the study period by 17.87%. A breakdown of peak-day flows during the study period follows.

<b>CMSA: Recent Peak Day Flows</b>					
Table ***   Source: Marin LAFCO and CMSA					
Year	Peak Day Total	Gallon Per Resident	Gallon Per Housing Unit	Gallon Per Connection	Peaking Factor
2010	55.4 mg	598.1	1,448.1	1,839.1	4.1
2011	50.6 mg	549.2	1,300.8	1,688.4	4.3
2012	63.6 mg	679.0	1,617.9	2,125.4	5.2
2013	16.5 mg	175.1	414.5	546.3	1.8
2014	65.3mg	684.3	1,619.8	2,164.3	5.6
<b>Average Trend</b>	<b>50.3 mg 17.87%</b>	<b>537.1 14.41%</b>	<b>1,280.2 11.86%</b>	<b>1,672.7 17.68%</b>	<b>4.3 37.2%</b>

## Projected Measurements / Wastewater Collection System Flows to Treatment Facility

Going forward – and specifically for purposes of this study – it appears reasonable to assume CMSA’s wastewater collection system flows will generally follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall decrease in annual wastewater flows of 356.6 million gallons over the succeeding 10-year period finishing in 2024; a difference of (8.60%) or (0.86%) annually. This projection continues CMSA’s overall annual flows decrease incurred during the study period, albeit at a deintensified rate relative to the study period over three-fold. It is also estimated – in using regression analysis - the system’s peak-day flows will ultimately increase over the succeeding 10-year period by 9.42 million gallons or 9.58% and resulting in a peaking factor of 9.9; the latter representing a rise in peak day flows relative to average day amounts by one-fifteenth. The following table summarizes these and related projection flows through 2024.

The Commission independently estimates CMSA’s annual wastewater demands will continue to decrease over the succeeding 10-year period at an average rate of (0.86%). This will result in the average day demand equaling 3.8 billion gallons in 2024; a net difference of 500.0 million gallons relative to the baseline year (2014).

<b>CMSA: Projected Wastewater Flows</b>						
Table ***   Source: Marin LAFCO and CMSA						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	4.3 bg	11.64 mg	5.60 mg	18.00 mg	98.3 mg	
2015	4.0 bg	10.98 mg	8.20 mg	13.74 mg	99.6 mg	
2016	3.9 bg	10.94 mg	8.01 mg	13.84 mg	101.8 mg	
2017	3.9 bg	10.91 mg	7.89 mg	13.90 mg	103.2 mg	
2018	3.9 bg	10.87 mg	7.70 mg	13.99 mg	105.4 mg	
2019	3.9 bg	10.84 mg	7.58 mg	14.06 mg	106.9 mg	
2020	3.9 bg	10.80 mg	7.38 mg	14.15 mg	109.1 mg	
2021	3.9 bg	10.77 mg	7.26 mg	14.22 mg	110.5 mg	
2022	3.8 bg	10.73 mg	7.06 mg	14.31 mg	112.8 mg	
2023	3.8 bg	10.70 mg	6.93 mg	14.38 mg	114.3 mg	
2024	3.8 bg	10.71 mg	7.00 mg	14.35 mg	113.5 mg	
<b>Average Trend</b>	<b>3.9 mg (8.60%)</b>	<b>10.82 mg (7.04%)</b>	<b>7.50 mg 33.95%</b>	<b>14.09 mg (21.70%)</b>	<b>107.72 mg 9.58%</b>	

“bg” refers to billions gallons per day  
“mg” refers to millions gallons per day



## Constraints / Contractual Provisions

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CMSA operates under the permit provisions of the California Regional Water Quality Control Board – San Francisco Bay Region (RWQCB) with respect to discharge allowances. This permit was most recently renewed on June 13, 2012 and extends through July

CMSA is prohibited from discharging more than 10.0 million gallons a day into San Francisco Bay between October and June.

31, 2017.<sup>4</sup> It authorizes CMSA to discharge secondary treated wastewater into San Francisco Bay byway of the Agency’s submerged outfall pipeline with a multi-port diffuser year round and up to 10.0 million gallons a day.<sup>5</sup> The permit allows influent above 30 million gallons per day to bypass secondary treatment for the portion of the flow above 30 million gallons and recombine the bypassed flows with secondary-treated flow to be disinfected and subsequently discharged into San Francisco Bay. The permit also stipulates CMSA shall not exceed 10.0 million gallons per day in average dry weather flow through the treatment facility.

## Constraints / Infrastructure and Facilities

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CMSA’s treatment facility has a hydraulic capacity of 155 million gallons and a treatment capacity of 125 million gallons, and fully meets the referenced capacity of the Agency’s associated member agencies’ tributary collection systems. When flows exceed 30 million gallons per day of the treatment capacity for the District’s secondary system, CMSA blends partially-treated effluent during wet-weather

CMSA treatment system’s daily capacity is 125 million gallons with the emergency ability to accommodate an additional 7.2 million gallons through storage facilities.

events as allowed by its NPDES permit. CMSA also retains an effluent storage pond with the ability to hold 7.2 million gallons of disinfected wastewater under due to

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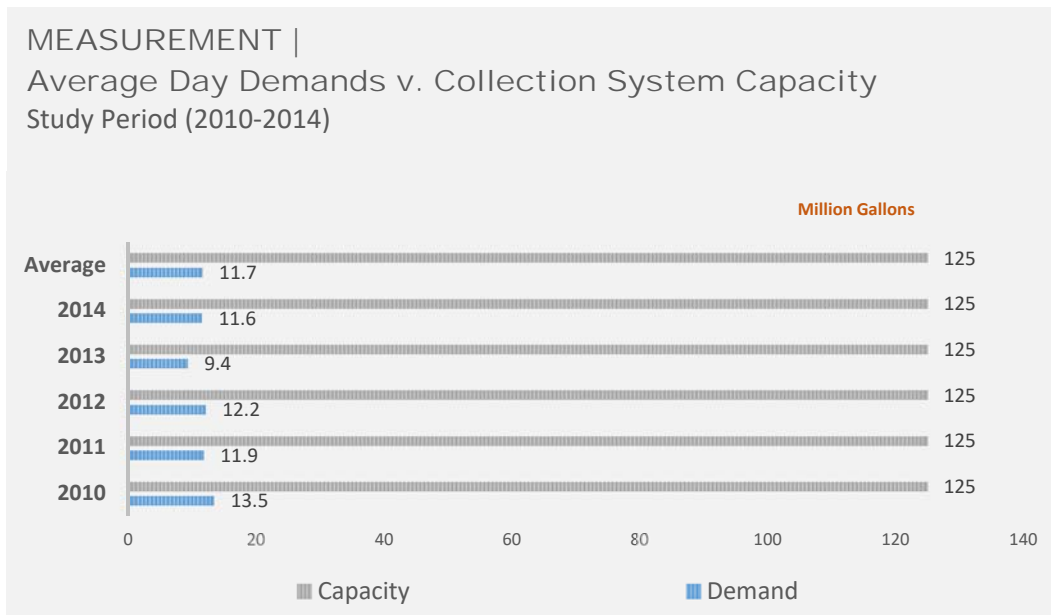
<sup>4</sup> Reference to RWQCB National Pollutant Discharge Elimination System Permit No. CA0038628.

<sup>5</sup> The permit does allow for limited bypass of the referenced 10.0 million gallon limitation on discharge into Central San Francisco Bay between October 1<sup>st</sup> and June 1<sup>st</sup> to avoid overflows and upon advance notice/concurrence of RWQCB.

maintenance or other emergency type conditions. CMSA has not had an NPDES permit exceedance in over 10 years. <sup>6</sup>

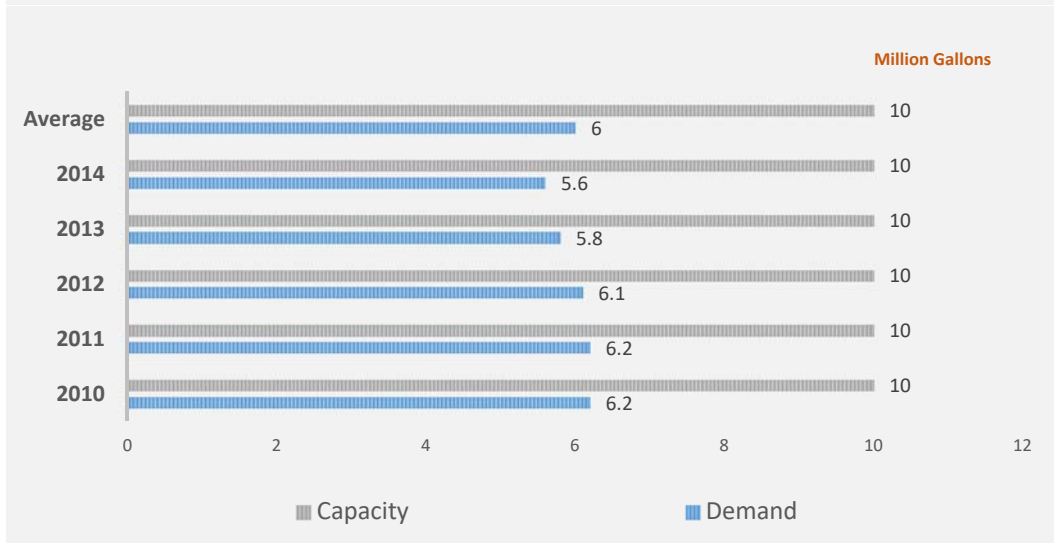
### ***Demand to Capacity Relationships***

Study period flows averages show CMSA has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period with some qualifiers as detailed. Average annual demands over the study period equal 9.4% of the collection system capacity with minimal changes expected over the succeeding 10-year period. Average dry-weather demands over the study period represent the biggest tax on the treatment facility given permit restrictions by RWQCB and tally 60.0% of the collection system capacity and expected to reach 70% by 2024. Average peak-day demands over the study period equal 40.0% of capacity and expected to rise up to 90% by 2024.

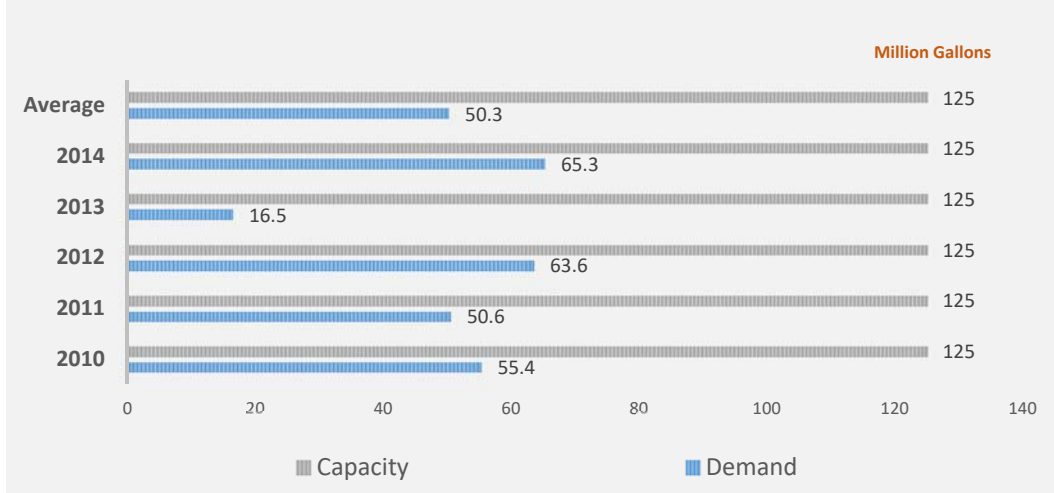


<sup>6</sup> CMSA notes that as of 12/31/2016 the Agency has not had an NPDES permit exceedance in 12 years.

MEASUREMENT |  
 Average Dry-Weather Demands v. Collection System Capacity  
 Study Period (2010-2014)



MEASUREMENT |  
 Average Peak-Day Demands v. Collection System Capacity  
 Study Period (2010-2014)



## *Performance*

### **Measurement / Treatment Facility Overflows**

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CMSA did not experience overflows from its treatment facility during the study term. If an overflow occurs in CMSA's treatment facility it cannot generally be pumped back into the treatment plant.<sup>7</sup> The agency has established protocols required by the Regional Water Board in the event of a treatment overflow. CMSA must contact the Regional Water Board within 2 hours a spill has been identified and then notify the County Environmental Health Services, along with the Office of Emergency Services. If spillage has potentially reached the Bay, the Coast Guard must be included in the notification process. Final effluent exceedances of compounds specified in the agency's NPDES permit must be followed by a notification to RWQCB within 24 hours of discovery. Samples must also be collected to quantify any environmental and safety impacts. CMSA did not experience any exceedances of its NPDES permit during the study period.

### **Measurement / System Maintenance**

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System maintenance for purposes of this study includes both corrective and preventative maintenance. Corrective maintenance, is performed when signals indicate a fault, so an asset can be restored to its operational condition. Preventative maintenance, conversely, is initiated according to a predetermined schedule rather than in response to failure. A summary of both measurements follow.

#### **Corrective Maintenance**

CMSA's corrective maintenance is noted in the number of service calls received to resolve, correct or assist a particular situation. During the entire 60-month study period, CMSA received 19 service calls all attributed to odor complaints. CMSA does operate and maintain pump stations for CSD No. 2 and SQVSMD but had not received any calls during the study period attributed to overflows or potential

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<sup>7</sup> CMSA reports under certain limited conditions SSOs can be pumped back under some conditions.

environmental and health impacts. The following table shows all service calls by category type over the study period.

<b>CMSA: Number of District Service Calls</b>					
Table ***   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General	0	0	0	0	0
Public SSO	0	0	0	0	0
Private SSO	0	0	0	0	0
Odor Complaints	1	14	1	2	1
Noise Complaints	0	0	0	0	0
Pump Station Alarms	0	0	0	0	0
Non-District Incidents	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>2</b>	<b>1</b>

### Preventative Maintenance

CMSA’s preventative maintenance is designed to protect and preserve its wastewater treatment plant in a cost effective manner. The agency uses several approaches to determine when assets need to be replaced, expanded, modified or new equipment to be purchased. Energy reduction, process optimization, GHG reduction, and operational efficiency evaluations can lead to procurement of new or modifications of existing systems and equipment. Changes in water quality regulations may result in construction of new facilities or modifications to current facilities or operational practices. CMSA’s completion in 2010 to expand treatment and storage facilities to accommodate intense wet weather events was a response to significant I/I during wet weather periods and increased system capacity at a cost of \$58 million. CMSA has also provided a blending reduction analysis and found the best alternative is to develop an on-site storage of primary effluent, a parallel pumping system and new flocculation units for additional secondary clarification capacity with an estimated cost at \$27 million. The agency has also additionally established a fat, oil, and grease (FOG) program to support member agencies in reducing these organic liquids in preventing blockages and SSOs in the tributary collection systems.

## Charges and Fees

CMSA bills its member agencies and San Quentin State Prison a sewer service charge, debt service charge, and annual service charge amounting to a total of \$8,671,932 for the most recent study year to contribute to CMSA’s operation and maintenance of its treatment system. Service charges are measured in Equivalent Dwelling Units (EDUs) of each member agency. One EDU is the amount and strength of sewage from one single-family household. The service operating costs totaled to \$13.3 million, with service charges contributing 65.1% to operating and capital costs. The user fee was last updated in 2012 from \$169.74 per sewer service charge, \$106.08 per debt service charge and \$275.82 per annual service charge.

## AGENCY FINANCES

### Financial Statements

CMSA contracts with an outside accounting firm (Chavan and Associates) to prepare an annual report for each fiscal year to review the agency’s financial statements in accordance with established governmental accounting standards. This includes vetting CMSA’s statements with respect to verifying overall assets, liabilities, and equity as stated in a balance sheet. These audited statements provide the Commission with quantitative measurements in assessing CMSA’s short and long-term fiscal health.

CMSA’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and downturn change over the prior fiscal year as its overall equity or fund balance decreased by (2.7)% from \$51.9 to \$50.5 million. Underlying this most recent change in equity standing is the result of CMSA reducing restricted cash in making capital improvements. A summary of year-end totals and trends over the study period follows.

2013-2014 Financial Statements	
Assets	\$110.8 m
Liabilities	\$60.3 m
Equity	\$50.5 m

## Agency Assets

CMSA’s audited assets at the end of 2013-2014 totaled \$110.881 million; an amount more than (5%) lower than the average sum generated over the course of the study period’s 60 months. Assets classified as current with the expectation they could be liquidated within a year represented slightly more than one-tenth of the total amount with the majority tied to cash and investments and have decreased by (50.5%) over the corresponding 60 months. Assets classified as non-current represented the remaining nine-tenth plus total with the largest portion associated with utility infrastructure and have increased over the 60 month period by 7.8%.

CMSA Assets   Study Period							
Table ***   Source: CMSA							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	31.680	30.740	26.352	15.938	15.675	(50.5%)	24.077
Non-Current	88.418	87.230	90.520	99.565	95.206	7.7%	92.188
	<b>120.098</b>	<b>117.971</b>	<b>116.873</b>	<b>115.504</b>	<b>110.881</b>	<b>(7.7%)</b>	<b>116.265</b>

amounts in millions

## Agency Liabilities

CMSA’s audited liabilities at the end of 2013-2014 totaled \$60.327 million; an amount that represents a collective decrease of more than one-tenth – or (12.5%) – over the study period’s 60 month period. Current liabilities representing obligations owed in the near-term account for less than one-tenth and generally tied as of the study term to owed debt payments with the remainder involving accrued employee benefits. The majority of liabilities representing more than nine-tenth of the total are booked as non-current and highlighted by outstanding debt tied to a 2006 Revenue Bond used to finance improvements to the wastewater treatment facility.

CMSA Liabilities   Study Period							
Table ***   Source: CSMA							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	4.240	4.267	4.652	5.120	4.091	(3.5%)	4.474
Non-Current	64.681	62.766	60.553	58.453	56.235	(13.1%)	60.537
	<b>68.921</b>	<b>67.033</b>	<b>65.206</b>	<b>63.573</b>	<b>60.327</b>	<b>(12.5%)</b>	<b>65.012</b>

amounts in millions

### Agency Equity / Net Assets

CMSA’s audited equity / net assets at the end of 2013-2014 totaled \$50.554 million and represent the difference between the agency’s total assets and total liabilities. This referenced amount has decreased by (1.2%) over the 60 month period and primarily attributed to drawing down cash equivalents in making capital improvements. The ending equity amount includes \$14.201 million in unrestricted funds and translates to a per capita reserve ratio of \$148 based on an estimated resident population of 95,428.

CMSA’s net assets have decreased by (1.2%) over the study period. The unrestricted fund balance as of the study term total of \$14.2 million equates to a per capita reserve ratio of \$148.

CMSA Equity   Study Period								
Table ***   Source: CMSA								
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average	
Unrestricted	10.264	11.513	12.651	13.337	14.201	38.7%	12.393	
Restricted (Capital)	40.913	39.424	39.015	38.592	36.352	(11.2%)	38.859	
	<b>51.117</b>	<b>50.938</b>	<b>51.666</b>	<b>51.930</b>	<b>50.554</b>	<b>(1.2%)</b>	<b>51.253</b>	

amounts in millions

### Measurements / Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by CMSA covering the five years comprising the study period and specifically fiscal years 2009-2010 through 2013-2014 shows the agency finished each year in relatively good health with respect to liquidity and – though to a less extent – capital. This includes CMSA finishing the study period with an estimated current ratio of over 3 to 1 and the net effect of having more than triple the amount of available cash resources to cover near-term debts. Similarly, CMSA finished the study period with over 14 months – or 448 days – of cash on hand to cover daily operating expenses. Separately CMSA finished the study period with a debt ratio of more than one-half at 54.0%; an amount that is somewhat on the higher end but has advantageously decreased over the 60 months by (5.2%). Conversely margin measurements show increasingly profit-challenges over the 60 month period. Total margin – i.e., all revenues and expenses – experienced a sizeable and escalating decrease over the study period at (244.4%). Operating margin – i.e., only operational revenues



and expenses – also experienced an escalating decrease – albeit at a lower level – at (88.1%). Last, and with respect to structure, CMSA’s earned income ratio averaged exceeding high at 98.9%, and as such shows nearly all of the agency’s annual revenues are tied to direct service fees. A summary of year-end liquidity, capital, margin, and structure ratios are show in the following table.

<b>CMSA: Financial Measurements   Study Period</b>						
Table ***   Source: CMSA Financials and Marin LAFCO						
<b>Fiscal Years</b>	<b>Current Ratio</b>	<b>Days' Cash</b>	<b>Debt Ratio</b>	<b>Total Margin</b>	<b>Operating Margin</b>	<b>Earned Income Ratio</b>
2009-2010	7.47 to 1	890.49	57.39%	8.28%	24.99%	97.89
2010-2011	7.20 to 1	950.03	56.82%	(2.01%)	15.26%	99.22%
2011-2012	5.66 to 1	840.23	55.79%	(3.41%)	13.41%	98.94%
2012-2013	3.11 to 1	480.62	55.04%	(3.38%)	12.99%	99.05%
2013-2014	3.83 to 1	448.02	54.41%	(11.96%)	2.97%	99.46%
<b>Average</b>	<b>5.46 to 1</b>	<b>721.88</b>	<b>55.89%</b>	<b>(2.50%)</b>	<b>13.92%</b>	<b>98.91%</b>
<b>Trend</b>	<b>(48.7%)</b>	<b>(49.69%)</b>	<b>(5.19%)</b>	<b>(244.36%)</b>	<b>(88.10%)</b>	<b>1.61%</b>

Liquidity
Capital
Margin
Structure

**Notes**

Current Ratio (liquidity) relates to the ability of the agency to pay short-term obligations (current liabilities) relative to the amount of available cash and cash equivalents (current assets). Higher is better.

Days' Cash (liquidity) measures the number of days' worth of average operating expenses the agency can meet with cash on hand. Higher is better.

Debt Ratio (capital) measures the portion of agency's total assets that are directly tied to debt financing. Lower is better.

Total Margin (profit) represents the year-end profit level of the agency and includes all revenues and expenses. Higher is better.

Operating Margin (profit) represents the year-end profit level of the agency specific to its normal and reoccurring revenues and expenses tied to service provision. Higher is better.

Earned Income (structure) measures the portion of annual revenues that are directly tied from user fees for services. Higher is better for enterprise agencies.

## Pension Obligations

CMSA provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This



pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed “Category One” while employees hired afterwards are termed “Category Two.” Additional details of the pension program based on actuarial valuations issued by CalPERS follows.

### Participants | Pension Formulas

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As of the study period’s term (2014) there are a total of 95 participants within CMSA’s pension program. This total amount – which represents an overall increase of 3% in participants since 2012 – is further divided between enrollee type (i.e., active, separated,

Most CMSA employees receive one of two types of defined pensions based on either a 2.7 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

transferred, retired) and marked by a worker-to- retiree ratio of 0.9 to 1 as of the study term. Category One participants represent 98% – or 93 – of the total program enrollees and are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest one year of salary beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest one year of salary beginning at age 55 and continuing each year thereafter. Category Two participants account for the remaining 2% of the total program enrollee amount as of the study period’s term and are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and continuing annually thereafter.

<b>CMSA's Pension Enrollee Information</b>					
Table ***   Source: CalPERS and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	n/a	n/a	40	41	38
Transferred	n/a	n/a	9	10	8
Separated	n/a	n/a	6	5	6
Retired	n/a	n/a	37	38	43
<b>Total Enrollees</b>	<b>n/a</b>	<b>n/a</b>	<b>92</b>	<b>93</b>	<b>95</b>
<b>Worker-to-Retiree Ratio</b>	<b>n/a</b>	<b>n/a</b>	<b>1.1 to 1</b>	<b>1.1 to 1</b>	<b>0.9 to 1</b>

## Annual Contributions

CMSA's total annual pension contributions as of the study period's term tallied \$1.170 million. This amount represents an overall increase over the five-year study period of 9% and is slightly less than the corresponding inflation rate calculated for the San Francisco Bay Region.<sup>8</sup> The most recent annual pension contribution by CMSA for the study period marked 28% of the District's total annual payroll for the corresponding fiscal year (2013-2014).<sup>9</sup>

CMSA's pension contributions have increased by 9% over the five-year study period, and as of 2013-2014 account for 28% of total payroll.

<b>CMSA's Pension Contributions</b>				
Table ***   Source: CalPERS and Marin LAFCO				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$1,071,270	\$1,097,126	\$1,130,352	\$1,202,050	\$1,170,254
<b>Five-Year Average</b>				<b>\$1,134,210</b>
<b>Five-Year Trend</b>				<b>9.24%</b>

## Funded Status

CMSA's unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$6.445 million and as such represented 45.4% of the District's unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 82% based

CMSA's unfunded pension liability has decreased over the last four years of the study period by (21%) and ended the term at \$6.445 million; the equivalent of an 82.0% funded ratio.

<sup>8</sup> According to the United States Department of Labor the overall inflation rate in the San Francisco Bay Area region between 2010 and 2014 tallied 10.77%.

<sup>9</sup> CMSA's covered annual payroll in 2013-2014 totaled \$4.173 million.

on market value. It also reflects an overall improvement of 15% over the preceding four-year period.<sup>10</sup>

<b>CMSA's Pension Trends</b>		
Table ***   Source: CalPERS and Marin LAFCO		
	<b>Unfunded Liability</b>	<b>Funded Ratio</b>
2009-2010	n/a	n/a
2010-2011	\$8,103,016	71.28%
2011-2012	\$9,660,173	67.97%
2012-2013	\$8,765,885	72.66%
2013-2014	\$6,445,664	81.98%
<b>Four-Year Average</b>	<b>\$8,243,685</b>	<b>73.47%</b>
<b>Four-Year Trend</b>	<b>(20.5%)</b>	<b>10.70%</b>

Amounts above are show in market form and reflects the immediate and short term values of the pension with respect to assets and liabilities (i.e., here and now).

### Revenue to Expense Trends

A review of CMSA's actual revenues and expenses during the study period and specific to fiscal years 2009-2010 to 2013-2014 shows the agency experiencing net losses in four of the five years. Overall actual expenses outpaced actual revenues over the 60 month period with the former averaging \$15.707 million compared to the latter averaging 16.115 million. Moreover, the referenced budget gap has been widening with the growth rate of actual expenses increasing more than 4 to 1 over the growth rate of actual revenues

On average CMSA's annual revenue totals have fallen short of annual expense totals by (2.60%) over the study period. This gap has also increased during the 60 months on a 4 to 1 ratio.

CMSA's annual budget reflects five distinct categories within its revenue ledger. Sewer treatment service charges to the member-agencies accounted on average for 92.5% of all revenues during the study period. The remaining revenues – which account for 7.5% of the average total – were largely drawn from maintenance contract fees and investment interest. CMSA books 10 distinct categories within its expense ledger. Over the

Top Average Revenues:  
1) Treatment Charges @ 92.5%  
2) Contract Maintenance @ 4.2%

Top Average Expenses:  
1) CMSA Contract @ 28.6%  
2) Collection System @ 25.9%

<sup>10</sup> Pension information for 2009-2010 is not available.

study period salaries and benefits tallied the largest average expense for CMSA at 42.5% of the total. The next highest average expense tally was drawn from depreciation and accounted for 20.6%.

