



Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

NOTICE OF REGULAR MEETING AND AGENDA

Marin Local Agency Formation Commission

Thursday, April 13, 2017

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

*** REMINDER OF NEW MEETING LOCATION ***

7:00 P.M. – CALL TO ORDER BY CHAIR

ROLL CALL BY CHAIR

SERVICE RECOGNITION

The Commission will recognize Alternate Public Member Chris Burdick for his distinguished service ahead of his term expiring on May 1, 2017.

AGENDA REVIEW

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

OPEN TIME

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

CONSENT CALENDAR ITEMS

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

1. Approval of Meeting Minutes | February 9, 2017 Regular Meeting (action)

Staff has prepared meeting minutes for the Commission's February 9, 2017 regular meeting. The minutes are being presented for formal approval with any desired corrections or clarifications.

2. Commission Ratification | Reconciled Payments from January 1, 2017 to March 31, 2017 (action)

The Commission will consider ratifying payments made by the Executive Officer between January 1, 2017 and March 31, 2017. The payments cover all reconciled payroll and non-payroll expenses during the period and total \$91,484. 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)

The Commission will review a report comparing budgeted and actual transactions for 2016-2017 through March 31, 2017 and its projection Marin LAFCO is on pace to finish with an operating net of \$12,837 or 2.6%. This projection marks a substantive improvement over the budgeted operating net of (\$25,000) and largely attributed to unexpected savings in payroll costs. The report is being presented to the Commission to accept and file as well as to provide direction as needed.

4. Progress Report on 2016-2017 Workplan (action)

The Commission will receive a progress report on accomplishing administrative and planning projects established in the adopted workplan for 2016-2017. This includes summarizing the four projects completed to date while highlighting the dozen-plus activities substantively underway. While progress is being made ongoing reductions in staffing continue to slow 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 provide direction as needed.

CONSENT ITEMS CONTINUED...**5. Special Districts Risk Management Authority: Call for Nominations (action)**

The Commission will consider interest among the membership to serve on the Special Districts Risk Management Authority's Board of Directors. Nominations must be formalized through the adoption of a resolution and submitted no later than May 5, 2017. All Commissioners are eligible for nomination. It is recommended the Commission authorize the Chair to execute a resolution making one or more nominations should any Commissioner express interest before the referenced deadline.

6. 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.

PUBLIC HEARING ITEMS**7. Alternate Public Member | Interviews and Possible Appointment for New Term (action) | 7:10pm**

The Commission will conduct interviews for the alternate public member position and thereafter consider making an appointment for a new four-year term commencing on May 2, 2017. A total of four candidates have applied without withdrawing and each has been assigned an approximate 10 to 15 minute interview time. The incumbent – Chris Burdick – has not reapplied. All proceedings will be done in open session.

8. Central Marin Wastewater Study | Presentation of Draft Report with Determinations (action)

The Commission will receive a draft report on its scheduled Central Marin Wastewater Study. The draft report represents an independent assessment on the relationship between public wastewater demands and capacities relative to the Commission's regional growth management interests and duties. This includes preparing determinative statements addressing all of the factors required by the Legislature as part of the municipal service review mandate. The draft report is being presented for discussion with the recommendation the Commission authorize staff to proceed with a formal 45-day review period in anticipation of returning in June with final actions.

9. Adoption of Proposed Workplan and Operating Budget for 2017-2018 (action)

The Commission will consider adopting a proposed workplan and budget for 2017-2018 in anticipation of taking final actions in June. The proposed workplan draws on direction provided at the recent strategic planning session and identifies over 20 specific projects for the fiscal year – including the rollover of three previously scheduled municipal service reviews – and directly informs the proposed budget. Proposed budget expenses total \$555,384 and represents an increase of \$28,522 or 5.4% with the change entirely attributed to funding additional non-payroll costs and marked by enhancing legal services. Proposed budget revenues total \$545,384 with the remaining shortfall – (\$10,000) – to be covered by reserves.

BUSINESS ITEMS**10. Updated Draft Amendments | Policies on Outside Service Extensions (action)**

The Commission will review updated draft amendments prepared by staff on Marin LAFCO's policies on outside service extensions. The updated draft amendments – which incorporate revisions following an initial presentation in February and subsequent extended local agency review – address two distinct issues and divided between non-fire protection services and fire protection services with the latter necessitated by the recent enactment of Senate Bill 239 (Hertzberg). The updated draft amendments are being presented to the Commission for additional feedback and authorization to proceed with a formal public review in anticipation of returning in June with final actions.

BUSINESS ITEMS CONTINUED...

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

The Commission will receive a report on the first year of the Legislature's 2017-2018 session as it relates to bill proposals directly or indirectly affecting Local Agency Formation Commissions. The report is being presented to the Commission to discuss and consider position recommendations. It is also an opportunity for the Commission to provide direction on other legislative matters of interests.

12. Report on CALAFCO Annual Workshop (information)

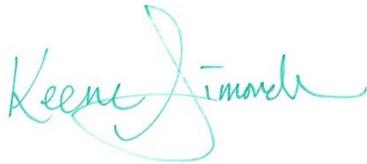
The Commission will receive a report from staff on their recent attendance at the CALAFCO Annual Workshop held in Fresno on April 5-7th. Verbal report only.

EXECUTIVE OFFICER REPORT

COMMISSIONER ANNOUCEMENTS AND REQUESTS

ADOURNMENT TO NEXT MEETING

Thursday, June 8, 2017



Attest:

Keene Simonds
Executive Officer

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

Marin LAFCO

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Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

AGENDA REPORT

April 13, 2017

Item No. 1 (Consent/Action)

April 6, 2017

TO: Marin Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: Approval of Meeting Minutes | February 9, 2017 Regular Meeting

Staff has prepared meeting minutes for the Commission’s February 9, 2017 regular meeting. The minutes are being presented for formal approval with any desired corrections or clarifications.

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

A. Background

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

B. Discussion

This item is for Marin LAFCO (“Commission”) to consider approving action minutes for the February 9, 2017 regular meeting. All members were present with the exception of Commissioners Condon, Rodoni, and Burdick (alternate).

C. Analysis

The action minutes for the regular meeting held on February 9th accurately reflect the Commission’s actions as recorded by staff. A video recording of the regular meeting is also available online for viewing at 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 February 9, 2017 regular 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.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

- 1) Draft Minutes for February 9, 2017



Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

DRAFT MINUTES

REGULAR MEETING

Thursday, February 9, 2017
Marin Clean Energy | Charles McGlashan Room
1125 Tamalpais Avenue, San Rafael, California

CALL TO ORDER BY CHAIR

Chair Blanchfield called the meeting to order at 7:00 pm.

ROLL CALL BY CHAIR

Regulars Present: Jeffrey Blanchfield, Chair
Jack Baker
Damon Connolly
Sashi McEntee
Craig K. Murray

Alternates Present: Judy Arnold (arrived at 7:17pm) *
Matt Brown *
Lew Kious

* voting in place of absent regular members

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 as provided in the agenda to address two separate cases 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 7:03 pm.

RETURN TO OPEN SESSION

Chair Blanchfield reconvened the Commission in open session at 7:35 pm and reported the Commission took no action as part of its agendized closed session items.

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 | December 8, 2016 and January 27, 2017 (action)

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)

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)

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.

4. Proposed Amendments to Accounting and Internal Control Policies (action)

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)

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)

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)

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)

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 ITEMS CONTINUED...

9. CALAFCO Quarterly Report (information)

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.

Request for discussion on Agenda Items No. 4 and 7 by Commissioner McEntee and Chair Blanchfield, respectively.

With respect to Agenda Item No. 4 Commissioner McEntee asked the Executive Officer to highlight their earlier discussion to the Commission on the need for the proposed revisions to the accounting and internal control policies. The Executive Officer responded with a brief summary and examples in support of the proposed changes and emphasized the new spending allowances to be delegated more closely align with actual reoccurring expenses.

With respect to Agenda Item No. 7 Chair Blanchfield noted a discrepancy between the content of the agenda report and recommended action as it relates to the disposition of whether the applicant must pay a \$680 application fee for the requested time extension. The Executive Officer acknowledged the discrepancy and confirmed the recommended approval should include the condition that the applicant submit the referenced payment.

APPROVED; motion and second made by Commissioners Arnold and Baker to approve consent calendar items as recommended in the associated agenda reports with the clarification on Agenda Item No. 7 for the applicant to submit payment to Marin LAFCO as discussed; all yes.

PUBLIC HEARING ITEMS

10. Central Marin Wastewater Study |

Updated Agency Profiles and Request to Reopen Public Comment Period (action)

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.

Staff provided a brief summary of the item and recommendation for the Commission to authorize staff to reopen the review period and allow the affected agencies more time to comment on the profiles.

Chair Blanchfield invited initial questions from the Commission. No questions received.

Chair Blanchfield opened the public hearing and invited any members of the public to address the Commission. No comments were received.

Commissioner Connolly complimented Administrative Analyst Rachel Jones on the work to date on the study, and agreed more time for the agencies to comment would be appropriate.

APPROVED; motion and second made by Commissioners Arnold and Brown to close the public hearing and approve the recommendation in the agenda report to authorize staff to reopen the review period on the agency profiles for an additional 30 days; all yes.

BUSINESS ITEMS

11. Proposal Request |

Annexation of 355 Margarita Drive to the San Rafael Sanitation District (action)

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.

Staff provided a summary of the proposal as well as a revised recommendation based on new information received following the preparation of the agenda report to expand the annexation to include an adjacent property located at 347 Margarita Drive.

Chair Blanchfield invited initial questions from the Commission. Commissioner Connolly requested clarification and noted concerns therein on the recommendation to require the affected landowners to provide written consent to the future annexation of the properties to the City of San Rafael. Extended discussion followed among entire Commission.

Chair Blanchfield opened the public hearing and invited comments from the applicant. Applicant Matt Thomas addressed the Commission and reiterated his preference not to be required to annex into the City of San Rafael within the next two years given cost-concerns associated with finishing a planned construction project. Clarifications were asked by Commissioners Baker, Blanchfield, and Connolly.

Chair Blanchfield invited other members of the public to address the Commission. Neighbor John Porzio at 347 Margarita Drive addressed the Commission and stated his interest in joining the annexation. No other comments were received.

Additional Commission discussion followed on the recommended condition to require the affected landowners to provide written consent to future annexation to San Rafael.

APPROVED; motion and second made by Commissioners Baker and Murray to approve the staff recommendation as revised to include 347 Margarita Drive; Baker, Murray, Blanchfield, Brown, and McEntee voting yes and Arnold and Connolly voting no | Resolution No. 16-13

12. Draft Amendments to Policies on Outside Service Extensions (action)

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.

Staff provided a summary of the draft amendments as provided in the accompanying agenda report and noted the item is divided between changes affecting fire protection services and non-fire protection services.

Chair Blanchfield invited initial feedback from the Commission. Comments and questions received from Commissioners Baker, Kiouss, and Murray regarding the proposed amendments involving recycled water services with the former two noting concern about outreach.

BUSINESS ITEMS CONTINUED...

12. Draft Amendments to Policies on Outside Service Extensions (continued)

Chair Blanchfield invited members of the public to address the Commission. Comments received from Chris DeGabriele with the North Marin Water District noting concern regarding the proposed amendments affecting recycled water services. Comments also received from Todd Cusimano with the Town of Corte Madera, Chris Tubbs with Southern Marin Fire Protection District, and Scott Shurtz with the City of Larkspur regarding proposed amendments concerning fire protection services.

Additional Commission discussion followed.

Based on feedback received, the Executive Officer recommended the Commission allow staff to revisit the draft amendments and provide additional opportunity for local agency input and return in April with potential revisions to better reflect membership interest. Chair Blanchfield agreed and with no objection from other Commissioners requested the item come back in April.

13. Legislative Report | End of Year Report on 2016 and Preview for 2017 (action)

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.

Brief summary of the item provided by staff. No Commission comments.

14. Committee Assignments (action)

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.

Chair Blanchfield commented his preference would be for all current assignments to rollover into the new calendar year with the addition of having Commissioner Baker serve as an alternate to the Policy Committee given the expected leave of Commissioner Burdick in April. Commissioner McEntee noted interest in serving on the Legislative Committee. Commissioner Arnold offered to serve as an alternate on the Budget Committee. No other requests were made. Chair Blanchfield confirmed the rollover of existing appointments with the addition of assigning Commissioners Arnold and McEntee as alternates on the Budget and Legislative Committees, respectively.

EXECUTIVE OFFICER REPORT

None

COMMISSIONER ANNOUCEMENTS AND REQUESTS

None

ADOURNMENT TO NEXT MEETING

Thursday, April 13, 2017

Chair Blanchfield adjourned the meeting at 9:39 pm.

APPROVED:

ATTESTED:

Jeffry Blanchfield
Commission Chair

Keene Simonds
Executive Officer



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

AGENDA REPORT

April 13, 2017

Item No. 2 (Consent / Action)

April 6, 2017

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

SUBJECT: Commission Ratification | Reconciled Payments from January 1, 2017 to March 31, 2017
 The Commission will consider ratifying payments made by the Executive Officer between January 1, 2017 and March 31, 2017. The payments cover all reconciled payroll and non-payroll expenses during the period and total \$91,484. 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 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 all payments made by the Executive Officer between January 1, 2017 and March 31, 2017. These payments have been reconciled by the Commission’s contracted bookkeeper – Alyssa Schiffmann with the Southern Marin Fire Protection District – and total \$91,484. The payments are detailed in Attachment One.

C. Analysis

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

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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

D. Alternatives for Action

The following alternatives are available to the Commission:

Alternative One (Recommended):

Ratify the reconciled payments made by the Executive Officer between January 1st and March 31st 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,



Keene Simonds
Executive Officer

Attachment:

- 1) Reconciled Payments from January 1, 2017 to March 31, 2017

**Marin Local Agency Formation Commission Transaction
List by Vendor | January through March 2017**

	Date	Funding Account	Billing Account	Amount
ALHAMBRA & SIERRA SPRINGS				
	01/31/2017	Wells Fargo - Secondary	5220110 · Office Supplies	-17.59
	01/31/2017	Wells Fargo - Secondary	5220110 · Office Supplies	-30.61
	03/16/2017	Wells Fargo - Secondary	5220110 · Office Supplies	-43.13
	03/31/2017	Wells Fargo - Secondary	5220110 · Office Supplies	-20.95
ALTA MESA GROUP LLC				
	02/07/2017	Wells Fargo - Primary	5210110 · Professional Services	-1,542.80
ARNOLD, JUDY				
	02/21/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
BAKER, JOHN M				
	01/31/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	02/21/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
BARBIER SECURITY GROUP				
	03/31/2017	Wells Fargo - Secondary	5210110 · Professional Services	-160.00
BEST BEST & KRIEGER LLP				
	01/31/2017	Wells Fargo - Primary	5210131 · Legal Services	-1,050.00
	03/16/2017	Wells Fargo - Primary	5210131 · Legal Services	-2,306.80
BLANCHFIELD, JEFFRY S				
	01/31/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	02/21/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
BURDICK, CHRISTOPHER D				
	01/31/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
CALAFCO				
	01/31/2017	Wells Fargo - Secondary	5211520 · Publications/Notices	-37.50
COMCAST				
	01/31/2017	Wells Fargo - Secondary	5210710 · Communications Services	-112.90
	02/21/2017	Wells Fargo - Secondary	5210710 · Communications Services	-221.64
	03/31/2017	Wells Fargo - Secondary	5210710 · Communications Services	-221.64
COMMUNITY MEDIA CENTER				
	01/31/2017	Wells Fargo - Secondary	5210710 · Communications Services	-450.00
	03/16/2017	Wells Fargo - Secondary	5210710 · Communications Services	-450.00
CONDON, CARLA STONE				
	01/31/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
CONNOLLY, DAMON				
	01/31/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	02/21/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
COUNTY OF MARIN				
	01/31/2017	Wells Fargo - Secondary	5130525 · CalPERS - Retiree Health	-445.47
COUNTY OF MARIN-CDA				
	03/16/2017	Wells Fargo - Secondary	5211516 · Mapping Services - County	-60.00

Marin Local Agency Formation Commission
Transaction List by Vendor | January through March 2017

	<u>Date</u>	<u>Funding Account</u>	<u>Billing Account</u>	<u>Amount</u>
COUNTY OF MARIN - OPEB				
	02/21/2017	Wells Fargo - Secondary	5130525 · CalPERS - Retiree Health	-445.47
	03/16/2017	Wells Fargo - Secondary	5130525 · CalPERS - Retiree Health	-445.47
FORKS & FINGERS				
	01/31/2017	Wells Fargo - Secondary	5210110 · Professional Services	-723.73
FP MAILING SOLUTIONS				
	01/31/2017	Wells Fargo - Secondary	5220146 · Postage	-65.85
	03/16/2017	Wells Fargo - Secondary	5220146 · Postage	-9.81
	03/16/2017	Wells Fargo - Secondary	5220146 · Postage	-137.34
GRAF VAN & STORAGE INC				
	03/06/2017	Wells Fargo - Secondary	5211215 · Rent - Storage	-140.76
KIOUS, LEWIS				
	01/31/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	02/21/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
LIEBERT CASSIDY WHITMORE				
	01/31/2017	Wells Fargo - Secondary	5210131 · Legal Services	-720.00
	03/16/2017	Wells Fargo - Primary	5210131 · Legal Services	-814.00
MARIN CLEAN ENERGY				
	01/31/2017	Wells Fargo - Secondary	5211270 · Office Lease/Rent	-90.00
	03/31/2017	Wells Fargo - Secondary	5211270 · Office Lease/Rent	-194.14
MARIN INDEPENDENT JOURNAL				
	01/31/2017	Wells Fargo - Secondary	5211520 · Publications/Notices	-198.40
MARIN IT INC				
	02/21/2017	Wells Fargo - Secondary	5210710 · Communications Services	-133.35
BROWN, MATT				
	01/31/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	02/21/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
McENTEE, SASHI				
	01/31/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	02/21/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/16/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
MURRAY, CRAIG K				
	01/31/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	02/21/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
PAYROLL - EMPLOYEES				
	01/15/2017	County Treasurer	-SPLIT-	-11,627.59
	01/31/2017	County Treasurer	-SPLIT-	-10,780.58
	02/10/2017	County Treasurer	-SPLIT-	-10,780.60
	02/24/2017	County Treasurer	-SPLIT-	-14,699.40
	03/10/2017	County Treasurer	-SPLIT-	-10,780.60
	03/31/2017	County Treasurer	-SPLIT-	-10,780.60
RICOH USA INC				

**Marin Local Agency Formation Commission
Transaction List by Vendor | January through March 2017**

	<u>Date</u>	<u>Funding Account</u>	<u>Billing Account</u>	<u>Amount</u>
RODONI, DENNIS JAMES	03/16/2017	Wells Fargo - Secondary	5210935 · Office Equipment Purchases	-313.32
	03/16/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
	03/17/2017	Wells Fargo - Secondary	5211533 · Commissioner Per Diems	-125.00
SECURITY MORTGAGE GROUP 2	01/31/2017	Wells Fargo - Primary	5211270 · Office Lease/Rent	-2,493.83
	03/06/2017	Wells Fargo - Secondary	5211270 · Office Lease/Rent	-2,493.83
STEWART, JOHN	01/05/2017	Wells Fargo - Secondary	5210110 · Professional Services	-500.00
SAN RANFAEL NOTARY	03/15/2017	Wells Fargo - Secondary	5211520 · Publications/Notices	-65.00
US BANK GOVERNMENT SERVICES	01/23/2017	County Treasurer	-SPLIT-	-962.01
VERIZON WIRELESS	01/31/2017	Wells Fargo - Secondary	5210710 · Communications Services	-146.03
	03/16/2017	Wells Fargo - Secondary	5210710 · Communications Services	-146.03
				-91,483.77

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

AGENDA REPORT

April 13, 2017

Item No. 3 (Consent/Action)

April 13, 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 March 31, 2017 and its projection. Marin LAFCO is on pace to finish with an operating net of \$12,837 or 2.6%. This projection marks a substantive improvement over the budgeted operating net of (\$25,000) and largely attributed to unexpected savings in payroll costs. The report is being presented to the Commission to accept and file as well as to provide direction as needed.

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

A. Background

2016-2017 Budget

Marin LAFCO’s (“Commission”) adopted final budget as amended 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

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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

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 March. 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 nine months of the fiscal year totaled \$325,249. This amount represents 62% of the budgeted total with 75% of the fiscal year complete. A summary comparison of budgeted to actual operating expenses follows.

Expense Units	Adopted w/ Amendments	Actuals Through 3/31	Percent Expended	Unexpended Balance
1) Salaries and Benefits	369,716	206,520	56	163,196
2) Administrative	78,166	58,695	75	19,471
3) Services and Supplies	78,980	60,034	76	18,976
4) Contingencies	-	-	-	-
Total	\$526,862	\$325,249	62%	\$201,614

Actuals through the first nine months and related analysis suggest the Commission is on pace to finish the fiscal year with \$482,052 in total expenses. Should this projection hold the Commission will achieve an unexpended budgeted savings of \$44,809 or 8.5%. An expanded discussion on budgeted and actual expenses through the first nine 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.¹ Through the first nine months the Commission’s actual expenses within the seven affected accounts totaled \$206,520 or 56% of the budgeted amount. Two of the affected accounts – Payroll Tax and Workers Compensation – finished with balances exceeding the proportional 75% 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 \$303,711, and result in a surplus of \$66,005 or 18%.²

¹ 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.

² The projected year-end totals includes the return of the Commission Clerk to two hours a day beginning April 1, 2017 (10 hours a week). It also assumes the successful merit advance of the Administrative Analyst in late 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 March totaled \$3,482 or 87% 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.³ It is projected the Commission will ultimately expend \$4,371 in this account through June, and result in a year-end shortfall of (\$351) or (9%).
- 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 March 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).⁴ Through the first nine months the Commission's actual expenses within the six affected accounts totaled \$58,695 or 75% of the budgeted amount. Two of the affected accounts – Legal Services and Mileage/Travel – finished with balances exceeding the proportional 75% 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 \$93,804, and result in a shortfall of (\$15,638) or (21%).⁵

- Legal Services
This account covers the Commission's costs for all legal services with expenses typically generated from Outside Counsel (Best Best and Krieger). The Commission has budgeted with amendments \$39,579 in this account in 2016-2017.⁶ Actual expenses through March totaled \$33,360 or 85% 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

³ Regular employees are exempt from funding into Social Security.

⁴ 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.

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

⁶ 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.

projected the Commission will ultimately expend \$49,498 in this account through June, and result in a year-end shortfall of (\$9,920) or (25%).⁷

- 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 March 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 \$5,000 in this account through June, and result in a year-end shortfall of (\$882) 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 nine months the Commission's actual expenses within the 11 affected accounts totaled \$60,034 or 76% of the budgeted amount. Six accounts – Membership Dues, General Insurance, Communications, General Office Expenses, Graphic/Website Design, and Storage – finished with balances exceeding the proportional 75% 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 \$84,538, and result in an overall shortfall of (\$5,558) or (7%).

- 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 expenses in this account through the first nine 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 nine months totaled \$2,564 or 96% of the budgeted amount and tied to providing full payment upon receipt of an invoice in August.

⁷ This projection assumes the special projected being managed by LCW will substantively end by May 1, 2017.

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 to video recording. The Commission budgeted \$6,568 in this account in 2016-2017 based on expected needs. Actual expenses through the first nine months totaled \$6,089 or 93% of the budgeted amount with the proportional overrun mainly attributed to transferring internet and telephone services to a new carrier with the move to 1401 Los Gamos Drive. It is projected the Commission will ultimately expend \$8,252 in this account through June, and result in a year-end deficit of (\$1,684) or (26%).

- 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 nine months totaled \$4,259 or 164% 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; costs that had been budgeted in the prior fiscal year but delayed due to permit issues with the new space. It is projected the Commission will ultimately expend \$9,259 in this account through June, and result in a year-end deficit of (\$6,669) or (257%).

- 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 nine 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.⁸ No additional costs are expected, and as such the Commission is projected to finish with an ending surplus of \$3,088 or 20%.

⁸ 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.

- **Storage**
 This account covers the Commission’s costs to store offsite archived records ranging from old proposals to fiscal year documents dating back to 1963. The Commission budgeted \$401 in this account in 2016-2017 based on a current monthly rent fee of \$34. Actual expenses in this account through the first nine months totaled \$317 or 79% of the budgeted amount and cover all monthly rents through March as well as incurring a small service charge for late payment; the latter of which is expected to be reversed, and in doing so the Commission will finish with a \$0 ending balance.

Summary of Operating Revenues

The Commission’s budgeted operating revenue total for 2016-2017 is \$501,862. Actual revenues collected through the first nine months totaled \$494,090. This amount represents 98% of the budgeted total with 75% of the fiscal year complete. A summary comparison of budgeted to actual operating revenues follows.

Revenue Unit	Adopted	Actuals Through 3/31	Percent Collected	Amount Outstanding
1) Intergovernmental	470,362	469,161	99	1,201
2) Service Charges	30,000	23,778	79	6,222
3) Interest Earnings	1,500	1,151	77	349
	\$501,862	\$494,090	98%	\$7,772

Actuals through the first nine months and related analysis suggest the Commission’s year-end revenue totals will tally \$494,890 and result in a shortfall of (\$6,972) or (1%). An expanded discussion on the budgeted and actual revenues through the first nine 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 nine months \$23,778 in application fees have been collected. Staff anticipates – and at least for budgeting purposes – the account remaining stagnant and result in a year-end deficit of (\$6,222) or (20%).

Interest Unit

The Commission budgeted \$1,500 in the Interest Unit in 2016-2017. Through the first nine months the Commission received \$1,150 from the County Treasurer and reflects earnings through the first two quarters less applied administrative charges. Staff anticipates – and at least for budgeting purposes – the account ultimately tallying \$1,951 and result in a year-end surplus of \$451 or 30%.

C. Analysis

Activity through the first nine months of the fiscal year indicates the Commission is on schedule to eliminate its budgeted operating deficit of (\$25,000) and finish the fiscal year with an operating surplus of \$12,837 or 2.6%. This projected improvement is largely tied to accruing salary and related benefit savings associated with the continued unexpected leave of one the Commission's three budgeted positions.⁹ (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. 4.) Markedly, the savings in salary and benefits are expected to fully absorb the significant overruns projected in legal services and general office expenses with the latter the result of the delayed relocation of Marin LAFCO into its permanent suite at 1401 Los Gamos Drive.¹⁰ 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 ensure 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.

⁹ Staff is projecting all three budgeted positions will be at fulltime status by January 1, 2017.

¹⁰ 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.

Respectfully,



Keene Simonds
Executive Officer

Attachment:

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



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

Operating Budget Through March 31, 2017

Expense Ledger

Salary and Benefit Costs

Account Description

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	151,151.79	58.56%	212,428.79
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	30,919.60	53.45%	44,880.82
5140125	Employee Benefits	19,000.00	14,586.33	16,888.33	15,486.14	25,442.65	25,980.43	26,867.40	15,145.64	56.37%	21,185.24
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	3,482.16	86.62%	4,370.68
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	3,983.73	25.51%	15,615.00
		261,333.00	221,471.40	279,485.51	270,023.70	354,303.67	348,458.55	369,716.33	206,519.63	55.86%	303,711.04

Administrative Costs

Account Description

5210110	Professional Services	31,350.00	9,183.46	5,800.00	17,183.00	15,255.00	15,793.43	15,020.00	9,631.03	64.12%	20,301.03
5210131	Legal Services	5,000.00	1,323.04	14,196.23	2,477.21	10,075.00	10,045.28	39,578.75	33,360.29	84.29%	49,498.29
5210230	Accounting Services	8,000.00	-	8,000.00	-	4,925.00	1,200.00	6,125.00	3,238.51	52.87%	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	65.51%	2,005.00
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	84.64%	5,000.00
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	7,375.00	67.82%	10,875.00
		55,750.00	21,760.43	42,096.23	30,397.18	43,367.00	39,884.19	78,166.25	58,695.04	75.09%	93,804.32

Service and Supply Costs

Account Description

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	15,397.12	61.74%	23,598.61
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%	2,677.02
5210715	Communication Services	1,600.00	2,508.88	5,874.60	5,416.36	6,053.60	7,496.60	6,567.60	6,089.16	92.72%	8,252.16
5211516	Reprographic/Map Services	2,500.00	1,302.25	-	-	-	-	-	120.00	-	120.00
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	4,258.77	164.43%	9,258.77
5210935	Office Equipment Purchases	6,000.00	721.35	6,000.00	8,671.54	2,907.16	4,706.39	5,137.16	1,531.17	29.81%	6,931.17
5211340	Training	1,000.00	483.50	1,500.00	326.70	1,095.00	820.24	1,800.00	807.51	44.86%	1,000.00
5211520	Publications/Notices	1,600.00	692.26	2,000.00	1,121.28	2,095.00	3,803.92	5,000.00	2,268.18	45.36%	5,518.18
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	316.71	78.99%	400.94
		46,950.00	40,428.39	53,284.60	58,118.66	72,583.75	73,456.39	78,979.70	60,033.92	76.01%	84,537.50

Contingencies

Account Description

*****	Operating Reserve	-	-	-	-	-	-	-	-	-	-
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EXPENSE TOTALS

		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 (75% Complete)	%	Projected Year End
Salary and Benefit Costs											
Account	Description										
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	151,151.79	58.56%	212,428.79
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	30,919.60	53.45%	44,880.82
5140125	Employee Benefits	19,000.00	14,586.33	16,888.33	15,486.14	25,442.65	25,980.43	26,867.40	15,145.64	56.37%	21,185.24
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	3,482.16	86.62%	4,370.68
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	3,983.73	25.51%	15,615.00
		261,333.00	221,471.40	279,485.51	270,023.70	354,303.67	348,458.55	369,716.33	206,519.63	55.86%	303,711.04
Administrative Costs											
Account	Description										
5210110	Professional Services	31,350.00	9,183.46	5,800.00	17,183.00	15,255.00	15,793.43	15,020.00	9,631.03	64.12%	20,301.03
5210131	Legal Services	5,000.00	1,323.04	14,196.23	2,477.21	10,075.00	10,045.28	39,578.75	33,360.29	84.29%	49,498.29
5210230	Accounting Services	8,000.00	-	8,000.00	-	4,925.00	1,200.00	6,125.00	3,238.51	52.87%	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	65.51%	2,005.00
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	84.64%	5,000.00
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	7,375.00	67.82%	10,875.00
		55,750.00	21,760.43	42,096.23	30,397.18	43,367.00	39,884.19	78,166.25	58,695.04	75.09%	93,804.32
Service and Supply Costs											
Account	Description										
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	15,397.12	61.74%	23,598.61
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%	2,677.02
5210715	Communication Services	1,600.00	2,508.88	5,874.60	5,416.36	6,053.60	7,496.60	6,567.60	6,089.16	92.72%	8,252.16
5211516	Reprographic/Map Services	2,500.00	1,302.25	-	-	-	-	-	120.00	-	120.00
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	4,258.77	164.43%	9,258.77
5210935	Office Equipment Purchases	6,000.00	721.35	6,000.00	8,671.54	2,907.16	4,706.39	5,137.16	1,531.17	29.81%	6,931.17
5211340	Training	1,000.00	483.50	1,500.00	326.70	1,095.00	820.24	1,800.00	807.51	44.86%	1,000.00
5211520	Publications/Notices	1,600.00	692.26	2,000.00	1,121.28	2,095.00	3,803.92	5,000.00	2,268.18	45.36%	5,518.18
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	316.71	78.99%	400.94
		46,950.00	40,428.39	53,284.60	58,118.66	72,583.75	73,456.39	78,979.70	60,033.92	76.01%	84,537.50
Contingencies											
Account	Description										
*****	Operating Reserve	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		364,033.00	283,660.22	374,866.34	358,539.54	470,254.42	461,799.13	526,862.28	325,248.59	61.73%	482,052.86

Revenue Ledger

		FY2013-2014		FY2014-2015		FY2015-2016	
		Adopted FY13-14	Actual FY13-14	Adopted FY14-15	Actual FY14-15	Adopted FY15-16	Actual FY15-16 (100% of FY)
Intergovernmental							
Account	Description						
4710510	Agency Contributions	339,033.00	339,033.00	348,366.36	348,367.13	387,528.42	387,528.42
	County of Marin	113,011.00	113,011.00	116,122.12	116,122.12	129,176.14	129,176.14
	Marin Cities	113,011.00	113,011.00	116,122.12	116,122.12	129,176.14	129,176.14
	Marin Special Districts	113,011.00	113,011.00	116,122.12	116,122.12	129,176.14	129,176.14
		<u>339,033.00</u>	<u>339,033.00</u>	<u>348,366.36</u>	<u>348,367.13</u>	<u>387,528.42</u>	<u>387,528.42</u>
Service Charges							
4640333	Application Fees	25,000.00	3,300.00	25,000.00	15,536.00	25,000.00	17,424.00
4710631	Miscellaneous	-	-	-	-	226.00	364.52
		<u>25,000.00</u>	<u>3,300.00</u>	<u>25,000.00</u>	<u>15,536.00</u>	<u>25,226.00</u>	<u>17,788.52</u>
Investments							
*****	Interest	-	-	1,500.00	700.00	1,500.00	769.28
		-	-	<u>1,500.00</u>	<u>700.00</u>	<u>1,500.00</u>	<u>769.28</u>
	REVENUE TOTALS	<u>364,033.00</u>	<u>342,333.00</u>	<u>374,866.36</u>	<u>364,603.13</u>	<u>414,254.42</u>	<u>406,086.22</u>
OPERATING NET		-	58,672.78	-	6,063.59	(56,000.00)	(55,712.91)

FY2016-2017			
Amended FY16-17	Actuals FY16-17 (75% Complete)	%	Projected Year End
470,362.28	469,161.48	99.74%	469,161.48
156,787.43	156,387.16	99.74%	156,387.43
156,787.43	156,387.16	99.74%	156,387.43
156,787.43	156,387.16	99.74%	156,387.43
<u>470,362.28</u>	<u>469,161.48</u>	<u>99.74%</u>	<u>469,161.48</u>
30,000.00	23,778.00	79.26%	23,778.00
-	-	-	-
<u>30,000.00</u>	<u>23,778.00</u>	<u>79.26%</u>	<u>23,778.00</u>
1,500.00	1,150.52	-	1,950.52
1,500.00	1,150.52	76.70%	1,950.52
<u>501,862.28</u>	<u>494,090.00</u>	<u>98.45%</u>	<u>494,890.00</u>
(25,000.00)			12,837.14

AUDITED UNRESERVED/UNRESTRICTED FUND BALANCE			
As of June 30th	\$		\$
	192,856.78	196,618.00	140,905.09
			not audited

\$	115,905.09	\$	153,742.23
	not audited		projected



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

AGENDA REPORT

April 13, 2017

Item No. 4 (Consent/Action)

April 6, 2017

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

SUBJECT: Progress Report on 2016-2017 Workplan

The Commission will receive a progress report on accomplishing administrative and planning projects established in the adopted workplan for 2016-2017. This includes summarizing the four projects completed to date while highlighting the dozen-plus activities substantively underway. The report notes ongoing reductions in staffing levels and related matters continue to slow agency efficiencies in addressing certain projects, and will result in several going unaddressed this fiscal year. The report is being presented 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 workplan was adopted at a noticed public hearing held on June 9, 2016. The workplan is divided into three distinct categories – administrative, planning, and regulatory – with the former two emphasized. The workplan 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.

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 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 support and follow the related accounting transition referenced above.
- 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 13th. The adopted update became effective on December 13th 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 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 workplan. This includes intensive projects to work with an outside vendor on the development and launch of new agency website (A-9) and drafting policy language in response to Senate Bill 239 (P-1). Progress also continues to be made on the scheduled municipal service review on wastewater services in the Central Marin 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) as well as working with North Marin Water District on a boundary clean up in the West Marin area (P-10).

C. Analysis

The Commission continues to make reasonable progress to date in addressing the activities set for the fiscal year within the workplan 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 collaborating with local agencies in developing implementing policies on SB 239. However, 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 workplan. 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 workplan as presented. This recommendation is provided as Alternative One.

F. Procedures for Consideration

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

Respectfully,



Keene Simonds
Executive Officer

Attachments:

1) 2016-2017 Workplan with Notations

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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 a 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 MSR	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 April 1, 2017

Completed  Underway 



Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

AGENDA REPORT

April 13, 2017

Item No. 5 (Consent/Action)

April 6, 2017

TO: Marin Commissioners
FROM: Keene Simonds, Executive Officer

SUBJECT: Special Districts Risk Management Authority: Call for Nominations
The Commission will consider interest among the membership to serve on the Special Districts Risk Management Authority’s Board of Directors. Nominations must be formalized through the adoption of a resolution and submitted no later than May 5, 2017. All Commissioners are eligible for nomination. It is recommended the Commission authorize the Chair to execute a resolution making one or more nominations should any Commissioner express interest before the referenced deadline.

The Special Districts Risk Management Authority (SDRMA) was established in 1986 as a stand-alone joint-powers authority for the principal task of providing pooled insurance services to its member agencies in California. Insurance services include workers’ compensation, general liability, and health benefits. SDRMA has approximately 500 member agencies throughout California and governed by a seven-member Board that meets on a monthly basis in Sacramento and presently oversees 11 fulltime employees.

A. Background

Marin LAFCO (“Commission”) joined SDRMA in 2003 and currently participates in two pooled insurance programs that provide workers compensation and general liability.

B. Discussion

This agenda item is for the Commission to consider submitting nominations for four open SDRMA Board seats. Terms extend four years and begin on January 1, 2018. Board commitments include attending seven regular meetings per year in Sacramento. Travel and hotel reimbursements are provided along with \$195 meeting stipends. All Commissioners are eligible for nomination. Balloting will commence in June.

C. Analysis

Any Commissioner interested in serving on SDRMA should consider seeking a formal nomination from the Commission. Staff believes it would also be appropriate for the Commission to delegate and authorize the Chair to execute a resolution ahead of the May 5th deadline should any member request a nomination. This would allow Commissioners additional time to consider interest before making any commitment.

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

Damon Connolly, Regular
County of Marin
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

D. Alternatives for Action

The following alternatives are available to the Commission:

Alternative Action One (Recommended):

Authorize the Chair to execute the resolution provided by SDRMA on behalf of the Commission making one or more nominations should any Commissioner express interest before the May 5th deadline.

Alternative Action Two:

Take no action.

E. Recommendation

It is recommended the Commission defer decision-making to the Chair with respect to making formal nominations for the SDRMA Board. This recommendation is consistent with Alternative Action One as outlined in the preceding section. Commission staff will record a number assignment for the resolution should a nomination be made.

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) SDRMA Nomination Information
 - Cover Letter
 - Fact Sheet
 - Nomination/Election Calendar
 - Template Nominating Resolution

Notification of Nominations – 2017 Election SDRMA Board of Directors

February 3, 2017

Mr. Jeff Blanchfield
Board President
Marin Local Agency Formation Commission
555 Northgate Drive, Suite 230
San Rafael, California 94903

Dear Mr. Blanchfield:

Notice of Nominations for the Special District Risk Management Authority (SDRMA) Board of Directors 2017 Election is being provided in accordance with the SDRMA Sixth Amended and Restated Joint Powers Agreement. The following nomination information is enclosed: Nomination Packet Checklist, Board of Director Fact Sheet, Nomination/Election Schedule, SDRMA Election Policy No. 2017-03, sample Resolution for Candidate Nomination and Candidate's Statement of Qualifications Form.

General Election Information - Four Director seats are up for election. The nomination filing deadline is Friday, May 5, 2017. Ballots will be mailed to all SDRMA member agencies in mid-May. Mail-in ballots will be due back to SDRMA Tuesday, August 29, 2017.

Nominee Qualifications - Nominees must be a member of the agency's governing body or a management employee (see SDRMA Election Policy 2017-03, Section 4.1) and be an active member agency of **both** SDRMA's Property/Liability and Workers' Compensation Programs. Candidates must be nominated by Resolution from their member agency's governing body and complete and submit a "Candidates Statement of Qualifications".

Nomination Documents and Information - Nomination documents (Nominating Resolution and Candidates Statement of Qualifications) and nomination guideline information may also be obtained on SDRMA's website at www.sdrma.org. To obtain documents electronically:



From the SDRMA homepage, click on the "2017 Nomination & Election Information" button. All necessary nomination documents and election information may be downloaded and printed.

Term of Office – Directors are elected to 4-year terms. The term of office for the newly elected Directors will begin January 1, 2018 and expire December 31, 2021.

Nomination Filing Deadline – Nomination documents **must be received in SDRMA's office no later than 5:00 P.M. on Friday, May 5, 2017.**

Please contact SDRMA Chief Operating Officer Paul Frydendal at 800.537.7790, if you have any questions regarding the 2017 SDRMA Board of Director Nominations or the election process.

Sincerely,
Special District Risk Management Authority


Gregory S. Hall, ARM
Chief Executive Officer

SDRMA BOARD OF DIRECTORS ROLE AND RESPONSIBILITIES

Special District Risk Management Authority (SDRMA) is a public entity Joint Powers Authority established to provide cost-effective property/liability, worker’s compensation, health benefit coverages and comprehensive risk management programs for special districts and other public agencies throughout California. SDRMA is governed by a Board of Directors elected from the membership by the programs’ members.

Number of Board Members	7-Board Members: SDRMA Board of Directors consists of seven Board Members, who are elected at-large from members participating in either program.
Board of Directors’ Role	SDRMA Board of Directors provide effective governance by supporting a unified vision, and ensuring accountability, setting direction based on SDRMA’s mission and purpose, as well as establishing and approving policy to ensure SDRMA meets its obligations and commitment to its members.
Board of Directors’ Responsibilities	Board Member responsibilities include a commitment to: serve as a part of a unified governance body; govern within Board of Directors’ policies, standards and ethics; commit the time and energy to be effective; represent and make policy decisions for the benefit, and in the best interest, of all SDRMA members; support collective decisions; communicate as a cohesive Board of Directors with a common vision and voice; and operate with the highest standards of integrity and trust.
Four Seats For this Election	4-Seats: Elections for Directors are staggered and held every two years, four seats during one election and three seats in the following election. Four seats are up for election this year.
Term of Directors	4-Year Terms: Directors are elected for 4-year terms. Terms for directors elected this election begin January 1, 2018 and end on December 31, 2021.
Board Member Travel Reimbursement	Board Members are reimbursed for reasonable travel and lodging in accordance with SDRMA Board Policy Manual 2017-01 and applicable laws and are allowed to claim a stipend of \$195 per meeting day or for each day’s service rendered as a Member of the Board.
Number of Meetings per Year	7-Board Meetings Annually: Generally not more than one meeting per month, with an average of seven board meetings per year.
Meeting Location	SDRMA office in Sacramento, California.
Meeting Dates	Typically the first Wednesday afternoon and Thursday morning of the month.
Meeting Starting Times	3:00 p.m. and 8:00 a.m.: Meetings are from 3:00 p.m. on Wednesday afternoon until 5:30 p.m. and Thursday from 8:00 a.m. to 10:00 a.m.
Meeting Length	4 - 6 hours: Length of meetings on average.
Average Time Commitment	15 - 20 hours: Commitment per month.

“The mission of Special District Risk Management Authority is to provide risk financing and risk management services through a financially sound pool to California public agencies, delivered in a timely and responsive cost efficient manner.”

Special District Risk Management Authority | A Property/Liability, Workers’ Compensation and Health Benefits Program

2017 Nomination/Election Schedule

TASK TIMELINE	
1/5	Board approves Election Schedule
2/3	Mail Notification of Election and Nomination Procedure to Members in January 90 days prior to mailing Ballots (103 actual days)
5/5	Deadline to return Nominations
5/11	Tentative Election Comm. Reviews Nominations
5/17-18	Mail Ballots 60 days prior to ballot receipt deadline (103 actual days)
8/29	Deadline to Receive Ballots
8/30	Tentative Election Committee Counts Ballots
8/31	Election Committee Notifies Successful Candidates and Provides Them With Upcoming Board Meeting Schedule
9/27	Directors' Elect Invited to CSDA Annual Conf/SDRMA Breakfast/Super Session
11/1-2	Directors' Elect Invited to SDRMA Board Meeting
1/2018	Newly Elected Directors Seated and Election of Officers

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[AGENCY NAME]

RESOLUTION NO.

A RESOLUTION OF THE GOVERNING BODY OF THE [AGENCY NAME] NOMINATING [CANDIDATE'S NAME] AS A CANDIDATE FOR ELECTION TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS

WHEREAS, the Special District Risk Management Authority (SDRMA) is a Joint Powers Authority formed under California Government Code, Section 6500 et.seq., for the purpose of providing risk management and risk financing for California Special Districts and other local government agencies; and

WHEREAS, the Joint Powers Agreement (JPA) and Bylaws of SDRMA set forth director qualifications, terms of office and election requirements; and

WHEREAS, the Board of Directors of SDRMA established procedures and guidelines for the Director Election process; and

WHEREAS, the Board of Directors of SDRMA established a policy requiring candidates seeking election to the SDRMA Board of Directors to be: 1) a member of the agency's governing body or management employee per SDRMA Election Policy 2017-03, Section 4.1 and be an active member agency of both SDRMA's Property/Liability and Workers' Compensation Programs, and 2) be nominated by Resolution of their member agency's governing body, and 3) each nominated candidate must submit a completed and signed "Candidate's Statement of Qualifications" on or before the May 5 filing deadline in order for the candidate's name to be placed on the official ballot.

NOW, THEREFORE, BE IT RESOLVED:

1. The governing body of [AGENCY NAME] nominates [CANDIDATE'S NAME], its [POSITION TITLE], as a candidate for the Board of Directors of the Special District Risk Management Authority.

2. [ONLY IF CANDIDATE IS NOT A MEMBER OF THE AGENCY'S GOVERNING BODY: The governing body of [AGENCY NAME] has determined that [CANDIDATE'S NAME] is a management employee for purposes of SDRMA Election Policy 2017-03, Section 4.1].

3. The governing body of [AGENCY NAME] further directs that a copy of this Resolution be delivered to SDRMA on or before the May 5, 2017 filing deadline.

ADOPTED this [DATE] of [MONTH/YEAR] by the Governing Body of [AGENCY NAME] by the following roll call votes:

AYES: [LIST NAMES of GOVERNING BOARD VOTES]
NAYES: "
ABSTAIN: "
ABSENT: "

APPROVED

ATTEST

President - Governing Body

Secretary



Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

AGENDA REPORT

April 13, 2017

Item No. 6 (Consent/Information)

April 6, 2017

TO: Marin Commissioners
FROM: Keene Simonds, Executive Officer
Rachel Jones, Administrative Analyst
SUBJECT: Current and Pending Proposals

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

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

A. Information/Discussion

Current Proposals | Approved and Awaiting Term Completions

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

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

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

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

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

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

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

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

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

Current Proposals | Under Review and Awaiting Hearings

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

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

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

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

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

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

- **Annexation of 571 McClay Road |
Novato Sanitary District (LAFCO File No. 1334)**

The Commission has received a proposal by the affected landowner (Saratoga LLC) requesting annexation approval of 571 McClay Road (146-180-46) in the unincorporated community of Indian Valley to the Novato Sanitary District. The affected territory is approximately 3.3 acres in size and currently developed with a single-family residence and presently dependent on a private septic system. The affected territory already lies within the established sphere of influence for Novato Sanitary District. The applicant is seeking annexation given the septic system has failed. The residence is currently vacant and as such does not pose an immediate public health threat as further detailed in the accompanying footnote.² The application is currently under review and is deemed incomplete at this time.

¹ The outside service extension originally extended for one calendar year through August 13, 2016 before receiving separate six month extensions that currently run one full calendar year to August 13, 2017.

² Marin LAFCO initially received a request from Novato Sanitary District on March 10th to approve an outside sewer service extension involving the affected territory given concern regarding a septic failure reported and verified by the County Environmental Health Services. As allowed under adopted policy, the Chair approved the outside service extension request on March 14th subject to formal Commission ratification and completion of certain conditions – including the ability to establish an actual connection to the sewer main within 10 business days. This and other conditions generated additional discussion and in step with the current renters relocating to another property it was collectively determined the outside service request would be tabled in favor of a formal annexation proposal.

- **Reorganization of 400 Upper Toyon Road | City of San Rafael and Town of Ross (LAFCO File No. 1335)**
The Commission has received a proposal from the affected landowner (Raphael de Balmann) requesting approval to reorganize one incorporated parcel totaling 2.5 acres located at 400 Upper Toyon Drive (012-121-28) in the City of San Rafael. The proposed reorganization involves the detachment of the affected territory and concurrent annexation therein to the Town of Ross. The affected territory is developed to date with a four-bedroom single-family residence and accessible through a privately-owned and maintained road located atop a ridge at approximately 520 feet. The stated purpose of the proposal is to match the affected territory with the applicant's preferred municipality given communities of interests with Ross. Concurrent sphere of influence amendments would be needed to accommodate the request. The application is currently under review and is deemed incomplete at this time.
- **Reorganization of 238 Summit Drive et al | Ross Valley Sanitary and Corte Madera Sanitary (LAFCO File No. 1336)**
The Commission has received a reorganization proposal on behalf of interested landowners from Corte Madera Sanitary (dba County Sanitary District No. 2) involving four incorporated parcels in Corte Madera along Summit Drive totaling approximately 4.5 acres. The proposal seeks approval to annex three of the parcels at 244 (021-161-20), 246 (021-161-26), and 260 (021-161-17) Summit Drive to Corte Madera Sanitary. The proposal also seeks annexation of the fourth parcel at 238 (021-161-02) Summit Drive to Ross Valley Sanitary (dba County Sanitary District No. 1). The purpose of the proposal is to formally establish public wastewater services to the affected territory in support of existing single-family residential development. Concurrent sphere of influence amendments would be needed to accommodate the request. 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).³ 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

³ 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.

formation of the JPA as the contract provider triggers compliance with the recent 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.

* This project may become exempt from Commission review should a local policy ultimately be adopted as detailed in Agenda Item No. 10.

- **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 as required under State law. The Commission is invited to discuss the item and provide direction to staff on any related matter as needed for future discussion and/or action.

Attachments: none

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Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

AGENDA REPORT

April 13, 2017

Item No. 7 (Public Hearing)

April 6, 2017

TO: Marin Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: Alternate Public Member Position | Interviews and Possible Appointment for New Term (7:10pm)

The Commission will conduct interviews for the alternate public member position and thereafter consider making an appointment for a new four-year term commencing on May 2, 2017. A total of four candidates have applied without withdrawing and each has been assigned an approximate 10 to 15 minute interview time. The incumbent – Chris Burdick – has not reapplied. All proceedings will be done in open session.

Local Agency Formation Commissions’ (LAFCOs) composition is prescribed under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to include representatives from the county, cities and towns, special districts, and general public. The public member and their alternate are appointed by the other LAFCO members with the statutory requirement they are a resident of the appointing county and cannot be an officer or employee of any local agency at the time their term begins. Successful appointments for the regular and alternate public member position must also receive at least one vote each from a county, city/town, and special district member.

A. Background

Expiring Public Member Term

Marin LAFCO’s (“Commission”) current alternate public member – Chris Burdick – was appointed to his current four-year term in June 2013. The term will expire May 1st, and as such necessitates the Commission make a new term appointment effective May 2nd.

Policy Considerations

It is the policy of the Commission to conduct interviews of all interested candidates for the regular and alternate public member position at the April meeting and prior to the incumbent’s term expiring in May. Interviews are to follow a 90-day notice inviting letters of interests by the Executive Officer published in the local newspaper and circulated among all local agencies and other requesting parties. The policies also provide direction for the Commission to ask a standard list of questions to each candidate with the practice for members to also request clarifications and/or related follow up as needed. It is also

Commission policy to deliberate and make an appointment following the interviews with a formal swear-in for the appointee at the first meeting in May or soon thereafter.

B. Discussion

Alternate Public Member Appointment | Interview and Selection Process

This agenda item is for the Commission’s voting county, city/town, and special district members to consider an appointment of an alternate public member to a new four-year term commencing on May 2, 2017. The appointment process is divided into two distinct phases, both in open session, and as summarized below.

- The first phase is for the voting members to conduct interviews of all candidates based on a list of standard questions drawn from previous appointments and updated by Vice Chair Condon. Interviews times are assigned in alphabetical order and set for 10 to 15 minutes.
- The second phase is for the voting members to consider making an actual appointment among the candidates. In consultation with Vice Chair Condon the appointment process will be done by ballot and involve the voting members ranking all candidates. Should any one candidate receive a majority of first place votes they will receive the appointment. Should no one candidate receive a majority of first place votes the appointment will be determined based on the candidate with the highest total score as detailed in the accompanying footnote.¹ All ballots will be available for anyone in the public to immediately inspect.

Candidates | Interview Times

Five candidates’ submitted letters of interest for the alternative public member position by the March 17th deadline established by the Executive Officer. One of these candidates – John Erdmann of San Rafael – subsequently withdrew. The remaining four candidates are listed below along with their assigned interview times starting at 7:15pm. Interviews are anticipated to take approximately 10 to 15 minutes.

Candidate	Residency	Interview Time (estimated)
Mr. Charohn Dawson	Sausalito	7:15
Ms. Wanda Sarti	Novato	7:30
Mr. Chris Skelton	Fairfax	7:45
Mr. Stephen Voss	Mill Valley	8:00

¹ Determining the rank score of the candidates will be based on a scaled point system. All first place votes will be valued the highest at 10 points. Second, third, and fourth place votes will be valued at 8, 6, and 4 points, respectively. This balloting process provides the successful candidate will have received an affirmative vote – albeit irrespective of potential ranking – by all three required member categories under statute (i.e., county, city/town, and district).

C. Analysis

The public members serve at the pleasure of the other county, city/town, and special district members of the Commission. The voting members, accordingly, should choose an alternate public member that independently best reflects and effectuates the collective ideals of the membership in implementing LAFCO law in Marin County.

D. Alternatives for Action

The following two alternatives are available:

Alternative Action One (Recommendation):

- (a) Conduct interviews for all four remaining candidates; and
- (b) Appoint a candidate to a new four-year term commencing on May 2, 2017 based on the rank-choice process as detailed in the agenda report.

Alternative Action Two:

- (a) Conduct interviews for all four remaining applicants; and
- (b) Continue deliberation of an appointment to a date specific time.

E. Recommendation

It is recommended the Commission proceed with interviewing and making an appointment of an alternate public member consistent with Alternative Action One.

F. Procedures for Consideration

This item has been agenzized for action as part of a noticed public hearing. The following procedures, accordingly, are recommended:

- 1) Open the public hearing;
- 2) Conduct candidate interviews;
- 3) Invite comments from interested audience members;
- 4) Close the public hearing; and
- 5) Discuss item among Commission and proceed to make an appointment.

Respectfully,



Keene Simonds
Executive Officer

Attachments:

- 1) Commission Policy: Appointment of Public Members
- 2) Proof of Hearing Publication: Call for Candidates
- 3) Interview Questions
- 4) Candidate Materials
 - a. Charohn Dawson
 - b. Wanda Sarti
 - c. Chris Skelton
 - d. Stephen Voss

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CHAPTER THREE

LAFCO BUSINESS AND OPERATIONS

3.1 SELECTION OF COMMISSIONERS

Marin LAFCO has eleven Commissioners divided between seven regular and four alternate members. Regular members have voting authority and consist of two members of the County of Marin Board of Supervisors (selected by the Board of Supervisors), two city council members (selected by the City Selection Committee), two special district board members (selected by the 30 special districts) and one public member (selected by the other six regular members). For each of the four categories of LAFCO membership, an alternate member is appointed to serve in the absence of a regular member.

The nine county, city, and district members on Marin LAFCO are elected officials appointed by their respective authorities. These nine elected officials appoint two public members on Marin LAFCO.

Selection procedures for all four member categories – public, special district, city/town, and county – on Marin LAFCO are summarized below.

A. Procedures for Selection of Public Members

The public member and alternate public member shall be appointed by a majority vote of the regular LAFCO County, City, and Special District members. This procedure shall be followed upon expiration or replacement of the regular or alternate public member.

1. Ninety (90) days prior to an appointment, the Executive Officer shall issue a news release announcing the pending vacancy on the Commission and solicitation of applications.
2. The news release shall be mailed to the Marin Independent Journal and local newspapers within Marin County. Additionally, the news release shall be mailed to all current regular and alternate members of Marin LAFCO, all local governments within Marin County and to community organizations including homeowners' associations and civic groups on file with the Marin LAFCO.
3. The application period shall be thirty (30) days and shall begin upon the date legal notice appears in the Independent Journal. Among other things, the news release shall outline the function and purpose of the Commission, indicate the application filing period and invite interested persons to contact the Executive Officer for an application and information concerning the general duties and responsibilities of the public member.

4. Interviews for pending vacancies for expiring terms shall be held during the month of April prior to the May expiration date of the current member's term of office. A standard list of questions should be asked to each candidate as agreed to by the Commission. As required by the Ralph Brown Act, interviews shall be conducted in public sessions and formal selection shall be confirmed at the next regular meeting.
5. With respect to selection and eligibility criteria, and in addition to requirements under Government Code the public member shall be a resident-voter of Marin County and not currently an officer or employee of a local agency subject to Marin LAFCO jurisdiction. The public member shall also not concurrently hold any elected or appointed office with a local government agency that makes or informs land use or municipal service decisions while serving on the Commission. In selecting the public member, the Commission shall consider the candidate's qualifications as described in his or her letter of interest and the reasons listed for wanting to serve as a member of the Commission.
6. In the event a vacancy occurs during the public member's term of office, a new appointment shall be made for the unexpired term in a timely manner. The Commission may:
 - a) Select a new member from the applications previously submitted for the current appointment, provided not more than twelve (12) months have passed since such applications were filed with the Commission.
 - b) Direct the Executive Officer to send out a news release announcing the vacancy and solicit applications for future consideration by the Commission; or
 - c) Appoint the alternate public member to serve as regular public member for the remainder of the regular member's term of office.

B. Procedures for Selection of Special District Members

Government Code §56332(c)(1) provides for selection of regular and alternate special district members by a mail ballot process when the Executive Officer determines that a meeting of the Special District Selection Committee is not feasible. Meetings of the Marin County Special District Selection Committee have previously failed to reach a quorum, indicating the infeasibility of Selection Committee meetings. Accordingly, it is the policy of Marin LAFCO to conduct selection proceedings of regular and alternate special district members by a mail ballot process consistent with the procedures outlined below.

Marin Independent Journal

4000 Civic Center Drive, Suite 301
San Rafael, CA 94903
415-382-7335
legals@marinij.com
2071569

MARIN LAFCO
ATTN: CADICE BOZZARD
1401 LOS GAMOS DR SUITE 220
SAN RAFAEL, CA 94903-3698

PROOF OF PUBLICATION (2015.5 C.C.P.)

STATE OF CALIFORNIA County of Marin

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer of the MARIN INDEPENDENT JOURNAL, a newspaper of general circulation, printed and published daily in the County of Marin, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Marin, State of California, under date of FEBRUARY 7, 1955, CASE NUMBER 25566; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

02/18/2017

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated this 22th day of February, 2017.



Signature

PROOF OF PUBLICATION

Legal No. **0005905752**

MARIN LOCAL AGENCY FORMATION COMMISSION

CALL FOR APPLICANTS | NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN BY THE MARIN LOCAL AGENCY FORMATION COMMISSION (LAFCO) that on Thursday, April 13, 2017 at 7:00 P.M. in Marin Clean Energy's Board Room located at 1125 Tamalpais Avenue, San Rafael, California the agency will consider the following action:

Interviews and Possible Appointment of an Alternate Public Member

Marin LAFCO invites interested members of the public in Marin County to apply for the alternate public member position. Interested candidates must submit a letter of interest to Marin LAFCO no later than Friday, March 17, 2017. E-mail submittals are encouraged and should be directed to Executive Officer Keene Simonds at ksimonds@marinlafco.org. Candidates will be interviewed with possible appointment as part of the aforementioned public hearing on April 13, 2017. The term of office shall be four years beginning on May 2, 2017. More information is available at www.marinlafco.org or by contacting staff at 415-448-5877.

Keene Simonds, Executive Officer
Marin Local Agency Formation Commission
February 17, 2017

NO.204 FEB. 18, 2017

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CHAROHN DAWSON

17 W. PIER, SAUSALITO, CA 94965



March 1, 2017

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

RE: Alternate Public Member Appointment Application

Dear Keene Simonds,

I would like to apply for the position of Alternate Public Member with Marin Local Agency Formation Commission. I am an active community member and would love the chance to give back by lending my skills to an organization such as yours.

I am a Firefighter Engineer by profession for the past 15 years with Alameda County Fire Department, and have considerable certifications and trainings in various Fire Services and Emergency and Rescue departments. Not only do I volunteer with USAR (FEMA), I also take pride in volunteering in my community with the Sausalito Village, Marin Unified School District and working on the Matthew Turner Educational Tall Ship, to name a few.

I am confident you'll find me a good fit for your needs as an Alternate Public Member. Please contact me by phone or email at a convenient time for you so that we may set up an in-person meeting. I look forward to hearing from you and thank you so much for your time.

Sincerely,

Charohn L. Dawson

CHAROHN L. DAWSON

17 W. PIER, SAUSALITO, CA 94965



OBJECTIVE

To serve the community of the County of Marin

EXPERIENCE

2005-Present Alameda County Fire Department San Leandro, CA

Engineer

- Operate and maintain fire apparatus
- Inspect vehicles and fire extinguishing equipment to ensure operational readiness
- Perform preventative and minor maintenance of equipment, apparatus, station and other department buildings
- Communicate matters relative to any condition adversely affecting operation of fire apparatus and other equipment
- Perform all duties within the scope of firefighter described below

2001-2005 Alameda County Fire Department San Leandro, CA

Firefighter

- Respond to life-threatening emergencies ranging from 1 to 5 alarm fires, flooding and accidents
- Administer emergency medical services such as first aid and CPS to injured persons
- Inspect vehicles and fire extinguishing equipment for defects, repairs and replacements
- Attend in-service training classes to remain current in knowledge of codes, laws, ordinances and regulations

2003-2007 Urban Search & Rescue-4 Oakland, CA

Volunteer

- Served as hazardous materials specialist
- Provided rescue and initial medical stabilization of victims as needed for a variety of emergencies and disasters including: earthquakes, hurricanes, typhoons, storms, tornadoes, floods, dam failures, technological accidents, terrorist activities and hazardous materials releases

EDUCATION

Dominican University San Rafael, CA

- Business Management, Expected 2018

Chabot College Hayward, CA

- Fire Service Technology, A.A.

VOLUNTEER WORK

USAR California (FEMA)

- Task Force 4

Sausalito Village

Marin Unified School District

Richardson Bay Audubon

Matthew Turner Educational Tall Ship

- www.educationaltallship.org

CERTIFICATIONS

California Fire Officer Certification

ICS 100, California State Fire Marshall

ICS 200, California State Fire Marshall

ICS 300, California State Fire Marshall

ICS 700, California State Fire Marshall

ICS 800, California State Fire Marshall

Emergency Medical Technician, Industrial Emergency Council

S-290 Intermediate Wildland Fire Behavior, ACFD

Fire Instructor 1A, California State Fire Marshall

Fire Investigation 1A, California State Fire Marshall

Fire Prevention 1A, California State Fire Marshall

Fire Prevention 1B, California State Fire Marshall

Fire Management 1, California State Fire Marshall
Fire Command 1B, California State Fire Marshall
Firefighter 1, California State Fire Marshall
Hazardous Materials Specialist, Industrial Emergency Council
Hazardous Material Subject Matter Expert, Industrial Emergency Council
Rescue Systems 1, California State Fire Marshall
Hazardous Materials Incident Command, Industrial Emergency Council
Auto Extrication, California State Fire Marshall
S-131 Advanced Firefighting Training, Forest Service
Confined Space, Industrial Emergency Council
Trench Rescue, California State Fire Marshall
Public Education 1, California State Fire Marshall

REFERENCES

Available Upon Request

Wanda Sarti
March 17, 2017

**Attachment Four |
Wanda Sarti**

Dear Marin LAFCO Commission

Thank you for taking the time to review my cover letter and resume.

I attended the recent Marin LAFCO meeting. It was a pleasure to the LAFCO staff. I am currently a member of the Marin Civil Grand Jury. Our term is up in June, so I am looking for another public service volunteer position.

I have learned a lot about LAFCO through the Grand Jury and reading many of the laws governing LAFCO's as well as documents, procedures, and other documents regarding Marin LAFCO.

I would appreciate being considered for the alternate public member position. I have attached a copy of my resume. I have been retired for a while so it is somewhat dated.

Since my retirement I have enjoyed spending time with my family, traveling and gardening.

Best regards,

Wanda Sarti

I look forward to hearing from you to discuss any questions you may have about my qualifications.

Best regards,

Wanda Sarti


Wanda M. Sarti

40 Oak Shade Ln.
Novato, CA. 94945

Summary

My last position at IBM was: Corporate Program Manager of Worldwide Quality Management Systems.

I am an experienced analyst and program manager, with experience in business and development processes, process re-engineering, management system auditing, technical writing, software engineering, and testing. Major strengths: leadership, communication, problem determination, analysis, and innovation.

My business oriented career gave me the opportunity to work at the executive level as well as coordinating a worldwide cross functional team of multi-level professionals across every IBM division, including Marketing, Life Sciences, Software and Hardware Development, and Services. This unique position included coordination, implementation, and improvement of processes across the supply chain operations.

As the Corporate lead I also interacted with client and vendor employees and executives, as well as corporate peers and competitors.

Experience and Accomplishments

Management Systems and Quality Requirements

ISO 9001
ISO 13485
CFR 820 Quality System regulations including CFR Part 11
TL9000
ISO 20000
Malcolm Baldrige Model

Corporate Program Manager Worldwide Quality Management System - 1999 - 2009

As program manager I led the team effort to develop the Concept, Strategy, Architecture and Plans for the IBM worldwide single certification to ISO 9001:2000.

IBM Corporate was issued a single worldwide ISO 9001:2000 certificate April 11, 2001. The results were reduction of:

1. Independent certification from 160+ to 1.
2. Certification bodies from 37 to 1.
3. Location quality policies to a single Corporate Quality Policy.
4. External Audit days.
5. ISO 9001:2000 specific internal audit days.

This represented a significant savings to IBM and provided the framework for continuing savings and improved effectiveness of our quality management system. The number of locations and employees included in the certification increased by approximately 50%, while the cost decreased by approximately 70%.

My teams were responsible for the ongoing maintenance and continual improvement of the quality management system, related processes and procedures; including the identification, analysis, design and implementation of corrective and preventive actions.

U.S. Representative on ISO Task Force - 2004 – 2008

This task force was commissioned to write a handbook for the Integrated Use of Management System Standards. The handbook was published 2Q2008.

Member of Liaison Group between the U.S. Tags for ISO/TC176 and ISO/207 – 2004 – 2009

IAF 2007 March 24-30, San Francisco | Technical and Executive Committees – presenter
“Information Technology Expectations”

Patent Pending - 20040191743 - System and method for software development self-assessment

ISO 9000 Coordinator 1995 - 1999

1. Implemented ISO 9001 across the merged OS/2 and LAN development labs. This was a significant challenge because of two conditions:
 - a. The OS/2 software laboratory had twice attempted registration but failed.
 - b. The Integrated Product Development (IPD) process was introduced at this time causing a backlash against ISO 9000.
2. Ongoing responsibilities:
 - a. Maintain our ISO 9001 registration
 - b. Providing process and quality related training for all employees.
 - c. Lead internal audits.
 - d. Implement the Quality Management System across areas that had not yet been registered.
3. IPD Continuous Improvement team lead: identification, analysis and implementation of corrective and preventive action solutions.

Financial Program Analyst

As a software developer I was responsible for the ongoing development and maintenance of 15 IBM Financial Systems programs.

Result:

1. Reduced implementation time and implementation production failures to zero.
2. End result was a 60% savings in development cost.

Education / Training

California State University - Northridge

RAB Certified Internal Auditor

Texas Quality Award Assessor

Lead Auditor Training:

ISO 9001 – Quality Management System Requirements

TL 9000 - Quality Management System Requirements for Telecommunications

ISO 20000 - IT Management System Requirements for Services

ISO 13485 - Quality Management System Requirements for Medical Devices

Bureau Veritas Certifications, Inc. – Added Value Auditor

March 7, 2017

Sent Via E-Mail Only

(ksimonds@marinlafco.org)

Keene Simonds, Executive Officer
1401 Los Gamos Drive, Suite 220
San Rafael, CA 94903

RE: Marin LAFCO Alternate Public Member Application

Mr. Simonds,

It is with great interest that I am submitting my application for consideration of appointment to Marin LAFCO. Both my personal experiences living in Marin County as well as my professional experiences as a land use and real estate attorney in Marin County make me well suited for appointment.

I am a firm believer in community service. I am starting my second year as a tee-ball coach for West Marin Little League, which provides me an opportunity to give back to my local community as well as participate in shaping our youth. From 2012 to 2014 I served as a planning commissioner in Mill Valley – I have since moved to Fairfax. It was an invaluable experience where I learned first-hand the challenges of making informed decisions to contentious issues. I assisted in preparing the General Plan update and certifying the Housing Element as well as countless design review application and use permits. I welcome the opportunity to continue serving my community through appointment to LAFCO.

My legal practice is exclusively in land use and real estate matters with a focus on planning. I have had the pleasure of appearing before almost every board or commission in Marin County on planning related matters. These experiences make me uniquely attune to understanding both the physical and political landscape in Marin.

Important to my consideration for appointment is the fact that I understand what LAFCO does. In my professional capacity, I have been fortunate to work with Marin LAFCO in coordinating an amendment to state legislation regarding the scope of a special district's authority. I have also appeared before Marin LAFCO to facilitate a property owner's annexation from one sanitation district to another, more logical, district. I have attended Marin LAFCO's annual workshop in the past and genuinely find the Commission's work interesting.

Thank you for your consideration of my application.

Sincerely



Chris Skelton

Blank for Photocopying

Keene Simonds

1401 Los Gamos Dr.
San Rafael, ca 94903

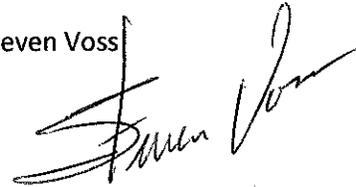
Keene,

Attached is my most recent resume...(old), but reasonably accurate. I am interested in the alternate position at LAFCO. My extensive background in general management and finance, plus my recent 6 year term on the board of the largest, nonprofit, dental insurance company should prove helpful to the issues at LAFCO. The resume was written covering the extensive positions I had during my 7 years with Xerox.

I spent 32 years at Golden West Financial with many different management responsibilities which are not expanded upon as would be in normal resumes. I am fully retired and looking for an advisory position in the public sector that could use the knowledge and experiences I have had in the private sector.

Thank you for your consideration. I look forward to continued discussions.

Steven Voss

A handwritten signature in black ink, appearing to read "Steven Voss", written in a cursive style.

STEVEN W. VOSS
26 Marin View Avenue
Mill Valley, California 94941

PROFESSIONAL EXPERIENCE

GOLDEN WEST FINANCIAL CORPORATION WORLD SAVINGS & LOAN/WORLD SAVINGS BANK

1973 - 2012

Executive Vice President - Present (2012) Retired

Initially hired as Vice President, Human Resources. In addition to Human Resources, I have had management responsibility for the corporate administration group; Purchasing, General Services, Warehouses, Print Shop, Flight Operations and Corporate Travel.

In addition to overall Human Resources responsibility, establish and manage the major/income loan division producing an apartment loan portfolio in excess of \$5 Billion in balances. Have also managed the Northern California Spot Loan and Corporate REO Departments at various times.

XEROX CORPORATION - Five Years

Personnel Operations Manager - Western Region

Responsible for all organizational department personnel and industrial relations activities for Oregon, Washington, Alaska, Arizona, Hawaii, and the South Pacific.

This was a generalist position with functional areas which included employee relations, compensation, employment, EEOC, OSHA, personnel evaluation and organization development for a complete operations group. The position serviced 1,200 employees, had a staffing of six personnel coordinators in each major geographic location, and carried a combination staff and line responsibility.

Personnel Operations Manager - Mid-West Region

Region Manager, Compensation and Industrial Relations Mid-West Region

Coordinated, designed, and implemented sales, service, and administrative compensation programs to a 4,400-employee organization. The industrial relations responsibilities included contract negotiations, OSHA grievance and contract administration for two bargaining units totaling 300 employees.

Region Manager of Training and Development Northeast Region (New York, New York)

Coordinated, directed, designed, and implemented all management training programs within the 3,000-employee Northeast Region. Management resources program included replacement planning, personnel assessment, organizational development programs, career planning, and personnel liaison between field branches and region headquarters.

Personnel Manager (Los Angeles)

Responsibilities encompassed all phases of personnel including employment, compensation, benefits, training, and personnel administration for the autonomous 700-employee Los Angeles zone. This was a startup function with not personnel operations.

Loeb, Rhodes, Hornblower

Stockbroker
Account Executive/Financial Consultant

Trans World Airlines

Senior Sales Representative

EDUCATION/MILITARY

University of California, Berkeley
B.A. Finance
M.B.A. - International Business

1st Lieutenant, U.S. Army Armor - Assigned to the Combat Development Command, Experimental Center, Fort Ord, California and the 20th General Support Group, Ascom, Korea

* Delta Dental Board Member 2010 - 2016
Finance Committee & Audit Committee Member.

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Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

AGENDA REPORT

April 13, 2017

Item No. 8 (Public Hearing)

April 6, 2017

TO: Marin Commissioners
FROM: Rachel Jones, Administrative Analyst
SUBJECT: **Central Marin Wastewater Study | Presentation of Draft Report with Determinations**

The Commission will receive a draft report on its scheduled Central Marin Wastewater Study. The draft report represents an independent assessment on the relationship between public wastewater demands and capacities relative to the Commission’s regional growth management interests and duties. This includes preparing determinative statements addressing all of the factors required by the Legislature as part of the municipal service review mandate. The draft report is being presented for discussion with the recommendation the Commission authorize staff to proceed with a formal 45-day review period in anticipation of returning in June with final actions.

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

A. Background

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

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

Damon Connolly, Regular
County of Marin
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

Central Marin Wastewater Study | Affected Agencies

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

B. Discussion

This item has been scheduled for the Commission to receive and discuss a draft report prepared by staff on the Central Marin Wastewater Study and to consider initiating a formal 45-day public review period in anticipation of presenting a final document in June and as part of its own hearing process. The draft report has been prepared consistent with the approved scope of work and follows earlier presentations of individual agency profiles in December 2016 and February 2017.

An Executive Summary (Chapter Two) anchors the draft report and outlines the key conclusions and findings generated to date. This includes addressing the mandatory factors required by the Legislature anytime the Commission performs a municipal service review. Examples include making independent statements on infrastructure needs and deficiencies, population projections, and opportunities and merits therein for reorganizations. Specific recommendations for action either by the Commission and or by one or more of the affected agencies are also enumerated in the Executive Summary.

C. Analysis

The draft report identifies 12 central themes underlying the availability, capacity, and performance of public wastewater services now and going forward in Central Marin relative to the Commission's regional growth responsibilities and interests. These central themes are detailed in the Executive Summary and listed in short-order below.

- Agencies' have a substantive influence on growth in Marin County.
- The agencies' service areas are nearing current residential buildout; growth in the region exceeding earlier estimates made by ABAG.
- The agencies' financial solvency in the long-term constrained by increasing diseconomies of scale.
- Variation in civic engagement; board type matters in Central Marin.
- Immediate merit to reorganize MPSMD and SQVSMD and consolidate into RVSD.
- An addendum is merited to fully explore notional assessment in study that regionalization in Ross Valley and San Rafael Creek Watersheds is appropriate relative to LAFCO interests.

- Wastewater demands in Central Marin have been deintensifying across-the-board during normal conditions.
- Wastewater demands in Central Marin have been intensifying across-the-board during peak-day periods; shows adverse and increasing impacts of inflow and infiltration.
- Collection system capacities in Central Marin are sufficient to accommodate demands now and projected over the next 10 years without external stress.
- Treatment system capacities are sufficient to accommodate demands now and projected over the next 10 years with some external stresses.
- Agencies' near-term finances in generally good shape and highlighted by good liquidity and capital over study period; margin levels more mixed.
- More climate change planning needed among the affected agencies.

As referenced a full accounting of all of the draft report's recommendations and determinative statements is provided beginning on page 2-11 of the Executive Summary.

D. Alternatives for Action

The following alternatives are available to the Commission:

Alternative One (recommended):

- a) Receive and discuss the draft report and provide feedback as needed;
- b) Authorize staff to proceed with the next phase of the study and initiate a formal 45-day public review and comment period and return in June with a final document and an accompanying resolution for formal consideration.

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) Receive staff presentation;
- 2) Open the public hearing and invite comments from the audience;
- 3) Close the public hearing; and
- 4) Commission discussion and consider taking action on the recommendation.

Respectfully,



Rachel Jones
Administrative Analyst

Attachments:

1. Publication Notice
2. Draft Report | Central Marin Wastewater Study

Marin Independent Journal

4000 Civic Center Drive, Suite 301
San Rafael, CA 94903
415-382-7335
legals@marinij.com
2071569

MARIN LAFCO
ATTN: CADICE BOZZARD
1401 LOS GAMOS DR SUITE 220
SAN RAFAEL, CA 94903-3698

PROOF OF PUBLICATION (2015.5 C.C.P.)

STATE OF CALIFORNIA County of Marin

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer of the MARIN INDEPENDENT JOURNAL, a newspaper of general circulation, printed and published daily in the County of Marin, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Marin, State of California, under date of FEBRUARY 7, 1955, CASE NUMBER 25566; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

03/23/2017

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated this 23th day of March, 2017.



Signature

PROOF OF PUBLICATION

Legal No. **0005922681**

NOTICE OF PUBLIC HEARING MARIN LOCAL AGENCY FORMATION COMMISSION

NOTICE IS HEREBY GIVEN the Marin Local Agency Formation Commission (LAFCO) will open a public hearing on Thursday, April 13, 2017 at Marin Clean Energy located at 1125 Tamalpais Avenue in San Rafael starting at 7:00 P.M. to consider the following matter:

Central Marin Wastewater Study | Draft Report and Determinations

Marin LAFCO will open a public hearing to review and provide direction therein on a draft report and its related determinations on public wastewater service in Central Marin relative to the Commission's regional growth management duties. This includes evaluating the current and future relationship between public wastewater demands and collection, treatment, and disposal capacities region-wide and within the service area of the seven affected agencies directly or indirectly subject to Marin LAFCO. Information generated as part of the study will be directly used in guiding subsequent sphere of influence updates, informing future boundary changes, and - if merited - initiating government reorganizations. Affected agencies reviewed in the study area Las Gallinas Valley Sanitary District, San Rafael Sanitation District, Ross Valley Sanitary District (County Sanitary 1), Corte Madera Sanitary District (County Sanitary 2), Murray Park Sewer Maintenance District, San Quentin Village Sewer Maintenance District, and Central Marin Sanitation Agency.

Marin LAFCO invites interested persons to attend and provide testimony. A formal 60-day public review and comment period is expected to commence following the public hearing. The associated staff report will be available for download at www.marinlafco.org approximately one week prior to the hearing date. You may also request a written copy of the staff report by contacting LAFCO at 415-488-5877.

March 20, 2017

Keene Simonds
Executive Officer

NO. 334 MARCH 23, 2017

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CENTRAL MARIN WASTEWATER SERVICES STUDY

Municipal Service Review | Government Code Section 56430

Affected Agencies

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

Draft Report | April 2017

Project Manager

Rachel Jones
Administrative Analyst

ACKNOWLEDGEMENT

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

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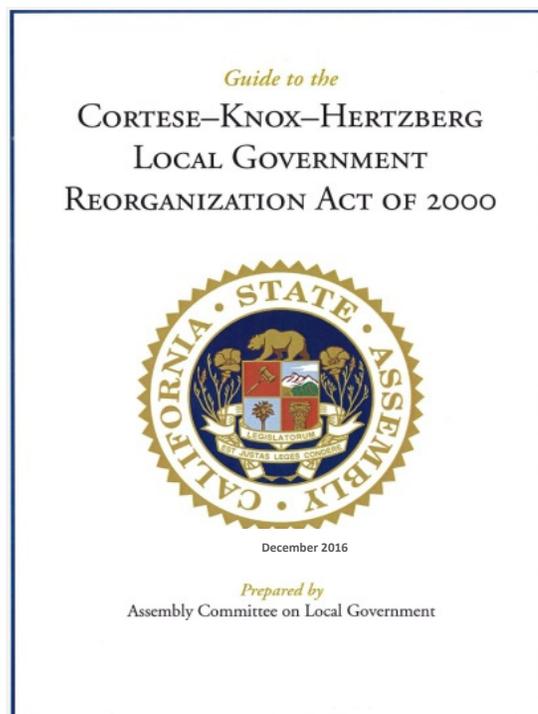
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CHAPTER ONE INTRODUCTION

1.0 LOCAL AGENCY FORMATION COMMISSIONS

1.1 Authority and Objectives

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



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

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

¹ Reference California Government Code Section 56000 et seq.

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

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

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

1.2 Regulatory Responsibilities

LAFCOs’ principal regulatory responsibility involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities and most special districts in California.³ More recently LAFCOs have been tasked with also overseeing the approval process for cities and districts to provide new or extended services beyond their jurisdictional boundaries by contract or agreement as well as district actions to either activate a new service or divest an existing service. LAFCOs generally exercise their regulatory authority in response to applications submitted by the affected agencies, landowners, or registered voters. Recent amendments to CKH, however, now authorize and encourage LAFCOs to initiate on their own jurisdictional changes to form, consolidate, and dissolve special districts consistent with current and future community needs.

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

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

1.3 Planning Responsibilities

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

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

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

Sphere of Influence Determinations

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

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

As of January 1, 2008, LAFCO must review and update as needed each local agency's sphere every five years. In making a sphere determination, LAFCO is required to prepare written statements addressing five specific planning factors listed under G.C. Section 56425. These mandatory factors range from evaluating current and future land uses to the existence of pertinent communities of interest.

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

The intent in preparing the written statements is to orient LAFCO in addressing the core principles underlying the sensible development of each local agency consistent with the anticipated needs of the affected community. The five mandated planning factors are summarized in the following table.

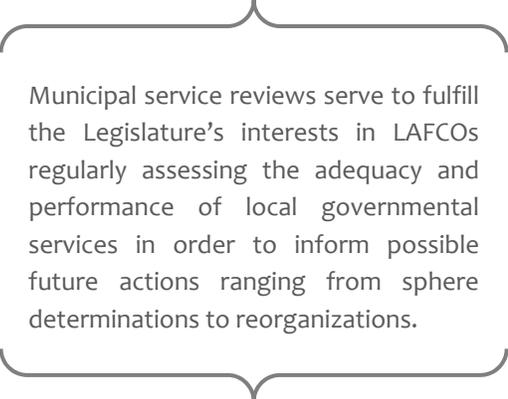
Mandatory Determinations | Spheres of Influence (Government Code Section 56425)

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

Municipal Service Reviews

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

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



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

Mandatory Determinations | Municipal Service Reviews (Government Code Section 56430)

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

1.4 LAFCO Composition & Decision-Making

LAFCOs are generally governed by 11-member board comprising three county supervisors, three city councilmembers, three independent special district members, and two representatives of the general public.⁶ Members are divided between “regulars” and “alternates” and must exercise their

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

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

⁵ This determination was added to the municipal service review process by Senate Bill 244 effective January 1, 2012. The definition of “disadvantaged unincorporated community” is defined under G.C. Section 56330.5 to mean inhabited territory that constitutes all or a portion of an area with an annual median household income that is less than 80 percent of the statewide annual median household income; the latter amount currently totaling \$60,190.

⁶ Approximately two-fifths of LAFCOs in California currently operate without special district representation based on local conditions. A limited number of LAFCOs also have additional seats through special legislation.

LAFCOs, nevertheless, must appoint their own Executive Officers to manage agency activities and provide written recommendations on all regulatory and planning actions before the membership. All LAFCOs must also appoint their own legal counsel.

1.5 Prescriptive Funding

As part of the original negotiations between the State and local agencies in establishing LAFCOs in 1963 and later updated in 2001 CKH prescribes local agencies fund LAFCOs' annual operating costs. Counties are generally responsible for funding one-third of LAFCO's annual operating costs with the remainder one-third portions allocated to the cities and independent special districts. The allocations to cities and special districts are calculated based on standard formula using general tax revenues unless an alternative formula has been approved by a majority of the local agencies. LAFCOs are also authorized to collect applicant fees to offset local agency contributions.

2.0 MARIN LAFCO

2.1 Adopted Policies and Procedures

The majority of Marin LAFCO's ("Commission") existing policies and procedures were updated and or established in 2001 in step with the enactment of CKH. These policies and procedures collectively guide the Commission in implementing LAFCO law in Marin County in a manner consistent with regional growth management priorities as determined by the membership. This includes overarching policies and procedures to direct existing and new urban uses towards city-centers along the State Highway 101 corridor and maintaining restrictive allowances for the potential development and use therein of agricultural and open-space lands. The Commission has also established pertinent policies and procedures specific to preparing sphere updates and municipal service reviews. These latter policies are anchored on directing staff to present annual recommendations on new sphere updates and their associated municipal service reviews every year with proposed scopes of work for Commission approval.

2.2 Commission Roster

The Commission’s current membership is provided below.

Current Members

Name	Position	Agency Affiliation
Jeffry Blanchfield, Chair	Public	Commission
Carla Condon, Vice Chair	City	Town of Corte Madera
Damon Connolly	County	County of Marin
Jack Baker	Special District	North Marin Water
Sashi McEntee	City	City of Mill Valley
Craig K. Murray	Special District	Las Gallinas Valley Sanitary
Dennis J. Rodoni	County	County of Marin
Judy Arnold, Alternate	County	County of Marin
Matthew Brown, Alternate	City	City of San Anselmo
Chris Burdick, Alternate	Public	Commission
Lew Kious, Alternate	Special District	Almonte Sanitary

2.3 Contact Information

Marin LAFCO’s administrative office is located at 1401 Los Gamos Drive in San Rafael (Terra Linda). Visitor parking is available. LAFCO is a small governmental agency and as a result the office is sometimes closed during normal business hours when staff is in the field. Accordingly, appointments to discuss proposals or other matters are strongly encouraged and can be scheduled by calling 415-448-5877. Communication by e-mail is also welcome and general questions or comments should be directed to staff@marinlafco.org. Additional information regarding Marin LAFCO’s functions and activities is also available anytime by visiting www.marinlafco.org.

CHAPTER TWO EXECUTIVE SUMMARY

1.0 OVERVIEW

This study represents Marin LAFCO’s scheduled municipal service review on public wastewater services within an approximate 60-square mile area of central Marin County. The study has been prepared by staff and consistent with the scope of work approved by the Commission at a noticed public hearing. The underlying aim of the study is to produce an independent assessment of public wastewater service in the region over the next five to ten years relative to the Commission’s regional growth management duties and responsibilities as established by the Legislature. This includes evaluating the current and future relationship between public wastewater demands versus collection, treatment, and disposal capacities region-wide and within the service areas of the seven affected agencies, directly or indirectly subject to the Commission’s oversight. Information generated as part of the study will be directly used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes, and – if merited – (c) initiating government reorganizations, such as special district formations, consolidations, and or dissolutions.

The underlying purpose of the study is to independently assess the relationship and influencing factors therein in Central Marin between public wastewater demands versus collection, treatment, and disposal capacities relative to the Commission’s regional growth management duties under State law. Information generated in the study will (a) guide subsequent sphere updates, (b) inform future boundary changes, and (c) if merited serve as the source document to initiate one or more government reorganizations.

2.0 KEY ASSUMPTIONS & BENCHMARKS

The study has been oriented in scope and content to serve as an ongoing monitoring program on public wastewater services in Central Marin. It is expected the Commission will revisit the study and its key assumptions and benchmarks therein every five years consistent with the timetable set by the Legislature. This will also allow the Commission – among other items – to assess the accuracy of earlier projections and make appropriate

changes in assumptions and benchmarks as needed as part of future studies. Key assumptions and benchmarks affecting this study's scope and content follow.

2.1 Setting the Study's Timeframe

The timeframe for the study has been oriented to cover the next five to ten year period with the former (five years) serving as the analysis anchor as contemplated under State law. Markedly, this timeframe is consistent with the five-year cycle legislatively prescribed for municipal service reviews under G.C. Section 56430 while providing the Commission flexibility in scheduling its next review on public wastewater services within Central Marin in alignment with resources and priorities.⁷

2.2 Determining the Data Collection Range or Study Period

The period for collecting data to inform the Commission's analysis and related projections on growth, demands, and finances has been set to cover the five-year period from 2010 to 2014. This data collection period – which covers the 60 months immediately preceding the start of work on the study – purposefully aligns with the five-year timeline for the study with the resulting data trends appearing most relevant to the Commission in making near-term projections (i.e., data from the last five years is most pertinent in projecting trends over the next five to ten years).

2.3 Calculating Population Estimates

Residential population calculations in the study have been independently made by Commission for both recent and near-term estimates within all seven affected service areas. Recent population estimates for the service areas are premised on occupied housing driving resident projections based on data collected within all applicable census tracts. Four distinct calculations are made in producing population estimates for each agency and specific to each year that take into account total housing units, local occupancy rates, occupied housing units, and household sizes. Near-term estimates have been similarly calculated for the next five to ten year period based on applying the

⁷ Incorporating projections 10 years out also allows the Commission to proceed with an applicant request for a sphere of influence amendment involving one of the affected agencies within the time period without the concurrent need for a new stand-alone municipal service review.

estimated growth trend in each service area over last 60 months with limited exceptions (i.e., population growth between the last five years is expected to hold over the next five to ten years).

2.4 Making Growth Projections at Buildout

The study includes a cursory review of population and housing totals at buildout for purposes of telegraphing potential long-term growth within each affected agency's service area. Housing unit projections at buildout are based on a review of all subject land use authorities existing housing elements and specific to zoning within existing jurisdictional boundaries.⁸ Population projection totals at buildout are similarly based on applying an agency specific person-per-house amount for every projected housing unit as separately calculated by the Commission.

2.5 Calculating Future Wastewater Demands

Future near-term wastewater demands in the study have been independently calculated by the Commission through 2024 within each affected agency's service area based on overall production trends generated in the preceding five-year period between 2010 and 2014. These projections have been made using linear regression to help *control* for large variances in the recent five-year totals (emphasis). Importantly, these projections have been made by the Commission in the absence of the affected agencies' own projections and are intended only as reasonable estimates of likely and near-term demand-to-capacity relationships going forward.

2.6 Benchmarking Infrastructure Needs and Deficiencies

The study and its analysis focuses on average wastewater demands within specific categories (i.e., dry, wet, and peak periods) generated within each affected agency's service area during the 60-month study period in benchmarking infrastructure needs or deficiencies. This broader focus on averages provides a more reasonable account of system demands generated during the study period and helps to mitigate against one-

⁸ Buildout estimates do not take into consideration future changes in boundaries as well as outside service commitments.

year outliers in step with analyzing overall relationships with collection, treatment, and disposal capacities.

2.7 Benchmarking Financial Solvency

Three diagnostic tools are used in the study to assess and make related determinations on each affected agency's financial solvency based on a five-year review of audited statements from 2010-2014. These diagnostic tools – (a) current ratio, (b) debt-to-net assets, and (c) operating margin – collectively provide the Commission with reasonable benchmarks to evaluate liquidity, capital, and margin and calculated to track both overall trends as well as final year standing.

2.8 Benchmarking Pension Obligations

Three diagnostic tools are used in the study to assess and make related determinations on the strength of the pension obligations for the five affected agencies that provide employees with defined retirement benefits; all of whom have contracts with the California Public Employees Retirement System (CalPERS) or – and to a more limited extent – the Marin County Employee Retirement Association (MCERA). These diagnostic tools – (a) funded ratio, (b) unfunded liability, and (c) active-to-retiree ratio – have been calculated by the Commission based on the three most recent pension statements issued by CalPERS or MCERA covering 2011 to 2014. (Earlier data is not readily accessible at this time.) Further key benchmarks herein include identifying 80% as the minimum threshold for an adequate funded ratio.

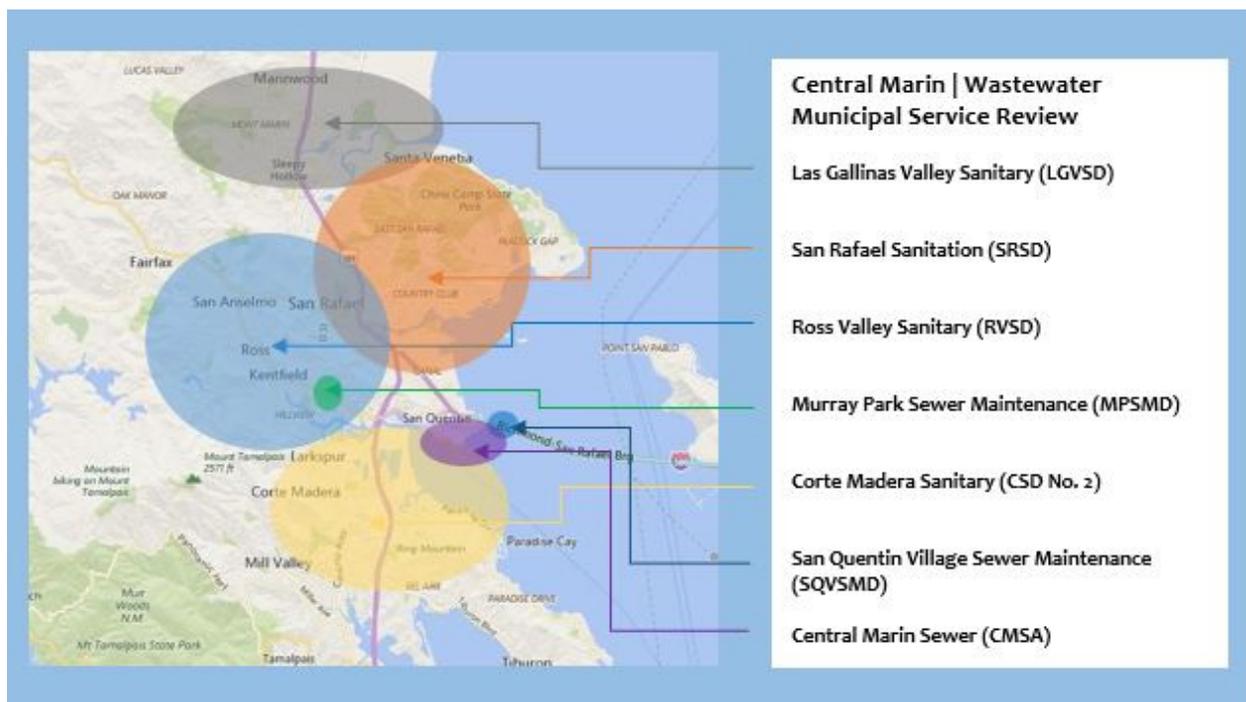
3.0 STUDY ORGANIZATION

This chapter serves as the Executive Summary and outlines the key conclusions and findings generated within the study. This includes addressing the mandatory service and governance factors required by the Legislature anytime the Commission performs a municipal service review. The Executive Summary is preceded by a review of key regional service characteristics (Chapter Three) underlying public wastewater services in Central Marin. Examples include providing regional and agency comparisons with respect to demographics, demands, capacities, costs, and financial resources now and

going forward. The third and final section involves individual agency profiles (Chapter Four) of all seven affected agencies responsible for providing public wastewater services directly or indirectly under the Commission’s jurisdiction in Marin County. These profiles transition between narrative descriptions of the background and development of these agencies’ service areas to quantifying specific data-driven categories, such as population and growth trends, wastewater service capacities, and financial standing.

4.0 AFFECTED PUBLIC AGENCIES | GEOGRAPHIC AREA

The geographic area designated for this study is approximately 60 square miles in size within Central Marin and incorporates therein seven public agencies that provide one or more of the following public wastewater services: collection, treatment, and disposal. These seven affected agencies and their service areas are shown below.



5.0 STUDY SUMMARY

5.1 General Conclusions

This study identifies 12 central themes or conclusions underlying the Commission’s review of the availability, capacity, and performance of public wastewater services in Central Marin now and going forward. These conclusions range in substance from recent usage trends to financial standing and are entirely generated from information detailed in the succeeding sections. Additionally, and as previously

The study’s general conclusions are based on data collected and analyzed by the Commission between 2010 and 2014 and specific to LAFCO’s prescribed growth management interests under State law.

detailed, these conclusions are premised on the Commission’s own independent assessment relative to LAFCO’s growth management interests and drawn from the information collected and analyzed between a five-year period of 2010 to 2014.

- **No. 1 | Agencies’ Substantive Influence on Growth in Marin County**

The seven affected agencies organized to provide public wastewater services in Central Marin directly effect nearly one-half of all county residents as estimated by the Commission, and as such have a significant influence in accommodating - or inhibiting - new growth and development in Marin County. This relationship is marked by the seven agencies’ service areas collectively accounting for an estimated 124,182 total residents and equals 48% of the entire countywide population as of the study period term.

- **No. 2 | Service Areas are Nearing Current Residential Buildout; Growth Exceeding Earlier Estimates**

The Commission projects the seven affected agencies are collectively at 89% of their current planned residential buildout as of the term of the study period with the expectation this ratio will increase to 94% over the succeeding 10-year period. This includes the Commission estimating the affected agencies will collectively add close to 6,530 new residents over the succeeding 10-year period and result in a joint annual growth rate of 0.53% through 2024. Markedly, this Commission projection – which draws on actual trends during the study period – suggests the

region's population is outperforming by more than one-fourth estimates previously made by the Association of Bay Area Governments or ABAG.⁹

- **No. 3 | Increasing Diseconomies of Scale**

As noted in the seven affected agencies' service areas are collectively approaching their respective residential buildout as established by the associated land use authorities and as memorialized in current housing elements. While buildout estimates will change and increase in the future in step with general plan updates, it is reasonable to assume the underlying constraints towards new growth in Central Marin will persist given community preferences, limiting opportunities going forward to spread out costs among a greater pool of ratepayers. The net effect is a diseconomies of scale in which the affected agencies' costs to maintain wastewater infrastructure will continue to exceed associated revenues as evident during the study period with the combined increases in operating expenses outpacing operating revenues by more than three-fold.

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

All seven affected agencies appear generally accountable to their constituents in the ongoing provision of public wastewater services within their respective service areas. The level and effectiveness of engagement between agency and customer in Central Marin, nonetheless, appears expressively highest among LGVSD and RVSD, and demonstrates a direct correlation between board type and responsiveness with favor assigned to independent agencies.

- **No. 5 | Immediate Merit to Reorganize MPSMD and SQVSMD**

It appears two separate governance alternatives are readily merited to improve local accountability and service efficiencies and irrespective of other potential changes under consideration in Central Marin. This involves proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD either by consolidation or annexation. These reorganizations would eliminate two dependent special districts governed by the

⁹ Drawing from a publication issued in 2013 ABAG projects the Central Marin region will experience an overall increase in population over succeeding 10-year period of 5,208 and result in an annual population change of 0.42%.

County of Marin and operating under antiquated statutes in favor of recognizing RVSD as the preferred and more able service provider going forward.

- **No. 6 | Additional Merit to Explore Regional Consolidation**

Information collected and analyzed in this study provides sufficient merit for the Commission to evaluate options and merits to reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley and San Rafael Creek Watersheds. This topic – which has been previously reviewed by the agencies specific to assessing cost-savings but not the Commission – responds to Marin LAFCO’s directive to independently assess the notional sense affirmed in this study that consolidation would appear primed to produce greater accountability and efficiency within the combined watershed. The topic should be explored in addendum form and calendared as part of a future workplan. It should be premised on identifying merits/demerits of regionalization in improving costs, accountability, and efficiency while being sufficiently fair to all agencies and their ratepayers in terms of shared control.

- **No. 7 | Wastewater Demands Deintensifying During Normal Conditions**

Overall relative demand – i.e., annual wastewater flow measured by residents – in Central Marin during the study’s five-year term has decreased within all seven affected agencies’ service areas with daily per capita demands declining from 133 to 111 gallons; a reduction of 20%. Similar reductions are also reflected in dry-weather and wet-weather periods with the former measurement – dry-weather – highlighting wastewater demands are deintensifying during normal conditions. This reduction appears most attributed to ratepayer diligence in water conservation in step with the drought; whether conservation practices hold going forward remains uncertain.

- **No. 8 | Wastewater Demands Intensifying During Peak-Day Conditions; Increasing Impacts from Inflow and Infiltration**

Overall – and contrast to other flow measurements – relative peak-day demands in Central Marin have increased within all seven affected agencies’ service areas with the daily per capita demands increasing from 852 to 901 gallons during the study period; a rise of 5.8% and a corresponding peaking factor of nearly 11-fold. This dynamic appears most attributed to changes in weather patterns and a rise in brief storm events yielding higher levels of intensity, leading to more susceptibility of inflow and infiltration within the wastewater system. Projected peak-day conditions do show some improvement in lessening peak-day demand impacts on the wastewater systems going forward with the affected agencies’ combined peaking factor falling under 10-fold by 2024.

- **No. 9 | Collection System Capacities are Sufficient to Accommodate Demands Now and Projected Over the Next 10 Years Without Stress**

The seven affected agencies’ collection systems within Central Marin have sufficient capacities to meet current demands within their respective service areas under normal and peak conditions. This sufficiency is demonstrated by observing the highest agency demand-to-capacity ratio specific to collection systems during peak-day periods was 72% within RVSD. No substantive changes in these ratios are projected by the Commission over the next 10 years.

- **No. 10 | Treatment System Capacities are Sufficient to Accommodate Demands Now and Projected Over the Next 10 Years With Some Stress**

The two entities responsible for providing wastewater treatment services within Central Marin – LGVSD and CMSA – have sufficient capacity based on demand averages over the study period as well as projected flows over the succeeding 10 year period, albeit to different allowances and stress levels. LGVSD is best positioned now and going forward in meeting wastewater demands with no single measurement (i.e., dry, wet, peak) ratio exceeding 70%. CMSA’s treatment capacities are comparatively closer to approaching design and or permit limits and highlighted by current peak and dry weather flows within the contracted service area equaling 79% and 85%, respectively.

- **No. 11 | Near-Term Finances in Generally Good Shape and Highlighted by Liquidity and Capital; Margin Levels Mixed**

A review of the audited financial statements covering five of the seven affected agencies – LGVSD, SRSD, RVSD, CSD No. 2, and CMSA – show these entities finished the study period in generally good financial standing as measured by liquidity, capital, and – albeit at more mixed results – margin levels. This includes noting all five of these affected agencies maintained moderate to high liquidity averages and marked by having no less than 315 days’ cash on hand as well as no less than a 2 to 1 current ratio; meaning the agencies at a minimum ended with \$2 in current assets for every \$1 in short-term liabilities/obligations. All five of the agencies also finished the study period with available capital with no more than 54% in debt relative to net assets. Year-end profit levels as measured by total margin – the net difference between all revenues less all expenses – largely stayed positive with a combined study period average of 14% with the notable exception CSD No. 2 and CMSA both finished the study period with slight losses.¹⁰ Audited statements specific to the other two affected agencies – MPSMD and SQVSMMD – were not available as of date of this report.

- **No. 12 | Climate Change Requires Resiliency in Wastewater Planning**

With increasingly serious climate impacts due to higher temperatures, such as more frequent droughts, storm surges and rising sea levels throughout Marin County, all seven affected agencies’ demands, infrastructure and capacities are likely to be disturbed. The affected agencies will have to deal with changes in flow, facilities at risk and erosion, underlying the need for resilience planning. Resiliency is the capacity for a system to absorb a disturbance and still retain its basic function and structure. The affected agencies should explore and implement strategies to reduce risks which allow for flexibility, prepare for external shocks and stresses, and examine issues before solutions, and should be a focus of the Commission in future municipal service reviews.

¹⁰ Total margin includes expensing depreciation.

5.2 Recommendations

The following recommendations call for specific action either from the Commission and/or by the affected agencies based on information generated as part of this study and outlined below in order of their placement in Section 6.0 (Written Determinations). Recommendations for Commission action are dependent on a subsequent directive from the membership and through the adopted work plan.

1. The Commission should proactively work with local agencies – and in particular water, sewer and fire providers – to develop a definition of “disadvantaged unincorporated community” consistent with SB 244 to ensure an appropriate and equitable level of municipal services is available for qualifying areas.
2. CMSA should develop a plan to allocate treatment capacity among its member agencies to enhance regional growth management. This plan would appropriately inform each member agency as well as local land use authorities with more certainty with respect to their ability to forecast and accommodate new development within their jurisdictional boundaries going forward.
3. CSD No. 2 should make additional efforts to distinguish itself as a stand-alone governmental entity separate from the Town of Corte Madera. An example herein would include developing stand-alone contracting arrangements with Corte Madera outlining specific services and costs therein with respect to the existing use of Town staff, supplies, and resources in carrying out District duties.
4. CMSA should reorganize its governing board structure to limit and or remove the City of Larkspur’s presence within the joint powers authority to better align and weight governance with vested participation among member agencies.
5. SRSD should designate the lone board seat statutorily dedicated to a member of the County of Marin to the incumbent holding Supervisor District 1 given it covers nearly all of the District jurisdictional boundary. This designation would provide a more logical and direct match between SRSD voters and their appointed representative.

6. Corrective action is needed to appropriately amend jurisdictional boundaries to better align service areas with existing property lines within the Ross Valley and San Rafael Creek Watersheds. Similarly boundary clean-ups are needed to correct instances where actual service provision in this subregion does not match up with assigned jurisdictional boundaries.
7. The Commission should consider in proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD. These reorganizations would eliminate two dependent special districts governed by the County of Marin in favor of recognizing RVSD as the preferred and more able service provider going forward.
8. The Commission should consider authorizing an addendum to fully evaluate options to reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley and San Rafael Creek Watersheds. This topic – which has been previously reviewed by the agencies specific to assessing cost-savings but not the Commission – responds to Marin LAFCO’s directive to independently assess the notional sense affirmed in this study that a consolidation would appear primed to produce greater accountability and efficiency within the combined watershed.
9. Septic systems are increasingly problematic in urban and or developing areas in Central Marin and pose a public safety threat to the health and environment of the agencies’ service areas. The affected agencies should work to identify all septic systems within their respective areas in step with resiliency planning and determining future system risks.
10. Land use authorities in Central Marin should match the affected wastewater service provider with potential development opportunities in its housing elements as a means to plan growth with service.
11. The affected agencies in Central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services. This includes resiliency planning with respect to droughts, storm events, raising water tables as well as future demands.

6.0 WRITTEN DETERMINATIONS

The Commission is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 anytime it prepares a municipal service review. These determinations are similar to findings and serve as independent statements based on information collected, analyzed, and presented in this study's subsequent sections. The underlying intent of the determinations is to provide a succinct detailing of all pertinent issues relating to the planning, delivery, and funding of public wastewater services in Central Marin as it relates to the Commission's growth management role and responsibilities. An abridged version of these determinations will be separately prepared for Commission consideration and adoption with the final report.

These determinations detail the pertinent issues relating to the planning, delivery, and funding of public wastewater services relative to the Commission's interests. Determinations based on data collected and analyzed between 2010 to 2014.

6.1 Growth and Population Projections

- 1) The Commission estimates there are 124,182 total residents served by the seven affected agencies responsible for providing public wastewater services in Central Marin as of the end of the study period. It is also estimated the combined resident population has increased by 3,037 or 2.54% over the 60-month study period; the net effect resulting in a combined annual growth rate of 0.6%.
 - a) Recent residential growth as estimated by the Commission during the study period has been exceeding by more than one-fourth earlier projections made for the Central Marin region by ABAG.
- 2) The Commission estimates resident growth in Central Marin during the study period has been disproportionately concentrated within SRSD and RVSD. These two agencies collectively account for nearly nine-tenths of all new estimated growth over the preceding 60-month period.

- 3) The Commission assumes calculated growth rates in Central Marin over the five-year study period will generally hold in the near-term, and as such it is estimated the region will experience an overall net increase in population of 6,530 over the succeeding 10-year period and total 130,712 by 2014.
- 4) The Commission estimates the housing market has produced 1,199 new occupied units in Central Marin over the course of the five-year study period. This results in an overall unit density of 2.56 new residents for every new occupied housing unit added in the region.
- 5) RVSD accounts for 37% of all occupied housing units within the region as of the study period term; the most of any of the affected agencies. RVSD also experienced the largest increase in new occupied housing units during the study period tallying 694 or 3.90% overall.
- 6) Should residential buildout plans proceed as currently contemplated by the County of Marin and other overlapping land use authorities the housing unit stock in Central Marin will increase by 3,352 and result in the estimated addition of 8,268 residents; a net increase of 6.7% over the end of the study period.
- 7) Current demographic information shows marked differences between SRSD and the other six affected agencies providing public wastewater services in Central Marin in both economic and social measurements. These differences include SRSD finishing the study period with significantly lower household incomes along with high poverty and unemployment rates. Distinctions among and within the other six affected agencies are less evident with limited exceptions.
- 8) The Commission estimates there are 28,475 total residents within LGVSD that are explicitly served by the District's wastewater collection and treatment system as of the term of the study. It is further estimated LGVSD has experienced an overall population increase of 261 over the preceding five-year period, resulting an in annual growth rate of 0.186%.

- a) New and occupied housing units within LGVSD over the study period is estimated by the Commission at 263 coupled with a net change in persons per household – i.e., an intensity measurement – of (1.2%).
 - b) The Commission estimates LGVSD is at 90% of the service area’s current residential buildout projection relative to applicable land use policies.
- 9) The Commission estimates there are 40,744 total residents within SRSD that are explicitly served by the District’s wastewater collection system as of the term of the study. It is further estimated SRSD has experienced an overall population increase of 1,363 over the preceding five-year period, resulting in an annual growth rate of 0.69%.
- a) New and occupied housing units within SRSD over the study period is estimated by the Commission at 153 coupled with a net change in persons per household – i.e., an intensity measurement – of 2.7%.
 - b) The Commission estimates SRSD is at 93% of the service area’s current residential buildout projection relative to applicable land use policies.
- 10) The Commission estimates there are 40,809 total residents within RVSD that are explicitly served by the District’s wastewater collection system as of the term of the study. It is further estimated RVSD has experienced an overall population increase of 1,356 over the preceding five-year period, resulting in an annual growth rate of 0.7%.
- a) New and occupied housing units during the study period within RVSD are estimated by the Commission at 694 coupled with a net change in persons per household – i.e., an intensity measurement – of (4.5%).
 - b) The Commission estimates RVSD is at 96% of the service area’s current residential buildout projection relative to applicable land use policies.

- 11) The Commission estimates there are 9,874 total residents within CSD No. 2 that are explicitly served by the District's wastewater collection system as of the study term. It is further estimated CSD No. 2 has experienced an overall population increase of 86 over the preceding five-year period, resulting an in annual growth rate of 0.175%.
 - a) New and occupied housing units over the study period within CSD No. 2 is estimated by the Commission at 87 coupled with a net change in persons per household – i.e., and intensity measurement – of (11.1%).
 - b) The Commission estimates CSD No. 2 is at 99% of the service area's current residential buildout projection relative to applicable land use policies.

- 12) The Commission estimates there are 191 total residents within MPSMD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated MPSMD has experienced an overall population increase of 16 over the preceding five-year period, resulting an in annual growth rate of 1.8%.
 - a) New and occupied housing units over the study period within MPSMD is estimated by the Commission at one coupled with a net change in persons per household – i.e., and intensity measurement – of 7.1%.

- 13) The Commission estimates there are 89 total residents within SQVSMD that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated SQVSMD has experienced an overall population decrease of six persons over the preceding five-year period, resulting an in annual growth rate of (1.8%).
 - a) New and occupied housing units over the study period within SQVSMD is estimated by the Commission at zero coupled with a net change in persons per household – i.e., and intensity measurement – of (8.8%).

- 14) The Commission estimates there are 95,428 total residents within CMSA that are explicitly served by the District's treatment system as of the term of the study; an amount that includes inmates at San Quentin State Prison. It is also estimated CMSA has experienced an overall population increase of 1,356 over the preceding five-year period, resulting in an annual growth rate of 0.7%.
 - a) New and occupied housing units during the study period within CMSA are estimated by the Commission at 934 coupled with a net change in persons per household – i.e., an intensity measurement – of 0.9%

6.2 Location and Characteristics of Any Disadvantaged Unincorporated Communities in the Area

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

6.3 Capacity of Public Facilities and Infrastructure Needs and Deficiencies

- 1) The Commission estimates the average total daily flow of wastewater collected by the seven affected agencies in Central Marin during the study period tallies 14.6 million gallons, or 120 gallons for every person. Additional wastewater flow tallies collectively generated over the 60-month period follow.
 - a) Average dry-day wastewater flows during the study period tallies 11.1 million gallons, or 91 gallons for every person.
 - b) Average wet-day wastewater flows during the study period tallies 18.1 million gallons, or 148 gallons for every person.
 - c) Average peak-day wastewater flows generated over 24 hours during the study period tallies 102 million gallons, or 855 gallons for every person.
- 2) The Commission estimates total annual wastewater flows generated among the seven affected public agencies' services areas in Central Marin have decreased overall by (17%) and results in a net daily demand savings of 2.7 million gallons.
- 3) All of the affected agencies experienced decreases in annual wastewater flows in their respective collection systems serving Central Marin during the study period ranging from a high of (23%) in RVSD to a low of (1%) in CSD No. 2.
- 4) Changes in the affected agencies' combined annual wastewater flow totals during the study period closely matches year-end rainfall counts for Central Marin and highlighted in 2013 –the apex of the parallel drought – when collected flows fell to a period low average of 12.8 million per day. This correlation indicates, albeit differently among the collection systems, the existence of excessive infiltration and inflow throughout the region.

- 5) The combined average peaking-factor among the seven affected agencies' service areas in Central Marin generated during the study period tallies 9.2. This amount further quantifies excessive amounts of runoff and or groundwater are entering the collection systems and – among other adverse impacts – contributing to the 317 reported sanitary overflows in the region during the 60-month period.
- 6) It appears the primary sources of excessive infiltration and inflow within Central Marin is occurring within RVSD and SRSD given these agencies' collection systems account for over 90% of all reported overflows during the study period.
- 7) All of the affected agencies with collection systems and or treatment facilities in Central Marin are accounting and funding therein replacement of their capital infrastructure, albeit to different degrees and accordingly producing a sizable range in equipment age among the agencies. The average age of capital equipment among the affected agencies as of the study period term is 21 years and bookmarked by a low – or youngest – of 12 years within CSD No. 2 and a high – or oldest – of 30 years within RVSD.
- 8) All of the wastewater collection systems within Central Marin appear adequately sized in accommodating current and projected flow demands. This comment is substantiated given none of the affected agencies' collection systems' peak-day demands generated during the study period exceed 72% of estimated capacity.
- 9) LGVSD is the entity responsible for treating and disposing all wastewater generated within the Las Gallinas Watershed portion of Central Marin and has adequate capacity to accommodate current and projected flows through the 10-year timeframe of this study. This includes the Commission projection that no demand measurement is expected to reach 70% of capacity now or through 2024.
- 10) CMSA is the entity responsible for treating and disposing all wastewater generated within the Ross Valley and San Rafael Creek Watersheds portion of Central Marin and has adequate – albeit more narrowly – capacity to accommodate current and projected flows through the 10-year timeframe of this study. The most pressing demand measurement within CMSA involves dry

weather flows and highlighted by averages during the study period reaching 85% of the treatment facility's permitted capacity.

6.4 Agencies' Financial Ability to Provide Services

- 1) Approximately three-fourths of operational costs underlying public wastewater services in Central Marin are generated from direct revenues based on a combined earned income ratio generated during the study period of 76%.
 - a) Earned income ratios during the study period ranged from 91% in SRSD to 55% in CSD No. 2; a difference of nearly two-thirds.
- 2) Resident accounts make up no less than 89% of any one affected agency's total wastewater service connections in Central Marin as of the study period term with the average annual residential charge – the principal source of direct revenue – tallying \$710 as of the study period term.
 - a) The annual residential charge for wastewater services in Central Marin as of the study term varies significantly and bookended between \$1,067 in RVSD (Larkspur) and \$472 in MPSMD.
- 3) Opportunities to increase direct revenues among all seven affected agencies in Central Marin in support of their respective public wastewater systems is substantively constrained given two external factors. First, opportunities to spread-out costs among additional customers is limited given community preferences – which are reflected in local land use policies – to limit new growth. Second, opportunities to raise rates and or establish assessments are constrained under State law to require two-thirds voter approval.
- 4) Indirect revenues support the remaining and approximate one-fourth of operational costs underlying public wastewater services in Central Marin and largely derived from the distribution of property taxes. The average property tax distribution rate among the affected agencies - less CMSA as a joint-powers - is 1.9% of the 1.0% in total ad-valorem.

- 5) Large variances exist with respect to individual agency shares of the 1.0% of property tax collected within Central Marin. RVSD receives the highest property tax distribution rate at 7.8% and is more than four times greater than the next highest of 1.5% by SRSD. The lowest distribution rate is SQVSMD at 0.03%.
- 6) The affected agencies in Central Marin finished the study period with a combined net asset total of \$245.2 million as of the study period term. This amount has collectively increased during the study period by 13% and more than one-half greater than the corresponding inflation rate for the greater Bay Area region.
- 7) Overall unrestricted fund balances for the affected agencies in Central Marin collectively tally \$66.0 million at the end of the study period. This amount has collectively increased during the study period by 65% and more than five times greater than the corresponding inflation rate for the greater Bay Area region.
 - a) LGVSD has experienced the largest percentage increase in unrestricted fund balances during the study period at 132% followed by RVSD at 94%, SRSD at 78%, CMSA at 23%, and CSD No. 2 at (16%).
 - b) Information for SQVSMD and MPSMD is not available as of date of this report.
- 8) Five of the seven affected agencies – LGVSD, SRSD, RVSD, CSD No. 2, and CMSA – have pension obligations. These agencies collectively experienced an approximate 29% rise in annual contributions during the study period.
 - a) Increases in annual pension contributions among the five agencies range from 78% in RVSD to 1% in CSD No. 2 (Corte Madera).
- 9) All five affected agencies with pension obligations – directly or indirectly through their parent agency – have improved their funded status over the course of the study period by no less than 7%.

- a) Improvements in funded status among the five agencies range from 16% in LGVSD to 7% in CSD No. 2 (Corte Madera).
- 10) Four of the five affected agencies – LGVSD, RVSD, CSD No. 2, and CMSA - with pension obligations finished the study period with funded status ratios near or above 80%; the standard threshold used in governmental accounting to identify relatively stable pension plans. The remaining agency – SRSD – ended the study period with a funded status of 72%.
 - 11) Four of the five affected agencies – LGVSD, SRSD, CSD No. 2, and CMSA – experienced decreases in their active-to-retiree ratio during the study period. RVSD experienced no change.
 - a) RVSD finished the study period with the highest ratio at 1.81 active employees to every 1.00 retiree, while CSD No. 2 had the lowest ratio with 0.36 active employees to every 1.00 retiree.

6.5 Status and Opportunities for Shared Facilities and Resources

- 1) Ratepayers within the Ross Valley and San Rafael Creek Watershed portion of Central Marin have benefited from the ongoing costs savings associated with the creation of CMSA and construction and operation therein of a single and jointly-owned wastewater treatment facility serving multiple jurisdictions.
- 2) CMSA should develop a formal plan to dedicate remaining treatment capacity among its member agencies based on assigning an ultimate equivalent dwelling unit allocation. This plan would significantly enhance regional growth management by providing each member agency and all associated land use authorities more certainty in their ability to appropriately match wastewater provision with future development projects within their respective jurisdictions.

- 3) There appears to be relatively limited engagement between LGVSD and the remaining affected agencies within Central Marin despite comparatively close service areas. Opportunities should be explored for the benefit of region ratepayers to establish more connectivity among all agencies in sharing costs and expertise commonly underlying the management and operation of public wastewater systems.
- 4) LGVSD has taken a leadership role in investing resources to repurpose wastewater into recycled water supplies for beneficial use within jurisdictional boundary through an ongoing partnership with Marin Municipal Water District. Additional partnerships should be explored to expand the potential reach of repurposed wastewater throughout the rest of Central Marin.

6.6 Local Accountability and Government Restructure Options

- 1) Residents throughout Central Marin similarly benefit from the aptitude and responsiveness of board and senior management within all seven affected agencies. These attributes create trust with ratepayers and help ensure their ongoing financial investment in the agencies' wastewater systems are appropriately safeguarded.
- 2) There has been noticeable improvement in membership relations within CMSA during the course of the study period that ultimately benefits ratepayers. This improvement appears aided in large part to board and management change within RVSD and, among other benefits, contributed to the recent settlement of litigation within CMSA.
- 3) Additional efforts should be taken by CSD No. 2 distinguish its role as a stand-alone governmental entity separate from the Town of Corte Madera. This includes developing stand-alone contracting arrangements with Corte Madera outlining specific services and costs therein with respect to the existing use of Corte Madera staff, supplies, and resources in carrying out District duties.

- 4) CMSA's governing structure appears outdated given the dedication of one of its six-member regular board seats to the City of Larkspur; an entity that ceased wastewater services in 1993 in step with the annexation of its service area to RVSD, and as such is no longer a funding contributor. Reorganization of the board, accordingly, appears appropriate to limit and or remove Larkspur's presence on CMSA to better align and weight governance with vested participation among member agencies.
- 5) SRSD's dependent governance structure would be enhanced by formally designating the lone board seat dedicated to a member of the County of Marin to the incumbent holding Supervisor District 1 given it covers nearly all of the jurisdictional boundary. This designation would provide a more logical and direct match between SRSD voters and their appointed representative.
- 6) Two separate governance alternatives appear readily merited to improve local accountability and service efficiencies in Central Marin. This involves immediately proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD by annexation or consolidation. These reorganizations would eliminate two dependent special districts governed by the County of Marin subject and inhibited therein to antiquated statutes in favor of recognizing RVSD as the preferred and more able service provider going forward.
- 7) Irrespective of other determinations it appears appropriate for the Commission to evaluate options to potentially reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley and San Rafael Creek Watersheds. This topic – which has been previously reviewed by the agencies specific to assessing cost-savings but not the Commission – responds to Marin LAFCO's directive to independently assess the notional sense affirmed in this study that a consolidation would appear primed to produce greater accountability and efficiency within the combined watershed.

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

6.7 Matters of Local Interests as Required by Policy | Relationship Between Services and Land Use Policies

- 1) There is merit for more connectivity between planning wastewater services with land use policies of the local cities, towns and County of Marin to manage future growth within Central Marin. A coordinated effort among municipalities could also promote better use of federal funds.
- 2) Land use authorities in Central Marin should match the affected wastewater service provider in step with identifying potential development opportunities in housing elements as a means to connect growth with service.

6.8 Matters of Local Interests as Required by Policy | Planning for Climate Change

- 1) The affected agencies in Central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services. This includes resiliency planning with respect to droughts, storm events, raising water tables as well as future demands.
- 2) The Commission, affected agencies and the County of Marin's Environmental Health Services Department should work to identify all remaining septic systems – active and inactive – within Central Marin and proactively partner in connecting these properties with the appropriate public wastewater system.

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CHAPTER THREE REGIONAL CHARACTERISTICS & COMPARISONS

1.0 SERVICE AREAS

1.1 Population Trends

The resident population collectively served by the seven affected public agencies responsible for providing wastewater services in the region is estimated by the Commission at 124,182 as of the term of this study period (2014).²⁰ 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.²¹

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.

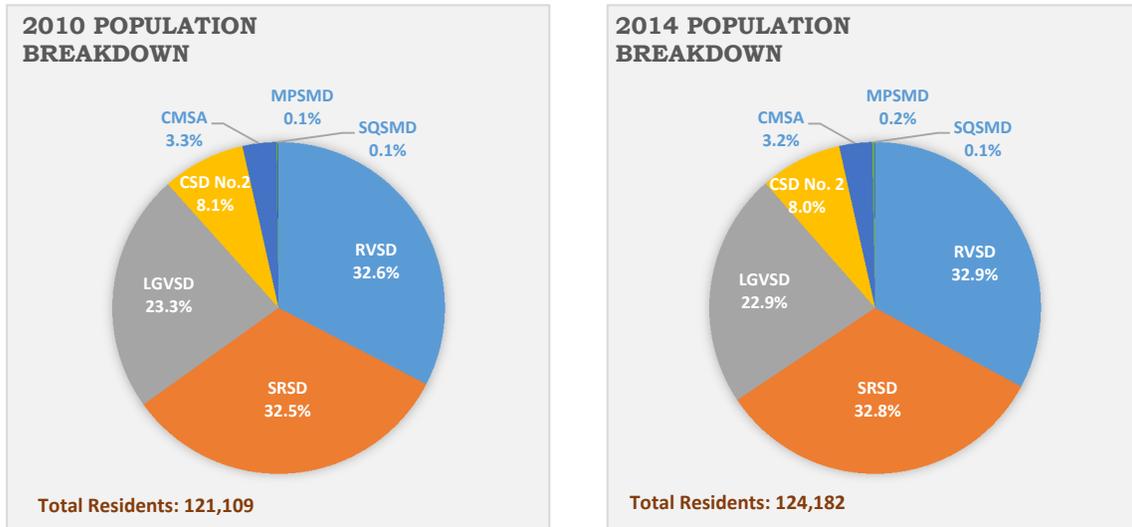
Estimated resident totals within all seven affected agencies has increased by a combined net of 3,073 persons and reflects an overall 2.54% or 0.51% growth rate over the five-year study period. Nearly all of the estimated net addition in residents over the study period is directly tied to growth within SRSD, RVSD, and – to a lesser extent – LGVSD. These three agencies collectively account for 97% of

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.

²⁰ 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.

²¹ 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.

the projected new growth within the region with SRSD and RVSD leading the tally with net additions of 1,363 and 1,355, respectively. 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.²²



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.

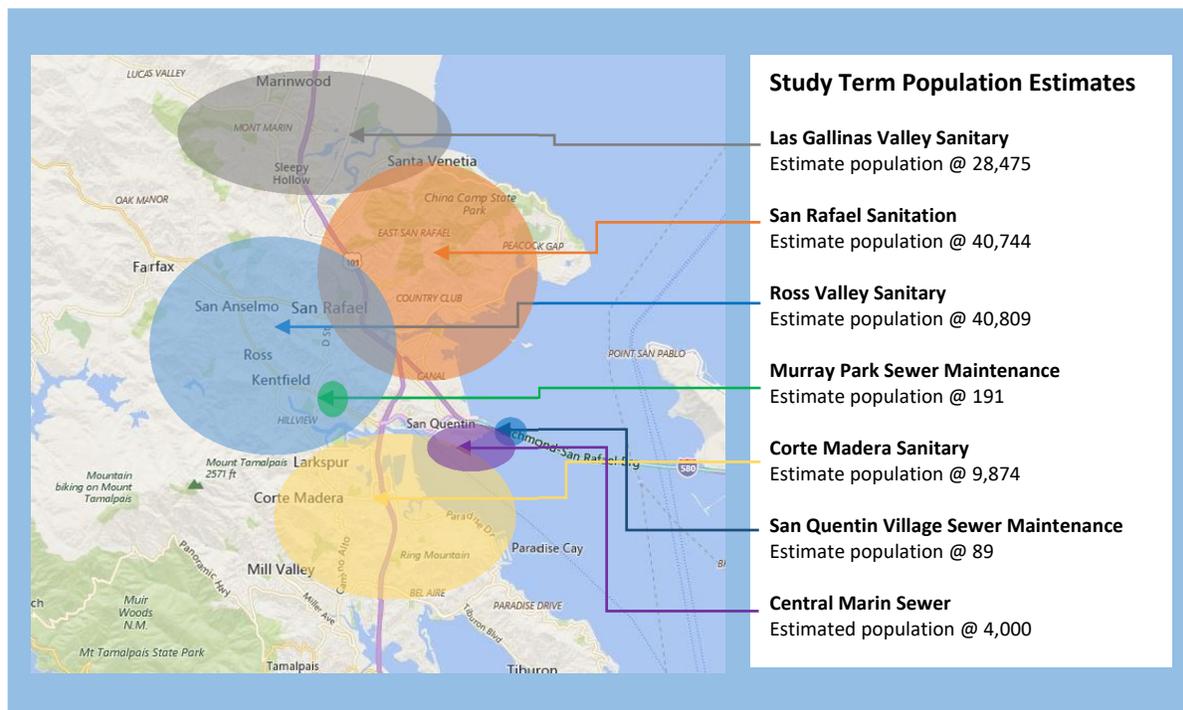
²² The Commission’s resident calculation for CMSA reflects a flat and stagnant 4,000 person assignment associated with directly serving the San Quentin State Prison. The remainder of CMSA’s service population – estimated at 120,182 as of the study period term – is assigned to the associated collection system operator/district.

Resident Population Projections

Table 3.1 | Marin LAFCO

	Agency	2010	2014 -Baseline-	2024	Annual Trend	Population @ Near-Term Buildout
Las Gallinas Watershed	LGVSD	28,214	28,475	29,005	0.12	32,329
	RVSD	39,454	40,809	43,702	0.71	45,430
Ross Valley Watershed	SRSD	39,381	40,744	43,655	0.71	46,701
	CSD No. 2	9,788	9,874	10,048	0.18	10,202
	MPSMD	175	191	228	1.94	244
	SQVSM	97	89	74	(1.69)	100*
	CMSA (State Prison)	4,000	4,000	4,000	0.0	106,577
Totals:		121,109	124,182	130,712	0.53%	

* 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.