<b>CMSA Actual Revenue Trends   Study Period</b>								
Table ***   Source: CMSA Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	Share of Average
	2010	2011	2012	2013	2014			
Sewer Treatment Charges	14.587	14.851	14.396	14.095	14.722	0.9%	14.530	92.5%
Contract Maintenance Fees	0.351	0.314	0.296	1.112	1.226	248.79%	0.660	4.20%
Other Operating	0.309	0.250	0.388	0.403	0.384	24.19%	0.347	2.21%
Investment Earnings	0.133	0.090	0.065	0.102	0.040	(69.49%)	0.086	0.55%
Other Non-Operating	0.195	0.030	0.95	0.46	0.047	(75.72%)	0.083	0.53%
	<b>\$15.578</b>	<b>\$15.537</b>	<b>\$15.242</b>	<b>\$15.760</b>	<b>\$16.421</b>	<b>5.42%</b>	<b>\$15.707</b>	<b>100%</b>

<b>CMSA Actual Expense Trends   Study Period</b>								
Table ***   Source: CMSA Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	Share of Average
	2010	2011	2012	2013	2014			
Salaries and Benefits	6.107	6.520	6.340	6.722	8.585	40.59%	6.855	42.54%
Treatment Plant	1.268	1.195	1.317	1.300	1.340	5.65%	1.284	7.97%
Repairs and Maintenance	0.545	0.581	0.593	0.917	1.175	115.48%	0.762	4.73%
Permit Testing	0.089	0.087	0.090	0.107	0.110	23.08%	0.097	0.60%
Depreciation	2.263	3.605	3.663	3.506	3.562	57.38%	3.314	20.57%
Insurance	0.090	0.084	0.096	0.098	0.097	7.80%	0.092	0.58%
Utilities	0.379	0.364	0.383	0.431	0.471	24.40%	0.406	2.52%
General Administration	0.694	0.624	0.604	0.498	0.504	(27.37%)	0.585	3.63%
Interest Expense	2.849	2.781	2.703	2.702	2.536	(10.97%)	2.714	16.84%
Other Non-Operating	0.000	0.004	0.000	0.007	0.001	335.82%	0.002	0.002%
	<b>\$14.287</b>	<b>\$15.850</b>	<b>\$15.762</b>	<b>\$16.292</b>	<b>\$18.386</b>	<b>28.69%</b>	<b>\$16.155</b>	<b>100%</b>

Net	\$1.290	(\$0.312)	(\$0.520)	(\$0.532)	(\$1.964)
	3.00%	(2.01%)	(3.41%)	(3.38%)	(11.96%)

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## OVERVIEW

The Murray Park Sewer Maintenance District (MPSMD) was formed in 1949 and encompasses an approximate 0.1 square mile jurisdictional boundary within east-central Marin County. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors. MPSMD is entirely located within an unincorporated area and part of the Kentfield community. MPSMD is also part on the Ross Valley Watershed.

Murray Lane | Murray Park



MPSMD is organized as a limited-purpose agency with municipal operations statutorily limited to wastewater services; no other service powers are permissible under the principal act. Beginning in 1975, MPSMD has contracted collection and routine maintenance of the District’s approximate 5,500 foot collection system to outside agencies; first with the City of Larkspur and more recently County Sanitary District No. 1 (“Ross Valley Sanitary”). MPSMD retains responsibility to fund capital improvements as well as setting service charges and authorizing new connections. MPSMD’s adopted operating budget at the term of the study period was \$0.121 million; all of which was dedicated to services and supplies. The unrestricted fund balance was \$0.042 million with an associated days-cash ratio totaling 129; i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within MPSMD totals 191 as of the term of this study period (2014). It is also projected MPSMD’s population growth rate over the five-year study period totaled 9.0% or 1.8% annually with the underlying change primarily attributed to the

### Murray Park Sewer Maintenance District

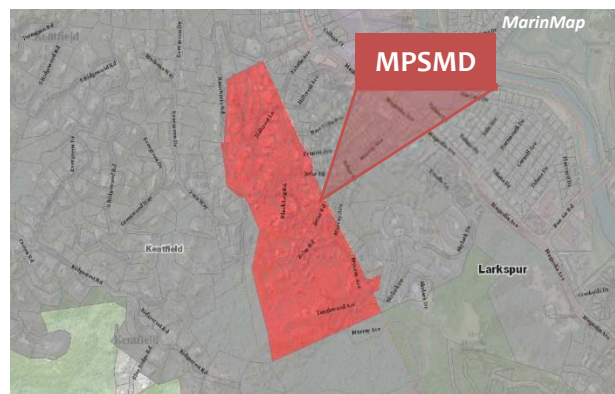
Formation Date:	1949
Principal Act:	Health and Safety Sections 4860-4927
Service Categories:	Wastewater
Service Population	191
Governance Type	Dependent

addition of one new occupied housing unit coupled with an intensification of household sizes. The substantive result of these estimates is the projected addition of 16 residents in MPSMD between 2010 and 2014. Overall it is also estimated 68% of the jurisdictional boundary has already been developed and or improved – though not necessarily at the highest density. This means 32% of the jurisdictional boundary remains entirely undeveloped, and this includes 15 existing unbuilt and privately owned parcels that are zoned for some type of urban use under the County General Plan.

## COMMUNITY DEVELOPMENT

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Records show MPSMD's current development began in the late 1910s with the construction of several small residences along Fern Road and to the immediate west of the City of Larkspur. This initial development – which incrementally tallied up to one dozen lots by 1940 – transitioned towards more planned growth by the mid-



1940s as the County of Marin began approving a series of one-quarter lot subdivisions along Murray Lane and Briar Road. This latter development led to the construction of nearly 30 residential lots by the end of the 1940s with an estimated population of 75.

## FORMATION PROCEEDINGS / INITIAL ACTIVITIES

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MPSMD's formation was approved by the County of Marin's Board of Supervisors in 1949 and as a means for landowners to self-tax themselves for purposes of constructing and operating a community wastewater collection system. Records show an initial collection system for MPSMD was constructed by early 1951 with the County Public Works Department overseeing all operational and maintenance activities therein.



## POST-FORMATION PROCEEDINGS

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A summary of notable activities undertaken by MPSMD and/or affecting the District's service area following formation in 1949 is provided below.

- MPSMD entered into a service agreement with the City of Larkspur in March 1975. This service agreement transferred operational management of MPSMD's collection system and wastewater flows therein to Larkspur and in exchange for an annual service fee based on the number of dwelling units within the District. The agreement was subsequently amended in 1978 and 1980.
- RVSD became successor to the City of Larkspur's agreement to provide operational management of MPSMD's collection system and wastewater flows therein in August 1993. This transfer was the result of RVSD annexing and assuming management of Larkspur's collection system earlier that same year.

## COMMISSION BOUNDARIES | SERVICE AREAS

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### *Jurisdictional Boundary*

MPSMD's jurisdictional boundary spans approximately 0.1 square miles in size and covers 59 total acres (parcels and right-of-ways). The jurisdictional boundary is entirely within the land use authority of the County of Marin and part of the unincorporated community of Kentfield.

MPSMD's jurisdictional boundary spans 0.1 square miles and is entirely overlapped by the County of Marin's land use authority.

Total assessed value (land and structure) within MPSMD is calculated at \$79.7 million and translates to a per acre value ratio of \$1.350 million. This former amount – \$79.7 million – further represents a per capita value of \$0.417 million based on the estimated service population of 191. MPSMD's set

Assessed land values in MPSMWD totals \$79.7 million, and based on receiving 0.6% of the 1% annual property tax the District's allocated share of the total less deductions and other exchanges is \$0.004 million.

allocation of property tax proceeds – i.e., its share of the 1% collected on all assessor parcels by-way of Proposition 13 – is 0.615%.

<b>MPSMD Boundary Breakdown: Land Use Authorities</b>					
Table ***   Source: Marin LAFCO					
Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units	
County of Marin	35	100%	107	92	
	34	100%	107	92	

As provided in the preceding table there are overall 107 assessor parcels currently within MPSMD and collectively add up to 35 acres as of June 2016.<sup>1</sup> Close to three-fourths – or 71% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density.<sup>2</sup> This existing development is highlighted by the standing construction of 92 residential units and divided between single-family and multi-family on a 96% to 4% split. The remainder – or 29% – of the current assessor parcel acreage within MPSMD is undeveloped/unimproved. This includes 15 un-built and privately owned assessor parcels designated for an urban-type use.<sup>3</sup> Additional analysis would be needed to more fully assess actual development potential among these un-built assessor parcels.

Almost three-fourths of MPSMD’s jurisdictional boundary has already been developed/improved – though not necessarily at the highest allowable density. This means approximately one-fourth – or 10 acres – of the assessor acreage in the boundary remains entirely undeveloped, and this includes 15 un-built and privately owned parcels zoned for some type of urban use.

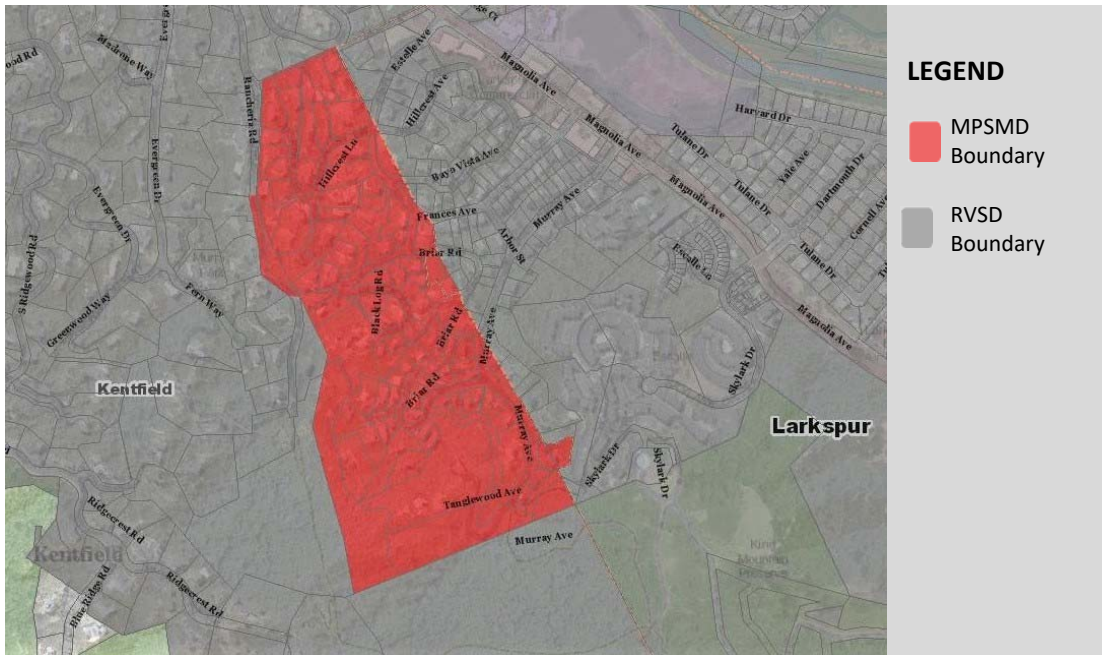
<b>MPSMD Boundary Breakdown: Land Use Features</b>				
Table ***   Source: Marin LAFCO				
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
71.2	92	97.8	15	10.2

<sup>1</sup> The remaining 24 jurisdictional acreage within MPSMD are tied to right-of-ways and related public dedications.  
<sup>2</sup> This portion of developed acreage includes parcels dedicated as common areas.  
<sup>3</sup> All 15 un-built and privately owned assessor parcels are zoned for residential uses. Seven of the subject lots are at least 0.15 acres in size with one of these lots being 5.0 acres.

### Sphere of Influence

The Commission has not established a sphere of influence designation for MPSMD. It appears – though not substantiated in any identified document – this is the result of an earlier determination that MPSMD falls outside the Commission’s authority. Commission staff has revisited this matter as part of this study and concludes MPSMD and more specifically sewer maintenance districts formed under Public Health and Safety Code Section 4860-4927 are subject to LAFCO, and as such a sphere designation is ultimately needed for the District.<sup>4</sup>

MPSMD does not have an established sphere of influence from the Commission at this time.



<sup>4</sup> Reference to State of California Attorney General Opinion 64-130.

## DEMOGRAPHICS

### Population and Housing

MPSMD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 191 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 0.07% of the estimated countywide population.<sup>5</sup> It is also projected MPSMD has experienced an overall growth rate of 9.03% over the preceding five-year period or 1.81% annually; all of which generated an estimated net add of 16 persons.

LAFCO estimates there are 191 total residents within MPSMD that are explicitly served by the District’s wastewater collection as of the term of the study. It is further estimated MPSMD has experienced an overall population increase of 16 over the preceding five-year period, resulting in an annual growth rate of 1.8%. Underlying this increase is a projected rise in persons per household – i.e., an intensity measurement – of 7.1%.

This projected increase has been generated by the addition of an estimated one new and occupied housing unit within the jurisdictional boundary paired – and most notably – with an intensification of household sizes over the span of the five-year period starting at 2.023 in 2010 and ending at 2.170 in 2014; the latter being a net intensity increase of 7.09%. Overall projected growth within MPSMD lies significantly above the concurrent annual change estimated for the entire county – 0.60.<sup>6</sup>

<b>MPSMD Resident Population: Past and Current Estimates</b>					
Table ***   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
a) Total Housing Units	90	91	91	91	92
b) Local Occupancy Rate	95.58	94.44	95.48	95.48	96.10
c) Occupied Housing Units	87	86	87	87	88
d) Projected Household Size	2.023	2.058	2.095	2.132	2.170
<b>Estimated Population</b>	<b>175</b>	<b>176</b>	<b>182</b>	<b>186</b>	<b>191</b>

Baseline  
Year

<sup>5</sup> Marin LAFCO’s resident service population for MPSMD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the single census tract in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to MPSMD – and again drawing from its associated census tract – over the study period include a weighted annual housing unit change of 0.268% and a weighted annual household size change of 1.74%. The annual weighted population change is 1.807%.

<sup>6</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,294 based on information published by the State of California’s Department of Finance and marks a 3.12% increase over the preceding five-year period.

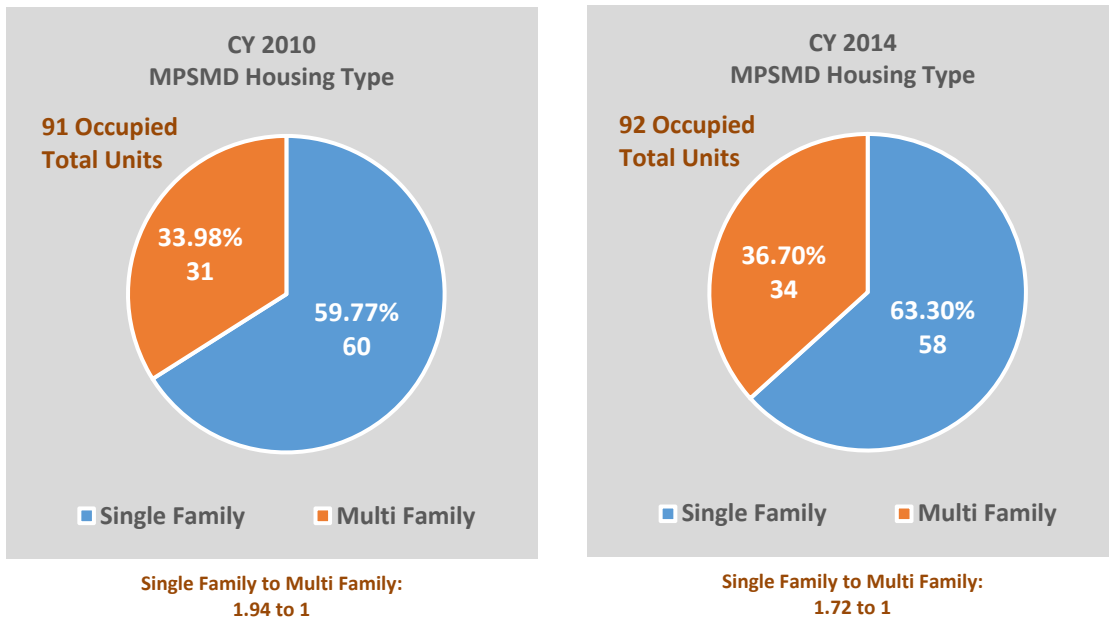
With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with MPSMD will generally match the preceding five-year period with an overall yearly population change of 1.81%. The substantive result of this assumption would be an overall increase in MPSMD’s resident population of 37 and produce a total of 228 by 2024. This growth rate, similarly, would generate the addition of 21 new and occupied housing units within MPSMD through 2024 assuming the preceding five-year average ratio of 2.094 persons for every one occupied housing unit holds. These collective projections going forward are summarized below.

<b>MPSMPD Resident Population: Future Estimates</b>						
Table ***   Source: Marin LAFCO						
<b>Factor</b>	<b>2014</b>	<b>2016</b>	<b>2018</b>	<b>2020</b>	<b>2022</b>	<b>2024</b>
<b>Estimated Population</b>	<b>191</b>	<b>198</b>	<b>205</b>	<b>212</b>	<b>220</b>	<b>228</b>
Occupied Housing Units	88	94	98	101	105	109
- residents to housing units	2.170	2.094	2.094	2.094	2.094	2.094

Baseline  
Year

### **Residency Type**

The Commission projects MPSMD’s residential unit total of 92 as of the study term is divided between single family and multi-family use at 63.30% (58) and 36.70% (34), respectively. These totals produce an estimated ratio of 1.72 with respect to single-family to multi-family units within the jurisdictional boundary. The overall stock of housing type has experienced an inverse change with single-family unit totals decreasing by (4.13%) while multi-family unit totals increasing by 8.02% over the corresponding 60 month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (11.24%) from 1.94 to 1 in 2010.



### Social and Economic Indicators

A review of recent demographic information covering the MPSMD jurisdictional boundary for the study period shows fulltime residents are relatively in better economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income is close to one-tenth above the countywide amount of \$91,529 at \$100,441. Area resident averages also fall measurably below countywide amounts with respect to unemployment and poverty rates, albeit the former has almost doubled compared to the preceding five-year average data collection. Notable social indicators show MPSMD residents have significantly higher levels of formal education with 68.7% possessing a bachelor's degree and is more than double the countywide rate. MPSMD residents are also relative newcomers to the community with an average of only 8.20% of occupied households arriving before Proposition 13 in 1979. This amount contrasts with the countywide average of 12.80%.

MPSMD's fulltime residents are generally more affluent than most of the county populace and highlighted by a median household income average over the study period of \$100,441. Separately and relative to countywide conditions there has been a sizeable amount of turnover in the community in terms of household tenure with only 8% having been in place since the enactment of Proposition 13 in 1979; a ratio that is 56% lower than the countywide average.

<b>MPSMD: Resident Trends in Social and Economic Indicators</b>				
Table ***   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$90,605</b>	<b>\$100,441</b>	<b>10.86%</b>	<b>\$91,529</b>
Median Age	46.5	48.4	4.09%	45.10
Prime Working Age (25-64)	60.05%	52.90%	(11.91%)	55.28%
Unemployment Rate (Labor Force)	2.70%	5.20%	92.59%	4.70%
Persons Living Below Poverty Rate	4.00%	3.00%	(25.00%)	8.80%
Mean Travel to Work	26.80 min	29.10 min	8.58%	29.4 min
Working at Home (Labor Force)	11.0%	11.60%	0.60%	2.50%
Adults with Bachelor Degrees or Higher	60.70%	68.70%	8.00%	30.80%
Non English Speaking	14.70%	18.50%	8.00%	23.50%
Householder Pre Proposition 13 (1979)	15.60%	8.20%	(11.91%)	12.80%

\* Amounts represent the result of a weighted calculation by population performed by Marin LAFCO taking into proportional account of the single census tract (1200) underlying MPSMD.

## ORGANIZATIONAL STRUCTURE

### Governance

MPSMD’s governance authority is established under the Sewer Maintenance District Act of 1933 and codified under Public Health and Safety Code Sections 4860-4927. This principal act empowers MPSMD to provide only one wastewater services, and specifically as it relates to handling, gathering, and disposing of sewage. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors that are elected by supervisorial district to staggered four-year terms. MPSMD holds meetings as needed and as part of regular meetings held by the Board of Supervisors. A current listing of Board of Supervisors along with respective backgrounds follows.



<b>MPSMD Board Roster / As of January 1, 2017</b>			
Table ***   Source: LGVSD			
Member	Position	Background	Years on Board
Judy Arnold	President	Local/State Government	11
Damon Connolly	Member	Attorney	2
Katie Rice	Member	Local Government	6
Dennis J. Rodoni	Member	Contractor	1
Kathrin Sears	Member	Attorney	6
<b>Average Years of Board Experience</b>			<b>5.2</b>

## Administration

The County Board of Supervisors assigns the Public Works Director to serve as the MPSMD General Manager as provided under Public Health and Safety Code Section 4887. Key duties of Public Works performed on behalf of MPSMD includes proposing an annual budget, recommending changes to the fee schedule, and overseeing capital improvements. Day-to-day operation of MPSMD and its collection system is managed contractually by RVSD and highlighted

### MPSMD Administrative Offices

3501 Civic Center Drive  
San Rafael, California 94903



Courtesy: County of Marin

by performing routine maintenance. Legal services are provided by County Counsel.

### MPSMD Administration

Table \*\*\* | Source: MPSMD

General Manager.....	Raul M. Rojas
Legal Counsel.....	Brian E. Washington
District Engineer.....	Pat Echols

## WASTEWATER SERVICES

### Service Overview

MPSMD provides wastewater collection services through its own infrastructure headlined by an approximate 5,550 foot collection system with lines ranging in size from four to eight feet. The current infrastructure dates back to the early 1950s and is entirely gravity fed; there are no public pump stations. Through its contract with RVSD all wastewater generated from the collection system is conveyed for treatment to the Central Marin Sanitation Agency (CMSA). As of the study term there are 89 service connections with all but one serving residential uses. There have been no changes in the number of service connections in MPSMD over the preceding 6-month review period.



MPSMD does not independently track wastewater flows generated within its jurisdictional boundary. Effluent generated within MPSMD is incorporated directly into RVSD's system totals with no available means to quantify at this time.

### ***Charges and Fees***

MPSMD bills one fee to its customers in recovering the District's wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted costs with RVSD for maintenance that includes treatment through CMSA. Residential customers currently pay \$472 each year for every dwelling unit. Non-residential customers pay a rate based on estimated flows. There are no voter-approved special assessments.

Most single-family customers in MPSMD currently pay \$472 a year for wastewater services.

## **AGENCY FINANCES**

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### ***Financial Statements***

Not available as of draft report date. Analysis pending.

### ***Pension Obligations***

Not available as of draft report date. Analysis pending.

### ***Revenue to Expense Trends***

An abbreviated review of MPSMD's actual revenues and expenses during the study period and specific to fiscal years 2010-11 to 2013-2014 shows a fluctuating budget structure in which budgeted expenses range from a low of \$0.095 million to a high of \$0.159 million. Actual expenses consistency fell moderately to significantly below budgeted amounts during the 48-month period. Specific expense and revenue details are not available as of the draft report date. Additional analysis pending.

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## OVERVIEW

The San Quentin Sewer Maintenance District (SQSMD) was formed in 1962 and encompasses an approximate 0.01 square mile jurisdictional boundary within east-central Marin County. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors. SQSMD is entirely located within the unincorporated area and serves a small residential community located immediately adjacent to the San Quentin State Prison. SQSMD is also part on the Ross Valley Watershed.



SQSMD is organized as a limited-purpose agency with municipal operations statutorily limited to wastewater services; no other service powers are permissible under the principal act.<sup>1</sup> SQSMD contracts with the State of California to direct wastewater generated within the community into San Quentin’s adjacent

### San Quentin Sewer Maintenance District

Formation Date:	1962
Principal Act:	Health and Safety Sections 4860-4927
Service Categories:	Wastewater
Service Population	89
Governance Type	Dependent

sewer collection system, which in turn pumps directly to the nearby Central Marin Sanitation Agency (CMSA) for treatment and disposal. As part of this arraignment CSMSA also provides routine maintenance on the SQSMD collection system. SQSMD retains responsibility to fund capital improvements as well as setting service charges and authorizing new connections within the community. SQSMD’s adopted operating budget at the term of the study period was \$0.130 million; all of which was dedicated to services and supplies. The unrestricted fund balance was \$0.\*\*\*\* million with an associated days-cash ratio totaling \*\*\*\*; i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

<sup>1</sup> SQSMD is one of two sewer maintenance districts in Marin County; the other serving the Murray Park community.

The Commission independently estimates the resident service population within SQSMD totals 89 as of the term of this study period (2014). It is also projected SQSMD’s population growth rate over the five-year study period totaled (8.8%) or (1.8%) annually. This projected growth decrease has been generated by a net-zero addition in occupied housing units coupled with a deintensification of household sizes over the span of the five-year period. The substantive result of these estimates is the projected loss of 6 residents in SQSMD between 2010 and 2014. Overall it is also estimated 100% of the jurisdictional boundary in terms of existing assessor parcels has already been developed and or improved – though not necessarily at the highest density.

## COMMUNITY DEVELOPMENT

Records show SQSMD’s current development began in the 1870s with the construction of a small number of permanent residences located along Main Street. The construction of these residences supplemented and ultimately replaced temporary housing that had been previously established and in step with accommodating workers at the adjacent San Quentin State Prison.<sup>2</sup> The referenced transition from temporary to permanent housing incrementally continued thereafter and led to the construction of two dozen plus residences in the now-termed “San Quentin Village” by the end of the 1940s with an estimated fulltime population of 55.



<sup>2</sup> The San Quentin State Prison was opened in 1854.

## FORMATION PROCEEDINGS / INITIAL ACTIVITIES

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SQSMD’s formation was approved by the County of Marin’s Board of Supervisors in 1962 and as a means for landowners to self-tax themselves for purposes of constructing and operating a community wastewater collection system. Records show an initial collection system for SQSMD was constructed by 1965 with the County Public Works Department overseeing all operational and maintenance activities therein.

## POST-FORMATION PROCEEDINGS

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A summary of notable activities undertaken by SQSMD and/or affecting the District’s service area following formation in 1962 is provided below.

- SQSMD entered into a contract with the State of California in 1964 to direct wastewater flows directly into the adjacent State Prison’s collection system for subsequent treatment and disposal.
- SQSMD entered into an agreement with CMSA in May 2012 to directly oversee the day-to-day management of the District’s collection system.

## COMMISSION BOUNDARIES | SERVICE AREAS

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### *Jurisdictional Boundary*

SQSMD’s jurisdictional boundary spans approximately 0.01 square miles in size and covers eight total acres (parcels and right-of-ways). The jurisdictional boundary is entirely within the land use authority of the County of Marin and comprises the unincorporated community of San Quentin Village.

SQSMD’s jurisdictional boundary spans 0.01 square miles and is entirely overlapped by the County of Marin’s land use authority.

Total assessed value (land and structure) within SQSMD is calculated at \$15.7 million and translates to a per acre value ratio of \$1.962 million. This former amount – \$15.7 million – further represents a per capita value of \$0.176 million based on the estimated service population of 89. SQSMD’s set allocation of property tax proceeds – i.e., its share of the 1% collected on all assessor parcels under Proposition 13 – is 0.27%.

Assessed land values in SQSMWD totals \$15.7 million, and based on receiving 0.3% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$424.

<b>MPSMD Boundary Breakdown: Land Use Authorities</b>					
Table ***   Source: Marin LAFCO					
Agency	Assessor Parcel Acres	Assessor Parcel Acres	Assessor % of Total	Total Assessor Parcels	Total Residential Units
County of Marin	4		100%	41	45
	<b>4</b>		<b>100%</b>	<b>41</b>	<b>45</b>

As provided in the preceding table there are overall 41 assessor parcels currently within SQSMD and collectively add up to 4.1 acres as of June 2016.<sup>3</sup> The entirety – 100% – of the current assessor parcel acreage has already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 45 residential units and divided between single-family and multi-family on a 71% to 29% split.

SQSMD’s jurisdictional boundary with respect to existing assessor parcels is 100% built-out, albeit not necessarily at the highest zoning density. This includes the standing construction of 45 living units.