1.2 Resident Characteristics / Housing Volume, Density, Type and Buildout

The Commission projects the estimated resident population of 124,182 as of the term of the study period within the seven affected agencies is divided among 49,873 total *occupied* housing units.²³ 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.²⁴

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.

²³ For purposes of this study the Commission assigned deference to projecting and analyzing occupied housing units as opposed to total housing units.

²⁴ 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.

A summary of occupied housing unit and density ratio estimates therein among all seven of the affected agencies follows.

Occupied Housing Volume and Density Estimates							
Table 3.2 Marin LAFCO							
Agency	2010 Totals		2014 Totals		Study Period Trends		
	Housing	Density	Housing	Density	Housing	Density	
Las Gallinas Watershed	LGVD	11,265	2.505	11,528	2.470	2.33%	(1.40%)
	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%
Totals	48,674	2.401	49,873	2.409	2.46%	0.33%	

Housing Type Estimates							
Table 3.3 Marin LAFCO							
Agency	2010 Totals		2014 Totals		Study Period Trends		
	Single Family	Multi Family	Single Family	Multi Family	Single Family	Multi Family	
Las Gallinas Watershed	LGVD	79.36%	20.64%	78.37%	21.63%	(1.25%)	4.80%
	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%)
Totals (Weighted)	**	**	**	**	**	**	

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

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.

intent of the housing element law is to create a market-based strategy for local land use authorities to facilitate opportunities to increase in the supply and affordability in housing; actual construction of additional housing is not required by the State.²⁵

With the preceding comments in mind, and for purposes of telegraphing near-term buildout conditions as part of this study, the Commission believes it is reasonable to assume the potential development of 3,352 new housing units in the affected agencies' existing jurisdictional boundaries. (There is no specific timetable for actual development of these future housing units; associated buildout years identified in this study are based solely on current growth trends. It is also reasonable to denote the distinction between near-term and ultimate buildout; the latter of which is not readily quantifiable.) This total amount – which equals 93.6% of the total number of existing units – of expected new residential development is based almost entirely on the housing elements of all applicable and land use authorities underlying the region and specific to zoning assignments as it applies to the six affected agencies' jurisdictional boundaries.

Near-Term Buildout: Housing Units Estimates								
Table 3.4 Marin LAFCO								
Type	LGVS D	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
% at Buildout	89.9%	93.3%	96.1%	98.5%	92.0%	100%	100%	93.6%



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.

²⁵ A pertinent and related section of LAFCO law directs commissions to facilitate orderly growth and development that includes providing housing for persons and families of all incomes under Government Code Section 56001.

1.3 Demographics | Social and Economic Factors

A review of demographic information available for census tracts within the seven affected agencies for the study period indicates most fulltime residents are in good economic positions relative to countywide averages. This includes residents within six of the seven affected agencies finishing the study period with moderately to substantively higher median household incomes and led by CSD No. 2 at \$108,934; an amount finishing 19% higher than the countywide average for the same period. SRSD – the lone outlier within the region

Current demographic information shows marked differences between SRSD and the other six affected agencies in both economic and social measurements. These differences include SRSD finishing the study period with significantly lower household incomes along with high poverty and unemployment rates. Distinctions among and within the other six affected agencies are less evident with limited exceptions.

as it relates to economic indicators – finished the study period with a median household income 18% below the countywide average at \$75,046. This economic distinction also revealed itself in other 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 3.5 | 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%

Las Gallinas
Watershed

Ross Valley
Watershed

Economic

Social

1.4 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.²⁶ Comparatively the collective jurisdictional boundaries of the six agencies represent 8.8% of the countywide land total. Ten land use authorities overlap the

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%.

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%.

Jurisdictional Boundaries’ Breakdown: Land Use Authorities

Table 3.6 | Marin LAFCO

Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
County of Marin	9,113	44.1%	11,372	10,255
San Rafael	4,730	22.9%	16,824	23,244
San Anselmo	2,440	11.8%	5,482	6,279
Fairfax	1,904	9.2%	3,173	3,900
Corte Madera	897	4.3%	3,390	3,910
Ross	676	3.3%	847	883
Larkspur	542	2.6%	2,522	3,580
Tiburon	299	1.4%	442	435
Novato	58	0.3%	22	19
Mill Valley	1	0.0%	1	0
	20,660	100%	44,075	52,505

²⁶ 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 120,182.²⁷

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.

Jurisdictional Lands | Region

Table 3.7 | Marin LAFCO

% Parcel Acres Already Developed	Residential Built Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
70.6	44,075	***	1,747	9,647

²⁷ 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.

Jurisdictional Lands Agencies						
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

2.0 WASTEWATER SERVICES

2.1 Overall Demands

The combined average annual wastewater system demand produced during this study period within the seven affected agencies totals 5.3 billion gallons.²⁸ This average amount, which serves as a macro overview of system demands, is equivalent to a daily average flow of 14.6 million gallons or 119.5 gallons per estimated resident.²⁹ This average annual amount – and despite a corresponding projected overall increase in population of 3,073 or 2.5% –

Overall average annual wastewater flows generated within the seven affected agencies’ service areas during the study period tallied 5.3 billion gallons. Demands have also fallen with overall flows with the combined service areas decreasing during the study period by (17%).

experienced a significant decrease during the 60-month period of nearly one-sixth or (16.8%) with year-end totals declining from 6.2 billion gallons in 2010 to 5.2 billion gallons in 2014. A similar reduction is also shown in overall daily per capita usage

²⁸ MPSMD flows are incorporated into RVSD. Similarly, SQVSMD – along with San Quentin State Prison – account for the stand-alone flows reflected for CMSA.

²⁹ The per resident daily use amount is based on a separately calculated residential average total of 122,115 within the combined service areas and as independently calculated by the Commission.

among the affected agencies with combined demands decreasing by (18.8%) from 141.0 gallons per resident in 2010 to 114.5 gallons per resident in 2014.

Study period trends show overall average daily wastewater system demands among individual agencies over the corresponding 60-months ranged from a low of 0.862 million gallons for CMSA (SQVSD and San Quentin State Prison) to a high of 5.450 million gallons within RVSD. Markedly, all of the agencies experienced a decrease in annual system demands during the study period of no less than (0.80%). Further, almost of the affected agencies experienced a significant decrease in system demands in 2013 in step with the height of the drought with the exception of RVSD.

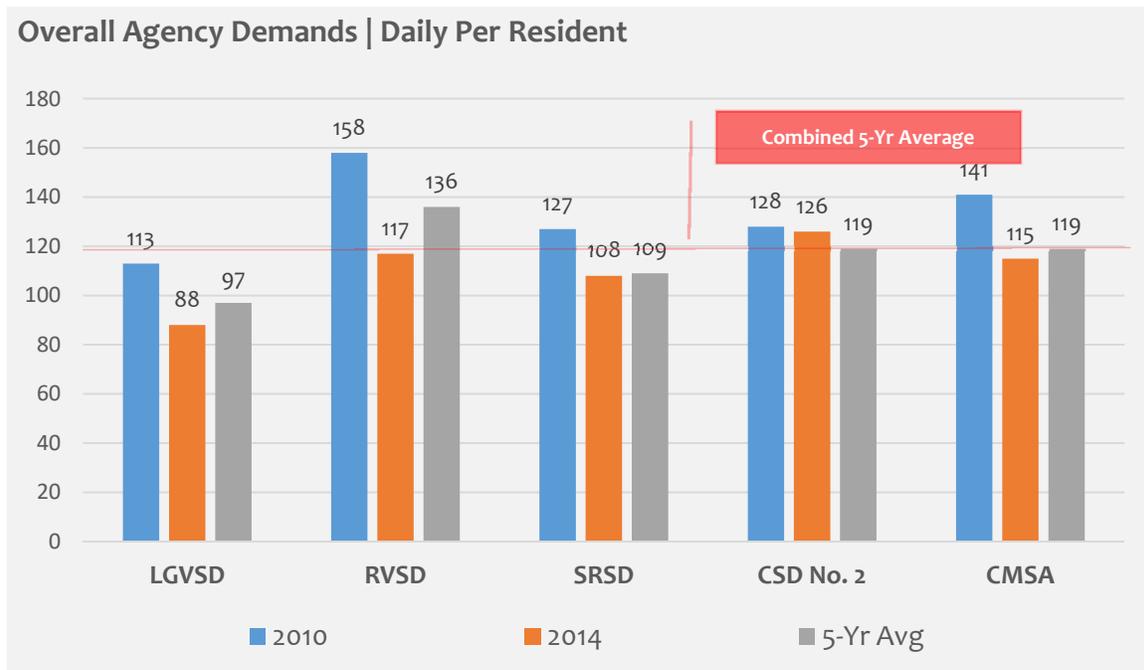
All of the affected agencies experienced a decrease in annual system flows during the study period of no less than (0.80%). With limited exception 2013 proved seminal with dramatic flow decreases for all of the agencies with the exception of RVSD.

Wastewater Demands Annual <u>Daily</u> Averages				
Table 3.8 Marin LAFCO				
Agency	2010	2014 -Baseline-	Average	Overall Trend
LGVSD	3.180	2.520	2.740	(20.91%)
RVSD (w/MPSMD)	6.250	4.800	5.450	(23.20%)
SRSD	5.000	4.400	4.360	(12.00%)
CSD No. 2	1.250	1.240	1.168	(0.80%)
CMSA (SQVSD and State Prison)	1.400	1.260	0.860	(10.00%)
TOTALS	17.080	14.220	14.578	(16.75%)

* Amounts Shown in Million Gallons

As noted, the review of relative daily demands based on a per capita measurement produces a study period average among the affected agencies of 120 gallons. This average total is bookended by a period low of 103 gallons per capita within CSD No. 2 to a period high of 158 gallons per capita within RVSD; a difference of over one-half or 53.40%.

Relative daily demands during the study period based on average per capita usage year-round among the affected service areas produce an average of 120 gallons. RVSD finished with the highest per capita demand at 158 gallons.



Amounts Shown in Gallons

2.2 Overall Dry Weather Day Demands

The combined average annual demand during dry weather months during this study period within the seven affected agencies totals 2.0 billion gallons. This average amount, which serves as one of three standard micro overview of system demands and typically occurs during the months of May through October, is equivalent to a daily average flow of 11.1 million gallons. This latter amount represents a daily decrease of 3.5 million gallons – or (23.9%) – compared to the overall average day flows during the study period.

Overall average dry-weather wastewater flows generated within the seven affected agencies’ service areas during the study period and generally between the months of May and October tallied 2.0 billion gallons or 11.1 million gallons daily; the latter representing a decrease of 3.5 million gallons per day compared to overall average day flows.

Study period trends show average dry-weather demand amounts experiencing a modest decrease over the corresponding 60-months of nearly one-tenth or (9.6%) from 2.1 billion gallons in 2010 to 1.9 billion gallons in 2014. A similar reduction is also shown in overall daily per capita flows among the affected agencies within dry-weather periods with combined demands decreasing by (11.8%) from 96.3 gallons in 2010 to 84.9 gallons in 2014.

Average dry-weather demands generated between April and October during the study period and within all seven affected agencies' service areas have decreased by (10%).

Overall average daily dry-weather wastewater system demands among individual agencies during the study period ranged from a low of 0.820 million gallons for CMSA (SQVSMD and San Quentin State Prison) to a high of 3.780 million gallons within RVSD. All of the affected agencies experienced decreases in annual dry-weather flows over the study period with the lone exception of CSD No. 2, which tallied a 6.90% increase over the 60-month period.

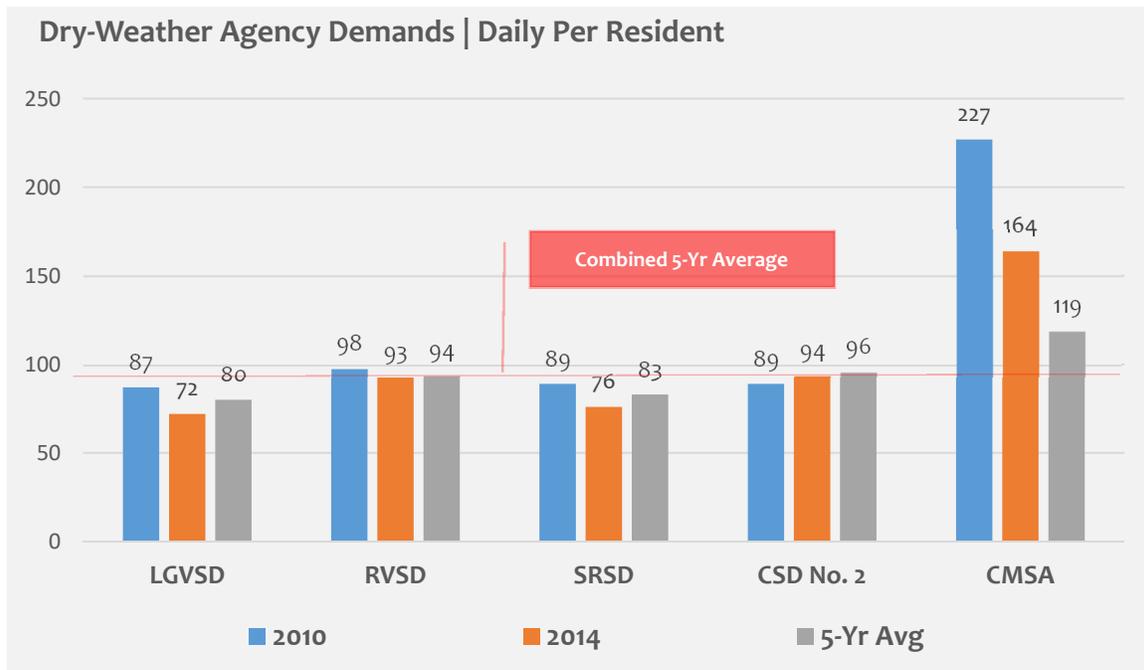
All of the affected agencies experienced decreases in annual dry-weather flows over the study period with the lone exception of CSD No. 2.

Wastewater Demands Dry Weather Day Averages				
Table 3.9 Marin LAFCO				
Agency	2010	2014 -Baseline-	Average	Overall Trend
LGVSD	2.460	2.040	2.250	(17.07%)
RVSD (w/MPSMD)	3.900	3.800	3.780	(2.56%)
SRSD	3.500	3.100	3.300	(11.43%)
CSD No. 2	0.870	0.930	0.940	6.48%
CMSA (SQVSMD and State Prison)	0.930	0.670	0.820	(10.00%)
TOTALS	11.660	10.540	11.090	(9.61%)

* Amounts Shown in Million Gallons

A review of relative dry-day demands among the affected agencies produce a study period average of 90.9 gallons per capita. This average dry-weather day per capita total is bookended by a period low of 71.6 gallons within LGVSD to a period high of 227.0 gallons within CMSA; a difference of 217.0%.

Relative daily dry-weather demands during the study period based on per capita totals among the affected service areas produce an average of 90 gallons. CMSA finished with the highest per capita demand at 227 gallons and generated from its two stand-alone flow sources: SQVSMD and the State Prison



Amounts Shown in Gallons

2.3 Overall Wet Weather Day Demands

The combined average annual demand during wet weather months during this study period within the seven affected agencies totals 3.3 billion gallons. This average amount, which serves as one of three standard micro overview of system demands and typically occurs during the months of November through April, is equivalent to a daily average flow of 18.1 million gallons. This latter amount represents a daily increase of 3.5 million gallons – or (23.9%) – compared to the overall average day flows during the study period.

Overall average wet-weather wastewater flows generated within the seven affected agencies' service areas during the study period and generally between the months of November and April tallied 3.3 billion gallons or 18.1 million gallons daily; the latter representing an increase of increase of 3.5 million gallons per day compared to overall average day flows.

Study period trends show average wet-weather amount experienced a sizable decrease over the corresponding 60-months of nearly one-fifth or (20.5%) from 4.1 billion gallons in 2010 to 3.3 billion gallons in 2014. A similar sizable reduction is also shown in overall daily per capita usage among the affected agencies within wet-weather periods with combined demands decreasing by (22.4%) from 185.8 in 2010 to 144.1 gallons in 2014.

Average wet-weather demands generated between April and November during the study period and within all seven affected agencies' service areas have decreased by (21%).

Overall average daily wet-weather wastewater system demands among individual agencies during the study period ranged from a low of 0.94 million gallons for CMSA (SQVSMD and San Quentin State Prison) to a high of 7.120 million gallons within RVSD. Additionally, all of the agencies experienced a decrease in annual system flows during the study period of no less than (20.49%). Markedly, all seven affected agencies faced a significant decrease in wet-weather flows for the year of 2013, with the exception of RVSD which actually experienced a substantial increase.

All of the affected agencies experienced decreases in annual wet-weather flows over the study period with substantial declines seen in 2013.

Wastewater Demands | Wet Weather Day Averages

Table 3.10 | Marin LAFCO

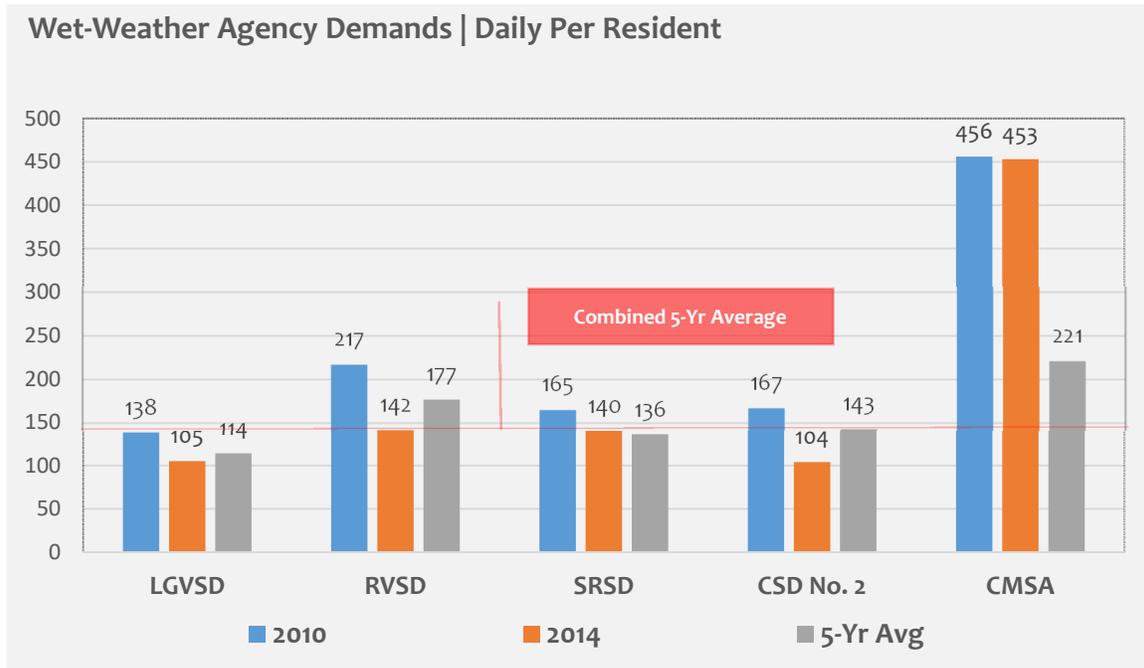
Agency	2010	2014 -Baseline-	Average	Overall Trend
LGVSD	3.900	2.990	3.222	(23.29%)
RVSD (w/MPSMD)	8.600	5.800	7.120	(32.56%)
SRSD	6.500	5.700	5.420	(12.31%)
CSD No. 2	1.630	1.550	1.396	(4.91%)
CMSA (SQVSMD and State Prison)	1.870	1.850	1.180	(1.07%)
TOTALS	22.500	17.890	18.338	(20.49%)

* Amounts Shown in Million Gallons

A review of relative wet-day demands among the affected agencies produce a study period average of 148.1 gallons. This average total is bookended by a period low of 87.0 gallons per capita within LGVSD to a period high of

Relative daily wet-weather demands during the study period based on per capita totals among the affected service areas produce an average of 148 gallons. CMSA finished with the highest per capita demand at 456 gallons and generated from its two stand-alone flow sources: SQVSMD and the State Prison

456.4 gallons per capita within CMSA; a difference of 425%.



2.4 Overall Peak-Day Demands

The combined average peak-day wastewater system demand produced during this study period within the seven affected agencies totals 101.5 million gallons. (Said differently, should the seven service areas all generate their average peak-day demand at the same time it would equal 101.5 million gallons.) This average amount, which serves as one of three standard micro overview of system demands and typically occurs in January or February, produces a peaking-factor relative to dry-weather day averages of 9.2.

Overall average peak-day wastewater flows generated within the seven affected agencies' service areas during the study period tallied 101.5 million gallons. This amount generates a peaking-factor of 9.2.

Study period trends show average peak-day amount experienced a moderate increase over the corresponding 60-months of 8.5% with totals rising from 103.2 million gallons in 2010 to 111.7 million gallons in 2014. A similar increase is also shown in overall daily per capita usage among the affected agencies during peak-day periods with combined demands increasing by 5.8% from 852.0 gallons in 2010 to 901.7 gallons in 2014.

Average peak-day demands generated during the study period and within all seven affected agencies' service areas have collectively increased by 9%.

Overall average daily peak-day wastewater system demands among individual agencies during the study period ranged from a low of 5.920 million gallons for CSD No. 2 to a high of 45.700 million gallons within RVSD; a range difference of nearly eight-fold. Additionally, all of the agencies with the exception of RVSD experienced an increase in peak-day system flows during the study period ranging between a low of 25.5% within LGVSD and a high of 101.4% within CMSA. Markedly, and irrespective of the preceding statement, all seven affected agencies with the exception of RVSD faced a significant decrease in peak-day flows for the year of 2013.

Peak-day demands for most of the agencies increased during the study period. Only RVSD experienced an overall decrease in peak-day demands during the study period at (33%).

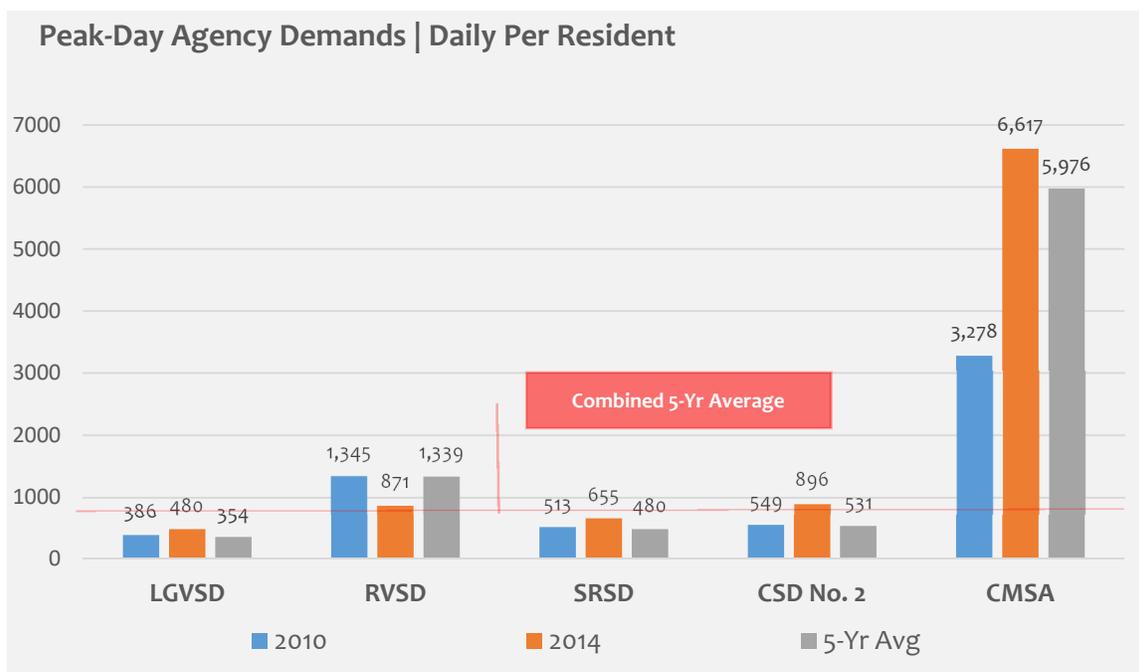
Wastewater Demands | Peak Day Averages

Table 3.11 | Marin LAFCO

Agency	2010	2014 -Baseline-	Average	Overall Trend
LGVSD	10.890	13.670	10.002	25.53%
RVSD (w/MPSMD)	53.300	35.700	45.700	(33.02%)
SRSD	20.200	26.700	19.140	43.70%
CSD No. 2	5.370	8.850	5.192	37.03%
CMSA (SQVSM and State Prison)	13.430	27.050	24.448	101.41%
TOTALS	103.190	111.970	104.482	8.51%

A review of relative peak-day demands based on per capita produce a study period average among the affected agencies of 855.2 gallons. This average total is bookended by a period low of 354.4 gallons per capita within LGVSD to a period high of 5,975.9 gallons per capita within CMSA.

Relative peak-day demands during the study period among the affected service areas produce an average of 855 gallons per capita.



3.0 AGENCY FINANCES

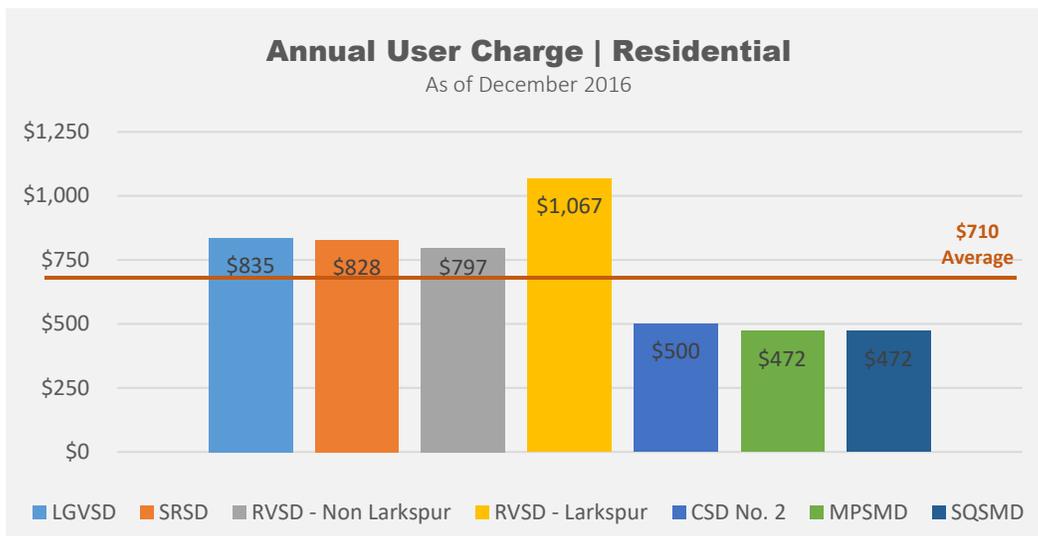
3.1 Direct Costs to Customers / User Charges and Connection Fees

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 and divided between Larkspur and non-Larkspur ratepayers.

The average annual residential charge among the six public wastewater services in the region directly subject to the Commission currently totals \$710.

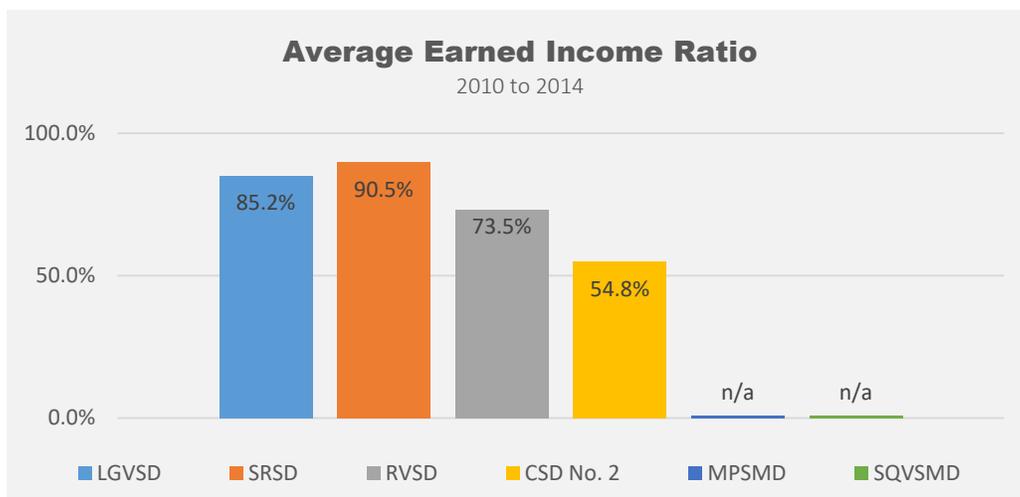
None of the six affected agencies have established supplemental charges or fees, such as special assessments, specific to funding wastewater related activities.

The current average annual residential charge among the six affected agencies totals \$710 or \$59 monthly. Individual residential user charges range in annual scope from a low user charge of \$472 within both MPSMD and SQVSMD to a high user charge of \$1,067 for RVSD (Larkspur); a range difference of 126%. Annual user charges for residential ratepayers among the agencies follows.



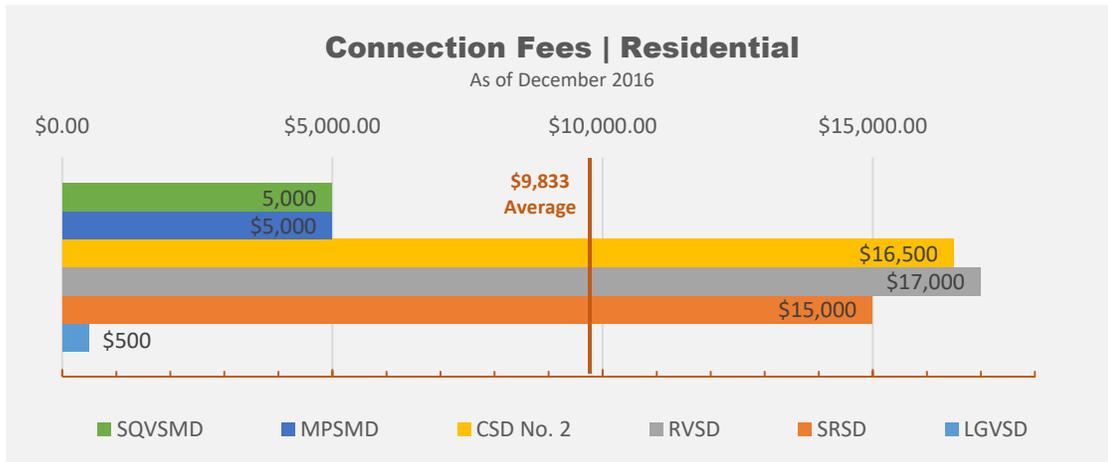
In terms of proportional significance and based on available information the average user fees and related service charges collected by the affected agencies directly subject to the Commission over the course of the study period have accounted for 76.0% of all earned income; i.e., \$0.76 cents of every \$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.

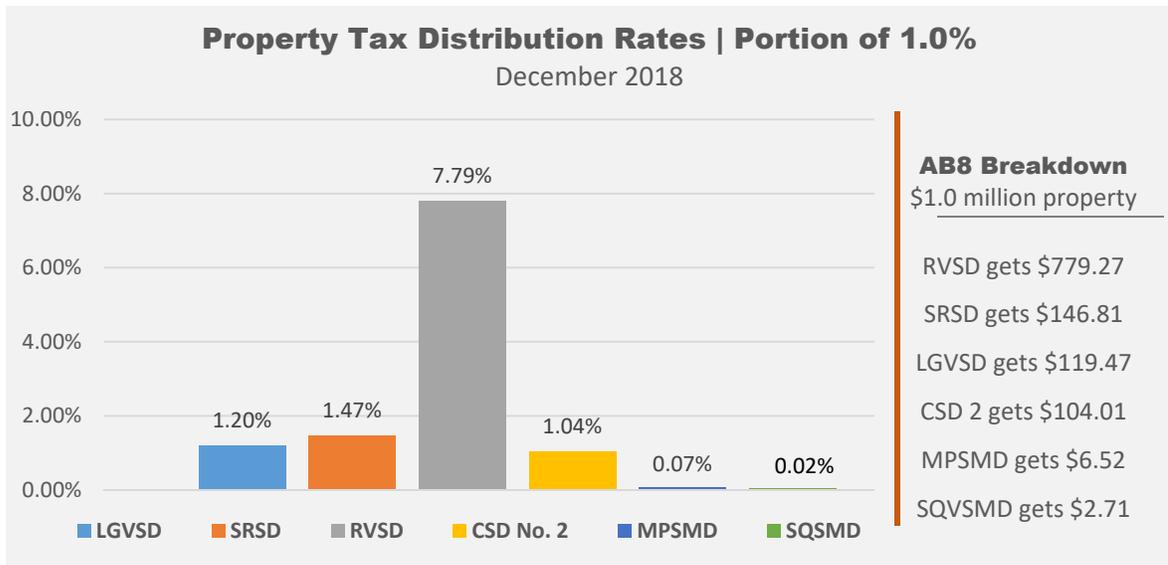


3.2 Indirect Costs to Customers / Property Taxes

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.

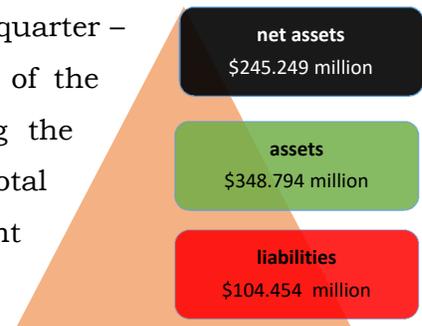
with no statutory restrictions. The average property tax distribution rate among the six affected agencies – which is a stagnant portion of the overall 1.0% levied and collected on all real property (land and improvements) as provided under Proposition 13 (Assembly Bill 8) – is 1.93%. Significant discrepancies, 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%.



3.3 Net Assets / Unrestricted Fund Balances

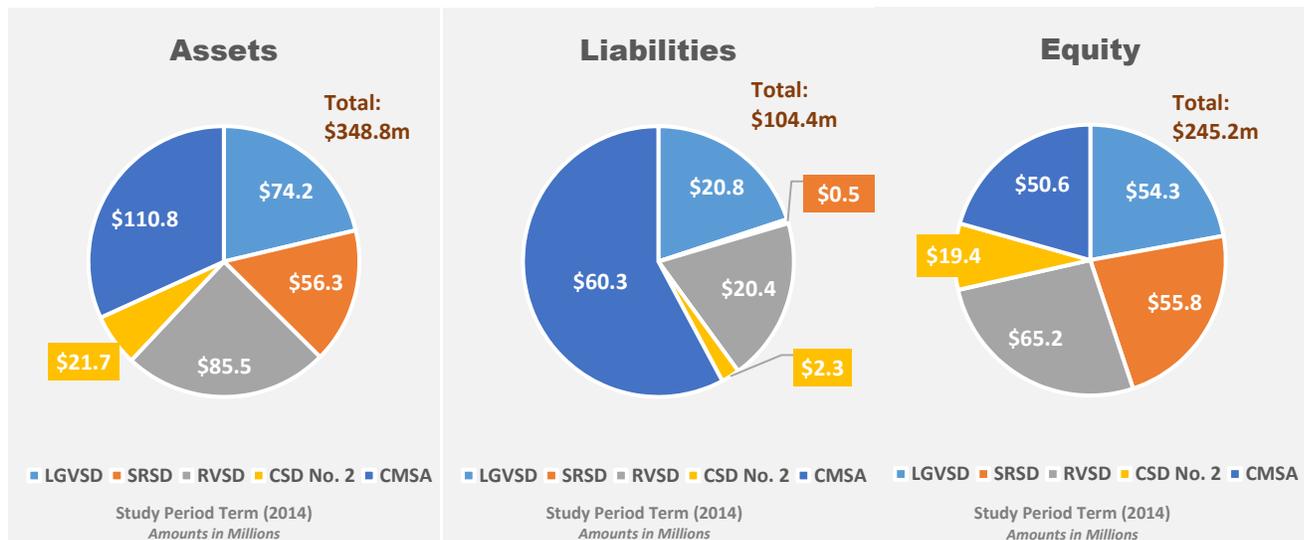
Overall five of the seven affected agencies providing retail public wastewater services in the Central Marin region and included in this report have produced audited financial statements covering the study period. The two exceptions involve MPSMD and SQVSD. Accordingly, all references to “affected agencies” in this section shall mean only LGVSD, SRSD, RVSD, CSD No. 2, and CMSA.

Overall the affected agencies finished the study period with a combined net asset or equity total of \$245.249 million. Slightly more than one-quarter – or 27% – of this amount has been categorized as part of the agencies’ unrestricted fund balances. Trends covering the preceding 48-month period show the collective net asset total among the agencies having increased by 13%; an amount that translates to an annual rate of 3.25%.³⁰ 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



³⁰ Audited statements covering FY2010 were not readily available for review and as such the referenced data reflects net assets between FY11 and FY14.

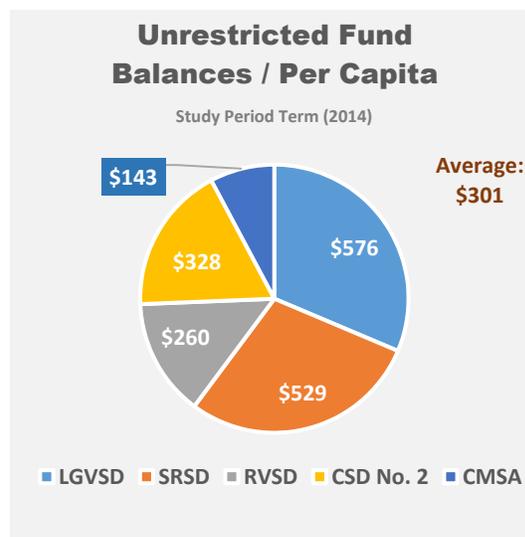
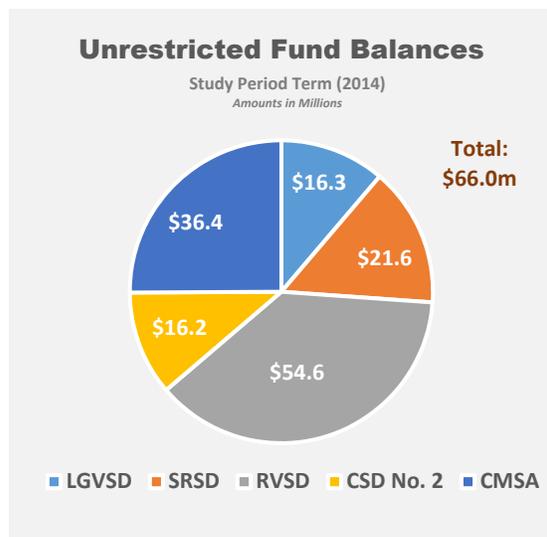
Department of Labor.³¹ Three of the agencies – RVSD, SRSD, and LGVSD - experienced significant gains in their overall financial standing by no less than 24% as measured by total net assets or equity during the course of the preceding 48-month period. The remaining agencies – CSD No. 2 and CMSA – have experienced relatively minor decreases in their total net assets over the same period in the amounts of (5%) and (1%), respectively. Collective totals among the affected agencies at the end of the study period with respect to assets, liabilities, and net assets follow.



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%.³² 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.

³¹ The average annual inflation index for the San Francisco Bay Area Region between FY11 to FY14 tallied 2.04%.
³² 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.

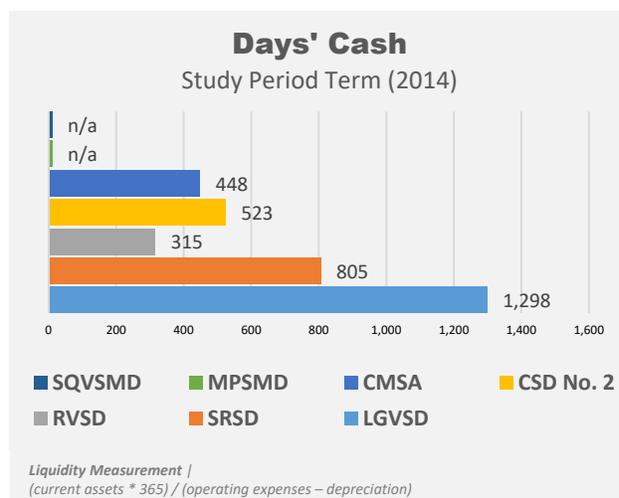
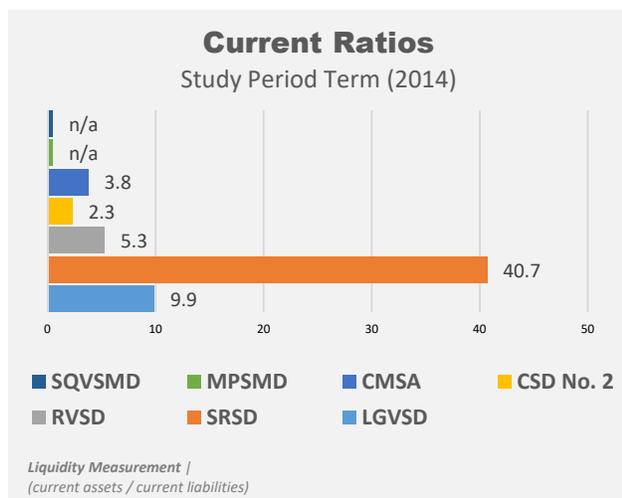


3.4 Liquidity, Capital, and Profitability

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 study period generally shows relatively strong ending

All of the affected agencies finished the study period with no less than 315 days' cash on hand.

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.

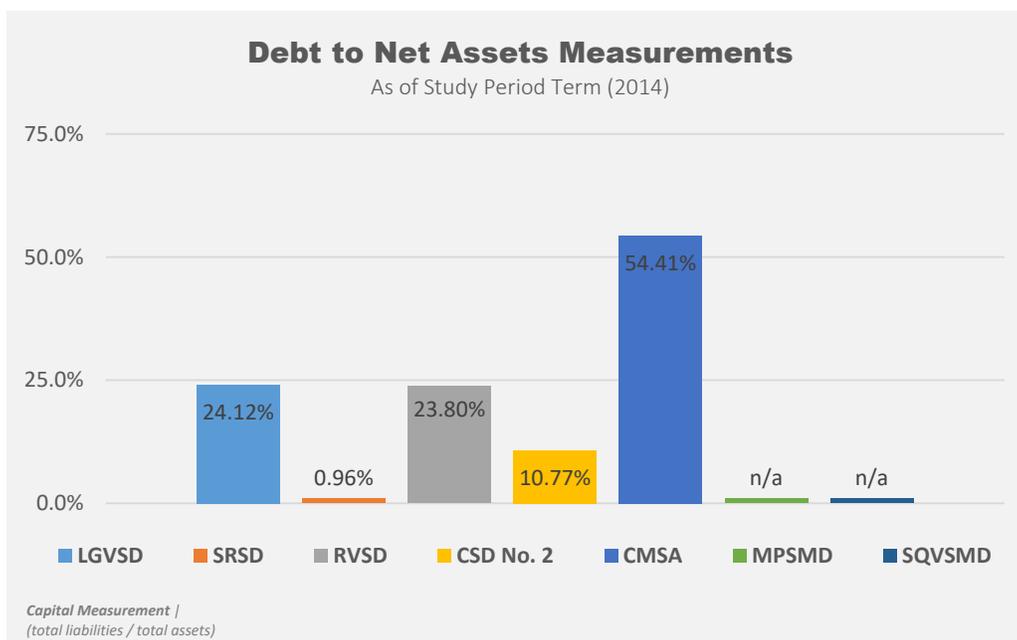


All of the affected agencies finished the study period with relatively good to strong capital standing as measured by their debt-to-net assets calculation. (This excludes MPSMD and SQVSMD for aforementioned reasons.) This measurement – which matches up long-term debt as a percentage relative to

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.

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.³³ 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%

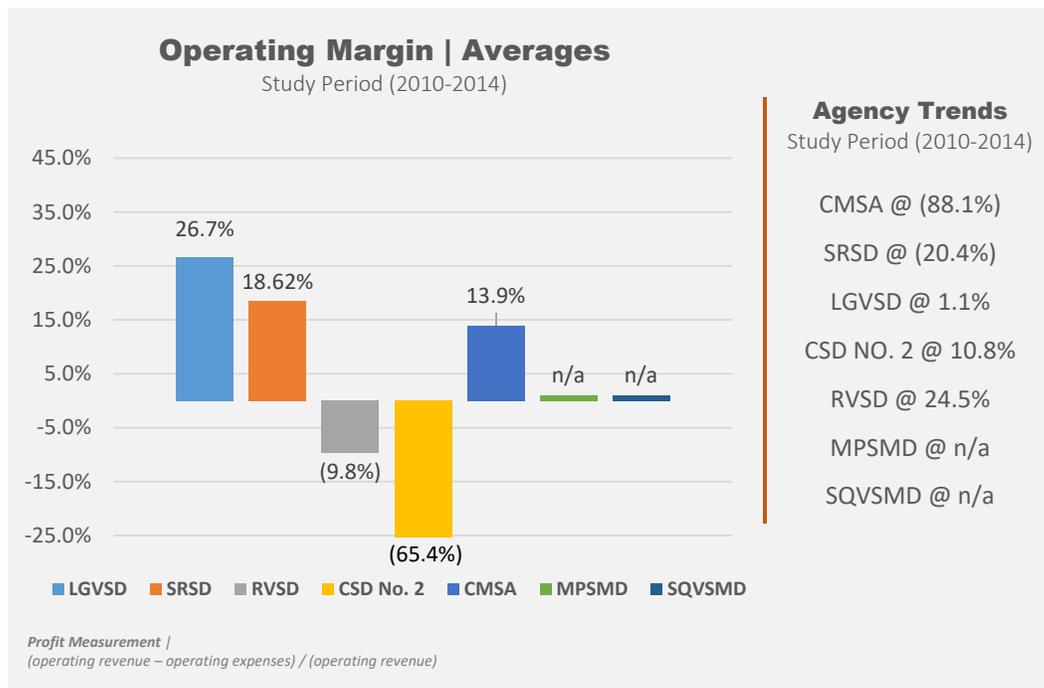
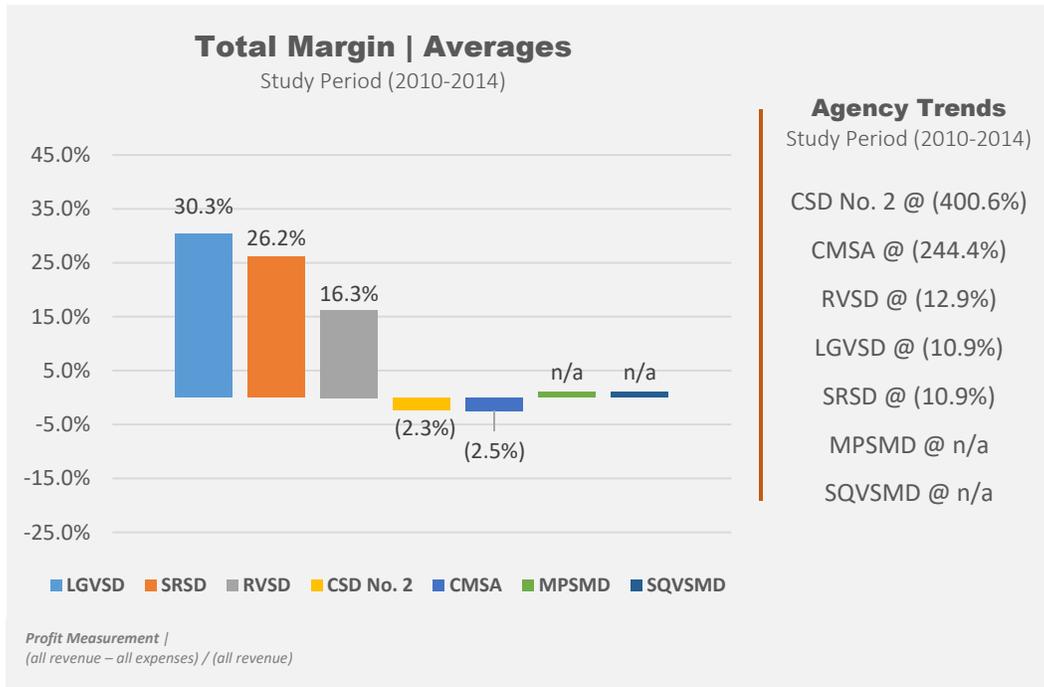
³³ The overall percentage change tracks net assets from 2011 to 2014. Audited statements for 2010 were not readily available for two of the five agencies, SRSD and CMSD.



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%.³⁴ 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.

³⁴ 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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A. LAS GALLINAS VALLEY SANITARY DISTRICT

1.0 OVERVIEW

Las Gallinas Valley Sanitary District (LGVSD) was formed in 1954 and encompasses an approximate 9.4 square mile jurisdictional boundary within east-central Marin County.¹ 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.² The remainder of the jurisdictional boundary – 1% of the total – extends into the City of Novato and specific to the Marin Valley Mobile Home Park and an adjacent open-space property. LGVSD lies within two adjacent watersheds, Miller Creek and Gallinas Creek.



LGVSD is currently organized as a limited-purpose agency with municipal operations restricted to wastewater, recycled water, and solid-waste collection. It is also empowered – subject to LAFCO approval – to provide storm drainage services. Wastewater services are provided through LGVSD's own approximate 112-mile collection system that conveys wastewater to the District's own treatment facility before discharge into Miller Creek or used for beneficial purposes through a recycled water program.³ 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

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

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

³ 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.

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

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

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.⁴

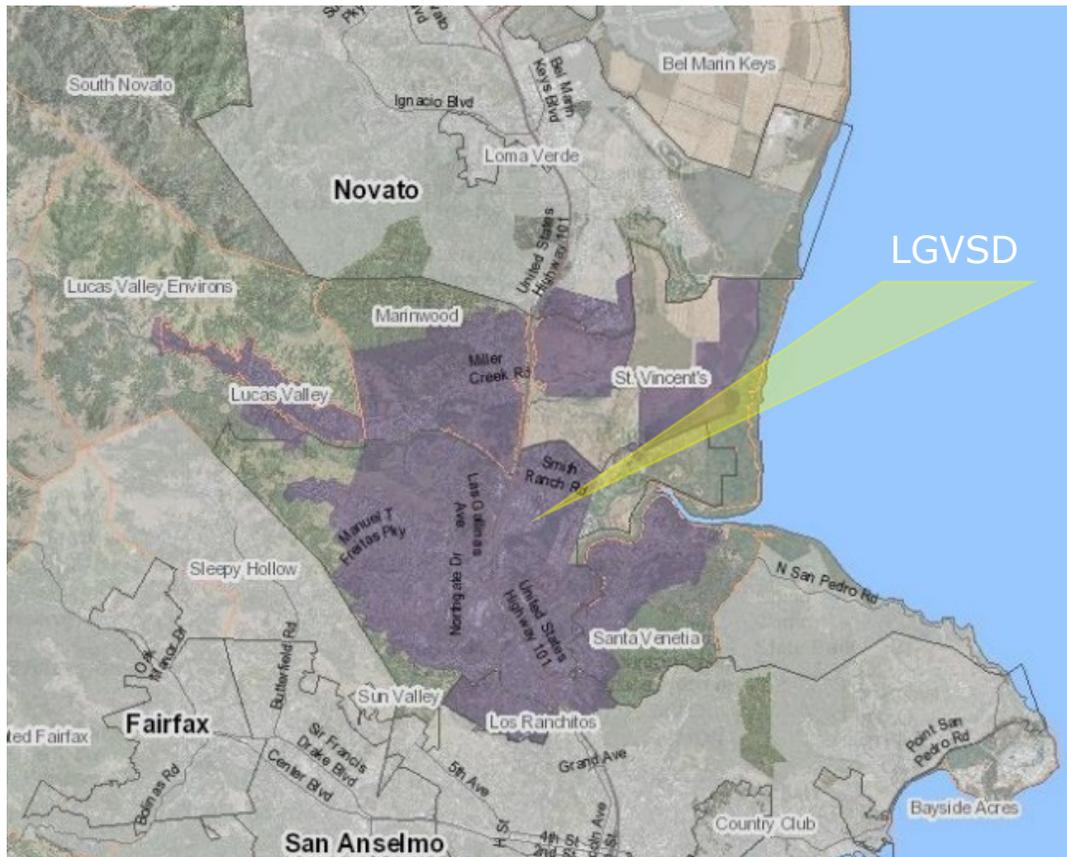
2.0 BACKGROUND

2.1 Community Development

Records show the modern day development of the LGVSD service area began in the form of cattle ranching in the 1840s with the first formal homestead established as a result of a Mexican land grant to Timothy Murphy, one of Marin County’s first western settlers. The grant included three distinct ranchos - “San Pedro”, “Santa Margarita” and “Las Gallinas” - totaling over 21,000 acres and spanned east to west from present-day Point San Pedro to Big Rock Ridge in Lucas Valley. The majority of lands within Las Gallinas Valley were kept in cattle ranching through the time of Murphy’s death in the early 1850s. Murphy’s death and subsequent decision to leave most of the lands to his nephew

⁴ Additional analysis is needed to assess the actual development potential of these 151 unbuilt lots.

John Lucas proved pertinent in the gradual transition of the community towards more varied uses. Records show it was Lucas that began dividing and selling lots to outside parties, and as such began a slow process to intensify the lands to include more residential and supporting commercial uses. This included selling a large lot to the immigrant Portuguese Manuel T. Freitas whose family established a homestead in what is now present-day Terra Linda.⁵ 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 20th Century.



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

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

2.2 Formation Proceedings

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

2.3 Post-Formation Activities

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

- LGVSD completed construction on its first wastewater treatment facility in 1955. Major expansions were completed in 1958, 1972, and most recently in 1984.
- From 1955 to 1965, architect Joseph Eichler, known for his contemporary-styled homes, built roughly 900 single-family residences in Terra Linda and Marinwood.
- By 1962, Northgate Industrial Park was under development and Northgate Mall began construction in 1963.
- By 1972, the unincorporated area of Terra Linda was annexed to the City of San Rafael and much of its development was complete as well as the other communities in LGVSD’s service area. New growth thereafter shifted primarily to the east of U.S Highway 101.

- In 1982, the City of San Rafael adopted the Northgate Activity Center Plan to identify more detailed land uses for vacant sites in the area, as well as needed circulation improvement.
- In 1985, LGVSD purchased and developed 383 acres of land for wastewater disposal adjacent to its wastewater treatment facility.
- In 1989, LGVSD entered into an agreement with Marin Municipal Water District (MMWD) to provide reclaimed water supplies for landscape irrigation and other uses within LGVSD’s boundary.
- In 2004, LGVSD installed an 81-kilowatt photovoltaic system to provide green power for its reclamation area.
- In 2006, LGVSD installed an 850,000 kwh/year photovoltaic system to power its treatment plant facilities with green power.
- In 2011, LGVSD entered into an agreement with North Marin Water District (NMWD) to provide fully treated recycled water supplies for distribution in the Novato and surrounding communities.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

LGVSD’s jurisdictional boundary spans approximately 9.4 square miles in size and covers 6,026 total acres (parcels and right-of-ways). There are three land use authorities overlapping the jurisdictional boundary. The County of Marin is the single largest land use authority in terms of acreage 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

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.

jurisdictional boundary falls under the land use authority of the City of Novato and specific to the Marin Valley Mobile Home Park and an adjacent open-space property.

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

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

LGVSD Boundary Breakdown: Land Use Authorities

Table 4.1 | Source: Marin LAFCO

Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
County of Marin	2,622	62.1%	4,269	4,256
San Rafael	1,542	36.5%	6,152	7,790
Novato	58	1.4%	22	19
	4,222	100	10,443	12,065

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 2016.⁶ 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.⁷ 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.⁸ (Additional analysis is needed to assess the

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

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

⁸ Existing zoning divides the 151 un-built assessor parcels in LGVSD between residential (118), commercial (27) and

actual development potential of these unbuilt parcels.) The remaining undeveloped/unimproved assessor acreage within LGVSD – or 1,280 acres – is publicly owned and generally dedicated to municipal or open space uses.

LGVSD Boundary Breakdown: Land Use Features				
Table 4.2 Source: Marin LAFCO				
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
65.4	12,065	77.3	151	197

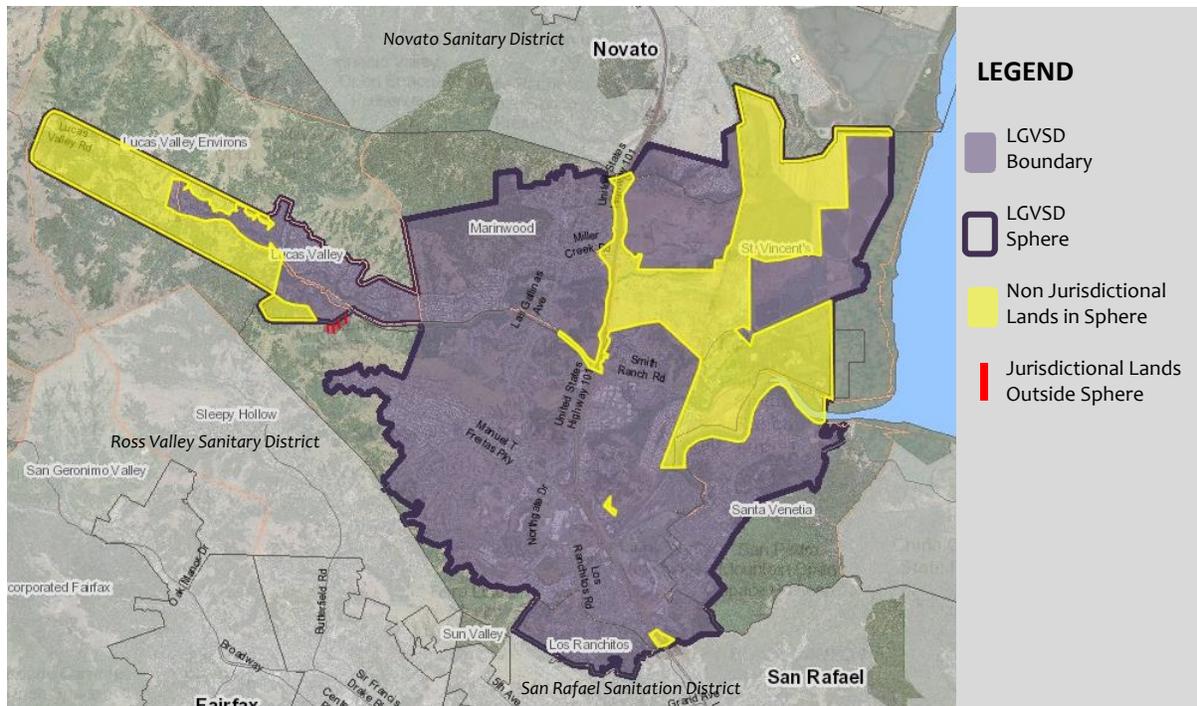
3.2 Sphere of Influence

LGVSD’s sphere of influence was initially established by the Commission in 1985 and last reviewed and updated in 2006. The sphere spans approximately 7,993 acres or 12.5 square miles in size. The sphere is exactly one-third – or 33% – larger than LGVSD’s jurisdictional boundary. This

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

includes approximately 1,967 non-jurisdictional total acres (parcels and right-of-ways) in the sphere that are immediately eligible for either annexation or outside service extension subject to Commission approval. Among the total includes 48 assessor parcels that collectively add up to approximately 1,355 acres. Further, and among this latter sum, 29 of the assessor parcels equaling 722 acres are privately owned with the majority within the Lucas Valley and the Silvera/St. Anthony areas.

industrial (6).



4.0 DEMOGRAPHICS

4.1 Population and Housing

LGVSD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 28,475 as of the term of the study period (2014). This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 10.9% of the estimated countywide population.⁹ It is also projected

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

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

LGVSD has experienced an overall growth rate of 0.92% over the preceding five-year period, or 0.186% annually, all of which generated an estimated net add of 261 persons. This projected increase has been generated by the addition of an estimated 263 new and occupied housing units within the jurisdictional boundary and despite a deintensification of household sizes over the span of the five-year period, starting at 2.50 in 2010 and ending at 2.47 in 2014; the latter being a net intensity decrease of (1.2%). Overall projected growth within LGVSD falls well below the concurrent annual change estimated for the entire county – 0.60%.¹⁰

LGVS D Resident Population: Past and Current Estimates					
Table 4.3 Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
a) Total Housing Units	11,749	11,801	11,853	11,906	11,959
b) Local Occupancy Rate	96.40	95.8	95.8	94.7	95.9
c) Occupied Housing Units	11,265	11,180	11,353	11,403	11,528
d) Projected Household Size	2.50	2.50	2.49	2.48	2.47
Estimated Population	28,214	27,904	28,237	28,264	28,475

* rounded for reporting purposes

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

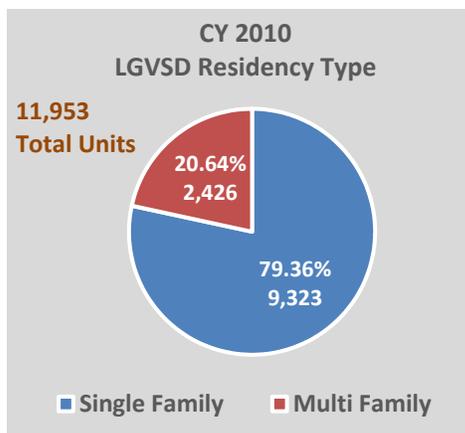
LGVS D Resident Population: Future Estimates						
Table 4.4 Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	28,475	28,580	28,686	28,792	28,898	29,005
Occupied Housing Units	11,528	11,490	11,533	11,576	11,619	11,662
- residents per housing unit	2.47	2.49	2.49	2.49	2.49	2.49
Baseline						

weighted annual household size change of (0.35%). The annual weighted population change is 0.186%.

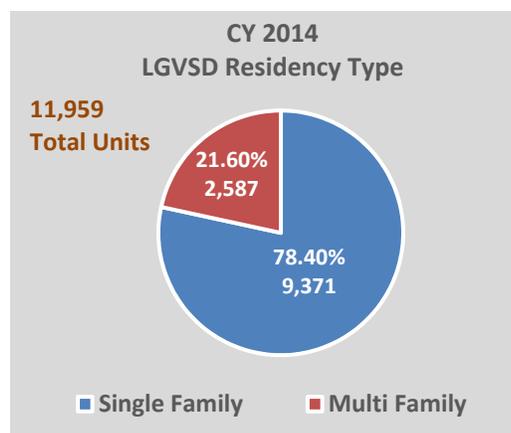
¹⁰ Marin County’s estimated population as of January 1, 2014 totaled 260,294 based on information published by the State of California’s Department of Finance and marks a 3.12% increase over the preceding five-year period.

4.2 Residency Type

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



Single Family to Multi Family:
3.85 to 1



Single Family to Multi Family:
3.62 to 1

4.3 Social and Economic Indicators

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

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

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

LGVSD: Resident Trends in Social and Economic Indicators				
Table 4.5 Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
Median Household Income	\$75,322	\$96,602	28.25%	\$91,529
Median Age	45.74	46.16	0.41%	45.10
Prime Working Age (25-64)	51.71%	52.66%	1.84%	55.28%
Unemployment Rate (Labor Force)	3.66%	3.14%	(0.52%)	4.70%
Persons Living Below Poverty Rate	6.72%	7.49%	11.41%	8.80%
Mean Travel to Work	26.6 min	28.6 min	7.66%	29.4 min
Working at Home (Labor Force)	7.26%	11.43%	57.59%	2.50%
Adults with Bachelor Degrees or Higher	51.17%	50.39%	(1.52%)	30.80%
Non English Speaking	23.05%	23.95%	3.91%	23.50%
Householder Pre Proposition 13 (1979)	20.29%	18.60%	(8.34%)	12.80%

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

5.0 ORGANIZATIONAL STRUCTURE

5.1 Governance

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

Active Service Powers

Wastewater
Recycled Water
Solid Waste; Collection Allowed

Latent Service Powers

Storm Drainage

LGVSD has been governed since its formation in 1954 as an independent special district with registered voters comprising a five-member governing board. Members are either elected or appointed in lieu of a consented election to staggered four-year terms with a rotating president system and receive a \$252 meeting per diem. The Board regularly meets on the second and fourth Thursday each month at the LGVSD Administrative Office located at 300 Smith Ranch Road in San Rafael. A current listing of LGVSD Board of Directors along with respective backgrounds and years served with the District follows.



LGVSD Current Board Roster			
Table *** Source: LGVSD			
Member	Position	Background	Years on Board
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
Average Years of Board Experience			10.0

5.2 Administration

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

LGVSD Administrative Offices
300 Smith Ranch Road
San Rafael, California 94903



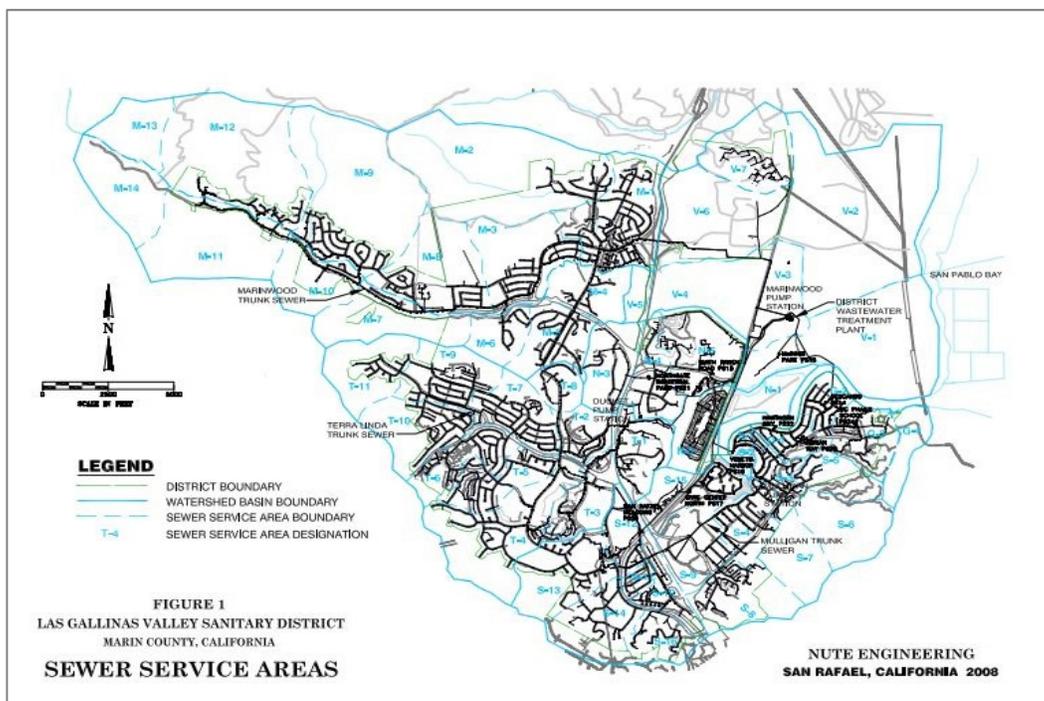
Courtesy: LGVSD

6.0 WASTEWATER SERVICES

6.1 System Structure

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 2008.¹¹ 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.¹²

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.



¹¹ 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.

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

6.2 Wastewater Demands

Generators | Service Connections and Resident Population

LGVSD reports service to 9,752 active wastewater service connections as of the term of the study period. This connection total is divided among two billing categories: (a) residential at 96.7% and (b) commercial at 3.3%. The connections totals have remained stable within the five-year study period with a 0.92% increase. Overall, residential connections have consistently comprised no less than 96% of the total in any year. A breakdown of reported service connection types over the study period follows:

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

LGVSD: Service Connection Type Breakdown			
Table 4.6 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	9,429	323	9,752
Overall Change	0.92%	0.93%	0.92%

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.

LGVSD: Resident to Connection Ratio Breakdown				
Table 4.7 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	
2014	9,429	28,475	3.02	
Overall Change	0.92%	0.93%	0%	

Recent Measurements | Wastewater Collection System Flows

LGVS D’s average annual wastewater collection demand generated for the current term based on information provided by the District and for ultimate treatment and disposal by its treatment facility have been approximately 998.6 million gallons. This average amount, which serves as a macro overview of system demands, represents a daily average flow of 2.7 million gallons. The average amount also translates to an estimated 97 gallons per day for each resident or 241 gallons per day each occupied housing unit; it also represents 281 gallons for every service connection.

Average day wastewater flows generated in LGVSD during the study period have totaled 2.7 million gallons, and translates to daily use ratios of 97 and 241 gallons for every person and occupied housing unit, respectively.

With respect to trends, annual demands within the five-year study period have shown an overall and steady (20.91%) decrease in flows over the span of the corresponding 60 months. The high year demand point for the collection system during the study period occurred in 2010 with total flows equaling 1.161 billion gallons for an average of 3.2 million gallons each day.

Annual wastewater flows within LGVSD have steadily decreased by one-fifth over the study period’s 60-month point-to-point index; a difference of 242.7 million gallons.

A breakdown of annual and daily wastewater flows over the study period in relation to population and housing is shown below.

LGVS D: Recent Annual and Average Daily Flows Breakdown

Table 4.8 | Source: Marin LAFCO and LGVS D

	2010	2011	2012	2013	2014	Average	Trend
Annual Flow	1.160 bg	1.038 bg	1.026 bg	850.5 mg	918.0 mg	998.6 mg	(20.91%)
Daily Average	3.2 mg	2.9 mg	2.8 mg	2.3 mg	2.5 mg	2.7 mg	(20.91%)
- Daily Resident	112.7	102.0	100.0	82.4	88.3	97.0	(21.64%)
- Daily Per Housing Unit	282.3	254.5	247.5	204.3	218.2	241.4	(22.72%)
- Daily Per Connection	329.1	292.0	288.4	239.0	257.9	281.3	(21.63%)

“bg” refers to billion gallons

“mg” refers to millions gallons

Per resident as estimated by the Commission

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

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

Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period have been 2.3 million gallons. This flow typically is recorded between May and October and most recently tallied 2.0 million gallons as of the study term. The overall average dry-weather tally translates over the study period to 79.8 gallons for every resident or 189.9 gallons for every occupied housing unit; it also translates to 231.3 gallons per service connection. This measurement has decreased overall during the study period by nearly one-fifth or (17.07%). A breakdown of recent dry-weather flows follows.

LGVS D: Recent Dry Weather Day Flows

Table 4.9 | Source: Marin LAFCO and LGVS D

Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	2.5 mg	87.2	209.4	254.6
2011	2.4 mg	84.6	199.9	242.2
2012	2.2 mg	77.6	184.8	224.7
2013	2.2 mg	71.8	184.8	225.7
2014	2.0 mg	71.6	170.6	209.2
Average	2.3 mg	79.8	189.9	231.3
Trend	(17.07%)	(17.83%)	(18.53%)	(17.83%)

“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.

LGVS D: Recent Wet Weather Day Flows				
Table 4.10 Source: Marin LAFCO and LGVS D				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	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
Average Trend	3.2 mg (23.33%)	114.2 (24.04%)	272.0 (24.68%)	331.3 (24.03%)

“mg” refers to million gallons

Peak-Day Flows

Average peak-day wastewater flows over the study period have been 10.0 million gallons producing a peak-factor relative to average day totals of 4.5. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 13.7 million gallons as of the study term. The average wet-weather peak day tally translates over the study period to 354.3 gallons for every resident or 843.9 gallons for every occupied housing unit; it also translates to 1,028.1 gallons per connection. This measurement has increased overall during the study period by one-fourth or 25.53%. A breakdown of peak-day flows during the study period follows.

LGVSD: Recent Peak-Day Flows					
Table 4.11 Source: Marin LAFCO and LGVSD					
Year	Peak-Day System Total	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	System Peaking Factor
2010	10.9 mg	385.9	926.9	1,126.9	4.4
2011	10.2 mg	363.8	860.1	1,041.8	4.3
2012	11.7 mg	415.4	989.6	1,203.7	5.4
2013	3.6 mg	126.3	299.9	366.2	1.6
2014	13.7 mg	480.1	1,143.1	1,401.8	6.7
Average	10.0 mg	354.3	843.9	1,028.1	4.5
Trend	25.53%	24.38%	23.32%	24.38%	33.94%

“mg” refers to million gallons per day

6.3 Wastewater Capacities

Projected Measurements | Wastewater Collection System Flows to Treatment Facility

Going forward – and specifically for purposes of this study – it appears reasonable to assume LGVSD’s wastewater flows will generally follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent year-end totals, the system will ultimately experience a continued decrease in annual wastewater flows of 108.2 million gallons over the succeeding 10-year period finishing in 2024; a difference of (11.8%) or (1.18%) annually. This projection continues LGVSD’s overall annual flows decrease incurred during the study period, albeit at a deintensified rate of over three-fold. It is also estimated through regression analysis the system’s peak-day flows will ultimately decrease over the succeeding 10-year period by 0.74 million gallons or (5.43%) and resulting in a peaking factor of 5.8; the latter representing a rise in peak day flows relative to average day amounts by one-fourth. The following table summarizes these and related projection flows through 2024.

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

LGVSD: Projected Wastewater Flows						
Table 4.12 Source: Marin LAFCO						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	1,160 mg	2.85 mg	2.04 mg	3.00 mg	13.7 mg	
2015	924.3 mg	2.53 mg	2.08 mg	3.01 mg	11.2 mg	
2016	911.6 mg	2.50 mg	2.05 mg	2.97 mg	11.4 mg	
2017	899.0 mg	2.46 mg	2.02 mg	2.94 mg	11.6 mg	
2018	886.3 mg	2.43 mg	1.99 mg	2.90 mg	11.8 mg	
2019	873.6 mg	2.39 mg	1.96 mg	2.87 mg	12.0 mg	
2020	860.8 mg	2.36 mg	1.93 mg	2.83 mg	12.2 mg	
2021	848.1 mg	2.32 mg	1.90 mg	2.79 mg	12.4 mg	
2022	835.3 mg	2.29 mg	1.87 mg	2.76 mg	12.6 mg	
2023	822.5 mg	2.25 mg	1.84 mg	2.72 mg	12.8 mg	
2024	809.7 mg	2.22 mg	1.81 mg	2.68 mg	13.0 mg	
Average Trend	867.1 mg (11.79%)	2.38 mg (11.79%)	1.95 mg (11.13%)	2.85 mg (10.56%)	12.1 mg (5.43%)	

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, 2020.¹³ It authorizes LGVSD to discharge treated wastewater into San Pablo Bay by way of two points along Miller Creek between November 1st and May 31st.¹⁴ 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.¹⁵ The permit prohibits discharge into San Pablo Bay between June 1st and October 31st 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.

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

Constraints | Infrastructure and Facilities

LGVSD’s collection system is approximately 112 miles in total length and divided between 105 and 7 miles of gravity and force mains, respectively. The percentage of force mains to gravity flow pipelines has remained stagnant throughout the study period. The majority of the gravity lines are between 6 and 30 inches in diameter and supported by 28 strategically placed public pump stations. LGVSD’s three principal trunk sewer lines, which serve as the main arteries of the wastewater collection system, convey flows to its treatment plant. The peak day collection system capacity during the entire 60-month study period as reported by LGVSD totals 25.0 million gallons per day. For purposes of this review this reported amount – 25.0 million gallons – is deemed the maximum daily capacity of the collection system.

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

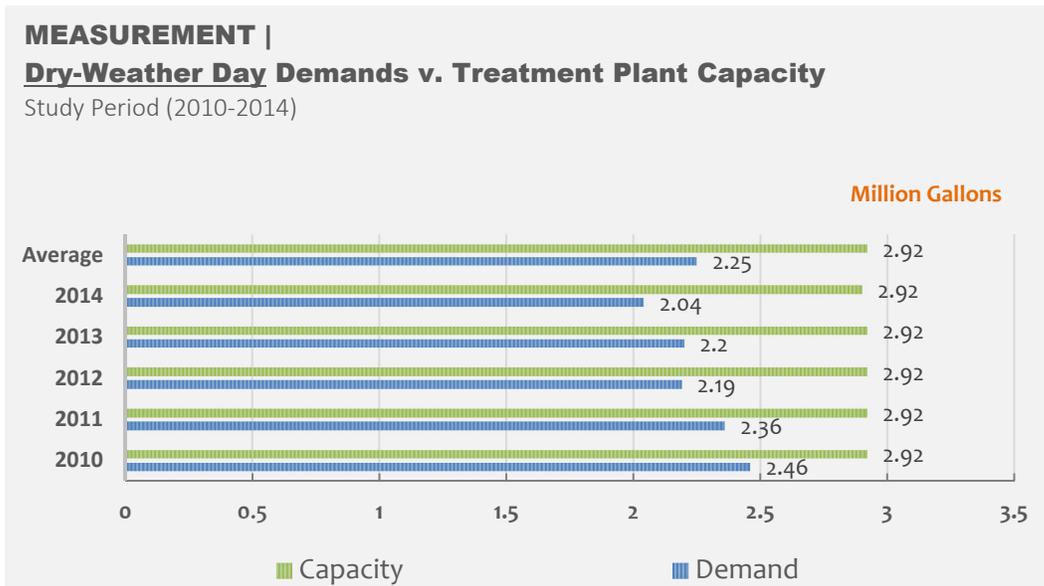
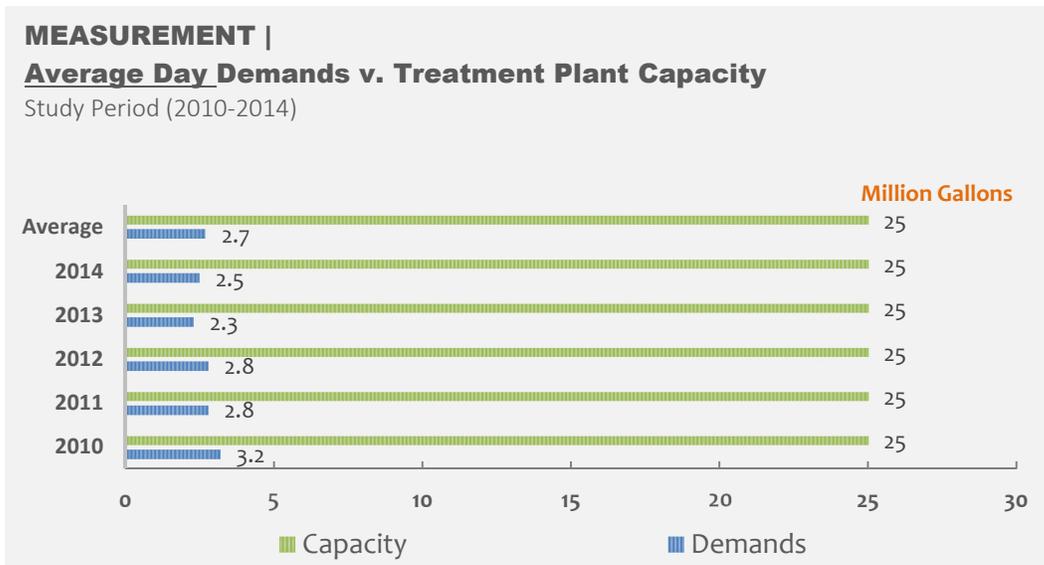
LGVSD’s treatment facility has a daily engineer design capacity of 25.0 million gallons, and as such fully matches the referenced capacity of the District’s collection system. However, and taking into account the referenced permit limitations, the maximum daily capacity of the treatment facility is reduced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

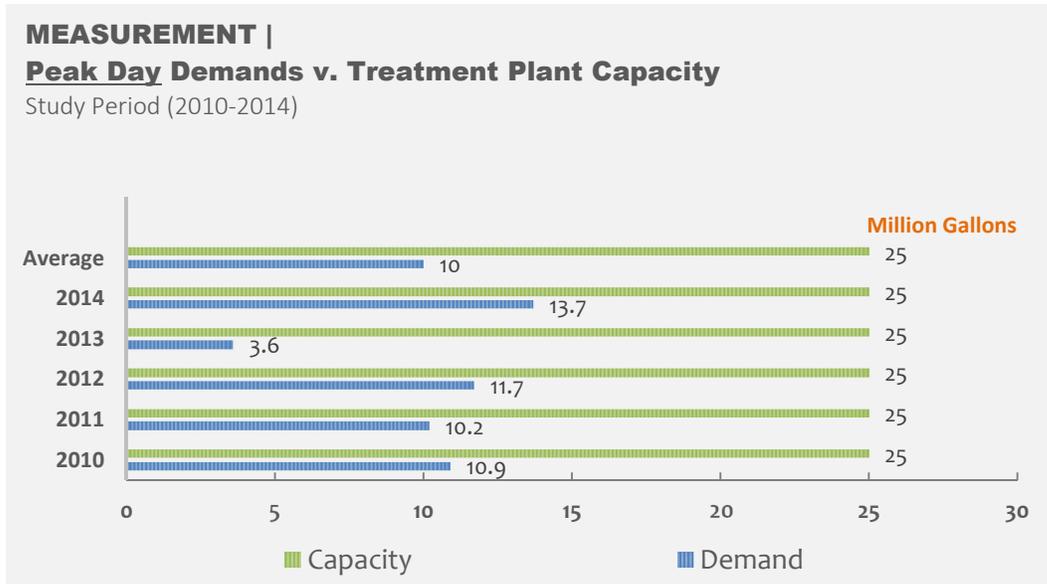
LGVSD’s treatment facility has a daily design capacity to process up to 25.0 million gallons. Permit requirements lower the daily capacity to no more than a 2.92 million gallons average during dry months for land disposal.

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

6.4 Demand to Capacity Relationships

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





6.5 Performance

Measurement | Sanitary Sewer Overflows

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

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;
- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States

- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

Total number of SSOs recorded by LGVSD during the study period was 18 with an overall spillage volume of 59,802 gal. The most recent year experienced 3 SSOs. The majority of the SSOs were classified by the SWRCB as a Category 1 at 55% of the total for the period, and accounted for spills of 58,862 gal to reach the surface

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

water resulting in the potential for environmental and human health impacts. The average response time to SSOs during the study period was 31 minutes. LGVSD’s adopted response time requirement is a two-hour period that starts upon the notification of an incident. The response time did not exceed the 2 hours throughout the period. The longest response time noted was in 2011 and 2012, tallying at 42 minutes. A review of each accompanying report incident claimed the main causes of SSOs were caused by roots at 55.5% of total causes. Debris and other issues amounted to 33.4% percent of the total with structural and fats, oils and grease (FOG) at 11%. LGVSD reports two SSOs that were repeat occurrences and attributed to roots and debris.¹⁷

LGVSD: Sanitary Sewer Overflows								
Table 4.13 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
	10	58,862	0	0	8	940	18	59,802

“gallons” are listed in millions

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

Measurement | System Maintenance

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

Corrective Maintenance

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

LGVSD: Number of District Service Calls					
Table 4.14 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
Total	7	4	14	7	7

Preventive Maintenance

LGVSD’s preventative maintenance was reported in its actual cleaning activities during the 60-month study period which amounted to 2,738,069 feet of sewer lines cleaned. According to LGVSD, inspections on equipment are overseen by staff and include rodding, flushing, and CCTV (Closed-circuit television) cameras. LGVSD operates a preventative maintenance program designed to maintain the integrity of the system, reduce the frequency of SSOs and reduce inflow/infiltration (I/I). The database issues a monthly schedule that specifies preventative maintenance

activities for the month. The maintenance of the system’s larger pump stations is performed by LGVSD’s treatment facility operators and are inspected three times per week. LGVSD has established goals for inspecting the entire collection system over a four-year period. The agency also 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. A Predesign Report was reviewed for the upgrade and expansion of the treatment plant to provide full secondary treatment during wet weather events for peak flows up to 25 million gallons per day. During the entire study period, LGVSD accounted for 19,025 feet of sewer line replacement. According to LGVSD, line replacements are capital projects and are not performed on a work order basis.

PLANNED <u>CLEANING</u> ACTIVITIES COMPLETED		
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
TOTAL	n/a	2,738,069
Planned Work Orders Completed		n/a

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

6.6 User Charges and Fees

LGVSD bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and treatment/disposal

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

expenses. Rates are divided between residential and non-residential customers. Residential users are currently charged \$835 for every dwelling unit (2016). Non-residential users are currently charged based on a calculation of water use and strength factor as determined by LGVSD staff. There are no voter-approved special assessments.

7.0 AGENCY FINANCES

7.1 Financial Statements

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

LGVSD’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and positive change over the prior fiscal year as its overall equity or fund

End of Study Term Financial Statements	
Assets	\$74.229 m
Liabilities	\$20.875 m
Equity	\$54.263 m

balance increased by 1.96% from \$53.222 to \$54.263 million. Underlying this most recent change in equity standing is the result of rises in current assets. A summary of year-end totals and trends therein drawn from the audited statements over the study period follows with the qualifier LGVSD has indicated some of the numbers were subject to a subsequent reissuance.

Agency Assets

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

LGVSD Assets Study Period							
Table 4.15 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
	50.859	59.965	69.944	72.106	74.229	45.95%	65.420

Amounts in Millions

Agency Liabilities

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

LGVSD Liabilities Study Period							
Table 4.16 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
	9.876	14.883	19.955	18.884	20.875	111.4%	16.884

Amounts in Millions

Agency Equity | Net Assets

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

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

LGVSD Net Assets Study Period							
Table 4.17 Source: LGVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	33.232	7.071	11.351	17.580	16.394	(50.7%)	17.125
Restricted	7.751	38.061	38.638	35.642	37.869	388.6%	31.592
	40.983	45.132	49.989	53.222	54.263	32.4%	48.717

Amounts in Millions

7.2 Measurements Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by LGVSD covering the study period shows the District finished the term with a relatively high and improving liquidity. This includes noting LGVSD finished the study term with a current ratio of nearly 10 to 1 as well as over three years – or 1,298 days – of cash on hand to cover operating expenses. These measurements also improved by no less than 39% over the 60-month period. LGVSD also finished the study term with moderate and stable levels of capital with less than 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.

LGVSD: Financial Measurements Study Period						
Table 4.18 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%
Average	6.90	1,272	25.40%	30.30%	26.72%	85.21%
Trend	69.9%	39.2%	44.82%	(10.87%)	1.08%	2.86%

■ Liquidity

■ Capital

■ Margin

■ Structure

Notes

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

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

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

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

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

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

7.3 Pension Obligations

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



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

Participants | Pension Formulas

As of the study period's term (2014) there are a total of 51 participants within LGVSD's pension program. This total amount – which represents an overall increase of 6% in participants since 2012 – is further divided between enrollee type (i.e., active, separated, transferred, retired) and marked by a worker-to-retiree ratio of 0.9 to 1 as of the study term. Category One participants represent 94% – or 48 – of the total program enrollees and are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest one year salary beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest one year salary beginning at age 55 and continuing each year thereafter. Category Two participants account for the remaining 6% – or 3 – of the total program enrollee amount as of the study period's term and are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and continuing annually thereafter.

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.

LGVSD's Pension Enrollee Information					
Table 4.19 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
Total Enrollees	n/a	n/a	45	46	51
Worker-to-Retiree Ratio	n/a	n/a	0.95 to 1	0.86 to 1	0.87 to 1

Annual Contributions

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

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

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

LGVSD’s Pension Contributions

Table 4.20 | 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
Average				\$352,757
Trend				20.03%

Funded Status

LGVSD’s unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$1.801 million and as such represents 9.9% of the District’s unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 83% based on market value. It also reflects an overall improvement in the funded ratio of 15% over the preceding four-year period.²⁰

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

LGVSD’s Pension Trends

Table 4.21 | Source: CalPERS and Marin LAFCO

	Unfunded Liability	Funded Ratio
2009-2010	n/a	n/a
2010-2011	\$2,261,743	71.63%
2011-2012	\$2,742,701	68.06%
2012-2013	\$2,523,650	72.49%
2013-2014	\$1,801,307	82.71%
Average	\$2,332,350	73.72%
Trend	(20.36%)	15.46%

¹⁸ 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%.

¹⁹ LGVSD’s covered annual payroll in 2013-2014 totaled \$1.874 million.

²⁰ Pension information for 2009-2010 is not available.

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

7.4 Revenue to Expense Trends

A review of LGVSD’s overall actual revenues and expenses during the study period 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 disposal. LGVSD’s expense ledger also consists of 10 distinct categories with depreciation

Top Revenue Categories:
1) Sewer Charges @ 85%
2) Property Taxes @ 10%

Top Expense Categories
1) Depreciation @ 28%
2) Administration @ 24%

accounting for the single largest resource demand and on average over the 60 months tallying 28% of the total. Other prominent expenses have been tied to administration, treatment, and collection and on average have accounted for 24%, 17%, and 13%, respectively. The remaining expense total have been drawn and in proportional magnitude from interest expense, lab, engineering, and recycled water activities.

LGVSD Actual Revenue Trends | Study Period

Table 4.22 | Source: LGVSD Financials and Marin LAFCO

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

LGVSD Actual Expense Trends | Study Period

Table 4.23 | Source: LGVSD Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
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
	6.251	6.416	6.665	8.367	8.626	38.01%	7.274	100.00

amounts in millions

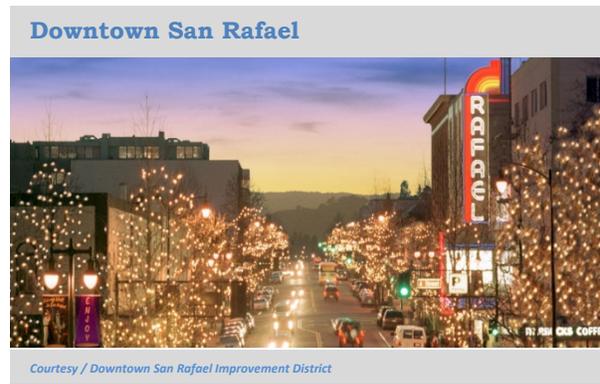
Net	2.553	4.149	4.857	3.233	2.890
	29.00%	39.10%	42.15%	27.87%	25.10%

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B. SAN RAFAEL SANITATION DISTRICT

1.0 OVERVIEW

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



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

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

The Commission independently estimates the resident service population within SRSD is 40,744 as of the term of this study period (2014). It is also projected SRSD’s population growth rate over the five-year study period has averaged 0.69% annually and primarily tied to an increase in

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

occupancy levels; the substantive result being the net addition of 1,363 persons. Overall it is also estimated by the Commission nearly two-thirds of the jurisdictional boundary has been developed and or improved – though not necessarily at the highest density. This means one-third of the boundary area remains entirely undeveloped, and this includes 638 existing unbuilt and privately owned parcels that are zoned for some type of urban use by the respective land use authority.²¹

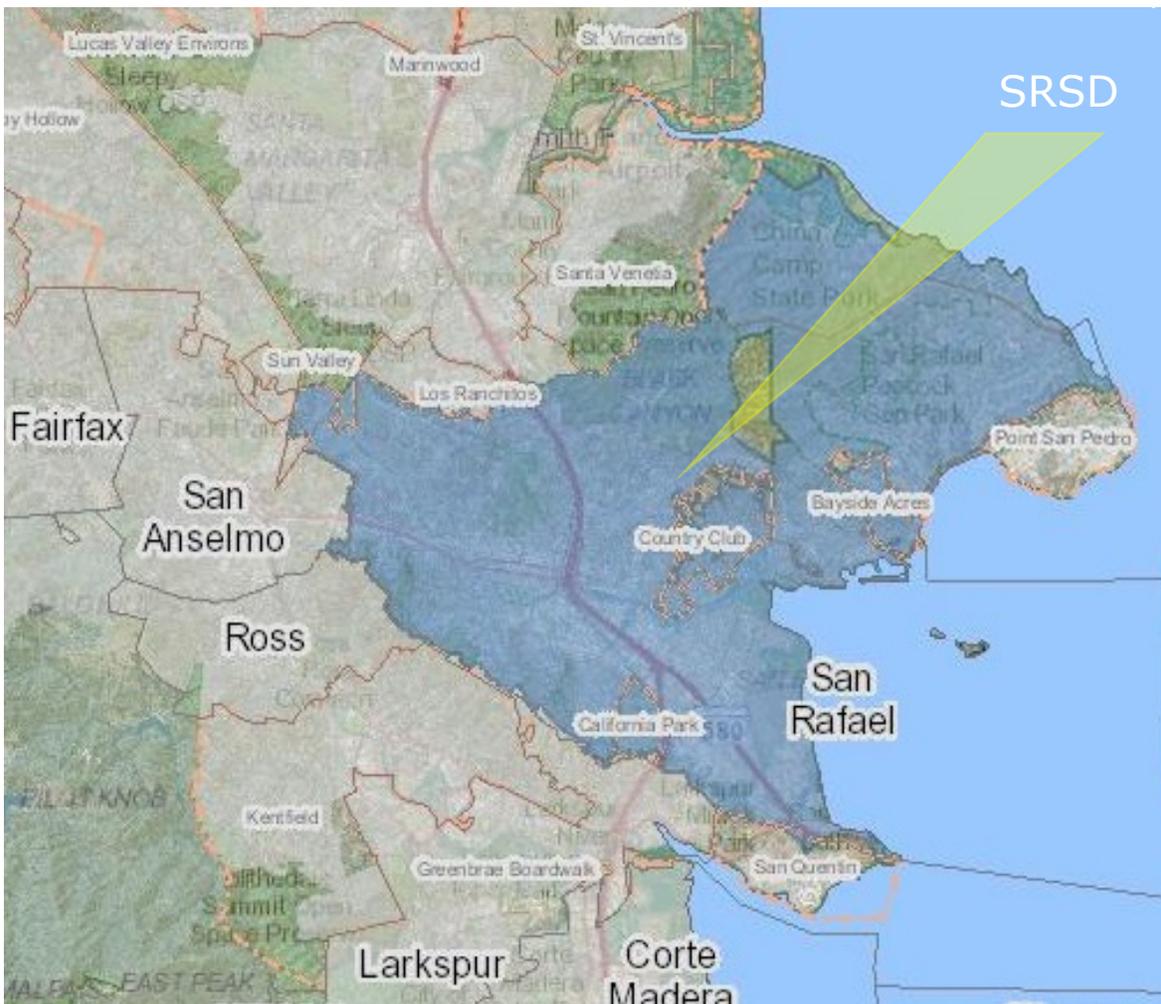
2.0 BACKGROUND

2.1 Community Development

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

²¹ Additional analysis is needed to assess the actual development potential of the 638 unbuilt parcels.

This interest was led by the establishment of the ferry and railroad service byway of San Quentin Point, connecting San Rafael to San Francisco by 1860.



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

sanitary services, such as sewage flushing and constructing drainage systems conveying waste into San Rafael Bay byway of San Rafael and Erwin Creeks.

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

2.2 Formation Proceedings

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

2.3 Post Formation Activities

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

- Upon formation SRSD owned and operated two treatment plants.
- The population within SRSD's core service area - San Rafael - reaches 13,848 in 1950. It expands ten years later to 20,460 by 1960.

- SRSD became an original signatory in the creation of CMSA in 1979; a joint powers authority created for the purposes of planning, constructing, and operating wastewater treatment and disposal services for its member-agencies with the latter achieved through a deep-water outfall to the San Francisco Bay.
- CSMA completed construction and initiated operation of a wastewater treatment facility on the north side of Point San Quentin Point in 1985; SRSD flows are redirected accordingly.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

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

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

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

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

SRSD Boundary Breakdown: Land Use Authorities

Table 4.24 | 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
	5,429	100	12,221	16,050

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 2016.²² Close to two-thirds – or 64% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 16,050 residential units and divided between single-family and multi-family on a 55% to 45% split. The remaining one-third plus – or 36% – of the current assessor parcel acreage is undeveloped/unimproved. This includes 638 un-built and privately owned assessor parcels that combine to total 480 acres.²³ (Additional analysis would be needed to assess actual development potential of these unbuilt parcels.) The remaining undeveloped/unimproved assessor acreage within SRSD – or 1,459 acres – is publicly owned and generally dedicated to open space uses.

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

SRSD Boundary Breakdown: Land Use Features

Table 4.25 | Source: Marin LAFCO

% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
64.3	16,050	54.9	638	480

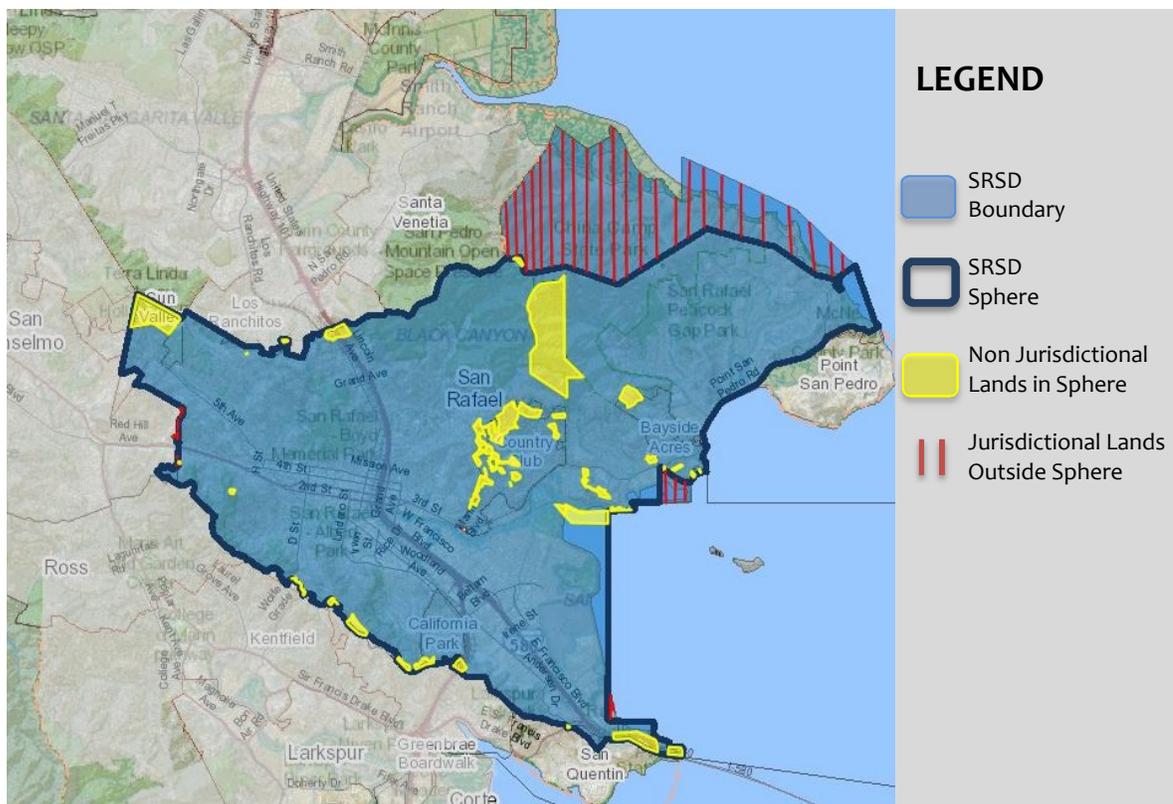
²² The remaining 2,755 jurisdictional acreage within SRSD are tied to public right-of-ways and waterways.

²³ Existing zoning divides the 638 un-built assessor parcels in SRSD between residential (509), commercial (109) and industrial (20) sites.

3.2 Sphere of Influence

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

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



4.0 DEMOGRAPHICS

4.1 Population Estimates

SRSD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 40,744 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 15.6% of the estimated countywide population.²⁴ It is also projected SRSD has experienced an overall growth rate of 3.46%

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

over the preceding five-year period or 0.692% annually; all of which produces an estimated net add of 1,363 persons. This projected increase has been generated by the addition of an estimated 153 new occupied housing units within the jurisdictional boundary and aided by an intensification of household sizes over the span of the five-year period starting at 2.60 in 2010 and ending at 2.67 in 2014; the latter being a net intensity increase of 2.69%. Overall projected growth within SRSD falls above the concurrent annual change estimated for the entire county – 0.62%.²⁵

SRSD Resident Population: Past and Current Estimates					
Table 4.26 Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
a) Total Housing Units	15,938	15,957	15,975	15,994	16,013
b) Local Occupancy Rate	94.78	93.66	94.68	94.68	95.30
c) Occupied Housing Units	15,107	14,945	15,126	15,144	15,260
d) Projected Household Size	2.60	2.62	2.64	2.65	2.67
Estimated Population	39,381	39,191	39,906	40,192	40,744

²⁴ 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%.

²⁵ 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.

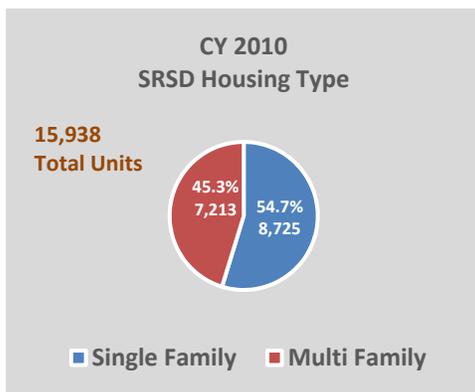
With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with SRSD will generally match the preceding five-year period with an overall yearly population change of 0.692%. The substantive result of this assumption would be an overall increase in SRSD’s 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.

SRSD Resident Population: Future Estimates						
Table 4.27 Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	40,744	41,311	41,885	42,467	43,057	43,655
Occupied Housing Units	15,260	15,689	15,877	16,098	16,321	16,548
- residents to housing units	2.67	2.64	2.64	2.64	2.64	2.64

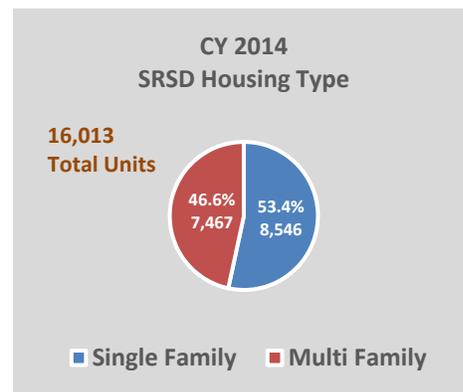
baseline

4.2 Residency Type

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



Single Family to Multi Family:
1.21 to 1



Single Family to Multi Family:
1.14 to 1

4.3 Social and Economic Indicators

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

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%.

SRSD: Resident Trends in Social and Economic Indicators				
Table 4.28 Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
Median Household Income	\$76,534	\$75,046	(1.94%)	\$91,529
Median Age	39.45	40.64	3.04%	45.10
Prime Working Age (25-64)	58.17%	64.59%	11.02%	55.28%
Unemployment Rate (Labor Force)	3.61%	6.09%	68.43%	4.70%
Persons Living Below Poverty Rate	9.67%	19.08%	97.40%	8.80%
Mean Travel to Work	25.25 min	26.68 min	5.53%	29.4 min
Working at Home (Labor Force)	7.4%	6.1%	(16.48%)	2.50%
Adults with Bachelor Degrees or Higher	45.25%	41.07%	(9.23%)	30.80%
Non English Speaking	39.66%	42.40%	6.91%	23.50%
Householder Pre Proposition 13 (1979)	12.86%	10.66%	(17.14%)	12.80%

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

5.0 ORGANIZATIONAL STRUCTURE

5.1 Governance

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

Active Service Powers

Wastewater

Latent Service Powers

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

SRSD has been governed since its formation in 1947 as a dependent special district with three appointments to its Board of Directors with two made by the San Rafael City Council and the third by the County Board of Supervisors. Appointees’ serve staggered four-year terms and receive a \$100 meeting per diem. The Board currently meets on the 4th Friday each month at 9:00 a.m. at the San Rafael City Hall located at 1400 Fifth Avenue in San Rafael. A current listing of SRSD Board of Directors along with respective backgrounds and years served follows.



Current SRSD Board Roster			
Table 4.29 Source: SRSD			
Member	Position	Background	Years on Board
Gary O. Phillips San Rafael	Chair	Certified Public Accountant	n/a
Maribeth Bushy San Rafael	Director	Administrative Law Judge	n/a
Katie Rice County of Marin	Director	Local Government Employee	n/a

5.2 Administration

SRSD appoints an at-will General Manager to oversee all District operations. The current District Manager – Doris Toy – was appointed by the Board in 2009 and is fulltime. The General Manager oversees 14 other full-time employees and this includes two senior management support positions: Senior Civil Engineer and Sewer Maintenance Superintendent. SRSD contracts with San Rafael for a variety of staff support services ranging in scope from accounting with Maher Accountancy to information technology. SRSD also contracts with the County for legal through County Counsel.

SRSD Administrative Offices
111 Morphew Street
San Rafael, California 94901



Courtesy: Google

6.0 WASTEWATER SERVICES

6.1 System Structure

SRSD directly provides wastewater collection services through its own infrastructure headlined by an approximate 146-mile collection system and 32 pump stations. The current infrastructure dates back to 1947 with the collection system divided between 133 miles of gravity lines and 13 miles of force mains. SRSD reports the average of its collection system ranges between 20 years for its force mains to 57 years for its gravity lines with an overall expected lifespan of 80 years for the entire system. Other integral aspects of wastewater service – and specifically treatment and disposal – are provided by contract to SRSD by CMSA and separately reviewed as part of this study.

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.

6.2 Wastewater Demands

Generators | Service Connections and Resident Population

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

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

SRSD: Service Connection Type Breakdown				
Table 4.30 Source: SRSD				
Category	Residential	Commercial	Other	Net
2010	9,757	836	307	10,900
2011	9,761	846	310	10,917
2012	9,763	842	314	10,919
2013	9,761	842	312	10,915
2014	9,758	840	315	10,913
Overall Change	0.01%	0.48%	2.61%	0.12%

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 4.31 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	
2014	9,758	40,744	4.18	
Overall Change	0.01%	3.46%	3.47%	

Recent Measurements | Wastewater Collection System Flows

SRSD’s average annual wastewater collection demand generated over the study period as reported by the District and for ultimate treatment and disposal by CMSA has been approximately 1.591 billion gallons. This average amount, which serves as a macro overview of system demands, represents a daily average flow of 4.4 million gallons. It also translates over the study period to an estimated 109.4 gallons per day for each resident or 288.4 gallons per day for each occupied housing unit; it also translates to 400.0 gallons for every service connection.

Average annual wastewater flows generated within SRSD during the study period have produced the daily equivalent of 4.4 million gallons; an amount that further translates to 109 and 288 daily gallons for every person and occupied housing unit.

With respect to trends, annual demands within the five-year study period have shown an overall and steady (12.0%) decrease in flows over the span of the affected 60 months. The high annual demand point for the collection system occurred in 2010 with annual flow equaling 1.825 billion gallons. This high demand year translates over the study period to an estimated 127.0 gallons per day for each resident or 331.0 gallons per day of each occupied housing; it also translates to 458.7 gallons per day for each service connection. A breakdown of annual and daily wastewater flows over the study period in relation to population and housing follows.

Annual wastewater flows within SRSD have decreased by (12%) over the study period’s 60-month point-to-point index; a difference of 219 million gallons.

SRSD: Recent Annual and Average Daily Flows Breakdown

Table 4.32 | Source: Marin LAFCO and SRSD

	2010	2011	2012	2013	2014	Average	Trend
Annual Flow Totals	1.825 bg	1.606 bg	1.643 bg	1.278 bg	1.606 bg	1.591 bg	(12.0%)
Daily Average	5.0 mg	4.4 mg	4.5 mg	3.5 mg	4.4 mg	4.4 mg	(12.0%)
- Daily Per Resident	127.0	112.3	112.8	87.1	108.0	109.4	(14.9%)
- Daily Per Housing Unit	331.0	294.4	297.5	231.1	288.3	288.5	(12.9%)
- Daily Per Connection	458.7	403.0	412.1	320.7	403.2	400.0	(12.1%)

“bg” refers to billions gallons

“mg” refers to millions gallons per day

Per resident as estimated by the Commission

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

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

Dry-Weather Day Flows

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

SRSD: Recent Dry Weather Day Flows

Table 4.33 | 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
2014	3.1 mg	76.1	193.6	284.1
Average	3.3 mg	82.8	206.7	302.4
Trend	(11.42%)	(15.35%)	(11.84%)	(11.52%)

“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.

SRSD: Recent Wet Weather Day Flows				
Table 4.34 Source: Marin LAFCO and SRSD				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	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
2014	5.7 mg	139.9	356.0	522.3
Average Trend	5.42 mg (12.31%)	136.0 (0.51%)	339.5 (12.70%)	469.7 (12.41%)

“mg” refers to million gallons

Peak-Day Flows

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

SRSD: Recent Peak Day Flows					
Table 4.35 Source: Marin LAFCO and SRSD					
Year	Peak Day System Total	Gallon Per Resident	Gallons Per Housing Unit	Gallons Per Connection	Peaking Factor
2010	20.2 mg	512.9	1,267.4	1,853.2	5.8
2011	18.0 mg	459.3	1,128.0	1,648.8	5.3
2012	24.8 mg	621.5	1,552.4	2,271.3	7.5
2013	6.0 mg	149.3	376.3	549.7	1.9
2014	26.7 mg	655.3	1,667.4	2,446.6	8.6
Average	19.14 mg	479.7	1,198.3	1,754.0	5.8
Trend	32.18%	27.76%	31.56%	32.02%	49.23%

“mg” refers to million gallons

Projected Measurements | Wastewater Collection System Flows

Going forward – and specifically for purposes of this study – it appears reasonable to assume SRSD’s wastewater flows will generally follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall decrease in annual wastewater flows of 521.3 million gallons over the succeeding 10-year period finishing in 2024; a difference of (48.05%) or (4.81%) annually. This projection continues SRSD’s overall annual flows decrease incurred during the study period, albeit at a deintensified rate of two-fold. It is also estimated – in using regression analysis - the system’s peak-day flows will ultimately decrease over the succeeding 10-year period by 0.74 million gallons or (2.48%) and resulting in a peaking factor of 8.7. The following table summarizes these and related projection flows through 2024.

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

SRSD: Projected Wastewater Flows						
Table 4.36 Source: Marin LAFCO and SRSD						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	1.825 bg	4.40 mg	3.10 mg	5.70 mg	26.7 mg	
2015	1.438 bg	3.94 mg	3.03 mg	4.85 mg	21.2 mg	
2016	1.400 bg	3.83 mg	2.96 mg	4.71 mg	21.7 mg	
2017	1.361 bg	3.73 mg	2.89 mg	4.57 mg	22.2 mg	
2018	1.323 bg	3.62 mg	2.82 mg	4.42 mg	22.8 mg	
2019	1.284 bg	3.52 mg	2.78 mg	4.28 mg	23.3 mg	
2020	1.244 bg	3.41 mg	2.69 mg	4.13 mg	23.8 mg	
2021	1.205 bg	3.30 mg	2.62 mg	3.99 mg	24.3 mg	
2022	1.165 bg	3.19 mg	2.55 mg	3.84 mg	24.9 mg	
2023	1.125 bg	3.08 mg	2.47 mg	3.69 mg	25.4 mg	
2024	1.085 bg	2.97 mg	2.40 mg	3.54 mg	26.0 mg	
Average Trend	1.263 bg (48.05%)	3.46 mg (48.05%)	2.72 mg (28.98%)	4.20 mg (61.00%)	23.6 mg (2.48%)	

“bg” refers to billion gallons
“mg” refers to million gallons

6.3 Wastewater Capacity

Constraints | Contractual Provisions

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

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

Constraints / Infrastructure and Facilities

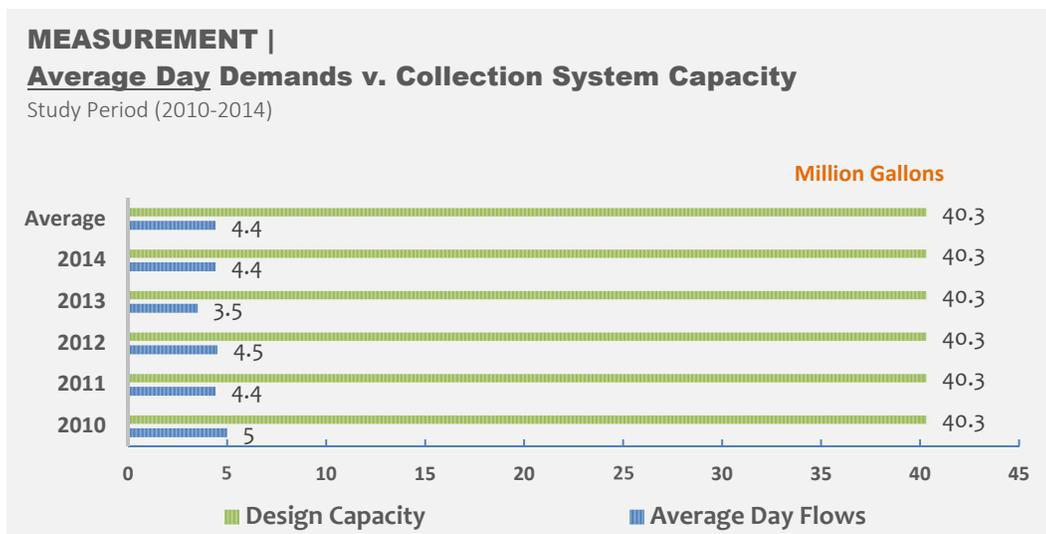
SRSD’s collection system is approximately 146-miles in total length and divided between 133 and 13 miles of gravity and force lines, respectively. The percentage of forced mains to gravity flow pipelines has remained at 10% throughout the study period. The majority of the gravity lines are between 4 and 45 inches in diameter and supported by 32 strategically placed public pump stations that ultimately convey flows to CMSA. SRSD has two force main lines that direct flows

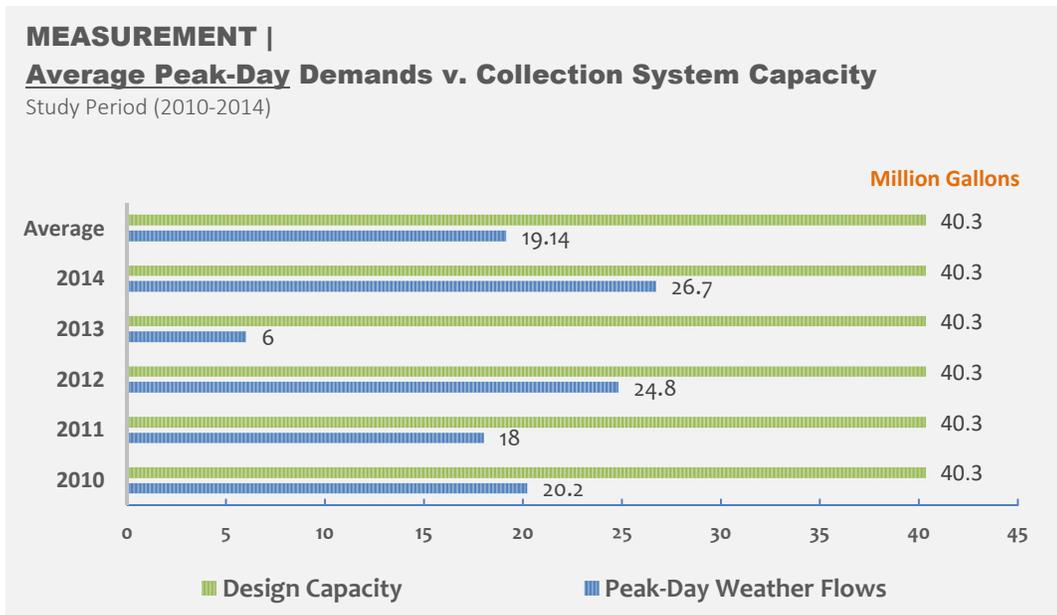
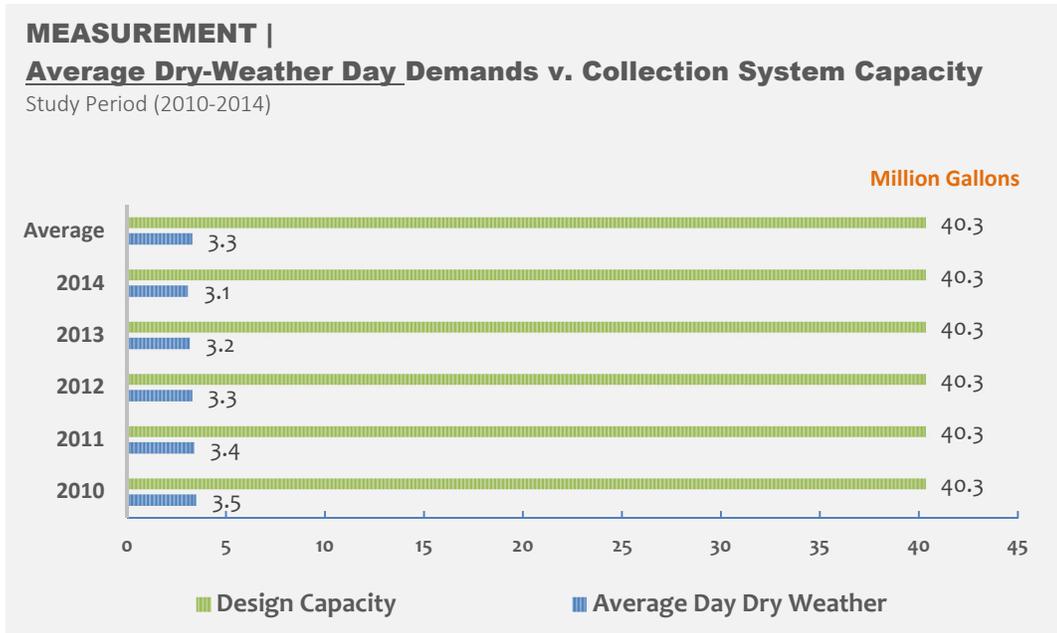
SRSD’s collection system’s daily capacity to convey flows to CMSA is estimated at 40.3 million gallons.

to CMSA. One force main flows from the South Francisco Pump Station with a design pump capacity of 1,800 gallons per minute or 2.592 million gallons a day and collects flows from the southern service area. The other force main known as the North Francisco Pump Station is located along Andersen Drive and collects from several pump stations. It is the largest pump station, which has a design capacity of 28,600 gallons per minute or 40.320 million gallons per day, and takes flows from Central San Rafael. The Anderson Drive Force Main also collects flows from East San Rafael to CSMA. For purposes of this review this latter reported amount – 40.3 million gallons – is deemed the maximum daily capacity of the collection system.

6.4 Demand to Capacity Relationships

Study period flows averages show SRSD has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 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.





6.5 Performance

Measurement | Sanitary Sewer Overflows

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

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

Total number of SSOs recorded by SRSD during the study period was 119 with an overall spillage volume of 23,403 gal. The most recent year experienced 30 SSOs. The majority of the SSOs, a total of 130, were classified by the SWRCB as a Category 3, a spill of less than 1,000 gallons to not reach the

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

surface water. SRSD experienced 11 SSOs classified as a Category 1 in which wastewater reached the surface water threatening public safety and environmental health. The average response time for SSOs during the study period was 27 minutes. A review of

each accompanying report incident suggests the main factors resulting in discharges were caused by the disturbance of roots, suggesting maintenance is needed to prevent future spillage and maintain system flows. According to SRSD, the District only accounted for 1 SSO that was a repeat occurrence and was attributed to roots.²⁶

SRSD: Sanitary Sewer Overflows								
Table 4.37 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
	11	6,143	3	5,685	130	11,575	119	23,403

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.

²⁶ SRSD’s has identified a chain of communication for reporting SSOs. The District’s sewer maintenance staff are responsible for responding to SSOs. When an SSO is observed during normal business hours, it is expected to be reported to the sewer maintenance staff and during non-business hours the SSO is alerted to an on-call contractor to respond. The sewer maintenance staff assess and document the SSO, and provide the necessary information to the Maintenance Supervisor for mitigation, reporting and cleanup.

SRSD: Number of District Service Calls

Table 4.38 | Source: Marin LAFCO

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

Preventive Maintenance

SRSD’s preventative maintenance was reported in its planned cleaning activities during the 60-month study period, which accounted for 731-miles. According to SRSD, all gravity sewer pipes are scheduled to be cleaned at least once every three years. Scheduled cleaning of gravity lines is based on list of maintained sewer lines, with some lines receiving frequent cleaning that are at a high risk of an SSO. SRSD cleans gravity sewer lines with high occurrences of fats, oils and grease (FOG) more regularly with a hydro flusher and cleans these areas at a minimum of twice per year. SRSD also has a system in place for pump stations to be checked 3 times per week. During the 60-month period, SRSD experienced (0) pump station failures.

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

during the entire study period came in at 89% byway completing 18,845 feet of the planned 21,125 feet of line replacement.

6.6 User Charges and Fees

SRSD bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted treatment/disposal expenses. Residential customers pay \$828 each year for every dwelling unit.²⁷ Non-residential customers pay a rate based on estimated flows. There are no voter-approved special assessments.²⁸

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

7.0 AGENCY FINANCES

7.1 Financial Statements

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

SRSD’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a relatively sizable and positive change over the prior fiscal year as its overall equity or fund balance increased by 7.46% from \$51.916 to \$55.789 million. Underlying this most recent change in equity standing is the result of

End of Study Period Financial Statements	
Assets	\$56.332 m
Liabilities	\$0.543 m
Equity	\$55.789 m

²⁷ Rates are subject to change each year. The rate listed is for Fiscal Year 2016-2017.

²⁸ SRSD also collects a dual connection fee in step with initiating new services. The connection fee for residential uses presently totals \$9,290 for each dwelling unit and incorporates the buy-in charge for both collection (SRSD) and treatment/disposal (CMSA). Non-residential users’ connection charges are based on the number of plumbing fixtures.

a notable rise in current assets and aided by a sharp increase in connection fees and sewer charges in 2013-2014. A summary of year-end totals and trends therein over the study period follows.

Agency Assets

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

SRSD Assets Study Period							
Table 4.39 Source: SRSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	13.758	14.793	19.078	22.109	60.70%	17.434
Non-Current	n/a	33.328	34.110	33.340	34.223	2.69%	33.750
	n/a	47.086	48.904	52.419	56.332	19.64%	51.185

amounts in millions

Agency Liabilities

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

SRSD Liabilities Study Period							
Table 4.40 Source: SRSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	2.097	0.491	0.503	0.543	(74.11%)	0.908
Non-Current	n/a	0.0	0.0	0.0	0.0	0.0%	0.0
	n/a	2.097	0.491	0.503	0.543	(74.11%)	0.908

amounts in millions

Agency Equity | Net Assets

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

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

SRSD Net Assets Study Period							
Table 4.41 Source: SRSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	n/a	12.143	14.302	18.575	21.566	77.59%	16.646
Restricted	n/a	32.845	34.110	33.340	34.223	4.20%	33.629
	n/a	44.988	48.412	51.916	55.789	24.01%	50.276

amounts in millions

7.2 Measurements / Liquidity, Capital, Margin, and Structure

A review of the audited financial statements issued by SRSD covering the study period’s last four years and specifically 2010-2011 through 2013-2014 shows the District finished the term with high and improving liquidity. This includes noting SRSD’s current ratio finished the term with a current ratio of over 40 to 1 as well as over two years – or 805 days – of cash on hand to cover operating expenses. Both of these measurements also improved by no less than 35% over the preceding 48 month period. SRSD also finished the study term with high and stable levels of 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 show in the following table.

SRSD: Financial Measurements Study Period						
Table 4.42 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 to1	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%
Average	28.815 to 1	698.94	1.85%	26.17%	18.59%	90.54%
Trend	520.58%	35.63%	(78.36%)	(10.91%)	(20.14%)	(0.50%)



Liquidity



Capital



Margin



Structure

Notes

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

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

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

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

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

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

7.3 Pension Obligations

SRSD through the City of San Rafael provides a defined benefit plan to its employees through an investment risk-pool contract with the Marin County Employees' Retirement Association (MCERA).



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

Participants | Pension Formulas

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

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

– is further divided between enrollee type (i.e., active, separated, transferred, retired) and marked by a worker-to-retiree ratio of 1.03 to 1 as of the study term; meaning there is effectively one active member contributing to the retirement program for everyone one retiree. Category One participants are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest one year of salary beginning at age 55 and continuing each year thereafter. The second tier is based on a 2.0 at 55 formula, and as such provides eligible retirees with 20 years of total service credit 40% of their highest one year of salary beginning at age 55 and continuing each year thereafter. Category Two participants are subject to a flat 2.0% at 62 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 62 and continuing annually thereafter.

San Rafael's Pension Enrollee Information Miscellaneous					
Table 4.43 Source: MCERA and Marin LAFCO					
Type	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Active	233	240	217	220	217
Transferred	67	64	57	55	56
Separated / Other	114	112	131	132	139
Retired	173	178	195	202	211
Total Enrollees	587	594	600	609	623
Worker-to-Retiree Ratio	1.35	1.35 to 1	1.11 to 1	1.09 to 1	1.03 to 1

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.²⁹ 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).³⁰

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

San Rafael’s Pension Contributions

Table 4.44 | Source: MCERA and Marin LAFCO

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$12,745,613	\$15,409,519	\$14,627,709	\$15,522,832	\$17,576,796
Five-Year Average				\$15,176,493
Five-Year Trend				37.90%

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.³¹

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).

²⁹ 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%.

³⁰ San Rafael’s covered annual payroll in 2013-2014 totaled \$31.4 million.

³¹ Pension information for 2009-2010 is not available.

San Rafael's Pension Trends			
Table 4.46 Source: MCERA and Marin LAFCO			
	Unfunded Liability		Funded Ratio
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%
Four-Year Average	\$149,260,250		66.44%
Four-Year Trend	(8.16%)		12.94%

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

7.4 Revenue to Expense Trends

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

SRSD’s overall revenues have outgained overall expenses 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.

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 4.47 | 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
	n/a	13.504	13.614	13.672	15.251	12.94%	14.010	100.00

amounts in millions

SRSD Actual Expense Trends | Study Period

Table 4.48 | Source: SRSD Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of 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%
	n/a	9.677	10.190	10.169	11.378	17.57%	10.353	100.00

Net	n/a	3.826	3.423	3.503	3.873			
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C. ROSS VALLEY SANITARY DISTRICT

1.0 OVERVIEW

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



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

RVSD is currently organized as a single-purpose agency with municipal operations limited to wastewater collection though it is empowered – subject to LAFCO approval – to provide solid waste (including collection), recycled water, and storm drainage services. RVSD maintains an approximate 202-mile

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

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

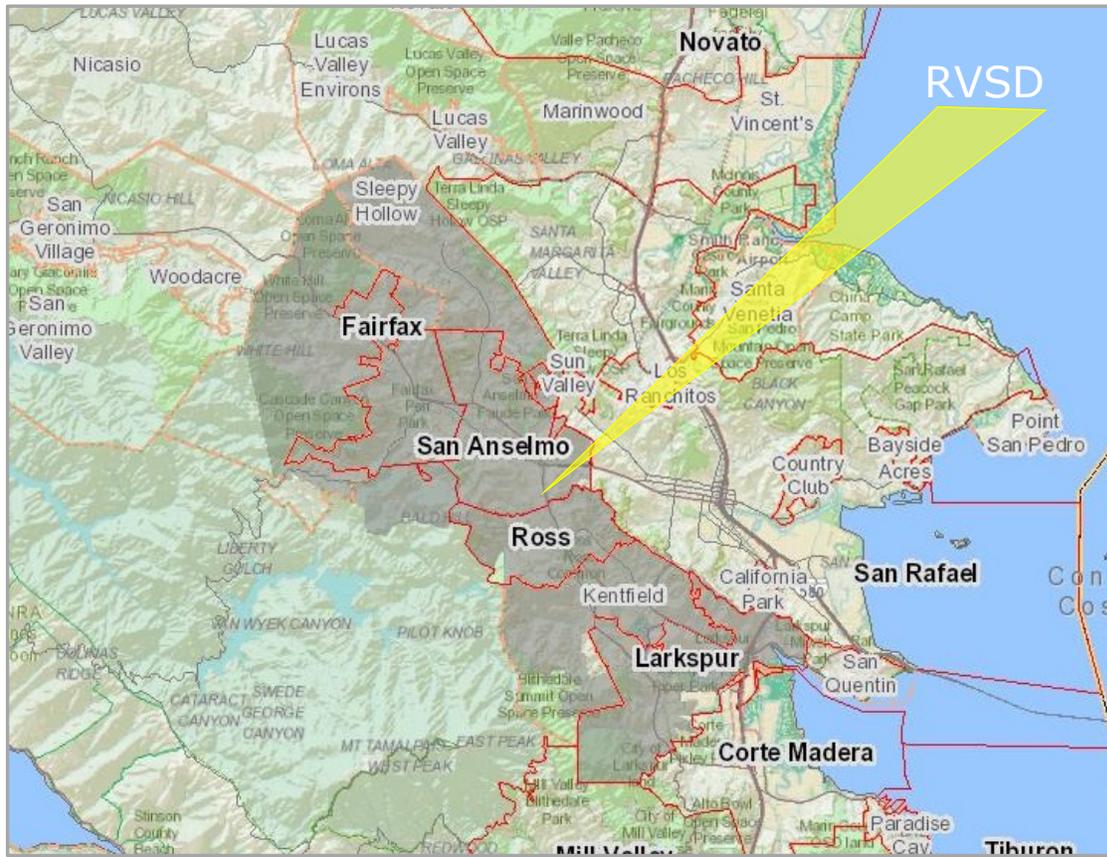
The Commission independently estimates the resident service population within RVSD totals 40,809 as of the term of this study period (2014). It is also projected RVSD's population growth rate over the five-year study period totaled 3.4% or 0.69% annually with the underlying change primarily attributed to the projected increase of 630 new housing units. The substantive result of these Commission estimates is the projected addition of 1,356 residents in RVSD between 2010 and 2014. Overall it is also estimated by the Commission nearly 73% of the jurisdictional boundary has already been developed and or improved – though not necessarily at the highest density. This means 27% of the jurisdictional boundary remains entirely undeveloped, and this includes 827 existing unbuilt and privately owned parcels that are zoned for some type of urban use.³²

2.0 BACKGROUND

2.1 Community Development

It appears RVSD's central service area – Ross Valley – began its present-day development in the mid-1800s when Mexican land grants were established in California following Mexico's independence from Spain in 1821. During this period, records show that Ross Valley was a small agrarian community of loggers and ranchers. Ross Valley's footprint began to change away from agrarian uses in 1840 when the area was gifted by Mexico to Englishman John Rodgers Cooper as part of an approximate 9,000 land grant known as the "Rancho Punta de Quentin Canada de San Anselmo." Cooper subsequently became a Mexican citizen, married a sister of General Mariano Vallejo, and changed his name to Juan Bautista Cooper. In 1857, James Ross purchased a large segment of the Cooper land grant for \$50,000. Originally from Scotland, Ross ventured to California in 1849 and ran a wholesale wine and liquor business in San Francisco until his purchase of the rancho. Upon Ross' death in 1862, large portions of his land holdings were sold off as new landowners settled in what was to be known as "Ross Valley."