<b>SQSMD Boundary Breakdown: Land Use Features</b>				
Table ***   Source: Marin LAFCO				
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
100.0	45	71.1	0	0

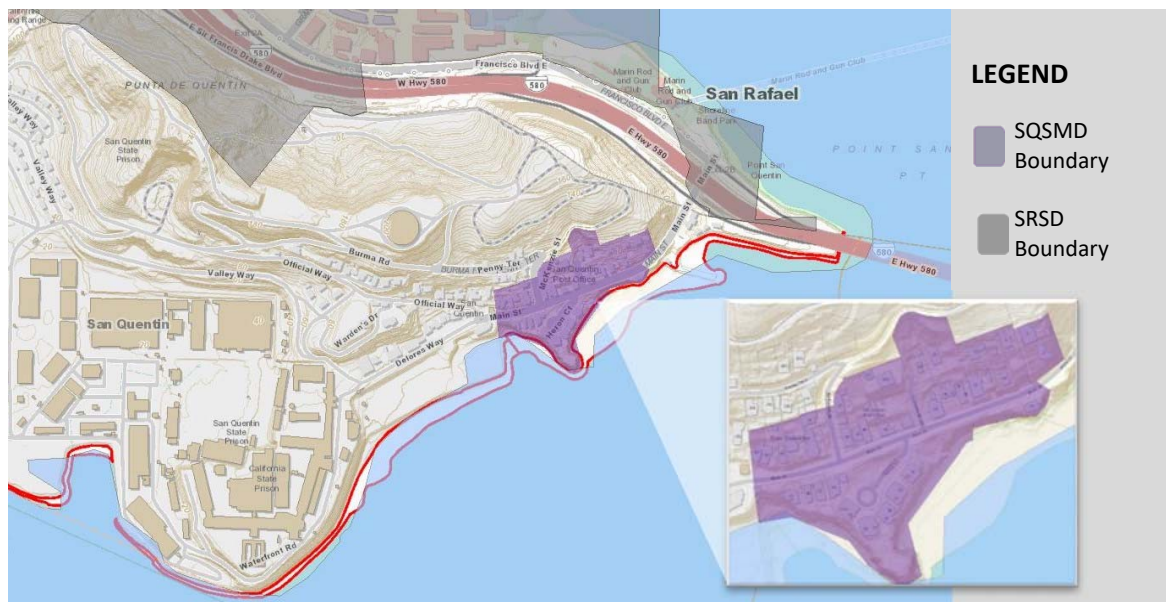
<sup>3</sup> The remaining 4 jurisdictional acreage within SQSMD are tied to right-of-ways and related public dedications.

## Sphere of Influence

The Commission has not established a sphere of influence designation for SQSMD. It appears – though not substantiated in any identified document – this is the result of an earlier determination that SQSMD falls outside the Commission’s authority. Commission staff has revisited this matter as part of this study and concludes MPSMD and more specifically sewer maintenance districts formed under Public Health and Safety Code Section 4860-4927 are subject to LAFCO, and as such a sphere designation is ultimately needed.<sup>4</sup>

SQSMD does not have an established sphere of influence from the Commission at this time.

## Agency Map



<sup>4</sup> Reference to State of California Attorney General Opinion 64-130.

## DEMOGRAPHICS

SQSMD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 89 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 0.03% of the estimated countywide population.<sup>5</sup> It is also projected SQSMD has experienced an overall growth rate of (8.84%) over the preceding five-year period or (1.77%) annually; all of which generated an estimated net loss of six persons. This projected decrease has been generated by a net-zero addition in occupied housing units coupled with a deintensification of household sizes over the span of the five-year period starting at 2.368 in 2010 and ending at 2.160 in 2014; the latter being a net intensity decrease of (8.78%). Overall projected growth within SQSMD lies significantly below the concurrent annual change estimated for the entire county – 0.60.<sup>6</sup>

LAFCO estimates there are 89 total residents within SQSMD that are explicitly served by the District’s wastewater collection as of the term of the study. It is further estimated SQSMD has experienced an overall population decrease of six persons over the preceding five-year period, resulting in an annual growth rate of (1.8%).

<b>SQSMD Resident Population: Past and Current Estimates</b>					
Table ***   Source: Marin LAFCO					
<b>Factor</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
a) Total Housing Units	45	45	45	45	45
b) Local Occupancy Rate	90.31	89.23	90.21	90.21	90.80
c) Occupied Housing Units	41	40	41	41	41
d) Projected Household Size	2.368	2.312	2.261	2.210	2.160
<b>Estimated Population</b>	<b>97</b>	<b>94</b>	<b>92</b>	<b>90</b>	<b>89</b>

<sup>5</sup> Marin LAFCO’s resident service population for SQSMD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the single census tract in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to SQSMD over the study period include a weighted annual housing unit change of (0.16%) and a weighted annual household size change of (2.32%). The annual weighted population change is (1.77%).

<sup>6</sup> Marin County’s estimated population as of January 1, 2014 totaled 260,294 based on information published by the State of California’s Department of Finance and marks a 3.12% increase over the preceding five-year period.

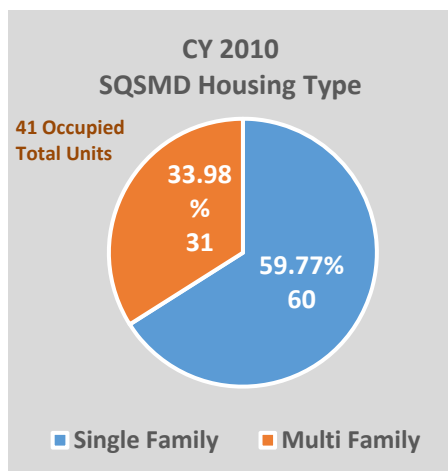


With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with SQSMD will generally match the preceding five-year period with an overall yearly population change of (1.77%). The substantive result of this assumption would be an overall decrease in SQSMD’s resident population of (14) and produce a total of 74 by 2024. This growth rate, similarly, would generate the loss of 33 occupied housing units within SQSMD through 2024 assuming the preceding five-year average ratio of 2.260 persons for every one occupied housing unit holds.

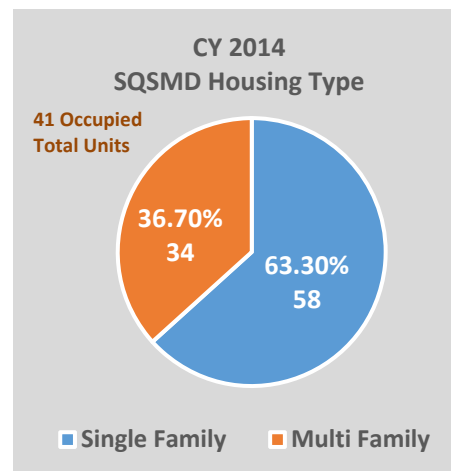
<b>SQSMD Resident Population: Future Estimates</b>						
Table ***   Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	89	85	82	80	77	74
Occupied Housing Units	41	38	36	35	34	33
- residents to housing units	2.160	2.260	2.260	2.260	2.260	2.260

### Residency Type

The Commission projects SQSMD’s residential unit total (occupied and unoccupied) of 45 as of the study term is divided between single family and multi-family use at 63.20% (29) and 36.84% (17), respectively. These totals produce an estimated ratio of 1.72 with respect to single-family to multi-family units within the jurisdictional boundary. The overall stock of housing type in SQSMD has aided this ratio with single-family unit totals increasing by 5.95% while multi-family unit totals increasing by (8.78%) over the corresponding 60 month period. The substantive result of this trend is a ratio increase (i.e., single-family to multi-family units) of 16.15% from 1.48 to 1 in 2010.



Single Family to Multi Family:  
1.48 to 1



Single Family to Multi Family:  
1.72 to 1

## Social and Economic Indicators

A review of recent demographic information covering the SQSMD jurisdictional boundary for the study period shows fulltime residents are relatively in less advantageous economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income is close to one-tenth below the countywide amount of \$91,529 at \$84,065. SQSMD residents also experienced a widening of this economic gap over the preceding five -year collection period with respect to both median household income – which decreased by 6.7% – and a two-fold rise in unemployment from 1.80% to

SQSMD's fulltime residents are generally less affluent than most of the county populace and highlighted by a median household income average over the study period of \$84,065; an amount that is nearly one-tenth lower than the county average. Separately there has been a sizeable and increasing rate of turnover in the community in terms of household tenure with only 8% having been in place since the enactment of Proposition 13 in 1979; a ratio that is 56% lower than the countywide average.

6.30%, which is over one-third higher than the countywide amount. Notable social indicators show SQSMD residents are generally younger with more formal education compared to countywide averages with the latter category being nearly double the county rate. SQSMD residents are also relative newcomers to the community with an average of only 8.40% of occupied households arriving before Proposition 13 in 1979. This contrasts with the countywide average of 12.80%.

<b>SQSMD: Resident Trends in Social and Economic Indicators</b>				
Table ***   Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
<b>Median Household Income</b>	<b>\$90,053</b>	<b>\$84,065</b>	<b>(6.65%)</b>	<b>\$91,529</b>
Median Age	42.40%	42.30%	(0.24%)	45.10
Prime Working Age (25-64)	63.40%	56.20%	(11.44%)	55.28%
Unemployment Rate (Labor Force)	1.80%	6.30%	250.00%	4.70%
Persons Living Below Poverty Rate	2.50%	5.80%	132.00%	8.80%
Mean Travel to Work	27.60 min	29.00 min	1.40%	29.4 min
Working at Home (Labor Force)	8.80%	5.10%	(3.7%)	2.50%
Adults with Bachelor Degrees or Higher	50.30%	60.40%	10.10%	30.80%
Non English Speaking	29.60%	24.80%	(4.80%)	23.50%
Householder Pre Proposition 13 (1979)	16.30%	8.40%	(48.47%)	12.80%

\* Amounts represent the result of a weighted calculation by population performed by Marin LAFCO taking into proportional account of the single census tract (1212) underlying SQSMD.

## ORGANIZATIONAL STRUCTURE

### Governance

SQSM’s governance authority is established under the Sewer Maintenance District Act of 1933 and codified under Public Health and Safety Code Sections 4860-4927. This principal act empowers SQSM to provide only one wastewater services, and specifically as it relates to handling, gathering, and disposing of sewage. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors that are elected by supervisorial district to staggered four-year terms. SQSM holds meetings as needed and as part of regular meetings held by the Board of Supervisors. A current listing of Board of Supervisors along with respective backgrounds follows.



<b>SQSM Board Roster / As of January 1, 2017</b>			
Table ***   Source: LGVSD			
<b>Member</b>	<b>Position</b>	<b>Background</b>	<b>Years on Board</b>
Judy Arnold	President	Local/State Government	11
Damon Connolly	Member	Attorney	2
Katie Rice	Member	Local Government	6
Dennis J. Rodoni	Member	Contractor	1
Kathrin Sears	Member	Attorney	6
<b>Average Years of Board Experience</b>			<b>5.2</b>

### Administration

The County Board of Supervisors assigns the Public Works Director to serve as the SQSM General Manager as provided under Public Health and Safety Code Section 4887. Key duties of Public Works performed on behalf of SQSM includes proposing an annual budget, recommending changes to the fee schedule, and overseeing capital improvements. Day-to-day operation of SQSM and its collection system is managed contractually by CMSD and highlighted by performing routine maintenance. Legal services are provided by County Counsel.



**SQSDM Administration**

Table \*\*\* | Source: MPSMD

General Manager.....	Raul M. Rojas
Legal Counsel.....	Brian E. Washington
District Engineer.....	Pat Echols

## WASTEWATER SERVICES

### Service Overview

SQSDM provides wastewater collection services through its own infrastructure headlined by an approximate 1,500 foot collection system with lines ranging in size from \*\*\*\* to \*\*\*\* feet. The current infrastructure dates back to the mid-1960s and largely gravity fed with the exception of one pump station to convey flows to the State Prison. As of the study term there are 37 service connections that are divided between 32 residential and 5 non-residential. There have been no changes in the number of service connections in SQSDM over the preceding 60-month review period.

SQSDM does not independently track wastewater flows generated within its jurisdictional boundary. Effluent generated within SQSDM is incorporated directly into the State Prison’s collection system before the wastewater is directed to CMSA for treatment and disposal.

### Charges and Fees

SQSDM bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted costs with CMSA. Residential customers currently pay \$472 each year for every dwelling unit. Non-residential customers pay a rate based on estimated flows. There are no voter-approved special assessments.<sup>7</sup>

Most single-family customers in SQSDM currently pay \$472 a year for wastewater services.

<sup>7</sup> MPSMD’s connection fee is \*\*\*\*.

## AGENCY FINANCES

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### *Financial Statements*

Not available as of draft report date. Analysis pending.

### *Pension Obligations*

Not available as of draft report date. Analysis pending.

### *Revenue to Expense Trends*

An abbreviated review of SQVSMD's actual revenues and expenses during the study period and specific to fiscal years 2010-11 to 2013-2014 shows a fluctuating budget structure in which budgeted expenses range from a low of \$0.057 million to a high of \$0.138 million. Actual expenses consistency fell moderately to significantly below budgeted amounts during the 48-month period. Specific expense and revenue details are not available as of the draft report date. Additional analysis pending.

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## CHAPTER THREE REGIONAL CHARACTERISTICS & COMPARISONS

### 3.1 SERVICE AREAS

#### A. Population Trends

The resident population collectively served by the seven affected public agencies responsible for providing wastewater services in the region is estimated by the Commission at 124,182 as of the term of this study period (2014).<sup>20</sup> This estimate is specific to residents directly tied to the agencies' collection systems. It is also estimated the affected agencies are collectively at 93.8% of their projected and combined near-term planned buildout of 132,450. The planned near-term buildout is based on the potential for up to 3,352 new units that *may* be eventually built subject to market demand and project approvals and as detailed in the accompanying footnote.<sup>21</sup>

LAFCO estimates there are 124,182 total residents served by the seven public agencies responsible for providing public wastewater services in the region as of the end of this study period. It is also estimated the combined service population has increased by 3,037 or 2.54% over the study period.

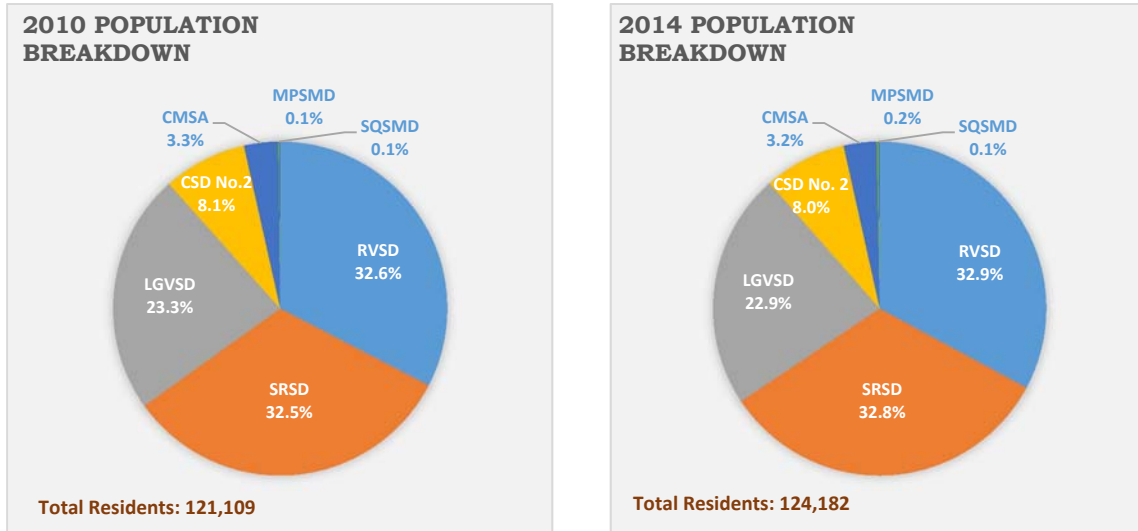
Estimated resident totals within all seven affected agencies has increased by a combined net of 3,073 persons and reflects an overall 2.54% or 0.51% growth rate over the five-year study period. Nearly all of the estimated net addition in residents over the study period is directly tied to growth within SRSD, RVSD, and – to a lesser extent – LGVSD. These three agencies collectively account for 97% of the projected new growth within the region with SRSD and RVSD leading the tally with net additions of 1,363 and 1,355, respectively.

Overall estimated resident growth in the region during the study period has been disproportionately concentrated within SRSD and RVSD. These two agencies alone account for 88% of all new estimated growth in the region over the preceding 60-month period.

<sup>20</sup> The estimated total resident service population of 124,182 as of the term of this study period has been independently calculated by the Commission and premised on deference to occupied housing driving resident estimates based on data collected within the subject census tracts. Four distinct calculations underlie the estimates and involve projecting a) total housing units, b) local occupancy rates, c) occupied housing units, and d) household sizes. The calculation also includes a flat assignment of 4,000 residents for the San Quentin State Prison.

<sup>21</sup> The calculation of planned near-term buildout is drawn analyzing data included in the applicable land use authorities' certified housing elements covering the 2015-2023 period and specific to each agency's service area. The housing unit total is paired with household size averages for each agency calculated by the Commission.

Estimated resident growth within the remaining four affected agencies accounts for the remaining 3% of the net over the study period and paced numerically by CSD No. 2 at 88. The other three affected agencies in the region – MPSMD, SQVSMD, and CMSA - collectively account for a net increase of 8 over the preceding 60-month period.<sup>22</sup>



With respect to projections going forward, and for purposes of this study, it is assumed the resident growth rate within all seven affected agencies will generally match the five-year study period (2010-2014). This assumption produces an overall and projected annual change of less than one-tenth of a percent or 0.53% in resident growth over the succeeding 10-year period. The substantive result of this assumption would be an overall increase in the combined resident service population of 6,530 and produce a total of 130,712 by 2024.

Should growth rates over the five-year study period hold it is projected the region will experience an overall net increase in population of 6,530 over the succeeding 10-year period and total 130,712 by 2014.

<sup>22</sup> The Commission’s resident calculation for CMSA reflects a flat and stagnant 4,000 person assignment associated with directly serving the San Quentin State Prison. The remainder of CMSA’s service population – estimated at 120,182 as of the study period term – is assigned to the associated collection system operator/district.

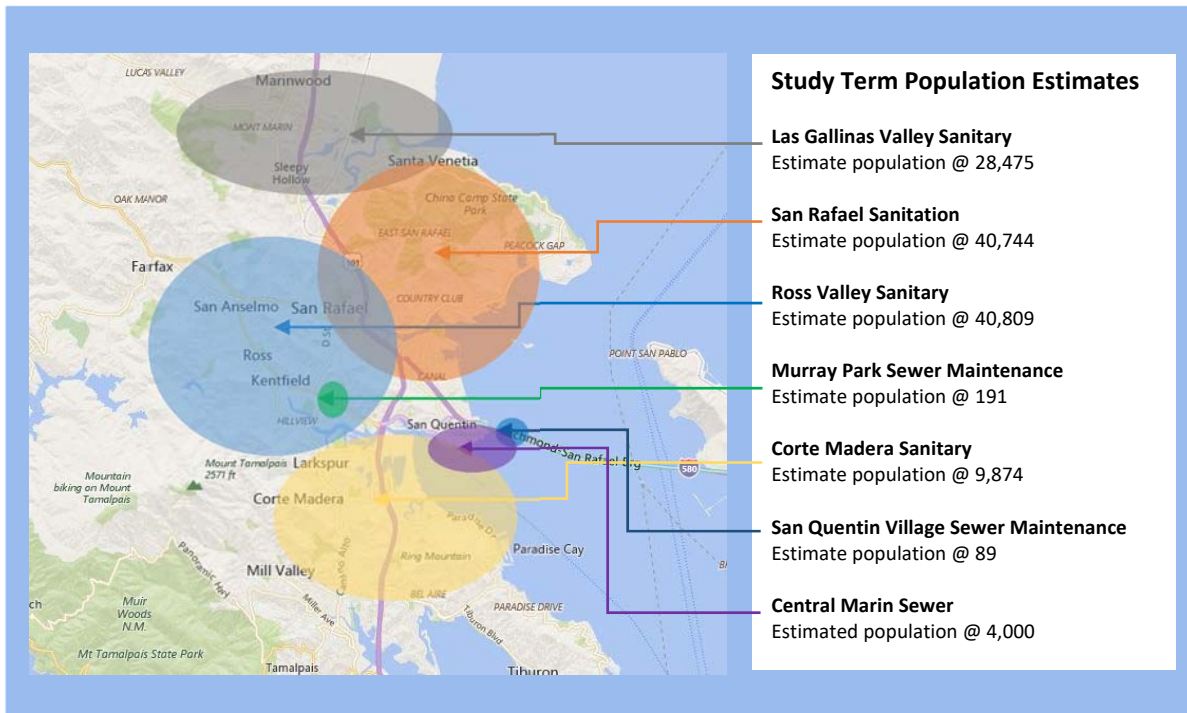


## Resident Population Projections

Table \*\*\* | Marin LAFCO

Agency	2014			Annual Trend	Population @ Near-Term Buildout
	2010	-Baseline-	2024		
Las Gallinas Watershed	LGVS	28,214	28,475	0.12	32,329
	RVSD	39,454	40,809	0.71	45,430
Ross Valley Watershed	SRSD	39,381	40,744	0.71	46,701
	CSD No. 2	9,788	9,874	0.18	10,202
	MPSMD	175	191	1.94	244
	SQVSMD	97	89	(1.69)	100*
	CMSA (State Prison)	4,000	4,000	0.0	106,577
<b>Totals:</b>	<b>121,109</b>	<b>124,182</b>	<b>130,712</b>	<b>0.53%</b>	

\* The term “buildout” is specific to near-term planning estimates and based on land inventories conducted by the applicable land use authorities as part of the 2015-2023 housing element cycle. The buildout amount does not take into consideration second units and will most-certainly be revised and increased for the 2024-2032 period in step with the next housing element cycle.



## B. Resident Characteristics | Housing Volume, Density, Type and Buildout

The Commission projects the estimated resident population of 124,182 as of the term of the study period within the seven affected agencies is divided among 49,873 total *occupied* housing units.<sup>23</sup> This total reflects a net increase of 1,199 new occupied housing units within the region over the five-year study period or 2.46% overall or 0.49% annually. It also produces a household density of 2.41 persons for every occupied unit in the region once the population from San Quentin State Prison is discounted; the latter of which marks a difference of three-tenths of one percent over the preceding 60 months.<sup>24</sup>

The Commission estimates there are 1,199 new occupied housing units in the region over the course of the five-year study period. This produces a growth ratio of 2.56 new residents for every new housing unit.

In terms of the distribution of the occupied housing units within the region as of the term of the study period nearly four-tenths – or 37% – lies within RVSD with a net total of 18,508. This latter amount also produces a corresponding density ratio of 2.22 persons per home. RVSD also experienced the largest net and percentage increase with the addition of 694 new occupied housing units over the 60-month period; a difference of 3.90% overall or 0.78% annually. The second largest source of occupied housing units among the affected agencies lies within SRSD at 15,260 and accounting for 30% of the regional total. It also produces a corresponding density ratio in SRSD at 2.67; the highest ratio therein among all affected agencies in the region.

RVSD accounts for 37% of all occupied housing units within the region as of the study period term; the most of any of the affected agencies. RVSD also experienced the largest increase in new occupied housing unit during the study period tallying 694 or 3.90% overall.

A summary of occupied housing unit and density ratio estimates therein among all seven of the affected agencies follows.

<sup>23</sup> For purposes of this study the Commission assigned deference to projecting and analyzing occupied housing units as opposed to total housing units.

<sup>24</sup> The overall region's housing density as of the study period's term is 2.4097 persons for every one occupied unit. This ratio is nearly identification to the ratio in 2010 totaling 2.4059.

<b>Occupied Housing Volume and Density Estimates</b>							
Table ***   Marin LAFCO							
		2010 Totals		2014 Totals		Study Period Trends	
Agency		Housing	Density	Housing	Density	Housing	Density
Las Gallinas Watershed	LGVD	11,265	2.505	11,528	2.470	2.33%	(1.40%)
	RVSD	17,814	2.215	18,508	2.205	3.90%	(0.45%)
Ross Valley Watershed	SRSD	15,107	2.607	15,260	2.670	1.01%	2.42%
	CSD No. 2	4,360	2.245	4,448	2.220	2.02%	(1.11%)
	MPSMD	87	2.022	88	2.170	1.15%	7.32%
	SQSMD	41	2.368	41	2.160	0.0%	(8.78%)
	CMSA	0	0	0	0	0.0%	0.0%
<b>Totals</b>		<b>48,674</b>	<b>2.401</b>	<b>49,873</b>	<b>2.409</b>	<b>2.46%</b>	<b>0.33%</b>

<b>Housing Type Estimates</b>							
Table ***   Marin LAFCO							
		2010 Totals		2014 Totals		Study Period Trends	
Agency		Single Family	Multi Family	Single Family	Multi Family	Single Family	Multi Family
Las Gallinas Watershed	LGVD	79.36%	20.64%	78.37%	21.63%	(1.25%)	4.80%
	RVSD	70.21%	29.79%	69.67%	30.33%	(0.77%)	1.81%
Ross Valley Watershed	SRSD	54.74%	45.26%	53.37%	46.63%	(2.50%)	3.03%
	CSD No. 2	74.75%	25.25%	74.43%	25.57%	(0.43%)	1.27%
	MPSMD	66.02%	33.98%	63.30%	36.70%	(4.12%)	8.00%
	SQSMD	59.63%	40.37%	63.17%	36.83%	5.94%	(8.77%)
	CMSA	61.09%	38.91%	63.36%	36.61%	3.72%	(5.91%)
<b>Totals (Weighted)</b>		<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>


Additional residential development – albeit to different degrees – is planned within all six affected local agencies’ service areas, and accordingly represents a significant impact on the availability of future supplies going forward. The central source for this future planning is largely tied to State law and its requirement for land use authorities (i.e., cities and counties) to include housing elements in their general plans that make adequate provision for existing and projected housing needs of all economic segments of the community. These underlying statutes were amended by Senate Bill 375 in 2008 to require – among other items – housing elements be revised and updated every eight years beginning in 2010 to address the State’s new regional housing assignments. The intent of the housing element law is to create a market-based strategy for local land use

It is anticipated a total of 3,352 new housing units – producing a projected 8,268 additional residents – may be constructed within the affected agencies’ jurisdictions at buildout based on current land use policies.


authorities to facilitate opportunities to increase in the supply and affordability in housing; actual construction of additional housing is not required by the State.<sup>25</sup>

With the preceding comments in mind, and for purposes of telegraphing near-term buildout conditions as part of this study, the Commission believes it is reasonable to assume the potential development of 3,352 new housing units in the affected agencies' existing jurisdictional boundaries. (There is no specific timetable for actual development of these future housing units; associated buildout years identified in this study are based solely on current growth trends. It is also reasonable to denote the distinction between near-term and ultimate buildout; the latter of which is not readily quantifiable.) This total amount – which equals 93.6% of the total number of existing units – of expected new residential development is based almost entirely on the housing elements of all applicable and use authorities underlying the region and specific to zoning assignments as it applies to the six affected agencies' jurisdictional boundaries.

<b>Near-Term Buildout: Housing Units Estimates</b>								
Table ***   Marin LAFCO								
Type	LGVSD	SRSD	RVSD	CSD No. 2	MPSMD	SQVSMD	CMSA	Total
Existing Units	11,959	16,013	19,503	4,531	92	45	0	52,143
Additional Units at Near-Term Buildout	1,335	1,158	782	69	8	0	0	3,352
<b>% at Buildout</b>	<b>89.9%</b>	<b>93.3%</b>	<b>96.1%</b>	<b>98.5%</b>	<b>92.0%</b>	<b>100%</b>	<b>100%</b>	<b>93.6%</b>



Las Gallinas  
Watershed



Ross Valley  
Watershed

\* The listing of residential units at buildout within each affected agency is based on a review of the applicable adopted housing elements of the associated land use authorities in Marin County as of date. It does not contemplate second units.

<sup>25</sup> A pertinent and related section of LAFCO law directs commissions to facilitate orderly growth and development that includes providing housing for persons and families of all incomes under Government Code Section 56001.

### C. Demographics | Social and Economic Factors

A review of demographic information available for census tracts within the seven affected agencies for the study period indicates most fulltime residents are in good economic positions relative to countywide averages. This includes residents within six of the seven affected agencies finishing the study period with moderately to substantively higher median household incomes and led by CSD No. 2 at \$108,934; an amount finishing 19% higher than the countywide average for the same period. SRSD – the lone outlier within the region

Current demographic information shows marked differences between SRSD and the other six affected agencies in both economic and social measurements. These differences include SRSD finishing the study period with significantly lower household incomes along with high poverty and unemployment rates. Distinctions among and within the other six affected agencies are less evident with limited exceptions.

as it relates to economic indicators – finished the study period with a median household income 18% below the countywide average at \$75,046. This economic distinction also revealed itself in other economic indicators – including poverty rates, unemployment levels, and commute times – showing commonality between all of the affected agencies with the outlier exception of SRSD. Social indicators also show a notable distinction between SRSD and the other six affected agencies and reflected in statistical gaps in educational attainment and non-english speaking households.

#### Economic and Social Factors | 2010-2014 Averages

Table \*\*\* | Marin LAFCO

Category	LGVSD	RVSD	SRSD	CSD No. 2	MPSM D	SQVSMD	CMSA	County Average
Median Age	46.16	44.98	46.27	48.4	42.3	40.64	43.59	45.1
Prime Working Age	52.6%	52.9%	52.1%	52.9%	52.6%	64.6%	57.8%	55.3%
Median HH Income	\$96,602	\$108,934	\$108,510	\$100,441	\$84,065	\$75,046	\$93,648	\$91,529
Unemployment Rate	3.1%	3.7%	4.8%	5.2%	6.3%	6.1%	5.3%	4.7%
Poverty Rate	7.5%	4.8%	6.5%	3.0%	5.8%	19.1%	11.9%	8.8%
4-Yr College Degree	50.4%	65.7%	65.8%	68.7%	60.4%	41.1%	54.8%	30.8%
Mean Travel to Work	28.6 min	30.4 min	31.1 min	29.1 min	29.0 min	26.9 min	29.0 min	29.4 min
Non-English Speaking	24.0%	21.1%	13.8%	18.5%	24.8%	42.4%	27.3%	23.5%
Pre Prop 13 Resident	18.6%	12.9%	12.4%	8.2%	8.4%	10.7%	11.7%	12.8%

Economic

Social

Las Gallinas  
Watershed

Ross Valley  
Watershed

## D. Jurisdictional Boundaries

The jurisdictional boundaries of the six affected agencies directly subject to the Commission and its regulatory duty to set boundaries in the region collectively spans 46.01 square miles or approximately 29,450 acres.<sup>26</sup> Comparatively the collective jurisdictional boundaries of the six agencies represent 8.8% of the countywide land

The collective jurisdictional boundaries of the six agencies subject to the Commission’s regulatory oversight providing wastewater services in the region tally 46 square miles. Ten land use authorities overlaps this area and led by County of Marin at 44%.

total. Ten land use authorities overlap the combined jurisdictional boundaries with two-thirds falling under the oversight of the County of Marin and San Rafael. The County of Marin is the predominant land use authority and accounts for an estimated 44% of combined jurisdictional boundaries. Another 23% of the combined jurisdictional boundaries falls under the land use authority of San Rafael. The remaining one-third is divided among the land use authorities of San Anselmo at 12%, Fairfax at 9%, Corte Madera at 4%, Ross at 3%, Larkspur at 3%, Tiburon at 1%, and Novato and Mill Valley each at less than 1%.

<b>Jurisdictional Boundaries’ Breakdown: Land Use Authorities</b>					
Table ***   Marin LAFCO					
<b>Agency</b>	<b>Assessor Parcel Acres</b>	<b>Assessor Parcel Acres</b>	<b>% of Total</b>	<b>Total Assessor Parcels</b>	<b>Total Residential Units</b>
County of Marin	9,113		44.1%	11,372	10,255
San Rafael	4,730		22.9%	16,824	23,244
San Anselmo	2,440		11.8%	5,482	6,279
Fairfax	1,904		9.2%	3,173	3,900
Corte Madera	897		4.3%	3,390	3,910
Ross	676		3.3%	847	883
Larkspur	542		2.6%	2,522	3,580
Tiburon	299		1.4%	442	435
Novato	58		0.3%	22	19
Mill Valley	1		0.0%	1	0
	<b>20,660</b>		<b>100%</b>	<b>44,075</b>	<b>52,505</b>

<sup>26</sup> CMSA is not subject to the direct regulatory oversight of the Commission as a joint-powers authority.

The combined population density within the six jurisdictional boundaries tallies 2,669 residents for every square mile as of the study period term. The square mile total also encompasses 44,223 assessor parcels with a combined assessed value (land and improvements) of \$31.0 billion. This latter amount translates to a per capita value of \$0.257 million based on the joint service population of 120,182.<sup>27</sup>

The combined assessed land values within the jurisdictional boundaries of the six agencies subject to the Commission totals \$31.0 billion, and equates to a per capita share of \$0.257 million.

The Commission estimates 71% of the jurisdictional assessor acreage within the six agencies' boundaries has already been developed, albeit not necessarily to the maximum density allowed under the respective land use authority. It is also estimated there are an existing and combined total of 1,747 unbuilt assessor parcels within the six agencies' boundaries that are privately owned and designated for some type of urban type use by the respective land use authority. Additional analysis would be needed to further assess the actual development potential of these unbuilt parcels relative to zoning and other germane local conditions.


Over three-fifths of assessor acreage within the collection jurisdictional boundaries of the six agencies directly overseen by the Commission has already been developed or improved – though not necessarily at its maximum density. Within the remaining two-fifths there are 1,747 un-built and privately owned parcels designated for some type of urban use by the respective land use authority.

<b>Jurisdictional Lands   Region</b>				
Table ***   Marin LAFCO				
<b>% Parcel Acres Already Developed</b>	<b>Residential Built Units</b>	<b>% of Units Built as SFR</b>	<b>Unbuilt Private Parcels</b>	<b>Unbuilt Private Parcel Acres</b>
70.6	44,075	***	1,747	9,647


<sup>27</sup> Estimated service population includes only the projections made for the six agencies directly subject to the Commission's regulatory oversight; it excludes CMSA.

RVSD is the single largest of the six agencies in terms of jurisdictional size with 19.7 square miles and represents more than two-fifths of the combined six-agency total. Population density ratios range from a low of 0.0001 residents for every square mile in SQVSMD to a high of 3,134 residents for every square mile in SRSD as of the term of the study period. Tallies for all six agencies follows.

<b>Jurisdictional Lands   Agencies</b>						
Table ***   Marin LAFCO						
Category	LGVSMD	RVSD	SRSD	CSD No. 2	MPSMD	SQVSMD
Total Square Miles	9.4	19.7	13.0	3.8	0.1	0.01
Density (Residents per Square Mile)	3,029	2,072	3,134	2,598	>0	>0
Assessed Value (Land and Structure)	\$5.8 b	\$13.4 b	\$8.2 b	\$3.6 b	\$79.7 m	\$15.7 m
Assessed Value Per Resident	\$0.203m	\$0.328 m	\$0.201 m	\$0.365 m	\$0.417 m	\$0.176 m



Las Gallinas  
Watershed



Ross Valley  
Watershed

### 3.2 Wastewater Collection and Treatment Systems

Analysis pending.

### 3.3 Agency Finances

#### A. Direct Costs to Customers | User Charges and Connection Fees

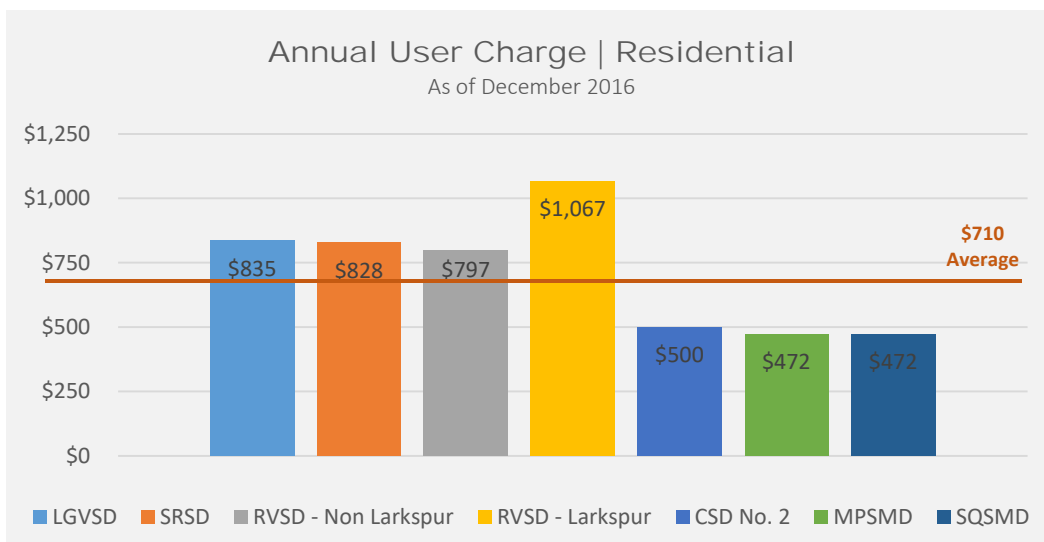
All six affected agencies directly subject to the Commission’s regulatory oversight providing retail public wastewater services in the Central Marin region largely rely on annual user charges to fund day-to-day operations. This includes for CMSA members (SRSD, RVSD, CSD No. 2, MPSMD, and SQVSMD) blending rates to account for contracted treatment costs. All of the agencies distinguish between residential and non-residential accounts. Residential accounts – which make up no less than 89% of any one agency’s total as of the term of the study period – are collected by each agency on the property tax roll and in the format of a flat per unit charge with some distinctions made for multi-family structures. One agency – RVSD – maintains two distinct fee zones

The average annual residential charge among the six public wastewater services in the region directly subject to the Commission currently totals \$710.



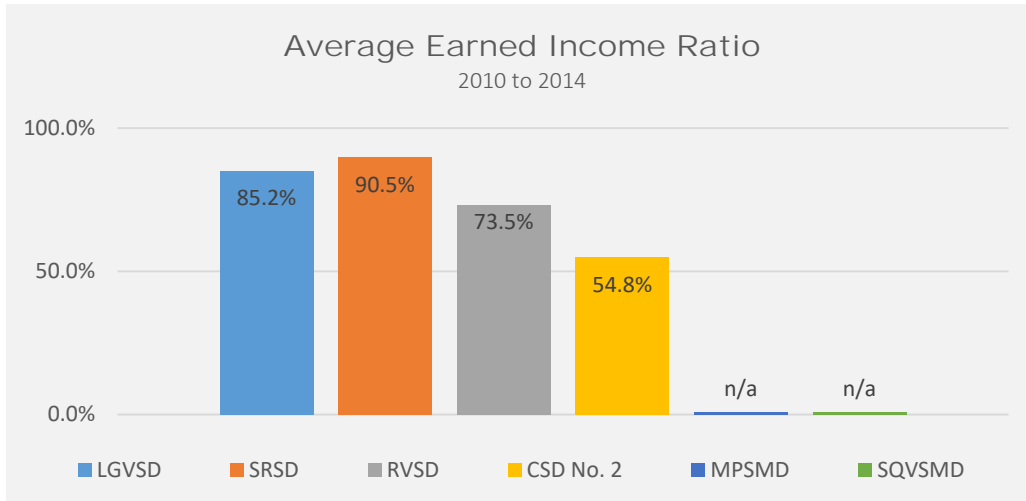
and divided between Larkspur and non-Larkspur ratepayers. None of the six affected agencies have established supplemental charges or fees, such as special assessments, specific to funding wastewater related activities.

The current average annual residential charge among the six affected agencies totals \$710 or \$59 monthly. Individual residential user charges range in annual scope from a low user charge of \$472 within both MPSMD and SQVSMD to a high user charge of \$1,067 for RVSD (Larkspur); a range difference of 126%. Annual user charges for residential ratepayers among the agencies follows.



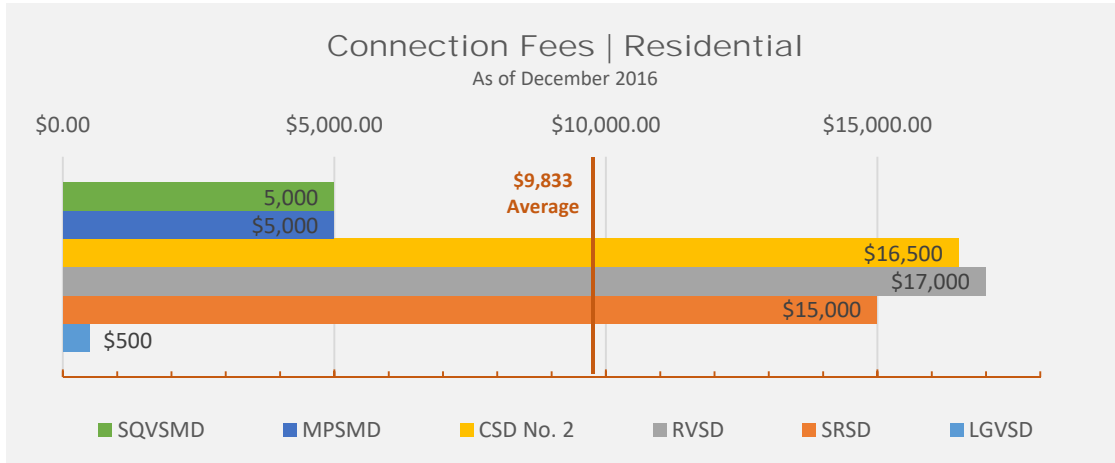
In terms of proportional significance and based on available information the average user fees and related service charges collected by the affected agencies directly subject to the Commission over the course of the study period have accounted for 76.0% of all earned income; i.e., \$0.76 cents of every \$1.00 dollar of collected income was directly tied to a deliverable service. (This amount excludes fess and changes collected by MPSMD and SQVSMD given this information is not available as of date.) Average earned income ratios among individual agencies generated during the study period ranged from a low of 54.8% by CSD No. 2 to a high of 90.5% by SRSD; a range difference of nearly two-thirds.

The average earned income ratio among the agencies directly subject to the Commission over the study period tallied 76%. (MPSMD and SQVSMD are not included.)



Connection fees serve as the “buy-in” charge for new customers and directly go towards funding non-operational activities and most notably capital improvements, such as sewer main replacements and treatment facility upgrades. All six affected agencies directly subject to the Commission that provide retail wastewater services in the Central Marin region have established connection fees that distinguish between residential and non-residential users. The affected agencies also similarly calculate residential connection fees based on the number of living units and associated loading (i.e., flow demand) projections with some variances as it relates to accommodating multi-family structures as well as affordable housing developments. The current average residential connection fee among the six affected agencies totals \$9,833 and bookend from a low of \$500 within LGVSD to a high of \$17,000 within RVSD; a range difference of over 3,300%.

The average residential connection fee among the six public wastewater services in the region directly subject to the Commission totals \$9,833.

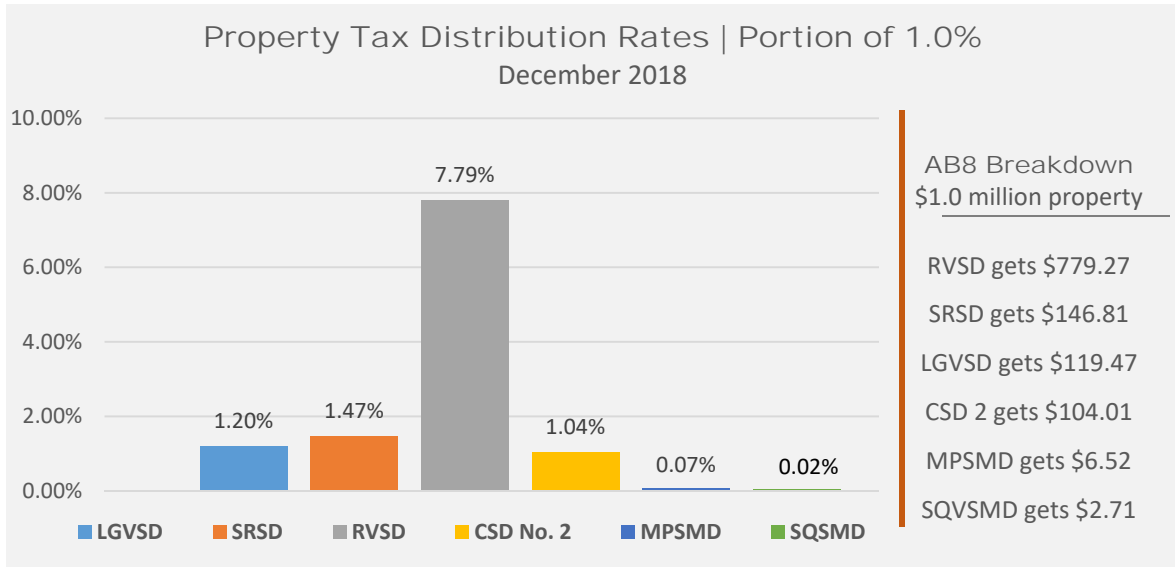


## B. Indirect Costs to Customers | Property Taxes

All six affected agencies directly subject the Commission’s regulatory oversight providing retail public wastewater services in the Central Marin region receive a portion of property tax generated from landowners within their respective jurisdictional boundaries. Revenues generated from property taxes are used as general purpose income

All six affected agencies directly subject to the Commission in providing wastewater services in the region receive a portion of property taxes. Average distribution rate is 1.9% of the 1.0% annually collected.

with no statutory restrictions. The average property tax distribution rate among the six affected agencies – which is a stagnant portion of the overall 1.0% levied and collected on all real property (land and improvements) as provided under Proposition 13 (Assembly Bill 8) – is 1.93%. Significant discrepancies, however, exist with respect to individual agency shares of the 1.0% of property tax collected within the six affected agencies boundaries. Most notably, RVSD receives the highest property tax distribution rate at 7.79% and is more than four times greater than the next highest of 1.47% by SRSD. The lowest property tax distribution rate is SQVSMD at 0.03%.

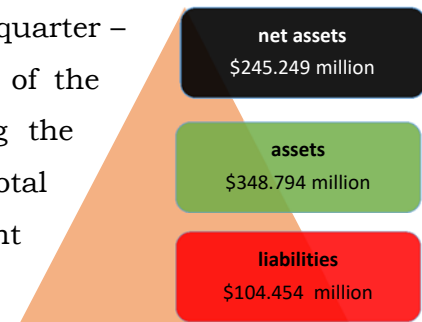


### C. Agency Standing

#### 1.0 Net Assets / Unrestricted Fund Balances

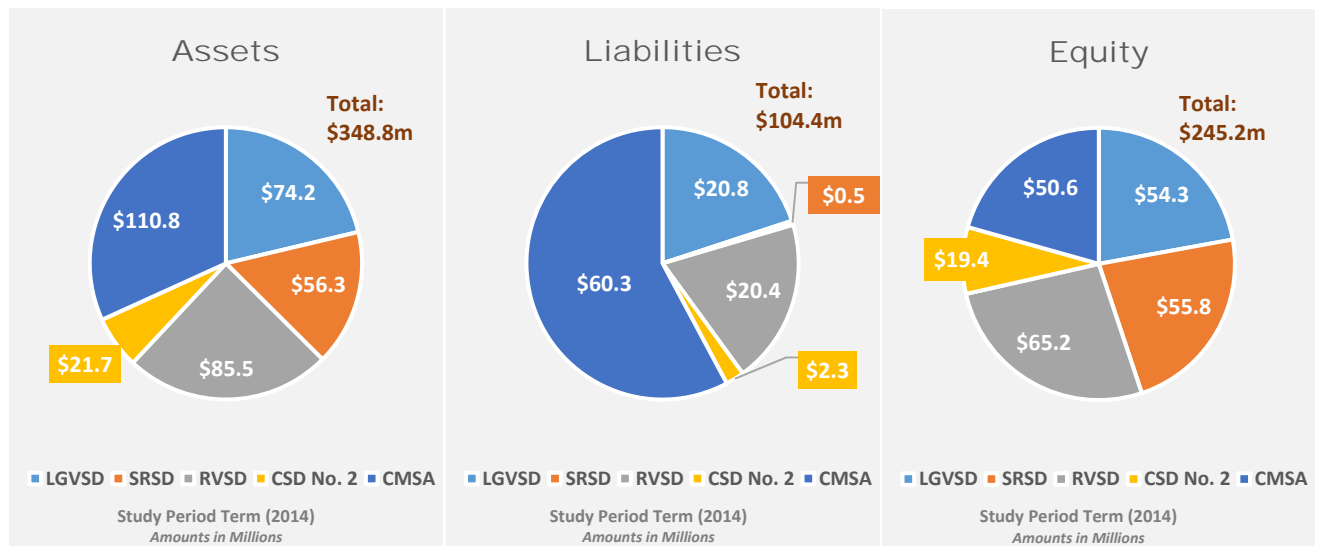
Overall five of the seven affected agencies providing retail public wastewater services in the Central Marin region and included in this report have produced audited financial statements covering the study period. The two exceptions involve MPSMD and SQVSMD. Accordingly, all references to “affected agencies” in this section shall mean only LGVSD, SRSD, RVSD, CSD No. 2, and CMSA.

Overall the affected agencies finished the study period with a combined net asset or equity total of \$245.249 million. Slightly more than one-quarter – or 27% – of this amount has been categorized as part of the agencies’ unrestricted fund balances. Trends covering the preceding 48-month period show the collective net asset total among the agencies having increased by 13%; an amount that translates to an annual rate of 3.25%.<sup>28</sup> This annual average increase is more than one-half greater than the corresponding inflation rate for the San Francisco Bay Region as determined by the



<sup>28</sup> Audited statements covering FY2010 were not readily available for review and as such the referenced data reflects net assets between FY11 and FY14.

Department of Labor.<sup>29</sup> Three of the agencies – LGVSD, SRSD, and LGVSD - experienced significant gains in their overall financial standing by no less than 24% as measured by total net assets or equity during the course of the preceding 48-month period. The remaining agencies – CSD No. 2 and CMSA – have experienced relatively minor decreases in their total net assets over the same period in the amounts of (5%) and (1%), respectively. Collective totals among the affected agencies at the end of the study period with respect to assets, liabilities, and net assets follow.

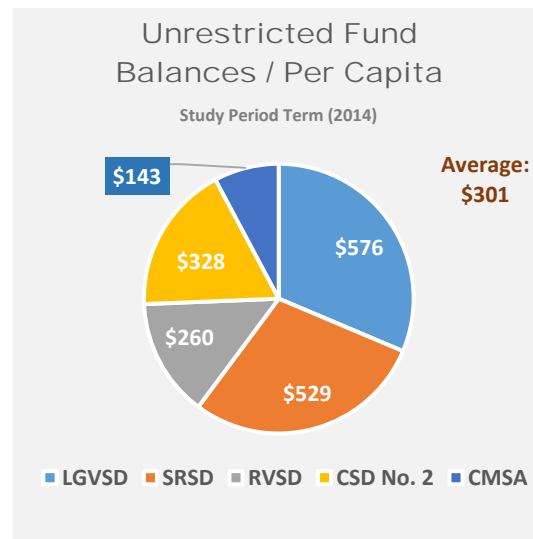
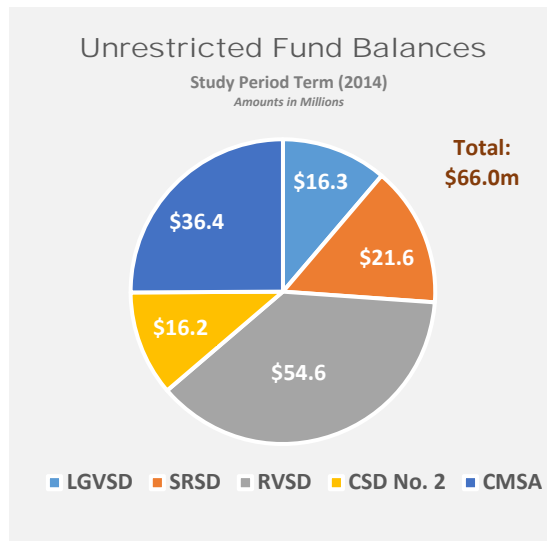


Overall unrestricted fund balances for the affected agencies at the end of the study term tallies \$66.0 million and produces a corresponding per capita ratio of \$300.95. The overall amount in unrestricted fund balances has increased over the preceding 48-month period among the affected agencies by nearly two-thirds or 65%.<sup>30</sup> LGVSD has experienced the largest percentage increase in unrestricted fund balances at 132% followed in order by RVSD at 94%, SRSD at 78%, CMSA at 23%, and CSD No. 2 at (16%).

Overall unrestricted fund balances for the affected agencies collectively tallies \$66.0 million and represents a per capita share of \$301.

<sup>29</sup> The average annual inflation index for the San Francisco Bay Area Region between FY11 to FY14 tallied 2.04%.

<sup>30</sup> The overall percentage change tracks net assets from 2011 to 2014. Audited statements for 2010 were not readily available for two of the five agencies, SRSD and CMSA.

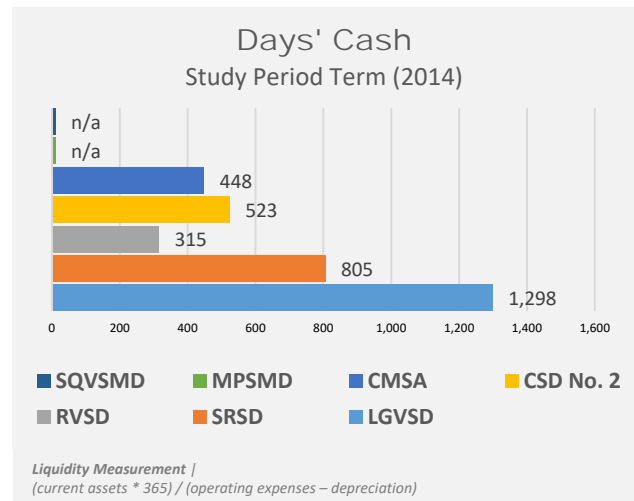
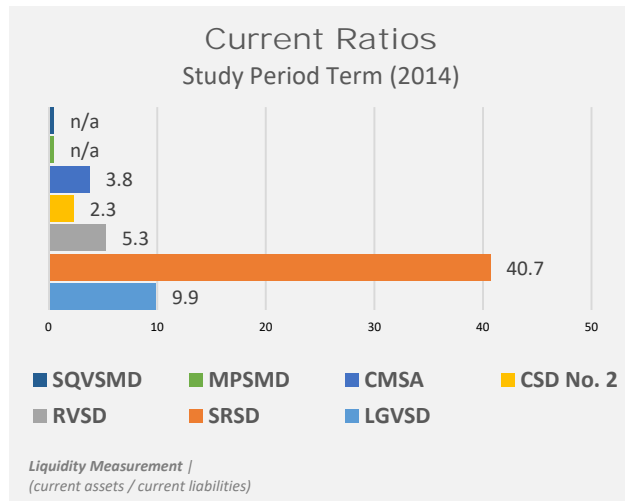


## 2.0 Liquidity, Capital, and Profitability

A review of the financial statements issued by the five of the seven affected agencies providing wastewater services in the Central Marin – and excluding the aforementioned MPSMD and SQVSMD – through the

All of the affected agencies finished the study period with no less than 315 days' cash on hand.