³² Additional analysis is needed to assess the actual development potential of these 827 unbuilt parcels.



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.³³ These discussions ultimately led community leaders to the Legislature and make use of a relatively new law established almost 10 years earlier to facilitate a planned development in Fresno County known as the Sanitary District Act of 1891.

2.2 Formation Proceedings

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

2.3 Post Formation Activities

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

- The City of San Anselmo was incorporated in April 1907.
- The Town of Ross was incorporated in August 1908.
- RVSD constructs its first wastewater facility in 1922 in Greenbrae to provide basic screening of wastewater before discharging into Corte Madera Creek.
- The Town of Fairfax was incorporated in March 1931.
- RVSD constructs a second wastewater facility in 1945 at the Larkspur Landing in partnership with the City of Larkspur and County Sanitary District No. 2 to provide secondary treatment before discharging into Corte Madera estuary.

³³ The Marin County Water Company and its water rights were purchased in conjunction with the formation of the Marin Municipal Water District in 1912.

- In 1979 – and following the enactment of the Clean Water Quality Act and associated regulations with discharges into open water bodies – RVSD becomes a signatory member in creating CMSA with County Sanitary District No. 2, City of Larkspur, and the San Rafael Sanitation District.
- RVSD deactivates the Larkspur Landing facility in 1984 in conjunction with redirecting all wastewater flows to CMSA’s new wastewater facility.
- RVSD requests and receives approval by the Commission in 1993 to annex the City of Larkspur and assumes wastewater collection responsibilities thereafter.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

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

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

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

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

RVSD Boundary Breakdown: Land Use Authorities

Table 4.49 | Source: Marin LAFCO

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

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 2016.³⁴ 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.³⁵ This existing development is highlighted by the standing construction of 19,826 residential units and divided between single-family and multi-family on a 75 to 25% split. The remaining one-fourth plus – or 27% – of the current assessor parcel acreage within RVSD is undeveloped/unimproved. This includes 827 un-built and privately owned assessor parcels that combine to total 790 acres. (Additional analysis would be needed to determine the actual development potential of these unbuilt

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

³⁴ The remaining 3,212 jurisdictional acreage within RVSD are tied to public right-of-ways and waterways.

³⁵ This portion of developed acreage includes parcels dedicated as common areas.

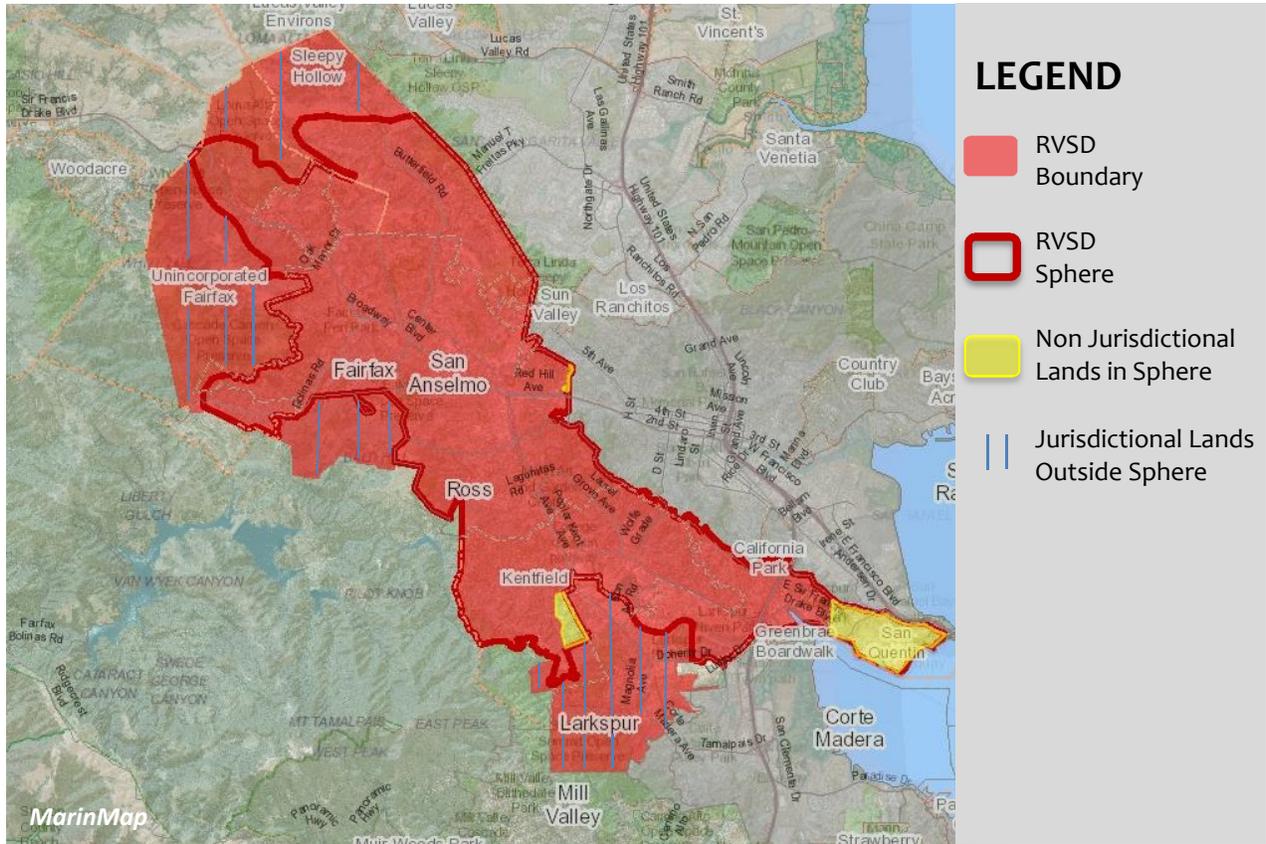
assessor parcels.) The remaining undeveloped/unimproved assessor acreage within RVSD – or 1,756 acres – is publicly owned and generally dedicated to municipal or open space uses.

RVSD Boundary Breakdown: Land Use Features				
Table 4.50 Source: Marin LAFCO				
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
73.0	19,826	74.8	827	790

3.2 Sphere of Influence

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

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



4.0 DEMOGRAPHICS

4.1 Population Estimates

RVSD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 40,809 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents

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

15.7% of the estimated countywide population.³⁶ 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%.³⁷

RVSD Resident Population: Past and Current Estimates					
Table 4.51 Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
b) Total Housing Units	18,873	19,029	19,186	19,344	19,503
b) Local Occupancy Rate	94.39	93.27	94.29	94.29	94.90
e) Occupied Housing Units	17,814	17,745	18,089	18,238	18,508
f) Projected Household Size	2.215	2.212	2.210	2.207	2.205
Estimated Population	39,454	39,261	39,974	40,259	40,809

* 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.

³⁶ Marin LAFCO’s resident service population for RVSD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the seven affected census tracts in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to RVSD over the study period include a weighted annual housing unit change of 0.818% and a weighted annual household size change of (0.111%). The annual weighted population change is 0.687%.

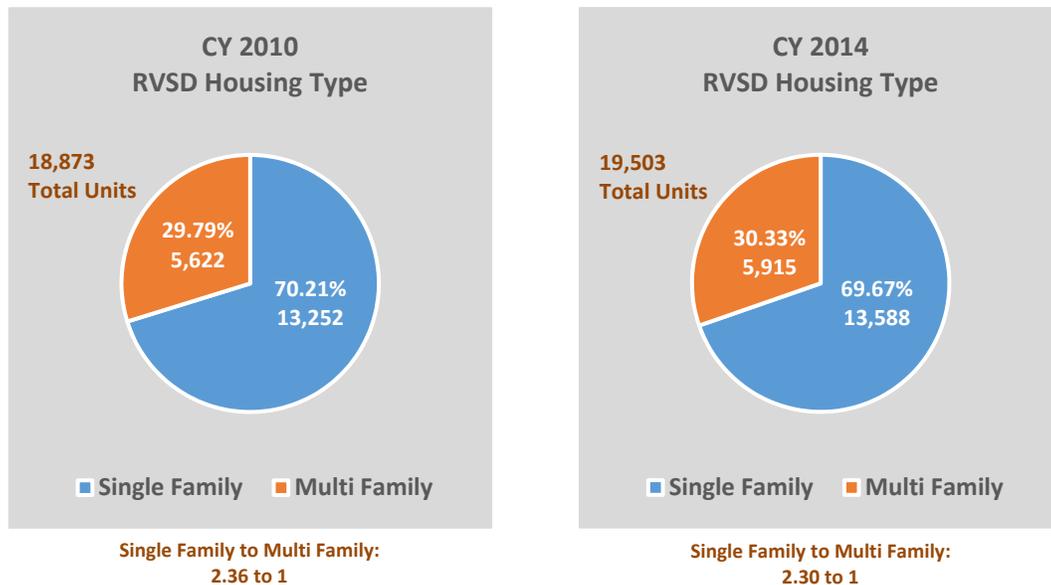
³⁷ Marin County’s estimated population as of January 1, 2014 totaled 260,750 based on information published by the United States Census and marks a 3.01% increase over the preceding five-year period.

RVSD Resident Population: Future Estimates						
Table 4.52 Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	40,809	41,372	41,943	42,521	43,108	43,702
Occupied Housing Units	18,508	18,772	18,980	19,242	19,507	19,776
- residents to housing units	2.20	2.21	2.21	2.21	2.21	2.21

baseline
year

4.2 Residency Type

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



4.3 Social and Economic Indicators

A review of recent demographic information covering the RVSD jurisdictional boundary for the study period shows fulltime residents are relatively in better economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income is close to one-fifth above the countywide amount of \$91,529 at \$108,510. Area resident averages also fall measurably below countywide amounts with respect to unemployment and poverty rates. (Albeit the former referenced category – unemployment – did

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

experience a 50% increase over the preceding five-year data collection period and presumably helps to explain the dual increase in mean travel time to work - 7% - and decrease in prime working age – (10%). Notable social indicators show RVSD residents have significantly higher levels of formal education with 65.8% possessing a bachelor's degree and is more than double the countywide rate. Also recent averages show RVSD residents are less ethnically diverse with 13.8% being non-native speakers and is nearly double less the countywide rate.

RVSD: Resident Trends in Social and Economic Indicators				
Table 4.53 Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
Median Household Income	\$105,455	\$108,510	2.9%	\$91,529
Median Age	45.36	46.27	2.0%	45.10
Prime Working Age (25-64)	58.10	52.12	(10.30%)	55.28%
Unemployment Rate (Labor Force)	3.20%	4.79%	49.5%	4.70%
Persons Living Below Poverty Rate	6.24%	6.45%	3.40%	8.80%
Mean Travel to Work	29.02 min	31.05 min	7.0%	29.4 min
Working at Home (Labor Force)	10.3%	11.0%	6.7%	2.50%
Adults with Bachelor Degrees or Higher	61.48%	65.80%	7.0%	30.80%
Non English Speaking	14.56%	13.82%	5.1%	23.50%
Householder Pre Proposition 13 (1979)	17.32%	12.37%	(28.60%)	12.80%

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

5.0 ORGANIZATIONAL STRUCTURE

5.1 Governance

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

Active Service Powers

Wastewater

Latent Service Powers

Solid Waste (Includes Collection)
Recycled Water
Storm Drainage

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



Current RVSD Board Roster

Table 4.54 | Source: RVSD

Member	Position	Background	Years on Board
Mary Sylla	President	Public Health	4
Thomas Gaffney	Treasurer	Finance Consultant	2
Michael Boorstein	Secretary	Computer Engineer	2
Doug Kelly	Member	Business	1
Pamela Meigs	Member	Nurse	6
Average Years of Board Experience			3.0

5.2 Administration

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

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

RVSD Administrative Offices

2960 Kerner Boulevard
San Rafael, California 94901



Courtesy: RVSD

6.0 WASTEWATER SERVICES

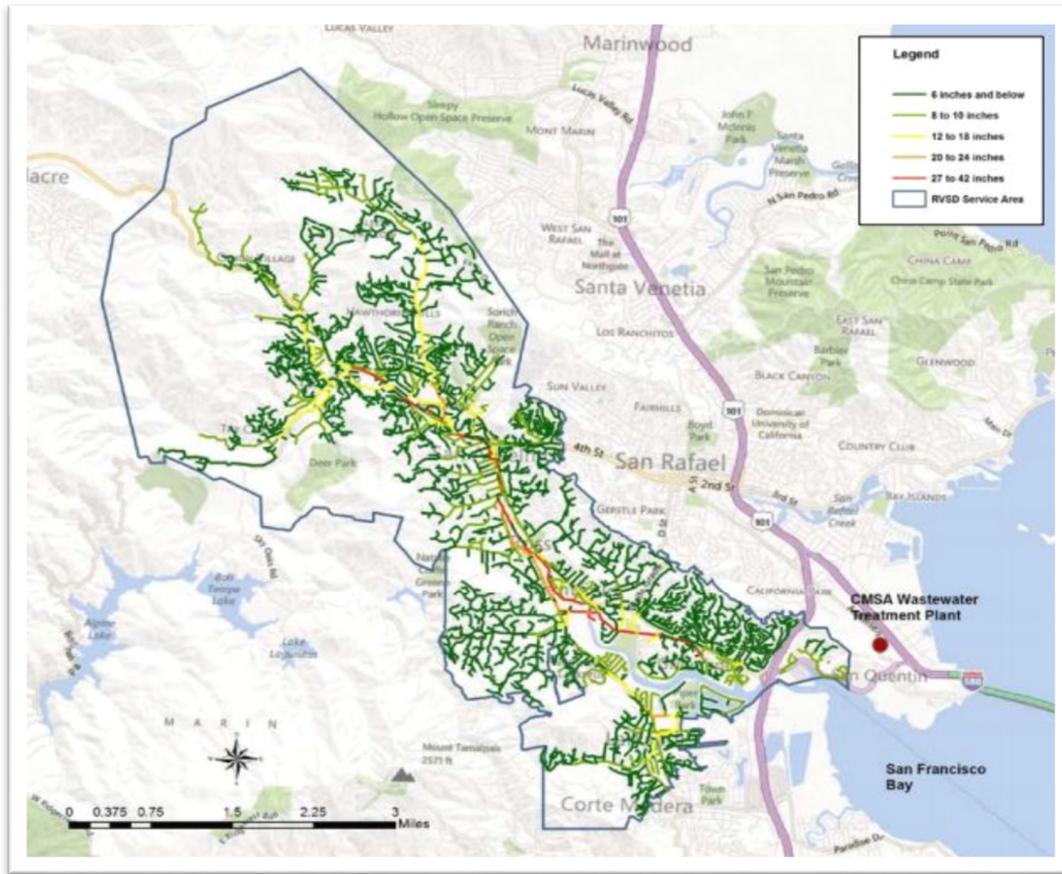
6.1 System Structure

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

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

the entire collection system is around 60 years old with an expected service life between 50 to 75 years. As of the study term RVSD's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – is 30 years and represents a 20% improvement over the corresponding 60-month period.³⁸ Other integral aspects of wastewater service – and specifically treatment and disposal – are provided by contract to RVSD by CMSA and separately reviewed as part of this study.

³⁸ The equipment replacement ratio has been calculated by LAFCO and drawn from RVSD's 2013-2014 audit.



6.2 Wastewater Demands

Generators | Service Connections and Resident Population

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

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

RVSD: Service Connection Type Breakdown			
Table 4.55 Source: RVSD			
Category	Residential	Commercial	Net
2010	14,821	445	15,266
2011	14,656	440	15,096
2012	14,656	452	15,085
2013	14,951	410	15,361
2014	14,900	424	15,324
Overall Change	0.53%	(4.72%)	0.38%

As detailed in the preceding section the Commission independently estimates RVSD’s total resident service population at 40,809 as of the study term. This estimate – which is based on a weighted factor of occupied housing units within the affected census tracts and multiplied by a projected household size – produces a population growth rate for RVSD of 3.44% during the five-year study period. The substantive result when aligning the two demand generators – service connections and resident population – is an average ratio of 2.70 persons for every residential connection. The ratio at the study term tallied 2.75. A breakdown of this ratio over the entire study period follows.

RVSD’s current resident to residential connection ratio is 2.75 as of the term date of this study.

RVSD: Resident to Connection Ratio Breakdown			
Table 4.56 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
Overall Change	(0%)	3.43%	3.38%

Recent Measurements | Wastewater Collection System Flows

RVSD’s average annual wastewater collection demand generated over the study period as reported in the current term by the District and for ultimate treatment and disposal by CMSA has totaled approximately 1.602 billion gallons. This average amount, which serves as a macro overview of system demands and includes flows from Murray Park Sewer Maintenance District (MPSMD), represents a daily average flow of 5.5 million gallons. It also translates to an estimated 136.0 gallons per day for each resident or 284.4 gallons per day for each occupied housing unit; it also translates to 355.9 gallons per day for each service connection projected within MPSMD.

Average annual wastewater flows generated within RVSD during the study period have produced the daily equivalent of totaled 5.5 million gallons; and amount that further translates to 135 and 284.4 daily gallons for every person and occupied housing unit. Amounts include flows collected on behalf of the Murray Parks Sewer Maintenance District.

With respect to trends, annual demands within the five-year study period have fluctuated each year and capped with a 23.2% decrease over the span of the affected 60 months. The high demand point for the collection system during the study period occurred in 2010 with annual flow equaling 2.281 billion gallons. This high

Annual wastewater flows within RVSD have decreased by slightly one-fourth over the study period’s 60-month point-to-point index; a difference of 529.3 million gallons.

demand year translates to an estimated 157.7 gallons per day for every resident or 331.2 gallons per day for every housing unit; it also translates to 407.0 gallons per day for each service connection. A breakdown of annual and daily wastewater collection flows over the study period in relation to population and housing is shown below.

RVSD: Recent Annual and Average Daily Flows Breakdown

Table 4.57 | Source: Marin LAFCO and RVSD

	2010	2011	2012	2013	2014	Average	Trend
Annual Flow Totals	2.281 bg	2.135 bg	1.843 bg	1.935 bg	1.752 bg	1.602 bg	(23.2%)
Daily Average	6.3 mg	5.9 mg	5.1 mg	5.3 mg	4.8 mg	5.5 mg	(23.2%)
- Daily Per Resident	157.7	148.3	125.7	131.0	117.1	136.0	(25.8%)
- Daily Per Housing Unit	331.2	307.4	263.2	274.0	246.1	284.4	(25.7%)
- Daily Per Connection	407.0	385.3	332.8	343.0	311.4	355.9	(23.5%)

*Table includes flows and related data for Murray Park Sewer Maintenance District
“bg” refers to billion gallons per day
“mg” refers to millions gallons per day
Per resident as estimated by the Commission
Per housing unit refers to occupied status as estimated by the Commission*

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

Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period have totaled 3.8 million gallons. This flow is recorded between May and October and most recently tallied 3.8 million gallons as of the study term. The overall average dry-weather tally translates to 94.2 gallons per day for every resident or 197 gallons per day for every occupied housing unit; it also translates to 246.8 gallons per connection during the affected 60 months. This measurement has decreased by (2.56%) during the term. A breakdown of dry-weather flows during the study period follows.

RVSD: Recent Dry Weather Day Flows					
Table 4.59 Source: Marin LAFCO and RVSD					
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	
2010	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	
Average Trend	3.78 mg (2.56%)	94.2 (5.82%)	197.0 (5.71%)	246.8 (2.93%)	

*Incorporates flows and related data from the Murray Park Sewer Maintenance District
“mg” refers to million gallons*

Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period have totaled 7.1 million gallons. This flow typically is recorded between November and April and most recently tallied 5.8 million gallons during the study term. The overall average wet-weather day tally translates to 177.8 gallons per day for every resident or 371.8 gallons for every housing unit; it also translates to 465.1 gallons for every service

connection during the affected 60 months. This measurement has decreased overall during the study period by (32.6%) A breakdown of wet-weather flows during the study period follows.

RVSD: Recent Wet Weather Day Flows				
Table 4.60 Source: Marin LAFCO and RVSD				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	8.6 mg	217.0	455.7	560.1
2011	8.3 mg	210.4	436.2	546.6
2012	6.2 mg	154.4	323.2	408.6
2013	6.7 mg	165.6	346.4	433.7
2014	5.8 mg	141.4	297.4	376.3
Average Trend	7.1 mg (32.6%)	177.8 (34.8%)	371.8 (34.7%)	465.1 (32.8%)

*Incorporates flows and related data from the Murray Park Sewer Maintenance District
“mg” refers to million gallons*

Peak-Day Flows

Average peak-day wastewater flows over the study period amounts have totaled 45.7 million, and as such translates to a peaking factor relative to average day totals of 12 to 1. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 35.7 million gallons as of the study term. The overall average wet-weather peak day tally translates to 1,139.6 gallons per day for every resident or 2,384.2 gallons per day for every housing unit; it also translates to 2,983.0 per day gallons for each service connection during the corresponding 60 months. This measurement has decreased overall during the study period by (33.0%). A breakdown of peak-day flows during the study period follows.

RVSD: Recent Peak Day Flows					
Table 4.61 Source: Marin LAFCO and RVSD					
Year	Peak Day System Total	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection	System Peaking Factor
2010	53.3 mg	1,344.7	2,824.1	3,471.2	13.7
2011	42.5 mg	1,077.4	2,233.4	2,798.8	12.5
2012	42.9 mg	1,068.1	2,236.0	2,827.2	11.0
2013	54.1 mg	1,337.3	2,796.7	3,501.6	13.9
2014	35.7 mg	870.6	1,830.5	2,316.2	9.4
Average Trend	45.7 mg (33.0%)	1,139.6 (35.3%)	2,384.2 (35.2%)	2,983.1 (33.3%)	12.1 (31.3%)

*Incorporates flows and related data from the Murray Park Sewer Maintenance District
“mg” refers to million gallons per day*

Projected Measurements | Wastewater Collection System Flows

Going forward – and specifically for purposes of this study – it appears reasonable to assume RVSD’s wastewater flows will generally follow trends over the study period. (This includes flows generated from MPSMD.) It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall decrease in annual wastewater flows of 0.896 billion gallons over the succeeding 10-year period finishing in 2024; a difference of (51.13%) or (5.11%) annually. This projection continues RVSD’s overall annual flows reduction incurred during the study period at a similar rate. It is also estimated – in using regression analysis relative to recent recording - the system’s peak-day flows will ultimately decrease over the succeeding 10-year period by 8.4 million gallons or (23.5%) and resulting in a peaking factor of 6.2. The following table summarizes these and related projections through 2024.

The Commission independently estimates RVSD’s annual wastewater demands will continue to decrease over the succeeding 10-year period at an average rate of 10.8 based on regression analysis performed on recorded rates during the study period.

RVSD: Projected Wastewater Flows						
Table 4.62 Source: Marin LAFCO						
Year	Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	1,752 bg	4.8 mg	3.8 mg	5.8 mg	35.7 mg	
2015	1,645 bg	4.5 mg	4.0 mg	5.0 mg	40.1 mg	
2016	1,560 bg	4.3 mg	4.0 mg	4.5 mg	38.7 mg	
2017	1,474 bg	4.0 mg	4.1 mg	4.0 mg	37.3 mg	
2018	1,387 bg	3.8 mg	4.1 mg	3.5 mg	35.9 mg	
2019	1,301 bg	3.6 mg	4.2 mg	3.0 mg	34.5 mg	
2020	1,213 bg	3.3 mg	4.2 mg	2.4 mg	33.1 mg	
2021	1,125 bg	3.1 mg	4.3 mg	1.9 mg	31.7 mg	
2022	1,036 bg	2.8 mg	4.3 mg	1.4 mg	30.2 mg	
2023	0,946 bg	2.6 mg	4.4 mg	0.828 mg	28.7 mg	
2024	0,856 bg	2.3 mg	4.4 mg	0.285 mg	27.3 mg	
Average Trend	1.254 bg (51.13%)	3.4 mg (51.13%)	4.2 mg 15.95%	2.7 mg (95.08%)	33.8 mg (23.53%)	

*Incorporates flows and related data from the Murray Park Sewer Maintenance District
“bg” refers to billion gallons per day
“mg” refers to million gallons per day*

6.3 Wastewater Capacities

Constraints | Contractual Provisions

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

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

Constraints | Infrastructure and Facilities

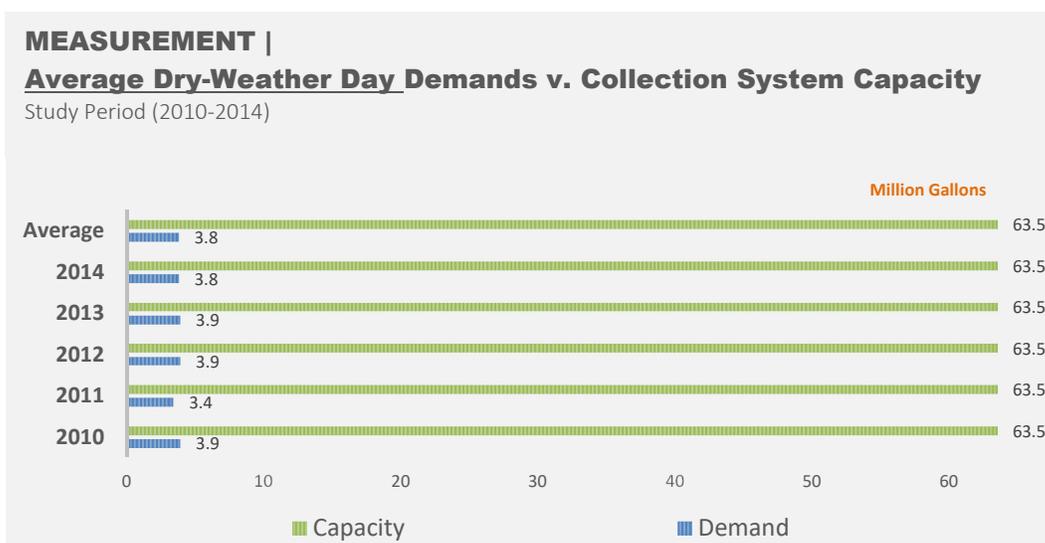
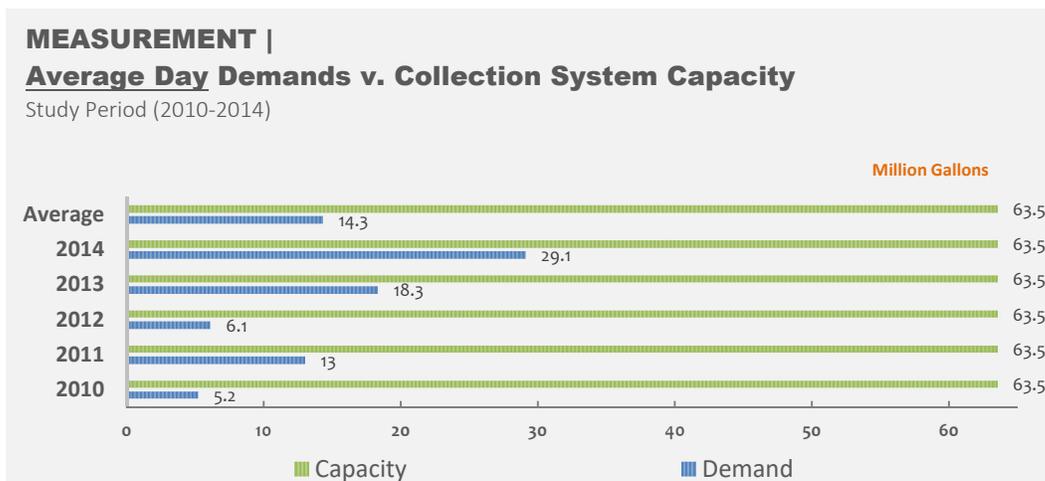
RVSD's collection system is approximately 202 miles in total length and divided between 194 and 8 miles of gravity and force lines, respectively. The percentage of gravity line to force mains is 4.3% and increased by 0.13% during the 60-month study period. The majority of the gravity lines are between 4 and 42 inches in diameter and supported by 19 strategically placed public pump stations that ultimately convey flows north to directly connect RVSD to CMSA. RVSD's largest pump serving the central trunk line connecting District flows to CMSA can reportedly handle up to 63.2 million gallons per day. For purposes of this review this reported amount – 63.2 million gallons – is deemed the maximum daily capacity of the RVSD collection system.³⁹

RVSD's collection system's daily capacity to convey flows to CMSA is estimated at 63.2 million gallons.

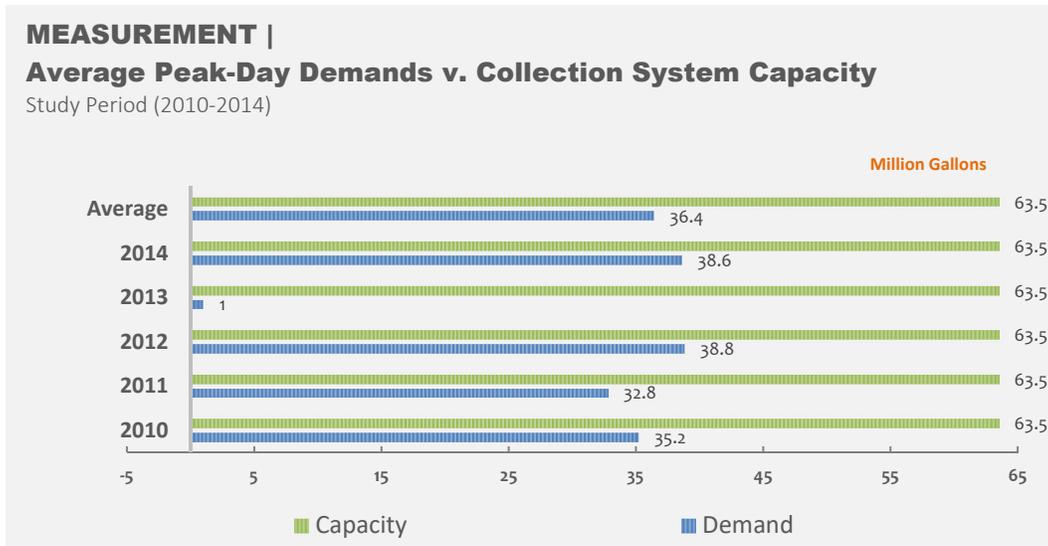
³⁹ As context RVSD's Sanitary Sewer Hydraulic Evaluation and Capacity Assurance Plan of 2006 evaluated the capacity of the collection system with respect to a design storm event given that the District's increase in peak flows were mainly attributed to infiltration and inflow (I/I) of storm water runoff and groundwater into the system. The model determined the system would have high peak demands under an intense wet weather event possibly resulting in overflows. The model also examined that all of RVSD's pump stations have sufficient capacity to handle the predicted 5-year design storm peak demand event during normal pump operation, but faced the potential for SSOs during large storm events.

6.4 Demand to Capacity Relationships

Study period flows averages show RVSD has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 22.5% of the collection system capacity. Average dry-weather demands during the same period tally 6.0% of the collection system capacity. Average peak-day demands represent the biggest tax on the collection system and account over the study period to equal 57.3% of the collection system capacity.⁴⁰ 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.



⁴⁰ Amount based on the average peak-day demand collected between 2010, 2011, 2012, and 2014.



6.5 Performance

Measurement | Sanitary Sewer Overflows

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

- a) Overflows or releases of untreated or partially treated wastewater that reaches waters of the United States;
- b) Overflows or releases of untreated or partially treated wastewater that do not reach water of the United States; and

- c) Wastewater backups into buildings and on private property caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.

The total number of SSOs recorded by RVSD during the study period was 172 with an overall spillage volume of 3.35 million gallons. The most recent year experienced 29 SSOs. The majority of the SSOs, a total of 108, were classified by the SWRCB as a Category 3, a spill of less than 1,000 gallons to not reach the surface water. RVSD

RVSD experienced 172 total SSOs during the five-year study period, and involved the unauthorized overflow of 3.35 million gallons.

experienced 54 SSOs classified as a Category 1 in which wastewater reached the surface water threatening public safety and environmental health. The average response time for SSOs during the study period was 45 minutes with the longest response time noted at 1 hour in 2011. A review of each accompanying report incident suggests the main factors resulting in discharges were structural, indicating system repairs and planned maintenance are needed in the future to prevent spillage and maintain system flows. The majority of SSOs that were repeat occurrences could be attributed to roots, debris and structural issues, signifying more system maintenance is needed.⁴¹

RVSD: Sanitary Sewer Overflows								
Table 4.64 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
	54	3.302	10	0.032	108	0.017	172	3.351

“gallons” are listed in millions

⁴¹ As related context RVSD’s Sewer System Management Plan of 2014 has established the following process in order for the District to be notified of the occurrence of an SSO; (1) observation by the public (2) receipt of an alarm and (3) Observation by District staff during the normal course of their work. Once notification of an SSO is received, calls are routed to either Senior Supervisor during business hours or to a standby service in which employees will be alerted by phone or employee pager. If needed, a dispatch collections crew is called and is instructed to follow protocols as well as outline how to respond and communicate with the customer. In the event of pump failure, an alarm will sound and either wastewater will be pumped into a vacuum truck for disposal in a nearby manhole or pumped into the wastewater system to prevent overflows.

Measurement | System Maintenance

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

Corrective Maintenance

RVSD’s corrective maintenance is reflected in the number of service calls received to resolve, correct, or assist a particular situation. During the 60-month study period this number totaled 335, in which the majority being attributed to a public SSO. The number of service calls spiked 523% during the last year of the study period, indicating either more volumes in service issues or a better notification system.

RVSD: Number of District Service Calls					
Table 4.65 Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
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
	34	57	23	29	212

Preventive Maintenance

RVSD’s preventative maintenance was reported in its planned cleaning activities during the 60-month study period, which averaged to 100% of all planned work orders completed. According to RVSD, maintenance is prioritized by the cleaning of high frequency sewer issues such as blockages or SSOs. The District cleans the entire sewer system approximately every 12 to 18th months and cleans specific portion with known problems on a more frequent basis. RVSD uses staff to clean out the system. RVSD schedules to clean on a preventative maintenance timetable in 6 to 12 month

intervals, depending on the history of the individual line segment. During the 60-month study period, Marin LAFCO is unable to determine the number of blocked sewer pipes per 100 miles RVSD encountered. During the same period, RVSD did experience 1 pump station failure in 2011.

RVSD uses a database to keep records of service calls and generates automatic work orders for regular and 6-month maintenance schedules. RVSD’s mainline sewer condition assessment program includes closed-circuit televising (CCTV) inspection of main line pipes to determine cleaning issues. RVSD notes, if an SSO resulted from a structural deficiency, repairs or replacements are made within one month of the reported SSO to prevent future overflows. The District has initiated during the study period a trunk line cleaning program and quality assurance and quality control (QA/QC) protocol to measure the effectiveness of cleaning operations.

RVSD is currently working on developing a rehabilitation and replacement plan to identify and prioritize rehabilitation efforts to address system deficiencies. RVSD has based the priority of rehabilitation projects on the number and nature of pipeline defects and if they are expected to be replaced by segments, lining, or full pipe replacement. At the end of the study year, RVSD identified rehabilitation projects that account for over 20 miles of main line sewer pipelines and are estimated a total costs of \$24.8 million. During the study period, RVSD’s entire collection system was CCTV inspected. The level of infrastructure reinvestment the District achieved during the entire study period came in at 52% byway completing 47,357 feet of the planned 90,234 feet of line replacement.

PLANNED <u>CLEANING</u> ACTIVITIES COMPLETED		
Year	Planned Feet	Actual Feet
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
TOTAL	3,780,683	5,629,189
Planned Work Orders Completed		100%

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
TOTAL	90,324	47,357
Planned Work Orders Completed		52%

6.6 User Charges and Fees

RVSD bills one fee to its customers in recovering the District’s wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted treatment/disposal expenses. The service charge

Most single-family customers in RVSD currently pay \$797 a year for wastewater services. Customers in Larkspur pay one-third more due to a zone adjustment at \$1,067 a year.

is also filtered through two billing zones to account for different revenue outlays: a) Larkspur and b) Ross Valley; with the latter comprising more than nine-tenths of all District customers. Single-family residential customers currently pay \$797 in Ross Valley and \$1,067 in Larkspur per unit. Multi-family customers pay slightly less than single-family users in both zones with Ross Valley billed at \$714 and Larkspur billed at \$955.⁴² There are no voter-approved special assessments.⁴³

7.0 AGENCY FINANCES

7.1 Financial Statements

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

⁴² Commercial users in Ross Valley and Larkspur are annually billed \$797 and \$1,067, respectively for each equivalent dwelling unit as determined by RVSD.

⁴³ A dual connection fee is also collected by RVSD in step with initiating new services. The connection fee presently totals \$10,798 for each connection. The total service operating and capital costs are divided between 81% to cover the buy-in costs to the collection system and 19% to cover the capital costs therein.

RVSD’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and positive change over the prior fiscal year as its overall equity or fund balance increased by 4.84% from \$62.192 to \$65.204

End of Study Term Financial Statements	
Assets	\$85.566 m
Liabilities	\$20.362 m
Equity	\$65.204 m

million. Underlying this most recent change in equity standing is the result of a sizeable rise in current assets and aided by a sharp increase in connection and inspection fees in 2013-2014. A summary of year-end totals and trends over the study period follows.

Agency Assets

RVSD’s audited assets at the end of 2013-2014 totaled \$85.566 million; more than 15% higher than the five-year average sum generated over the course of the study period. As of the study term assets classified as current with the expectation they could be liquidated within a year represented less than one-fifth of the total amount and tied to cash and investments and have drawn down by (36.52%) over the 60 month period. Assets classified as non-current make up the remaining four-fifths of the asset total as of the study term, and predominately comprise of capital infrastructure with 65% of depreciation tied to sewer lines, which has increased by 52.93% over the preceding 60 months.

RVSD Assets Study Period							
Table 4.66 Source: RVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	20.571	10.865	6.9000	7.278	13.059	(36.52%)	11.735
Non-Current	47.412	59.657	67.002	65.634	72.506	52.93%	62.442
	67.983	70.522	73.902	72.912	72.912	25.86%	74.177

amounts in millions

Agency Liabilities

RVSD’s audited liabilities at the end of 2013-2014 totaled \$20.362 million; close to 30% higher than the five-year average sum generated over the course of the study period. As of the study term liabilities classified as current representing obligations owed in the near-term represented slightly more than one-tenth and tied to accounts payable and have overall decreased by (62.20%) over the preceding 60 months. Liabilities classified as non-current make up the remaining and approximate four-fifths of the sum and predominately attributed to the sale of 30-year revenue bonds in 2013 totaling \$17.780 million to fund sewer line replacements and underlie the 79.36% increase over the 60 month period.

RVSD Liabilities Study Period							
Table 4.67 Source: RVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	6.548	4.564	5.325	1.893	2.475	(62.20%)	4.161
Non-Current	9.972	11.140	9.932	8.826	17.886	79.36%	11.551
	16.520	15.704	15.258	10.720	20.362	23.25%	15.713

amounts in millions

Agency Equity / Net Assets

RVSD’s audited equity / net assets at the end of 2013-2014 totaled \$65.204 million and represent the difference between the District’s total assets and total liabilities. This amount has increased by 26.70% over the study period and primarily attributed to capital investments. The unrestricted portion of the net assets as of the study term totals \$10.610 million and translates to a per capita reserve ratio of \$260 based on a corresponding and projected resident total of 40,809.

RVSD’s net assets have increased by 26.70% over the study period and largely driven by capital investments. The unrestricted fund balance as of the study term total of \$10.610 million equates to a per capita reserve ratio of \$260.

RVSD Net Assets Study Period							
Table 4.68 Source: RVSD							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Unrestricted	12.543	5.475	1.202	5.664	10.610	(15.41%)	7.099
Restricted	38.919	49.341	57.483	56.527	54.593	40.27%	51.373
	51.463	54.817	58.685	62.192	65.204	26.70%	58.472

amounts in millions

7.2 Measurements / Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by RVSD covering the study period and specifically fiscal years 2009-2010 through 2013-2014 shows the District finished the term with relatively good liquidity. This includes noting RVSD’s current ratio finished the term with a ratio of over 5 to 1 as well as over ten months – or 315 days – of cash on hand to cover operating expenses. RVSD also finished the study term with relatively good and stable levels of 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 4.69 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.

7.3 Pension Obligations

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



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

Participants | Pension Formulas

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.

RVSD's Pension Enrollee Information					
Table 4.70 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
Total Enrollees	n/a	n/a	70	72	74
Worker-to-Retiree Ratio	n/a	n/a	1.8 to 1	1.9 to 1	1.8 to 1

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.⁴⁴ 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).⁴⁵

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.

RVSD's Pension Contributions				
Table 4.71 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
Average Trend				\$654,618 77.68%

Funded Status

RVSD's unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$3.990 million and as such represented 37.6% of the District's unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 78% based on market value. It also reflects an

RVSD's unfunded pension liability has increased over the last four years of the study period by 7% and ended the term at \$3.990 million; the equivalent of a 77.5% funded ratio.

⁴⁴ 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%.

⁴⁵ RVSD's covered annual payroll in 2013-2014 totaled \$3.287million.

overall improvement of 7% over the preceding four-year period.⁴⁶

RVSD's Pension Trends			
Table 4.72 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%
	Average	\$4,216,779	72.8%
	Trend	2.45%	7.1%

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

7.4 Revenue to Expense Trends

A review of RVSD’s overall actual revenues and expenses during the study period 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.

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

Top Revenue Categories:
 3) Sewer Charges @ 73.2%
 4) Property Taxes @ 25.2%

Top Expense Categories
 3) Operations @ 27.9%
 4) CMSA Contract @ 25.0%

⁴⁶ Pension information for 2009-2010 is not available.

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.

RVSD Actual Revenue Trends Study Period								
Table 4.73 Source: RVSD Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	% of
	2010	2011	2012	2013	2014			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
	20.584	20.749	22.097	20.338	21.321	3.58%	21.018	100.00

RVSD Actual Expense Trends Study Period								
Table 4.74 Source: RVSD Financials and Marin LAFCO								
Category	2009	2010	2011	2012	2013	Trend	Average	% of
	2010	2011	2012	2013	2014			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
	17.246	17.395	18.228	16.831	18.309	6.17%	17.602	100.00

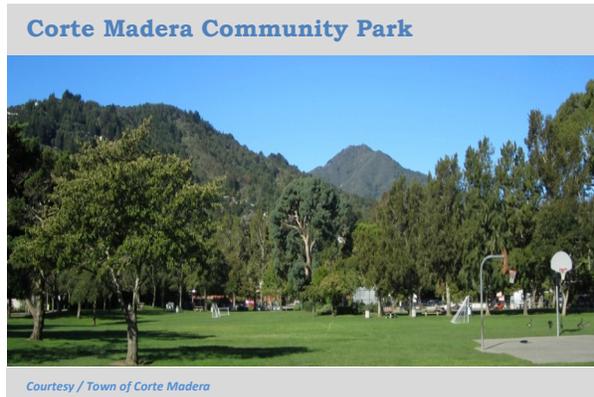
Net	3.338	3.354	3.868	3.506	3.011
	16.22%	16.17%	17.51%	17.24%	14.13%

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D. COUNTY SANITARY DISTRICT NO. 2

1.0 OVERVIEW

County Sanitary District No. 2 (CSD No. 2) was formed in 1901 and encompasses an approximate 3.8 square mile jurisdictional boundary in east-central Marin County. Governance is provided dependently by the Town of Corte Madera's Town Council whose members are elected at-large to staggered four year-terms. This governance



relationship was established in 1969 when CSD No. 2 was officially reorganized into a subsidiary agency of the Town of Corte Madera as allowed under State law given – and among other qualifications – the Town included 70% of both the District's jurisdictional boundary and registered voters. Four local land use authorities overlap CSD No. 2's jurisdictional boundary and headlined by Corte Madera, which presently accounts for three-fifths – or 56% – of the subject lands. The rest of CSD No. 2's jurisdictional boundary is divided between the County of Marin's unincorporated area – and marked by Greenbrae – at 23%, Town of Tiburon at 19% and City of Larkspur at 2%.

CSD No. 2 is currently organized as a single-purpose agency with municipal operations limited to wastewater collection though it is empowered – subject to LAFCO approval – to provide solid waste, recycled water, and storm drainage services. Service activities directly performed by CSD No. 2 and byway of Corte Madera's Public Works Department focus on engineering aspects of the District's approximate 49-mile collection system along with cost-recovery through the setting and collection of charges and fees. Public Works also provides routine and emergency cleaning and maintenance of the collection system, and design and construction of capital improvements to the gravity and force mains and pump stations. CSD No. 2 – and as a signatory – contracts with the Central Marin Sanitation Agency (CMSA) for wastewater treatment and disposal services; a secondary contract with CSMA also provides maintenance for CSD No. 2's pump stations

located throughout the District’s jurisdictional boundary. CSD No. 2’s adopted operating budget at the term of the study period was \$7.102 million and with funding dedicated for the equivalent of three fulltime employees. The unrestricted fund balance was \$3.235 million with an associated days-cash ratio totaling 524; i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within CSD No. 2 is 9,874 as of the term of this study period (2014). It is also projected CSD No. 2’s population growth rate over the five-year study period has averaged 0.175% annually and primarily tied to an increase in occupancy

County Sanitary District No. 2	
Formation Date:	1901
Principal Act:	Health and Safety Sections 6400-6982
Service Categories:	Wastewater Collection
Service Population	9,874
Governance Type:	Dependent

levels; the substantive result being the net addition of 86 persons. Overall it is also estimated by the Commission nearly four-fifths of the jurisdictional boundary has already been developed and or improved – though not necessarily at the highest density. This means one-fifth of the boundary area remains entirely undeveloped, and this includes 138 existing unbuilt and privately owned parcels that are zoned for some type of urban use.⁴⁷

2.0 OVERVIEW

2.1 Community Development

It appears CSD No. 2’s present day service area began its development in 1834 with the land grant of Rancho Corte Madera del Presidio to early California European settler, John Reed, by Mexican Governor Jose Figueroa, totaling 7,845 acres or 12.2 square miles. Reed proceeded with renaming the area Corte Madera, meaning in Spanish “to chop wood,” and constructed a sawmill to produce lumber out of redwood trees supplying the ongoing construction of San Francisco and by way of transporting through Corte Madera Creek. Cattle grazing and orchard farming followed as the area took an agrarian form

⁴⁷ Additional analysis is needed to assess actual development potential of the 138 unbuilt parcels within CSD No. 2.

towards mid-century. Once California joined the Union in 1850 a nominal number of settlers were recorded living in Corte Madera by the time of the first census. Ten years later in 1860 and in step with the State’s second official census only a few dozen residents were reportedly residing in the area.⁴⁸



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.

⁴⁸ Census data reports Marin County’s entire population in 1860 at 3,334; the second lowest total among the nine Bay Area counties and only higher than San Mateo at 3,214.

Corte Madera's development accelerated in the 1890s when Emma Catherine Pixley - widowed sister-in-law of New England lawyer Frank Pixley and later publisher of the magazine the *Argonaut* - received a 136-acre parcel from her late husband's family estate. Ms. Pixley and her sons, notably, began subdividing and selling small undeveloped tracts of lots from her 136-acre parcel of land and marketed in local newspapers as summer residences for San Franciscans given the area's warmer climate. The lots were located on the northern slope of the Corte Madera Ridge near the railroad station and subsequently known as Christmas Tree Hill with starting prices at \$50; the adjusted equivalent of \$1,200 in 2016. Sales proved successful and by the end of the century Corte Madera began its steadfast transition from agrarian to residential with a population reaching a reported 300 by 1900.

2.2 Formation Proceedings

CSD No. 2's formation was petitioned by area landowners to manage and coordinate the collection and disposal of raw sewage flows from Old Downtown and the Christmas Tree Hill development. Proceedings were influenced by the establishment two years earlier of neighboring County Sanitary District No. 1 - also known as the Ross Valley Sanitary District - and led to a successful election and formation therein of CSD No. 2 in 1901 as an independent governmental agency with its own directly elected five-person board.

2.3 Post Formation Activities

A summary of notable activities undertaken by CSD No. 2 and/or affecting the District's service area following formation in 1901 is provided below.

- The City of Larkspur was incorporated in March 1908.
- The Town of Corte Madera was incorporated in June 1916.
- In 1969 CSD No. 2 was reorganized into a dependent subsidiary district of the Town of Corte Madera with LAFCO approval as a means to formalize the Town's existing - albeit informal - management of the District.

- CSD No. 2 became an original signatory in the creation of CMSA in 1979; a joint powers authority created for the purposes of planning, constructing, and operating wastewater treatment and disposal services for its member-agencies with the latter achieved through a deep-water outfall to the San Francisco Bay.
- CSMA completed construction and initiated operation of a wastewater treatment facility on the north side of Point San Quentin Point in 1985.
- CSD No. 2 prepared its first formal Sewer System Master Plan in 2008. This document was most recently updated in 2013.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

CSD No. 2's jurisdictional boundary spans approximately 3.8 square miles in size and covers 2,435 total acres (parcels and right-of-ways). There are four land use authorities overlapping the jurisdictional boundary. Corte Madera is the single largest land use authority in terms of acreage with an estimated 56% of all CSD No. 2's assessor lands lying in the Town.

CSD No. 2's jurisdictional boundary spans 3.8 square miles and overlaps four land use authorities with Corte Madera being the largest with the Town covering 56% of all District lands.

Another 23% and 19% of jurisdictional lands fall under the land use authorities of the County – and most notably portions of Kentfield – and Tiburon respectively. The remaining portion of CSD No. 2 lands – which total 2% of the District total – are located within Larkspur and specifically in and around the Cost Plus Plaza.

The total assessed value (land and structure) within CSD No. 2 is currently calculated at \$3.6 billion and translates to a per acre value of \$1.4 million. This former amount – \$3.6 billion – further represents a per capita value of \$0.365

Assessed land values in CSD No. 2 totals \$3.6 billion, and based on receiving 1.47% of the 1% annual property tax the District's allocated share of the total less deductions and other exchanges is \$0.528 million.

million based on an estimated service population of 9,874. CSD No. 2’s set allocation of property tax proceeds – i.e., its share of the 1% taxed on property owners – is 1.468%.

CSD No. 2 Boundary Breakdown: Land Use Authorities				
Table 4.75 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
	1,599.4	100	4,334	4,564

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 2016.⁴⁹ 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.⁵⁰ 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.

CSD No. 2 Boundary Breakdown: Land Use Features				
Table 4.76 Source: Marin LAFCO				
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
79.0	4,564	81.5	131	68

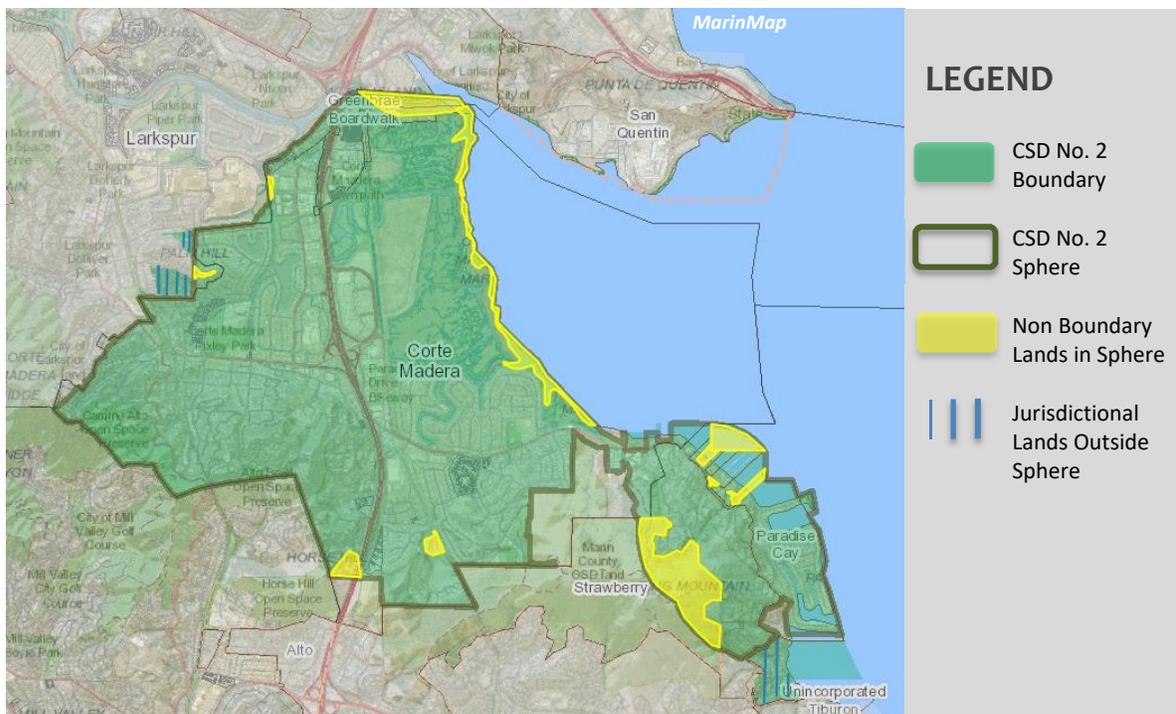
⁴⁹ The remaining 836 jurisdictional acreage within CSD No. 2 are tied to public right-of-ways and waterways.

⁵⁰ This portion of developed acreage includes parcels dedicated as common areas.

3.2 Sphere of Influence

CSD No. 2's sphere of influence was initially established by the Commission in 1983 and last reviewed and updated in 2006. The sphere spans approximately 2,471 acres or 3.8 square miles in size. The sphere is close to matching – or 98% – equal to CSD No. 2's jurisdictional boundary net size although with several notable deviations therein. This includes excluding approximately 44 acres – or 2% – of CSD No. 2 jurisdictional lands and highlighted by the omission of District territory 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.

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.



4.0 DEMOGRAPHICS

4.1 Population Estimates

CSD No. 2's resident population within its jurisdictional boundary is independently estimated by the Commission at 9,874 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 3.8% of the estimated countywide population.⁵¹ It is also

LAFCO estimates there are 9,874 total residents within CSD No. 2 that are explicitly served by the District's wastewater collection system as of the term of the study. It is further estimated CSD No. 2 has experienced an overall population increase of 86 over the preceding five-year period, resulting in an annual growth rate of 0.175%.

projected CSD No. 2 has experienced an overall population growth rate of 0.88% over the preceding five-year period or 0.175% annually. The net effect of the population change in CSD No. 2 over the study period is the addition of an estimated 86 persons. This projected increase in population has been generated by the addition of an estimated 87 new and occupied housing units within the jurisdictional boundary while also taking into account a deintensification of household sizes over the span of the five-year period starting at 2.25 in 2010 and ending at 2.20 in 2014; the latter being a net intensity decrease of (11.1%). Overall projected growth within CSD No. 2 falls more than three times below the concurrent annual change estimated for the entire county – 0.62% –.⁵²

CSD No. 2 Resident Population: Past and Current Estimates					
Table 4.77 Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
a) Total Housing Units	4,466	4,482	4,499	4,545	4,531
b) Local Occupancy Rate	97.63	96.47	97.52	97.52	98.16
g) Occupied Housing Units	1,360	4,324	4,387	4,403	4,448
h) Projected Household Size	2.245	2.239	2.232	2.226	2.220
Estimated Population	9,788	9,678	9,794	9,802	9,874

⁵¹ 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%.

⁵² 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.

* rounded for reporting purposes

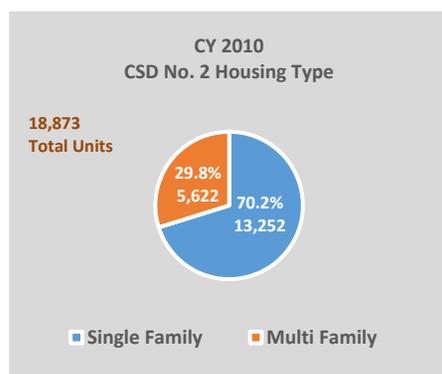
With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with CSD No. 2 will generally match the preceding five-year period with an overall yearly population change of 0.175%. The substantive result of this assumption would be an overall increase in CSD 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.

CSD No. 2 Resident Population: Future Estimates						
Table 4.78 Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	9,874	9,909	9,943	9,978	10,013	10,048
Occupied Housing Units	4,448	4,439	4,454	4,470	4,485	4,501
- residents to housing units	2.220	2.232	2.232	2.232	2.232	2.232

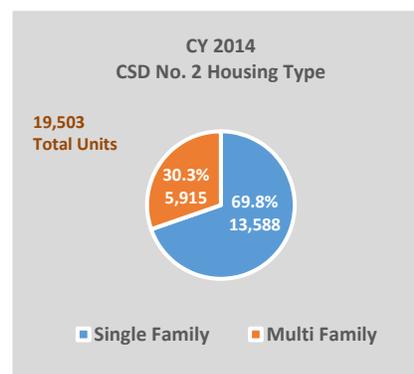
Baseline

4.2 Residency Type

The Commission projects CSD No. 2’s residential unit total (occupied and unoccupied) of 4,531 as of the study term is divided between single family and multi-family uses at 74.43% (3,373) and 25.57% (1,159), respectively. These totals produce an estimated ratio of 2.91 to 1 with respect to single-family to multi-family units. The overall stock of housing type has experienced a subtle change with single-family unit totals decreasing by (0.43%) while multi-family unit totals increasing by 1.28% over the corresponding 60 month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (1.69%) from 2.96 to 1 in 2010.



Single Family to Multi Family:
2.96 to 1



Single Family to Multi Family:
2.91 to 1

4.3 Social and Economic Indicators

A review of recent demographic information covering the CSD No. 2 jurisdictional boundary for the study period shows fulltime residents are relatively in better economic positions compared to countywide averages and marked by high incomes and low unemployment and poverty rates. This information is drawn from census data collected between 2010 and 2014 and shows

CSD No. 2's fulltime residents are generally more affluent than most of the county populace and highlighted by a median household income average over the study period of \$108,934. Also there has been sizeable amount of transition with only 13% of household owners having resided in their homes before Proposition 13 in 1979.

area residents' average median household income is close to one-fifth above the countywide amount of \$91,529 at \$108,934. Area resident averages – and similar to RVSD – also fall measurably below countywide amounts with respect to unemployment and poverty rates, albeit both measurements have significantly increased compared to the preceding five-year average data collection. Notable social indicators show CSD No. 2 residents have significantly higher levels of formal education with 65.7% possessing a bachelor's degree and is more than double the countywide rate. Also notably – and compared to its immediate neighbor to the east with similar economic factors in RVSD – CSD No. 2 is far more ethnically diverse with non-native speakers equally 21.3% and close to the countywide amount.

CSD No. 2: Resident Trends in Social and Economic Indicators				
Table 4.79 Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
Median Household Income	\$100,121	\$108,934	8.80%	\$91,529
Median Age	44.78	44.98	0.46%	45.10
Prime Working Age (25-64)	58.07%	52.93%	(8.84%)	55.28%
Unemployment Rate (Labor Force)	2.44%	3.66%	50.20%	4.70%
Persons Living Below Poverty Rate	2.49%	4.80%	92.60%	8.80%
Mean Travel to Work	27.78 min	30.40 min	8.12%	29.4 min
Working at Home (Labor Force)	6.40%	9.40%	47.91%	2.50%
Adults with Bachelor Degrees or Higher	62.45%	65.70%	5.21%	30.80%
Non English Speaking	23.28%	21.13%	(9.23%)	23.50%
Householder Pre Proposition 13 (1979)	16.82%	12.90%	(8.84%)	12.80%

* Amounts represent the result of a weighted calculation by estimated population performed by Marin LAFCO taking into proportional account of all four census tracts underlying CSD No. 2.

5.0 ORGANIZATIONAL STRUCTURE

5.1 Governance

CSD No. 2’s governance authority is established under the Sanitary District Act of 1923 (“principal act”) and codified under Public Health and Safety Code Sections 6400-6982. This principal act was originally enacted in 1891 and empowers CSD No. 2 to provide a moderate range of municipal services upon approval by LAFCO. As of date, CSD No. 2 is authorized to provide only one municipal service: (a) wastewater. All other latent powers enumerated under the principal act would need to be formally activated by LAFCO before CSD No. 2 would be allowed to initiate. Similarly, should it ever seek to divest itself of directly providing wastewater services, CSD No. 2 would also need to seek LAFCO approval. A list of active and latent powers under the principal act follows

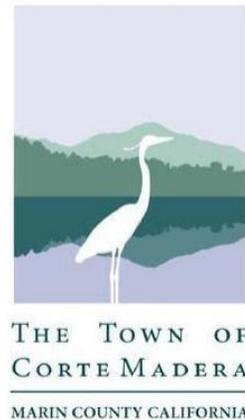
Active Service Powers

Wastewater

Latent Service Powers

Solid Waste; Including Collection
Recycled Water
Storm Drainage

CSD No. 2 was initially formed as an independent sanitary district in 1901 with its own directly elected five-member board of directors among registered voters residing with the District. CSD No. 2 was governed accordingly in this manner until 1969 when the Town of Corte Madera successfully proposed reorganization of the District as a subsidiary to the Town.⁵³ 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.



⁵³ 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.

Current CSD No. 2 Board Roster			
Table 4.80 Source: CSD No. 2			
Member	Position	Background	Years on Board
Sloan Baily	President	Attorney	n/a
Diane Furst	Vice President	Accounting/Finance	n/a
James Andrews	Director	Financial Analyst	n/a
Carla Condon	Director	Government	n/a
Michael Lappert	Director	Business Owner	n/a

5.2 Administration

Under Town Ordinance Corte Madera’s Town Manager serves as General Manager for CSD No. 2 and as such oversees all District activities with primary delegation to the Public Works Director. The current General Manager – Todd Cusimano – assumed administrative oversight of CSD No. 2 in September 2016. Service activities directly performed by CSD No. 2 and byway of Public Works staff focuses on engineering aspects of the District’s approximate 49 mile collection system along with cost-recovery through the setting and collection of charges and fees.⁵⁴ Legal services for CSD No. 2 are provided by contract with the Renne Sloan Holtzman Sakai Law Group (San Francisco).