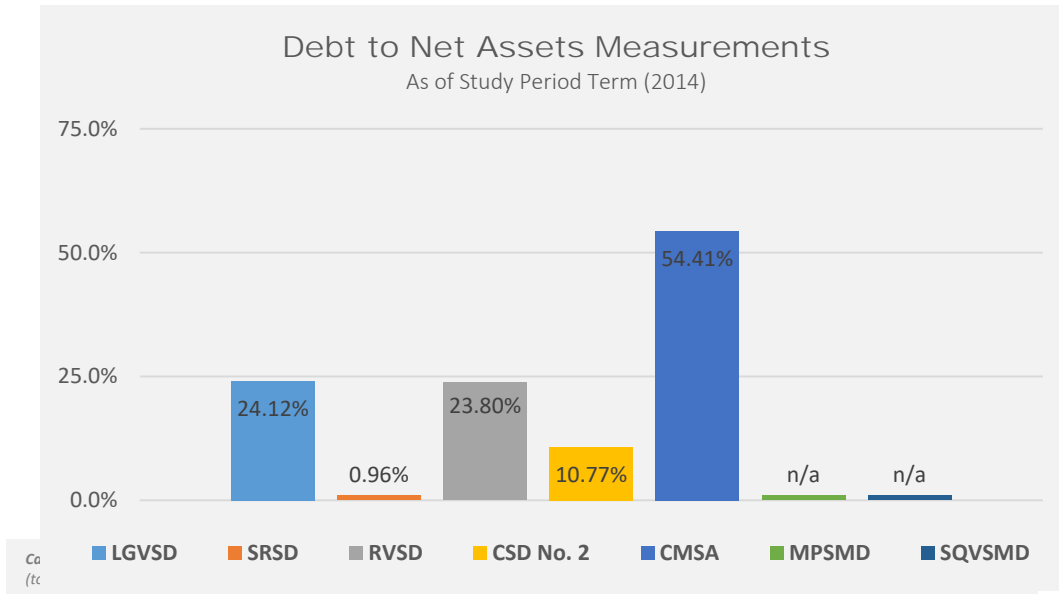
study period generally shows relatively strong ending positions with respect to liquidity and the ability to address short-term obligations. This includes noting all of the affected agencies finished the study period with no less than 315 days' cash on hand to cover budgeted operating expenses less depreciation and highlighted with LGVSD finishing the term at 1,298. The combined average days' cash among the five agencies totaled 678 and sufficient to cover over 22 months of operations. Current ratios – i.e., the amount of available cash and cash equivalents to cover immediate obligations due also finished in the positive for all of the agencies with a combine average of 12 to 1 and bookend by CSD No. 2 at 2 to 1 and SRSD at 41 to 1.



All of the affected agencies finished the study period with relatively good to strong capital standing as measured by their debt-to-net assets calculation. (This excludes MPSMD and SQVSMD for aforementioned reasons.) This measurement – which matches up long-term debt as a percentage relative to overall equity – produces a shared tally among the affected agencies as of the study term equaling 22.8%. This shared amount represents a slight increase in the collective tally of long-term indebtedness by 6.0% over the preceding 48-month period.<sup>31</sup> SRSD finished the study period with lowest tally among the affected agencies and demarking the entity with the least amount of relative long-term debt at 1.0%. This measurement is more than 10 times less than the next lowest tally at 10.8% by CSD No. 2. CMSA finished the study period with the highest measurement of long-term debt at 54.4%

All of the affected agencies finished the study period with no more than 54% of long-term debt relative to overall equity as of the term of the study period.

<sup>31</sup> The overall percentage change tracks net assets from 2011 to 2014. Audited statements for 2010 were not readily available for two of the five agencies, SRSD and CMSD.

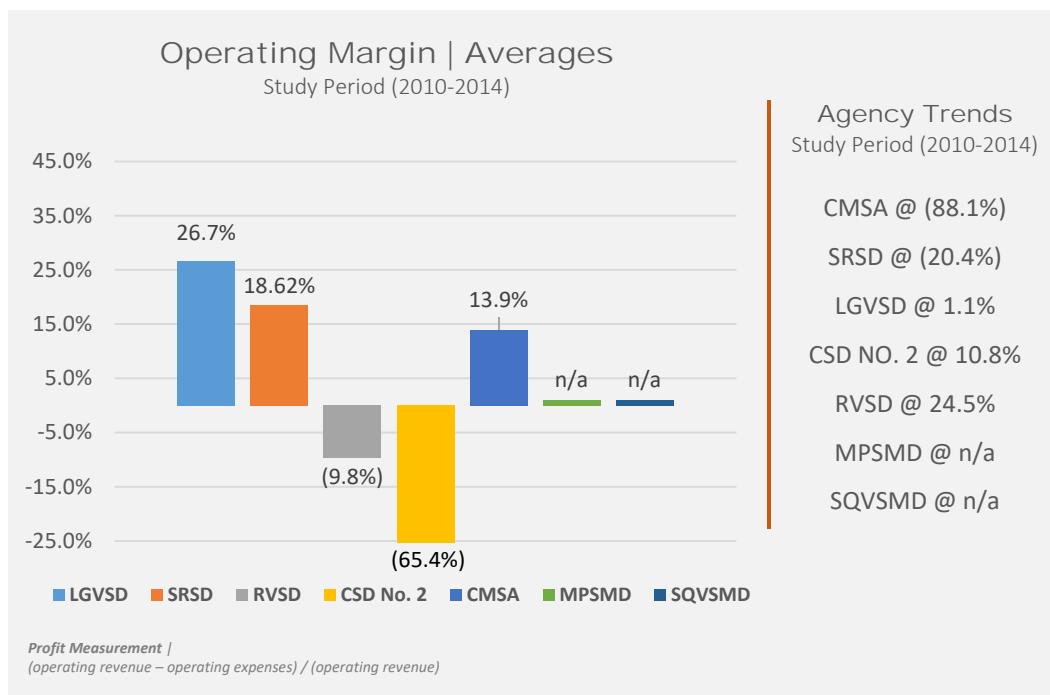
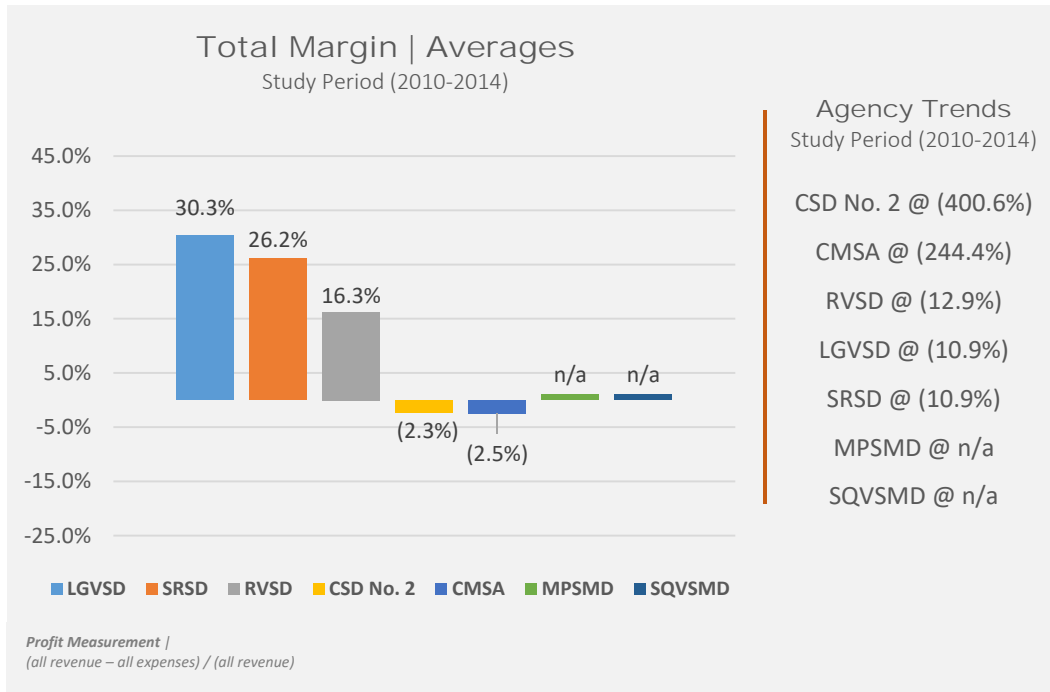


Year-end profit levels among the affected agencies as measured by total margin – the net difference between all revenues less all expenses – largely stayed positive with a combined study period average tallying 13.58%.<sup>32</sup> The average is bookended among the affected agencies by a low of (2.50%) by CMSA and a high of 30.30% by LGVSD. The referenced average in total margin, however, has been declining over the study period among all of the affected agencies and producing a collective and downward trend of (135.88%). The combined operating margin – the net difference of normal and reoccurring revenues versus expenses tied to service provision – also stayed largely positive among the affected agencies, albeit at generally lower profit rates. Operating margins also showed more and divergent variance among the affected agencies with a combined tallying of (3.18%). This average is bookended among the affected agencies by a low of (65.36%) by CSD No. 2 and a high of 26.72% by LGVSD with an overall and shared study period change of (14.36%).

Profit levels among the affected agencies over the study period have varied with one constant: the combined average trend during the study period in both total and operating margins experienced sizable decreases.

<sup>32</sup> Analysis incorporates a four-year period for CSD No. 2 and SRSD given audited statements for FY 2010 were not available for review as of date.





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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2017

Item No. 11 (Business/Action)

February 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Proposal Request | Annexation of 355 Margarita Drive to the San Rafael Sanitation District (LAFCO File No. 1333)**

The Commission will consider a landowner's proposal to annex one unincorporated parcel totaling 0.92 acres to the San Rafael Sanitation. The proposal's purpose is to facilitate a demolition remodel of the existing single-family residence occupying the affected territory. Staff recommends conditional approval without any amendments. Recommended conditions include deferral of the Commission's dual annexation policy involving the City of San Rafael with an adjustment in practice therein to provide the associated agreement securing future consent be executed between the landowner and Marin LAFCO as opposed to the City. The affected territory is identified by the County Assessor as 016-011-19.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH") to regulate the formation and development of cities, towns, and special districts as well as their municipal service areas. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) Section 56375. LAFCOs are authorized to exercise broad discretion in amending as well as establishing conditions in approving changes of organization as long as they do not directly regulate land use.

### A. Background

#### *Applicant Request / Affected Territory as Proposed*

Marin LAFCO ("Commission") has received a proposal from landowner Mt. Tam Property Capital Investments ("applicant") requesting approval to annex one unincorporated legal parcel totaling 0.92 acres to the San Rafael Sanitation District (SRSD). The affected territory lies entirely within SRSD's sphere of influence as designated by the Commission and includes one legal parcel that is part of an unincorporated island community entirely surrounded by the City of San Rafael and informally referred to as "Country Club." The affected territory is developed to date with an approximate 2,500 square-foot single-family residence with a situs address of 355 Margarita Drive. The subject parcel is identified by the County of Marin Assessor's Office for tax purposes as 016-011-19.



### Other Affected Agencies

The affected territory as proposed lies entirely within the unincorporated area although immediately adjacent to the north by San Rafael’s incorporated boundary. A listing of all local agency agencies under Commission oversight whose jurisdictional boundaries include the affected territory follows.

- County Service Area 18 (Park and Recreation)
- County Service Area 19 (Fire and Paramedic)
- Marin County Flood Control and Water Conservation District
- Marin County Parks and Open Space District
- Marin Healthcare District
- Marin Municipal Water District
- Marin Resource Conservation District
- Marin-Sonoma Mosquito Abatement District

\* The affected territory lies within the Dixie Elementary School District, San Rafael High School District, and Marin Community College District.

### B. Discussion

This item is for the Commission to consider approving – with or without amendments – the applicant’s proposal to annex the affected territory to SRSD. The Commission may also consider applying conditions to an approval so long as it does not directly regulate land use, property development, or subdivision requirements.

### **Proposal Purpose**

The purpose of the proposal is to allow the applicant to proceed with a desired demolition remodel of the existing single-family residence occupying the affected territory. The associated permits needed for the remodel, notably, necessitate approval by the County Environmental Health Services, which is responsible for implementing County Code 18.06.050. This ordinance requires all unincorporated properties to connect to a public sewer main if the parcel is within 400 feet unless waived due to special circumstances. The affected territory lies within 400 feet of the sewer main.

Annexation to SRSD and connection therein to the District's sewer main would allow the applicant to secure the permits necessary to proceed with the planned demolition/remodel of the existing residence.

### **Development Potential**

The affected territory as detailed in Appendix A is designated and zoned by the current land use authority – County of Marin – for low density single-family residential development. The existing zoning allowance assigns the affected territory as Residential Single – B4 with a minimum lot size of 1.00 acres.<sup>1</sup> This development threshold does not allow the affected territory to proceed with any further density, but does allow for additional intensity improvements, including a second unit or guest house.

Note: The affected territory lies within San Rafael's sphere of influence as designated by the Commission. San Rafael has not rezoned the affected territory.

### **Commission Focus**

Staff has identified two central and sequential policy items for the Commission in considering the merits of the submitted proposal under CKH. These policy items ultimately take the form of Commission determinations and orient the membership to consider the stand-alone merits of the (a) timing of the annexation and (b) whether discretionary boundary amendments or approval terms are appropriate.

### **C. Analysis**

The analysis of the proposal is organized into two subsections. The first subsection considers the two central policy issues introduced in the preceding section. This pertains to evaluating the timing of the proposed annexation relative to the factors mandated for review by the Legislature as well as through local policies along with whether approval amendments or terms are merited. The second subsection considers issues required by other applicable State statutes in processing boundary changes. This includes making findings for the proposal under the California Environmental Quality Act.

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<sup>1</sup> The County of Marin designates the entire affected territory as "Single-Family Residential – 3" with a development range of 1 to 5 units per acre.

## ***Consideration of Central Policy Items / Timing of the Annexation and Potential Modifications and Terms***

### **Policy Item No. 1 | Timing of the Annexation**

The timing of the boundary change to annex the affected territory to SRSD appears appropriate relative to the analysis of the 16 factors required for consideration under CKH as well as the Commission's own adopted policies. The majority of the prescribed factors established by the Legislature focus on the impacts of the proposed boundary change on the service and financial capacities of the affected agencies. No single factor is determinative and the intent is to provide a uniform baseline for LAFCOs in considering boundary changes in context to locally adopted policies and practices. A summary of key statements and conclusions generated in the review of the mandated factors relative to supporting the timing of the annexation follows with a complete analysis provided in Appendix A.

Proposal timing appears appropriate. This includes the Commission independently determining SRSD has sufficient administrative, service, and financial capacities and controls to serve the territory and at its maximum development potential.

- Annexation of the affected territory to SRSD for purpose of establishing permanent public wastewater services going forward is consistent with the adopted residential land use policies of the County of Marin; the governmental entity tasked currently with community planning for the affected territory.
- Annexation would support the reasoned policy of the County of Marin codified under Municipal Code Section 18.06.050. This ordinance matches residential uses in urbanizing areas with public wastewater facilities by requiring properties to connect to public sewer mains if they are within 400 feet and legally possible as a precondition to securing future building permits.
- There is an existing need for public sewer service to accommodate the current and planned residential use of affected territory given the alternative would be to replace and maintain a private on-site septic system. This alternative – among other items – would counter the Commission's interest and practice in discouraging private septic systems in developing urban areas.
- SRSD's sewer system has available collection and contracted treatment capacities to accommodate projected service demands for the affected territory at its potential maximum uses.
- The affected territory is largely surrounded by the SRSD jurisdictional boundary and the annexation of the subject lands would represent an anticipated and orderly expansion therein.

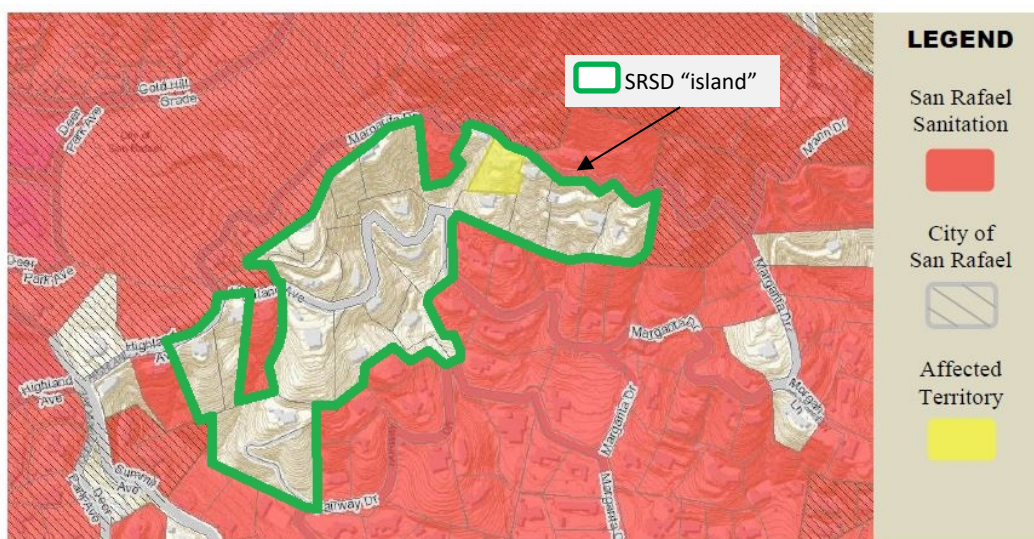
**Conclusion on Annexation Timing:**

The timing of the proposal appears sufficient given the referenced (a) planning consistency, (b) service need, and (c) agency capacity considerations tied to extending public sewer to the affected territory.

**Policy Item No. 2 |  
Potential Amendments and Terms**

CKH encourages the Commission to consider at least one potential amendment to the proposal and this involves expanding the annexation boundary to include more or all of the 23 additional non-SRSD unincorporated parcels that make up remaining District “island” associated with the affected territory. The underlying merits in pursuing this potential boundary amendment is tied to producing a more orderly boundary for SRSD that eliminates an existing island of non-jurisdictional land entirely surrounded by the District. The boundary amendment would consequently also help to ultimately remove septic systems in a developing urban area. The demerits in proceeding with this boundary amendment, however, are administratively significant and highlighted by the reasonable expectation that such an expansion would not survive protest proceedings under LAFCO law. An expansion – separately – beyond certain parameters would also require additional environmental review.<sup>2</sup> Staff assigns deference to these latter considerations, and as such does not recommend proceeding with the referenced boundary amendment.

Proposal review generates immediate consideration of one potential amendment under CKH to expand the SRSD annexation to include more or all of the 23 adjacent non-jurisdictional lots that are part of the same District “island,” but for reasons detailed is not recommended.



<sup>2</sup> There is also the likely disconnect associated with the amendment in which the Commission would add properties to SRSD that presumably do not plan on connecting to the District in the immediate future given the associated and upfront expenses - namely a connection fee and related plumbing costs; dynamics that would be further exasperated since SRSD collects user fees on the property tax roll.

Consideration of a second and distinct potential amendment is also encouraged under CKH as well as the Commission's own adopted local policies. This involves reorganizing the proposal to include concurrent annexation of the affected territory to San Rafael given the land already lies within the City's sphere of influence as designated by the Commission. This consideration is drawn from the Commission's dual annexation policy with the explicit intent of advancing the agency's interest in directing municipal services towards city-centered growth. Markedly, this policy is action-oriented and states the Commission shall reorganize this proposal into the referenced reorganization – which would also presumably necessitate concurrent detachment from County Service Area 19 – unless the membership approves a deferral if each of the following factors apply.

Proposal review also encourages the Commission to consider applying its dual annexation policy and reorganize the proposal to require concurrent annexation of the affected territory to San Rafael. This policy contemplates a deferral should certain conditions apply.

- The County of Marin has adopted plans or policies specifically for the affected area supporting the existing of urban services.
- All affected agencies have been notified and given adequate time to review and comment on the proposed annexation.
- Application of the policy at the present time would result in illogical boundaries or inefficient provision of local services.

Staff believes there is equal policy justification for the Commission in choosing to either apply or defer its dual annexation policy based on the membership's collective preferences. The applicant has made it clear in their communications that they adamantly oppose annexation into San Rafael at this time and at least not for the next 24 months citing adverse financial impacts. The applicant notes they have already committed up to \$78,000 in unplanned costs to annex and connect the affected territory to SRSD as a result of complying with the County's permitting process. The applicant adds annexing to San Rafael would generate additional unplanned costs and resources.

Deferring the Commission's dual annexation policy appears reasonable given past practice coupled with the applicant's strong objections to annexation to San Rafael at this time.

Given the preceding factors staff believes it would be reasonable for the Commission to exercise discretion and authorize a waiver of the dual annexation policy. Under existing policy and practice this would involve applying a special approval condition to require the applicant record an agreement with San Rafael to run with the property to consent to the affected territory's future annexation should it be proposed. Staff believes at least one adjustment to this baseline is warranted and involves having the

Staff recommends the Commission make at least one adjustment to its standard deferral practice. This involves specifying the recorded agreement providing the landowner's consent to future annexation to San Rafael be executed with Marin LAFCO and not the City.



agreement be executed directly between the Commission and applicant as the parties of real interests. San Rafael does not object to this suggested adjustment.

Notwithstanding the above recommendation, alternatives are available to consider a more substantive adjustment to the Commission's standard dual annexation deferral to more proactively expedite the timing of adding the affected territory to San Rafael. An alternative identified by staff and tentatively discussed with San Rafael would involve conditioning approval of the annexation to SRSD subject to the following special terms:

An additional adjustment to the Commission's deferral practice is available should the Commission desire a more proactive and expedited approach to effectuate the transition from deferral to annexation. This alternative approach would set the stage for an annexation proposal to be filed on or shortly after June 2019.

1. Marin LAFCO executes a notarized agreement with applicant/landowner that runs with the property that does the following:
  - a) The landowner and any successors thereafter consent and waive protest rights to future annexation proceedings to San Rafael initiated on or after June 2019. (This date honors the two-year deferral request made by the applicant.)
  - b) The landowner and any successors thereafter agree to fund all associated application costs necessary to complete the future annexation of the property to San Rafael based on the adopted fee schedule of Marin LAFCO as of the date of the initiation of proceedings.
2. Marin LAFCO receives written confirmation from San Rafael that it is in receipt of a completed application from the landowner with the appropriate filing fee for a rezoning assignment for the property. (This addresses a potential blind spot not previously addressed by Marin LAFCO and deals with the general – though not absolute – need under State law for annexed territory to cities be rezoned (G.C. Section 56375(a)(7)).
3. Marin LAFCO receives a refundable deposit from the landowner in the amount of \$10,000 to process an annexation of the property to San Rafael consistent with enacting Condition No. 1(b). This amount covers the current costs - \$7,552 - to process the annexation plus additional monies to cover any potential increases in associated fee schedules.
4. Marin LAFCO receives a completed annexation agreement date-marked June 1, 2019 from the applicant requesting annexation of the affected territory to San Rafael with the associated costs covered by the deposit filed under Condition 3.

Staff believes the alternative approach outlined above in applying a deferral to the Commission's dual annexation policy is a reasonable and doable alternative should the membership desire a more proactive tactic. More specifically, staff believes the alternative approach takes the "next step" in prescribing and facilitating the desired transition from

deferral to annexation. Staff also recognizes, however, applying this alternative approach represents a significant change in the Commission’s long-standing practice. The potential need for rezoning is also an added variable. Accordingly, and in the absence of consensus that a more proactive approach is needed, staff suggests the alternative approach be tabled and revisited in the future as the membership sees fit.

**Conclusion on Potential Amendments and Terms:**

No amendments appear merited at this time. This includes noting it would be reasonable for the Commission to defer enacting Marin LAFCO’s dual annexation policy by requiring the applicant to record an agreement to run with the affected territory consenting to future annexation to the City of San Rafael. This action would be responsive to the explicit request of the applicant and consistent with the general – though not always – practice of the Commission to give great weight to applicant preferences in these matters. A procedural adjustment is suggested and involves having the agreement be executed directly between the applicant and the Commission as the real parties of interests, and as such eliminate the need for San Rafael’s participation fulfilling the referenced condition. However, and based on some expressed interest from within the membership in recent meetings, should the Commission desire a more proactive approach in effectuating the dual annexation policy an alternative set of conditions are outlined.

**Other Considerations**

Property Tax Exchange

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCO can consider a jurisdictional change. Markedly, and pertinent to this proposal, RTC Section 99(b)(5) allows the County of Marin to adopt a single resolution establishing a tax exchange on behalf of both affected agencies given SRSD’s status as a special district. Towards this end, and upon formal noticing by the Commission to negotiate an amount, the County and SRSD have agreed to a “no” exchange tax agreement for this proposal – i.e., the District will not receive any new property tax allocation if the annexation is approved with or without any amendments.

Environmental Review

The Commission serves as lead agency under the California Environmental Quality Act (CEQA) for the proposal given Marin LAFCO’s primary role in authorizing the underlying project: annexation of the affected territory to SRSD for purposes of establishing public sewer service. Staff has determined the referenced action is a “project” under CEQA, but qualifies for an exemption under Public Resources Code Section 15319. Specifically, the annexation can be accommodated through existing public facilities and infrastructure and the affected territory is already developed at its highest density allowance under the County of Marin.

### Conducting Authority Proceedings (Protest Hearings)

The affected territory is uninhabited under CKH and the landowner has provided written consent as the applicant.<sup>3</sup> SRSD has also not requested notice or protest proceedings. Conducting authority proceedings may be waived under G.C. Section 56663.

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

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):

Adopt the attached draft resolution conditionally approving the proposal as submitted with specified terms.

Alternative Action Two:

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

Alternative Action Three:

Disapprove the proposal.

#### **E. Recommendation**

Staff recommends proceeding with the action identified as Alternative Action One as summarized in the preceding section. These actions would collectively allow for a moderate and orderly boundary expansion of SRSD to include territory already located within the District's sphere and in step with eliminating the ongoing operating of a private septic system in a developing urban area.

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

Staff has agenized this item as part of the regular business calendar. The following procedures are recommended with respect to the Commission's consideration:

- 1) Receive verbal report from staff;
- 2) Invite comments from the applicant (required)
- 3) Invite comments from other interested attendees (voluntary); and
- 4) Discuss item and consider action on recommendation.

Respectfully,



---

Keene Simonds  
Executive Officer

Attachments:

- 1) Draft Resolution Approving the Proposal
- 2) Application Materials

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<sup>3</sup> Landowner under CKH is defined in G.C. Section 56048 and excludes public agencies in which the affected territory is a public right-of-way.

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**APPENDIX A**  
**BOUNDARY CHANGE**  
**ANALYSIS OF MANDATORY FACTORS**  
**GOVERNMENT CODE SECTION 56668**

**1) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent areas, during the next 10 years.**

The affected territory as proposed includes one legal unincorporated parcel that is approximately 0.92 acres in size with situs address of 355 Margarita Drive within the Country Club community. Existing development to date includes an approximate 2,500 square foot detached single-family residence built in the 1940s. Other existing improvements include a paved driveway, fencing, swimming pool, detached workshop, and ornamental landscaping. The residence is currently unoccupied. Annexation is expected to facilitate near-term intensity improvements to the affected territory and highlighted by a renovated and expanded residential structure. Other potential near-term intensity improvements include a second unit or guest cottage. Similar intensity improvements are likely within the surrounding area over the next 10 years as new ownership arrives. Additional density, however, is not expected given existing lot sizes coupled with the County's 1.0 acre minim lot standard. The current assessed value of the affected territory is \$1.1 million.<sup>4</sup>



<sup>4</sup> The current assessed value total of the affected territory is divided between land at \$700,000 and improvements or buildings at \$400,00.

**(2) The need for municipal services; the present cost and adequacy of municipal services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.**

The affected territory currently receives a multitude of services in support of its existing residential use from various public agencies. This includes most notably potable water service (Marin Municipal Water District), fire protection (County Service Area No. 19), and law enforcement (County of Marin). Approval of this proposal would make available public sewer service to the affected territory and is the focus of the succeeding analysis.