CSD No. 2 Administrative Offices

300 Tamalpais Drive
Corte Madera, California 94925



Courtesy / Town of Corte Madera

6.0 WASTEWATER SERVICES

6.1 System Structure

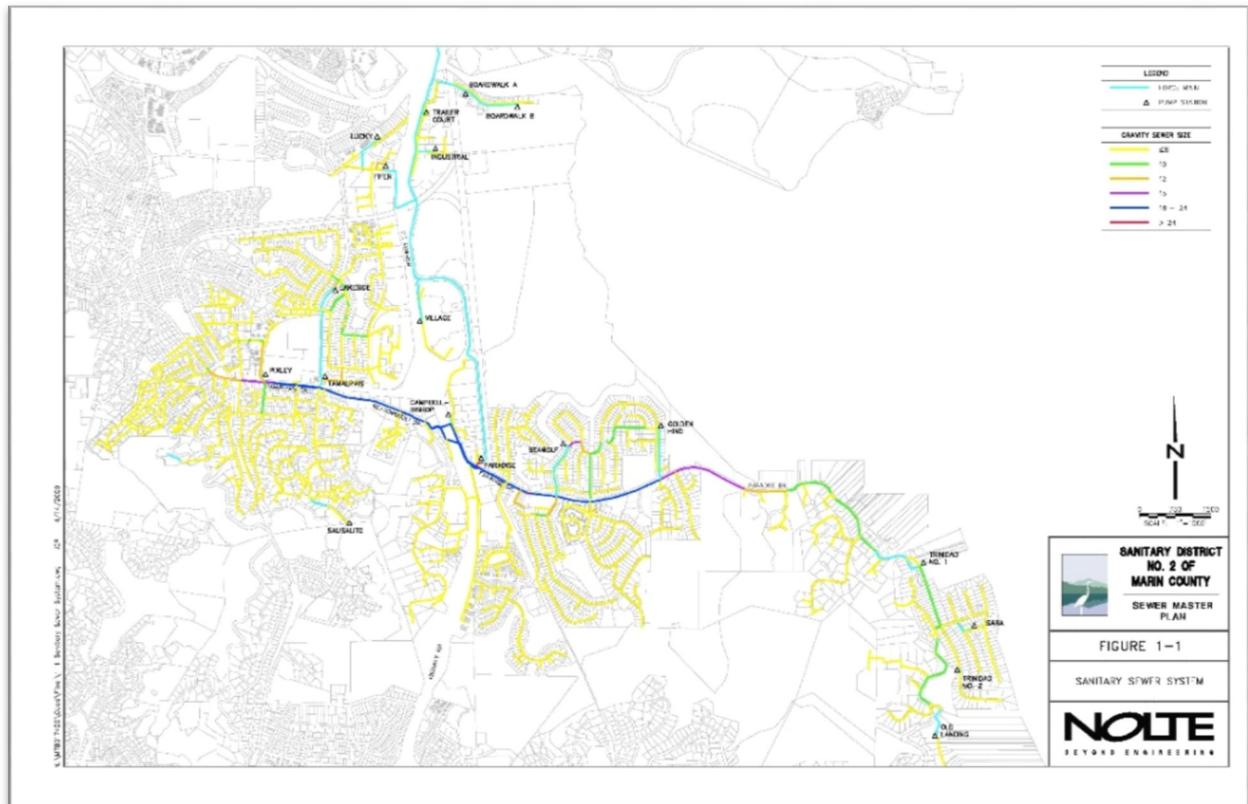
CSD No. 2 directly provides wastewater collection services through its own infrastructure headlined by an approximate 49 mile collection system and 19 public pump stations. The current infrastructure dates back as early as 1923 with the collection system divided between 44 and 5 miles of gravity and force lines, respectively. CSD No. 2 reports close

⁵⁴ Public Works also provides routine and emergency cleaning and maintenance of the collection system with a budgeted allocation of three fulltime equivalent employees to perform on behalf of CSD No. 2 for the study term. All other services – including maintaining CSD’s No. 2’s pump stations as well as treatment and disposal services – are provided to the District byway of CMSA through a standing joint-powers agreement initially established in 1979.

to 60% of the collection system is less than 50 years in service.

As of the study term CSD No. 2's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – is 12 years and represents a 14% negative change over the corresponding 60 month period.⁵⁵ Other key aspects of wastewater service – and specifically treatment and disposal – are provided by contract to CSD No. 2 by CMSA and separately reviewed as part of this study.

CSD No. 2's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 12 years.



⁵⁵ The equipment replacement ratio has been calculated by LAFCO and drawn from CSD No. 2's 2013-2014 audit.

6.2 Wastewater Demands

Generators | Service Connections and Resident Population

CSD No. 2 reports service to 3,934 active wastewater service connections as of the term of the study period. This connection total is divided into three broad billing categories: (a) residential at 95.6%; (b) commercial at 3.61%; and (c) other at 0.76% (e.g. industrial, public, etc.). The connection totals have experienced small fluctuations within the five-year study period and attributed to residential billing updates that have resulted in the removal of discontinued/merged accounts. This activity helps to explain the overall 0.58% decrease in service connections over the past five year period; a net loss of (23). Nevertheless, residential connections have consistently comprised no less than 96% of the total in any year as shown below.

Service connection totals within CSD No. 2 have remained relatively stagnant over the study period and total 3,934 at the term. Residential users on average have accounted for 95.76% of all active connections.

CSD No. 2: Service Connection Type Breakdown				
Table 4.81 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
2014	3,762	142	30	3,934
Overall Change	(0.50%)	3.40%	3.45%	(0.58%)

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.

CSD No. 2: Resident to Connection Ratio Breakdown			
Table 4.82 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
2014	3,762	9,874	2.62
Overall Change	(0.50%)	0.86%	2.34%

Recent Measurements / Wastewater Collection System Flows

CSD No. 2’s average annual wastewater collection demand generated over the study period as reported by the District and for ultimate treatment and disposal by CMSA has been approximately 426.3 million gallons. This average amount – which serves as a macro overview of system demands – represents a daily average flow of 1.17 million gallons. It also translates to an estimated 119.3 gallons per day for each resident or 266.4 gallons per day for each occupied housing unit projected within CSD No. 2, and 260.1 gallons for each service connection.

Average daily wastewater flows generated within CSD No. 2 during the study period totaled 1.17 million gallons and translates to use ratio of 119 and 266 daily gallons for every person and occupied housing unit, respectively, within the District.

With respect to trends, annual flows within the five-year study period have remained relatively consistent each year and ultimately produced a (0.80%) decrease over the span of the affected 60 months. The high demand point for the collection system during the study period occurred in 2010 with annual flow equaling 456.3 million gallons. This high demand year translates to an estimated 127.7 gallons per day for each resident or 286.7 gallons per day for each occupied housing unit; it also translates to 315.9 gallons per day for each service connection. A breakdown of annual and daily wastewater flows follows.

Annual wastewater flows within CSD No. 2 have decreased by less than (5%) over the study period’s 60 month point-to-point index; a difference of 23.1 million gallons.

CSD No. 2: Annual and Average Daily Flows Breakdown

Table 4.83 | Source: Marin LAFCO and CSD No. 2

	2010	2011	2012	2013	2014	Average	Trend
Annual Flow	456.3 mg	407.0 mg	449.0 mg	366.8 mg	452.6 mg	426.3 mg	(0.80%)
Daily Average	1.3 mg	1.1 mg	1.2 mg	1.0 mg	1.2 mg	1.2 mg	(0.80%)
- Daily Per Resident	127.7	115.2	125.6	102.5	125.6	119.3	(1.66%)
- Daily Per Housing Unit	286.7	257.9	280.4	228.3	278.8	266.4	(2.72%)
- Service Connection	315.9	281.8	132.0	256.0	315.2	260.1	(0.22%)

“mg” refers to million gallons

Per resident as estimated by the Commission

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

Along with average annual wastewater flow three other more micro measurements are tracked with respect to CSD No. 2’s collection system and provide additional context to assessing demand. These measurements are (a) dry weather flow, (b) wet-weather flow, and (c) peak-day flow and summarized below.

Dry-Weather Day Flows

Average dry-weather day wastewater flows over the study period have totaled 0.94 million gallons. This flow is recorded between May 1st and October 31st and most recently tallied 0.93 million gallons as of the study term. The overall average dry-weather day tally translates to 96 gallons for every resident and 214 gallons for every occupied housing unit during the affected 60 months. This measurement has increased overall during the study period by 6.90%. A breakdown of dry-weather flows during the study period follows.

CSD No. 2: Dry Weather Day Flows

Table 4.84 | 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
Average	0.94 mg	96.0	214.4
Trend	6.90%	5.96%	4.81%

“mg” refers to million gallons

Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period have totaled 1.39 million gallons. This flow is recorded between November 1st and April 30th 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.

CSD No. 2: Wet Weather Day Flows				
Table 4.85 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
Average Trend	1.39 mg (4.91%)	142.6 (5.16%)		318.4 87.37%

“mg” refers to million gallons

Peak-Day Flows

Average peak-day wastewater flows over the study period have totaled 5.192 million gallons producing a peak-factor relative to average day totals of 5.6. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 8.85 million gallons as of the study term. The overall average peak-weather day tally translates to 530 gallons for every resident and 1,182 gallons for every occupied housing unit during the affected 60 months. This measurement has increased overall during the study period by 64.80%. A full breakdown of peak-day flows follows.

CSD No. 2: Peak Day Flows				
Table 4.86 Source: Marin LAFCO and CSD No. 2				
Year	Peak Day System Total	Gallon Per Resident	Gallon Per Housing Unit	Peaking Factor
2010	5.37 mg	548.6	1,231.6	6.2
2011	4.41 mg	455.6	1,019.9	4.7
2012	5.53 mg	564.6	1,260.5	5.6
2013	1.80 mg	183.6	408.8	1.8
2014	8.85 mg	896.3	1,989.8	9.5
Average Trend	5.19 mg 64.80%	529.8 63.43%	1,182.1 61.56%	5.6 54.17%

“mg” refers to million gallons

Projected Measurements | Wastewater Collection System Flows

Going forward – and specifically for purposes of this study – it appears reasonable to assume CSD No. 2’s wastewater flows will follow trends over the study period. It is estimated, accordingly and using linear regression to control for variances in the most recent yearend totals, the system will ultimately experience an overall increase in annual wastewater flows of 21.0 million gallons over the succeeding 10-year period finishing in 2024; a difference of 4.64% or 0.46% annually.

The Commission independently estimates CSD No. 2’s annual wastewater demands will reserve course and increase over the succeeding 10-year period at an average rate of 0.46%. This will result in the average day demand equaling 1.3 million gallons in 2024.

This projection differs from CSD No. 2’s overall annual flows decrease incurred during the study period. It is also estimated – in using regression analysis - the system’s peak-day flows will ultimately increase over the succeeding 10-year period by 1.04 million gallons or 11.79% and resulting in a peaking factor of 7.6; the latter representing a rise in peak day flows relative to average day amounts by one-fourth. The following table summarizes these and related projection flows through 2024.

CSD No. 2: Projected Wastewater Flows						
Table 4.87 Source: Marin LAFCO and CSD No. 2						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	456.2 mg	1.25 mg	0.93 mg	1.55 mg	8.9 mg	
2015	445.6 mg	1.22 mg	0.95 mg	1.50 mg	7.1 mg	
2016	448.7 mg	1.23 mg	0.95 mg	1.51 mg	7.4 mg	
2017	451.8 mg	1.24 mg	0.95 mg	1.53 mg	7.7 mg	
2018	454.9 mg	1.25 mg	0.95 mg	1.55 mg	8.0 mg	
2019	458.0 mg	1.25 mg	0.95 mg	1.56 mg	8.3 mg	
2020	461.1 mg	1.26 mg	0.95 mg	1.58 mg	8.6 mg	
2021	464.2 mg	1.27 mg	0.95 mg	1.60 mg	8.9 mg	
2022	467.3 mg	1.28 mg	0.95 mg	1.61 mg	9.3 mg	
2023	470.5 mg	1.29 mg	0.95 mg	1.63 mg	9.6 mg	
2024	473.6 mg	1.30 mg	0.96 mg	1.65 mg	9.9 mg	
Average Trend	459.6 mg 4.64%	1.26 mg 4.64%	0.95 mg 2.75%	1.57 mg 6.33%	8.5 mg 11.79%	

6.3 Wastewater Capacity

Constraints / Contractual Provisions

As referenced, CSD No. 2 contracts with CMSA to provide treatment and disposal services for all collected wastewater services generated within the District. This contract was established in 1979 with CMSA’s treatment facility going online in 1984. The current contract does not establish any limitations or related constraints on total volume of wastewater conveyed to CMSA by CSD No. 2 or any of the other members.

CSD No. 2 is under no contractual constraints with respect to the volume of wastewater the District conveys to CMSA for treatment and disposal.

Constraints / Infrastructure and Facilities

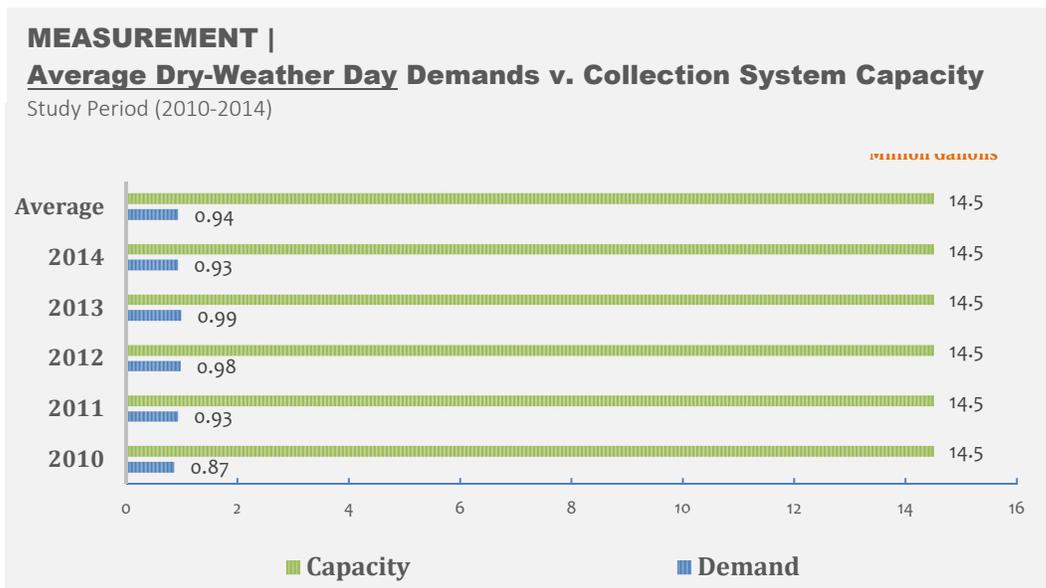
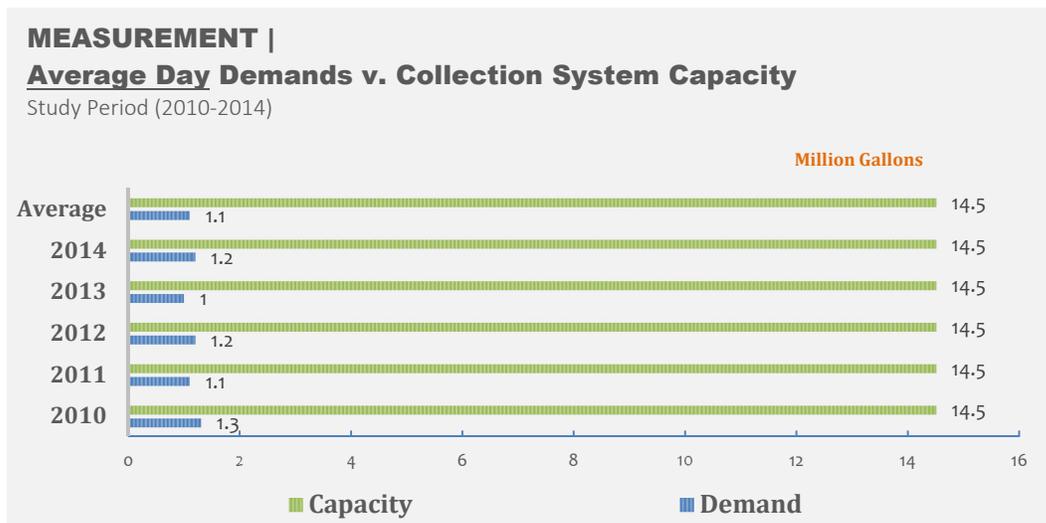
Capacity within CSD No. 2 is premised on an approximate 49-mile collection system divided between 44 and 5 miles of gravity and force lines, respectively. The percentage of force mains to gravity flow pipelines for the most recent study period year was at 12%, and increased by 33.3% from the start of the period. CSD

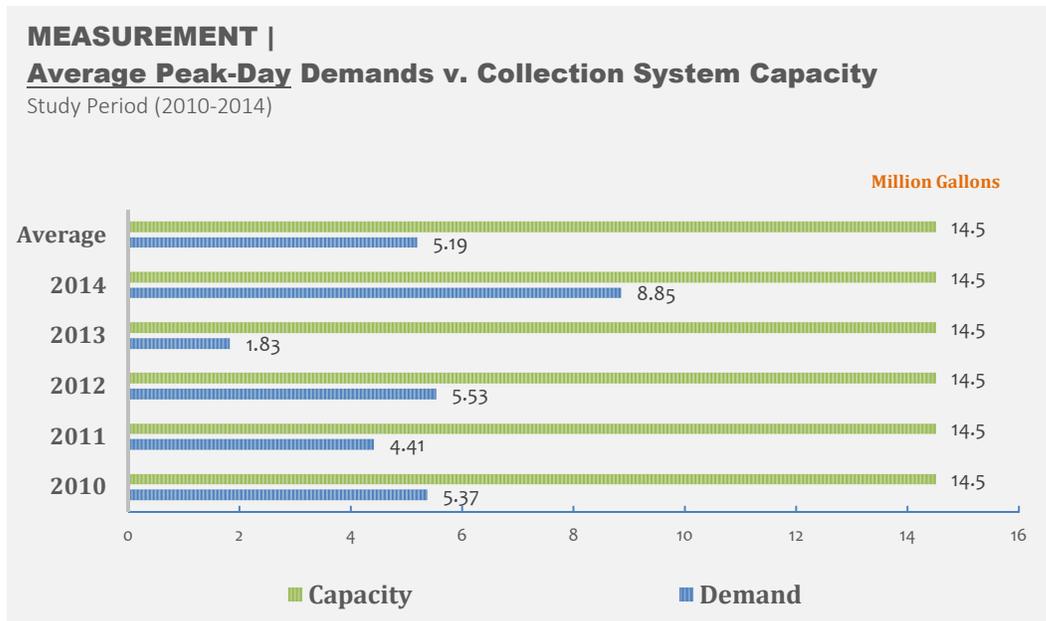
CSD No. 2’s collection system’s daily capacity to convey flows to CMSA is estimated at 14.5 million gallons.

No. 2 has 14 lift stations and 5 force mains. The majority of the gravity lines are less than eight inches in size and supported by 19 strategically placed public pump stations that ultimately convey flows north to the Paradise Force Main, which is 22 inches in size and continues through to the 54-inch Ross Valley Interceptor for subsequent treatment and disposal services. This central force main is directly supported by its own pump station (Paradise) that is powered by five pumps with design capacities ranging from 1,500 (two pumps) to 4,250 (three pumps) gallons per minute. The operational capacity within the central force main is set at 14.5 million gallons per day and is estimated on the peak capacity of the Paradise Pump Station. For purposes of this review, this reported amount – 14.5 million gallons – is deemed the maximum daily capacity of the collection system.

6.4 Demand to Capacity Relationships

Study period flows averages show CSD No. 2 has sufficient available capacities within its collection system to accommodate current and projected demands over the succeeding 10-year period. Average annual demands over the study period equal 7.6% of the collection system capacity. Average dry-weather demands during the same period tally 6.5% of the collection system capacity. Average peak-day demands represent the biggest tax on the collection system and account over the study period to equal 35.8% of the collection system capacity. None of the ratios are expected to significantly and adversely change over the succeeding 10-year period with the quasi exception of peak-day demands, which are projected to reach 58.6% capacity by 2024.





6.4 Performance

Measurement | Sanitary Sewer Overflows

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

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

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

CSD No. 2 experience relatively few SSOs during the study period with the actual total tallying eight with an associated spill volume of 222 gallons. The majority of the SSOs during the study period were classified by the SWRCB as a Category 3, a spill of less than 1,000 gallons to not reach the surface water. CSD No. 2 experienced two SSOs classified as a Category 1 in which wastewater reached the surface water with the potential of threatening public safety and environmental health. The average response time for SSOs during the study period was less than 30 minutes and as fast as seven-minutes, providing adequate time for appropriate response actions, based on the District’s policies. A review of each accompanying report incident suggests the main factors resulting in discharges were from roots and debris, with 6.7% of SSOs caused by fats, oil and grease (FOG) and 13.3% due to structural issues. There were no repeat SSO occurrences.

CSD No. 2 experienced 8 total SSOs during the five-year study period, and involved the unauthorized overflow of 222 gallons.

CSD No. 2: Sanitary Sewer Overflows								
Table 4.88 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
	2	22	0	0	7	190	8	222

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.

CSD No. 2: Number of District Service Calls					
Table 4.89 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
	5	1	1	2	0

Preventive Maintenance

CSD No. 2’s preventative maintenance was reported in its planned cleaning activities during the 60-month study period, which averaged 91% of all planned work orders completed. CSD No. 2 reports inspections are overseen by outside contractors and follow the protocols specified by the National Association of Sewer Service Companies Pipeline Assessment & Certification Program. The District attempts to clean the entire 44-mile gravity sewer system every 18-24 months, with specific portions of the system cleaned between 3 to 6 month intervals. CSD No. 2 reports all pump stations are checked daily and emergency or routine repairs are performed by staff or a contractor. No pump stations failed during the 60-month study period.

CSD No. 2 uses a database of recurrent grease buildups in which a three-month priority maintenance schedule is implemented for flushing or rodding the sewer lines. CSD No. 2 utilizes closed-circuit televising (CCTV) to verify causes of grease problems as part of its rehabilitation plan, and modifications are made once information on the causes are received to make repairs and minimize grease-related SSOs. CSD No. 2 provides public outreach in the form of flyers or newsletters to inform its service customers to keep FOGs out of the sewer system. Overall, the agency experienced a total of 30 blocked sewer pipes every 100 miles during the study period in which none were repeats. CSD No. 2 is currently working on developing a rehabilitation and replacement plan to identify and prioritize rehabilitation efforts to address system deficiencies, which would include TV inspections, conditional ranking of sewer lines, and rehabilitation scheduling that focuses on at risk or frequently blocked pipes. The level of infrastructure reinvestment the District achieved during the entire study period came in at 100% byway completing all of the 24,073 feet of the planned line replacement.

PLANNED <u>CLEANING</u> ACTIVITIES COMPLETED		
Year	Planned Feet	Actual Feet
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
TOTAL	228,840	207,162
Planned Work Orders Completed		91%

PLANNED <u>LINE REPLACEMENT</u> COMPLETED		
Year	Planned Feet	Actual Feet
2010	14,000	156
2011	4,220	16,089
2012	1,210	7,305
2013	4,643	0
2014	0	0
TOTAL	24,073	24,073
Planned Work Orders Completed		100%

6.6 User Charges and Fees

CSD No. 2 bills one fee to its customers in recovering the District’s wastewater service costs. The fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted treatment and disposal expenses. All residential customers are billed \$500 for each unit.⁵⁶

Most single-family customers in CSD No. 2 currently pay \$500 a year for wastewater services. An additional \$500 charge applies for every additional unit.

Non-residential users are charged a user fee based on an estimated flow usage. The user fee was last updated in 2015. There are no voter approved special assessments.⁵⁷

7.0 AGENCY FINANCES

7.1 Financial Statements

CSD No. 2 contracts with an outside accounting firm (Cropper Accountancy Corporation) to prepare an annual report for each fiscal year to review the District’s financial statements in accordance with established governmental accounting standards. This includes vetting CSD No. 2’s statements with respect to verifying overall assets, liabilities, and equity as stated in a balance sheet. These audited statements provide the Commission with provide quantitative measurements in assessing CSD No. 2’s short and long-term fiscal health.

CSD No. 2’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and downturn change over the prior fiscal year as its overall equity or fund balance decreased by (8.04)% from \$21.137 to \$19.438 million. Underlying this most recent change is the result of CSD No. 2 booking a legal

End of Study Term Financial Statements	
Assets	\$21.785 m
Liabilities	\$2.346 m
Equity	\$19.438 m

⁵⁶ This includes a \$2.00 processing fee.

⁵⁷ A dual connection fee is also collected in step with initiating new services. The connection fee presently totals \$7,966 for each residential connection and divided between 26% (\$2,103) going to cover the buy-in costs to the collection system and 74% (\$5,863) to cover the buy-in costs to the treatment/disposal facilities operated by CMSA. The connection fee for non-residential users may also include additional charges tallying up to \$1,224 per connection.

settlement with a private property owner over a sewer spill. A summary of year-end totals and trends therein over the study period less 2009-2010 follows.

Agency Assets

CSD No. 2’s audited assets at the end of 2013-2014 totaled \$21.785 million; an amount more than 4% higher than the average sum generated over the course of the study period’s prior four years (2009-2010 was not reviewed). Assets classified as current with the expectation they could be liquidated within a year represented nearly one-fourth of the total amount with the majority tied to cash and investments, and have increased by 26.41% over the corresponding 48 months. Assets classified as non-current represented the remaining three-fourths with the largest portion associated with utility infrastructure and have decreased by (1.21%).

CSD No. 2 Assets Study Period							
Table 4.90 Source: CSD No. 2							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	4.207	4.526	5.109	5.317	26.41%	4.790
Non-Current	n/a	16.669	16.141	16.292	16.467	(1.21%)	16.392
	n/a	20.876	20.668	21.401	21.785	4.35%	21.183

amounts in millions

Agency Liabilities

CSD No. 2’s audited liabilities at the end of 2013-2014 totaled \$2.346 million; an amount that represents a collective increase of more than four-fold – or 482.98% – over the study period’s 48 month period. Current liabilities representing obligations owed in the near-term account for the entire amount and generally tied as of the study term to a legal settlement payment with the remainder involving accounts payable. CSD No. 2 booked no long-term liabilities throughout the 48 month period.

CSD No. 2 Liabilities Study Period							
Table 4.91 Source: CSD No. 2							
Category	2009-10	2010-11	2011-12	2012-13	2013-14	Trends	Average
Current	n/a	0.402	0.471	0.264	2.346	482.98%	0.871
Non-Current	n/a	0.0	0.0	0.0	0.0	0.0	0.0
		0.402	0.471	0.264	2.346	482.98%	0.871

amounts in millions

Agency Equity | Net Assets

CSD No. 2's audited equity / net assets at the end of 2013-2014 totaled \$19.438 million and represent the difference between the District's total assets and total liabilities. This referenced amount has decreased by (5.06%) over the 48 month period and primarily attributed to margin losses and highlighted therein in the most recent term year. The ending equity amount includes \$3.235 million in unrestricted funds and translates to a per capita reserve ratio of \$328 based on an estimated resident population of 9,874.

CSD No. 2's net assets have decreased by (5.06%) over the study period. The unrestricted fund balance as of the study term total of \$3.235 million equates to a per capita reserve ratio of \$328.

CSD No. 2 Equity Study Period							
Table 4.92 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
Total:	n/a	20.473	20.196	21.137	19.438	(5.06%)	20.311

7.2 Measurements / Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by CSD No. 2 covering four of the five years comprising the study period and specifically fiscal years 2010-11 through 2013-2014 shows the District finished each year in relatively good health with respect to liquidity and capital. This includes CSD No. 2 finishing the study period with an estimated current ratio of over 2 to 1 and the net effect of having more than double the amount of available cash resources to cover near-term debt. Similarly CSD No. 2 finished the study period with over 17 months – or 524 days – of cash on hand to cover daily operating expenses. 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.

CSD No. 2: Financial Measurements Study Period						
Table 4.93 Source: CSD No. 2 Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	n/a	n/a	n/a	n/a	n/a	n/a
2010-2011	10.45 to 1	422.96	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%
Average	10.41 to 1	468.83	4.05%	(2.34%)	(65.36%)	54.80%
Trend	(78.32%)	23.84%	458.66%	(400.35%)	10.83%	(4.67%)

Liquidity
Capital
Margin
Structure

Notes

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

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

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

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

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

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

7.3 Pension Obligations

CSD No. 2 through the Town of Corte Madera provides a defined benefit plan to its employees through an investment risk-pool contract with the California Public Employees Retirement Systems (CalPERS). This pension contract provides employees with specified retirement benefits and includes disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Actual pension benefits are based on the date of hire. Employees hired before January 1, 2013 are termed “Category One” while employees hired afterwards are termed “Category Two.” Additional details of the pension program based on actuarial valuations issued by CalPERS follows.



Participants | Pension Formulas

As of the study period’s term (2014) there are a total of 149 participants within Corte Madera’s miscellaneous (non-public safety) pension program. This total amount – which represents an overall decrease of (1%) in participants since 2012 – is further divided between enrollee type (i.e., active, separated, transferred, retired) and marked by a worker-to- retiree ratio of 0.4 to 1 as of the study term. Category One participants represent 99% – or 148 – of the total program enrollees and are eligible to receive one of two types of retirement payments. 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.

Most Corte Madera employees receive one of two types of defined pensions based on either a 2.5 @ 55 or 2.0 @ 55 formula. Employees hired after January 1, 2013 receive a 2.0 @ 62 pension formula.

Corte Madera’s Pension Enrollee Information Miscellaneous					
Table 4.94 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
Total Enrollees	n/a	n/a	151	149	149
Worker-to-Retiree Ratio	n/a	n/a	0.42 to 1	0.36 to 1	0.36 to 1

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.⁵⁸ 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).⁵⁹

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.

Corte Madera’s Pension Contributions				
Table 4.95 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
Five-Year Average				\$1,565,183
Five-Year Trend				0.88%

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.⁶⁰

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.

Corte Madera’s Pension Trends		
Table 4.96 Source: CalPERS and Marin LAFCO		
	Unfunded Liability	Funded Ratio
2009-2010	n/a	n/a
2010-2011	\$6,191,083	71.52%
2011-2012	\$7,233,572	67.72%
2012-2013	\$6,495,434	72.24%
2013-2014	\$6,083,058	76.44%
Four-Year Average	\$6,500,786	71.98%
Four-Year Trend	(1.74%)	6.88%

⁵⁸ 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%.

⁵⁹ Corte Madera’s covered annual payroll in 2013-2014 totaled \$2.488 million.

⁶⁰ Pension information for 2009-2010 is not available.

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

7.4 Revenue to Expense Trends

A review of 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 – 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 have been drawn from depreciation, administration, and pump station costs.

Top Revenue Categories:

- 1) Sewer Charges @ 54.8%
- 2) Property Taxes @ 42.5%

Top Expense Categories

- 3) CMSA Contract @ 28.6%
- 4) Collection System @ 25.9%

CSD No. 2 Actual Revenue Trends | Study Period

Table 4.97 | Source: CSD No. 2 Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
Sewer Charges	n/a	2.983	2.998	3.044	2.983	0.01%	3.002	54.75%
Property Taxes	n/a	2.260	2.282	2.307	2.469	9.25%	2.329	42.48%
Connection Fees	n/a	0.002	8.412	0.361	0.042	>1000%	0.103	1.89%
Interest Earnings	n/a	0.014	0.009	0.021	0.009	(33.24%)	0.013	0.25%
Other	n/a	0.024	0.033	0.038	0.039	62.50%	0.033	0.63%
Totals	n/a	5.285	5.332	5.773	5.544	4.91%	5.484	100%

CSD No. 2 Actual Expense Trends | Study Period

Table 4.98 | Source: CSD No. 2 Financials and Marin LAFCO

Category	2009	2010	2011	2012	2013	Trend	Average	% of Average
	2010	2011	2012	2013	2014			
CMSA	n/a	1.617	1.696	1.568	1.531	(5.29%)	1.603	28.60%
Collection System	n/a	1.293	1.924	1.106	1.473	13.90%	1.449	25.85%
Depreciation	n/a	1.113	1.238	1.275	1.256	12.89%	1.221	21.77%
Administration	n/a	0.404	0.452	0.567	0.421	4.10%	0.461	8.23%
Pump Stations	n/a	0.314	0.296	0.314	0.279	(11.34%)	0.301	5.37%
Other	n/a	0.002	0.001	0.0	2.281	>1000%	0.571	10.18%
Totals	n/a	4.745	5.609 m	4.833 m	7.243	52.63%	5.608	100%

Net	n/a	0.539	(0.277)	0.940	(1.699)
		10.20%	(5.20%)	16.29%	(30.65%)

E. MURRAY PARK SEWER MAINTENANCE DISTRICT

1.0 OVERVIEW

The Murray Park Sewer Maintenance District (MPSMD) was formed in 1949 and encompasses an approximate 0.1 square mile jurisdictional boundary within east-central Marin County. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors. MPSMD is entirely located within an unincorporated area and part of the Kentfield community. MPSMD is also part on the Ross Valley Watershed.

Murray Lane | Murray Park



Courtesy / Google Maps

MPSMD is organized as a limited-purpose agency with municipal operations statutorily limited to wastewater services; no other service powers are permissible under the principal act. Beginning in 1975, MPSMD has contracted collection and routine maintenance of the District’s

Murray Park Sewer Maintenance District

Formation Date:	1949
Principal Act:	Health and Safety Sections 4860-4927
Service Categories:	Wastewater
Service Population	191
Governance Type	Dependent

approximate 5,500 foot collection system to outside agencies; first with the City of Larkspur and more recently County Sanitary District No. 1 (“Ross Valley Sanitary”). MPSMD retains responsibility to fund capital improvements as well as setting service charges and authorizing new connections. MPSMD’s adopted operating budget at the term of the study period was \$0.121 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 addition of one new occupied housing unit coupled with an intensification of household sizes. The substantive result of these estimates is the projected addition of 16 residents in MPSMD between 2010 and 2014. Overall it is also estimated 68% of the jurisdictional boundary has already been developed and or improved – though not necessarily at the highest density. This means 32% of the jurisdictional boundary remains entirely undeveloped, and this includes 15 existing unbuilt and privately owned parcels that are zoned for some type of urban use under the County General Plan.

2.0 BACKGROUND

2.1 Community Development

Records show MPSMD's current development began in the late 1910s with the construction of several small residences along Fern Road and to the immediate west of the City of Larkspur. This initial development – which incrementally tallied up to one dozen lots by 1940 – transitioned towards more planned growth by the mid-1940s as the County of Marin began approving a series of one-quarter lot subdivisions along Murray Lane and Briar Road. This latter development led to the construction of nearly 30 residential lots by the end of the 1940s with an estimated population of 75.



2.2 Formation Proceedings

MPSMD’s formation was approved by the County of Marin’s Board of Supervisors in 1949 and as a means for landowners to self-tax themselves for purposes of constructing and operating a community wastewater collection system. Records show an initial collection system for MPSMD was constructed by early 1951 with the County Public Works Department overseeing all operational and maintenance activities therein.

2.3 Post Formation Activities

A summary of notable activities undertaken by MPSMD and/or affecting the District’s service area following formation in 1949 is provided below.

- MPSMD entered into a service agreement with the City of Larkspur in March 1975. This service agreement transferred operational management of MPSMD’s collection system and wastewater flows therein to Larkspur and in exchange for an annual service fee based on the number of dwelling units within the District. The agreement was subsequently amended in 1978 and 1980.
- RVSD became successor to the City of Larkspur’s agreement to provide operational management of MPSMD’s collection system and wastewater flows therein in August 1993. This transfer was the result of RVSD annexing and assuming management of Larkspur’s collection system earlier that same year.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

MPSMD’s jurisdictional boundary spans approximately 0.1 square miles in size and covers 59 total acres (parcels and right-of-ways). The jurisdictional boundary is entirely in the land use authority of the County of Marin and part of the unincorporated community of Kentfield.

MPSMD’s jurisdictional boundary spans 0.1 square miles and is entirely overlapped by the County of Marin’s land use authority.

Total assessed value (land and structure) within MPSMD is calculated at \$79.7 million and translates to a per acre value ratio of \$1.350 million. This former amount – \$79.7 million – further represents a per capita value of \$0.417 million based on the estimated service population of 191. MPSMD’s set allocation of property tax proceeds – i.e., its share of the 1% collected on all assessor parcels by-way of Proposition 13 – is 0.615%.

Assessed land values in MPSMWD totals \$79.7 million, and based on receiving 0.6% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$0.004 million.

MPSMD Boundary Breakdown: Land Use Authorities

Table 4.99 | 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 2016.⁶¹ 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.⁶² 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.⁶³ Additional analysis would be needed to more fully assess actual development potential among these unbuilt assessor parcels.

Almost three-fourths of MPSMD’s jurisdictional boundary has already been developed/improved – though not necessarily at the highest allowable density. This means approximately one-fourth – or 10 acres – of the assessor acreage in the boundary remains entirely undeveloped, and this includes 15 un-built and privately owned parcels zoned for some type of urban use.

⁶¹ The remaining 24 jurisdictional acreage within MPSMD are tied to right-of-ways and related public dedications.

⁶² This portion of developed acreage includes parcels dedicated as common areas.

⁶³ All 15 unbuilt and privately owned assessor parcels are zoned for residential uses. Seven of the subject lots are at least 0.15 acres in size with one of these lots being 5.0 acres.

MPSMD Boundary Breakdown: Land Use Features

Table 4.100 | Source: Marin LAFCO

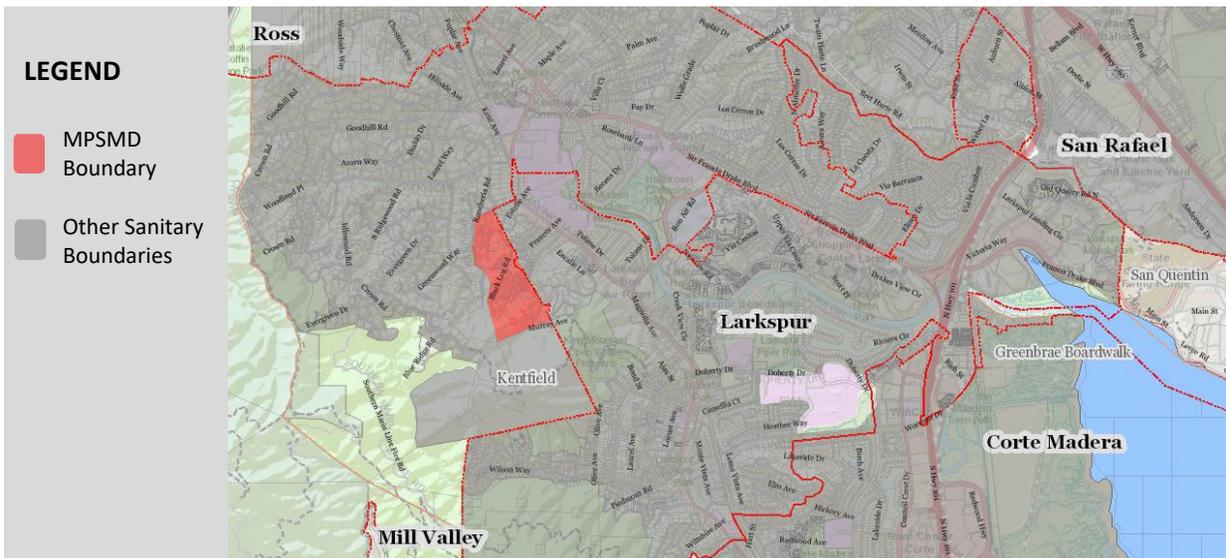
% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
71.2	92	97.8	15	10.2

3.2 Sphere of Influence

The Commission has not established a sphere of influence designation for MPSMD. It appears – though not substantiated in any identified document – this is the result of an earlier determination that MPSMD falls

MPSMD does not have an established sphere of influence from the Commission at this time.

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.⁶⁴



⁶⁴ Reference to State of California Attorney General Opinion 64-130.

4.0 DEMOGRAPHICS

4.1 Population and Housing

MPSMD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 191 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 0.07% of the estimated countywide population.⁶⁵ 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%.⁶⁶

MPSMD Resident Population: Past and Current Estimates					
Table 4.101 Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
c) Total Housing Units	90	91	91	91	92
b) Local Occupancy Rate	95.58	94.44	95.48	95.48	96.10
i) Occupied Housing Units	87	86	87	87	88
j) Projected Household Size	2.023	2.058	2.095	2.132	2.170
Estimated Population	175	176	182	186	191

Baseline
Year

⁶⁵ 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%.

⁶⁶ 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.

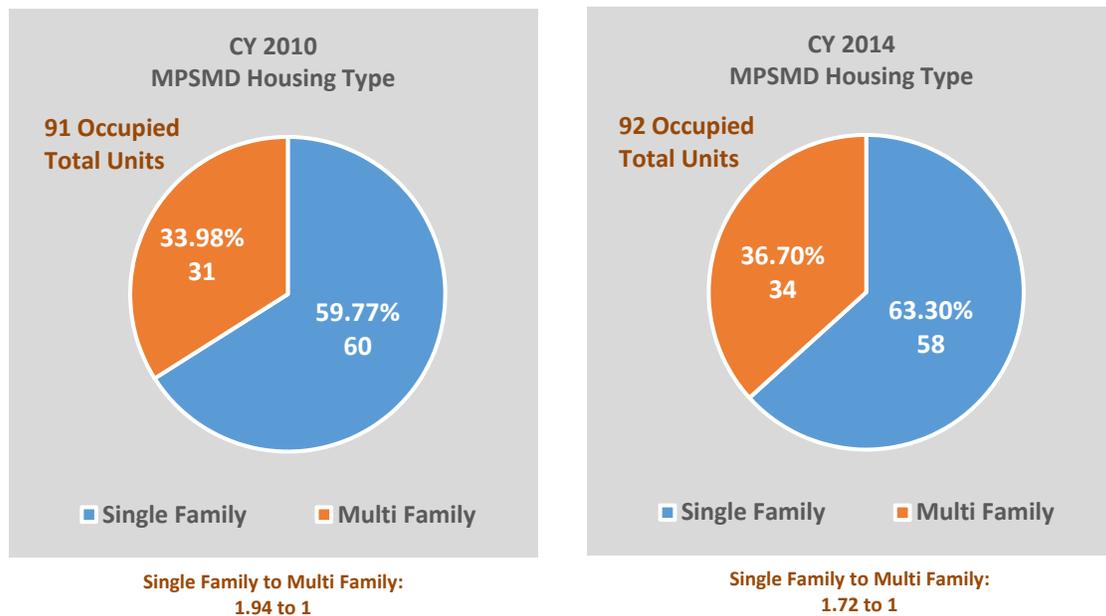
With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with MPSMD will generally match the preceding five-year period with an overall yearly population change of 1.81%. The substantive result of this assumption would be an overall increase in MPSMD’s 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.

MPSMPD Resident Population: Future Estimates						
Table 4.102 Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	191	198	205	212	220	228
Occupied Housing Units	88	94	98	101	105	109
- residents to housing units	2.170	2.094	2.094	2.094	2.094	2.094

Baseline
Year

4.2 Residency Type

The Commission projects MPSMD’s residential unit total of 92 as of the study term is divided between single family and multi-family use at 63.30% (58) and 36.70% (34), respectively. These totals produce an estimated ratio of 1.72 with respect to single-family to multi-family units within the jurisdictional boundary. The overall stock of housing type has experienced an inverse change with single-family unit totals decreasing by (4.13%) while multi-family unit totals increasing by 8.02% over the corresponding 60 month period. The substantive change in the residency type ratio (i.e., single-family to multi-family units) has been (11.24%) from 1.94 to 1 in 2010.



4.3 Social and Economic Indicators

A review of recent demographic information covering the MPSMD jurisdictional boundary for the study period shows fulltime residents are relatively in better economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income is close to one-tenth above the countywide amount of \$91,529 at \$100,441. Area resident averages also fall measurably below countywide amounts with respect to unemployment and poverty rates, albeit the former has almost doubled compared to the preceding five-year average data collection. Notable social indicators show MPSMD residents have significantly higher levels of formal education with 68.7% possessing a bachelor's degree and is more than double the countywide rate. MPSMD residents are also relative newcomers to the community with an average of only 8.20% of occupied households arriving before Proposition 13 in 1979. This amount contrasts with the countywide average of 12.80%.

MPSMD's fulltime residents are generally more affluent than most of the county populace and highlighted by a median household income average over the study period of \$100,441. Separately and relative to countywide conditions there has been a sizeable amount of turnover in the community in terms of household tenure with only 8% having been in place since the enactment of Proposition 13 in 1979; a ratio that is 56% lower than the countywide average.

MPSMD: Resident Trends in Social and Economic Indicators				
Table 4.103 Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
Median Household Income	\$90,605	\$100,441	10.86%	\$91,529
Median Age	46.5	48.4	4.09%	45.10
Prime Working Age (25-64)	60.05%	52.90%	(11.91%)	55.28%
Unemployment Rate (Labor Force)	2.70%	5.20%	92.59%	4.70%
Persons Living Below Poverty Rate	4.00%	3.00%	(25.00%)	8.80%
Mean Travel to Work	26.80 min	29.10 min	8.58%	29.4 min
Working at Home (Labor Force)	11.0%	11.60%	0.60%	2.50%
Adults with Bachelor Degrees or Higher	60.70%	68.70%	8.00%	30.80%
Non English Speaking	14.70%	18.50%	8.00%	23.50%
Householder Pre Proposition 13 (1979)	15.60%	8.20%	(11.91%)	12.80%

* Amounts represent the result of a weighted calculation by population performed by Marin LAFCO taking into proportional account of the single census tract (1200) underlying MPSMD.

5.0 ORGANIZATIONAL STRUCTURE

5.1 Governance

MPSMD’s governance authority is established under the Sewer Maintenance District Act of 1933 and codified under Public Health and Safety Code Sections 4860-4927. This principal act empowers MPSMD to provide only one wastewater services, and specifically as it relates to handling, gathering, and disposing of sewage. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors that are elected by supervisorial district to staggered four-year terms. MPSMD holds meetings as needed and as part of regular meetings held by Supervisors. A current listing of Board of Supervisors along with respective backgrounds follows.



Current MPSMD Board Roster			
Table 4.104 Source: County of Marin			
Member	Position	Background	Years on Board
Judy Arnold	President	Local/State Government	11
Damon Connolly	Member	Attorney	2
Katie Rice	Member	Local Government	6
Dennis J. Rodoni	Member	Contractor	1
Kathrin Sears	Member	Attorney	6
Average Years of Board Experience			5.2

5.2 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 by performing routine maintenance. Legal services are provided by County Counsel.



MPSMD Administration	
Table 4.105 Source: County of Marin	
General Manager.....	Raul M. Rojas
Legal Counsel.....	Brian E. Washington
District Engineer.....	Pat Echols

6.0 WASTEWATER SERVICES

6.1 System Structure

MPSMD provides wastewater collection services through its own infrastructure headlined by an approximate 5,550 foot collection system with lines ranging in size from four to eight 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.

All wastewater flows generated within MPSMD are collected and conveyed by RVSD. No independent data specific to MPSMD is available.

6.2 User Charges and Fees

MPSMD bills one fee to its customers in recovering the District's wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted costs with RVSD for maintenance that includes treatment through CMSA. Residential customers currently pay \$472 each year for every dwelling unit. Non-residential customers pay a rate based on estimated flows. There are no voter-approved special assessments.

Most single-family customers in MPSMD currently pay \$472 a year for wastewater services.

7.0 AGENCY FINANCES

7.1 Financial Statements

7.2 Pension Obligations

7.3 Revenue to Expense Trends

An abbreviated review of MPSMD's actual revenues and expenses during the study period and specific to fiscal years 2010-11 to 2013-2014 shows a fluctuating budget structure in which budgeted expenses range from a low of \$0.095 million to a high of \$0.159 million. Actual expenses consistency fell moderately to significantly below budgeted amounts during the 48-month period. Specific expense and revenue details are not available as of the draft report date. Additional analysis pending.

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F. SAN QUENTIN VILLAGE SEWER MAINTENANCE DISTRICT

1.0 OVERVIEW

The San Quentin Village Sewer Maintenance District (SQVSMD) was formed in 1962 and encompasses an approximate 0.01 square mile jurisdictional boundary within east-central Marin County. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors. SQVSMD is entirely located within the unincorporated area and serves a small residential community located immediately adjacent to the San Quentin State Prison. SQSMD is also part on the Ross Valley Watershed.



SQVSMD is organized as a limited-purpose agency with municipal operations statutorily limited to wastewater services; no other service powers are permissible under the principal act.⁶⁷ SQVSMD contracts with the State of California to direct wastewater generated within the community into San Quentin's adjacent sewer collection system, which in turn pumps directly to the nearby Central Marin Sanitation Agency (CMSA) for treatment and disposal. As part of this arraignment CSMSA also provides routine maintenance on the SQVSMD collection system. SQVSMD retains responsibility to fund capital improvements as well as setting service charges and authorizing new connections within the community. SQVSMD's adopted operating budget at the term of the study period was \$0.130 million; all of which was dedicated to services and supplies. The unrestricted fund balance cannot be determined at this time along with an associated days-cash ratio, i.e., the amount of cash on hand the District can cover operating expenses based on 2013-2014 actuals.

⁶⁷ SQVSMD is one of two sewer maintenance districts in Marin County; the other serving the Murray Park community.

The Commission independently estimates the resident service population within SQVSMD totals 89 as of the term of this study period (2014). It is also projected SQVSMD’s population growth rate over the five-year study period totaled (8.8%) or (1.8%) annually. This projected growth

San Quentin Sewer Maintenance District	
Formation Date:	1962
Principal Act:	Health and Safety Sections 4860-4927
Service Categories:	Wastewater
Service Population	89
Governance Type	Dependent

decrease has been generated by a net-zero addition in occupied housing units coupled with a 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 SQVSMD between 2010 and 2014. Overall it is also estimated 100% of the jurisdictional boundary in terms of existing assessor parcels has already been developed and or improved – though not necessarily at the highest density.

2.0 BACKGROUND

2.1 Community Development

Records show SQVSMD’s current development began in the 1870s with the construction of a small number of permanent residences located along Main Street. The construction of these residences supplemented and ultimately replaced temporary housing that had been previously established and in step with accommodating workers at the adjacent San Quentin State Prison.⁶⁸ 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.

⁶⁸ The San Quentin State Prison was opened in 1854.



2.2 Formation Proceedings

SQVSM’s formation was approved by the County of Marin’s Board of Supervisors in 1962 and as a means for landowners to self-tax themselves for purposes of constructing and operating a community wastewater collection system. Records show an initial collection system for SQVSM was constructed by 1965 with the County Public Works Department overseeing all operational and maintenance activities therein.

2.3 Post Formation Activities

A summary of notable activities undertaken by SQVSM and/or affecting the District’s service area following formation in 1962 is provided below.

- SQVSM entered into a contract with the State of California in 1964 to direct wastewater flows directly into the adjacent State Prison’s collection system for subsequent treatment and disposal.

- SQVSMD entered into an agreement with CMSA in May 2012 to directly oversee the day-to-day management of the District’s collection system.

3.0 BOUNDARIES

3.1 Jurisdictional Boundary

SQVSMD’s jurisdictional boundary spans approximately 0.01 square miles in size and covers eight total acres (parcels and right-of-ways). The jurisdictional boundary is entirely within the land use authority of the County of Marin and comprises the unincorporated community of San Quentin Village.

SQVSMD’s jurisdictional boundary spans 0.01 square miles and is entirely overlapped by the County of Marin’s land use authority.

Total assessed value (land and structure) within SQVSMD is calculated at \$15.7 million and translates to a per acre value ratio of \$1.962 million. This former amount – \$15.7 million – further represents a per capita value of \$0.176 million based on the estimated service population

Assessed land values in SQVSMD totals \$15.7 million, and based on receiving 0.3% of the 1% annual property tax the District’s allocated share of the total less deductions and other exchanges is \$424.

of 89. SQVSMD’s set allocation of property tax proceeds – i.e., its share of the 1% collected on all assessor parcels under Proposition 13 – is 0.27%.

SQVSMD Boundary Breakdown: Land Use Authorities

Table 4.106 | Source: Marin LAFCO

Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units
County of Marin	4	100%	41	45
	4	100%	41	45

As provided in the preceding table there are overall 41 assessor parcels currently within SQVSMD and collectively add up to 4.1 acres as of June 2016.⁶⁹ The entirety – 100% – of the current assessor parcel acreage has already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 45 residential units and divided between single-family and multi-family on a 71% to 29% split.

SQVSMD’s jurisdictional boundary with respect to existing assessor parcels is 100% built-out, albeit not necessarily at the highest zoning density. This includes the standing construction of 45 living units.

SQVSMD Boundary Breakdown: Land Use Features

Table 4.107 | Source: Marin LAFCO

% Parcel Acres Already Developed	Residential Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
100.0	45	71.1	0	0

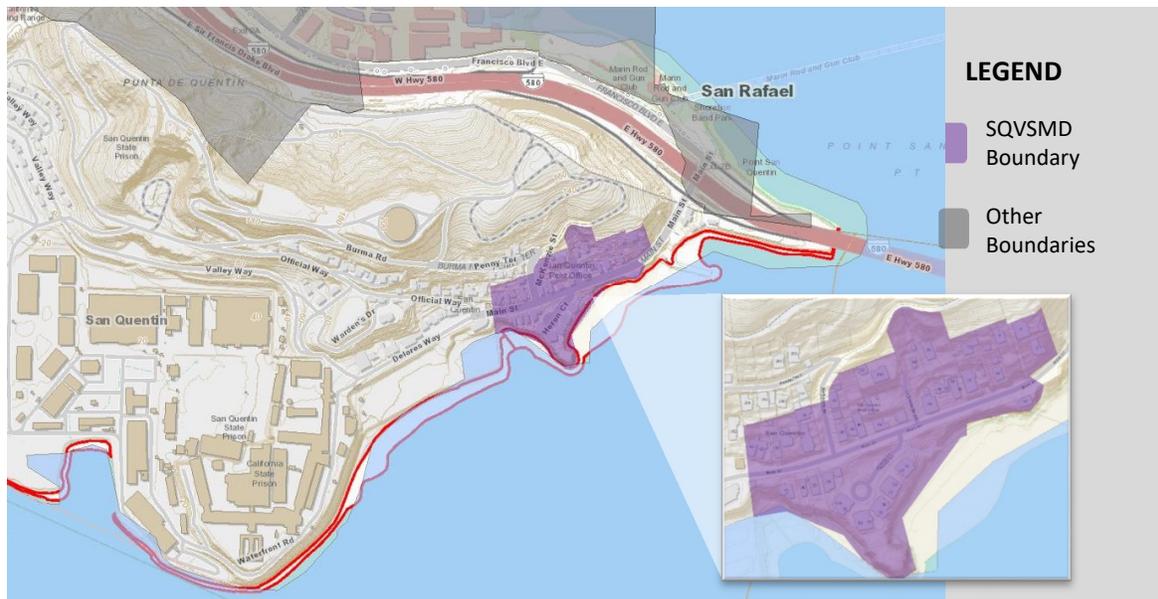
3.2 Sphere of Influence

The Commission has not established a sphere of influence designation for SQVSMD. It appears – though not substantiated in any identified document – this is the result of an earlier determination that SQVSMD falls outside the Commission’s authority. Commission staff has revisited this matter as part of this study and concludes 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.⁷⁰

SQVSMD does not have an established sphere of influence from the Commission at this time.

⁶⁹ The remaining 4 jurisdictional acreage within SQVSMD are tied to right-of-ways and related public dedications.

⁷⁰ Reference to State of California Attorney General Opinion 64-130.



4.0 DEMOGRAPHICS

4.1 Population and Housing

SQVSMD’s resident population within its jurisdictional boundary is independently estimated by the Commission at 89 as of the term of the study. This projection – which is anchored on a calculation of housing units, occupancy rates, and household sizes within the jurisdictional boundary and detailed in the accompanying footnote – represents 0.03% of the estimated countywide population.⁷¹ It is also projected SQVSMD has experienced an

LAFCO estimates there are 89 total residents within SQVSMD that are explicitly served by the District’s wastewater collection as of the term of the study. It is further estimated SQVSMD has experienced an overall population decrease of six persons over the preceding five-year period, resulting in an annual growth rate of (1.8%).

overall growth rate of (8.84%) over the preceding five-year period or (1.77%) annually; all of which generated an estimated net loss of six persons. This projected decrease has been generated by a net-zero addition in occupied housing units coupled with a

⁷¹ Marin LAFCO’s resident service population for SQVSMD is independently calculated and premised on occupied housing driving resident estimates based on data collected within the single census tract in the District. Four distinct calculations help produce the population estimates within each of the five subject years in the study period and involve identifying: a) total housing units; b) local occupancy rates; c) occupied housing units; and c) household sizes. Key calculations specific to SQVSMD over the study period include a weighted annual housing unit change of (0.16%) and a weighted annual household size change of (2.32%). The annual weighted population change is (1.77%).

deintensification of household sizes over the span of the five-year period starting at 2.368 in 2010 and ending at 2.160 in 2014; the latter being a net intensity decrease of (8.78%). Overall projected growth within SQVSMD lies significantly below the concurrent annual change estimated for the entire county – 0.60.⁷²

SQVSMD Resident Population: Past and Current Estimates					
Table 4.108 Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
d) Total Housing Units	45	45	45	45	45
b) Local Occupancy Rate	90.31	89.23	90.21	90.21	90.80
k) Occupied Housing Units	41	40	41	41	41
l) Projected Household Size	2.368	2.312	2.261	2.210	2.160
Estimated Population	97	94	92	90	89

With respect to going forward, and for purposes of this review, it is reasonable to assume the growth rate with SQVSMD will generally match the preceding five-year period with an overall yearly population change of (1.77%). The substantive result of this assumption would be an overall decrease in SQVSMD’s resident population of (14) and produce a total of 74 by 2024. This growth rate, similarly, would generate the loss of 33 occupied housing units within SQVSMD through 2024 assuming the preceding five-year average ratio of 2.260 persons for every one occupied housing unit holds.

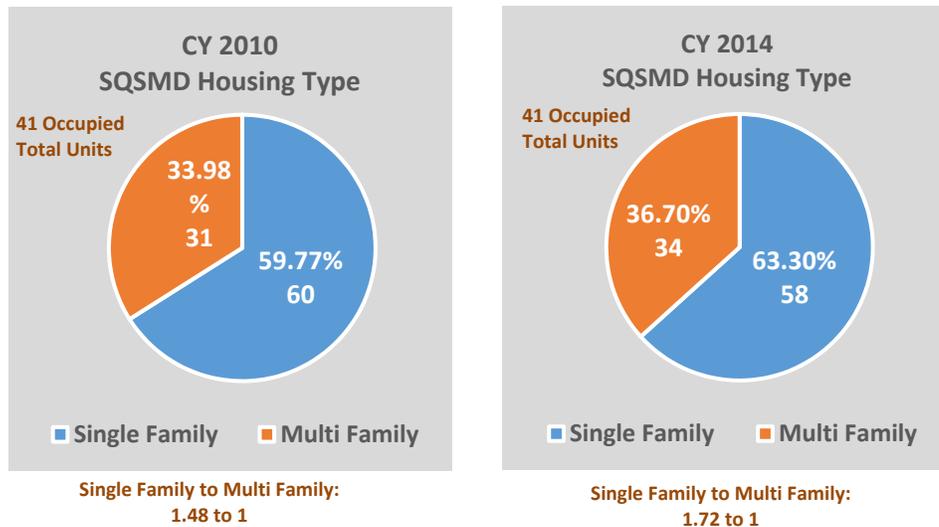
SQVSMD Resident Population: Future Estimates						
Table 4.109 Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	89	85	82	80	77	74
Occupied Housing Units	41	38	36	35	34	33
- residents to housing units	2.160	2.260	2.260	2.260	2.260	2.260

4.2 Residency Type

The Commission projects SQVSMD’s residential unit total (occupied and unoccupied) of 45 as of the study term is divided between single family and multi-family use at 63.20% (29) and 36.84% (17), respectively. These totals produce an estimated ratio of 1.72 with respect to single-family to multi-family units within the jurisdictional boundary. The overall stock of housing type in SQVSMD has aided this ratio with single-family unit

⁷² Marin County’s estimated population as of January 1, 2014 totaled 260,294 based on information published by the State of California’s Department of Finance and marks a 3.12% increase over the preceding five-year period.

totals increasing by 5.95% while multi-family unit totals increasing by (8.78%) over the corresponding 60 month period. The substantive result of this trend is a ratio increase (i.e., single-family to multi-family units) of 16.15% from 1.48 to 1 in 2010.



4.3 Social and Economic Indicators

A review of recent demographic information covering the SQVSMD jurisdictional boundary for the study period shows fulltime residents are relatively in less advantageous economic positions compared to countywide averages. This information is drawn from census data collected between 2010 and 2014 and shows area residents' average median household income is close to one-tenth below the countywide amount of \$91,529 at \$84,065. SQVSMD residents also experienced a widening of this economic gap over the preceding five -year collection period with respect to both median household income – which decreased by 6.7% – and a two-fold rise in unemployment from 1.80% to

SQVSMD’s fulltime residents are generally less affluent than most of the county populace and highlighted by a median household income average over the study period of \$84,065; an amount that is nearly one-tenth lower than the county average. Separately there has been a sizeable and increasing rate of turnover in the community in terms of household tenure with only 8% having been in place since the enactment of Proposition 13 in 1979; a ratio that is 56% lower than the countywide average.

6.30%, which is over one-third higher than the countywide amount. Notable social indicators show SQVSMD residents are generally younger with more formal education

compared to countywide averages with the latter category being nearly double the county rate. SQVSMD residents are also relative newcomers to the community with an average of only 8.40% of occupied households arriving before Proposition 13 in 1979. This contrasts with the countywide average of 12.80%.

SQVSMD: Resident Trends in Social and Economic Indicators				
Table 4.110 Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
Median Household Income	\$90,053	\$84,065	(6.65%)	\$91,529
Median Age	42.40%	42.30%	(0.24%)	45.10
Prime Working Age (25-64)	63.40%	56.20%	(11.44%)	55.28%
Unemployment Rate (Labor Force)	1.80%	6.30%	250.00%	4.70%
Persons Living Below Poverty Rate	2.50%	5.80%	132.00%	8.80%
Mean Travel to Work	27.60 min	29.00 min	1.40%	29.4 min
Working at Home (Labor Force)	8.80%	5.10%	(3.7%)	2.50%
Adults with Bachelor Degrees or Higher	50.30%	60.40%	10.10%	30.80%
Non English Speaking	29.60%	24.80%	(4.80%)	23.50%
Householder Pre Proposition 13 (1979)	16.30%	8.40%	(48.47%)	12.80%

* Amounts represent the result of a weighted calculation by population performed by Marin LAFCO taking into proportional account of the single census tract (1212) underlying SQVSMD.

5.0 ORGANIZATIONAL STRUCTURE

5.1 Governance

SQVSMD’s governance authority is established under the Sewer Maintenance District Act of 1933 and codified under Public Health and Safety Code Sections 4860-4927. This principal act empowers SQVSMD to provide only one wastewater services, and specifically as it relates to handling, gathering, and disposing of sewage. Governance is dependently provided by the County of Marin and through its five-member Board of Supervisors that are elected by supervisorial district to staggered four-year terms. SQVSMD holds meetings as needed and as part of regular meetings held by the Board of Supervisors. A current listing of Board of Supervisors along with respective backgrounds follows.



Current SQVSMD Board Roster			
Table 4.111 Source: County of Marin			
Member	Position	Background	Years on Board
Judy Arnold	President	Local/State Government	11
Damon Connolly	Member	Attorney	2
Katie Rice	Member	Local Government	6
Dennis J. Rodoni	Member	Contractor	1
Kathrin Sears	Member	Attorney	6
Average Years of Board Experience			5.2

5.2 Administration

The County Board of Supervisors assigns the Public Works Director to serve as the SQVSMD General Manager as provided under Public Health and Safety Code Section 4887. Key duties of Public Works performed on behalf of SQVSMD includes proposing an annual budget, recommending changes to the fee schedule, and overseeing capital improvements. Day-to-day operation of SQVSMD and its collection system is managed contractually by CMSA and highlighted



by performing routine maintenance. Legal services are provided by County Counsel.

SQVSMD Administration	
Table 4.112 Source: MPSMD	
General Manager.....	Raul M. Rojas
Legal Counsel.....	Brian E. Washington
District Engineer.....	Pat Echols

6.0 WASTEWATER SERVICES

6.1 System Structure

SQVSMD provides wastewater collection services through its own infrastructure headlined by an approximate 1,500 foot collection system. The current infrastructure dates back to the mid-1960s and largely gravity fed with the exception of one pump station to convey flows to the State Prison. As of the study term there are 37 service connections that are divided between 32 residential and 5 non-residential. There have been no changes in the number of service connections in SQVSMD over the preceding 60-month review period.

SQVSMD does not independently track wastewater flows generated within its jurisdictional boundary. Wastewater generated within SQVSMD is incorporated directly into the State Prison's collection system before directed to CMSA for treatment and disposal.

All wastewater flows generated within SQVSMD are collected and conveyed with State Prison sewer by CMSA. No independent data specific to SQVSMD is available.

6.2 User Charges and Fees

SQVSMD bills one fee to its customers in recovering the District's wastewater service costs. This fee is in the form of an annual service charge and is billed to landowners and collected on the property tax roll and recovers both collection and contracted costs with CMSA. Residential customers currently pay \$472 each year for every dwelling unit. Non-residential customers pay a rate based on estimated flows. There are no voter-approved special assessments.⁷³

Most single-family customers in SQVSMD currently pay \$472 a year for wastewater services.

⁷³ SQVSMD's connection fee is *****.

7.0 AGENCY FINANCES

7.1 Financial Statements

7.2 Pension Obligations

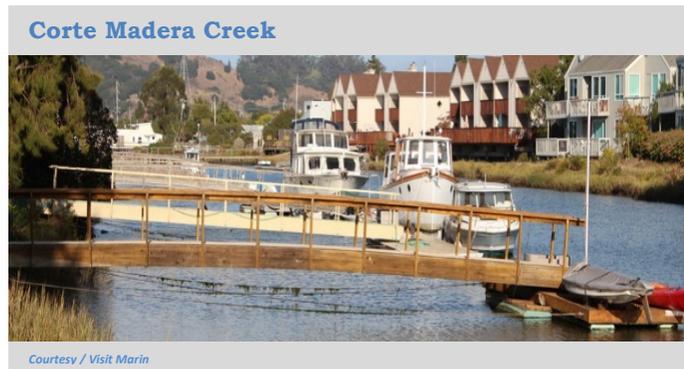
7.3 Revenue to Expense Trends

An abbreviated review of SQVSMD's actual revenues and expenses during the study period and specific to fiscal years 2010-11 to 2013-2014 shows a fluctuating budget structure in which budgeted expenses range from a low of \$0.057 million to a high of \$0.138 million. Actual expenses consistency fell moderately to significantly below budgeted amounts during the 48-month period. Specific expense and revenue details are not available as of the draft report date. Additional analysis pending.