- **Extending Public Sewer to Affected Territory**

The affected territory is currently dependent on an on-site septic system that appears to have been operating without any significant upgrades for several decades and suggests its useful lifespan is nearing an end. The Commission has previously determined SRSD is the appropriate provider of public sewer service to the affected territory when the timing is deemed appropriate by including the lands within the District’s sphere. Connection to the system is readily available with an existing SRSD sewer main located within 400 feet along public right-of-way. It is estimated the maximum sewer flow for the affected territory under its existing development when fully occupied would be 273 gallons on average per day during the year and increase to 410 gallons during peak-day occurrences; the latter of which presumes a standard 1.5 peaking factor. It is further estimated at buildout the *maximum* sewer flows for the affected territory (two residential units byway of the addition of a second unit) will increase up to 546 gallons on average per day and increase up to 819 gallons during peak-day occurrences.<sup>5</sup> These estimates can be accommodated without noticeable impact based SRSD’s collection system as well as the subsequent treatment capacity available through Central Marin Sewer Agency (CMSA). The following table summarizes sewer flow conditions under baseline and annexation/buildout.

**SRSD/CMSA: Baseline Without Annexation of the Affected Territory**  
 (Amounts in Gallons)

Capacity Dry Day	Current Demand Dry Day Flow	Current Demand Peak-Day Flow	Capacity Wet Day
10,000,000	6,000,000	26,700,000	125,000,000

Demand-to-Capacity Ratio  
60%

Demand-to-Capacity Ratio  
21%

**SRSD/CMSA: Baseline With Annexation and Max Buildout**  
 (Amounts in Gallons)

Capacity Dry Day	Projected Demand Dry Day Flow	Projected Demand Peak-Day Flow	Capacity Wet Day
10,000,000	6,000,386	26,700,819	125,000,000

Demand-to-Capacity Ratio  
60%

Demand-to-Capacity Ratio  
21%

<sup>5</sup> The average dry demand within the affected territory at the maximum buildout is calculated at 386.

**(3) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on local governmental structure.**

---

Approving the proposal to annex the affected territory into SRSD would recognize and strengthen existing economic and social ties between the District and subject lands. These ties were initially established in 1984 when the Commission included the affected territory into SRSD's sphere of influence, marking an expectation the lands would eventually develop to an urban density/intensity warranting public sewer service just as other neighboring lots – and in particular to the north – have done in the recent past.

**(4) The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies/priorities set forth in G.C. Section 56377.**

---

The proposal is consistent with the Commission's adopted policies and highlighted by the existing inclusion of the affected territory within SRSD's sphere of influence. Proposal approval would facilitate the removal of a private septic system that is nearing the end of its useful life in favor of connection to a public sewer system in a developing urban area. Further, the affected territory does not qualify as "open-space" under LAFCO law and therefore does not conflict with G.C. Section 56377. The affected territory, notably, is not devoted to a defined open-space use under the County of Marin General County.

**(5) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.**

---

The affected territory does not qualify as "agricultural land" under LAFCO law. Specifically, the affected territory is not used for any of the following purposes: producing an agricultural commodity for commercial purposes; left fallow under a crop rotational program; or enrolled in an agricultural subsidy program.

**(6) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.**

---

The proposal as submitted is parcel-specific and includes an entire legal parcel approximately 0.92 acres in size with a situs address of 355 Margarita Drive. It is identified for taxing purposes as 016-011-19 by the County of Marin Assessor's Office. No lines of assessment are crossed. If the Commission approves the proposal, a map and geographic description will be required and subject to the review and edit by the Executive Officer before the issuance of a Certificate of Completion and filing with the State Board of Equalization. No recommended amendments to the annexation boundary appear warranted as detailed earlier in the agenda report.

**(7) Consistency with the city or county general plans, specific plans, and adopted regional transportation plan.**

The affected territory as proposed is entirely designated and zoned for low density single-family residential uses and as such complies with the proposal. This includes zoning the entire area as *Residential Single – B4* with a minimum lot size of 1.00 acres. These policies are consistent with the proposal’s underlying purpose to provide public sewer to the affected territory in step with its current and future uses.

Affected Territory	County of Marin
General Plan Designation	Single Family Residential-3
Zoning Standard	Residential Single – B4
....maximum lot to acre ratio	1.00 acres

The proposal does not conflict with the regional transportation plan maintained by the Metropolitan Transportation Commission and through its local planning surrogate, the Transportation Authority of Marin. This includes noting the affected territory is not part of either a Priority Development Area (PDA) or Priority Conservation Area (PCA).

**(8) The sphere of influence of any local agency affected by the proposal.**

See earlier analysis on page 13 of this agenda report.

**(9) The comments of any affected local agency or other public agency.**

Staff provided notice of the proposal and invitation to request conditions to all subject agencies and other interested public agencies as required under LAFCO law. One requested term was submitted and received by the County Environmental Health Services to require the applicant file for a permit to abandon the onsite septic system. This requested term has been included in the draft resolution.

**(10) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.**

Information collected and reviewed as part of this proposal indicates SRSD appears to have established sufficient financial resources and administrative controls therein relative to providing public sewer services to the affected territory without adversely impacting existing ratepayers.

**(11) Timely availability of water supplies adequate for projected needs as specified in G.C. Section 65352.5.**

The affected territory has a potable water connection from MMWD and lies within their jurisdictional boundary. The Commission recently completed a study on countywide potable water services that includes an assessment of MMWD with respect to current and projected supply-to-demand ratios. The study concludes MMWD’s potable supplies are sufficient under existing demands under normal conditions with available/excess capacity of 72%. Potable supplies under estimated single-dry year conditions matching the 1976/77 drought with year-end capacity decreasing to (1)% and notwithstanding any



savings tied to conservation; the latter of which would be expected and presumably eliminate the projected supply deficit.

**(12) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments.**

---

The proposal would not impact any local agencies in accommodating their regional housing needs. All potential units tied to the affected territory are assigned to San Rafael by the region's council of governments, Association of Bay Area Governments. This assignment reflects the standing inclusion of the affected territory within San Rafael's sphere of influence as determined by the Commission. The proposal, if approved, would not change the designation assignment.

**(13) Any information or comments from the landowner or owners, voters, or residents of the affected territory.**

---

The affected landowner serves as the applicant.

**(14) Any information relating to existing land use designations.**

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See analysis on page 14 of this agenda report.

**(15) The extent to which the proposal will promote environmental justice.**

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There is no documentation or evidence suggesting the proposal will have a measurable effect – positive or negative – with respect to promoting environmental justice.

**(16) Whether the proposed annexation will be for the interest of the landowners or present or future inhabitants within the district and within the territory proposed to be annex to the district.**

---

The proposal's request for annexation into SRSD if approved would benefit residents of the affected territory going forward by providing access to public sewer service consistent with the site's current and planned residential uses.

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**MARIN LOCAL AGENCY FORMATION COMMISSION**

RESOLUTION \_

**MAKING DETERMINATIONS AND APPROVING AN ANNEXATION TO  
THE SAN RAFAEL SANITARY DISTRICT**

“Margarita Drive No. 1 Change of Organization – San Rafael Sanitation District”  
(LAFCO File No. 1333)

**WHEREAS**, Mt. Tam Property Capital Investments, LLC has filed an application with the Marin Local Agency Formation Commission, hereinafter referred to as “Commission,” pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

**WHEREAS**, the proposal seeks approval to annex approximately 0.92 acres of unincorporated land to the San Rafael Sanitary District; and

**WHEREAS**, the affected territory includes one legal parcel located at 355 Margarita Drive and identified by the County of Marin Assessor’s Office as 016-011-19;

**WHEREAS**, the Commission’s Executive Officer has reviewed the proposal and prepared a report with recommendations; and

**WHEREAS**, the Executive Officer’s report and recommendations on the proposal have been presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at a public meeting held on February 9, 2017;

**WHEREAS**, the Commission considered all the factors required by law under Government Code Section 56668 and adopted local policies and procedures.

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

1. The Commission’s determinations on the proposal incorporate the information and analysis provided in the Executive Officer’s written report presented on February 9, 2017.
2. The Commission serves as lead agency under the California Environmental Quality Act (CEQA) for the proposal given its primary role in authorizing the underlying project: annexation of the affected territory to the San Rafael Sanitation District for purposes of establishing public sewer service. The Commission independently determines the referenced action is a “project” under CEQA, but finds it qualifies for an exemption under Public Resources Code Section 15319. Specifically, the annexation can be accommodated through existing public facilities and infrastructure and the affected territory is already developed at its highest density allowance under the County of Marin.

3. The proposal to annex the affected territory to the San Rafael Sanitary District is APPROVED without amendment.
4. Approval to annex the affected territory to the San Rafael Sanitation District is CONDITIONED on the following terms being satisfied within one calendar year – or February 9, 2018 – unless a prior written request for a time extension is received and approved by the Commission.
  - a) Completion of the 30-day reconsideration period provided under Government Code Section 56895.
  - b) An indemnification agreement submitted to the Commission signed by the applicant in a form approved by Commission Counsel.
  - c) Submittal to the Commission of a map and geographic description of the affected territory as designated by the Commission conforming to the requirements of the State Board of Equalization as determined by the County Surveyor’s Office.
  - d) Submittal to the Commission of a notarized agreement between the applicant and the Commission through its Executive Officer in which the applicant consents to the annexation of the affected territory to the City of San Rafael if and when an application is initiated. The agreement shall run with the affected territory and in a form provided by Commission Counsel.
  - e) Submittal to the Commission of the following payments:
    - A check made payable to the County of Marin – Clerk Recorder in the amount of \$50.00.
    - A check made payable to the County of Marin – Environmental Health Services in the amount of \$231.00.
    - A check made payable to the County of Marin – Community Development Department in the amount of \$75.00.
    - A check made payable to the State Board of Equalization in the amount of \$300.00.
  - f) Written confirmation from the County of Marin Environmental Health Services the applicant has filed a completed permit application to abandon the private septic system on the affected territory.
5. The proposal is assigned the following distinctive short-term designation:

“Margarita Drive No. 1 Change of Organization – San Rafael Sanitary District”
6. The affected territory as designated by the Commission is shown in Exhibit “A” and further shown in the geographic description shown in Exhibit “B”.

(Placeholder)

7. The affected territory as designated by the Commission is uninhabited as defined in Government Code Section 56046.
8. The Commission waives conducting authority proceedings under Government Code Section 56663.
9. The San Rafael Sanitary District utilizes the regular assessment roll of the County of Marin.
10. 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 San Rafael Sanitary District. It will also be subject to all of the rates, rules, regulations, and ordinances of the San Rafael Sanitary District.
11. 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 February 9, 2017 by the following vote:

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

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

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

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

APPROVED:

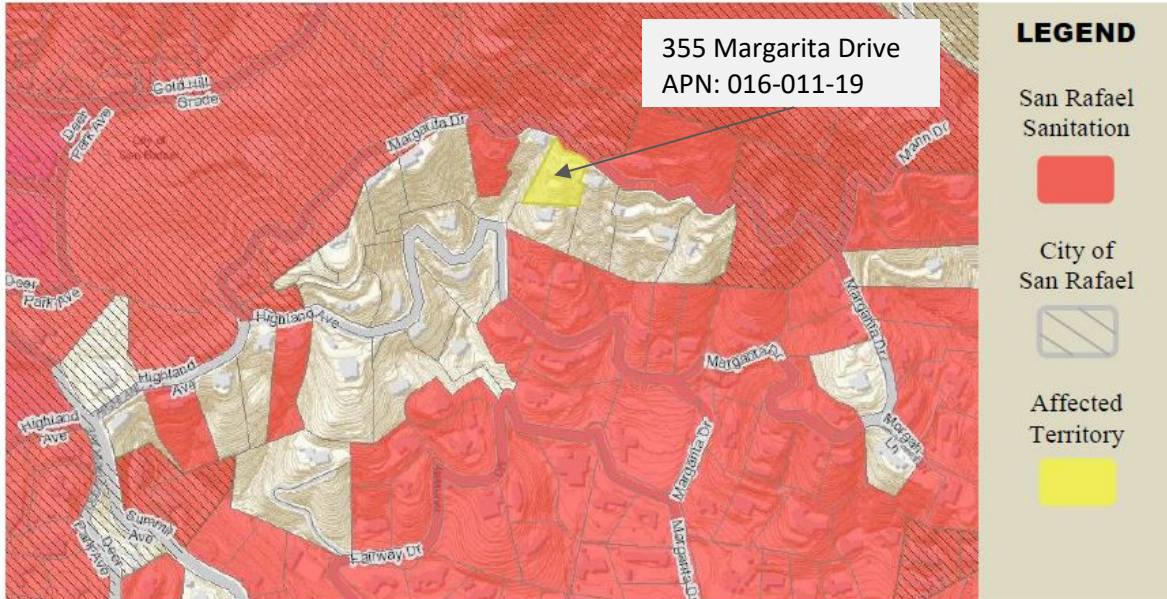
\_\_\_\_\_  
JEFFRY BLANCHFIELD, Chairperson

ATTEST:

\_\_\_\_\_  
KEENE SIMONDS, Executive Officer

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**EXHIBIT A**  
**AFFECTED TERRITORY**  
**(PLACEHOLDER)**



**ATTACHMENT |  
APPLICATION MATERIALS**

December 3, 2016

To: San Rafael Sewer District,

From: Matthew Thomas and Paul Cingolani

RE: 355 Margarita Drive, San Rafael, CA. 94901

As per your request, this letter is to confirm that we are requesting that our property be annexed into the City of San Rafael Sanitation District for the purpose of connecting our sewer service into the city sewer system, as is being required by the Marin County Environmental Health Department. This is based on our request for a remodel permit for said property. (See attached letter from MCEHS dated 06/22/2016)

Also, as per the letter from SRSD dated July 18, 2016 your department has agreed to serve this property conditionally. (See attached).

We have recently applied to Marin LAFCO to have them proceed with their assistance in the annexation of the property into the sewer district. (slated as an agenda item at their December 8, 2016 meeting).

We, as the owners would like to make it expressly clear that we are agreeing to this annexation to the sewer district under duress from the Environmental Health Services Department, as a result of our remodel permit, issued August 2, 2016.

We would further like to make it expressly clear that we DO NOT want to be annexed into the City of San Rafael itself as a result of being annexed into the Sewer District. However, we understand that we may have to agree to be annexed into the city proper at some future date in order to be annexed into the City of San Rafael Sewer District. Again, something we are doing under duress.

We specifically ask that this property not be forced to be annexed into the City of San Rafael for a period of at least 2 years. We are complying with the requirement to hook up to the City sewer system at a great financial burden to our remodel project. With our costs being as follows:

Civil Engineer	\$4900
Construction of connection	\$10000
Marin LAFCO	\$7000 (Approx.)
SRSD Connection Fee	\$9290
Annexation Fee	\$ 185
Demolition of Septic System Fee	\$ 695
Actual Demolition of Septic System	\$3000
Reimbursement of Sewer Ext. Const.	\$43000
	-----
Total	\$78070

This is only an estimation of costs that we know of at this time. As you can see this is a major undertaking to do something we had no desire to do in the first place. We were perfectly happy with our



existing septic system, that no government entity bothered to research, or even give us the opportunity to explore the option of the viability of us continuing to use this system.

We would like all of this to be noted for the record.

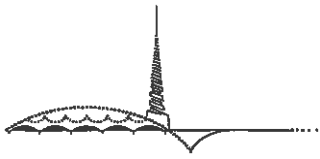
That being said, please forward this letter to the SRSD, Marin LAFCO and the San Rafael City Community Development Department as per your email dated October 27, 2016. (Attached).

Thank you for your assistance in this regard.



Matthew Thomas

Owner of 355 Margarita Drive



**MARIN COUNTY ENVIRONMENTAL HEALTH SERVICES**  
3501 CIVIC CENTER DRIVE, ROOM 236, SAN RAFAEL, CA 94903  
(415) 473-6907 FAX: (415) 473-4120

*Resent with Suite # 104*  
*5*

June 22, 2016

Mt. Tam Property Capital Investments, LLC  
851 Irwin Street *# 104*  
San Rafael, CA 94901

**RE: BUILDING PERMIT APPLICATION**  
**ADDRESS: 355 Margarita Drive • San Rafael, CA (Tracking # 77856)**

Dear Applicant,


Your building permit application received in this office 6/14/2016 cannot be processed through Environmental Health Services at this time. In order to process your building permit further; please provide a "will serve" letter and approval from the San Rafael Sanitary District. You may contact Marin LAFCO, **1401 Los Gamos Drive, Suite 220, San Rafael, CA 94903**, phone:(415) 448-5877, fax:(415) 785-7897, email:**staff@marinlafco.org**; and / or the San Rafael Sanitary District for the procedure to connect to the sanitary district. You may contact the San Rafael Sanitary District at (415) 485-3355.

An upgrade of your septic system is required for you remodel project. However, an upgrade application for a septic system permit cannot be processed because of the proximity of your property to the sanitary sewer main. If repair or upgrade of the system is required by the Health Officer and the property currently is within 400 feet of a public sewer main and it is physically and legally possible to connect to such main, **then** connection to a public sewer main is required.

**18.06.050 - Connection to public sewer system and alternatives.**

Sewage disposal shall be by means of a connection to a public sewer system if the nearest sewer is within four hundred lineal feet of the parcel in which the structure generating the sewage is to be constructed. This requirement may be waived by the health officer if he or she finds connection to a public sewer is legally or physically impossible. If the health officer determines that connection to a public sewer is unfeasible, an application may be filed for a permit for an alternative method of sewage disposal, utilizing an individual sewage disposal system. (Ord. No. 3564, § I, 2011)

Feel free to contact me at (415) 473-6907.

Sincerely,  
  
Jock Smith, R.E.H.S.

*Handwritten notes:*  
to  
Waste  
306  
Duct  
Base



**San Rafael  
Sanitation  
District**

111 Morphew Street  
PO Box 151560  
San Rafael, CA 94915-1560

Telephone 415 454-4001  
Facsimile 415 454-2270

**Board of Directors**  
Gary O. Phillips, Chairman  
Maribeth Bushey, Secretary/Director  
Katie Rice, Director

**District Manager/District Engineer**  
Doris Toy, P.E.

July 18, 2016

Mr. Matthew Thomas  
Bradley Real Estate  
636 College Avenue  
Kentfield, CA 94904

Email: [Matt@BradleyRealEstate.com](mailto:Matt@BradleyRealEstate.com)

**Re: Will Serve Letter  
355 Margarita Drive, APN: 016-011-19**

Dear Mr. Thomas:

The parcel referenced above is not located within the San Rafael Sanitation District (SRSD) boundary and is not currently served by the District. However, a sewer main located in an easement in 365 Margarita Drive is available to serve this property provided that the following provisions are met:

1. Annex the above parcel to the San Rafael Sanitation District through the Marin Local Agency Formation Commission and pay the SRSD annexation fee.
2. Sewer plans, outside of the building foundation, shall be designed by a registered civil engineer and submitted to the District for review and approval.
3. After the plans are approved, the property owner will be required to pay a sewer connection fee.

If you have any questions, please contact me at (415) 485-3484 or at [Doris.Toy@cityofsanrafael.org](mailto:Doris.Toy@cityofsanrafael.org).

Sincerely,

Doris Toy  
District Manager/District Engineer

DT/ch

cc: Karen Chew, Senior Civil Engineer  
Matt Smith, Sewer Maintenance Superintendent

**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**

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

Resolution of Application  
 Petition

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

3. A. Application is submitted for the following boundary change:  
(BE SPECIFIC; i.e., "annexation," "reorganization".)

ANNEXATION OF 355 MARGARITA DRIVE, SAN RAFAEL INTO  
THE SAN RAFAEL SANITATION DISTRICT FOR SEWER PURPOSES

B. The reason the proposed action(s) has been requested:  
(BE SPECIFIC; i.e., "annexation to sewer district for construction of three homes")

ANNEXATION FOR REMODEL AS IS BEING REQUESTED BY  
MARIN COUNTY ENVIRONMENTAL HEALTH AS CONDITION OF  
PERMIT APPROVAL

4. State general location of proposal:

CONNECT TO CITY SEWER AT SOUTHWEST CORNER OF  
PROPERTY

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

Yes . Which city? \_\_\_\_\_  
No . If the proposal is adjacent to a city, provide city name: SAN RAFAEL.

6. Is the subject territory located within an island of unincorporated territory? Yes  No   
Indicate city, if applicable: SAN RAFAEL

7. Would this proposal create an island of unincorporated territory? Yes \_\_\_ No . If yes, please justify proposed boundary change: \_\_\_\_\_

8. Provide the following information regarding the area proposed for annexation:  
(Attach list if necessary.)

A. Assessor's Parcel Number(s)

016-011-19

Site Address(es)

355 MARGARITA DRIVE

B. Total number of parcels: 1

9. Total land area: 40,400 S.F.

## II. LAND USE AND DEVELOPMENT POTENTIAL

1. Describe any special land use concerns: NONE

2. Indicate current land use:

(i.e., number of dwellings, permits currently held, etc.)

1, DEMOLITION & REMODEL PERMITS (SINGLE FAMILY RESIDENCE)

3. Indicate the current zoning (either city or county) title and densities permitted:

COUNTY - 1 FAMILY RESID.

4. Has the area been rezoned? No \_\_\_ N/A \_\_\_ Yes \_\_\_  
What is the rezoning classification, title and densities permitted? \_\_\_\_\_

5. Describe the specific development potential of the property:

(Number of units allowed in zoning.)

NOT SURE

### 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 <u>✓</u>	N/A _____
B. Adjacent sites?	Yes _____	No <u>✓</u>	N/A _____
C. Unincorporated?	Yes _____	No <u>✓</u>	
D. Incorporated?	Yes _____	No <u>✓</u>	

4. State general description of site topography: SLOPED  
\_\_\_\_\_  
\_\_\_\_\_

5. Indicated Lead Agency for this project: COUNTY PLANNING/BUILDING  
\_\_\_\_\_

6. Indicate Environmental Determination by Lead Agency: \_\_\_\_\_  
with respect to (indicate project) \_\_\_\_\_  
dated \_\_\_\_\_.

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

Please provide the names and addresses of persons who are to be furnished copies of the Agenda, Executive Officer's Report, and Notice of Hearing:

<u>Name</u>	<u>Address</u>
<u>MATTHEW THOMAS</u>	<u>636 COLLEGE AVE, KENTFIELD, CA 94904</u>
<u>PAUL CINGOLANI</u>	<u>636 COLLEGE AVE, KENTFIELD, CA 94904</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Name and Address of Applicant: MATTHEW THOMAS  
636 COLLEGE AVE, KENTFIELD, CA 94904

Telephone Number: H (    )    W (415) 342-7293

  
Signature

12/3/16  
Date

   
Signature

   
Date

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# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2017  
Item No. 12 (Business/Action)

February 3, 2017

**TO:** Marin Commissioners  
**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Draft Amendments to Policies on Outside Service Extensions**

The Commission will review draft amendments prepared by staff on Marin LAFCO’s policies on outside service extensions. The draft amendments address two distinct issues and divided between non-fire protection services and fire protection services with the latter representing a new Commission responsibility under Senate Bill 239 (Hertzberg). The draft amendments are being presented to the Commission for initial discussion and feedback to inform future recommendations. Authorization to proceed with a formal public review of the draft amendments in anticipation of returning for additional discussion and ultimately action is also requested.

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California responsible for regulating the physical formation and development of local governmental agencies and their municipal service areas under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”). Commonly exercised regulatory powers include forming and expanding cities, towns, and special districts for purposes of facilitating orderly urban growth. LAFCOs are required to inform their regulatory actions through various planning activities, namely preparing municipal service reviews and sphere of influence updates. State law specifies all actions undertaken by LAFCOs be consistent with their written policies and procedures.

### A. Background

#### *Adopted Policy Handbook / Placeholder on Outside Service Extensions*

Marin LAFCO’s (“Commission) Policy Handbook was comprehensively updated following a two-year process in June 2016. Adoption marked the first update of the Policy Handbook since 2000 and the document was reorganized into four distinct sections beginning with general administration matters and followed by regulatory, planning, and personnel activities. A small number of targeted placeholders were also included in the update to reflect the need for additional policy review and development at a future date. This included assigning a placeholder in anticipation of returning to the Commission’s policies on outside service extensions given the need to further define the duties and preferences in administering the underlying statute, Government Code Section 56133; a statute enacted in 2001 that requires local agencies to first receive LAFCO approval to provide new or extended outside services less certain exemptions.

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## **Senate Bill 239 / Outside Fire Protection Services**

Senate Bill 239 (Hertzberg) was introduced in February 2015 to eliminate the exemption for fire protection services inferred under Section 56133 while now making these arrangements now explicitly subject to LAFCO review and approval under a new statute, Section 56134.<sup>1</sup> SB 239 passed along party lines in both the Senate and Assembly and signed by Governor Brown with an effective date of January 1, 2016. SB 239's underlying function is to mandate all State and local agencies first request and receive LAFCO approval before entering into contracts to provide or receive new or extended fire protection services should either of the following thresholds apply:

- Contracts transferring the responsibility for providing fire protection services in more than 25 percent of the area within the jurisdictional boundaries of any public agency affected by the contract or agreement; or
- Contracts changing the employment status of more than 25 percent of the employees of any public agency affected by the contract or agreement.

Other notable provisions underlying SB 239 are provided in the accompanying footnote.<sup>2</sup>

### **B. Discussion**

This item is for the Commission to review draft amendments prepared by staff concerning Marin LAFCO's existing policies on its regulatory duty to oversee outside service extensions in Marin County. The draft amendments address two distinct aspects of outside service extensions involving (a) non fire protection and (b) fire protection with the latter associated with the aforementioned enactment of SB 239. The draft amendments are being presented to the Commission for initial discussion and feedback to inform future recommendations that account for membership preferences. If agreeable with the Commission staff will proceed with a formal public review of the draft amendments after the meeting and in anticipation of returning to the Commission for additional discussion and ultimately action. Summaries of the amendments follows.

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<sup>1</sup> SB 239 was sponsored by the California Firefighters Association. The stated policy purpose by the sponsor for the request was "past agreements have generated controversy while failing to produce anticipated cost-savings and administrative efficiencies, and accordingly more scrutiny is required."

<sup>2</sup> Three additional and explicit mandates are provided in SB 239. First local agencies are mandated to first provide written notice to all recognized employee organizations that represent the affected firefighters before applying with LAFCO. Second specific approval thresholds to LAFCOs are prescribed in reviewing applicable requests for outside fire protection service contracts. This includes all requests necessitating the preparation of an independent comprehensive fiscal analysis. Third, it specifies contracts between local agencies and the State of California (CalFire) for fire protection services now be approved by LAFCOs if the referenced conditions (i.e., 25% of service area or 25% of employment status) are triggered.

## **Amendments / Non-Fire Protection Services**

Current policies on outside service extensions provide broad direction to the Commission in implementing Section 56133. This includes mostly reciting and expanding upon the legislative intention that new and extended outside services by contracts or agreements be generally limited to lands within agencies' spheres of influence and with the explicit expectation of future annexations. More locally prescribed policies are limited to establishing definitions on certain key terms, such as "new" and "extended" services. However, and among other items, direction on the process and standards in receiving and reviewing requests are absent with a placeholder acknowledgement stating the Commission will revisit the matter at a future date.

Drawing on its own analysis to date staff has prepared several draft amendments to the Commission's policies on outside service extensions and specific to non-fire protection. The draft amendments take aim at providing more local detail and prescription in how the Commission chooses to manage these type of arrangements in Marin County. Notable features reflected in the draft amendments are summarized below.