G. CENTRAL MARIN SANITATION AGENCY

1.0 OVERVIEW

The Central Marin Sanitation Agency (CMSA) formed in 1979 to provide wastewater treatment and disposal services on behalf of its four-member agencies located in east-central Marin County. The four-member agencies are County Sanitation District No. 1, County Sanitation



District No. 2, San Rafael Sanitation District, and City of Larkspur. Governance is provided by a six-person commission whose members are appointed and serve at the discretion of the appointing member agency. CMSA's contracted service area – which is the sum of its four-member agencies' jurisdictional boundaries – spans approximately 36.3 square miles and overlaps nine land use authorities with the County of Marin's unincorporated area accounting for 40% of all acreage. The remainder of CSMA's contracted service area in terms of land use authorities is divided by the City of San Rafael at 19%, City of San Anselmo at 15%, Town of Fairfax at 12%, Town of 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 limited by the Sanitary District Act of 1923. CMSA maintains its own employees with responsibilities headlined by managing a wastewater treatment and disposal facilities located in San Rafael along the North San Quentin Point. CMSA is also contracted by the State of California to treat and dispose wastewater received from nearby San Quentin State and therein also from the San

Quentin Village Sewer Maintenance District. CMSA’s adopted operating budget was \$10.082 million and with funding dedicated for the equivalent of 41 employees as of the study term (2014). The unrestricted fund balance was \$14.201 million with an associated days-cash ratio totaling 448; i.e., the amount of cash on hand to cover operating expenses based on 2013-2014 actuals.

The Commission independently estimates the resident service population within CMSA’s contracted service area is 95,428 as of the term of the study term.⁷⁴ 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

Central Marin Sanitary Agency	
Formation Date:	1979
Principal Act:	Government Code Sections 6500 et seq.
Service Categories:	Wastewater Treatment and Disposal
Service Population	95,428 (all) 4,088 (direct customers)
Governance Type:	Dependent

Commission that nearly three-fourths of the contracted service boundary within the four member-agencies has been developed and or improved – though not necessarily at the highest density. This means the remaining one-fourth of the contracted service area remains entirely undeveloped with 1,596 existing unbuilt and privately owned parcels zoned for some type of urban use by one of the land use authorities.⁷⁵

2.0 BACKGROUND

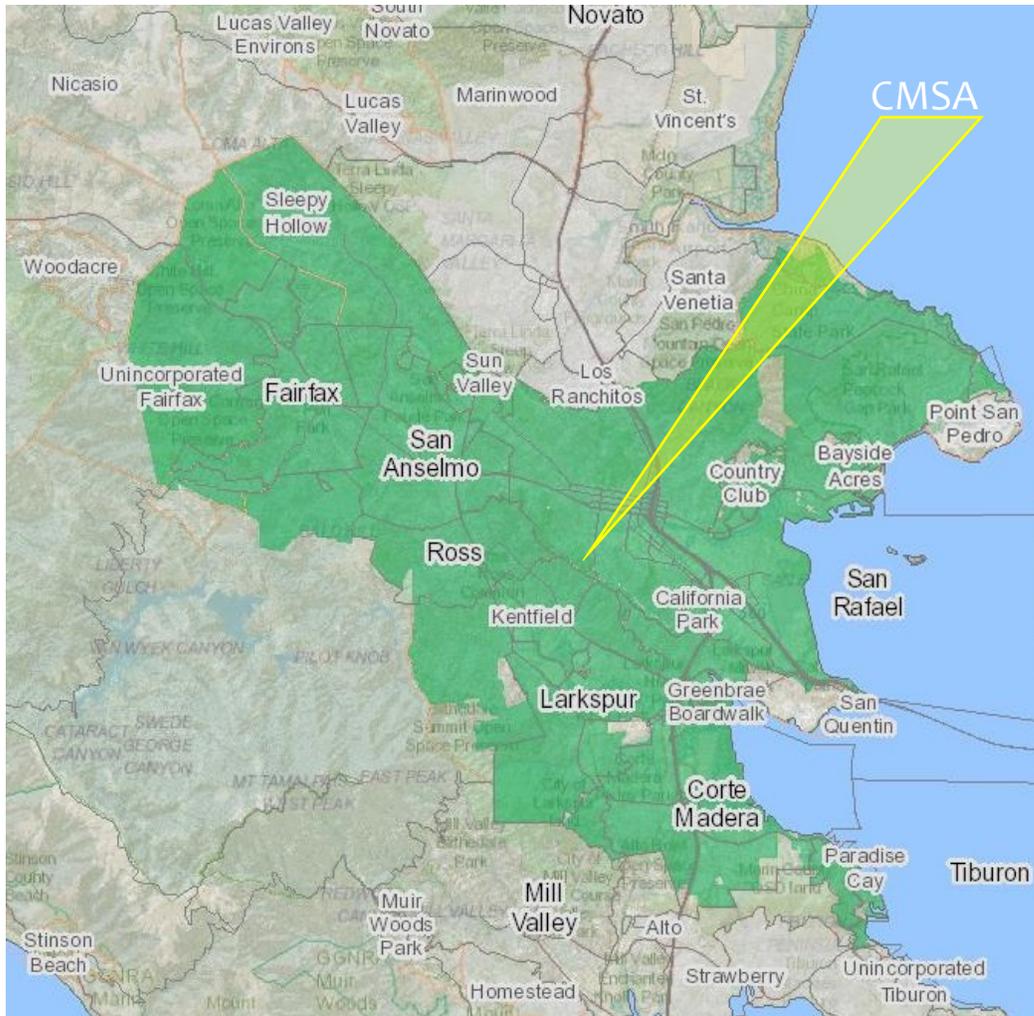
2.1 Community Development

CMSA’s contracted service area began its collective transition from agrarian to urban development starting in the late 1800s and most intensely experienced in San Rafael. This transition was marked by the population within the affected communities nearly doubling from 6,274 in 1900 to 10,993 in 1920; a net change of 75% or 3.76% annually over the 20-year period. Increasing accessibility to the region as a result of transportation investments coupled with comparatively cheap land prices maintained

⁷⁴ The resident estimate includes the design housing capacity at San Quentin State Prison of 4,000.

⁷⁵ Additional analysis is needed to assess the actual development potential of the 1,596 unbuilt parcels.

and advanced the development of the affected communities heading towards mid-century with the estimated combined population reaching 20,968 by 1940; a net change of 92% or 4.59 annually over the preceding 20-year period.



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 20th Century as the estimated population within the affected communities more than tripled between 1940 and 1970 with the latter amount tallying an estimated 81,362 and representing an average annual change of 9.60% over the preceding 30-year period. This surge in new growth coupled with increasing regulatory controls on wastewater discharges into open water bodies beginning in the late 1960s and into the early 1970s proved seminal in leading to the eventual creation of CSMA. Markedly, these new regulations included the Clean Water Act of 1972 and the resulting permit program known as the National Pollutant Discharge Elimination System (NPDES) aimed at regulating the treatment of wastewater discharges into surface waters. This legislation also – and in support of California's own legislative version – provided a funding mechanism for local agencies to receive monies to construct the necessary facilities in fulfilling the new regulations and highlighted by requiring all discharges meet enhanced secondary standards.

2.2 Formation Proceedings

The formation of CMSA was established in 1979 and upon the approving resolutions enacted by all four member agencies' boards/councils: County Sanitary District No. 1; County Sanitary District No. 2; San Rafael Sanitation District, and the City of Larkspur. The formation proceedings immediately preceded CSMA applying and receiving grant money that was reimbursed to construct and operate a new regional wastewater treatment facility on the north side of San Quentin Point along with its Central Marin Wastewater Improvements.

2.3 Post Formation Activities

A summary of notable activities undertaken by CSMA and/or affecting the agency's contracted service area following formation in 1979 is provided below.

- CSMA completes construction on a new regional wastewater treatment facility and begins receiving sanitary flows from its member agencies in January 1985. The facility was constructed at a cost of \$84 million with approximately 87.5% being funded by federal and state grant monies.
- CMSA completed a planned expansion of the treatment facility to expand the total daily capacity during wet-month periods from 90 to 125 million gallons in 2010.

3.0 BOUNDARIES

3.1 Boundary Type / Contracted Service Area

The Commission has not established a jurisdictional boundary or sphere of influence to CSMA given the agency's formation as a JPA; only cities, towns, and special districts are directly overseen by LAFCOs under current State law. As such, CMSA's service area is statutorily tied to matching its four-member agencies' jurisdictional boundaries, and as such spans approximately 36.3 square miles in size and covers 23,246 total acres (parcels, right-of-ways, water bodies). Nine land use authorities overlap the service area. The County of Marin is the predominant land use authority and accounts for an estimated 40% of CMSA's service area. Another 19% of the service area falls under the land use authority of the City of Rafael. The remainder of the service area is divided among the land use authorities of San Anselmo at 15%, Fairfax at 12%, Corte Madera at 6%, Ross at 4%, Larkspur at 3%, Tiburon at 2%, and Mill Valley at less than 1%.

CMSA's contracted service area spans 36.3 square miles and overlaps nine land use authorities with the County of Marin being the largest with the unincorporated area covering 40%.

Total assessed value (land and structure) within CMSA is calculated at \$25.196 billion and translates to a per acre value ratio of \$1.083 million. This former amount – \$25.196 billion – further represents a per capita value of \$0.264 million based on the estimated service population of 95,428. CMSA does not receive any property tax proceeds.

Assessed land values in CMSA’s contracted service area totals \$25.196 billion, and equates to a per capita share of \$0.264 million based on a service population of 95,428.

CMSA Contracted Service Area Breakdown: Land Use Authorities					
Table 4.113 Source: Marin LAFCO					
Agency	Assessor Parcel Acres	Assessor Parcel Acres % of Total	Total Assessor Parcels	Total Residential Units	
County of Marin	6,491	39.5	7,103	5,999	
San Rafael	3,188	19.4	10,672	15,454	
San Anselmo	2,440	14.9	5,482	6,279	
Fairfax	1,904	11.6	3,173	3,900	
Corte Madera	897	5.5	3,390	3,910	
Ross	676	4.1	847	883	
Larkspur	542	3.3	2,522	3,580	
Tiburon	299	1.8	442	435	
Mill Valley	1	0.0	1	0	
	16,441	100	33,632	40,440	

As provided in the preceding table there are overall 16,441 assessor parcels currently within CMSA’s contracted service area and collectively add up to 33,632 acres as of June 2016. Close to three-fourths – or 72% – of the current assessor parcel acreage have already been developed/improved to date, albeit not necessarily at the highest zoning density. This existing development is highlighted by the standing construction of 40,400 residential units and divided between single-family and multi-family on a 68% to 32% split. The remaining one-fourth plus – or 28% – of the current assessor parcel acreage is undeveloped/unimproved. This includes 1,596 un-built and privately owned assessor parcels that are zoned for some type of urban use by the subject land use authority.

Almost three-fourths of CMSA’s contracted service area has already been developed or improved – though not necessarily at its maximum density. This means the remaining one-fourth of the service area remains entirely undeveloped. This includes 1,596 un-built and privately owned parcels zoned for some type of urban use by the subject land use authority.

CMSA Boundary Breakdown: Land Use Features

Table 4.114 | Source: Marin LAFCO

% Parcel Acres Already Developed	Residential Built Units	% of Units Built as SFR	Unbuilt Private Parcels	Unbuilt Private Parcel Acres
71.9	40,400	67.9	1,596	9,450

4.0 DEMOGRAPHICS

4.1 Population and Housing

CMSA’s resident population within its contracted service area is independently estimated by the Commission at 95,428 as of the term of the study. This projection – which is the sum of individual calculations performed for the member agencies along with taking into account San Quentin State Prison – represents 36.6% of the estimated countywide population. It is also projected CMSA has experienced an overall growth rate of 3.03%

LAFCO estimates there are 95,428 total residents within CMSA’s contracted service area that are explicitly served by the District’s wastewater treatment system as of the term of the study. It is further estimated CMSA has experienced an overall population increase of 2,805 over the preceding five-year period.

over the preceding five-year period or 0.61% annually; all of which generated an estimated net add of 2,805 persons. This projected increase has been generated by the addition of an estimated 934 new occupied housing units within the contracted service area as well as aided by an intensification of household sizes over the span of the five-year period starting at 2.39 in 2010 and ending at 2.41 in 2014; the latter being a net intensity increase of 0.89%.

CMSA Resident Population: Past and Current Estimates

Table 4.115 | Source: Marin LAFCO

Factor	2010	2011	2012	2013	2014
e) San Rafael Sanitation	39,381	39,191	39,906	40,192	40,744
b) County Sanitary District No. 1	39,454	39,261	39,974	40,259	40,809
c) County Sanitary District No. 2	9,788	9,680	9,794	9,802	9,874
d) San Quentin State Prison	4,000	4,000	4,000	4,000	4,000
Estimated Population	92,623	92,132	93,674	94,253	95,428

* 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.

CMSA Resident Population: Future Estimates						
Table 4.116 Source: Marin LAFCO						
Factor	2014	2016	2018	2020	2022	2024
Estimated Population	95,428	96,592	97,771	98,966	100,178	101,405
Occupied Housing Units	38,256	38,900	39,311	39,810	40,313	40,825
- residents to housing units	2.39	2.38	2.39	2.39	2.39	2.39

** Estimated population totals include a flat 4,000 assignment each year for the San Quentin State Prison; this addition is excluded in calculating the residents to housing units’ ratio*

4.2 Residency Type

The Commission projects CMSA’s residential unit total (occupied and unoccupied) of 40,440 as of the study term is divided between single family and multi-family use at 67.9% (27,439) and 32.1% (13,001), respectively. These totals produce an estimated ratio of 2.1 to 1 with respect to single-family to multi-family units.

4.3 Social and Economic Indicators

A review of recent demographic information covering the CMSA contracted service boundary for the study period shows fulltime residents’ economic and social standing generally matches countywide averages with certain notable exceptions. These exceptions include higher levels of unemployment and poverty rates within CMSA with both measurements having increased over the study period by more than 50%. CMSA residents were also more than

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.

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: Resident Trends in Social and Economic Indicators				
Table 4.117 Source: Marin LAFCO / American Community Survey				
Category	2005-09 Averages	2010-2014 Averages	Trend	Marin County 2010-2014 Avg.
Median Household Income	\$92,009	\$93,647.63	1.78%	\$91,529
Median Age	42.63	43.59	2.25%	45.10
Prime Working Age (25-64)	58.14%	57.75%	(0.66%)	55.28%
Unemployment Rate (Labor Force)	3.30%	5.25%	59.26%	4.70%
Persons Living Below Poverty Rate	7.34%	11.88%	61.84%	8.80%
Mean Travel to Work	27.21 min	29.03 min	6.71%	29.4 min
Working at Home (Labor Force)	8.59%	8.65%	0.71%	2.50%
Adults with Bachelor Degrees or Higher	54.38%	54.80%	0.77%	30.80%
Non English Speaking	26.66%	27.33%	2.51%	23.50%
Householder Pre Proposition 13 (1979)	15.28%	11.65%	(23.75%)	12.80%

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

5.0 ORGANIZATIONAL STRUCTURE

5.1 Governance

CMSA’s governance authority is established under the Joint Exercise of Powers Act and codified under Government Code Section 6500 et seq. This legislation was functionally established in 1922 and authorizes two kinds of JPA arrangements: (a) two or more public agencies that jointly contract to exercise common service powers or (b) two or more public agencies that jointly contract to form a separate legal entity to provide common service powers.⁷⁶ 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

⁷⁶ 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.

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 2nd Tuesday of each month at 7:00 p.m. at the CMSA Administrative Office located at 1301 Anderson Drive in San Rafael. Commissioners currently receive a meeting stipend of \$100. A current listing of CMSA Commissioners along with appointing authority follows.

Current CMSA Commission Roster			
Table 4.118 Source: CMSA			
Member	Position	Appointing Authority	Years on Board
Kathy Hartzell	Chair	City of Larkspur	6
Diane Furst	Vice Chair	County Sanitary District No. 2	2
Michael Boorstein	Commissioner	County Sanitary District No. 1	1
Al Boro	Commissioner	San Rafael Sanitation District	26
Maribeth Bushy	Commissioner	San Rafael Sanitation District	2
Thomas Gaffney	Commissioner	County Sanitary District No. 1	1
Average Years of Commission Service			6.3

5.2 Administration

CMSA appoints an at-will General Manager to oversee all agency operations. The current General Manager – Jason Dow – was appointed by the Commission in 2002 and is fulltime. The General Manager presently oversees 43 other full-time employees and this includes three senior management support positions:



Administrative Services Manager; Technical Services Manager; and Treatment Plant Manager. CMSA contracts with the County for legal services through County Counsel.

6.0 WASTEWATER SERVICES

6.1 System Structure

CMSA provides treatment service for its four member agencies (RVSD, CSD No. 2, SRSD and City of Larkspur) as well as San Quentin State Prison and San Quentin Village. CMSA reports the average age of the treatment system is around 30 years and the expected lifespan of the current infrastructure is

CMSA's equipment replacement ratio – i.e., the number of years it would take the District to fully fund its depreciable capital asset inventory – as of the study term is 23.6 years.

approximately 25 years less subsequent improvements are made. The treatment facility was initially constructed in 1985 with most recent updates completed in 2014. Treated effluent is discharged into the San Francisco Bay through an approximate two-mile outfall pipeline. As of the study term CMSA's equipment replacement ratio – i.e., the number of years it would take the Agency to fully fund its depreciable capital asset inventory – is 23.6 years and has risen by 4.2% over the corresponding 60-month period.

6.2 Wastewater Demands

Recent Measurements | Wastewater Collection System Flows

CMSA's average annual wastewater treatment demand generated over the study period as reported by the Agency has been approximately 4.321 billion gallons. This average amount, which serves as a macro overview of system demands, represents a daily average flow of 11.8 million gallons. It also translates to an estimated 126.2 gallons per day for each resident of its member

Average annual wastewater flows generated within CMSA during the study period have produced the daily equivalent of 11.8 million gallons; an amount that accounts for flows received from the JPA's member agencies plus direct contract flows from the San Quentin area (State Prison and Village).

agencies or 314.2 gallons per day for each occupied housing unit; it also represents 393.6

gallons per day for each service connection.

With respect to trends, annual demands within the five-year study period have shown an overall (15.83%) decrease in flows over the span of the affected 60-months. The high demand point for the treatment system during the study period occurred in 2010 with annual volume equaling 5.074 billion gallons. The high demand year translates to an estimated 149.6 gallons per day for each resident of its member agencies or 371.6 gallons per day for each occupied housing unit; and it also translates to 461.4 gallons per day for each service connection. A breakdown of annual and daily wastewater flows over the study period in relation to population and housing is shown below.

CMSA: Recent Annual and Average Daily Treatment Flows Breakdown							
Table 4.119 Source: Marin LAFCO and CMSA							
	2010	2011	2012	2013	2014	Average	Trend
Annual Flow	5.074 bg	4.599 bg	3.778 bg	3.887 bg	4.271 bg	4.322 bg	(15.83%)
Daily Average	13.9 mg	12.6 mg	10.4 mg	10.7 mg	11.7 mg	11.8 mg	(15.83%)
- Daily Avg Per Resident	149.6	136.4	110.2	112.7	122.2	126.2	(18.30%)
- Daily Avg Per Housing Unit	371.6	339.2	274.3	280.9	305.1	314.2	(17.88%)
- Daily Avg Per Connection	461.4	420.4	345.9	352.6	387.8	393.6	(15.96%)

*“bg” refers to billions gallons per day
 “mg” refers to millions gallons per day
 Per resident as estimated by the Commission
 Per housing unit refers to occupied status as estimated by the Commission*

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

Dry-Weather Day Flows

Average dry-weather wastewater flows over the study period has been 8.84 million gallons. This flow is typically recorded between July and September and most recently tallied 8.5 million gallons as of the study term. The overall average dry-weather tally translates to 94.2 gallons for every resident or 234.5 gallons for every occupied housing unit and 293.9 gallons per service connection during the affected 60 months. This measurement has decreased overall during the study period by (7.61%). A breakdown of dry-weather flows during the study period follows.

CMSA: Recent Dry Weather Day Flows				
Table 4.120 Source: Marin LAFCO and CMSA				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	9.2 mg	99.0 gallons	245.9 gallons	305.4 gallons
2011	9.3 mg	100.7 gallons	250.4 gallons	310.3 gallons
2012	8.6 mg	91.5 gallons	227.9 gallons	287.4 gallons
2013	8.6 mg	91.0 gallons	226.8 gallons	284.7 gallons
2014	8.5 mg	88.8 gallons	221.7 gallons	281.7 gallons
Average Trend	8.8 mg (7.61%)	94.2 gallons (10.32%)	234.6 gallons (9.86%)	293.9 gallons (7.76%)

“mg” refers to million gallons

Wet-Weather Day Flows

Average wet-weather day wastewater flows over the study period has been 14.8 million gallons. This flow typically is recorded between October and January and most recently tallied at 14.9 million gallons during the study term. The overall average wet-weather day tally translates to 158.2 gallons for every resident or 393.9 gallons for every occupied housing unit and 493.3 gallons for every service connection during the affected 60 months. This measurement has decreased during the study period by (19.9%). A breakdown of recent wet-weather flows follow.

CMSA: Recent Wet Weather Day Flows				
Table 4.121 Source: Marin LAFCO and CMSA				
Year	Daily Gallon System Average	Average Gallon Per Resident	Average Gallon Per Housing Unit	Average Gallon Per Connection
2010	18.6 mg	200.2 gallons	497.2 gallons	617.5 gallons
2011	15.9 mg	172.1 gallons	428.1 gallons	530.5 gallons
2012	12.1 mg	128.8 gallons	320.7 gallons	404.4 gallons
2013	12.7 mg	134.4 gallons	335.0 gallons	420.5 gallons
2014	14.9 mg	155.7 gallons	388.6 gallons	493.9 gallons
Average Trend	14.8 mg (19.9%)	158.2 gallons (22.3%)	393.9 gallons (21.9%)	493.9 gallons (20.0%)

Peak- Day Flows

Average peak-day wastewater flows over the study period has been 94.5 million gallons producing a peak-factor relative to average day totals of 10.7. The average peak-day flow – which represents the highest volume during a 24-hour period for the affected year and typically is recorded during storm events – most recently tallied 98.3 million gallons as of the study term. The average wet-weather peak day tally translates to 1,027.1 gallons for every resident or 2,563.6 gallons for every occupied housing unit; it also translates to 3,258.1 gallons for every service connection during

the affected 60 months. This measurement has increased overall during the study period by 6.50%. A breakdown of peak-day flows during the study period follows.

CMSA: Recent Peak Day Flows					
Table 4.122 Source: Marin LAFCO and CMSA					
Year	Peak Day Total	Gallon Per Resident	Gallon Per Housing Unit	Gallon Per Connection	Peaking Factor
2010	92.3 mg	993.6	2,467.3	3,064.1	10.0
2011	86.9 mg	940.5	2,339.7	2,899.6	9.3
2012	85.1 mg	905.8	2,255.5	2,843.9	9.9
2013	109.8 mg	1,161.6	2,896.1	3,635.2	12.8
2014	98.3 mg	1,027.1	2,563.6	3,258.1	11.6
Average	94.5 mg	1,005.7	2,504.4	3,140.2	10.7
Trend	6.5%	3.4%	3.9%	6.3%	15.3%

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

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).

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.

CMSA: Projected Wastewater Flows						
Table 4.123 Source: Marin LAFCO						
Year	Average Annual Flows	Average-Day Flows	Dry-Weather Flows	Wet-Weather Flows	Peak-Day Flows	
2014	4.271 bg	11.7 mg	8.5 mg	14.9 mg	98.3 mg	
2015	3.965 bg	11.0 mg	8.2 mg	13.7 mg	99.6 mg	
2016	3.943 bg	10.9 mg	8.0 mg	13.8 mg	101.8 mg	
2017	3.929 bg	10.9 mg	7.9 mg	13.9 mg	103.2 mg	
2018	3.907 bg	10.9 mg	7.7 mg	14.0 mg	105.4 mg	
2019	3.893 bg	10.8 mg	7.6 mg	14.1 mg	106.8 mg	
2020	3.870 bg	10.8 mg	7.4 mg	14.2 mg	109.1 mg	
2021	3.856 bg	10.8 mg	7.3 mg	14.2 mg	110.5 mg	
2022	3.833 bg	10.7 mg	7.1 mg	14.3 mg	112.8 mg	
2023	3.818 bg	10.7 mg	6.9 mg	14.4 mg	114.3 mg	
2024	3.826 bg	10.7 mg	7.0 mg	14.3 mg	113.5 mg	
Average Trend	3.884 bg (9.04%)	10.8 mg (7.49%)	7.50 mg (11.75%)	14.1 mg (5.41%)	107.7 mg 9.58%	

“bg” refers to billions gallons per day
“mg” refers to millions gallons per day

Constraints | Contractual Provisions

CMSA operates under the permit provisions of the California Regional Water Quality Control Board – San Francisco Bay Region (RWQCB) with respect to discharge allowances. This permit was most recently renewed on June 13, 2012 and extends through July 31, 2017.⁷⁷ It authorizes CMSA to discharge secondary

CMSA is prohibited from discharging more than 10.0 million gallons a day into San Francisco Bay during driest three-month period.

treated wastewater into San Francisco Bay byway of the Agency’s submerged outfall pipeline with a multi-port diffuser year round and up to 10.0 million gallons a day during the driest three months of the year.⁷⁸ The permit allows influent above 30 million gallons per day to blend with secondary treatment for the portion of the flow above 30 million gallons and recombine the blended flows with secondary-treated flow to be disinfected and subsequently discharged into San Francisco Bay. The permit also stipulates CMSA shall not exceed 10.0 million gallons per day in average dry weather flow through the treatment facility.

⁷⁷ Reference to RWQCB National Pollutant Discharge Elimination System Permit No. CA0038628.

⁷⁸ The permit does allow for limited blending of the referenced 10.0 million gallons limitation on discharge into Central San Francisco Bay between October 1st and June 1st to avoid overflows and upon advance notice/concurrence of RWQCB.

6.3 Wastewater Capacities

CMSA’s treatment facility has a hydraulic capacity of 155 million gallons and a treatment capacity of 125 million gallons, and fully meets the referenced capacity of the Agency’s associated member agencies’ tributary collection systems. When flows exceed 30 million gallons per day of the treatment capacity for the District’s secondary system, CMSA blends partially-treated effluent during wet-weather

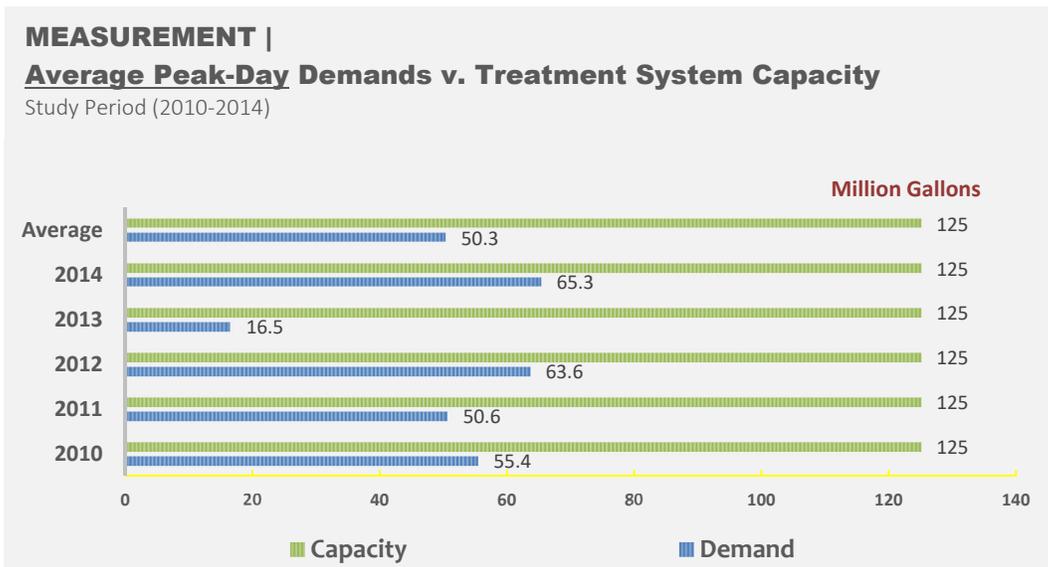
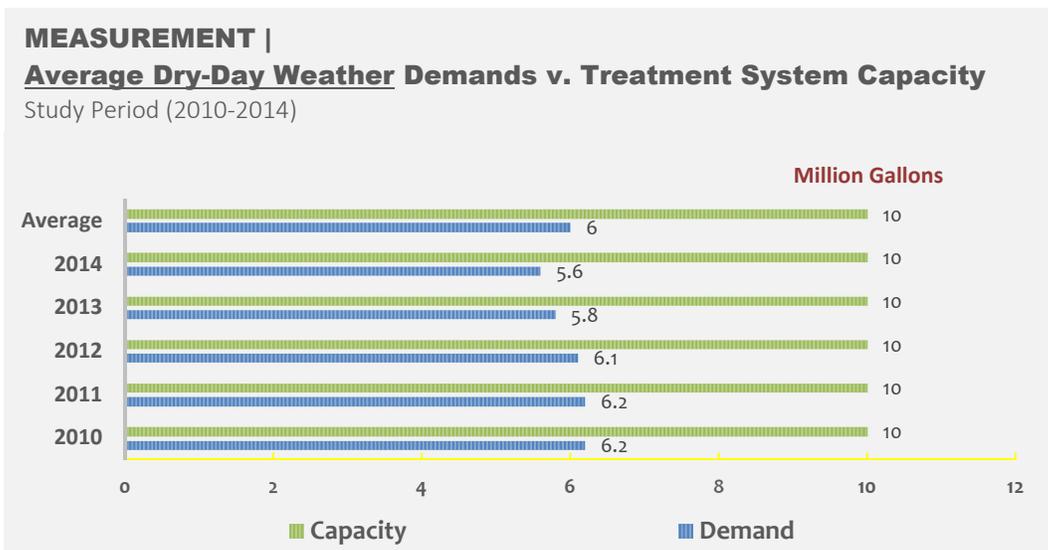
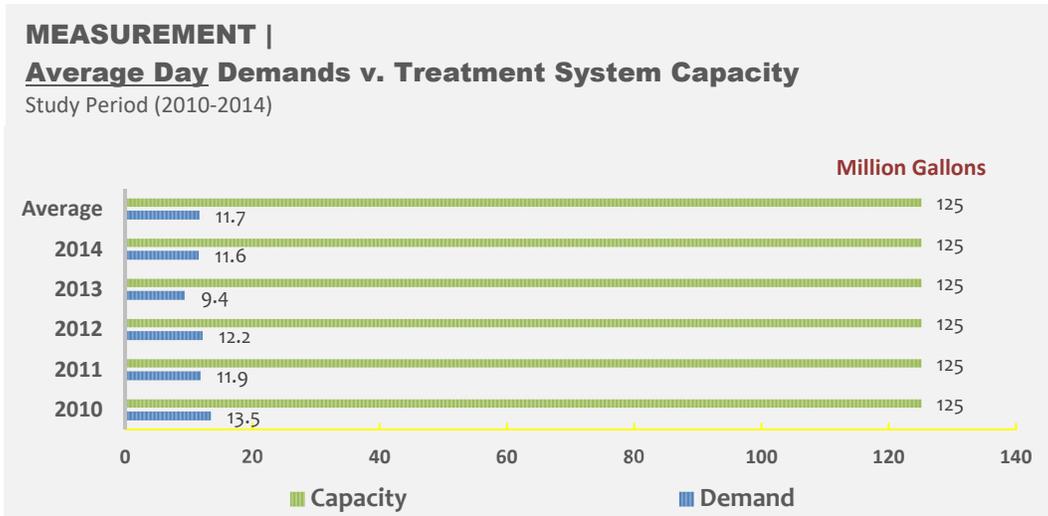
CMSA treatment system’s daily capacity is 125 million gallons with the emergency ability to accommodate an additional 7.2 million gallons through storage facilities.

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 maintenance or other emergency type conditions. CMSA has not had an NPDES permit exceedance in over 10 years.⁷⁹

6.4 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 treatment system capacity with minimal changes expected over the succeeding 10-year period. Average dry-weather demands over the study period represent the biggest tax on the treatment facility given permit restrictions by RWQCB and tally 60.0% of the 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.

⁷⁹ CMSA notes that as of 12/31/2016 the Agency has not had an NPDES permit exceedance in 12 years.



6.5 Performance

Measurement | Treatment Facility Overflows

CMSA did not experience overflows from its treatment facility during the study term. If an overflow occurs in CMSA's treatment facility it cannot generally be pumped back into the treatment plant.⁸⁰ The agency has established protocols required by the Regional Water Board in the event of a treatment overflow. CMSA must contact the Regional Water Board within 2 hours a spill has been identified and then notify the County Environmental Health Services, along with the Office of Emergency Services. If spillage has potentially reached the Bay, the Coast Guard must be included in the notification process. Final effluent exceedances of compounds specified in the agency's NPDES permit must be followed by a notification to RWQCB within 24 hours of discovery. Samples must also be collected to quantify any environmental and safety impacts. CMSA did not experience any exceedances of its NPDES permit during the study period.

Measurement | System Maintenance

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

Corrective Maintenance

CMSA's corrective maintenance is noted in the number of service calls received to resolve, correct or assist a particular situation. During the entire 60-month study period, CMSA received 19 service calls all attributed to odor complaints. CMSA does operate and maintain pump stations for CSD No. 2 and SQVSMD but had not received any calls during the study period attributed to overflows or potential environmental and health impacts. The following table shows all service calls by category type over

⁸⁰ CMSA reports under certain limited conditions SSOs can be pumped back under some conditions.

the study period.

CMSA: Number of District Service Calls					
Table 4.124 Source: Marin LAFCO					
Factor	2010	2011	2012	2013	2014
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
Total	1	14	1	2	1

Preventative Maintenance

CMSA’s preventative maintenance is designed to protect and preserve its wastewater treatment plant in a cost effective manner. The agency uses several approaches to determine when assets need to be replaced, expanded, modified or new equipment to be purchased. Energy reduction, process optimization, GHG reduction, and operational efficiency evaluations can lead to procurement of new or modifications of existing systems and equipment. Changes in water quality regulations may result in construction of new facilities or modifications to current facilities or operational practices. CMSA’s completion in 2010 to expand treatment and storage facilities to accommodate intense wet weather events was a response to significant I/I during wet weather periods and increased system capacity at a cost of \$58 million. CMSA has also provided a blending reduction analysis and found the best alternative is to develop an on-site storage of primary effluent, a parallel pumping system and new flocculation units for additional secondary clarification capacity with an estimated cost at \$27 million. The agency has also additionally established a fat, oil, and grease (FOG) program to support member agencies in reducing these organic liquids in preventing blockages and SSOs in the tributary collection systems.

6.6 User Charges and Fees

CMSA bills its member agencies and San Quentin State Prison an annual sewer service charge, debt service charge, amounting to a total of \$8,671,932 for the most recent study year to contribute to CMSA’s operation and maintenance of its treatment system. Service charges are measured on wastewater flows and strength based on a three-year period of its member agencies. The service operating costs totaled to \$13.3 million, with service charges contributing 65.1% to operating and capital costs. The user fee was last updated in 2012 from \$169.74 per sewer service charge, \$106.08 per debt service charge and \$275.82 per annual service charge.

7.0 AGENCY FINANCES

7.1 Financial Statements

CMSA contracts with an outside accounting firm (Chavan and Associates) to prepare an annual report for each fiscal year to review the agency’s financial statements in accordance with established governmental accounting standards. This includes vetting CMSA’s statements with respect to verifying overall assets, liabilities, and equity as stated in a balance sheet. These audited statements provide the Commission with quantitative measurements in assessing CMSA’s short and long-term fiscal health.

CMSA’s most recent financial statements for the study period were issued for 2013-2014 and shows the District experienced a moderate and downturn change over the prior fiscal year as its overall equity or fund balance decreased by (2.7%)% from \$51.9 to \$50.5 million.

End of Study Term Financial Statements	
Assets	\$110.8 m
Liabilities	\$60.3 m
Equity	\$50.5 m

Underlying this most recent change in equity standing is the result of CMSA reducing restricted cash in making capital improvements. A summary of year-end totals and trends over the study period follows.

Agency Assets

CMSA’s audited assets at the end of 2013-2014 totaled \$110.881 million; an amount more than (5%) lower than the average sum generated over the course of the study period’s 60 months. Assets classified as current with the expectation they could be liquidated within a year represented slightly more than one-tenth of the total amount with the majority tied to cash and investments and have decreased by (50.5%) over the corresponding 60 months. Assets classified as non-current represented the remaining nine-tenth plus total with the largest portion associated with utility infrastructure and have increased over the 60 month period by 7.8%.

CMSA Assets Study Period							
Table 4.125 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
	120.098	117.971	116.873	115.504	110.881	(7.7%)	116.265

amounts in millions

Agency Liabilities

CMSA’s audited liabilities at the end of 2013-2014 totaled \$60.327 million; an amount that represents a collective decrease of more than one-tenth – or (12.5%) – over the study period’s 60 month period. Current liabilities representing obligations owed in the near-term account for less than one-tenth and generally tied as of the study term to owed debt payments with the remainder involving accrued employee benefits. The majority of liabilities representing more than nine-tenth of the total are booked as non-current and highlighted by outstanding debt tied to a 2006 Revenue Bond used to finance improvements to the wastewater treatment facility.

CMSA Liabilities Study Period							
Table 4.126 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
	68.921	67.033	65.206	63.573	60.327	(12.5%)	65.012

amounts in millions

Agency Equity / Net Assets

CMSA’s audited equity or net assets at the end of 2013-2014 totaled \$50.554 million and represent the difference between the agency’s total assets and total liabilities. This referenced amount has decreased by (1.2%) over the 60 month period and primarily attributed to drawing down cash equivalents in making capital improvements. The ending equity amount includes \$14.201 million in unrestricted funds and translates to a per capita reserve ratio of \$148 based on an estimated resident population of 95,428.

CMSA’s net assets have decreased by (1.2%) over the study period. The unrestricted fund balance as of the study term total of \$14.2 million equates to a per capita reserve ratio of \$148.

CMSA Equity Study Period							
Table 4.127 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
	51.117	50.938	51.666	51.930	50.554	(1.2%)	51.253

amounts in millions

7.2 Measurements / Liquidity, Capital, Margin, and Structure

A review of the audited financial statement issuances by CMSA covering the five years comprising the study period and specifically fiscal years 2009-2010 through 2013-2014 shows the agency finished each year in relatively good health with respect to liquidity and – though to a less extent – capital. This includes CMSA finishing the study period with an estimated current ratio of over 3 to 1 and the net effect of having more than triple the amount of available cash resources to cover near-term debts. Similarly, CMSA finished the study period with over 14 months – or 448 days – of cash on hand to cover daily operating expenses. Separately CMSA finished the study period with a debt ratio of more than one-half at 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.

CMSA: Financial Measurements Study Period						
Table 4.128 Source: CMSA Financials and Marin LAFCO						
Fiscal Years	Current Ratio	Days' Cash	Debt Ratio	Total Margin	Operating Margin	Earned Income Ratio
2009-2010	7.47 to 1	890.49	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%
Average	5.46 to 1	721.88	55.89%	(2.50%)	13.92%	98.91%
Trend	(48.7%)	(49.69%)	(5.19%)	(244.36%)	(88.10%)	1.61%

Liquidity
Capital
Margin
Structure

Notes

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

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

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

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

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

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

7.3 Pension Obligations

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



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

based on actuarial valuations issued by CalPERS follows.

Participants | Pension Formulas

As of the study period's term (2014) there are a total of 95 participants within CMSA's pension program. This total amount – which represents an overall increase of 3% in participants since 2012 – is further divided between enrollee type (i.e., active, separated, transferred, retired) and

Most CMSA employees receive defined pensions based on a 2.7 @ 50 formula. Employees hired before January 1, 2013 were also brought into the pension formula a 2.0 @ 60 pension formula.

marked by a worker-to-retiree ratio of 0.9 to 1 as of the study term. Category One participants represent 98% – or 93 – of the total program enrollees and are eligible to receive one of two types of retirement payments. The first and predominate tier within Category One is based on a 2.7 at 50 formula, and as such provides eligible retirees with 20 years of total service credit 54% of their highest one year of salary beginning at age 55 and continuing each year thereafter. Category Two participants account for the remaining 2% of the total program enrollee amount as of the study period's term and are subject to a flat 2.0% at 60 pension formula. This tier provides eligible retirees with 20 years of total service credit 40% of their highest three years of average salary beginning at age 60 and continuing annually thereafter.

CMSA's Pension Enrollee Information					
Table 4.129 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
Total Enrollees	n/a	n/a	92	93	95
Worker-to-Retiree Ratio	n/a	n/a	1.1 to 1	1.1 to 1	0.9 to 1

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.⁸¹ 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).⁸²

CMSA’s pension contributions have increased by 9% over the five-year study period, and as of 2013-2014 account for 28% of total payroll.

CMSA’s Pension Contributions

Table 4.130 | 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
Five-Year Average				\$1,134,210
Five-Year Trend				9.24%

Funded Status

CMSA’s unfunded liability – tally of pension monies owed and not covered by assets – ended the study period at \$6.445 million and as such represented 45.4% of the District’s unrestricted fund balance as of June 30, 2014. This former amount produces a funded ratio of 82% based on market value. It also reflects an overall improvement of 15% over the preceding four-year period.⁸³

CMSA’s unfunded pension liability has decreased over the last four years of the study period by (21%) and ended the term at \$6.445 million; the equivalent of an 82.0% funded ratio.

CMSA’s Pension Trends

Table 4.131 | Source: CalPERS and Marin LAFCO

	Unfunded Liability	Funded Ratio
2009-2010	n/a	n/a
2010-2011	\$8,103,016	71.28%
2011-2012	\$9,660,173	67.97%
2012-2013	\$8,765,885	72.66%
2013-2014	\$6,445,664	81.98%
Four-Year Average	\$8,243,685	73.47%
Four-Year Trend	(20.5%)	10.70%

⁸¹ 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%.

⁸² CMSA’s covered annual payroll in 2013-2014 totaled \$4.173 million.

⁸³ Pension information for 2009-2010 is not available.

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

7.4 Revenue to Expense Trends

A review of CMSA’s actual revenues and expenses during the study period and specific to fiscal years 2009-2010 to 2013-2014 shows the agency experiencing net losses in four of the five years. Overall actual expenses – which include outlays for depreciation – outpaced actual revenues over the 60 month period with the former averaging \$15.707 million compared to the latter averaging 16.115 million. Moreover, the referenced budget gap has been widening with the growth rate of actual expenses increasing more than 4 to 1 over the growth rate of actual revenues

On average CMSA’s annual revenue totals have fallen short of annual expense totals – which include depreciation outlays – 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 study period salaries and benefits tallied the largest average expense for CMSA at 42.5% of the total. The next highest average expense tally was drawn from depreciation and accounted for 20.6%.

Top Average Revenues:
1) Treatment Charges @ 92.5%
2) Contract Maintenance @ 4.2%

Top Average Expenses:
1) CMSA Contract @ 28.6%
2) Collection System @ 25.9%

CMSA Actual Revenue Trends | Study Period

Table 4.132 | 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%
	\$15.578	\$15.537	\$15.242	\$15.760	\$16.421	5.42%	\$15.707	100%

CMSA Actual Expense Trends | Study Period

Table 4.133 | 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%
	\$14.287	\$15.850	\$15.762	\$16.292	\$18.386	28.69%	\$16.155	100%

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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Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

AGENDA REPORT

April 13, 2017

Item No. 9 (Public Hearing)

April 6, 2017

TO: Marin Commissioners

FROM: Budget Committee (McEntee, Murray, and Rodoni)
Keene Simonds, Executive Officer

SUBJECT: Adoption of Proposed Workplan and Operating Budget for 2017-2018
The Commission will consider adopting a proposed workplan and budget for 2017-2018 in anticipation of taking final actions in June. The proposed workplan draws on direction provided at the recent strategic planning session and identifies over 20 specific projects for the fiscal year – including the rollover of three previously scheduled municipal service reviews – and directly informs the proposed budget. Proposed budget expenses total \$555,384 and represents an increase of \$28,522 or 5.4% with the change entirely attributed to funding additional non-payroll costs and marked by enhancing legal services. Proposed budget revenues total \$545,384 with the remaining shortfall – (\$10,000) – to be covered by reserves.

Local Agency Formation Commissions (LAFCOs) are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) to adopt a proposed budget by May 1st and a final budget by June 15th. A mandatory review by local funding agencies is required between the two adoption periods. The legislation also specifies the proposed and final budgets shall – at a minimum – be equal to the budget adopted for the previous fiscal year unless LAFCO finds any reduced costs will nonetheless allow the agency to meet its regulatory and planning duties.

A. Background

Prescriptive Funding Sources

Marin LAFCO’s (“Commission”) annual operating expenses are primarily funded by proceeds collected from 42 local public agencies operating within Marin County. State law specifies the Commission’s operating expenses shall be divided in one-third increments between the (a) County of Marin, (b) 11 cities and towns, and (c) 30 independent special districts with the latter two categories apportioned based on total revenues as provided in the most recent annual report published by the State Controller’s Office. A relatively small portion – typically representing less than one-tenth of total revenues – is also funded from application fees and interest earnings.

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Las Gallinas Valley Sanitary

Lew Kious, Alternate
Almonte Sanitary District

Jeffrey Blanchfield, Chair
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Chris Burdick, Alternate
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Policy Considerations

It is the policy of the Commission to utilize a Budget Committee (“Committee”) to inform the agency’s decision-making process in adopting an annual workplan and corresponding operating budget. The Commission establishes a new Committee each fiscal year to include three appointed members with one member each from the county, cities/towns, and special districts. Staffing is provided by the Executive Officer. The Committee’s core responsibilities are divided between presenting “proposed” and “final” documents at the Commission’s April and June meetings, respectively. The Committee is delegated broad discretion in preparing both documents with the lone budgetary constraint to endeavor to maintain a 20% reserve relative to budgeted expenses.

Current Operating Budget

The Commission’s adopted final budget 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; general administrative; and services and supplies. A purposeful operating deficit of (\$25,000) or (5.0%) was budgeted with setting annual revenues at \$501,862 as part of a multi-year process to phase corresponding contribution increases among the funding agencies and in step with raising resources beginning in 2015-2016 and highlighted by expanding staff. The Commission’s available fund balance less other post-employment benefit commitments as of the start of 2016-2017 was \$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

B. Discussion

This agenda item is for the Commission to consider recommendations by the 2017-2018 Committee (McEntee, Murray, and Rodoni) in adopting a proposed (a) workplan and (b) operating budget for the upcoming fiscal year. Adoption of these documents would immediately precede a formal public review and comment period – including providing copies of both documents to the 42 local funding agencies – with final actions scheduled for the Commission’s June 8th meeting. A summary discussion of the main components underlying both the proposed workplan and operating budget follows.

Summary | Proposed Workplan in 2017-18

The proposed workplan draws on discussion generated at the Commission’s strategic planning session held on January 27th and intended to serve as a management tool in allocating resources over the upcoming fiscal year. The proposed workplan also incorporates several streamlining changes recommended by the Committee and highlighted by now prioritizing projects (high, moderate, and low) irrespective of category type (i.e., statutory or administrative). Volume has also been purposefully reduced by omitting projects considered routine or otherwise expected, such as processing

applications, performing community outreach, and staff training activities. Similarly, the proposed workplan does not incorporate any new municipal service reviews as contemplated under the current adopted study schedule. Instead – and consistent with Commission feedback – the proposed workplan focuses on completing existing municipal service review commitments already underway with the expectation the study schedule will be formally amended/extended at a future meeting to reflect current progress.

A summary of all 10 high priority projects in the proposed workplan follows.

**Priority No. 1 | New
Commission Counsel Appointment**

Commission Counsel David Zaltsman is retiring from County Counsel at the end of the fiscal year, and as such Commission action is needed to make a new appointment. Previous appointments of Commission Counsel have been done exclusively by County Counsel and reflected pre CKH provisions. These provisions changed in 2000 and now require the Commission to independently make its own appointment. With this in mind, the Committee believes the appointment process would be best informed by first conducting a formal request for proposals and circulated throughout the greater Bay Area and among those attorneys and/or firms familiar with LAFCOs. The Committee recommends this project be added to the workplan in 2017-2018.

**Priority No. 2 | Rollover
New Website Design and Implementation**

In 2016-2017 the Commission approved funding and awarded a contract therein for CivicPlus to design and implement a new agency website in step with improving the agency's community branding and communicative means with the general public.¹ Staffing limitations during the fiscal year have caused the development of the new site to fall behind schedule with final design and launch not expected until August 2017. It is reasonable to also assume moderate to substantive follow up by the Commission will be necessary post launch to address implementation issues/preferences with the new site once it goes live. The Committee recommends this project be carried-forward into 2017-2018.

**Priority No. 3 | New
Establish Contract Bookkeeping Services**

The Commission currently contracts with the Southern Marin Fire Protection District (SMFPD) for bookkeeping services through District Finance Director Alyssa Schiffmann. This contractual relationship was established on a temporary basis during 2016-2017 and in step with SMFPD assisting the Commission in transitioning to a stand-alone accounting system using QuickBooks. SMSPD is agreeable to continuing this relationship in the immediate future with the mutual understanding the Commission ultimately proceed with securing its own independent accountant to

¹ State law requires LAFCO to maintain a website for purposes of disseminating meeting and other germane information to the public in a timely manner.

provide bookkeeping services as contemplated under membership policy. The Committee recommends this project be added to the workplan in 2017-2018.

Priority No. 4 | Rollover
Review and Update: Outside Service Extensions

As provided under the current adopted work plan the Commission is committed to updating its existing policies on outside service extensions to address to distinct items: (a) non fire protection and (b) fire protection with the latter associated with the recent enactment of SB 239. Work on the policy update has included extensive outreach with local agencies concerning the implementation of SB 239 and its new directive requiring LAFCO approval for certain types of outside fire protection contracts. Staff presently anticipates amendments being presented for Commission action as early as August 2017. The Committee recommends this project be carried-forward into 2017-2018.

Priority No. 5 | Rollover
General Municipal Service Review on San Rafael/Lucas Valley Region

Consistent with the adopted study schedule the Commission is committed to preparing a general municipal service review for the San Rafael/Lucas Valley region. Preliminary work on this study by staff has already begun and will ultimately cover eight local agencies in the region and headlined by the City of San Rafael and the Marinwood Community Services District. The study marks the first municipal service review on the region since 2006 and will inform subsequent sphere updates for the affected agencies as required under State law. The Committee recommends this project be carried-forward into 2017-2018.

Priority No. 6 | Rollover
General Municipal Service Review on Novato Region

Consistent with the adopted study schedule the Commission is committed to preparing a general municipal service review for the greater Novato region. The study – which has remained on hold during the current fiscal year due to staff limitations – is expected to cover seven local agencies in the region and headlined by the City of Novato, Novato Sanitary District, and the Novato Fire Protection District. The study will mark the first municipal service review on the region since 2002 and will inform subsequent sphere updates for the affected agencies as required under State law. The Committee recommends this project be carried-forward into 2017-2018.

Priority No. 7 | New
Review and Update: Personnel Policies

The Commission's existing personnel policies predate CKH and generally align and/or defer to the procedures and protocols with the County of Marin. The Policy and Personnel Committee (Blanchfield, Burdick, and Connolly) believes a comprehensive update is warranted to better scale the personnel policies relative to the size and needs of the Commission, and recommends a stand-alone review and update process accordingly. This includes utilizing an outside consultant to help guide the review

and update process and ensure current best practices are addressed. The Committee recommends this project be added to the workplan in 2017-2018.

Priority No. 8 | Rollover
General Municipal Service Review on Ross Valley Region

Consistent with the adopted study schedule the Commission is committed to preparing a general municipal service review for the greater Ross Valley region. The study – which has remained on hold during the current fiscal year due to staff limitations – is expected to cover 11 local agencies and include the Cities/Towns of Corte Madera, Fairfax, Larkspur, Ross, and San Anselmo. The study will mark the first municipal service review on the region since 2005 and will inform subsequent sphere updates for the affected agencies as required under State law. The Committee recommends this project be carried-forward into 2017-2018.

Priority No. 9 | New
Recruitment and Hiring of Office Assistant

The fulltime Commission Clerk position has been vacated since October 2015 due to the ongoing and authorized leave of the incumbent employee. Extra-help personnel have been intermittingly used to date to help provide some basic position coverage, but a more permanent solution is desired given – and among other factors – the limitations associated with hiring, training, and retaining temporary employees. A recruitment for a new office assistant to either supplement or replace the Commission Clerk position appears appropriate with the added suggestion it be timed to follow the separately scheduled update to the personnel policies. The Committee recommends this project be added to the workplan in 2017-2018.

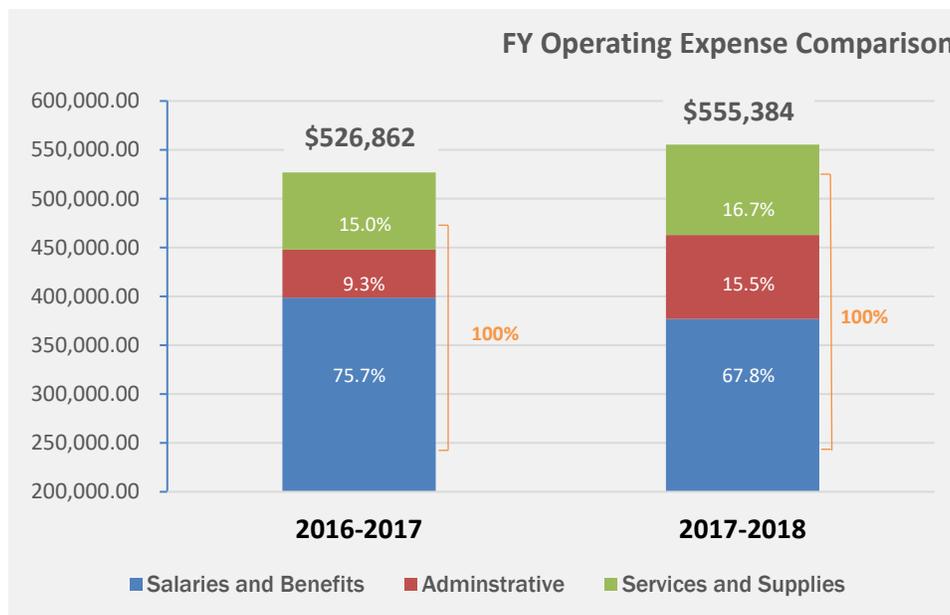
Priority No. 10 | New
Sphere Updates for Central Marin Wastewater Service Providers

In line with the pending completion of the Commission’s municipal service review on public wastewater services in Central Marin sphere updates are needed for six of the affected agencies under CKH.² These agencies are County Sanitary No. 1 (Ross Valley), County Sanitary No. 2 (Corte Madera), Las Gallinas Valley Sanitary, Murray Park Sewer, San Rafael Sanitation, and San Quentin Village Sewer. The Committee recommends this project be added to the workplan in 2017-2018.

² A seventh agencies included in the municipal service review – Central Marin Sewer Agency – is a joint-powers authority, and as such does not require a sphere under current State law.

Summary | Proposed Operating Budget in 2017-18

The proposed operating budget developed by the Committee in step with funding the referenced workplan sets operating expenses at \$555,384; a net increase of \$28,522 or 5.4% over the current fiscal year. The operating expense total is divided between labor and non-labor costs at an approximate 68-to-32 percent split with increases in the latter – non-labor costs – accounting for the referenced change in the bottom-line. Proposed operating revenues are set at \$545,384 with the remaining shortfall – (\$10,000) – covered by drawing down on reserves and consistent with recent practice to help offset and phase in sizable increases to agency contributions starting in 2015-2016. The net effect would be an increase in contributions of 43,022 or 9.1% from \$470,362 to 513,384.



A detailed listing of notable changes included in the proposed operating budget by category and unit therein follows.

Operating Expenses

- It is proposed the **salaries and benefits unit** (i.e., payroll) decrease by (\$21,915) or (5.5%) over the current fiscal year from \$398,716 to \$376,801. This unit covers labor costs tied to staffing three fulltime employees: Executive Officer; Analyst; and Commission Clerk. Notable adjustments proposed in this unit follow.
 - Assumes a 3.0% cost-of-living adjustment in regular salaries consistent with the County of Marin’s contract with unrepresented employees for 2017-2018 with discretion on the part of the Commission in choosing to match.

- Assumes successful step increases for the Administrative Analyst consistent with the adopted pay scale raising the annual salary from \$73,154 to \$83,061.³
- Establishes a \$10,000 placeholder to absorb additional salary adjustments approved by the Commission during the fiscal year.
- Assumes the hiring of a new employee to fill the duties of the Commission Clerk at an annual salary of \$49,843 and result in an approximate savings of \$21,000. Savings based on resetting and lowering the position's (a) work hours and (b) hourly pay as further detailed in the accompanying footnote.⁴
- Assumes additional savings in retirement costs tallying \$26,291 and largely associated with the aforementioned employment change in the Commission Clerk position and leading to lower contribution rates under California's Public Employees' Pension Reform Act or PEPRRA. A related adjustment in lowering budgeted contributions for the Administrative Analyst position also underlies the anticipated savings in pension costs.
- It is proposed the **administrative services unit** increase by \$36,947 or 75.1% over the current fiscal year from \$49,166 to \$86,114. This unit provides funding for *direct* support services necessary to operate Marin LAFCO (emphasis). Notable adjustments proposed within this unit include the following.
 - Adds \$25,301 in the legal services account to raise the total line-item from \$10,579 to \$39,579; a difference of 239.2% over the current fiscal year. The increase responds to recent demands and calculated to assume most billed hours will be generated from an outside firm and instep with the appointment of new Commission Counsel as further detailed in the accompanying footnote.⁵
 - Adds \$11,160 to the professional services account to raise the total line-item from \$15,020 to \$26,180; a difference of 74.3% over the current fiscal year. The increase is largely tied to begin contracting with an outside consultant firm to provide human resource services as needed to the Commission.

³ The referenced annual pay amount for the Administrative Analyst also assumes a 3.0% cost-of-living adjustment.

⁴ It is assumed for budgeting purposes the Commission will hire a new employee in 2017-2018 to fill the duties of the Commission Clerk position. (It is also possible a new hire will supplement limited hours worked by the incumbent.) Two changes underling the hiring of a new employee produce an estimated \$21,000 cost-savings. First, it is assumed the Commission will reset and lower the weekly work hours for the position from 35 to 30 to reflect pre 2016-2017 levels. Second, it is assumed the Commission will reset the pay scale for the position to explicitly match the most comparable classification available with the County of Marin: Office Assistant II. This latter change responds to the existing class comparison used by the Commission in the late 1990s in establishing the Commission Clerk duties and pay scale no longer existing. To this end, a review of current job classifications utilized by the County of Marin suggests Office Assistant II is the closest/best match for the position going forward.

⁵ It is assumed for budgeting purposes the Commission will use 10 hours a month of regular legal services from its new Commission Counsel at an hourly rate of \$275. It is also assumed the Commission will continue to utilize on average one hour per month with County at an hourly rate of \$245.

- It is proposed the **services and supplies unit** increase by \$13,490 or 17.1% over the current fiscal year from \$78,980 to \$92,470. This unit provides funding for *indirect* support services necessary to operate Marin LAFCO (emphasis). Notable adjustments proposed within this unit include the following.
 - Adds \$6,314 to the office lease account to raise the line-item from \$24,938 to \$31,253; a difference of 25.3% over the current fiscal year. The increase is largely attributed to accounting for the first full year of the Commission's new office space at 1401 Los Gamos Drive in San Rafael.⁶
 - Adds \$6,263 to the office equipment/replacement account to raise the line-item total from \$5,137 to \$11,400; a difference of 121.9% over the current fiscal year. The increase accommodates the establishment of an ongoing funding source to provide the rotation replacement of staff computers every 36 months consistent with industry standards. The increase also provides funding to purchase up to eight electronic tablets for Commissioners as part of a planned transition to paperless agenda packets.⁷
 - Establishes a new line-item account for miscellaneous/petty cash with an inaugural budget of \$1,961. This account addresses an existing need to appropriately account for nominal and routine transactions highlighted by now maintaining up to \$100 in petty cash in the office as well as covering non-training meals/registration costs.

Operating Revenues

- It is proposed the **intergovernmental unit** increase by \$43,022 or 9.1% over the current fiscal year from \$470,362 to \$513,384. This unit covers payments received from the 42 local government agencies responsible under State law for funding Marin LAFCO with apportions divided in three equal shares among the County of Marin, 11 cities and towns, and 30 independent special districts. Actual invoice amounts for the cities/towns and special districts would be determined by the County Auditor's Office consistent with the allocation formula outlined under Government Code Section 56383 and based on local revenue tallies.
- It is proposed the **service charge unit** remain as is at \$30,000. This unit covers payments received from outside applicants to process change of organizations (annexations, detachments, formations, etc.), outside service extensions, and sphere amendments.
- It is proposed the **interest earnings unit** increase to by one-third from \$1,500 to \$2,000. The proposed increase reflects anticipated changes in interest earnings consistent with recent quarters.

⁶ The increase also accounts for the new rental fee to hold regular meetings at Marin Clean Energy (\$30 per hour).

⁷ Staff anticipates having sufficient funding available through the end of the current fiscal year to purchase up to three electronic tablets with associated software/components to ensure all 11 members are covered.

C. Analysis

The proposed workplan and operating budget affirmatively responds to feedback provided by the Commission and premised on Marin LAFCO being proactive in meeting the agency’s existing and expanding duties under State law. This includes continuing to focus staff resources in preparing quality-over-quantity municipal service reviews as well as advancing the Commission’s organizational capacity through targeted policy updates and administrative enhancements; the latter marked in 2017-2018 by expanding funding for outside legal counsel, bookkeeping, and human resource services. Savings in salaries and benefits, notably and largely attributed to pay changes tied to the Commission Clerk position, is helping to absorb the referenced increases in non-payroll enhancements and produces an overall change in operating expense at 5.4% or \$28,522.

The following comments provide additional context in the Commission’s consideration of the proposed workplan and budget.

- The increases in the proposed budget brings Marin LAFCO closer to what the Committee believes is the appropriate funding level relative to the membership’s expressed direction in meeting its increasing growth management responsibilities coupled with baseline expenses as a stand-alone government agency. This includes, most notably, the directive from the Legislature to prepare independent studies assessing the availability, need, and performance of local governmental services affecting all 65 local agencies every five years.
- The proposed budget brings Marin LAFCO closer – but still below – the current fiscal year average budgeted operating costs of \$638,589 among the seven other active Bay Area LAFCOs.⁸ This referenced distinction exists despite Marin LAFCO having more local agencies under its oversight at 65 than the others with the exception of Contra Costa LAFCO at 67.
- As intended increases to operating expenses are significantly leveling off compared to the changes reflected in recent fiscal years and instep with the Commission purposefully phasing in funding enhancements beginning in 2015-2016. This includes noting payroll expenses have already stabilized with non-payroll expenses expected to do the same after 2017-2018 with annual changes thereafter expected to align more closely with inflation. To this end, operating expenses in 2018-2019 are tentatively projected to rise by 3.2%.

	2014-15 Adopted	2015-16 Adopted	2016-17 Adopted	2017-18 Proposed	2018-19 Projected
Expense Total	374,866	470,254	526,862	555,384	573,068
Increase Over Prior FY	3.2%	25.4%	12.0%	5.4%	3.2%

Targeted Funding Enhancements

⁸ San Francisco LAFCO is organized as a special studies division of the City/County of San Francisco.

- The proposed budgeted shortfall of (\$10,000) has been targeted with two goals in mind. First, it allows the Commission to continue to spread-out the cost-impacts among funding agencies similar to actions taken over the prior two fiscal years.⁹ Second, and assuming actuals hold, the Commission would end 2017-2018 with an approximate fund balance of \$143,000 and above the Commission policy goal of maintaining a fund balance of no less than 20% of operating expenses. No reserves are expected to be used as offsetting revenues in 2018-2019.

D. Alternatives for Action

The following two alternatives are available to the Commission:

Alternative Action One (Recommended):

- (a) Adopt the attached resolution approving the proposed work plan (Exhibit A) and proposed budget (Exhibit B) for 2017-2018 with any desired changes.
- (b) Direct the Executive Officer to circulate the adopted proposed work plan and budget for 2017-2018 for review and comment by the funding agencies and the general public; and
- (c) Direct the Committee to return with a final work plan and budget for 2017-2018 for adoption as part of noticed hearing on June 8, 2017.