- Makes explicit the Commission determines when approval exemptions listed under Section 56133(e) apply as intended in the statute.
- Establishes a no-cost process for cities, towns, and special districts to request exemption review with respect to whether any potential new or extended outside service arrangement requires LAFCO approval under Section 56133(e).
- Delegates the responsibility to the Executive Officer to determine and respond to requests from cities, towns, and special districts for exemption review under Section 56133(e).
- Prescribes a uniform application process for cities, towns, and special districts and byway of their agency manager to submit approval requests to provide new or extended outside services by contracts or agreements.
- Prescribes the review process for the Commission and includes addressing specific baseline factors anytime the membership considers a request to approve new or extended outside services by contract or agreement.
- Mandates requests by cities, towns, and special districts to provide new or extended outside services beyond their spheres of influence be considered at noticed public hearings. (Requests involving lands within the agency's sphere would not require public hearings.)
- Adds a new definition addressing the term "transfer" as used in Section 56133(e) to explicitly mean the wholesale delivery of non-potable or non-treated water, and as such – and markedly – would make new or extended outside retail recycled water services subject to Commission review.

## **Amendments / Fire Protection Services**

As referenced the Commission's current policies on outside service extensions do not address the new LAFCO review and approval requirements involving fire protection as established by SB 239. Towards this end, staff held an informational workshop on the implementation of the new review and approval requirements in mid-2016 with 15 representatives of State and local fire protection providers in attendance. Drawing from the workshop feedback as well as through subsequent input staff has prepared amendments to the Commission's existing policies to now address SB 239 and the establishment therein of Section 56134.<sup>3</sup> Notable features follow.

- Prescribes standards in determining the applicability of any proposed fire service contract relative to Section 56134 and its 25% threshold on changes to service area. Provides the determination shall be based on acreage differences calculated in MarinMap. This is intended to avoid any confusion with discrepancies generated from other potential sources.
- Prescribes standards in determining the applicability of any proposed fire service contract relative to 56134 and its 25% threshold on changes to employment status. Provides the determination shall be based on actual and agency-wide staffing totals within the affected agencies as of July 1<sup>st</sup> of the subject year. This approach – i.e., basing changes in employment status only on actual employee numbers – provides a macro approach and avoids the micro issues of changes tied to hours, wages, etc.
- Defines “employment status” under Section 56134 to be limited to emergency personnel and does not apply cumulatively across all affected agencies.
- Authorizes exemptions for certain types of fire protection contracts in which the services are considered administrative in nature and/or presumably beyond Section 56134's legislative intent. This includes:
  - Mutual aid agreements in which no monetary reimbursement is provided to the affected agencies.
  - Ambulance services, including billing and related administrative support.
  - Pre hospital emergency medical services.
  - Permit and inspection review.
  - Fire alarm system plan reviews and inspections.
  - Business and occupancy reviews and inspections.

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<sup>3</sup> Staff extends its appreciation to Fire Chiefs Mark Heine (Novato Fire Protection District) and Tom Welch (City of Mill Valley) for their additional assistance in providing feedback on the development of draft amendments.

- Vehicle maintenance and repair.
- Sharing or loaning of equipment, facility, or property between or among two or more agencies.
- Establishes a no-cost process for State and local agencies to request exemption review with respect to whether any potential new or extended outside fire protection arrangement requires LAFCO approval under Section 56134.
- Delegates to the Executive Officer the responsibility to determine and respond to requests from State and local agencies for exemption review under Section 56134.

### **C. Analysis**

The draft amendments to the Commission’s policies on outside service extensions make an initial effort to address the ultimate need for direction in implementing Sections 56133 (non-fire protection) and 56134 (fire protection) and are being presented for feedback in order to inform future recommendations. The draft amendments specific to non-fire protection services largely focus on procedural items in prescribing the manner in which requests should be received, reviewed, and ultimately considered by the Commission with one notable exception. This exception involves a substantive policy clarification to make outside retailed recycled water service subject to Commission approval under Section 56133. This policy determination counters the Commission’s informal practice to treat all recycled water services as qualifying for exemption under the legislative text of subsection (e)(2), which reads “this section does apply to the transfer of nonpotable or nontreated water.” The proposed amendment defines “transfer” to mean only wholesale and aims to respond to the increasing role of retail recycled water in supporting urban development. It would also seemingly serve the benefit of the local agencies by safeguarding recycled water service areas and the considerable monetary investment therein from outside encroachment.

The draft amendments addressing outside fire protection services responds to the Commission’s new responsibility to oversee a relatively common and layered practice within both State and local government. The draft amendments draw on informal feedback provided to date from local fire protection providers and most notably attempts to narrow the implementation scope when reasonable to concentrate on macro items underlying the legislative intent of Section 56134. Towards this end, the draft amendments provide narrow definitions for certain key terms – such as “employment status” – to help limit the extent of applicability as well as identify several exemptions to exclude administrative arraignments, such as billing and permit-check services. Certain perfunctory arrangements are also exempted and highlighted by mutual-aid, ambulance, and pre-hospital emergency services.

## **D. Alternatives for Action**

The following alternatives are available to the Commission:

### Alternative One (Recommended):

- a) Review the draft amendments as presented and provide initial feedback and direction on potential revisions; and
- b) Authorize staff to proceed with a formal public review of the draft amendments in anticipation of returning to the Commission for additional discussion and ultimately action at a future meeting.

### Alternative Two:

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

### Alternative Three:

Take no action.

## **E. Recommendation**

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

## **F. Procedures for Consideration**

This item has been agenzized for action as part of the regular business calendar. The following procedures, accordingly, are recommended in the consideration of this item:

- 1) Receive verbal report from staff;
- 2) Invite comments from any interested audience members (voluntarily); and
- 3) Discuss item and consider action on recommendation.

Respectfully,



Keene Simonds  
Executive Officer

### Attachments:

- 1) SB 239 (Hertzberg); Chaptered
- 2) Draft Amendments to Commission Polices on Outside Service Extensions (Track Change)

BILL NUMBER: SB 239      CHAPTERED  
BILL TEXT

CHAPTER 763  
FILED WITH SECRETARY OF STATE    OCTOBER 10, 2015  
APPROVED BY GOVERNOR    OCTOBER 10, 2015  
PASSED THE SENATE    SEPTEMBER 10, 2015  
PASSED THE ASSEMBLY    SEPTEMBER 8, 2015  
AMENDED IN ASSEMBLY    SEPTEMBER 2, 2015  
AMENDED IN ASSEMBLY    AUGUST 31, 2015  
AMENDED IN SENATE    JUNE 1, 2015  
AMENDED IN SENATE    APRIL 23, 2015  
AMENDED IN SENATE    MARCH 23, 2015

INTRODUCED BY    Senator Hertzberg

FEBRUARY 17, 2015

An act to amend Sections 56017.2 and 56133 of, and to add Section 56134 to, the Government Code, relating to local services.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 239, Hertzberg. Local services: contracts: fire protection services.

Existing law prescribes generally the powers and duties of the local agency formation commission in each county with respect to the review approval or disapproval of proposals for changes of organization or reorganization of cities and special districts within that county. Existing law permits a city or district to provide extended services, as defined, outside its jurisdictional boundaries only if it first requests and receives written approval from the local agency formation commission in the affected county. Under existing law, the commission may authorize a city or district to provide new or extended services outside both its jurisdictional boundaries and its sphere of influence under specified circumstances.

This bill would, with certain exceptions, permit a public agency to exercise new or extended services outside the public agency's jurisdictional boundaries pursuant to a fire protection contract, as defined, only if the public agency receives written approval from the local agency formation commission in the affected county. The bill would require that the legislative body of a public agency that is not a state agency adopt a resolution of application and submit the resolution along with a plan for services, as provided, that a proposal by a state agency be initiated by the director of the agency with the approval of the Director of Finance, and that a proposal by a local agency that is currently under contract for the provision of fire protection services be initiated by the local agency and approved by the Director of Finance. The bill would require, prior to adopting the resolution or submitting the proposal, the public agency to enter into a written agreement for the performance of new or extended services pursuant to a fire protection contract with, or provide written notice of a proposed fire protection contract to, each affected public agency and recognized employee organization representing firefighters in the affected area, and to conduct a public hearing on the resolution.

The bill would require the commission to approve or disapprove the

proposal as specified. The bill would require the commission to consider, among other things, a comprehensive fiscal analysis prepared by the executive officer in accordance with specified requirements.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

This bill would incorporate additional changes to Section 56133 of the Government Code proposed by AB 402 that would become operative if this bill and AB 402 are both enacted and this bill is enacted last.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56017.2 of the Government Code is amended to read:

56017.2. "Application" means any of the following:

(a) A resolution of application or petition initiating a change of organization or reorganization with supporting documentation as required by the commission or executive officer.

(b) A request for a sphere of influence amendment or update pursuant to Section 56425.

(c) A request by a city or district for commission approval of an extension of services outside the agency's jurisdictional boundaries pursuant to Section 56133.

(d) A request by a public agency for commission approval of an extension of services outside the agency's jurisdictional boundaries pursuant to Section 56134.

SEC. 2. Section 56133 of the Government Code is amended to read:

56133. (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the commission in the affected county.

(b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization.

(c) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries and outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory if both of the following requirements are met:

(1) The entity applying for the contract approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.

(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, or sewer system corporation as defined in Section 230.6 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

(d) The executive officer, within 30 days of receipt of a request for approval by a city or district of a contract to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request



is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of those requests to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the contract for extended services. If the contract is disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(e) This section does not apply to any of the following:

(1) Contracts or agreements solely involving two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

(2) Contracts for the transfer of nonpotable or nontreated water.

(3) Contracts or agreements solely involving the provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.

(4) An extended service that a city or district was providing on or before January 1, 2001.

(5) A local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.

(6) A fire protection contract, as defined in subdivision (a) of Section 56134.

SEC. 2.5. Section 56133 of the Government Code is amended to read:

56133. (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the commission.

(b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization.

(c) If consistent with adopted policy, the commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory, if both of the following requirements are met:

(1) The entity applying for approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.

(2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.

(d) The executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of requests made pursuant to this section to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(e) This section does not apply to any of the following:

(1) Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

(2) The transfer of nonpotable or nontreated water.

(3) The provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.

(4) An extended service that a city or district was providing on or before January 1, 2001.

(5) A local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundary.

(6) A fire protection contract, as defined in subdivision (a) of Section 56134.

(f) This section applies only to the commission of the county in which the extension of service is proposed.

SEC. 3. Section 56134 is added to the Government Code, to read:

56134. (a) (1) For the purposes of this section, "fire protection contract" means a contract or agreement for the exercise of new or extended fire protection services outside a public agency's jurisdictional boundaries, as authorized by Chapter 4 (commencing with Section 55600) of Part 2 of Division 2 of Title 5 of this code or by Article 4 (commencing with Section 4141) of Chapter 1 of Part 2 of Division 4 of the Public Resources Code, except those contracts entered into pursuant to Sections 4143 and 4144 of the Public Resources Code, that does either of the following:

(A) Transfers responsibility for providing services in more than 25 percent of the area within the jurisdictional boundaries of any public agency affected by the contract or agreement.

(B) Changes the employment status of more than 25 percent of the employees of any public agency affected by the contract or agreement.

(2) A contract or agreement for the exercise of new or extended fire protection services outside a public agency's jurisdictional

boundaries, as authorized by Chapter 4 (commencing with Section 55600) of Part 2 of Division 2 of Title 5 of this code or Article 4 (commencing with Section 4141) of Chapter 1 of Part 2 of Division 4 of the Public Resources Code, except those contracts entered into pursuant to Sections 4143 and 4144 of the Public Resources Code, that, in combination with other contracts or agreements, would produce the results described in subparagraph (A) or (B) of paragraph (1) shall be deemed a fire protection contract for the purposes of this section.

(3) For the purposes of this section, "jurisdictional boundaries" shall include the territory or lands protected pursuant to a fire protection contract entered into on or before December 31, 2015. An extension of a fire protection contract entered into on or before December 31, 2015, that would produce the results described in subparagraph (A) or (B) of paragraph (1) shall be deemed a fire protection contract for the purposes of this section.

(b) Notwithstanding Section 56133, a public agency may provide new or extended services pursuant to a fire protection contract only if it first requests and receives written approval from the commission in the affected county pursuant to the requirements of this section.

(c) A request by a public agency for commission approval of new or extended services provided pursuant to a fire protection contract shall be made by the adoption of a resolution of application as follows:

(1) In the case of a public agency that is not a state agency, the application shall be initiated by the adoption of a resolution of application by the legislative body of the public agency proposing to provide new or extended services outside the public agency's current service area.

(2) In the case of a public agency that is a state agency, the application shall be initiated by the director of the state agency proposing to provide new or extended services outside the agency's current service area and be approved by the Director of Finance.

(3) In the case of a public agency that is a local agency currently under contract with a state agency for the provision of fire protection services and proposing to provide new or extended services by the expansion of the existing contract or agreement, the application shall be initiated by the public agency that is a local agency and be approved by the Director of Finance.

(d) The legislative body of a public agency or the director of a state agency shall not submit a resolution of application pursuant to this section unless both of the following occur:

(1) The public agency does either of the following:

(A) Obtains and submits with the resolution a written agreement validated and executed by each affected public agency and recognized employee organization that represents firefighters of the existing and proposed service providers consenting to the proposed fire protection contract.

(B) Provides, at least 30 days prior to the hearing held pursuant to paragraph (2), written notice to each affected public agency and recognized employee organization that represents firefighters of the existing and proposed service providers of the proposed fire protection contract and submits a copy of each written notice with the resolution of application. The notice shall, at minimum, include a full copy of the proposed contract.

(2) The public agency conducts an open and public hearing on the resolution, conducted pursuant to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5) or the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2), as applicable.

(e) A resolution of application submitted pursuant to this section shall be submitted with a plan which shall include all of the following information:

(1) The total estimated cost to provide the new or extended fire protection services in the affected territory.

(2) The estimated cost of the new or extended fire protection services to customers in the affected territory.

(3) An identification of existing service providers, if any, of the new or extended services proposed to be provided and the potential fiscal impact to the customers of those existing providers.

(4) A plan for financing the exercise of the new or extended fire protection services in the affected territory.

(5) Alternatives for the exercise of the new or extended fire protection services in the affected territory.

(6) An enumeration and description of the new or extended fire protection services proposed to be extended to the affected territory.

(7) The level and range of new or extended fire protection services.

(8) An indication of when the new or extended fire protection services can feasibly be extended to the affected territory.

(9) An indication of any improvements or upgrades to structures, roads, sewer or water facilities, or other conditions the public agency would impose or require within the affected territory if the fire protection contract is completed.

(10) A determination, supported by documentation, that the proposed fire protection contract meets the criteria established pursuant to subparagraph (A) or (B) of paragraph (1) or paragraph (2), as applicable, of subdivision (a).

(f) The applicant shall cause to be prepared by contract an independent comprehensive fiscal analysis to be submitted with the application pursuant to this section. The analysis shall review and document all of the following:

(1) A thorough review of the plan for services submitted by the public agency pursuant to subdivision (e).

(2) How the costs of the existing service provider compare to the costs of services provided in service areas with similar populations and of similar geographic size that provide a similar level and range of services and make a reasonable determination of the costs expected to be borne by the public agency providing new or extended fire protection services.

(3) Any other information and analysis needed to support the findings required by subdivision (j).

(g) The clerk of the legislative body of a public agency or the director of a state agency adopting a resolution of application pursuant to this section shall file a certified copy of the resolution with the executive officer.

(h) (1) The executive officer, within 30 days of receipt of a public agency's request for approval of a fire protection contract, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request does not comply with the requirements of subdivision (d), the executive officer shall determine that the request is incomplete. If a request is determined incomplete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete.

(2) The commission shall approve, disapprove, or approve with conditions the contract for new or extended services following the hearing at the commission meeting, as provided in paragraph (1). If the contract is disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(i) (1) The commission shall not approve an application for approval of a fire protection contract unless the commission determines that the public agency will have sufficient revenues to carry out the exercise of the new or extended fire protection services outside its current area, except as specified in paragraph (2).

(2) The commission may approve an application for approval of a fire protection contract where the commission has determined that the public agency will not have sufficient revenue to provide the proposed new or different functions or class of services, if the commission conditions its approval on the concurrent approval of sufficient revenue sources pursuant to Section 56886. In approving a proposal, the commission shall provide that, if the revenue sources pursuant to Section 56886 are not approved, the authority of the public agency to provide new or extended fire protection services shall not be exercised.

(j) The commission shall not approve an application for approval of a fire protection contract unless the commission determines, based on the entire record, all of the following:

(1) The proposed exercise of new or extended fire protection services outside a public agency's current service area is consistent with the intent of this division, including, but not limited to, the policies of Sections 56001 and 56300.

(2) The commission has reviewed the comprehensive fiscal analysis prepared pursuant to subdivision (f).

(3) The commission has reviewed any testimony presented at the public hearing.

(4) The proposed affected territory is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following the effective date of the contract or agreement between the public agencies to provide the new or extended fire protection services.

(k) At least 21 days prior to the date of the hearing, the executive officer shall give mailed notice of that hearing to each affected local agency or affected county, and to any interested party who has filed a written request for notice with the executive officer. In addition, at least 21 days prior to the date of that hearing, the executive officer shall cause notice of the hearing to be published in accordance with Section 56153 in a newspaper of general circulation that is circulated within the territory affected by the proposal proposed to be adopted and shall post the notice of the hearing on the commission's Internet Web site.

(l) The commission may continue from time to time any hearing called pursuant to this section. The commission shall hear and consider oral or written testimony presented by any affected local agency, affected county, or any interested person who appears at any hearing called and held pursuant to this section.

(m) This section shall not be construed to abrogate a public agency's obligations under the Meyers-Milias-Brown Act (Chapter 10 (commencing with Section 3500) of Division 4 of Title 1).

SEC. 4. The Legislature finds and declares that, with respect to fire protection contracts subject to this act, the provisions of this act are not intended to change, alter, or in any way affect either of the following:

(a) The existing jurisdiction of a local agency formation

commission over proceedings that involve the provision of prehospital emergency medical services.

(b) Mutual aid agreements, including mutual aid agreements entered into pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 1 of the Government Code) or the Fire Protection District Law of 1987 (Part 2.7 (commencing with Section 13800) of Division 12 of the Health and Safety Code).

SEC. 5. The Legislature finds and declares that Section 3 of this act, which adds Section 56134 to the Government Code, furthers, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act provides for notice to the public in accordance with existing provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and will ensure that the right of public access to local agency meetings is protected.

SEC. 6. Section 2.5 of this bill incorporates amendments to Section 56133 of the Government Code proposed by both this bill and Assembly Bill 402. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2016, (2) each bill amends Section 56133 of the Government Code, and (3) this bill is enacted after Assembly Bill 402, in which case Section 2 of this bill shall not become operative.

## **K. Outside Service Agreement Policy | Non Fire Protection Services**

### **General Provisions**

1. ~~1.~~ As specified in Government Code §56133, cities, towns, and special districts seeking to provide new or extended services other than fire protection to areas outside their jurisdictions by contracts or agreements after January 1, 2001 shall apply to Marin LAFCO for approval.
2. Marin LAFCO may approve such proposals requests under this section for new or extended services by contract or agreement for areas within the applying agency's sphere of influence only in anticipation of eventual annexation ~~to that agency~~. Approval may also be granted for such proposals requests involving areas outside the applying agency's sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory.

### **Exemptions**

- ~~23.~~ As provided under subsection (e) Marin LAFCO approval is not required for cities, towns, or special districts to provide new or extended services outside their jurisdictional boundaries if any of the following conditions apply as determined by the Commission. outlined under Government Code §56133(e):
  - a) Outside service agreements between two or more public agencies where the contracted service is an alternative or substitute for public service already established.
  - b) Outside service agreements involving the transfer of non-potable or non-treated water.
  - c) Outside service agreements involving the provision of surplus water to agricultural lands for conservation projects or to directly support agricultural industries.
  - d) Outside service agreements involving a service that a city, town, or special district was providing on or before January 1, 2001.

### **Applicability Determination**

34. Cities, towns, and special districts may request at no cost a written response from Marin LAFCO as to whether any potential new or extended outside service contract or agreement qualifies as an exempted action under subsection (e).
  - a) The Commission delegates to the Executive Officer the responsibility to determine whether applicability inquiries made by cities, towns, and special districts qualify as exempted actions under subsection (e).

- b) The Executive Officer shall provide a written response to the affected city, town, or special district on their applicability inquiry within 30 days.
- c) Should the Executive Officer determine an inquiry is not exempt under subsection (e) the affected city, town, or special district shall proceed with submitting a formal approval request with the Commission consistent with these policies.

### **Submitting a Request**

- 5. Requests to authorize cities, towns, or special districts to provide new or extended services outside their jurisdictional boundaries under this section shall conform to the following procedures.
  - a) Requests shall be made only by the affected agency and through their appointed director/manager and filed with the Executive Officer.
  - b) Joint requests by two or more affected agencies are permitted.
  - c) Requests shall be made in letter form and include all of the following information.
    - A list of all addresses and/or parcel numbers comprising the subject territory along with the accompanying zoning assignments made by the applicable land use authority;
    - A description of how the applying agency would provide the proposed new or extend service to the subject territory. This includes any infrastructure or facility improvements and associated funding requirements necessary to provide service to the subject territory; and
    - Any information or associated findings made pursuant to the California Environmental Quality Act.

### **Request Review**

- 6. Marin LAFCO's review and consideration of requests to authorize cities, towns, or special districts to provide new or extended services outside their jurisdictional boundaries under this section shall conform to the following procedures.
  - a) The Executive Officer shall review and determine within 30 days of receipt whether the applying agency's request is complete. If a request is deemed incomplete, the Executive Officer shall immediately notify the affected agency(s) and identify the information needed to deem it complete.
  - b) Once a request is deemed complete, the Executive Officer shall prepare a written report with a recommendation for consideration by the Commission. The written report shall address – and among other items – the following three factors.



- The ability of the applying agency to provide the requested service to the subject territory and potential impact on existing service levels;
  - The effect on urban growth and development within and adjacent to the subject territory should the request be approved; and
  - The consistency of the request with the Commission’s adopted policies.
- c) The Executive Officer shall present their written report at the next earliest regular meeting for which adequate notice can be provided, and no further than 90 days from the date the request has been deemed complete.
- d) Requests involving service extensions beyond the applying agency’s sphere of influence shall be noticed under §56153 and 56154 and considered as part of public hearings.

### **Commission Action**

7. Marin LAFCO may approve requests to authorize cities, towns, or special districts to provide new or extended services outside their jurisdictional boundaries under this section with or without conditions.
8. Should Marin LAFCO disapprove requests to authorize cities, towns, or special districts to provide new or extended services outside their jurisdictional boundaries under this section the affected agency may ask for reconsideration within 30 days of the Commission action under §56895.
9. Marin LAFCO authorizes the Chair to approve a city, town, or special district’s ~~proposal request to provide new or extended services outside their jurisdictional boundaries under this section for an outside service agreement~~ if there is an existing or impending public health or safety emergency. Marin LAFCO shall ratify the Chair’s determination at the next regular scheduled meeting.

### **Implementation Definitions**

410. Marin LAFCO incorporates the following definitions in administering these policies concerning outside services under ~~Government Code~~ §56133:
- a) “Service” shall mean any municipal service supporting – directly or indirectly – urban type uses ~~and includes, but not limited to, water, wastewater, fire protection, and police protection.~~ with the referenced exclusion of fire protection.
- b) “New” shall mean the actual extension of a municipal service to previously unserved non-jurisdictional land.

c) “Extended” shall mean the intensification use of a municipal service provided by a city, town, or special district to non-jurisdictional land that is directly tied to a redesignation and/or rezoning of the affected territory by the appropriate land use authority.

d) “Transfer” shall mean the wholesale delivery of non-potable or non-treated water.

## **L. Outside Service Agreement Policy | Fire Protection Services**

### **General Provisions**

1. As specified in Government Code §56134, the County, cities, towns, special districts, and State agencies seeking to provide new or extended fire protection services to areas outside their jurisdictions by contracts or agreements after December 31, 2015 shall apply to Marin LAFCO for approval should either of the following conditions apply.

a) Contracts that transfers responsibility for providing fire protection services in more than 25 percent of the area within the jurisdictional boundaries of any public agency affected by the contract or agreement; or

b) Contracts that changes the employment status of more than 25 percent of the employees of any public agency affected by the contract or agreement.

2. A proposed outside contract or agreement for fire protection services in combination with other existing contracts or agreements that triggers either of the two above conditions is subject to approval by Marin LAFCO.

3. Changes in jurisdictional boundary shall be based on acreage differences calculated in MarinMap.

4. Changes in employment status shall be based on actual and agency-wide staffing totals within the affected agencies as of the July 1<sup>st</sup> of the subject fiscal year.

### **Exemptions**

5. Marin LAFCO approval under this section is not required for the County, cities, towns, special districts, or State agencies to provide new or extended fire protection services outside their jurisdictional boundaries that involve any of the following.

a) Renewals of existing contracts or agreements, unless the renewal includes amendments or inclusions that triggers the referenced 25% threshold with respect to changing the service area or employment status of the affected agencies.

b) Mutual aid agreements in which there is no monetary reimbursement for fire protection services.

- c) Cooperative agreements for wildland fires under Public Resource Code §4143 or 4144.
- d) Contracts or agreements that involve any of the following:
  - Ambulance services, including billing and related administrative support.
  - Pre hospital emergency medical services.
  - Permit and inspection review.
  - Fire alarm system plan reviews and inspections.
  - Business and occupancy reviews and inspections.
  - Vehicle maintenance and repair.
  - Sharing of management or other personnel between or among two or more agencies.
  - Sharing or loaning of equipment, facility, or property between or among two or more agencies

### **Applicability Determination**

- 6. The County, cities, towns, special districts, and State agencies may request at no cost a written response from Marin LAFCO as to whether any potential new or extended contract or agreement for fire protection is subject or exempt to these proceedings.
  - a) The Commission delegates to the Executive Officer the responsibility to determine whether applicability inquiries made by the County, cities, towns, special districts, and State agencies are subject or exempt from these proceedings.
  - b) The Executive Officer shall provide a written response on the applicability inquiry to the County, city, town, special district, or State agency within 30 days.
  - c) Should the Executive Officer not determine an inquiry is subject or non-exempted the County, city, town, special district, or State agency shall proceed with submitting a formal approval request with the Commission consistent with these policies.

### **Submitting a Request**

- 7. Requests to authorize the County, cities, towns, special districts, or State agencies to provide new or extended fire protection services outside their jurisdictional boundaries under this section shall conform to the following procedures.

- a) Requests shall be made by an affected agency by adopted resolution consistent with the direction provided under subsection (c).
- b) Joint requests by two or more affected agencies are permitted.
- c) Requests shall be filed with the Executive Officer and only after both of the following conditions as prescribed under subsection (d) have been satisfied by the applying agency.
  - The applying agency provides written consent of all recognized employee organizations representing the subject firefighters and/or shows proof of notice to all recognized employee organizations representing the subject firefighters no less than 30 days before taking action on the resolution of application.
  - The applying agency conducts a noticed public hearing in conjunction with taking action on the resolution of application.
- d) Requests filed with the Executive Officer shall also include all of the information in letter form as prescribed under subsection (e).

### **Request Review**

- 8. Marin LAFCO's review and consideration of requests to authorize the County, cities, towns, special districts or State agencies to provide new or extended fire protection services outside their jurisdictional boundaries under this section shall conform to the following procedures.
  - a) The Executive Officer shall review and determine within 30 days of receipt whether the request is complete. If a request is deemed incomplete, the Executive Officer shall immediately notify the applying agency and identify the information needed to deem it complete.
  - b) Once a request is deemed complete, the Executive Officer shall prepare a written report with a recommendation for consideration by the Commission. The written report shall address – and in addition to other items – the following three factors.
    - The ability of the affected agency to provide the requested service to the subject territory and potential impact on existing service levels;
    - The effect on urban growth and development within and adjacent to the subject territory should the request be approved; and
    - The consistency of the request with the Commission's adopted policies.

- c) The Executive Officer shall present their written report at the next earliest regular meeting for which adequate notice can be provided and no further than 90 days from the date in which the request has been deemed complete.
- d) All requests under this section shall be noticed under §56153 and 56154 and considered as part of public hearings.

### **Commission Action**

- 9. Marin LAFCO may approve requests to authorize the County, cities, towns, special districts, or State agencies to provide new or extended fire protection services outside their jurisdictional boundaries under this section with or without conditions.
- 10. Marin LAFCO shall only approve requests to authorize the County, cities, towns, special districts, or State agencies to provide new or extended fire protection outside their jurisdictional boundaries under this section when the Commission determines the applying agency will have sufficient revenues to provide the underlying service consistent with subsection (i). Conditioning approval on the applying agency establishing a new or augmented revenue source is permissible.
- 11. Should Marin LAFCO disapprove requests to authorize the County, cities, towns, or special districts to provide new or extended services outside their jurisdictional boundaries under this section the affected agency may ask for reconsideration within 30 days of the Commission action under §56895.

### **Implementation Definitions**

- 12. Marin LAFCO incorporates the following definitions in administering these policies concerning outside fire protection services under §56134.
  - a) “Fire protection” shall mean the provision of said services by contract or agreement as permitted under §55600 et al unless exempted under this policy.
  - b) “New” shall mean the provision of fire protection services to previously unserved non-jurisdictional land by the affected agency; i.e., the applying County, city, town, special district, or State agency.
  - c) “Extended” shall mean the intensification and/or improvement of a fire protection service provided by the County, city, town, special district, or State agency to non-jurisdictional land.
  - d) “Employment status” shall apply to any one of the affected agencies subject to the fire protection contract or agreement. Changes in employment status is specific to emergency personnel and does not apply cumulatively across all affected agencies. Changes in wages, benefits, hours worked, or working conditions does not affect employment status.

e) “Jurisdictional boundary” shall mean lands already being served under a fire protection contract entered into prior to December 31, 2015.



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2017

Item No. 13 (Business/Action)

February 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Legislative Report |  
End of Year Report on 2016 and Preview for 2017**

The Commission will receive a report on legislative items of interests to Marin LAFCO. This includes summarizing substantive new legislation effective as of January 1, 2017 – highlighted by Senate Bill 1266 – as well as previewing potential items of interest as part of the first year of the 2017-2018 session. The report is being presented to the Commission for discussion and direction as needed.

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Local Agency Formation Commissions (LAFCOs) are tasked by the California Legislature with providing regional growth management services in all 58 counties. LAFCOs' duties and powers have increasingly expanded since their creation in 1963 through ongoing legislation in step with changes in planning practices in California. The substantive result is the delineation of two distinct LAFCO responsibilities: regulating the physical development of cities, towns, and special districts and their municipal service areas as well as informing such decisions through various planning activities.

### A. Background

Marin LAFCO ("Commission") draws on two complimentary resources to identify and track legislative matters during the calendar year. The first and primary resource is the California Association of LAFCOs' or "CALAFCO" Legislative Committee. The CALAFCO Legislative Committee comprises 16 appointed members – including the Commission's Executive Officer – and tasked with drafting and reviewing legislation for consideration by the Board. The second resource is the Commission's own Legislative Committee, which is responsible for vetting legislation throughout the calendar year with specific consideration of impacts on Marin LAFCO. The Commission's Legislative Committee in 2016 comprised Commissioners Baker, Condon, and Kious.

### B. Discussion

This item is for the Commission to review substantive new legislation effecting LAFCOs as of January 1, 2017 as well as preview potential items in the first year of the 2017-2018 session. The report is being presented for discussion and direction as needed.

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City of San Anselmo

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Craig K. Murray, Regular  
Las Gallinas Valley Sanitary

Lew Kious, Alternate  
Almonte Sanitary District

Jeffrey Blanchfield, Chair  
Public Member

Chris Burdick, Alternate  
Public Member

## **Year in Review / Year Two of 2015-2016 Session**

The second year of the 2015-2016 legislative session proved relatively quiet as it relates to chaptered bills of statewide substance directly effecting LAFCOs. The lone and notable exception involves the Commission's own SB 1266 (McGuire); legislation Marin LAFCO directly worked with the Senator in drafting and stakeholding in route to its signing by Governor Brown. SB 1266 requires all stand-alone and municipal serving joint-power authorities (JPAs) to file new agreements and subsequent amendments with LAFCOs just as they already were tasked with doing with the Secretary of State starting January 1, 2017.<sup>1</sup> A copy of the notice circulated to local agencies on SB 1266 prepared by Commission staff is provided as Attachment One.

Other prominent and statewide legislation under discussion in 2016 did not materialize. Most notably, this includes SB 1318 (Wolk) and its proposal to significantly expand LAFCOs duties and responsibilities with respect to preparing municipal service reviews and taking actions therein to proactively identify and eliminate disadvantaged unincorporated communities (DUCs). CALAFCO expended considerable resources in working with Senator Wolk in addressing several concerns and ultimately reached agreement on alternative language to narrow the bill's focus and relatedly the resource-impact on LAFCOs, but the sponsor balked and the bill died. SB 1318's sponsor – Leadership Council for Justice and Accountability headquartered in Fresno – is expected to revisit the legislation with a new legislator as early as 2017.<sup>2</sup>

While less substantive other newsworthy activities undertaken during the second year of the 2015-2016 session include CALAFCO successfully sponsoring AB 2910 and its omnibus provisions through the Assembly Committee on Local Government. AB 2910 incorporates five technical clean-ups that range in substance from correcting typos to clarifying public members serving on LAFCO shall be residents of the affected county.

## **Preview / Year One of 2017-2018 Session**

As of date it appears legislation of statewide interest to LAFCOs in 2017 will be borne from outside parties given the directive from the CALAFCO Board emanating from its December 9<sup>th</sup> meeting to pursue a limited legislative program for the calendar year. More specifically, the CALAFCO Board has articulated a legislative threshold that it will only work (sponsor, stakehold, and/or otherwise engage) on items that puts LAFCOs at "risk." Towards this end, CALAFCO is currently dedicating its entire legislative program in 2017 to addressing three topics as summarized below.

- Address the anticipated reintroduction of legislation similar to the failed SB 1318 (Wolk) in 2016 to establish stronger duties and directives to LAFCOs in identifying and eliminating DUCs.

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<sup>1</sup> Preexisting agreements and amendments are due to be filed with LAFCOs by July 1, 2017.

<sup>2</sup> Senator Wolk (Davis) was termed out of office as of December 2016. The Senate seat is now held by Bill Dodd (Napa).



- Address anticipated legislative recommendations from the Little Hoover Commission as a result of their hearings in 2016 on special districts and more specifically oversight provided by LAFCOs. A report is expected in Spring.
- Sponsor legislation to amend Government Code Section 56653 – which is the lone means in State law for applicants to propose boundary changes – in response to a recent ruling out of the 5<sup>th</sup> District Court of Appeal in the case of City of Patterson v. Turlock Irrigation District. The ruling invalidated the annexation approval by Stanislaus LAFCO of territory to the City of Paterson given it was already receiving services from the Turlock Irrigation District. The District sued and the Court agreed the annexation was invalid because service had already been established, and as such the referenced statute, which anchors all boundary change proposals on providing a plan to “extend services,” could not be used.

### **C. Analysis**

As provided in the preceding section the second year of the 2015-2016 session – while limited in volume – proved to be an important legislative year for LAFCOs and marked by the Commission’s successful work in chaptering SB 1266 (McGuire). SB 1266 serves as a significant success in securing legislation to make a needed communication connection under State law between JPAs and LAFCOs given their natural interties in providing and managing, respectively, municipal services in support of urban development. Relatedly, SB 1266 positions the Commission to become a greater resource to the public in establishing a more complete repository on all local governmental services; the latter of which directly responds to past critiques of the Commission by the Marin County Civil Grand Jury. SB 1266 also reasonable signals the likely and needed advancement of LAFCOs having a more direct oversight role in the formation and disposition of certain municipal-serving JPAs in California.

Less optimism holds for 2017 in achieving substantive legislative advancements in the continued effort to perfect LAFCO law. With the lone exception of the referenced matter of addressing a blind-spot in Government Code Section 56663, CALAFCO – which generally and appropriately sponsors all LAFCO related legislation – is restricting all resources to addressing external risks. This orientation may ultimately prove correct for the calendar year depending on the pending recommendations by the Little Hoover Commission in its report on special districts as it relates to LAFCOs. Nonetheless, this approach marks a significant policy change for CALAFCO in not more proactively pursuing its own legislative interests/proposals. Should this approach stay the course heading into the second year of the 2017-2018 session the Commission may want to consider providing formal input to CALAFCO.

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

The following alternative actions are available to the Commission.

#### Alternative Action One (Recommended):

Discuss the report and provide direction to staff as needed with respect to legislative items of interest.

Alternative Action Two:

Continue consideration of this item to a future meeting and provide direction as needed on additional information requests.

Alternative Action Three:

Take no action.

**E. Recommendation**

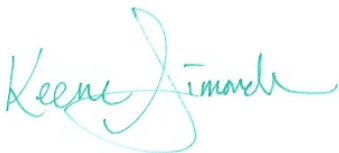
It is recommended the Commission proceed with the actions outlined under Alternative Action One in the preceding section.

**F. Procedures for Consideration**

Staff has agendized this item for action as part of the business hearing calendar. The following procedures, accordingly, are recommended in the Commission's consideration:

- 1) Receive verbal report from staff (voluntary);
- 2) Invite comments from any interested audience members (voluntary); and
- 3) Discuss item and consider action – if any – on the recommendation.

Respectfully,



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Keene Simonds  
Executive Officer

Attachments:

1. Notice to Local Agencies on SB 1266



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

**MEMORANDUM**

December 5, 2016

**TO:** Local Public Agency Administrators  
- County of Marin  
- Cities/Towns of Marin County  
- Special Districts of Marin County

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Implementing Senate Bill 1266 (McGuire) |  
New Reporting Requirements for Certain Joint Power Authorities**

This memorandum provides formal notice by the Marin Local Agency Formation Commission (LAFCO) of the new filing requirements established under Senate Bill 1266 (McGuire). This legislation becomes effective on January 1, 2017 and amends the Joint Exercise of Powers Act to establish new reporting procedures in which certain joint power agencies (JPAs) shall now file their agreements and any subsequent amendments with LAFCOs and within certain prescribed time periods. The legislation follows the recommendations of an earlier Legislative Analyst’s Office report and intended to further assist LAFCOs in meeting their long-standing directive to document, assess, and facilitate shared local public service opportunities in all 58 counties. The legislation similarly advances the Legislature’s interest in LAFCOs serving as community resources by developing more inclusive repositories on local government services for the benefit of the general public. Failure to comply with the new reporting requirements will prohibit a subject JPA from issuing any bonds or incur indebtedness of any kind.

As referenced not all JPAs are subject to SB 1266. The legislation is purposefully limited to those JPAs with a county, city, town, or special district member in which the entity provides a local municipal service consistent with Government Code Section 56047.7. Towards this end, and for purposes of limiting the scope of potential reporting entities, Marin LAFCO internally defines the provision of “municipal services” to include any service or related function listed under Government Code Section 61100. Additionally, and to expedite the reporting process, Marin LAFCO encourages all respondents to provide copies of their agreements and amendments in electronic format to Administrative Analyst Rachel Jones at [rjones@marinlafco.org](mailto:rjones@marinlafco.org). All submittals will be followed by formal acknowledgments by Marin LAFCO for agency records.

Attachments:

- 1) Senate Bill 1266 as Chaptered
- 2) Government Code Section 56047.7
- 3) Government Code Section 61100

**ATTACHMENT ONE**

**Senate Bill No. 1266**

CHAPTER 173

An act to amend Section 6503.6 of, and to add Section 6503.8 to, the Government Code, relating to local government.

[Approved by Governor August 22, 2016. Filed with  
Secretary of State August 22, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1266, McGuire. Joint Exercise of Powers Act: agreements: filings.

The Joint Exercise of Powers Act generally authorizes 2 or more public agencies, by agreement, to jointly exercise any common power, which is generally termed a joint powers agreement. When a joint powers agreement provides for the creation of an agency or entity, separate from the parties to the agreement and responsible for its administration, existing law requires that agency or entity to cause a notice of the agreement or amendment to be prepared and filed, as specified, with the Secretary of State. Existing law requires an agency or entity that files a notice of agreement or amendment with the Secretary of State to also file a copy of the original joint powers agreement, and any amendment to the agreement, with the Controller.

This bill would require an agency or entity required to file documents with the Controller, as described above, that meets the definition of a joint powers authority or joint powers agency, as specified, that was formed for the purpose of providing municipal services and that includes a local agency member, as specified, to also file a copy of the agreement or amendment to the agreement with the local agency formation commission in each county within which all or any part of a local agency member's territory is located within 30 days after the effective date of the agreement or amendment to the agreement. The bill would also require an agency or entity that meets the definition of a joint powers authority or joint powers agency, as specified, that was formed for the purpose of providing municipal services prior to the effective date of this act and that includes a local agency member, as specified, to file a copy of the agreement and any amendments to the agreement with the local agency formation commission in each county within which all or any part of a local agency member's territory is located no later than July 1, 2017. This bill would prohibit an agency or entity administering an agreement or amendment that has failed to make the required filings within the specified timeframes from issuing bonds or incurring any indebtedness until those filings have been made.

By requiring specified joint powers agencies to file certain documents with a local agency formation commission, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

*The people of the State of California do enact as follows:*

SECTION 1. Section 6503.6 of the Government Code is amended to read:

6503.6. (a) When an agency or entity files a notice of agreement or amendment to the agreement with the office of the Secretary of State pursuant to Section 6503.5, the agency or entity shall file a copy of the full text of the original joint powers agreement, and any amendment to the agreement, with the Controller. An agency or entity that meets the definition of a joint powers authority or joint powers agency under Section 56047.7 that was formed for the purpose of providing municipal services and that includes a local agency member that is a city, district, or county shall, within 30 days after the effective date of the agreement or amendment to the agreement, file a copy of the agreement or amendment to the agreement with the local agency formation commission in each county within which all or any part of a local agency member's territory is located.

(b) Notwithstanding any other provision of this chapter, any agency or entity administering a joint powers agreement or amendment to such an agreement, which agreement or amendment becomes effective on or after the effective date of this section, which fails to file the notice with a local agency formation commission required by this section within 30 days after the effective date of the agreement or amendment shall not thereafter, and until those filings are completed, issue any bonds or incur indebtedness of any kind.

SEC. 2. Section 6503.8 is added to the Government Code, to read:

6503.8. (a) No later than July 1, 2017, an agency or entity that meets the definition of a joint powers authority or joint powers agency under Section 56047.7 that was formed for the purpose of providing municipal services prior to the effective date of this section, and that includes a local agency member that is a city, district, or county, shall cause a copy of the agreement and any amendments to the agreement to be filed with the local agency formation commission in each county within which all or any part of a local agency member's territory is located.

(b) Notwithstanding any other provision of this chapter, any agency or entity administering a joint powers agreement or amendment to such an agreement, which fails to file the notice with a local agency formation commission required by this section on or before July 1, 2017, shall not thereafter, and until those filings are completed, issue any bonds or incur indebtedness of any kind.

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

O

**ATTACHMENT TWO**



**GOVERNMENT CODE - GOV**

**TITLE 5. LOCAL AGENCIES [50001 - 57550]** ( *Title 5 added by Stats. 1949, Ch. 81.*  )

**DIVISION 3. CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT**

**REORGANIZATION ACT OF 2000 [56000 - 57550]** ( *Heading of Division 3 amended by Stats. 2001, Ch. 388, Sec. 1.*  )

**PART 1. GENERAL [56000 - 56160]** ( *Part 1 added by Stats. 1985, Ch. 541, Sec. 3.*  )

**CHAPTER 2. Definitions [56010 - 56081]** ( *Chapter 2 added by Stats. 1985, Ch. 541, Sec. 3.*  )

**56047.7.** “Joint powers agency” or “joint powers authority” means an agency or entity formed pursuant to the Joint Exercise of Powers Act (Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1) that is formed for the local performance of governmental functions that includes the provision of municipal services.

*(Added by Stats. 2014, Ch. 21, Sec. 1. Effective January 1, 2015.)*



## ATTACHMENT THREE

### GOVERNMENT CODE - GOV

#### **TITLE 6. DISTRICTS [58000 - 62208]** ( Title 6 added by Stats. 1951, Ch. 331. )

#### **DIVISION 3. COMMUNITY SERVICES DISTRICTS [61000 - 61250]** ( Division 3 repealed and added by Stats. 2005, Ch. 249, Sec. 3. )

#### **PART 3. PURPOSES, SERVICES, AND FACILITIES [61100 - 61226.5]** ( Part 3 repealed and added by Stats. 2005, Ch. 249, Sec. 3. )

#### **CHAPTER 1. Authorized Services and Facilities [61100 - 61107]** ( Chapter 1 repealed and added by Stats. 2005, Ch. 249, Sec. 3. )

Within its boundaries, a district may do any of the following:

- 61100.** (a) Supply water for any beneficial uses, in the same manner as a municipal water district, formed pursuant to the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail.
- (b) Collect, treat, or dispose of sewage, wastewater, recycled water, and storm water, in the same manner as a sanitary district, formed pursuant to the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code. In the case of any conflict between that division and this division, the provisions of this division shall prevail.
- (c) Collect, transfer, and dispose of solid waste, and provide solid waste handling services, including, but not limited to, source reduction, recycling, and composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.
- (d) Provide fire protection services, rescue services, hazardous material emergency response services, and ambulance services in the same manner as a fire protection district, formed pursuant to the Fire Protection District Law, Part 2.7 (commencing with Section 13800) of Division 12 of the Health and Safety Code.
- (e) Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code.
- (f) Organize, promote, conduct, and advertise programs of community recreation, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law, Chapter 4 (commencing with Section 5780) of Division 5 of the Public Resources Code.
- (g) Acquire, construct, improve, maintain, and operate street lighting and landscaping on public property, public rights-of-way, and public easements.
- (h) Provide for the surveillance, prevention, abatement, and control of vectors and vectorborne diseases in the same manner as a mosquito abatement and vector control district formed pursuant to the Mosquito Abatement and Vector Control District Law, Chapter 1 (commencing with Section 2000) of Division 3 of the Health and Safety Code.
- (i) Provide police protection and law enforcement services by establishing and operating a police department that employs peace officers pursuant to Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code.
- (j) Provide security services, including, but not limited to, burglar and fire alarm services, to protect lives and property.
- (k) Provide library services, in the same manner as a library district formed pursuant to either Chapter 8 (commencing with Section 19400) or Chapter 9 (commencing with Section 19600) of Part 11 of the Education Code.



- (l) Acquire, construct, improve, and maintain streets, roads, rights-of-way, bridges, culverts, drains, curbs, gutters, sidewalks, and any incidental works. A district shall not acquire, construct, improve, or maintain any work owned by another public agency unless that other public agency gives its written consent.
- (m) Convert existing overhead electric and communications facilities, with the consent of the public agency or public utility that owns the facilities, to underground locations pursuant to Chapter 28 (commencing with Section 5896.1) of Part 3 of Division 7 of the Streets and Highways Code.
- (n) Provide emergency medical services pursuant to the Emergency Medical Services System and the Prehospital Emergency Medical Care Personnel Act, Division 2.5 (commencing with Section 1797) of the Health and Safety Code.
- (o) Provide and maintain public airports and landing places for aerial traffic, in the same manner as an airport district formed pursuant to the California Airport District Act, Part 2 (commencing with Section 22001) of Division 9 of the Public Utilities Code.
- (p) Provide transportation services.
- (q) Abate graffiti.
- (r) Plan, design, construct, improve, maintain, and operate flood protection facilities. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within the boundaries of another special district that provides those facilities unless the other special district gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities in unincorporated territory unless the board of supervisors gives its written consent. A district shall not plan, design, construct, improve, maintain, or operate flood protection facilities within a city unless the city council gives its written consent.
- (s) Acquire, construct, improve, maintain, and operate community facilities, including, but not limited to, community centers, libraries, theaters, museums, cultural facilities, and child care facilities.
- (t) Abate weeds and rubbish pursuant to Part 5 (commencing Section 14875) of the Health and Safety Code. For that purpose, the board of directors shall be deemed to be a “board of supervisors” and district employees shall be deemed to be the “persons” designated by Section 14890 of the Health and Safety Code.
- (u) Acquire, construct, improve, maintain, and operate hydroelectric power generating facilities and transmission lines, consistent with the district’s water supply and wastewater operations. The power generated shall be used for district purposes, or sold to a public utility or another public agency that generates, uses, or sells electrical power. A district shall not acquire hydroelectric power generating facilities unless the facilities’ owner agrees.
- (v) Acquire, construct, improve, maintain, and operate television translator facilities.
- (w) Remove snow from public streets, roads, easements, and rights-of-way. A district may remove snow from public streets, roads, easements, and rights-of-way owned by another public agency, only with the written consent of that other public agency.
- (x) Provide animal control services pursuant to Section 30501 of the Food and Agricultural Code. Whenever the term “board of supervisors,” “county,” “county clerk,” or “animal control officer” is used in Division 14 (commencing with Section 30501) of the Food and Agricultural Code, those terms shall also be deemed to include the board of directors of a district, a district, the general manager of the district, or the animal control officer of a district, respectively. A district shall not provide animal control services in unincorporated territory unless the county board of supervisors gives its written consent. A district shall not provide animal control services within a city unless the city council gives its written consent.
- (y) Control, abate, and eradicate pests, in the same manner as a pest abatement district, formed pursuant to Chapter 8 (commencing with Section 2800) of Division 3 of the Health and Safety Code. A district’s program to control, abate, or eradicate local pine bark beetle infestations shall be consistent with any required plan or program approved by the Department of Forestry and Fire Protection.
- (z) Construct, maintain, and operate mailboxes on a district’s property or rights-of-way.
- (aa) Provide mail delivery service under contract to the United States Postal Service.

(ab) Own, operate, improve, and maintain cemeteries and provide interment services, in the same manner as a public cemetery district, formed pursuant to the Public Cemetery District Law, Part 4 (commencing with Section 9000) of Division 8 of the Health and Safety Code.

(ac) Finance the operations of area planning commissions formed pursuant to Section 65101.

(ad) Finance the operations of municipal advisory councils formed pursuant to Section 31010.

(ae) Acquire, own, improve, maintain, and operate land within or without the district for habitat mitigation or other environmental protection purposes to mitigate the effects of projects undertaken by the district.

(af) If a private person or entity is unable or unwilling to deploy broadband service, construct, own, improve, maintain, and operate broadband facilities and to provide broadband services. For purposes of this section, broadband has the same meaning as in subdivision (a) of Section 5830 of the Public Utilities Code. The district shall first make a reasonable effort to identify a private person or entity willing to deploy service. The authority granted by this subdivision shall expire when a private person or entity is ready, willing, and able to acquire, construct, improve, maintain, and operate broadband facilities and to provide broadband services, and to sell those services at a comparable cost and quality of service as provided by the district. At that time, the district shall do one of the following:

(1) Diligently transfer its title, ownership, maintenance, control, and operation of those broadband facilities and services at a fair market value to that private person or entity.

(2) Lease the operation of those broadband facilities at a fair market value to that private person or entity.

*(Amended by Stats. 2008, Ch. 70, Sec. 1. Effective January 1, 2009.)*



# Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

## AGENDA REPORT

February 9, 2017

Item No. 14 (Business/Action)

February 3, 2017

**TO:** Marin Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT: Committee Assignments**

The Commission will consider making appointments/reappointments to three of Marin LAFCO's standing committees. This involves the (a) Policy and Personnel, (b) Legislative, and (c) Public and Technical Information Committees. The Commission may also consider identifying specific projects and/or tasks for the Committees.

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The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 directs Local Agency Formation Commission's (LAFCOs) to exercise their prescribed regulatory and planning responsibilities to effectively facilitate orderly municipal growth and development within their respective jurisdictions. This includes establishing and updating, as needed, local policies and procedures as well as other administrative tools to ensure the implementation of LAFCO law is responsive to local needs and circumstances as determined by the memberships.

### A. Background

Marin LAFCO ("Commission") utilizes four standing committees to help evaluate and inform the membership on various administrative and policy matters. These committees are Budget and Work Plan, Policy and Personnel, Legislative, and Public and Technical Information. It is the practice of the Commission to review and make appointments/reappointments to these Committees at the beginning of each calendar year. Actual Committee meetings are scheduled as needed by the Executive Officer.

### B. Discussion

The Commission will consider making appointments/reappointments to three of Marin LAFCO's standing committees and involve (a) Policy and Personnel, (b) Legislative, and (c) Public and Technical Information. Due to timing issues appointments to the Budget Committee were made already as part of the January 27<sup>th</sup> special meeting to include Commissioners McEntee, Murray, and Rodoni. A summary of key duties for each of the three Committees requiring appointments follows along with the most recent members.

- Policy and Personnel

This Committee shall review and prepare revisions for Commission consideration on Marin LAFCO's adopted Policy Handbook to address new statutes as well as help ensure appropriate implementation of LAFCO law in Marin County. The Committee shall also convene as necessary in open or closed session to address personnel issues as requested by the Chair. The Committee shall include three members – regulars or alternates – with one appointment reserved for either the Chair and/or Vice Chair.

Appointees in 2016 were Commissioners Blanchfield, Burdick, and Connolly.

- Legislative

This Committee shall review and provide information with possible position recommendations on current or pending legislation matters directly affecting LAFCO law or laws LAFCOs help to administer with particular focus on items of specific interest in Marin County. The Committee shall include three members – regulars or alternates – with no further prescriptions.

Appointees in 2016 were Commissioners Baker, Condon, and Kious.

- Public and Technical Information

This Committee shall review and provide direction to staff on website design and improvements and other social medial communicative platforms. The Committee shall also review and provide recommendations to the Commission on recommended capital purchases involving computers and related programs. The Committee shall include three members – regulars or alternates – with no further prescriptions. Termed tasks – including the selection of vendors for specific projects – may be oversee by the Committee on an ad hoc basis.

Appointees in 2016 were Commissioners Condon, Kious, and Murray.

### **C. Analysis**

All three Committees necessitating appointments as provided in this agenda report are expected to meet in 2016, albeit to different degrees. It is expected the Policy and Personnel Committee will need to meet the most and between four to six times during the calendar year to address – and among other items – the scheduled review and update the Policy Handbook's personnel policies. It is also expected the Public and Technical Information Committee will need to hold between two and four meetings during the calendar year to complete the ongoing website design being undertaken by CivicPlus as well as to developed social media uses and protocols. Meetings of the Legislative Committee are expected to be less frequent during the calendar year and could be limited to one meeting in April or June given the potential lack of substantive LAFCO related legislation as part of the current session.

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

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):

Make appointments for each of the following Committees while assigning any specific projects as needed:

- a) Policy and Personnel
- b) Technical and Information
- c) Legislation

Alternative Action Two:

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

#### **E. Recommendation**

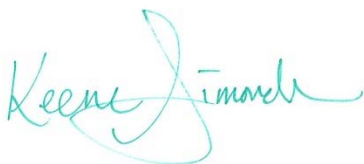
Make appointments as appropriate with additional direction as needed. This recommendation is consistent with Alternative Action One.

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

Staff has agenized this item for action as part of the business calendar. The following procedures, accordingly, are recommended with respect to the Commission's consideration:

- 1) Receive verbal report from staff (discretionary);
- 2) Invite comments from any interested audience members (voluntary); and
- 3) Discuss item and consider action on recommendation.

Respectfully,



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Keene Simonds  
Executive Officer

Attachments: none