Alternative Action Two:

Continue consideration of the item to a special meeting scheduled no later than legislative deadline of May 1, 2017 and provide direction to the Committee with respect to any additional information requests.

E. Recommendation

It is recommended the Commission proceed with the actions identified in the preceding section as Alternative Action One. These actions would satisfy the Commission's statutory obligation to adopt a proposed budget by May 1st and facilitate the public review of both the proposed workplan and budget in anticipation of final actions in June.

⁹ The Commission purposefully budgeted shortfalls in 2015-2016 and 2016-2017 in the amounts of (\$56,000) and (\$25,000), respectively.

F. Procedures for Consideration

This item has been agendized for action as part of a noticed public hearing. The following procedures, accordingly, are recommended in the Commission's consideration.

- 1) Receive verbal report from the Committee;
- 2) Open the public hearing and invite comments from interested audience members (mandatory); and
- 3) Close the public hearing, discuss item, and consider recommendation.

Respectfully on behalf of the Committee,



Keene Simonds
Executive Officer

Attachments:

- 1) Draft Resolution Adopting Proposed Work Plan and Budget
 - Exhibit A / Work Plan
 - Exhibit B / Operating Budget
- 2) Budget Comparison Among Bay Area LAFCOs
- 3) Publication Notice

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**RESOLUTION OF THE
MARIN LOCAL AGENCY FORMATION COMMISSION
ADOPTING A PROPOSED WORK PLAN AND BUDGET
FOR FISCAL YEAR 2017-2018**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the Marin Local Agency Formation Commission (“Commission”) to perform certain regulatory and planning duties for purposes of facilitating efficient and accountable local government; and

WHEREAS, the Commission is required to adopt proposed and final budgets each year by May 1st and June 15th, respectively; and

WHEREAS, the Commission’s Executive Officer prepared a written report outlining the recommendations of the Budget Committee with respect to anticipated work activities and budgetary needs in 2017-2018; and

WHEREAS, the Executive Officer’s written report on a proposed work plan and budget for 2017-2018 have been presented to the Commission in the manner provided by law; and

WHEREAS, the Commission has heard and fully considered all the evidence on a proposed work plan and budget for 2017-2018 presented at a public hearing held on April 13, 2017;

WHEREAS, the adoption of a work plan and budget are not projects under the California Environmental Quality Act.

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

1. The proposed work plan for 2017-2018 shown as Exhibit A is APPROVED.
2. The proposed operating budget for 2017-2018 shown as Exhibit B is APPROVED.

The foregoing resolution was duly and regularly adopted by the Commission at a public meeting held on April 13, 2017, by the following vote:

Yes: _____

No: _____

Abstain: _____

Approved: _____
Jeffrey Blanchfield
Commission Chair

Attest: _____
Keene Simonds
Executive Officer



Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

2017-2018 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 2017-2018 Work Plan. The Work Plan draws on the Commission's existing strategic plan and other germane and time-demanding projects identified by the Executive Officer and vetted with the Budget Committee (McEntee, Murray, and Rodoni) in the course of developing an operating budget for the fiscal year. The Work Plan is divided into two distinct categories – statutory and administrative – with one of three priority rankings: high, moderate, or low. The underlying intent of the Work Plan is to serve as a management tool to allocate Commission resources in an accountable and transparent manner over the 12 month period. Further, while it is a stand-alone document, the 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 2017-2018 Work Plan continues to guide the Commission to prioritize resources in addressing statutory duties and responsibilities; many of which are rollovers from the prior fiscal year. This includes completing three comprehensive municipal service reviews involving the San Rafael/Lucas Valley, Ross Valley, and Novato regions. Sphere of influence updates are also scheduled for all six affected agencies providing public wastewater services in the Ross Valley/Las Gallinas area. Notable new administrative projects include filling staff positions, performing policy updates, and establishing long-term bookkeeping and payroll protocols in step with the Commission's recent transition to a stand-alone accounting system. A limited number of projects have also been identified as low priorities with the policy intention therein for the Commission to address – such as updating the application packet and establishing social media policies and protocols – as resources allow.

Priority	Urgency	Type	Status	Project	Key Issues
1	High	Statutory	New	Commission Counsel Appointment	Statutory Need for Commission to Appoint Counsel RFP Process
2	High	Statutory	Rollover	New Website Design and Implementation	Required to Maintain Website; Serves as Main Communicative Tool Focus on Branding
3	High	Administrative	New	Establish Contract Bookkeeping Services	Need Long-Term Bookkeeping Solution in Step with New Finance System
4	High	Statutory	Rollover	Policy Review : Outside Service Extension Policies	Incorporate New Requirements Under SB 239
5	High	Statutory	Rollover	General MSR on San Rafael/Lucas Valley Region	First MSR for Region since 2005 Community Outreach in Islands
6	High	Statutory	Rollover	General MSR on Novato Region	First MSR for Region since 2002 Community Outreach and UGB Compatibility
7	High	Statutory	New	Policy Review: Personnel Procedures	Existing Policies Tie LAFCO to County; Need to Scaledown
8	High	Statutory	Rollover	General MSR on Ross Valley Region	First MSR for Region since 2005 Community Outreach and Boundary Clean Ups
9	High	Administrative	New	Recruitment and Hiring of Office Assistant	Fills and/or Supplements Commission Clerk Position
10	High	Statutory	New	Sphere Updates for Central Marin Sewer Agencies	First SOI Updates for Most Agencies Since 2005 Six Agencies
11	Moderate	Administrative	New	Evaluate Pension Contract with CalPERS	Explore Cost-Savings Opportunity; Potential Synch with OPEB Relationship
12	Moderate	Administrative	New	Establish Contract Payroll Services	County Desiring Separation with Outside Users; Address Benefits and Holdings
13	Moderate	Administrative	New	Prepare Informal Report on JPAs	Post Enactment of SB 1266; Enhance Repository on Local Governmental Services
14	Moderate	Administrative	New	2016-2017 Audit	Best Practice First Audit of QuickBooks System
15	Moderate	Administrative	New	E-Agenda Packets	Simplify Agenda Packet Production through E-Tablets Purchase and Training
16	Moderate	Administrative	New	2018 CALAFCO Staff Workshop Hosting	April 2018 Expected 120 Plus Attendees
17	Moderate	Administrative	New	Policy Review: Dual Annexation Policy	Follows San Rafael and Novato Region MSRs; Define Substantially Surrounded
18	Moderate	Administrative	New	Evaluate Contract Human Resource Services	Reconcile Government Agency with Scale
19	Low	Statutory	Rollover	Mutual Water Companies	AB 54 Implementation; Onus on Mutual to Cooperate
20	Low	Statutory	Rollover	Disadvantaged Unincorporated Communities	SB 244 Implementation; Coordinate with CALAFCO
21	Low	Administrative	New	Memorialize Employer Benefit Contracts	Potential MOU with County or Other to Memorialize Benefit Services
22	Low	Administrative	Rollover	Update Application Packet	Current Application Dated; Need to Address New Requirements; Make User Friendly
23	Low	Administrative	Rollover	Social Media Polices and Protocols	Expand Outreach to Capture Alternate Media Forums
24	Low	Administrative	Rollover	Local Agency Directory	Current Directory Out of Date and Limited to Browser Opportunity to Show Value
25	Low	Administrative	Rollover	Special District Selection Committee	Assist in Re-establishing Special Selection Committee in Marin County



MARIN LOCAL AGENCY FORMATION COMMISSION

Regional Service Planning | State of California

Expense Ledger

		FY2014-2015		FY2015-2016		FY2016-2017			FY2017-2018			FY2018-2019	
		Adopted	Actuals	Adopted	Actuals	Adopted	Amended	Estimated	Draft	Difference		Telegraph	
		FY14-15	FY14-15	FY15-16	FY15-16	FY16-17	FY16-17	FY16-17	FY17-18			FY18-19	
Salary and Benefit Costs													
Account	Description												
5110110	Staff Salaries	189,884	179,672	246,688	241,699	281,111	258,111	212,429	282,079	968	0.3%	290,541.51	
5130510	Employee Retirement (MCERA)	51,793	45,258	61,990	59,730	63,852	57,852	44,881	37,561	(26,291)	-41.2%	38,687.90	
5140125	Employee Benefits (County of Marin)	16,888	15,486	25,443	25,980	26,867	26,867	21,185	32,313	5,445	20.3%	32,797.34	
5140141	Payroll Tax	2,518	2,704	3,693	4,270	4,020	4,020	4,371	3,887	(133)	-3.3%	4,358.12	
5140115	Workers Compensation	736	792	742	1,064	960	960	1,731	1,741	781	81.4%	1,767	
5140145	Unemployment Insurance	868	1,215	868	2,234	6,290	6,290	3,500	3,605	(2,685)	-42.7%	3,605	
5130525	Post Employment Benefits (CalPERS)	16,798	24,898	14,880	13,481	15,615	15,615	15,615	15,615	-	0.0%	15,615	
		279,486	270,024	354,304	348,459	398,716	369,716	303,711	376,801	(21,915)	-5.5%	387,372	
General Administrative Costs													
Account	Description												
5210110	Professional Services	5,800	17,183	15,255	15,793	15,020	15,020	20,301	26,180	11,160	74.3%	27,180	
5210131	Legal Services	14,196	2,477	10,075	10,045	10,579	39,579	49,498	35,880	25,301	239.2%	36,880	
5210230	Accounting and Payroll	8,000	-	4,925	1,200	6,125	6,125	6,125	5,550	(575)	-9.4%	5,550	
5211325	Work Conferences	4,000	2,614	2,975	3,495	2,450	2,450	2,005	2,965	515	21.0%	3,465	
5211440	Mileage and Travel	3,000	3,523	3,037	3,851	4,118	4,118	5,000	4,539	421	10.2%	4,539	
5211533	Commissioner Per Diems	7,100	4,600	7,100	5,500	10,875	10,875	10,875	11,000	125	1.1%	11,000	
		42,096	30,397	43,367	39,884	49,166	78,166	93,804	86,114	36,947	75.1%	88,614	
Service and Supply Costs													
Account	Description												
5211270	Office Space Leases/Rents	16,770	16,770	17,370	19,774	24,938	24,938	23,599	31,253	6,314	25.3%	32,190.33	
5211330	Membership and Dues	13,340	13,896	14,092	14,017	14,369	14,369	14,369	14,556	187	1.3%	14,756	
5210525	General Insurance	3,000	2,771	2,771	2,677	2,677	2,677	2,677	2,600	(77)	-2.9%	2,600	
5210715	Communication Services	5,875	5,416	6,054	7,497	6,568	6,568	8,252	8,236	1,668	25.4%	8,236	
5211516	Reprographic/Map Services	-	-	-	-	-	-	120	-	-	0.0%	-	
5220110	General Office Supplies	2,000	5,831	23,400	19,795	2,590	2,590	9,259	4,200	1,610	62.2%	4,200	
5210935	Office Equipment and Replacement	6,000	8,672	2,907	4,706	5,137	5,137	6,931	11,400	6,263	121.9%	15,000	
5211340	Ongoing Education and Training	1,500	327	1,095	820	1,800	1,800	1,000	1,250	(550)	-30.6%	1,000	
5211520	Public Notices and Publications	2,000	1,121	2,095	3,804	5,000	5,000	5,518	5,000	-	0.0%	5,000	
5210129	Website and Graphic Design	2,000	3,000	2,000	-	15,500	15,500	12,412	11,613	(3,887)	-25.1%	11,613	
TBD	Miscellaneous / Petty Cash	-	-	-	-	-	-	-	1,961	1,961	100.0%	2,086	
5211215	Records Storage	800	315	800	366	401	401	401	401	-	0.0%	401	
		53,285	58,119	72,584	73,456	78,980	78,980	84,538	92,470	13,490	17.1%	97,082	
Contingencies													
Account	Description												
	Operating Reserve	-	-	-	-	-	-	-	-	-	0.0%	-	
EXPENSE TOTALS		374,866	358,540	470,254	461,799	526,862	526,862	482,053	555,384	28,522	5.4%	573,068	
Prior Year Difference		3.2%	11,566	25.4%	95,388	12.0%	56,608		5.4%	28,522		3.2%	17,683

Revenue Ledger

		FY2014-2015		FY2015-2016		FY2016-2017			FY2017-2018			FY2018-2019
		Adopted FY14-15	Actual FY14-15	Adopted FY15-16	Actual FY15-16	Adopted FY16-17	Amended FY16-17	Estimated FY16-17	Draft FY17-18	Difference		Telegraph FY18-19
Intergovernmental												
Account	Description											
4710510	Agency Contributions	348,366	348,367	387,528	387,528	470,362	470,362	469,161	513,384	43,022	9.1%	541,068
	County of Marin	116,122	116,122	129,176	129,176	156,787	156,787	156,387	171,128	14,341	9.1%	180,356
	Cities and Towns (11)	116,122	116,122	129,176	129,176	156,787	156,787	156,387	171,128	14,341	9.1%	180,356
	Independent Special Districts (30)	116,122	116,122	129,176	129,176	156,787	156,787	156,387	171,128	14,341	9.1%	180,356
		348,366	348,367	387,528	387,528	470,362	470,362	469,161	513,384	43,022	9.1%	541,068
Service Charges												
4640333	Application Fees	25,000	15,536	25,000	17,424	30,000	30,000	23,778	30,000	-	0.0%	30,000
4710631	Miscellaneous	-		226	365	-	-	-	-	-	0.0%	-
		25,000	15,536	25,226	17,789	30,000	30,000	23,778	30,000	-	0.0%	30,000
Investments												
	Interest	1,500	700	1,500	769	1,500	1,500	1,951	2,000	500	33.3%	2,000
		1,500	700	1,500	769	1,500	1,500	1,951	2,000	500	33.3%	2,000
	REVENUE TOTALS	374,866	364,603	414,254	406,086	501,862	501,862	494,890	545,384	43,522	8.7%	573,068
OPERATING NET		-	6,064	(56,000)	(55,713)	(25,000)	(25,000)	12,837	(10,000)			-
(negative amounts reflect draw down on reserves)												
UNRESERVED/UNRESTRICTED FUND BALANCE												
As of June 30th		\$ 196,618.00		140,905		153,742		143,742				143,742

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Attachment Two

Bay Area LAFCO Budget Comparisons

County	2015-2016	2016-2017	Full Time Employees	Consultant Staff	Cities & Towns	Special Districts	Total Agencies
Alameda	636,337.00	665,037.00	2.5	yes	14	35	49
Contra Costa	813,750.00	893,733.00	2.0	yes	19	48	67
Marin	470,254.42	526,862.28	2.8	no	11	54	65
Napa	525,684.00	534,328.00	2.0	yes	5	18	23
San Francisco	297,342.00	297,342.00	1.0	no	1	0	1
San Mateo	476,248.00	450,230.00	1.8	no	9	56	65
Santa Clara	819,843.00	881,227.00	3.0	no	15	29	44
Solano	394,235.00	419,514.00	1.0	yes	7	44	51
Sonoma	596,975.00	626,055.00	3.0	no	9	54	63

Outside Average: \$ 609,010.29 \$ 638,589.14
 excludes SF excludes SF

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Marin Independent Journal

4000 Civic Center Drive, Suite 301
San Rafael, CA 94903
415-382-7335
legals@marinij.com
2071569

MARIN LAFCO
ATTN: CADICE BOZZARD
1401 LOS GAMOS DR SUITE 220
SAN RAFAEL, CA 94903-3698

PROOF OF PUBLICATION (2015.5 C.C.P.)

STATE OF CALIFORNIA County of Marin

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer of the MARIN INDEPENDENT JOURNAL, a newspaper of general circulation, printed and published daily in the County of Marin, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Marin, State of California, under date of FEBRUARY 7, 1955, CASE NUMBER 25566; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

03/22/2017

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated this 22th day of March, 2017.



Signature

PROOF OF PUBLICATION

Legal No. **0005923084**

NOTICE OF PUBLIC HEARING

Marin Local Agency Formation Commission

NOTICE IS HEREBY GIVEN BY THE MARIN LOCAL AGENCY FORMATION COMMISSION (LAFCO) that on Thursday, April 13, 2017 at 7:00 P.M. in the Marin Clean Energy building located at 1125 Tamalpais Avenue, San Rafael, California the agency will consider the following action:

Adoption of Proposed Budget and Work Plan for Fiscal Year 2017-2018

In accordance with Government Code Section 56381, Marin LAFCO will consider adopting a proposed budget and work plan to fund and direct, respectively, the agency's regulatory and planning responsibilities for Fiscal Year 2017-2018. Public comments are welcomed through the end of the scheduled hearing and will inform the preparation of final documents for future adoption. An associated staff report on the proposed budget and work plan will be available for download at www.marinlafco.org approximately one week prior to the hearing date. You may also request a written copy of the associated staff report by contacting LAFCO at 415-448-5877.

Keene Simonds, Executive Officer
Marin Local Agency Formation Commission
March 22, 2017

no. 337 March 22, 2017

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Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

AGENDA REPORT

April 13, 2017

Item No. 10 (Business/Action)

April 6, 2017

TO: Marin Commissioners

FROM: Keene Simonds, Executive Officer

SUBJECT: Updated Draft Amendments | Policies on Outside Service Extensions

The Commission will review updated draft amendments prepared by staff on Marin LAFCO’s policies on outside service extensions. The updated draft amendments – which incorporate revisions following an initial presentation in February and subsequent extended local agency review – address two distinct issues divided between non-fire protection services and fire protection services with the latter necessitated by the recent enactment of Senate Bill 239 (Hertzberg). The updated draft amendments are being presented to the Commission for additional feedback and authorization to proceed with a formal public review in anticipation of returning in June for final action.

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

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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.

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 56134.¹ 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.²

Draft Policy Amendments | Initial Presentation

At the February 9, 2017 meeting the Commission received draft amendments prepared by staff covering Marin LAFCO's existing policies on its regulatory duty to oversee outside service extensions in Marin County. The draft amendments presented in February were divided between proposed changes to current policies involving non fire protection and proposed new policies involving fire protection services with the latter associated with the aforementioned enactment of SB 239. Following extensive discussion paired with receiving testimony from several local agency representatives the Commission directed staff to recirculate the materials to all local agencies. Staff was also directed to report back in April for additional discussion and ahead of considering next steps – including opening up the review to the general public.

¹ 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.”

² 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.

B. Discussion

This item is for the Commission to receive updated draft amendments prepared by staff covering Marin LAFCO's policies on outside service extensions. The updated draft amendments continue to focus the amendments between two distinct outside service functions as contemplated under statute: (a) non fire protection and (b) fire protection. The updated draft amendments follow the Commission's initial review in February and subsequent recirculation to all local agencies with notable revisions made by staff highlighted below. The updated draft amendments are being presented to the Commission for additional feedback. If agreeable with the Commission staff will proceed after the meeting and open up the review process on the updated draft amendments to the general public and return to the Commission for final action on June 8th.

Amendments | Non-Fire Protection Services

The Commission's current policies on outside service extensions provide broad direction to the membership 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.

Given the preceding comments, and drawing on staff's own analysis, several amendments to the Commission's current policies on outside service extensions and specific to non-fire protection are presented. The 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 items reflected in the amendments and as updated since the February meeting 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.)

In returning to the Commission staff has made one substantive change following the February meeting to the amendments involving non-fire protection services. The revision involves striking the previously suggested change to require outside retail recycled water services become subject to Commission review given the increasingly role as an urban utility and corresponding benefit of establishing recognized and protected service areas.³ This revision responds to apprehensiveness expressed by some Commissioners in February in creating a new layer of government approval for recycled water services in Marin County; sentiments also communicated by the North Marin Water District.

The amendments to non-fire protection services return to the Commission intact with one change. This single update involves deleting an earlier suggestion for the Commission to make outside retail recycled water services subject to membership review and approval.

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 – including most recently attending a monthly meeting of the Marin County Fire Chiefs – staff has prepared amendments to the Commission’s existing policies to now address SB 239 and the establishment therein of Section 56134. Notable items reflected in the amendments and as updated by staff since the February meeting are summarized below.

- Prescribes standards in determining the applicability of any proposed fire service contract relative to Section 56134 and its 25% threshold on changes to service areas. 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.

³ As initially proposed this change would have involved defining “transfer” as used in Section 5133(e) to explicitly mean the wholesale delivery of non-potable or non-treated water, and as such make all other forms – like retail – subject to Commission review. This change has been removed.

- 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 1st 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.
- Makes explicit fire service contracts entered into before December 31, 2015 or recipient of LAFCO approval after December 31, 2015 do not require separate LAFCO approval due to renewals or renegotiated terms so long as it does not constitute a new 25% change in service area or employment status.
- Authorizes local 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 payment is provided to the affected agencies. Reimbursement costs associated with mutual aid contracts between the State and local agencies are also exempt.
 - 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 public agencies in which the contracts or agreements do not constitute a 25% change in employment status as defined.
 - Sharing or loaning of equipment, facility, or property between or among two or more agencies.
 - Establishment of joint-power authorities to provide fire protection services in which all of the following criteria is satisfied as verified by the Commission’s Executive Officer:

- The boundaries of the proposed joint-powers authority are entirely coterminous with the member agency boundaries, and therefore services are not extended to previously unserved areas by the agencies.
 - The member agencies and the affected represented safety employees' organizations have ratified agreements in support of the proposed joint-powers authority and any changes therein to employment status.
 - The proposed joint-powers authority does not create any conflicts with adopted LAFCO polices or recommendations with respect to fire protection services in Marin County.
 - The proposed joint-powers authority does not create any conflicts with any active reorganization application on file with LAFCO.
 - The total service area for the proposed joint-powers authority does not exceed a resident service population of 50,000.
- 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.

In returning to the Commission staff has made four substantive changes following the February meeting to the amendments involving fire protection services. These changes – which are captured in the preceding bullet-point summary – are highlighted by adding an additional local exemption covering the establishment of joint-power authorities to assume fire protection responsibilities from its member agencies. This change directly responds to a joint-request made by the Town of Corte Madera and City of Larkspur and incorporates nearly verbatim the agencies' proposed language and prescribed qualifications, such as written consent by all affected labor organizations. An additional qualification has been added by staff to further limit the exemption to joint-power authorities with proposed resident service populations of no more than 50,000; an amount purposefully representing close to 20% of the current countywide population. The other three substantive changes reflected in the updated amendments are summarized in the accompanying footnote.⁴

The amendments to fire protection services return to the Commission with four substantive changes. The changes are highlighted by adding a new local exemption involving the creation of joint-power authorities to assume fire services on behalf of members, and responds to a joint-request made by Corte Madera and Larkspur. Staff proposes limiting the suggested exemption to JPAs with resident service populations of no more than 50,000.

⁴ As referenced three other substantive changes have been incorporated into updated amendments to the policies on outside services specific to fire protection following the February meeting. This involves further exempting contracts

C. Analysis

The updated draft amendments to the Commission's policies on outside service extensions respond to initial membership feedback in February as well as subsequent input with local agencies in implementing Sections 56133 (non-fire protection) and 56134 (fire protection) in Marin County. The amendments specific to non-fire protection services are now entirely focused on procedural items in prescribing the manner in which requests should be received, reviewed, and ultimately considered by the Commission. An earlier amendment to also expand the policies to cover the oversight of outside retail recycled water services has been removed and in step with received feedback. The amendments addressing outside fire protection services have similarly been refined in response to feedback and further narrows the implementation scope of the Commission's new responsibilities established under SB 239. Most significantly, this includes expanding local exemptions to cover the creation of joint-power authorities to assume fire protection services on behalf of their member agencies so long as certain criteria are satisfied, such as consent by all affected labor organizations. This exemption responds to a joint-request by Corte Madera and Larkspur and – among other outcomes – would allow these agencies to proceed to transition fire protection services within their respective municipalities to a newly formed joint-powers without the need for Commission approval. Staff agrees with the proponents this exemption is reasonable and allows for local agencies to proceed with functional cost-sharing arrangements without incurring additional expenses and related uncertainties associated with seeking LAFCO approvals. However, and consistent with the legislative intent, staff proposes an important limitation on the applicability of this local exemption among other potential arrangements in Marin County by curtailing eligibility to joint-powers with resident service populations of no more than 50,000. This amount purposefully equals close to 20% of the current county population and means any large joint-powers formations to provide fire protection services that affects a statistically significant percentage of the public will be independently vetted under SB 239.

D. Alternatives for Action

The following alternatives are available to the Commission:

Alternative One (Recommended):

- a) Review the updated draft amendments as presented and provide additional feedback and direction on potential revisions; and
- b) Authorize staff to proceed with the formal public review of the updated draft amendments in anticipation of returning to the Commission for final action at the June 8th regular meeting.

for mutual aid that provide reimbursement to local agencies and making it explicit that agreements for management and personnel as well as renewals do not require LAFCO approval so long as the referenced 25% change in service boundary and or employment status are not triggered.

Alternative Two:

Continue consideration of the updated 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) Agency Comments on Draft Amendments Presented in February 2017
 - a) Corte Madera/Larkspur
 - b) Marin County Fire Chiefs' Association
 - c) Ross Valley Fire Protection Agency
 - d) North Marin Water District
- 3) Updated Draft Amendments to Commission Polices on Outside Service Extensions (Track Change)
* Additions Since February Shown in Highlight

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.



Diane Furst Sloan Bailey, Mayor
Carla Condon, Vice-Mayor
James Andrews
Sloan Bailey

Kevin Haroff, Mayor
Dan Hillmer, Vice-Mayor
Larry Chu
Ann Morrison
Catherine Way



February 7, 2017

Chair Jeffry Blanchfield and Members of the Commission
Marin Local Agency Formation Commission (LAFCO)
1401 Los Gamos Drive, Suite 220
San Rafael, CA 94903

SUBJECT: Draft Amendments to Policies on Outside Service Extensions

Dear Chair Blanchfield:

The Town of Corte Madera and the City of Larkspur appreciate the opportunity to review and comment on the staff report for Agenda Item No. 12, *Draft Amendments to Policies on Outside Service Extensions*. Commissioners may be aware that these draft amendments are of particular interest to our agencies as we are in the process of forming a joint powers authority (JPA) to deliver fire protection services to our communities, and the Executive Officer and Special Counsel to Marin LAFCO have jointly opined that Government Code Section 56134 applies to this process.

We applaud the Executive Officer's proposal to provide exemptions to the application requirements under Section 56134 when specified criteria are met; providing exemptions recognizes that there are conditions under which the agencies entering into interagency agreements are acting responsibly to improve service delivery in their communities, and that asking the taxpayers to fund a LAFCO review of such agreements is not the best use of their money.

With particular consideration to avoiding undue burdens on the taxpayers in our communities, we respectfully request that the Commission consider establishing a set of criteria by which qualifying formations of JPAs are exempt from LAFCO review under Section 56134. The criteria we suggest are:

- The boundaries of the proposed JPA will be coterminous with the boundaries of the member agencies. *(No new service territory is established by the formation of the JPA.)*
- The member agencies and the represented safety employees affected by the JPA formation have negotiated a Transition Agreement and a Memorandum of Understanding, and these agreements have been ratified by the affected employee groups. *(The change in employment status caused by the JPA has the support of the affected employee groups.)*
- The proposed JPA does not create conflicts with adopted LAFCO recommendations about fire service reorganizations in Marin County.
- The proposed JPA does not create conflicts with any active reorganization application on file with LAFCO.

It is our belief that any proposed JPA formation that meets the above criteria fulfills the legislative intent of Senate Bill 239 in that it neither extends fire protection services outside of existing service territories nor imposes unacceptable employment conditions on sworn fire personnel.

The Executive Officer has suggested to us that the review of a proposed JPA formation would not require the breadth of analysis LAFCO might apply to many other forms of reorganization, and that there is a very good chance the cost to the member agencies for their application to LAFCO could be contained to \$10,000 or less. While we are appreciative of the Executive Officer's efforts to create a review process that is narrower and less costly in scope, we strongly believe that the application costs could better benefit the taxpayers by funding fire prevention services.

Thank you for your consideration.

Sincerely,



Todd Cusimano, Corte Madera Town Manager



Dan Schwarz, Larkspur City Manager

c: Corte Madera Councilmembers
 Larkspur Councilmembers
 LAFCO EO K. Simonds
 County/City Managers
 Marin Fire Chiefs



Marin County Fire Chiefs Association

March 22, 2017

Chair Jeffry Blanchfield and Members of the Commission
Marin Local Agency Formation Commission
1401 Los Gamos Drive, Suite 220
San Rafael, CA 94903

Subject: Amendments to Policies on Outside Service Extensions – Fire Protection Services

Dear Chair Blanchfield,

The Marin County Fire Chiefs Association has been engaged in collaborative conversation with LAFCO Executive Officer Keene Simonds regarding the implementation of SB 239 since May 12, 2016. Mr. Simonds has been extremely helpful during this period in soliciting comments and feedback from our membership and has kept us well-informed on the progress of the policy implementation. Many of the Draft Amendments to the Policy on Outside Service Extensions stem from this collaborative interaction with our membership and we appreciate the opportunity to contribute to the decision making of how to best apply the intent of the legislation to the local jurisdictions.

In large part, our membership agrees with and supports the amendments proposed by staff. However, we would also like to express our strong and united support for the additional exemption sought by the Town of Corte Madera and the City of Larkspur in regard to the consolidation of their two fire departments. It is our belief that the specific criteria that are suggested respect the intent of the law and should ensure that none of the issues that prompted the legislation are present within the proposed merger.

The Marin County Fire Chiefs believe that all inter-agency contracts and agreements should be developed and implemented with a goal of providing increased efficiency or improved levels of service. We feel that these goals are in the best interest of the local taxpayers and of all those to whom we provide service. We feel a responsibility to seek opportunities and to innovate for the public good. Collaborations such as the current Corte Madera and Larkspur fire merger should stand as an example of good government and should be encouraged.

It is our hope that this and other similar examples of creative and effective public resource stewardship are not discouraged by the prospect of additional financial and administrative burdens but instead encouraged toward the notion of allocating public resources with both the

taxpayer and the end user in mind. Please understand that we are not proposing a blanket exemption from LAFCO review of all Outside Service Extensions. Instead, we are only proposing the addition of an exemption under the specific set of criteria outlined by the managers of Corte Madera and Larkspur as presented in the letter dated February 7, 2017. We feel confident that under these criteria both the intent of the underlying law and the public trust are ultimately honored.

Thank you for your consideration of this matter,

A handwritten signature in black ink that reads "Mark Mills". The signature is written in a cursive style with a large initial "M" and a long, sweeping underline.

Mark Mills
Chief, Ross Valley Fire Department
President, Marin County Fire Chiefs Association

Keene Simonds

From: Garrett Toy
Sent: Thursday, March 2, 2017 1:12 PM
To: Keene Simonds
Cc: Rachel Jones; Scott Smith
Subject: RE: Marin LAFCO | Extended Agency Review on Draft Amendments to Outside Service Extension Policies through March 22nd

Hi Keene,

The Ross Valley Fire Department (RVFD) has a few comments on the proposed policies. Specifically, with the regard to the exemptions, we would like it to be made more clear that: 1) "contractual shared services" is also included in the definition of "sharing" of management and services and 2) RVFD has an existing agreement with Marin County to provide fire protection services for some unincorporated areas. We would like the exemptions to clarify renewal of agreements includes the renegotiation (such as an amended and restated agreement) of the contract for such services and that there is no timeframe for renewal. For example, if an agreement expires, but we enter into a new agreement 12 months later with the same agency we shouldn't need to go to LAFCO for approval. As clarification, if an existing agreement exceeds the 25% threshold and the agencies renew the agreement, but doesn't add area, does that trigger LAFCO review? We don't believe it should.

Let me know any questions.

Thanks for the help.

Garrett

=====
Garrett Toy
Town Manager
Town of Fairfax
142 Bolinas Rd
Fairfax, CA 94930
415-458-2345

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**NORTH MARIN
WATER DISTRICT**

Via email at ksimonds@marinlafco.org

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March 8, 2017

Keene Simonds, Executive Officer
Marin LAFCo
1401 Las Gamos Drive Suite 220
San Rafael, CA 94903

Dear Mr. Simonds:

North Marin Water District is in receipt of the Marin LAFCo Draft Amendments to Policies on Outside Service Extensions. As indicated in my verbal comments to the Marin LAFCo Commissioners on February 9th, the proposed amendment adding an Implementation Definition of "transfer" to mean the wholesale delivery of non-potable or non-treated water, exceeds legislative authority. SB-239, for which Marin LAFCo references in triggering these policy amendments, makes no such definition of transfer and explicitly exempts contracts for the transfer of non-potable or non-treated water.

Recycled water producers and distributors need all the latitude possible to sell this very expensive product. Identifying a transfer as a wholesale delivery implies that some other entity will sell recycled water at a retail commodity and the interjection of another layer of bureaucratic approval by Marin LAFCo may stifle recycled water expansion for future uses which may not be contemplated at this time.

North Marin Water District requests that you strike the proposed implementation definition 10d).

Sincerely,


Chris DeGabriele
General Manager

CD/kly
T:\GMLAFCO\tr re proposed amendment. doc.doc

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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.

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. Contracts or agreements for fire protection services entered into before December 31, 2015 or recipient of LAFCO approval after December 31, 2015 do not require separate LAFCO approval due to renewals or renegotiated terms so long as it does not constitute a new 25 percent change in service area or employment status.
4. Changes in jurisdictional boundary shall be based on acreage differences calculated in MarinMap.
5. Changes in employment status shall be based on actual and agency-wide staffing totals within the affected agencies as of the July 1st of the subject fiscal year.

New

Exemptions

6. 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. Reimbursement costs associated with mutual aid contracts between the State and local agencies are also exempt.

New

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 in which the contracts or agreements do not constitute a 25 percent change in employment status as defined.

New

• Sharing or loaning of equipment, facility, or property between or among two or more agencies

• Establishment of joint-power authorities to provide fire protection services in which all of the following criteria is satisfied as verified by the Commission's Executive Officer:

New

- The boundaries of the proposed joint-powers authority are entirely coterminous with the member agency boundaries, and therefore services are not extended to previously unserved areas by the agencies.

- The member agencies and the affected represented safety employees' organizations have ratified agreements in support of the proposed joint-powers authority and any changes therein to employment status.

- The proposed joint-powers authority does not create any conflicts with adopted LAFCO polices or recommendations with respect to fire protection services in Marin County.

- The proposed joint-powers authority does not create any conflicts with any active reorganization application on file with LAFCO.

- The total service area for the proposed joint-powers authority does not exceed a resident service population of 50,000.

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

April 13, 2017

Item No. 11 (Business/Action)

April 6, 2017

TO: Marin Commissioners

FROM: Legislative Committee (Baker, Kious, and McEntee)
Keene Simonds, Executive Officer

**SUBJECT: Legislative Report |
Update on First Year of 2017-2018 Session**

The Commission will receive a report on the first year of the Legislature’s 2017-2018 session as it relates to bill proposals directly or indirectly affecting Local Agency Formation Commissions. The report is being presented to the Commission to discuss and consider position recommendations. It is also an opportunity for the Commission to provide direction on other legislative matters of interests.

Local Agency Formation Commissions (LAFCOs) are political subdivisions of the State of California tasked with providing regional growth management services in all 58 counties. LAFCOs’ duties and powers have increasingly expanded since their creation in 1963 as more than 200 bills have been subsequently enacted with the majority addressing changes in boundary management and service provision. The substantive result of these amendments is the delineation of two distinct LAFCO responsibilities: regulating the physical development of cities, towns, and special districts and their service areas as well as informing such decisions through various planning activities.

A. Background

Marin LAFCO (“Commission”) draws on two complimentary resources in considering legislative matters affecting the agency’s ability to effectively administer its regulatory and planning responsibilities. 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 or reviewing legislation and related items and taking formal positions therein for consideration by the Board. The second resource is the Commission’s own Legislative Committee, which is responsible for vetting legislation as needed with specific consideration of impacts on Marin LAFCO and offering recommendations on potential positions. The Commission’s Legislative Committee meets as needed, and for the current calendar year include Commissioners Baker, Kious, and McEntee and is hereafter referred to as “CLC.”

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

Damon Connolly, Regular
County of Marin

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

B. Discussion

This item is for the Commission to consider bill proposals generated as part of the first year of the Legislature’s 2017-2018 session that directly or indirectly impact LAFCOs’ duties and or interests as identified by CALAFCO. This includes considering CLC position recommendations. The Commission is also invited to provide related direction on other legislative matters of interests.

Overview of Active Bills

The first year of the 2017-2018 session began on January 4, 2017 and added over 1,200 new bills through the February 17th introduction deadline for non-committee proposals. A review of all active bills identifies 18 proposals that directly or indirectly impact LAFCOs and are briefly identified in the attached CALAFCO report.

Bills of Specific Interest

As of date only one proposal in print appears to merit specific consideration by the Commission – Assembly Bill 464 (Gallagher) – given its substantive statewide impact on LAFCO law.¹ A summary of this bill of specific interest follows along with a position recommendation by CLC.

- **Assembly Bill 464 (Gallagher) | Annexing Served Lands**
This bill is sponsored by CALAFCO 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 5th 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 through an earlier outsider service extension. 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. This bill would specify that the plan being submitted would also include information regarding services already provided to the affected territory by way of an outside service extension. CLG recommends the Commission approve a support position and authorize the Executive Officer to issue a letter therein to Assemblymember Gallagher.

Potential Interests | Placeholders

Other bills of interests are expected to come forward this session by gutting/amending current placeholders ahead of the June 2nd deadline to pass items out of the house of origin. Additional time is also available for certain committees to introduce legislation. Topics of interest to LAFCOs that are under discussion in the Capitol and may be proposed during this two-year session follows.

¹ This excludes CALAFCO’s annual omnibus bill authored by the Assembly Committee on Local Government. This also excludes bills that are region specific and do not include Marin County.

- **LAFCOs' Oversight of Special Districts**

Legislation is expected during the current two-year session to address pending findings from the Little Hoover Commission (LHC) in step with their ongoing review of special districts and oversight provided by LAFCOs. Initial hearings were held in late 2016 and included testimony provided by CALAFCO. These initial hearings informed LHC staff in preparing a draft report in late February with recommendations aimed at expanding LAFCOs' authority and effectiveness in implementing special district consolidations and or dissolutions. Examples include providing more explicit authority for LAFCOs to proceed with consolidations while curbing protest. Other notable draft recommendations include streamlining special district seating on LAFCOs and establishing fixed commissioner terms. In reviewing the draft recommendations LHC members expressed interest in advancing far more significant changes in order to meet the ultimate goal of reducing the number of special districts in California. Additional attention on healthcare districts has also been requested. Given this feedback the preparation of a final report has been tabled in favor of scheduling additional hearings later this year.

- **Inactive Special Districts**

Senate Bill 448 (Wieckowski) as introduced on February 15th establishes a definition for inactive district under LAFCO law to mean any "district that has no reported financial activity for one or more fiscal years." Based on ongoing communication with the author's office the bill is expected to be amended shortly and establish criteria and procedures to direct LAFCOs to dissolve inactive special districts with limited discretion. The bill and its expected amendments are being informed by a concurrent project undertaken by the State Controller's Office to identify inactive special districts in all 58 counties based on the aforementioned definition; the results of which have not been finalized to date.

C. Analysis

The first year of the 2017-2018 legislative session is off to a relatively slow start with only one known bill of substance impacting LAFCOs statewide involving AB 464 and its attention in addressing a blind-spot in Government Code Section 56663. This slow start largely responds to CALAFCO's decision to limit its own legislative agenda this session in favor of addressing external items. This includes organizing ahead of LHC's expected introduction of legislation impacting LAFCOs' oversight of special districts with the possibility of extremes in either significantly expanding or reducing LAFCOs' existing powers. Towards this end, the Executive Officer has joined a small CALAFCO working group to help shape outreach and education efforts to all LHC members. These efforts will focus on communicating opportunities – including desired legislative enhancements – and challenges in accomplishing special district consolidations; the latter of which many Commissioners are readily familiar with and marked by the notion of "local control" as it relates to municipal service provision.

D. Alternatives for Action

The following alternative actions are available to the Commission.

Alternative Action One (Recommended):

Approve a support position for AB 464 (Gallagher) and authorize the Executive Officer to issue a letter therein to the author.

Alternative Action Two:

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

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;
- 2) Invite comments from any interested audience members (voluntary); and
- 3) Discuss item and consider action on recommendation.

On behalf of CLC,



Keene Simonds
Executive Officer

Attachments:

- 1) AB 464
- 2) CALAFCO Legislative Report

AMENDED IN ASSEMBLY MARCH 14, 2017

CALIFORNIA LEGISLATURE—2017—18 REGULAR SESSION

ASSEMBLY BILL

No. 464

Introduced by Assembly Member Gallagher
(Principal coauthor: Assembly Member Mayes)
(Coauthors: Assembly Members Mathis, Voepel, and Waldron)
(Coauthors: Senators Dodd and Nielsen)

February 13, 2017

An act to amend ~~Section~~ *Sections 56653 and 56857* of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 464, as amended, Gallagher. Local government reorganization.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, among other things, establishes procedures for consideration of a proposal for change of organization or reorganization, as defined. Existing law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended.

This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes any district to which annexation of territory is proposed to adopt and transmit to the local agency formation commission a resolution requesting termination of proceedings, as specified, and requires the resolution to be based upon written findings

supported by substantial evidence in the record that the request is justified by a financial or service-related concern.

This bill would require the resolution to be based upon written findings supported by substantial evidence in the record that the request is justified as described above or because the territory is already receiving electrical service under a service area agreement approved by the Public Utilities Commission, as specified. The bill would require findings related to existing provision of electrical service by an irrigation district pursuant to a service area agreement approved under a specified provision to be based on the records of the district and the Public Utilities Commission, as provided.

Vote: majority. Appropriation: no. Fiscal committee: no.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 56653 of the Government Code, as
- 2 amended by Section 2 of Chapter 784 of the Statutes of 2014, is
- 3 amended to read:
- 4 56653. (a) If a proposal for a change of organization or
- 5 reorganization is submitted pursuant to this part, the applicant shall
- 6 submit a plan for providing services within the affected territory.
- 7 (b) The plan for providing services shall include all of the
- 8 following information and any additional information required by
- 9 the commission or the executive officer:
- 10 (1) An enumeration and description of the services currently
- 11 provided or to be extended to the affected territory.
- 12 (2) The level and range of those services.
- 13 (3) An indication of when those services can feasibly be
- 14 extended to the affected territory, if new services are ~~provided.~~
- 15 *proposed.*
- 16 (4) An indication of any improvement or upgrading of structures,
- 17 roads, sewer or water facilities, or other conditions the local agency
- 18 would impose or require within the affected territory if the change
- 19 of organization or reorganization is completed.
- 20 (5) Information with respect to how those services will be
- 21 financed.
- 22 (c) (1) In the case of a change of organization or reorganization
- 23 initiated by a local agency that includes a disadvantaged,
- 24 unincorporated community as defined in Section 56033.5, a local

1 agency may include in its resolution of application for change of
2 organization or reorganization an annexation development plan
3 adopted pursuant to Section 99.3 of the Revenue and Taxation
4 Code to improve or upgrade structures, roads, sewer or water
5 facilities, or other infrastructure to serve the disadvantaged,
6 unincorporated community through the formation of a special
7 district or reorganization of one or more existing special districts
8 with the consent of each special district's governing body.

9 (2) The annexation development plan submitted pursuant to this
10 subdivision shall include information that demonstrates that the
11 formation or reorganization of the special district will provide all
12 of the following:

13 (A) The necessary financial resources to improve or upgrade
14 structures, roads, sewer, or water facilities or other infrastructure.
15 The annexation development plan shall also clarify the local entity
16 that shall be responsible for the delivery and maintenance of the
17 services identified in the application.

18 (B) An estimated timeframe for constructing and delivering the
19 services identified in the application.

20 (C) The governance, oversight, and long-term maintenance of
21 the services identified in the application after the initial costs are
22 recouped and the tax increment financing terminates.

23 (3) If a local agency includes an annexation development plan
24 pursuant to this subdivision, a local agency formation commission
25 may approve the proposal for a change of organization or
26 reorganization to include the formation of a special district or
27 reorganization of a special district with the special district's
28 consent, including, but not limited to, a community services district,
29 municipal water district, or sanitary district, to provide financing
30 to improve or upgrade structures, roads, sewer or water facilities,
31 or other infrastructure to serve the disadvantaged, unincorporated
32 community, in conformity with the requirements of the principal
33 act of the district proposed to be formed and all required formation
34 proceedings.

35 (4) Pursuant to Section 56881, the commission shall include in
36 its resolution making determinations a description of the annexation
37 development plan, including, but not limited to, an explanation of
38 the proposed financing mechanism adopted pursuant to Section
39 99.3 of the Revenue and Taxation Code, including, but not limited

1 to, any planned debt issuance associated with that annexation
 2 development plan.

3 (d) This section shall not preclude a local agency formation
 4 commission from considering any other options or exercising its
 5 powers under Section 56375.

6 (e) This section shall remain in effect only until January 1, 2025,
 7 and as of that date is repealed.

8 SEC. 2. Section 56653 of the Government Code, as added by
 9 Section 3 of Chapter 784 of the Statutes of 2014, is amended to
 10 read:

11 56653. (a) If a proposal for a change of organization or
 12 reorganization is submitted pursuant to this part, the applicant shall
 13 submit a plan for providing services within the affected territory.

14 (b) The plan for providing services shall include all of the
 15 following information and any additional information required by
 16 the commission or the executive officer:

17 (1) An enumeration and description of the services currently
 18 provided or to be extended to the affected territory.

19 (2) The level and range of those services.

20 (3) An indication of when those services can feasibly be
 21 extended to the affected territory, if new services are proposed.

22 (4) An indication of any improvement or upgrading of structures,
 23 roads, sewer or water facilities, or other conditions the local agency
 24 would impose or require within the affected territory if the change
 25 of organization or reorganization is completed.

26 (5) Information with respect to how those services will be
 27 financed.

28 (c) This section shall become operative on January 1, 2025.

29 SEC. 3. Section 56857 of the Government Code is amended to
 30 read:

31 56857. (a) Upon receipt by the commission of a proposed
 32 change of organization or reorganization that includes the
 33 annexation of territory to any district, if the proposal is not filed
 34 by the district to which annexation of territory is proposed, the
 35 executive officer shall place the proposal on the agenda for the
 36 next commission meeting for information purposes only and shall
 37 transmit a copy of the proposal to any district to which an
 38 annexation of territory is requested.

39 (b) No later than 60 days after the date that the proposal is on
 40 the commission's meeting agenda in accordance with subdivision

1 (a), any district to which annexation of territory is proposed may
2 adopt and transmit to the commission a resolution requesting
3 termination of the proceedings. The resolution requesting
4 termination of the proceedings shall be based upon written findings
5 supported by substantial evidence in the record that the request is
6 justified by a financial or service related ~~concern~~. *concern or*
7 *because the territory is already receiving electrical service under*
8 *a service area agreement approved by the Public Utilities*
9 *Commission pursuant to Section 9608 of the Public Utilities Code.*
10 Prior to the commission's termination of proceedings pursuant to
11 subdivision (c), the resolution is subject to judicial review.

12 (c) If any district to which annexation of territory is proposed
13 has adopted and transmitted to the commission a resolution
14 requesting termination of proceedings within the time period
15 prescribed by, and in accordance with, subdivision (b), and if the
16 commission has not been served with notice that judicial review
17 of that resolution is being sought pursuant to subdivision (b), then
18 the commission shall terminate the proceedings no sooner than 30
19 days from receipt of the resolution from the district.

20 (d) For purposes of an annexation to a district pursuant to this
21 section or Section 56668.3:

22 (1) "Financial concerns" means that the proposed uses within
23 the territory proposed to be annexed do not have the capacity to
24 provide sufficient taxes, fees, and charges, including connection
25 fees, if any, to pay for the full cost of providing services, including
26 capital costs. Cost allocation shall be based on generally accepted
27 accounting principles and shall be subject to all constitutional and
28 statutory limitations on the amount of the tax, fee, or charge.

29 (2) "Service concerns" means that a district will not have the
30 ability to provide the services that are the subject of the application
31 to the territory proposed to be annexed without imposing level of
32 service reductions on existing and planned future uses in the
33 district's current service area. "Service concerns" does not include
34 a situation when a district has the ability to provide the services
35 or the services will be available prior to the time that services will
36 be required.

37 (3) "*Territory already receiving electrical service under a*
38 *service area agreement approved by the Public Utilities*
39 *Commission pursuant to Section 9608 of the Public Utilities Code"*
40 *means territory that is outside the boundaries of an irrigation*

1 *district but is currently receiving electrical services from the*
 2 *irrigation district pursuant to a service area agreement between*
 3 *the district and a public utility approved by the Public Utilities*
 4 *Commission as authorized by Sections 8101 to 8108, inclusive,*
 5 *and 9608 of the Public Utilities Code.*

6 ~~(3)~~

7 (4) A district may make findings regarding financial or service
 8 concerns based on information provided in the application and any
 9 additional information provided to the district by the commission
 10 or the applicant that is relevant to determining the adequacy of
 11 existing and planned future services to meet the probable future
 12 needs of the territory. Findings related to service or financial
 13 concerns may be based on an urban water management plan, capital
 14 improvement plan, financial statement, comprehensive annual
 15 financial report, integrated resource management plan, or other
 16 information related to the ability of a district to provide services.
 17 *Findings related to existing provision of electrical service by an*
 18 *irrigation district pursuant to a service area agreement approved*
 19 *under Section 9608 of the Public Utilities Code shall be based on*
 20 *the records of the district and the Public Utilities Commission*
 21 *evidencing approval of such a service area agreement by the Public*
 22 *Utilities Commission.*

23 ~~(4)~~

24 (5) Nothing in this section shall be construed to create a right
 25 or entitlement to water service or any specific level of water
 26 service.

27 ~~(5)~~

28 (6) Nothing in this section is intended to change existing law
 29 concerning a district's obligation to provide water service to its
 30 existing customers or to any potential future customers.

31 (e) This section shall not apply if all districts to which
 32 annexation of territory is proposed have adopted and transmitted
 33 to the commission a resolution supporting the proposed change of
 34 organization or reorganization.

O

CALAFCO Daily Legislative Report as of Monday, April 03, 2017

1

[AB 464](#) ([Gallagher R](#)) Local government reorganization.
Current Text: Amended: 3/14/2017 [Text](#)
Introduced: 2/13/2017

Last Amended: 3/14/2017

Status: 3/15/2017-Re-referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, current law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended. This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

Position: Sponsor

Subject: Annexation Proceedings

CALAFCO Comments: This bill makes a fix to Gov. Code Sec. 56653 based on the court finding in the case of The City of Patterson v. Turlock Irrigation District. The court found that because the services were already being provided via an out of area service agreement, the application for annexation was deemed incomplete because it was not a new service to be provided. By making the fix in statute, any pending/future annexation for a territory that is already receiving services via an out of area service agreement will not be in jeopardy.

As amended, corrections were made to: 56653(b)(3) reading "proposed" rather than "provided", and in Government Code Section 56857 an exemption added pursuant to Public Utilities Code Section 9608 for territory already receiving electrical service under a service area agreement approved by the Public Utilities Commission pursuant to Public Utilities Code Section 9608.

[AB 979](#) ([Lackey R](#)) Local government.
Current Text: Introduced: 2/16/2017 [Text](#)
Introduced: 2/16/2017

Status: 2/17/2017-From printer. May be heard in committee March 19.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts and makes related findings and declarations. This bill would make nonsubstantive changes to those findings and declarations.

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: Currently in spot bill form, this bill is co-sponsored by CALAFCO and CSDA. The intent is to amend code Sec. 56332.5 to streamline the process of seating special districts on LAFCo by mirroring current statute 56332 (the process for electing special district representatives into the special district seats). Keeping the process voluntary, it allows for voting by mail whether or not the district wants to have special districts represented on LAFCo. Further, it will allow for the consolidation of that question with the independent special district selection committee appointment to a countywide redevelopment agency oversight board pursuant to Health and Safety Code 34179 (j)(3).

AB 1725 (Committee on Local Government) Local agency formation commission: fees.

Current Text: Introduced: 3/20/2017 [Text](#)

Introduced: 3/20/2017

Status: 3/30/2017-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, among other things, authorizes a local agency formation commission to establish a schedule of fees and a schedule of service charges for proceedings taken pursuant to the act, as specified. This bill would revise that provision to authorize a local agency formation commission to establish a schedule of fees and a schedule of service charges pursuant to the act.

Position: Sponsor

Subject: CKH General Procedures

CALAFCO Comments: This is the annual Omnibus bill. The bill currently has one item and will be amended soon to include five (5) additional items.

SB 37 (Roth D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 3/24/2017-Set for hearing April 3.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

4/3/2017 10 a.m. - John L. Burton Hearing Room (4203)

SENATE APPROPRIATIONS, LARA, Chair

Summary:

Beginning with the 2004–05 fiscal year and for each fiscal year thereafter, existing law requires that each city, county, and city and county receive additional property tax revenues in the form of a vehicle license fee adjustment amount, as defined, from a Vehicle License Fee Property Tax Compensation Fund that exists in each county treasury. Current law requires that these additional allocations be funded from ad valorem property tax revenues otherwise required to be allocated to educational entities. This bill would modify these reduction and transfer provisions for a city incorporating after January 1, 2004, and on or before January 1, 2012, for the 2017–18 fiscal year and for each fiscal year thereafter, by providing for a vehicle license fee adjustment amount calculated on the basis of changes in assessed valuation.

Attachments:

[CALAFCO Support Letter Feb 2017](#)

Position: Support

Subject: Financial Viability of Agencies, Tax Allocation

CALAFCO Comments: This bill is identical to SB 817 (Roth, 2016), SB 25 (Roth, 2015) and SB 69 (Roth, 2014) with the exception of the chaptering out language included in the 2016 version (which addressed the companion bill AB 2277 (Melendez, 2016)). The bill calls for reinstatement of the VLF through ERAF for cities that incorporated between January 1, 2004 and January 1, 2012. There are no provisions for back payments for lost revenue, but the bill does reinstate future payments beginning in the 2017/18 year for cities that incorporated between 1-1-2004 and 1-1-2012.

SB 448 (Wieckowski D) Local government: organization: districts.

Current Text: Introduced: 2/15/2017 [Text](#)

Introduced: 2/15/2017

Status: 2/23/2017-Referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, as specified, and defines various terms for these purposes. This bill would define the term "inactive district" for purposes of that act.

Position: None at this time

Subject: CKH General Procedures

CALAFCO Comments: This is a spot bill. According to the author's office, they have been working with the State Controller's office on the clean-up of inactive districts (both dependent and independent). CALAFCO was not contacted by the author's office, but has talked with them since the bill's introduction. CALAFCO understands the author has submitted amendments to Leg Counsel although we have not yet seen those amendments. We are working with the author's office to properly define "inactive district" and to help streamline the process of the dissolution of districts identified as inactive where it makes sense to take that action.

CALAFCO will continue to work with the author's office and other stakeholders and watch for amendments.

3

AB 267 (Waldron R) Community services districts.

Current Text: Introduced: 2/1/2017 [Text](#)

Introduced: 2/1/2017

Status: 2/2/2017-From printer. May be heard in committee March 4.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law provides for the organization and powers of community services districts, including the continuation of any community services district, improvement district of a community services district, or zone of a community services district, that was in existence on January 1, 2006. This bill would make nonsubstantive changes to these provisions.

Position: Watch

CALAFCO Comments: According to the author's office this is a spot bill.

AB 577 (Caballero D) Disadvantaged communities.

Current Text: Amended: 3/9/2017 [Text](#)

Introduced: 2/14/2017**Last Amended:** 3/9/2017**Status:** 3/13/2017-Re-referred to Com. on E.S. & T.M.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law defines a disadvantaged community as a community with an annual median household income that is less than 80% of the statewide annual median household income for various purposes, that include, but are not limited to, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, eligibility for certain entities to apply for funds from the State Water Pollution Cleanup and Abatement Account, and authorization for a community revitalization and investment authority to carry out a community revitalization plan. This bill would expand the definition of a disadvantaged community to include a community with an annual per capita income that is less than 80% of the statewide annual per capita income.

Position: Watch**Subject:** Disadvantaged Communities

CALAFCO Comments: Sponsored by the Environmental Justice Coalition for Water, this bill is intended to expand the definition of disadvantaged communities to include multi-family households. According to the author's office this will be a two-year bill. CALAFCO will retain a Watch position until any amendments are in print.

AB 645 (Quirk D) Local government: organization: dissolution.**Current Text:** Introduced: 2/14/2017 [Text](#)**Introduced:** 2/14/2017**Status:** 3/2/2017-Referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Under current law, if a change of organization consists of a dissolution, the commission is required to order the dissolution subject to confirmation of voters if, among other things, the proposal was not initiated by the commission and if a subject agency has not objected to the proposal, the commission has found that, for an inhabited territory protests have been signed by either 25% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 25% of the voters entitled to vote as a result of residing or owning land within the affected territory. This bill would decrease that threshold to 10% of the number of landowners within the affected territory who own at least 25% of the assessed value of land within the territory or 10% of the voters entitled to vote as a result of residing or owning land within the affected territory.

Position: Watch**Subject:** CKH General Procedures, Disincorporation/dissolution, Special District Consolidations

CALAFCO Comments: According to the author's office this is a spot bill pending the outcome of the Alameda LAFCo special study on Eden Healthcare District. Update: The author's office indicates they will hold off moving this bill. CALAFCO will continue to Watch.

AB 892 (Waldron R) Municipal water districts: water service: Indian tribes.**Current Text:** Amended: 3/23/2017 [Text](#)**Introduced:** 2/16/2017**Last Amended:** 3/23/2017**Status:** 3/27/2017-Re-referred to Com. on L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Enrolled	Vetoed	Chaptered

1st House	2nd House	Conf. Conc.		
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Summary:

Current law, upon the request of certain Indian tribes and the satisfaction of certain conditions, requires a district to provide service of water at substantially the same terms applicable to the customers of the district to the Indian tribe's lands that are not within a district, as prescribed. This bill would authorize, rather than require, a district to provide this service of water. The bill would apply this authorization to all Indian tribes whose lands are owned by the tribe.

Position: Watch**Subject:** Water**AB 1728 (Committee on Local Government) Health care districts: board of directors.****Current Text:** Introduced: 3/22/2017 [Text](#)**Introduced:** 3/22/2017**Status:** 3/23/2017-From printer. May be heard in committee April 22.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Each health care district has a board of directors with specific duties and powers respecting the creation, administration, and maintenance of the district, including purchasing, receiving, having, taking, holding, leasing, using, and enjoying property. This bill would require the board of directors to adopt an annual budget in a public meeting, on or before September 1 of each year, that conforms to generally accepted accounting and budgeting procedures for special districts, establish and maintain an Internet Web site that lists contact information for the district, and adopt annual policies for providing assistance or grant funding, if the district provides assistance or grants.

Position: Watch**Subject:** Other

CALAFCO Comments: As introduced, this bill requires healthcare districts to adopt annual budgets, establish and maintain a website (and prescribes the required site content), and adopt policies for grant funding.

SB 80 (Wieckowski D) California Environmental Quality Act: notices.**Current Text:** Amended: 2/14/2017 [Text](#)**Introduced:** 1/11/2017**Last Amended:** 2/14/2017**Status:** 3/29/2017-Action From E.Q.: Do pass.To APPR..

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The California Environmental Quality Act requires the lead agency to mail certain notices to persons who have filed a written request for notices. The act provides that if the agencies offer to provide the notices by email, upon filing a written request for notices, a person may request that the notices be provided to him or her by email. This bill would require the lead agency to post those notices on the agency's Internet Web site. The bill would require the agency to offer to provide those notices by email. Because this bill would increase the level of service provided by a local agency, this bill would impose a state-mandated local program.

Position: Watch**Subject:** CEQA

SB 206 (Committee on Governance and Finance) Validations.**Current Text:** Introduced: 2/1/2017 [Text](#)**Introduced:** 2/1/2017**Status:** 3/23/2017-Read third time. Urgency clause adopted. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would enact the First Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

Attachments:[CALAFCO Support Feb 2017](#)**Position:** Support**Subject:** LAFCo Administration**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local agencies.**SB 207 (Committee on Governance and Finance) Validations.****Current Text:** Introduced: 2/1/2017 [Text](#)**Introduced:** 2/1/2017**Status:** 3/23/2017-Read third time. Urgency clause adopted. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would enact the Second Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

Attachments:[CALAFCO Support Feb 2017](#)**Position:** Support**Subject:** LAFCo Administration**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local agencies.**SB 208 (Committee on Governance and Finance) Validations.****Current Text:** Introduced: 2/1/2017 [Text](#)**Introduced:** 2/1/2017**Status:** 3/23/2017-Read third time. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would enact the Third Validating Act of 2017, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

Attachments:[CALAFCO Support Letter Feb 2017](#)**Position:** Support

Subject: LAFCo Administration

CALAFCO Comments: One of three annual acts which validate the boundaries of all local agencies.

SB 365 (Dodd D) Regional park and open-space districts: County of Solano.

Current Text: Introduced: 2/14/2017 [Text](#)

Introduced: 2/14/2017

Status: 3/30/2017-Withdrawn from committee. Ordered to second reading.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

4/3/2017 #9 SENATE SEN SECOND READING FILE - SENATE BILLS

Summary:

Current law authorizes proceedings for the formation of a regional park and open-space or regional open-space district in specified counties in the state to be initiated by resolution of the county board of supervisors adopted after a noticed hearing, and specifies the contents of the resolution. This bill, in addition, would authorize the formation of a regional district in the County of Solano to be initiated by resolution of the county board of supervisors after a noticed hearing. The bill would specify the contents of the resolution, including the calling of an election, as prescribed.

Attachments:

[SB 365 CALAFCO Letter of Oppose 03 28 17](#)

Position: Oppose

Subject: LAFCo Administration

CALAFCO Comments: This bill calls for the formation of a regional park and open space district which will circumvent the LAFCo formation process. CALAFCO discussed our concerns with the author's office, who has made it clear they will not be considering any potential amendments unless requested by Solano LAFCo.

SB 435 (Dodd D) Williamson Act: payments to local governments.

Current Text: Introduced: 2/15/2017 [Text](#)

Introduced: 2/15/2017

Status: 3/21/2017-Set for hearing April 19.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

4/19/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

Would, under the Williamson act, reduce the amount per acre paid to a city, county, or city and county under these provisions to \$2.50 for prime agricultural land, \$0.50 for all other land devoted to open-space uses of statewide significance, and, for counties that have adopted farmland security zones, \$4 for land that is within, or within 3 miles of the sphere of influence of, each incorporated city.

Position: Watch

Subject: Ag Preservation - Williamson

CALAFCO Comments: According to the author's office, this bill (originally sponsored by the CA Farm Bureau but no longer) is intended to ensure ongoing subvention funding for counties and cities to enter into contracts with owners of agricultural land that commit to protecting and preserving the property as resource land and farmland. The current language is placeholder language and at present the author is working with the Dept. of Conservation and stakeholder groups to determine a reasonable path forward for the reinstatement of the Williamson Act funding.

CALAFCO will watch the bill for pending amendments.

[SB 634](#) ([Wilk R](#)) **Santa Clarita Valley Water District.**

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 3/28/2017-From committee: Do pass and re-refer to Com. on GOV. & F. (Ayes 7. Noes 0.) (March 28). Re-referred to Com. on GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Current law, the Castaic Lake Water Agency Law, created the Castaic Lake Water Agency and authorizes the agency to acquire water and water rights, including water from the State Water Project, and to provide, sell, and deliver water at wholesale for municipal, industrial, domestic, and other purposes. This bill would repeal the Castaic Lake Water Agency Law. This bill contains other related provisions and other current laws.

Attachments:

[CALAFCO Letter Oppose Unless Amended 03 27 17](#)

Position: Oppose unless amended

Subject: Special District Consolidations

CALAFCO Comments: This bill consolidates two independent water districts in Los Angeles and does not include the LAFCo process. CALAFCO shared our concerns with the author's office and continues to be in conversations. CALAFCO's position requests amendments to deal with variables via legislation and keep the LAFCo process intact.

[SB 693](#) ([Mendoza D](#)) **Lower San Gabriel River Recreation and Park District.**

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 3/21/2017-Set for hearing April 19.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

4/19/2017 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

Would specifically authorize the establishment of the Lower San Gabriel River Recreation and Park District, by petition or resolution submitted to the Los Angeles County Local Agency Formation Commission before January 1, 2020, subject to specified existing laws governing recreation and park districts, including their formation, except as provided. The bill would authorize specified city councils and the Los Angeles County Board of Supervisors to appoint the initial board of directors of the district.

Position: Watch

Subject: LAFCo Administration

CALAFCO Comments: This bill forms the Lower San Gabriel River Recreation and Park District while leaving the LAFCo process intact. CALAFCO will keep watching to ensure it stays that way.

Total Measures: 18

Total Tracking Forms: 18

4/3/2017 10:48:48 AM